

UNCLASSIFIED

Condition (5) (C) Report

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



**August 2011
Prepared by the U.S. Department of State**

UNCLASSIFIED

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 December 1, 2009, through November 30, 2010.

Condition (5)(C) requires the President to certify, *inter alia*, annually those countries that are determined to be in compliance with the CFE Treaty. For those countries not certified, it requires an identification and assessment of all compliance issues arising with regard to the adherence of each country to its Treaty obligations, a description of steps the United States has taken with regard to these compliance issues, and each country’s response. Finally, Condition (5)(C) requires a determination of the military significance and broader security risks arising from compliance issues in the cases of countries not certified.

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

The States Parties certified to be in compliance with the Treaty and its associated documents for 2010 are: Belgium, Bulgaria, Canada, the Czech Republic, Denmark, France, Georgia, Germany, Greece, Hungary, Iceland, Italy, Kazakhstan, Luxembourg, Moldova, Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Spain, Turkey, the United Kingdom, and the United States.

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

The States Parties not certified as being in compliance with the Treaty and its associated documents for 2010 are: Armenia, Azerbaijan, Belarus, Russia, and Ukraine. This Report reviews in detail new developments and information during 2010. For previously reported and ongoing compliance issues, refer to earlier Condition (5)(C) Reports.

There are significant differences in the range of compliance issues identified for each State Party not certified. Certification has not been withheld from any State Party due to minor technical implementation problems or concerns, although

some such problems or concerns are also identified and assessed. This Report also includes issues that do not conclusively indicate noncompliance, but bear continued attention in the course of Treaty implementation. It should be noted that some compliance issues that have resulted in a failure to be certified are rooted in political circumstances unrelated to the Treaty. Information on Treaty compliance issues may also be found in earlier reports on *Adherence to and Compliance with Arms Control, Nonproliferation and Disarmament Agreements and Commitments* (hereafter referred to as the “Compliance Report”).

Armenia

Although Armenian officials have expressed their full support for the Treaty, Armenia has failed to comply with a number 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) apparent failure to report Treaty-limited equipment (TLE) received from Russia; (3) reported stationing of forces on the territory of Azerbaijan without Azerbaijani consent, (4) apparent failure to declare all MT-LBu variant armored personnel carrier (APC) look-alikes; and (5) possible unreported holdings of conventional armaments and equipment subject to the Treaty (CAEST). These compliance issues are not discussed in this 2010 report, but are detailed in earlier Condition (5)(C) Reports. It is unclear whether progress can be made on the first three issues outside the context of a political settlement of the Nagorno-Karabakh (N-K) conflict, which is the focus of the Organization for Security and Co-operation in Europe (OSCE) Minsk Group’s mediation efforts (co-chaired by the United States, Russia, and France).

Armenia’s failure either to notify or to complete its required Treaty reduction obligations affects the collective obligations of the eight USSR successor states. See the Collective Obligations section and earlier Compliance Reports for discussion of this issue.

Compliance Issues With New Information in 2010

While no new compliance issues for Armenia have been identified in 2010, the issues identified above remain unresolved.

Steps the United States Has Taken and Armenian Response in 2010

In 2010 (through November 30), the United States conducted no inspections of Armenian forces. NATO Allies conducted five inspections, of which three included a U.S. inspector. As appropriate, the United States and NATO Allies have continued to raise the continuing compliance issues outlined above in bilateral discussions, but Armenia has not changed any of its positions. This 2010 Report does not address inspections and responses in previous years; they are addressed in earlier Condition (5)(C) Reports.

The N-K conflict appears to be the underlying cause of most of Armenia's Treaty compliance issues, as well as a large portion of the issue of uncontrolled and unaccounted for equipment limited by the Treaty (UTLE). At the OSCE Summit in Astana, Kazakhstan on December 1, 2010, the Heads of Delegation of the OSCE Minsk Group Co-Chair countries (the President of the Russian Federation, the Prime Minister of France, and the Secretary of State of the United States), the President of Azerbaijan, and the President of Armenia agreed that the time had come for more decisive efforts to resolve the N-K conflict. In this context, they recalled the joint statements of the presidents of Azerbaijan and Armenia, with the President of the Russian Federation, most recently on October 27, 2010, in Astrakhan, Russia, as well as the statements of Presidents Medvedev, Sarkozy, and Obama, at L'Aquila, Italy, on July 10, 2009, and at Muskoka, Canada, on June 26, 2010.

