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# Condition (5) (C) Report

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



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Prepared by the U.S. Department of State

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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, 2017, through December 31, 2017.

This Report discusses compliance concerns, also referred to as compliance questions, involving States Parties not certified by the United States as being in compliance with their obligations under the Treaty. It lists outstanding compliance concerns detailed in earlier Reports and adds any new information and concerns that arose in 2017. The Report also provides an update on steps taken by the United States in response to the compliance concerns and responses from the implicated States Parties.

### **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 2017 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. ANALYSIS OF COMPLIANCE CONCERNS 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 2017 are: Armenia, Azerbaijan, and Russia. Specific compliance concerns are detailed below.

#### **Republic of Armenia (Armenia)**

**Finding** - Although Armenia continues to express its full support for the Treaty, its equipment totals continued to exceed Treaty-Limited Equipment (TLE) limits in 2017 and other activities related to Treaty implementation raised concerns as to its fulfillment of certain other Treaty obligations as noted below.

#### **Outstanding Compliance Concerns**

Previously reported, outstanding compliance concerns are: (1) exceeding limits on Treaty-Limited Equipment (TLE); (2) reported stationing of forces on the territory of Azerbaijan without Azerbaijani consent; and (3) possible failure to declare Conventional Armaments and Equipment Subject to the Treaty (CAEST).

## **Outstanding Compliance Concerns with New Information in 2017**

**Exceeding limits on Treaty-Limited Equipment (TLE):** Declared equipment totals in 2017 continued to exceed Armenia's limits on armored combat vehicles (ACV). In its data as of January 1, 2017, Armenia declared equipment totals that exceeded its ACV limits by over 20 and its sub-limit of 135 armored infantry fighting vehicles (AIFV) including heavy armament combat vehicles by more than 45. The overall declared holdings of ACVs reflect the same total from 2016 of about 240: armored personnel carriers (APCs), over 55; and AIFVs, over 180.

## **Efforts to Resolve Compliance Concerns in 2017**

In 2017, the United States conducted one inspection in Armenia while NATO Allies conducted three quota inspections and one inspection on a bilateral basis. U.S. inspectors participated in two of the inspections conducted by other NATO Allies. The United States and NATO Allies have continued to raise compliance concerns in the Treaty's Joint Consultative Group (JCG), the body created by the Treaty to resolve concerns related to Treaty compliance, as well as in bilateral discussions. Concerning exceeding limits on TLE, the United States has asked Armenia for its plans to reduce holdings to meet its limits.

### **Republic of Azerbaijan (Azerbaijan)**

**Finding -** Although Azerbaijan continues to express its full support for the Treaty, its equipment totals continued to exceed Treaty-Limited Equipment (TLE) limits in 2017 and other activities related to Treaty implementation raised concerns as to its fulfillment of certain other Treaty obligations as noted below.

## **Outstanding Compliance Concerns**

Previously reported, outstanding compliance concerns are: (1) exceeding limits on Treaty-Limited Equipment (TLE), (2) unilateral suspension of certain Treaty notifications and failure to report correctly certain objects of verification (OOVs), and (3) possible failure to declare equipment limited by the Treaty.

## **Outstanding Compliance Concerns with New Information in 2017**

**Exceeding limits on Treaty-Limited Equipment (TLE):** Declared equipment totals in 2017 continued to exceed Azerbaijan's overall limits on TLE. In its data as of January 1, 2017, Azerbaijan declared equipment totals that exceeded its overall limits by over 900 pieces of TLE (over 290 battle tanks, almost 20 ACVs, and over 590 artillery pieces in excess of Azerbaijan's limits of 220 battle tanks, 220 ACVs, and 285 artillery pieces).

**Unilateral Suspension of Certain Treaty Notifications and Failure to Report Correctly Certain Objects of Verification (OOVs):** In 2017, Azerbaijan did not issue any notifications of changes of 10 percent or greater in assigned holdings of TLE, but unlike in 2016, no changes that

would have required such notification were reported during inspections in Azerbaijan in 2017.<sup>1</sup> In its data as of January 1, 2017, Azerbaijan again included a footnote on Chart V indicating about 10 units deployed on the “Line of Contact,” and did not declare those units as OOVs in Chart V. The number of declared OOVs included in Chart V is the basis for establishing the available inspection quotas that enable States Parties to inspect Azerbaijan’s forces.

