**Director’s report on visit to NATO HQ and EU**

According to the 14th MAG Conclusions, stating that the "...Director was tasked to visit Brussels and to have meeting with relevant bodies.... after he should inform MAG....", I arranged a visit to NATO Headquarters in Brussels on 17 May 2006. During this visit, I had a meeting with Ms Suzan Pond, Partnership for Peace & Cooperation Programmes (Political affairs & Security Policy Division, International Staff). Mr. Efthymios Pantzopoulos from the same department and Mr. Jiri Kalasnikov, Expert from Working Table III of the Stability Pact also participated in this meeting.

I focused on these key points: RACVIAC’s role in Defence Conversion and support from NATO; RACVIAC – NATO cooperation on Arms Control Issues. The SP representative and myself also used this opportunity to express the very strong interest of the Stability Pact and RACVIAC in keeping NATO political support for SP/RACVIAC activities in the area of Security Sector Reform, in particular in the Western Balkans, as well as in supporting regional cooperation and ownership in the field of defence and security cooperation.

I informed NATO colleagues about the current stage of RACVIAC’s Defence Conversion program. I reviewed the progress achieved in all three Working Groups focusing in particular on WG 1 (Demobilization & Resettlement) and WG 2 (Base Conversion). I also reminded NATO of their assurance to serve as a supporting organization for WG 2 and provide expert support for WG 1. In the context of WG 3 activities, I also underlined the importance of heavy armaments and ammunition destruction and, in this context, I asked NATO to support this process where and when necessary. The key role of SEESAC in this area was underlined as well.

I provided the partners with an overview of the RACVIAC Program for 2006, focusing in particular on DC and Arms Control topics. Regarding AC, I emphasised the contacts that RACVIAC has established with NATO School in Oberammergau/Germany. I suggested deepening this cooperation and, if possible, coordinating the relevant events organised by these two institutions.

I also had the opportunity to discuss with Dr. Reiner Weichhardt (Deputy Director, Defence & Security Economics Directorate of NATO) RACVIAC’s role on Defence Conversion in order to inform him of the necessity of NATO supporting RACVIAC in its efforts in this field.

NATO colleagues informed me that NATO HQ would continue supporting RACVIAC by involving the experts in particular from NATO Expert Team on Demobilization & Resettlement. I understood that resettlement and retraining of redundant military personnel remains the main priority for NATO in SEE (and outside of it). Resettlement and retraining programs in Serbia and Montenegro (S&M), Bosnia and Herzegovina (BA) and Croatia are and will further be supported through the NATO Trust Fund.

Our discussion clearly showed that NATO Trust Fund is the key mechanism for providing support and financing for the abovementioned projects. Individual NATO Member States – as the lead nations – provide financial resources and expertise for individual projects. The United Kingdom, the Netherlands and Norway are the main “supporters” (lead nations) in particular for demobilization and resettlement projects in Serbia and Montenegro (S&M), Bosnia and Herzegovina (BA) and Croatia are and will further be supported through the NATO Trust Fund. Our discussion clearly showed that NATO Trust Fund is the key mechanism for providing support and financing for the abovementioned projects.

**continued on page 2**
In this context, I reminded about the request of BA to RACVIAC (WG 1) to provide them with assistance in developing the BiH MILTAP (Bosnia and Herzegovina Military Transition Assistance Program).

Having in mind the importance of the NATO Trust Fund, we discussed possible options for closer cooperation between NATO / Trust Fund and RACVIAC, especially intensifying our “information flow”, establishing direct links between RACVIAC and the NATO desk officer directly responsible for the Trust Fund and NAMSA and participation in the relevant meetings on this topic.

Base/sites conversion is apparently not considered equally important, although NATO and some Allies have supported some projects on the environmental cleaning of some former military sites (e.g. in Moldova a project on chemicals/pesticides disposal). In this context, I underlined that the current activities of WG 2 – if supported by NATO expertise and experience – could bring some very concrete results in the near future. Further discussion with NATO on WG 2 activities is therefore needed.

As far as Arms Control issues are concerned, we agreed that deepening cooperation and “synchronisation/coordination” on AC related events between RACVIAC and NATO School in Oberammergau are possible. Regarding this issue, I clearly see the need for further discussion between NATO and RACVIAC.

During the Regional Table Meeting of the SP, the NATO representative referred to the topic saying that “…objectives from NATO’s perspective are the following: support for initiatives aiming at Defence Conversion, such as the RACVIAC Defence Conversion Cell”, which is a first indication of NATO’s willingness to support RACVIAC, after the successful meeting I had in NATO.