Azerbaijan

Although Azerbaijan has expressed its full support for the Treaty, Azerbaijan has not fulfilled some of its Treaty obligations and has stated that security issues continue to affect Azerbaijan's implementation. Azerbaijan continues to maintain that it could not carry out some Treaty obligations so long as the N-K conflict is unresolved and part of Azerbaijan's territory is under foreign occupation. Compliance issues, all previously reported, include: (1) exceeding its TLE limits when they went into effect in November 1995 through January 1, 2000, and from January 1, 2007, to the present; (2) unilateral suspension of certain Treaty notifications and failure to report correctly certain objects of verification (OOV), and (3) failure to notify and complete a reduction obligation. The first compliance issue is discussed in this 2010 Report, the others are detailed in earlier Condition (5)(C) Reports.

Azerbaijan's failure either to notify or to complete its required reductions affects the collective obligations of the eight USSR successor states. See the

Collective Obligations section and earlier Compliance Reports for discussion of this issue.

Compliance Issues With New Information in 2010

1. Compliance with Limits. Previously declared equipment totals that exceeded Azerbaijan's overall limits of TLE – a contravention of Treaty limits – continued through 2010. In its data as of January 1, 2010, Azerbaijan declared equipment totals that exceeded its overall limits by over 300 pieces of TLE (over 160 tanks and about 140 artillery pieces in excess of Azerbaijan's limits – an increase of over 20 artillery pieces over the excess declared the previous year). In December 2010, Azerbaijan reported it had received an additional 11 Mi-24 attack helicopters and five Su-25 combat aircraft during 2009, and included the new equipment (less one Su-25 which was reported to have crashed) in its CFE data as of January 1, 2011.

Steps the United States Has Taken and Azerbaijani Response in 2010

In 2010 (through November 30), the United States conducted one inspection in Azerbaijan. NATO Allies conducted three inspections, of which one included a U.S. inspector. This 2010 Report does not address inspections and responses in previous years; they are addressed in earlier Condition (5)(C) Reports.

Over the years, the United States and NATO Allies have continued to raise previous compliance issues in plenary and working group sessions of the Treaty's Joint Consultative Group (JCG) as well as in bilateral discussions. In the Forum for Security Cooperation (FSC) on October 13, 2010, Belgium, on behalf of the European Union, delivered a statement of concern over the export of arms and ammunition to Azerbaijan, and Armenia noted that this had resulted in Azerbaijan exceeding its CFE holdings. Azerbaijan said its import practices were within its rights to prepare for its own national defense. Azerbaijan has taken some actions apparently to eliminate overages and to carry out some reductions, but has continued to insist that security concerns limit its ability to implement Treaty provisions, including Azerbaijan's unilateral suspension of certain CFE notifications, until the N-K conflict is resolved. Azerbaijan has not further drawn down these excess items during the period covered by this Report, and the overages have increased. At the OSCE Summit in Astana, Kazakhstan on December 1, 2010, the Heads of Delegation of the OSCE Minsk Group Co-Chair countries (the President of the Russian Federation, the Prime Minister of France, and the Secretary of State of the United States), the President of Azerbaijan, and

the President of Armenia agreed that the time had come for more decisive efforts to resolve the N-K conflict. In this context, they recalled the joint statements of the presidents of Azerbaijan and Armenia, with the President of the Russian Federation, most recently on October 27, 2010, in Astrakhan, Russia, as well as the statements of Presidents Medvedev, Sarkozy, and Obama at L'Aquila, Italy, on July 10, 2009, and at Muskoka, Canada, on June 26, 2010.

Belarus

Although Belarus has stated its full support for the Treaty, there continue to be longstanding concerns about Belarus' fulfillment of some Treaty obligations. The primary compliance issue, previously reported, has been recurrent problems with site access and site diagrams. This compliance issue is not discussed in this 2010 Report, but is detailed in earlier Condition (5)(C) Reports.

In addition, see the Collective Obligations section and earlier Compliance Reports for discussion of the collective shortfall issue.

Compliance Issues With New Information in 2010

While no new compliance issues for Belarus have been identified in 2010, the issue identified above remains unresolved.