**Possible Failure to Declare Equipment Limited by the Treaty:** During 2017, Azerbaijan did not declare any previously unreported equipment observed in earlier parades.

### **Efforts to Resolve Compliance Concerns in 2017**

Azerbaijan has repeatedly stated that security issues will continue to affect its Treaty implementation, including the provision of certain time-sensitive Treaty notifications, as long as the Nagorno-Karabakh (N-K) conflict is unresolved and part of Azerbaijan’s territory is occupied by Armenia. In 2017, NATO Allies conducted four inspections, two of which included a U.S. inspector. The United States and NATO Allies have continued to raise compliance concerns in the JCG as well as in bilateral discussions. Concerning exceeding its limits on TLE, the United States has asked Azerbaijan for its plans to reduce holdings to meet its limits.

Concerning the failure to report correctly certain OOVs and the possible failure to declare equipment limited by the Treaty, the United States will continue to monitor and raise the status of these concerns with Azerbaijan.

### **OSCE Minsk Group Efforts involving Armenia and Azerbaijan**

Treaty implementation by Armenia and Azerbaijan is affected by the ongoing N-K conflict. The United States is working with Armenia and Azerbaijan on conflict resolution through the Organization for Security and Co-operation in Europe (OSCE) Minsk Group, the only forum agreed upon by Armenia and Azerbaijan to negotiate a peaceful settlement of the N-K conflict. A successful political settlement could have a positive impact on the ability of Armenia and Azerbaijan to resolve these Treaty compliance concerns.

During 2017, the OSCE Minsk Group Co-chairs (Russia, United States, and France), accompanied at times by the personal representative of the OSCE Chairperson-in-Office, met on several occasions with Presidents Sargsyan and Aliyev (including at an October 16 summit meeting in Geneva); the foreign ministers of Azerbaijan and Armenia; the de facto authorities in N-K; representatives of the International Committee of the Red Cross; and the Parliamentary Assembly of the Council of Europe to discuss the peace process and potential for settlement of the N-K conflict. In an October 16 joint statement by the Foreign Ministers of Armenia and Azerbaijan and the Minsk Group Co-Chairs, the Presidents of Armenia and Azerbaijan agreed to take measures to intensify the negotiation process and reduce tensions along the Line of Contact. Co-Chairs Joint Statement of December 7, 2017 welcomed the resumption of high-level dialogue between the leaders of Armenia and Azerbaijan and appealed to the sides to focus their efforts on finding compromise solutions to the substantive issues of political settlement.

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<sup>1</sup> The Treaty’s Protocol on Notification and Exchange of Information, Section VIII, paragraph 1(B) calls for this type of notification to be provided no later than five days after such change has been made.

## Russian Federation (Russia)

**Finding** – In 2007, Russia “suspended” its implementation of the Treaty. Since its “suspension,”<sup>2</sup> Russia has continued to violate its Treaty obligations and has made clear that it will not resume implementation of the Treaty. In addition, Russia’s stationing of forces without the consent of the host state in Georgia, Moldova, and Ukraine continued through 2017.

### **Outstanding Compliance Concerns**

Previously reported compliance concerns that remain unresolved and continued through 2017 are: (1) Russia’s “suspension” of its implementation of the Treaty<sup>3</sup>; and (2) Russia’s stationing of forces without the consent of the host state in Georgia, Moldova, and Ukraine.<sup>4 5</sup>

### **Outstanding Compliance Concerns with New Information in 2017**

**Russia’s “Suspension” of Its Implementation of the Treaty.** As a result of its suspended participation in the JCG since March 2015, Russia has failed to pay its specified share of the common expenses associated with the operation of the JCG in accordance with Treaty requirements. Paragraph 11 of the Treaty’s Protocol on the Joint Consultative Group provides a scale of distribution for such common expenses that “shall be applied, unless otherwise decided by the [JCG].” Under the current scale of distribution of common expenses, adopted by the JCG on May 10, 1994, Russia’s share of the JCG common expenses is nine percent.

