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**COMPLIANCE WITH
THE TREATY ON
CONVENTIONAL ARMED FORCES
IN EUROPE**

Condition (5) (C) Report



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Prepared by the U.S. Department of State

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DEPARTMENT OF STATE
Bureau of Arms Control, Verification and Compliance
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REPORT ON TREATY COMPLIANCE

This Report on Compliance (hereinafter referred to as the “Report”) with the Treaty on Conventional Armed Forces in Europe (CFE) of November 19, 1990 (hereinafter referred to as the “Treaty”), is submitted pursuant to Condition (5)(C) of the Senate Resolution of Advice and Consent to Ratification of the May 31, 1996, Document Agreed Among the States Parties to the Treaty on Conventional Armed Forces in Europe of November 19, 1990 (“the CFE Flank Document”), and covers January 1, 2013, through December 31, 2013.

This Report lists unresolved compliance issues reported in earlier Condition (5)(C) Reports. Issues noted in earlier Reports that have not been repeated are no longer considered to be active discrepancies. Reviewed in detail are new compliance issues and new information for 2013 on the unresolved issues.

A. STATES PARTIES CERTIFIED TO BE IN COMPLIANCE WITH THE TREATY

States Parties certified to be in compliance with the Treaty and its associated documents for 2013 are: Belarus, Belgium, Bulgaria, Canada, the Czech Republic, Denmark, France, Georgia, Germany, Greece, Hungary, Iceland, Italy, Kazakhstan, Luxembourg, Moldova, the Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Spain, Turkey, Ukraine, the United Kingdom, and the United States.

B. COMPLIANCE ISSUES AND STEPS TAKEN WITH REGARD TO STATES PARTIES NOT CERTIFIED

States Parties not certified to be in compliance with the Treaty and its associated documents for 2013 are: Armenia, Azerbaijan, and Russia.

Armenia

Although Armenia continues to express its full support for the Treaty, Armenia has not fulfilled some of its Treaty obligations. Compliance issues, all previously reported, include: (1) declared reduction liabilities that are not in accord with Treaty requirements, with consequent failure to complete necessary reductions; (2) reported stationing of forces on the territory of Azerbaijan without Azerbaijani consent; (3) apparent failure to declare all MT-LBu variant armored personnel carrier (APC) look-alikes; (4) possible unreported holdings of Conventional Armaments and Equipment Subject to the Treaty; (5) possible failure

to report BTR-80 armored vehicles as APCs or APC look-alikes; and (6) possible failure to declare Conventional Armaments and Equipment Subject to the Treaty.

Compliance Issues With New Information in 2013

Possible unreported holdings of Conventional Armaments and Equipment Subject to the Treaty: In its data as of January 1, 2013, Armenia reported for the first time 10 MT-LB APCs, addressing a long standing concern about this equipment. This appears to resolve the issue, which will no longer be reported.

Possible failure to report BTR-80 armored vehicles as APCs or APC look-alikes: Armenia, responding to last year's Report, stated that the previously reported BTR-80 APCs were not in service with the Armenian armed forces. This appears to resolve the issue, which will no longer be reported.

Possible failure to declare Conventional Armaments and Equipment Subject to the Treaty: The United States in July 2013, conducted a Section VIII Challenge Inspection of a Specified Area at two undeclared facilities in the vicinity of Yeghvard, Armenia. The U.S. inspection team confirmed the presence of over 250 pieces of conventional armaments and equipment in categories subject to the Treaty. Subsequently, Armenia issued on September 30, 2013, an annual notification that declared over 150 pieces (over 30 battle tanks and over 120 armored combat vehicles (ACVs)) as having entered service with its conventional armed forces. At the October 1, 2013, meeting of the Treaty's Joint Consultative Group (JCG), Armenia stated that all questions concerning the Treaty Limited Equipment (TLE) observed in this inspection would be answered "in due course," in accordance with Treaty procedures. In an October 28, 2013, statement to the JCG, Armenia pointed out that "excess numbers are of a temporary nature." The United States still has concerns that Armenia may be under reporting numbers of TLE at Yeghvard and other declared sites in Armenia.

Steps the United States Has Taken and Armenian Response in 2013

In 2013, the United States conducted a Section VIII challenge inspection to inspect the equipment in the vicinity of Yeghvard, Armenia. NATO Allies conducted three other inspections, one of which included a U.S. inspector. The United States and NATO Allies have continued to raise compliance issues in the Treaty's JCG as well as in bilateral discussions. The outcome of the Section VIII

Challenge Inspection has resulted in an increase in the United States-Armenia bilateral dialogue on these compliance issues.

The Nagorno-Karabakh (N-K) conflict appears to be a major influence affecting Armenia's Treaty compliance. See the Organization for Security and Co-operation in Europe (OSCE) Minsk Group Activity section for further discussion of the N-K conflict.

