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**Condition (5)(C) Report**

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



**April 2019**

**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 of November 19, 1990 (hereinafter referred to as the “CFE Treaty,” the “Treaty,” or “CFE”), 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, 2018 through December 31, 2018.

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 discusses recent trends regarding compliance, lists outstanding compliance concerns detailed in earlier Reports, and adds any new information and concerns that arose in 2018. 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. RECENT TRENDS**

The United States is increasingly concerned about Russia’s aggressive actions in Europe, including its 2014 occupation and attempted annexation of Crimea, Ukraine, the control it exerts over armed groups operating in eastern Ukraine, and its 2018 attack on three Ukrainian naval ships near the Kerch Strait, as well as its disregard for international law more generally, all of which have strained the key pillars of European conventional arms control architecture, including the CFE Treaty. Russia’s unilateral “suspension” since 2007 of its implementation of CFE – an action not viewed by the U.S. as legally available under CFE or under customary international law – continues to degrade confidence and transparency at a time when military transparency is needed most. This situation has persisted despite diplomatic efforts by the United States and NATO Allies to convince Russia to resume Treaty implementation. As a response in 2011, the United States, along with the 21 NATO CFE States Parties, Georgia and Moldova, ceased implementing CFE vis-à-vis Russia. Russia’s persistent failure to implement CFE has resulted in continuing uncertainty about the largest military force in Europe. However, the Treaty still provides transparency about military forces in Europe, including in Belarus, Armenia, Azerbaijan, and Ukraine as well as NATO members and many partners. In addition to Russia, the only other States Parties not certified to be in compliance with the Treaty and its associated documents for 2018 are Armenia and Azerbaijan, to include some new compliance concerns, as outlined in this report.

CFE, together with other conventional arms control instruments, provides military transparency among implementing States Parties. The regime also contributes to dialogue and stability at a time of heightened tensions in Europe, despite the erosion in CFE Treaty compliance resulting from Russian behavior. The United States will continue to pursue resolution of all violations and implementation concerns. Certification has not been withheld from any State Party due to minor and transitory technical implementation problems or concerns.

## **B. 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 2018 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.

## **C. 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 2018 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 2018 and other activities related to Treaty implementation raised concerns as to its fulfillment of certain other Treaty obligations as noted below.

### **Outstanding and New Compliance Concerns in 2018**

Previously reported, outstanding compliance concerns are: (1) exceeding sub-limits on 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). New concerns include: (4) unilateral suspension of certain Treaty notifications; and (5) potentially limiting days available for receiving CFE inspections.

### **Compliance Concerns with New Information in 2018**

**Exceeding Sub-limits on Treaty-Limited Equipment (TLE):** Declared equipment totals in 2018 no longer exceeded Armenia's limits on ACVs, but continued to exceed its sub-limit on armored infantry fighting vehicles (AIFVs). In its data as of January 1, 2018, Armenia's declared equipment totals fell just below its overall ACV limits but exceeded its sub-limit of 135 AIFVs by more than 45. Compared to 2017, the overall declared holdings of ACVs decreased from about 240 to less than 220, with a decrease in armored personnel carriers (APCs) of over 20, and AIFVs remaining over 180.

**Potentially Limiting Days Available for Receiving CFE Inspections:** In 2018, Armenia issued two notifications requesting that CFE States Parties refrain from conducting inspections on its territory during certain time periods beyond those notified as national holidays. Armenia requested that no inspections occur during a ten-day period in September because of the involvement of verification personnel in "active inspection activity," and during a five-day period in October because of "governmental activities."

## **Efforts to Resolve Compliance Concerns in 2018**

In 2018, NATO Allies conducted four quota inspections and one additional inspection to Armenia on a bilateral basis. The United States and NATO Allies have continued to raise compliance concerns in the 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 its sub-limits on TLE, Armenia is presently below its overall ACV limits, based on its latest data submission, but still exceeds its sub-limit of AIFVs.

Concerning other outstanding and new concerns in 2018, the United States will continue to monitor and raise the status of these concerns with Yerevan.