Steps the United States Has Taken and Belarusian Response in 2010

In 2010 (through November 30), the United States conducted no inspections of Belarusian forces.¹ NATO Allies conducted five quota inspections, of which three included a U.S. inspector, and five above quota, paid inspections, of which two included a U.S. inspector. The United States and NATO Allies have continued to raise compliance issues in plenary and working group sessions of the JCG as well as in bilateral discussions. At the 2006 CFE Review Conference, the Belarusian representatives disagreed with the U.S. interpretation of the definition of a declared site and stated that the boundaries of a declared site were determined by the host state and were not determined by the outermost man-made or natural boundaries of the site. The United States has pursued this issue subsequently with Belarus without effect.

¹ Belarus allows other States Parties to conduct CFE inspections above the number it is required to accept, as long as the inspecting country pays the entire cost of inspection.

Russia

Although Russia is a State Party to the Treaty and had previously emphasized its support for the Treaty, Russia's continued "suspension"² of implementation of the Treaty as of December 12, 2007, casts serious doubt on Russia's commitment to the current Treaty, although Russia has stated it does not anticipate increases above CFE limits. These concerns were compounded in August 2008 by Russia's actions during the conflict in Georgia. Since December 12, 2007, Russia has failed to comply with its reporting obligations under the Treaty and related commitments. Russia has provided no annual data, semiannual flank data, annual notifications, quarterly notifications regarding equipment holdings at the Kushchevskaya armor maintenance facility, periodic Treaty notifications of permanent changes in the organizational structure of Russia's conventional armed forces, or periodic notifications of changes of 10 percent or more in TLE assigned to units. Additionally, Russia has declined all inspections of Russian forces or on Russian territory.

Russia's "suspension" of implementation of Treaty provisions since 2007 has resulted in non-compliance with Treaty obligations. Compliance issues, all previously reported, are: (1) Russian "suspension" of its implementation of the Treaty; (2) stationing forces without the consent of the host state; (3) exceeding flank limits; (4) the apparent shipment of TLE into Armenia between 1994 and 1996 without proper notifications; (5) improper designation of ACVs as "ambulances;" (6) failure to declare look-alikes that are accountable under the Treaty's Protocol on Existing Types of Conventional Armaments and Equipment (POET); (7) exceeding overall limits for holdings in active units; and (8) improperly reporting some armored infantry fighting vehicles (AIFVs) as AIFV look-alikes and subsequently failing to report them at all. In addition, these previously reported compliance issues were related to inspections: (9) denial of full access during inspections prior to 2001 and improper site diagrams; (10) refusal in 2006 to allow a U.S. inspection to proceed as a supplementary rather than as a quota inspection; and (11) denial in 2007 of a U.K. supplementary inspection on improper grounds. The first three compliance issues are discussed below, the remaining issues are discussed in earlier Condition (5)(C) Reports.

2 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 justified under the circumstances based on customary international law or by the terms of the Treaty.

In addition, Russia shares the collective obligation of the eight USSR successor states that remains unfulfilled. See the Collective Obligations section and earlier Compliance Reports for discussion of this issue.

Compliance Issues With New Information in 2010

While no new compliance issues for Russia have been identified in 2010, the issues identified above remain unresolved.

1. Russian “Suspension” of Its Implementation of the Treaty. On July 14, 2007, Russia transmitted to the Government of the Kingdom of the Netherlands, the Treaty Depositary, a notification of Russia’s intent to suspend its observance of its Treaty obligations to be effective in 150 days. Since December 12, 2007, and continuing into late 2010, against its Treaty obligations, Russia rejected all inspections and failed to provide Treaty-required annual data³ and all other Treaty-required information. While the United States and NATO Allies, as well as all other States Parties, have continued to observe their Treaty obligations, Russia’s failure to do so is eroding the viability and effectiveness of the Treaty regime and putting its future in doubt.

The United States has concluded that “suspension,” while an option under certain circumstances under international law, is not provided for in the Treaty and that the Russian “suspension” is not justified under customary international law by the circumstances cited by Russia. The “suspension” issue has been complicated by Russia’s military action in Georgia and its related Treaty consequences.

The United States made clear its legal position that the stated concerns raised by Russia about the Treaty did not provide a sufficient justification for Russia to “suspend” its implementation of the Treaty. All NATO Allies have made clear that Russia’s “suspension” was a unilateral measure not provided for under the terms of the Treaty.

2. Stationing Forces without Consent of the Host State. The presence of Russian forces in Moldova and Georgia without host state consent has raised important concerns for several years.