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On 8 June, after Austria’s EU Presidency efforts, I gave a presentation on RACVIAC during the Politico-Military Group (PMG) meeting in the EU. Mr. Kalasnikov from the SP accompanied me at this meeting. In my presentation, I focused on some aspects of RACVIAC’s historical background, on the role of RACVIAC in Security Sector Reform (SSR) and Defence Conversion and on some possible areas of cooperation between RACVIAC and the EU. Security Sector Reform is now one of the priorities of EU in SEE as expressed in the “Concept for European Community Support for SSR”. One of my proposals was that the EU could use RACVIAC in order to facilitate and to promote its efforts on SSR in the region.

Even though the PMG is not the main counter part of RACVIAC in the EU institutions, due to its responsibilities, the RACVIAC presence at this meeting can be considered a successful first step toward future cooperation with the EU (including the Presidency, EU Council and Commission) in the area of SSR. I would like to use this opportunity to thank the Austrian Presidency once again for its efforts.

During the discussion, some countries took the floor, emphasizing the important role of RACVIAC in the development of stability and security in SEE, and promised to support and further the impetus created, during the next Finnish EU Presidency. In this regard, Mr. Timo Kantola from the Permanent Representation of Finland to the EU promised to invite me to Helsinki next September for further discussion with the relevant authorities involved in EU matters.

Having said that, I would like to ask MAG countries that are members of NATO and the EU to support RACVIAC’s efforts in establishing more efficient and result oriented relations with these two institutions in the future, for the benefit of RACVIAC and for the region in general. Both my visits clearly illustrated the importance of the SP WT III support given to RACVIAC.

Director of RACVIAC
Brig. Gen. Stergios PAPOTIS

A fire exercise in the barracks “Vitez Damir Martić” in Rakitje

On the initiative of RACVIAC’s Service Branch and in cooperation with the Croatian International Military Operational Centre, the Croatian MoD and Rakitje’s local fire brigade, on 30 June 2006 a fire exercise was held in the barracks “Vitez Damir Martić” in Rakitje.

The intention of the exercise was to educate the personnel working in the barracks, to train the members of the fire brigade, and to check whether the personnel demonstrate appropriate behavior in case of fire.

The fire exercise consisted of 3 main topics:

- The evacuation of people from the burning Hotel Rakitje
- Fire fighting in an open area (bushes)
- Demonstration of using fire extinguishers/ of appropriate behavior in case of injuries
The exercise showed that the members of the auxiliary fire brigade are well trained and that RACVIAC’s personnel know how to react in the event of a fire alarm. All parties agreed to have at least one annual fire exercise within the barracks.

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**Border Security Seminar in RACVIAC**

The Seminar on “Weapon trafficking/trade and negative effects on domestic/regional security” was held in RACVIAC on 30 – 31 May 2006. The participants and lecturers consisted of high level and staff officers as follow: Albania - 3, Bosnia and Herzegovina - 2, Austria - 1, Croatia - 3, Germany - 1, Greece - 2, Former Yugoslav Republic of Macedonia* - 2, Moldova - 2, Serbia and Montenegro - 2, Slovenia - 2, Turkey - 2, USA - 2, UK - 2, SECI - 1, OSCE - 1.

The purpose of the seminar was to discuss and evaluate projects on preventing illegal weapon trafficking in SEE with MOI, Ministry of Justice and high level police representatives, in order to foster security and stability in the region. A parallel purpose was to generate fresh and useful ideas on means for promoting regional peace, stability, security and the involvement of all other European countries and major organizations in the future.

At the end of the seminar, the following **Recommendation paper** was produced:

“To create an effective regional approach in future for combating illegal weapon trafficking - what kind of measures can be applied among/inside region?”