**Stationing forces without the consent of the host state:** Russia’s stationing of military forces in Georgia and Moldova without host nation consent continued through 2017. In Ukraine, Russia’s occupation and attempted annexation of Crimea, and its stationing of military forces in Crimea without host nation consent in violation of Article IV, paragraph 5, of the Treaty,<sup>6</sup> continued through 2017. The United States, NATO Allies, and all other States Parties except Russia consider Crimea to be part of the internationally recognized territory of Ukraine. The

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- 2 (U) In this Report Russia’s action is referred to 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.
  - 3 (U) Information required but not provided from December 2007 through December 2017 includes Russia’s annual Treaty data as of January 1 each year 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 Treaty Limited Equipment (TLE) assigned to units.
  - 4 (U) 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 (U) Russia’s data as of January 1, 2017, provided under the OSCE Global Exchange of Military Information, indicated the presence of a considerable amount of TLE in Abkhazia and South Ossetia and military personnel in Moldova. Russia’s data as of January 1, 2017, under the Vienna Document indicated the presence of TLE in Crimea.
  - 6 (U) Article IV, paragraph 5 permits States Parties belonging to the same group of States Parties to locate certain TLE in certain areas, “provided that no State Party stations conventional armed forces on the territory of another State Party without the agreement of that State Party.”

United States has called for the removal of Russian forces and equipment from eastern Ukraine. Russia's aggression in Ukraine continued in 2017 and remains of concern to the United States, our Allies and partners, and other States Parties.

### **Efforts to Resolve Compliance Concerns in 2017**

The United States and NATO Allies have responded to Russia's "suspension" of Treaty implementation and its stationing of forces without host nation consent in Georgia, Moldova, and Ukraine with diplomatic engagement at the most senior levels.

There has been no change in Russia's position or actions to address U.S. compliance concerns 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 2017, the United States and NATO Allies have not attempted to inspect Russian forces under the Treaty. 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 with respect to Russia if Russia resumes implementation of its Treaty obligations.

The United States and NATO Allies have raised longstanding compliance concerns bilaterally and in a variety of multilateral fora, including the JCG and OSCE meetings. Regarding Russia's failure to meet its financial obligations under the CFE Treaty, the United States has made clear the U.S. position that Russia, as a State Party to the CFE Treaty, is obligated to pay its specified share of the common expenses associated with the operation of the JCG, in accordance with paragraph 11 of the Treaty's Protocol on the Joint Consultative Group.

Russia's responses to concerns on compliance have varied, but Russia has made clear that it will not resume implementation of the Treaty, and it has tried to deflect U.S. and Allied concerns. From 2007 through 2017, other longstanding concerns related to Russia's adherence to specific Treaty provisions were not pursued, as discussions focused on the broader issue of Russia's "suspension," and since 2014, on Russia's occupation and attempted annexation of Crimea and continuing aggression in Ukraine.

### **C. IMPLICATIONS FOR U.S. SECURITY, MILITARY SIGNIFICANCE, AND BROADER SECURITY RISKS OF COMPLIANCE CONCERNS**

Russia's "suspension" of Treaty implementation has seriously eroded the Treaty's verifiability, diminished the exchange of data and notifications, decreased transparency, 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.

Russia's stationing of forces on the territory of another State Party without that State Party's consent not only has political and military significance to the State Party in which those forces

are stationed, but also destabilizes regional security and has further eroded confidence and stability throughout Europe.

Despite the political and military significance of Russia's actions in the region, none of the Treaty compliance concerns identified and discussed in this Report has significant military or security implications for the United States or for NATO as a whole.

Similarly, Armenian and Azerbaijani compliance concerns may be militarily significant to those two states, especially in the context of the N-K conflict, but they do not have significant military or security implications for the United States or for NATO as a whole. The stationing of forces on the territory of another State Party without that State Party's consent is a key political issue in the context of the N-K conflict.

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.