3 Information required but not provided includes Russia’s annual CFE data as of January 1, 2008, 2009, and 2010 and associated annual notifications - its flank data as of July 1, 2008, 2009, and 2010; 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.

Georgia

Russia's decision in August 2008 to introduce additional military forces into Georgia, a large part of which have since remained -- and Russia's subsequent recognition of Abkhazia and South Ossetia as independent states -- was inconsistent with the acknowledged obligation of the States Parties recalled in the Preamble of the Treaty, "to refrain in their mutual relations, . . . from the threat or use of force against the territorial integrity or political independence of any State, or in any other manner inconsistent with the purposes and principles of the Charter of the United Nations." In addition, Russia's military action temporarily increased the amount by which Russia already exceeded the original and revised flank limits under the Treaty, but not significantly. Russian military presence at facilities in South Ossetia and Abkhazia continues. In October 2010, Russia withdrew from the Georgian village of Perevi, which was a step toward Russian withdrawal to its pre-August 2008 positions, but this obligation remains unfulfilled. Furthermore, military and security officials in Russia's Southern Military District were quoted in the Russian press as saying that Russian 300-mm 9A52 "Smerch" multiple rocket launch systems, SS-21 "Tochka-U" short-range ballistic missile systems, and possibly 220-mm 9P140 "Uragan" multiple rocket launch systems had been moved to South Ossetia, which if accurate suggests that this issue will not be resolved in the near future. Since the United States, NATO Allies, Georgia, and all CFE States Parties except Russia consider the regions of Abkhazia and South Ossetia to be part of the internationally recognized territory of Georgia, this stationing of forces on Georgian territory without Georgia's consent would be a continuing violation of Article IV, paragraph 5, of the Treaty.⁴

Moldova

Russia completed the withdrawal or destruction of all its declared TLE in Moldova by the December 31, 2001, deadline set at the 1999 OSCE Summit in Istanbul.⁵

Since 2005 the Moldovan government has repeatedly made clear that it wants Russian military forces to be withdrawn and replaced with an international (OSCE) peacekeeping force, or an unarmed multinational civilian monitoring

4 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.

5 The Treaty does not exempt peacekeeping forces from its prohibitions, restrictions, or limits.

presence. In an October 2009 JCG meeting, the Moldovan Ambassador reiterated that the withdrawal and disposal process should cover not only the Russian contingent of the peacekeeping presence, but the Operational Group of Russian Forces, its ammunition stockpiles, and the Treaty-limited equipment transferred to the Transnistrian regime. He called for dialogue regarding the replacement of the military forces in the security zone with a multinational civilian mission under an international mandate.

Several OSCE states, including the United States, have indicated their intention to support the OSCE effort to assist with the costs of the withdrawal via a voluntary fund. Russian authorities in the past have told the OSCE Mission that this assistance is vital to the costly process of removing and disposing of munitions.

Ukraine

Previously reported was an overage of combat aircraft above the number that a bilateral agreement with Ukraine permits Russia to hold in its naval forces in Ukraine. The apparent overage of combat aircraft in the Russian Vienna Document 1999 (VD99) data as of January 1, 2009, was not carried over into the Russian VD99 data as of January 1, 2010. Accordingly, there is no current declared overage in Russian combat aircraft above the cited bilateral limit.

3. Exceeding Flank Limits. According to Russia's annual data as of January 1, 2007, its flank data as of July 1, 2007, and Russian notifications up to December 12, 2007, Russia continued to exceed most of the current legally binding limits for both the original and revised flank zones, but was within the future limits for the flank zone under the Agreement on Adaptation of the Treaty on Conventional Armed Forces in Europe (referred to as the "Adapted Treaty")⁶. Reporting from the Russian press during 2008 indicated that most of the TLE in the holdings of two units in Russia's Adapted Treaty flank zone were transferred to locations in the Abkhazia and South Ossetia regions of Georgia. Russia's data as of January 1, 2010, that was provided under the Global Exchange of Military Information indicated the presence of a considerable amount of TLE -- almost certainly originating from these two units -- in Abkhazia and South Ossetia. If this information is accurate, then most of the holdings of TLE of these two units would no longer be located in Russia's Adapted Treaty flank zone. Thus, it is likely that

⁶ The "Adapted Treaty" is not yet in force and its provisions do not apply to the States Parties. Reference is made in parts of this Report to Adapted Treaty flank numerical limits due to political requirements that Russian forces adhere to those future, but not yet legally applicable, limits.