1. For combating illegal weapon trafficking, democratic and good governance is essential.
2. Standardization of national laws in accordance with international rules is necessary.
3. WMD control regimes, the dual use export control system regimes and UN resolution 55/255 “Protocol against the illicit manufacturing and trafficking in fire arms, their parts and components and ammunition supplementing the UN convention trans-national organized crime” are a legal base.
4. The aim of the OSCE document of SALW and OSCE principles governing arms transfers is to find ways to prevent the diversion of small arms and light weapons into the illegal market which is a source of supply for organized crime and other illegal organizations.
5. Increasing government awareness regarding illegal weapon trafficking is important.
6. Increasing public awareness regarding illegal weapon trafficking is important.
7. Responsibility of public security is assigned to governments and responsive to citizens.
8. The legal possession of firearms should be subject to strict regulatory control.
9. Co-operation between law enforcement, ministries and agencies at national and international levels is vital.
10. Strengthen established network systems to ensure effective exchange of information among nations.
11. The national export control items list must be developed compatibly with EU and international export controls and should be publicly available.
12. Customs authorities are the primary export control enforcement authority, but require adequate and technical training.
13. The effective deterrence of illegal weapon trafficking requires a partnership between government and industry (inputs about dealers, brokers and users, etc.).
14. Industries must develop internal compliance programmes to reduce the opportunity of illegal weapons trafficking.
15. SECI Centre as a regional organization can be used as an effective tool for the SEE countries to fight against arms trafficking and the countries can use it for sharing information; international cooperation; regional operation; concrete causes-joint investigation teams; sharing experience and best practices; creating, maintaining and updating a database with the stolen, missing or other military arms or weapons from the region (SEE) based on the reports of the countries and creating one yearly report about the arms or weapons trafficking on the region, based on the reports of the countries about seizure, incidents, arrests, charged persons, etc. In this way, all the countries will have a map of criminality and a regional view on trafficking of firearms.
First WG 3 Meeting -“Restructuring redundant military industries”

In accordance with the RACVIAC Programme, the first meeting of WG 3 “Restructuring redundant military industries” was held on 03-04 May 2006 in RACVIAC. The main topics of the meeting were as follows:

- Discussion of the answers received to the questionnaire on Defence Industry Conversion
- Country presentations on the state of affairs regarding downsizing/restructuring of the national defence industries
- Legal issues regarding the downsizing/restructuring of defence industries
- Examples of positive outcomes of restructuring redundant military enterprises
- Industrial examples of dismantling/destruction of middle and large calibre ammunition and heavy armaments
- Agenda for the next meeting (Dec 2006).

Twenty-four participants from the region and international organizations took an active role in the discussions on the abovementioned topics. All countries from the region were represented except Romania, Bulgaria and the Former Yugoslav Republic of Macedonia*. The meeting started with some introductory words from the Director of RACVIAC, followed by comments and recommendations to the questionnaire by the SEE countries by Mr. Josef Fucik, expert from the Czech Republic. The questionnaire concerns 155 military enterprises with more than 46,000 employees in the SEE region. He observed that, based on the questionnaire, in most countries armament manufacturers appear to be in idle run without substantial privatization and restructuring in progress. He also observed that most countries are still lacking a comprehensive military industrial conversion plan. During the discussion it was further observed that a number of governments in the region lacked a special intergovernmental agency specifically tasked with defence conversion issues in all its aspects. The meeting continued with statements by individual countries giving updates about the present state of their defence industry sector. During the following discussions it was highlighted again that the working group should not deal with how to restructure and revive the defence industry, but rather concentrate on the process of converting redundant military enterprises to civilian production.

Mr. Pierre-Francois Lemaire, from the OSCE mission to BA suggested to define as defence industry only those factories that produce arms and military equipment as mentioned in the EU Common list of Arms and Military Equipment (AME) and define accordingly Defence Industry as AME Industry. He also informed the participants about the Legal and/or political obligations of SEE countries such as OSCE Documents on SALW, Stockpiling of Conventional Ammunition, Best Practice Guide on Arms Transfer, EU Common List on AME, EU Dual Use List, EU Code of conduct on AME Trading and several other international agreements. He also stressed that AME industry in principle should not be owned by the military.

Mr. Dragan Prastalo, General Manager of the company Mikroelektronika in Banja Luka informed the participants about a very successful conversion project involving his small enterprise (80 employees). He stressed the importance of changing the mindset of managers by not only considering product qualities but also other aspects such as marketing, financing, competition, partnerships, and seeking support from local authorities. He also suggested that larger redundant military industries should in the conversion process preferably be split up into smaller units to get more profitable results.

Mr. Jozsef Spaics, Director of the MOD-owned company CURRUS in Hungary, informed participants about some experiences with conversion of military industries. Hungary had no major military production capability. At present there are four MOD-owned companies of which three will be privatized in the future with only limited government involvement. At present Hungary’s military industry makes up only 0.001% of GDP. Some conversion took place in the past by converting some redundant military equipment for civilian use such as fire
Mr. Samo Ivanchich, member of the Business Advisory Council for South East Europe (BAC), informed the participants about the Council’s activities. The Council consists of 40 industry leaders and provides advice to the Stability Pact Coordinator, the European Commission and donor community on business issues relevant for the SEE region. It has strong relations with international financial institutions such as WB, EBRD, OECD, EIB, and Chambers of Commerce.