Azerbaijan

Although Azerbaijan continues to express its full support for the Treaty, Azerbaijan has not fulfilled all of its Treaty obligations and has repeatedly stated that security issues continue to affect Azerbaijan's Treaty implementation as long as the N-K conflict is unresolved and part of Azerbaijan's territory is occupied by Armenia. Compliance issues, all previously reported, include: (1) exceeding its TLE limits from January 1, 2007, continuing through 2013; (2) unilateral suspension of certain Treaty notifications and failure to report correctly certain objects of verification; (3) failure to notify and complete a reduction obligation; and (4) possible failure to declare equipment limited by the Treaty.

Compliance Issues With New Information in 2013

Exceeding its TLE limits: Previously declared equipment totals that exceeded Azerbaijan's overall limits of TLE continued through 2013. In its data as of January 1, 2013, Azerbaijan declared equipment totals that exceeded its overall limits by over 350 pieces of TLE (over 150 tanks and over 200 artillery pieces in excess of Azerbaijan's limits). Additionally, on December 2, 2013, Azerbaijan notified the decommissioning of over 130 pieces of TLE (over 40 ACVs, over 40 pieces of artillery, over 40 combat aircraft, and a few attack helicopters) that are now awaiting disposal.

Possible failure to declare equipment limited by the Treaty: Azerbaijan has not reported as being in service with its conventional armed forces the Lynx long-range rocket artillery systems observed in several parades and first noted in the 2011 Report.

During Azerbaijan's Armed Forces Day parade on June 26, 2013, several new pieces of armaments and equipment were displayed that would be subject to the Treaty if in service with Azerbaijan's conventional forces or internal security forces. These include: T-90 battle tanks, 2S19 152mm self-propelled artillery

systems, T-107 122mm multiple launch rocket systems, 2S12 120mm mortars, CARDOM 120mm mortars, TOS-1A multiple rocket launchers, and previously observed Lynx long-range rocket artillery systems.

Steps the United States Has Taken and Azerbaijani Response in 2013

In 2013, the United States did not conduct any inspections in Azerbaijan. NATO Allies conducted three inspections, two of which included a U.S. inspector. The United States and NATO Allies have continued to raise compliance issues in the JCG as well as in bilateral discussions.

The N-K conflict appears to be a major influence affecting Azerbaijan's Treaty compliance. See the OSCE Minsk Group Activity section for further discussion of the N-K conflict.

OSCE Minsk Group Activity

The OSCE Minsk Group is the only format agreed upon by Armenia and Azerbaijan to negotiate a peaceful resolution of the N-K conflict. A successful political settlement to the N-K conflict could have a positive impact on Armenia's and Azerbaijan's ability to resolve their Treaty compliance issues.

During 2013, the Co-chairs of the OSCE Minsk Group, accompanied at times by the Personal Representative of the OSCE Chairperson-in-Office, met with the foreign ministers of Azerbaijan and Armenia; with President Sargsyan and President Aliyev; and with the de facto authorities in N-K to discuss the peace process and N-K conflict settlement issues.

The Presidents of the OSCE Minsk Group Co-Chair countries – France, Russia, and the United States – issued a Joint Statement on June 18, 2013, at the G-8 Summit in Enniskillen, United Kingdom, stating they remain committed to helping the parties to the N-K conflict reach a lasting and peaceful settlement. After a one-on-one meeting on November 19, 2013, the presidents of Armenia and Azerbaijan stated they had agreed to advance negotiations toward a peaceful settlement. On December 6, 2013, the Ministers for Foreign Affairs of the participating States for the OSCE welcomed the resumption of high-level dialogue between the presidents of Armenia and Azerbaijan and expressed hope the upcoming meetings will advance the peace process.

Russia

Since its “suspension”¹ of implementation of the Treaty at the end of 2007, Russia has made clear that it will not return to compliance with the original Treaty. Russia did state in 2007 that it did not anticipate increases of its forces in the Area of Application (AoA) above 2007 levels. Compliance issues, all previously reported, are: (1) Russian “suspension” of its implementation of the Treaty on December 12, 2007, and continuing through 2013, with failure to provide Treaty-required annual data² and all other Treaty-required information and rejection of all inspections (that were notified through November 2011³)⁴; (2) stationing forces without the consent of the host state continuing through 2013, in Georgia and Moldova;^{5,6} (3) exceeding flank limits;⁷ and (4) exceeding overall limits for holdings in active units. See earlier Reports for unresolved compliance issues related to improper designation of certain equipment, failure to declare or report equipment, and inspections; all of which were reported prior to the Russian “suspension.” In light of the Russian “suspension,” it is not possible to determine whether any of these issues have been resolved.