Russia's holdings in the Adapted Treaty flank zone are below its Adapted Treaty limits. The information available does not indicate that there were any Russian overages above Adapted Treaty flank limits on Russian territory.^{7 8}

Steps the United States Has Taken and Russian Response in 2010

In 2010 (through November 30), the United States issued 12 and NATO Allies issued 19 notifications of intent to inspect Russian forces in the Russian Federation or stationed elsewhere in the area of application (AoA). In each case, Russia responded with a notification "denying" the inspection on the basis of Russia's "suspension" of implementation of the Treaty.⁹ All Russian refusals of inspections by members of NATO were regularly raised in the JCG in statements objecting to the refusal and calling on Russia to reverse its decision to "suspend" its implementation of the Treaty. Since Russia "suspended" its implementation of the Treaty through November 30, 2010, Russia has rejected 90 inspection notifications by the United States and NATO Allies.

Through late 2010, Russian officials have made clear that Russia will only consider entry into force of an Adapted Treaty, not a return to implementation of the existing Treaty, which they indicated they regard as no longer in Russia's security interest. However, Russian President Medvedev stated on December 1, 2010, at the OSCE Astana Summit that, "We hope too to finally break the deadlock on the issue of the conventional arms control regime. This is not just our hope but is something we will work on actively, helping to find solutions to these issues."

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. Even before Russia implemented its "suspension" in 2007, the United States, supported by NATO Allies and other concerned States Parties

7 Active-unit overages were significantly increased in 1999 due to the conflict in Chechnya and because the new Russian data declared all flank TLE to be in active units, the limits for which are lower now than under the future limits of the Adapted Treaty. In this and other matters, Russia appears to have acted as if the Agreement on Adaptation (the "Adapted Treaty") had already entered into force and modified ("adapted") the Treaty, but it has not. There is no authority to apply the Agreement provisionally in whole or in part; no State Party may unilaterally apply provisions not yet in force.

8 These overage figures do not take into account Russian notifications of temporary deployments in Armenia, Ukraine, and on Russian territory in the original flank (totaling over 225 tanks, almost 600 ACVs, and close to 250 artillery pieces).

9 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*.

including Georgia and Moldova, developed and presented to Russia a package of steps addressing a range of issues and calling for parallel actions by NATO on ratification of the Adapted Treaty and by Russia on fulfillment of remaining Istanbul commitments. NATO Allies affirmed their support for the package in every high-level NATO meeting through 2009. While U.S.-Russia discussions of the package were professional and comprehensive, Russian authorities did not offer flexibility in response.

NATO Allies have regularly registered in public statements their concern about Russia's "suspension," including at NATO's Bucharest Summit in April 2008 and the related summit meeting of the NATO-Russia Council, and the April 2009 NATO Strasbourg/Kehl Summit.

In 2010, diplomatic engagement on Russia's CFE obligations continued and intensified. On February 2, Secretary of State Hillary Rodham Clinton announced the appointment of Ambassador Victoria Nuland as Special Envoy for Conventional Armed Forces in Europe with the task of developing ideas to modernize conventional arms control structures in Europe and to consult closely with our NATO Allies and European partners, including Russia. In June 2010, NATO Allies, led by the United States, presented Russia and the other seven CFE Treaty States Parties with a proposal to develop a framework agreement that would serve as the basis for negotiations in 2011 to strengthen and modernize the conventional arms control regime in Europe. Between June and December of 2010, the United States and Russia held seven bilateral meetings to discuss a possible framework agreement and follow-on negotiations to modernize the CFE Treaty, and all CFE States Parties and the six NATO Allies not party to the Treaty met "at 36" in Vienna on six occasions. While no agreement was reached by the end of November 2010 on a framework, Russia showed new flexibility on key issues and all participants agreed to continue work in 2011. However, the issue of Russia's continuing "suspension" of CFE Treaty obligations remains unresolved.

The November 2010 NATO Lisbon Summit Declaration welcomed progress and encouraged the 36 participating nations to redouble efforts to conclude a principles-based framework to guide negotiations in 2011. The Declaration stated that, "The results of our work in the coming weeks and months will guide our future decisions on continued implementation of CFE obligations, given that, as we said at the Strasbourg/Kehl Summit, the current situation, where NATO CFE Allies implement the Treaty while Russia does not, cannot continue indefinitely."