Upon request he said that the Council could certainly also play a role in advising governments on defence industry conversion issues.

On 4 May 2006, participants discussed the issue of industrial dismantling of large calibre ammunition and heavy armaments using redundant defence industry enterprises. Participants learned from the experiences of some other countries like Czech Republic, Bosnia and Herzegovina, Albania and Hungary.

Mr. Ales Majkic informed participants about a permanent installation in Doboj for dismantling major ammunition and weapons. He also stressed the financial and environmental aspects regarding the process of dismantling. It was understood that the implementation of disposal and dismantling would take place under the mandate of the Belgrade-based SEESAC institute.

Mr. Fucik observed that the information provided in the questionnaire was incorrect with respect to the amounts of obsolete ammunition stored in the region and he also stressed the importance for an early start of the destruction and dismantling process due to the security and environmental risks involved in longer term storage of these unstable/unsafe stocks. Finally, he remarked on the need for improving legal regulations covering this issue.

It was concluded that, in general, using redundant military industries for dismantling/destruction did not prove to be cost-effective in most cases and therefore would not be a sustainable survival option, but rather a means to keep the enterprise’s workforce operational for a transitional period, provided international financial support will be available.

Concluding remarks and recommendations
- A special intergovernmental agency for restructuring of redundant defence industries should be set up in the countries that lack such a capacity.

...
In accordance with the obligations under the terms of the Vienna Document 1999 (VD’99), the Government of Germany has arranged a combined event, “Visit to an Air Base (paragraphs 19-29)” and “Visit to a military facility or formation (paragraphs 30.3-30.6)” on its territory between 15 and 19 May 2006.

The large-scale activity was organized by Bundeswehr Verification Center (BwVC) and was carried out at the 71 Fighter Wing “Richthofen” at Wittmundhafen (71 RW) and at the Armour School at Munster (AS) in the presence of 32 OSCE delegates invited by the host nation. Germany, with the intention of fostering the transparency of confidence and security building measures, invited representatives from NATO, OSCE CPC and RACVIAC as well.

RACVIAC, as an institution assisting in the education/preparation processes of experts involved in VD’99-related issues, was represented by LtC Heinz TRENK, S3 Operation Officer and LtC Kalman NEMETH, Course Director of Training and Verification Division.

All the invitees were briefed on the history, structure, tasks and manpower and had the opportunity to view the daily routine and all the weapons and equipment at the visited facilities (F-4F “PHANTOM” and simulator lab; the German French developed “TIGER” anti tank defence helicopter; “ALADIN” minidrone; LEOPARD 2A and simulator labs) and to observe a Manoeuvre Demonstration provided by the Armour School at Munster.

The visit to the airbase and military facility in Hannover, Germany was a great benefit for the representatives from RACVIAC, especially for LtC Nemet in his future organizing of the practical part of similar RACVIAC activities, such as Open Sky.
LtC Frank ODENDAHL, Planning and Liaison Officer, attended the Crans Montana Forum (CMF) which was held in Tirana, Albania, from 11—13 May 2006. The aims of the forum were to assess the progress of Albania toward European Integration and to portray their situation and development potential in telecommunications, infrastructure, energy, transport and tourism. Participants came from various nations, addressing the abovementioned economic subjects, but also covered related subjects, such as education and security. The programme began with an opening address by AL Prime Minister S. BERISHA, followed by further dignitaries including Mr. M. MOZUR, deputy of the Special Coordinator for the Stability Pact.

In view of the mainly economic character of this event there were not many direct lessons to be taken for RACVIAC. However, with the “economic elite”, the financial institutions were also present, allowing potential projects/donors for Defence Conversion and the like. In summary, it was a useful conference to establish and/or maintain high level contacts for RACVIAC.

**VISITS TO RACVIAC**

12 April - **Brig Gen Jens Zimmerman**, Chief of the German Verification Centre
   – Meeting with Director
19 June - **Mr. Pieter Verbeek**, Director of the
   - WT III, SP
   - **Mr. Jiri Kalsnikov**, Stability Pact
   - Working meeting with Director

**Change of personnel in RACVIAC**

At the beginning of April this year RACVIAC bid farewell to Mr Robert NIELEN, Chief of Admin&Finance Cell. During his work in RACVIAC he was a great support and provided assistance to all other staff members. We would like to take this opportunity to thank Robert for all his work and friendship and wish him and his family all the best in the future.