### **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 2018 and other activities related to Treaty implementation raised concerns as to its fulfillment of certain other Treaty obligations as noted below.

### **Outstanding and New Compliance Concerns in 2018**

Previously reported, outstanding compliance concerns are: (1) exceeding limits on 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. New concerns include: (4) possible failure to declare sites and objects of verification; and (5) potentially limiting days available for receiving CFE inspections.

### **Compliance Concerns with New Information in 2018**

**Exceeding limits on TLE:** Declared equipment totals in 2018 continued to exceed Azerbaijan's overall limits on TLE. In its data as of January 1, 2018, Azerbaijan's declared equipment totals exceeded its overall limits of 220 battle tanks, 220 ACVs, 285 artillery pieces, and 50 attack helicopters by over 300 battle tanks, over 160 ACVs, over 670 artillery pieces, and over 5 attack helicopters.

**Unilateral Suspension of Certain Treaty Notifications and Failure to Report Correctly Certain OOVs:** In 2018, Azerbaijan did not issue any notifications of changes of 10 percent or greater in assigned holdings of TLE.<sup>a</sup> In its data as of 1 January 2018, Azerbaijan again included a footnote indicating about 10 units deployed on the line of contact, and did not include 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.

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

**Possible Failure to Declare Equipment Limited by the Treaty:** During 2018, Azerbaijan did not declare any previously unreported equipment observed in earlier parades.

**Potentially Limiting Days Available for Hosting CFE Inspections:** In 2018, Azerbaijan issued three notifications requesting that CFE States Parties refrain from conducting inspections on its territory during certain time periods beyond those notified as national holidays. Azerbaijan requested that States Parties refrain from conducting inspections during specific periods in April, June, and late September. Azerbaijan cited presidential elections, a Formula 1 Grand Prix, a military parade and events related to the 100th Anniversary of the Azerbaijan Armed Forces, and the Azerbaijan Defense Exhibition as reasons for the blackout periods.

### **Efforts to Resolve Compliance Concerns in 2018**

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. 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 Baku for its plans to reduce holdings to meet its limits.

Concerning other outstanding and new concerns in 2018, the United States will continue to monitor and raise the status of these concerns with Baku.

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

Treaty implementation by Armenia and Azerbaijan is affected by the protracted Nagorno-Karabakh (N-K) conflict. The United States is committed, as a Co-Chair (along with France and Russia) of the Organization for Security and Co-operation in Europe (OSCE) Minsk Group, to helping the sides reach a peaceful settlement of the conflict. The Minsk Group is the only forum approved by Armenia and Azerbaijan for negotiating a peaceful settlement of the N-K conflict. A successful political settlement would almost certainly have a positive impact on the ability of Armenia and Azerbaijan to resolve these Treaty compliance concerns.

In June and September 2018, following the political transition in Armenia, the Armenian and Azerbaijani Foreign Ministers met jointly with the Minsk Group Co-Chairs (France, Russia, and the United States). Building off of those contacts, Azerbaijani President Aliyev and Armenian Prime Minister Pashinyan met September 27-28 on the margins of the Commonwealth of Independent States Summit in Dushanbe, where they agreed to enhance the ceasefire, intensify settlement talks, and establish direct channels of communication to avoid unintended escalations. As a result of concrete steps to implement the leaders' understanding reached in Dushanbe, there have been fewer ceasefire violations since September, according to the sides, but the risk remains that an unintended escalation could widen into a regional conflict. The Armenian and Azerbaijani Foreign Ministers met under the Co-Chairs' auspices on December 5 at the OSCE Ministerial Conference in Milan, and agreed to meet in January to lay the groundwork for a continuation of the leader-level dialogue in early 2019. The December 6 Joint Statement of the three Co-Chair countries and the Armenian and Azerbaijani Foreign Ministers, welcomed the

significant decrease in ceasefire violations and reported casualties, appealed to the sides to continue implementing the understandings reached in Dushanbe, and expressed hope for an intensive results-oriented high-level dialogue between the leaders of Azerbaijan and Armenia to promote a just and lasting settlement of the conflict.