The European Union (EU), its member states, and many other states protested the 2008 Russian military action in Georgia and the subsequent Russian recognition of the independence of South Ossetia and Abkhazia. Reports in the Russian press quoting Russian military and security officials confirming the transfer of additional weapons systems to the separatist regions, suggest that this issue will not be resolved in the near future.

Over the years, the United States and NATO Allies have continued to raise longstanding compliance issues bilaterally and in a variety of multilateral fora, including: plenary and working group sessions of the JCG (including in detail at the second CFE Review Conference in spring 2001 and the third CFE Review Conference in spring 2006); OSCE and NATO/NATO-Russia Ministerial meetings; and NATO High-Level Task Force (HLTF) meetings with Russia; and in the NATO-Russia Council. Russian responses to questions on compliance have varied, but they generally have tried to deflect U.S. concerns. Often they have resurrected unsubstantiated allegations about U.S. and NATO non-compliance. From 2007 through 2010, other longstanding issues were not pursued as discussion focused on those related to Russia's "suspension."

Ukraine

Ukraine has stated its full support for the Treaty and has substantially complied with the Treaty. Compliance issues, all previously reported, include: (1) exceeding some of its limits on holdings of equipment in active units; and (2) an unfulfilled obligation for Naval Infantry/Coastal Defense (NI/CD)-related reductions. The first compliance issue is described below. These compliance issues affect the collective obligations of the eight USSR successor states. See the Collective Obligations section and earlier Compliance Reports for discussion of this issue.

Compliance Issues With New Information in 2010

1. Limits on Equipment in Active Units. From 1996 through 2003 Ukraine exceeded several of its notified limits for holdings of TLE in active units both in the revised flank and the revised non-flank areas, according to its data declarations. In the revised non-flank area, Ukraine's data declaration as of January 1, 2004, showed Ukraine within its notified limits for holdings of TLE in active units for the first time. According to its data as of January 1, 2008, Ukraine showed an excess of 33 pieces in its reported holdings of artillery in active units in

the revised non-flank area. Ukraine decreased this excess as of January 1, 2009, to nine pieces of artillery--and as of January 1, 2010, to one piece of artillery. In the revised flank area, Ukraine's data as of January 1, 2010, showed Ukraine within its notified limits for holdings of TLE in active units.

Steps the United States Has Taken and Ukrainian Response in 2010

In 2010 (through November 30), the United States conducted one quota inspection, one supplementary inspection, and four paid above-quota inspections of Ukrainian forces. NATO Allies conducted 11 quota inspections in Ukraine, of which five involved participation by U.S. inspectors. NATO Allies also conducted four paid, above-quota inspections in Ukraine, of which two involved participation by U.S. inspectors. NATO Allies also conducted an additional five inspections of Ukrainian forces under bilateral agreements but using CFE procedures, of which two involved U.S. inspectors. The United States and NATO Allies have continued to raise compliance issues in plenary and working group sessions of the JCG as well as in bilateral discussions.

Collective Obligations

The collective obligation of the eight USSR successor states that became CFE States Parties has not yet been fulfilled, as agreed to in the 1992 Tashkent Agreement and reaffirmed at the Extraordinary Conference in Oslo in 1992, to declare reduction liabilities and to complete reductions that will, in the aggregate, be no less than what the USSR would have had to declare and to complete. In addition, Russia and Ukraine have a shared NI/CD reduction. This shared obligation remains unfulfilled on the part of Ukraine. See earlier Compliance Reports for further discussion of collective obligations.

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, the seriousness of the current compliance situation with regard to Russia's "suspension" of implementation cannot be overstated. Russia's "suspension" has eroded the implementation regime of the Treaty and undermined the cooperative approach to security that has been a core of the NATO-Russia relationship and European security for nearly two decades. The questions of Armenian unreported

equipment holdings, unreported shipments of TLE into Armenia, and Azerbaijani overages may be militarily significant to those two states, especially in the context of the N-K conflict. At a minimum, any Russian force stationed without the consent of the host State Party has political and military significance to the state in which that force is stationed. While not a direct military threat to the United States or NATO, the Russian military action in Georgia and Russia's subsequent recognition of the independence of South Ossetia and Abkhazia undermine conventional arms control Treaties and agreements, which were already weakened by Russia's "suspension" of Treaty obligations, 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.