Steps the United States Has Taken and Russian Response in 2013

The United States and NATO Allies have responded to Russia’s decision to “suspend” implementation of the Treaty with diplomatic engagement at the most senior levels. While U.S.-Russia discussions have been professional and comprehensive, Russian authorities remained inflexible on key issues.

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- 1 The remaining text in this Report refers to Russia’s action as a suspension of implementation of the Treaty, as a decision to suspend observation of Russia’s Treaty obligations, or as a “suspension” in quotation marks, since the Russian action is not viewed as a legally available option under the Treaty.
 - 2 Information required but not provided from December 2007 through December 2013 includes Russia’s annual Treaty data as of January 1, 2008, 2009, 2010, 2011, 2012, 2013, and 2014 and associated annual notifications; flank data as of July 1 each year; quarterly notifications regarding equipment holdings at the Kushchevskaya armor maintenance facility; and periodic notifications of permanent changes in the organizational structure of Russia’s conventional armed forces, or of changes of 10 percent or more in TLE assigned to units.
 - 3 All NATO CFE States Parties, Georgia, and Moldova ceased implementing the inspection provisions vis-à-vis Russia in November 2011.
 - 4 Under the Treaty’s Protocol on Inspection, no State Party has the right to refuse a declared site inspection (unless it would result in too many inspections on the territory of one State Party at the same time), and declared site inspections can only be delayed in cases of *force majeure*.
 - 5 While the Treaty establishes numerical limits on TLE and not on military personnel, the Article IV, paragraph 5 prohibition on stationing without host state consent applies to conventional armed forces in general.
 - 6 Russia’s data as of January 1, 2013, provided under the OSCE Global Exchange of Military Information, indicated the presence of a considerable amount of TLE in Abkhazia and South Ossetia.
 - 7 This does not take into account Russian notifications of temporary deployments in Armenia, Ukraine, and on Russian territory in the original flank.

There has been no change in Russia's position or actions since the United States announced in Vienna, Austria, on November 22, 2011, that it was ceasing implementation of certain obligations under the Treaty with regard to Russia. This was followed by similar announcements from the other 21 NATO States Parties to the Treaty as well as Georgia and Moldova that they would also cease implementation of the Treaty "vis-à-vis the Russian Federation." Since then and through 2013, the United States and NATO Allies have not attempted to inspect Russian forces in the Russian Federation or stationed elsewhere in the AoA. The United States continues to implement all of its obligations under the Treaty with respect to all States Parties other than Russia, and is prepared to resume full Treaty implementation regarding Russia if Russia resumes implementation of its Treaty obligations.

During 2013, the United States and NATO Allies worked toward a common vision for the future of Conventional Arms Control (CAC) in an attempt to develop goals and elements of CAC that could help revitalize Treaty implementation and contribute to European security in the future.

The United States and NATO Allies have raised longstanding compliance issues bilaterally and in a variety of multilateral fora, including: the JCG (including in detail at the CFE Review Conferences in 2001, 2006, 2007, and 2011); OSCE, NATO, and NATO-Russia ministerial meetings; and in the NATO-Russia Council and committees. Russian responses to questions on compliance have varied, but they generally have tried to deflect U.S. concerns. From 2007 through 2013, other longstanding issues were not pursued, as discussions focused on those related to Russia's "suspension."

C. MILITARY SIGNIFICANCE AND BROADER SECURITY RISKS OF COMPLIANCE CONCERNS

None of the compliance concerns identified and discussed in this Report are militarily significant to the United States or to NATO as a whole. However, Russia's "suspension" of implementation has seriously eroded the Treaty's verifiability, diminished the exchange of data and notifications, and undermined the cooperative approach to security that have been core elements of the NATO-Russia relationship and European security for more than two decades. The action taken by the United States and 23 other States Parties in late 2011 to cease implementing certain obligations under the Treaty with regard to Russia only, as a necessary response to the 2007 unilateral Russian "suspension" of its Treaty obligations, is fully reversible if Russia resumes implementation of the Treaty.

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The Armenian and Azerbaijani compliance concerns may be militarily significant to those two states, especially in the context of the N-K conflict, and to the sub-region. Also of note, any Russian forces stationed without the consent of the host State Party have political and military significance to the state in which those forces are stationed. While not a direct military threat to the United States or NATO, the Russian military presence in Georgia and Russia's recognition of the independence of Abkhazia and South Ossetia, including Russian support for physical barriers along the administrative boundary lines of the occupied territories in Georgia, undermine conventional arms control treaties and agreements and erode the security situation generally within the AoA.

Notwithstanding military significance, it is the policy of the United States that all violations of arms control agreements should be challenged and corrected, lest governments subject to such obligations conclude that they may be disregarded at will.

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