Mr. Friedrich Wilhelm Loeffler is RACVIAC new Chief of Admin&Finance Cell and he comes from the very northern part of Germany, the town of Flensburg. He did his last duty in a navy speedboat squadron as EW training officer and was also responsible as deputy G8 (finance) in some missions in SFOR and EUFOR. He graduated in administration at the Military Academy in Mannheim and is also a Navy reserve officer. He likes water and diving and has two sons aged 20 and 23.

After 2 years and eleven months, MSgt Sascha HAMPEL, our Accountant Disbursing Officer, will leave RACVIAC and go back to Germany, where he will start his new job as an admin at a court in Bonn. That means, after 10 years as a soldier he is finishing his active soldier career. Thank you for the last years here in RACVIAC and work on!

At the same time, RACVIAC welcomes his replacement, Sergeant 1st class Ivonne CICHY. She was born on 15th February 1978, and has been in the army since 2001. Her last duty was as a paymaster in the Air Combat helicopter Regiment 36 in Fritzlar.

(more on next page)
### Change of personnel in RACVIAC

Maj Aristeidis Iliopoulos began his tour of duty in RACVIAC on 1 July 2003 as a Course Director in T&V Division. After RACVIAC he will attend the Joint War College in Thessaloniki, Greece, as a student. RACVIAC wishes Maj Aristeidis every success in the future. Maj Lazaros Lazaridis from Greece replaced him on 3 July 2006. His previous duties were as Commander in an Independent Antiarmour Company for 2 years. He is married to Mrs. Magdalini Kalaidopoulos and has two daughters, Maria and Ourania.

### DC Experts in RACVIAC

Mr. Efrem Radev, from Bulgaria, is the Managing partner in Eurotan Ltd. engaged in consultancy of institutions and private companies in the security sector. As an Executive Director of the Bulgarian Association of Municipalities implementing Military Base Conversion Projects he has developed and implemented, in cooperation with NATO Economic Directorate and the Stability Pact, the Resettlement Program and Military Base Conversion Pilot Projects in Bulgaria. He is a former high ranking military diplomat with extensive international experience. He was educated in Paris, Moscow, Tel Aviv, Munich and London, as an expert in European security issues and multinational relations.

Mrs. Lena Andersson, from Sweden, has more than 15 years relevant professional experience from the public sector both within the Swedish Government and from assignments abroad, mainly in the Balkans. In 2000 she was appointed in Bosnia and Herzegovina as a Project Manager for a Sida funded institutional capacity building project. After that she moved into assignments in the BA Defence Sector where she had a leading role in reforming the three Ministries and the Armed Forces. She was also actively involved in the integration of approximately 20,000 demobilised soldiers into sustainable income generating activities throughout BA. In this work she coordinated resettlement activities between the Ministries (Social Affairs and Defence), implementing organisations, different associations, Employment Bureaus, companies and individual soldiers. She was responsible for monitoring progress in project implementation and proposing improvement when appropriate.

Mrs. Andersson has a Bachelors degree in Financial Management from Stockholm University.

### Programme 2006 - forthcoming events

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<td><strong>Open Skies - Lessons learned / Requirements (C-7)</strong></td>
<td>03 July - 14 July</td>
<td>To provide the respective personnel from SEE countries with proper theoretical and practical training in planning, organizing and executing an Aerial Observation Mission based on the provisions of the Treaty on Open Skies. Target Audience: - Air force personnel who will be involved in Open Skies missions</td>
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<tr>
<td><strong>WG1 Meeting (3) - on Retraining and Resettlement of Military Personnel (WS-6)</strong></td>
<td>18 - 22 September</td>
<td>The main topics (goals) will be decided at the previous meeting according to current country situations and needs. Target Audience: - Permanent WG 1 members (countries, DCAF, OSCE) IOM, US AID</td>
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<tr>
<td><strong>Orientation Course for Site Commanders (C-8)</strong></td>
<td>25 - 29 September</td>
<td>To inform site commanders about their perspective duties and responsibilities under the requirements of the relevant documents (visit to an airbase in Hungary) Target Audience: - Site Commanders, inspector/escort personnel</td>
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<tr>
<td><strong>Financial expert Meeting (M-extra)</strong></td>
<td>26 September</td>
<td>To clarify the financial situation and prepare draft proposals for the upcoming MAG Meeting Target Audience: - finance experts from MAG countries</td>
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<td><strong>15th MAG Meeting (M-2)</strong></td>
<td>02 - 06 October</td>
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