### **Russian Federation (Russia)**

**Finding** – In 2007, Russia “suspended” its implementation of the Treaty, which the United States does not view as legally available under the Treaty or customary international law.<sup>b</sup> Since its “suspension,” 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 on the territories of Georgia, Moldova, and Ukraine without the consent of the host state continued through 2018.

### **Outstanding and New Compliance Concerns in 2018**

Previously reported compliance concerns that remain unresolved and continued through 2018 are: (1) Russia’s so-called “suspension” of its implementation of the Treaty, including the failure to provide Treaty-required annual data<sup>c</sup> and other information, which continues to interfere with the U.S. ability to assess at what levels Russia is still exceeding TLE limits in the Treaty’s Flank zone (hereinafter referred to as “flank limits”); and (2) Russia’s stationing of forces on the territories of Georgia, Moldova, and Ukraine without the consent of the host state.<sup>d e</sup>

### **Compliance Concerns with New Information in 2018**

**Russia’s “Suspension” of Its Implementation of the Treaty.** As an extension of its overall “suspension,” Russia suspended participation in the JCG since March 2015 and continued in 2018 to fail 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 9%.

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b (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 or under customary international law.

c (U) Information required but not provided from December 2007 through December 2018 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 TLE assigned to units.

d (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.

e (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.

**Overages Above Current Treaty Limits.** Under the CFE Flank Document of 1997, Russia is limited to 700 tanks, 580 ACVs, and 1280 pieces of artillery in the revised flank zone. Those limits were revised upward to 1300 tanks, 2140 ACVs, and 1680 artillery pieces on Russian territory under the 1999 A/CFE Treaty, although it has not entered into force.

On the basis of Russia's Vienna Document and GEMI data as of 1 January 2018, Russia exceeds its revised flank zone limits by over 2,550 ACVs, its original (Post-1996) flank limits by over 225 ACVs, and its A/CFE Flank limits by over 360 ACVs. Russia has never been in compliance with either its original or its revised flank limits, but until recently had remained below the flank limits reflected in the A/CFE Treaty that has never entered into force. Of note, Vienna Document and GEMI data do not include equipment held in storage depots and maintenance facilities, thus the overages are almost certainly even higher than accounted for by current data.

**Stationing forces without the consent of the host state:** Russia's stationing of military forces on the territories of Georgia and Moldova without host nation consent continued through 2018. 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>f</sup> continued through 2018. 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 United States has also called for the removal of Russian forces and equipment from eastern Ukraine and Secretary Pompeo's Crimea Declaration of July 25, 2018, rejected Russia's attempted annexation of Crimea. Russia's ongoing aggression against Ukraine in 2018 remains of concern to the United States, our Allies and partners, and other States Parties.

### **Efforts to Resolve Compliance Concerns in 2018**

The United States and NATO Allies have responded to Russia's "suspension" of Treaty implementation and its stationing of forces on the territories of Georgia, Moldova, and Ukraine without host nation consent 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 2018, 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

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f (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."

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 has tried to deflect U.S. and Allied concerns. From 2007 through 2018, 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 eastern Ukraine.

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

Russia's "suspension" of Treaty implementation since 2007 has seriously eroded the Treaty's verifiability, 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 other States Parties without the consent of those States Parties not only has political and military significance to the States Parties in which those forces are stationed, but also destabilizes regional security and has further eroded confidence and stability throughout Europe. Russia's ongoing occupation of and military build-up in Crimea, for example, has increased Russia's reach into the Black Sea region, and affected the security situation in that area.

Russia's aggressive actions in Europe, notably its military invasions of Crimea, Ukraine in 2014 and of Georgia in 2008, and its disregard for international law, including its unilateral "suspension" of CFE Treaty implementation since 2007, have diminished trust and confidence about Russia's military intentions and remain a significant concern throughout Europe. Russia's actions are of increasing concern; combined with uncertainty about Russia's equipment holdings in the flank region, they have had significant military implications for the U.S. and NATO.

While Armenian and Azerbaijani compliance concerns may be militarily significant to those two states, especially in the context of the N-K conflict, 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.

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.