



REGIONAL ARMS CONTROL VERIFICATION AND IMPLEMENTATION ASSISTANCE CENTRE
(RACVIAC)

Stari hrast 53, Rakitje
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REPORT

WORKING GROUP 3

“DOWNSIZING/ RESTRUCTURING OF DEFENCE INDUSTRIES”

06-07 December 2005

I. INTRODUCTION

According to the MAG Decision on Defence Conversion adopted at the 13th MAG Meeting on 18-19 October 2005, a first meeting of WG3 “Restructuring redundant military industries by downsizing or restructuring into civilian use” was held on 6-7 Dec 2005 in RACVIAC.

The main topics of the meeting were as follows:

- To receive countries reports on the current situation and needs for successful Military Industry Conversion;
- To discuss the draft of the Questionnaire on Defence Industry Conversion;
- To discuss the final proposals to Programme for RACVIAC’s Defence Conversion activities in 2006

II. PARTICIPANTS

22 participants from the region and international organizations took an active role during the discussions on the above-mentioned topics.

- **CHAIRMAN:** Henny van der Graaf, Stability Pact
- **REGIONAL COUNTRIES REPRESENTATIVES:**
 - **Albania:** Mr Thoma Nano
 - **Bosnia and Herzegovina:** Mr Ales Majkic; Mr Halil Buric;
 - **Bulgaria:** Mr Toshko Punchev
 - **Czeck:** Mr Josef Fucik; Mr Richard Stojar
 - **Croatia:** Maj Victor Kolovrat; Mr Patrik Stupin; Mr Zdenko Jandik; Ivan Wagner; Mrs Dubravka Bevandic; Mrs Marina Sostar
 - **Moldova:** Mr Andrei Aculov; Vladimir Goremichin
 - **Serbia and Montenegro:** Col Damir Stojakovic; LtC Zoran Rajic; Cpt Nebojsa Vilotijevic;

- **OTHER MAG COUNTRIES:**
 - **UK:** Mr Amadeo **Watkins**

- **INTERNATIONAL INSTITUTIONS**
 - **Stability Pact:** Mr Jiri **Kalashnikov**
 - **OSCE:** Col Pierre-Francois **Lemaire** (OSCE in BiH)
 - **RACVIAC:** LtC Victor **Sotchi**

III. SUMMARY

1. Countries reports on the current situation and needs for successful Military Industry Conversion.

The meeting started with an exchange of information about the present status of the defence industry sector in the countries concerned. Representatives of the countries informed the participants about the scope and development of their restructuring process. It was observed that some countries had already made substantial progress in their defence industry restructuring while others are just starting this process.

Unfortunately, there was no representation of Romania and FYROM.

Participants of Working group 3 dealing with downsizing/ restructuring of defence industries had extensive discussions how to proceed with this topic.

First it was agreed that we should not deal with future possible cooperation and revival of the defence industries in the region but rather concentrate on the restructuring of redundant defence industrial factories as well as the consequences of the downsizing of the factories for redundant factory personnel.

Participants recognized that there exist a close link between restructuring of their defence industries and the destruction of redundant major weapon systems and redundant ammunition stocks. It may be that certain redundant military factories could be re-used for the destruction of such weapons and ammunitions. So each country in the region was advised to take this element into consideration.

Pieter Verbeek, director of Table III of the Stability Pact informed the audience that in the Stability Pact office an informal meeting would be held with NATO, European Commission, OSCE, RACVIAC and SEESAC to see how to deal with the issue of redundant weapons and ammunitions. So we will have to see whether data about redundant stockpiles of weapons and ammunition to be destroyed in the countries should be collected either by WG3 (which might be reinforced by the relevant experts, or by “WG 4” which might be established to deal with this specific subject).

2. Discussions on the draft of the Questionnaire on Defence Industry Conversion;

WG 3 discussed extensively a draft questionnaire prepared by Mr. Joseph Fucik. Resulting from the discussions a number of amendments were included and it was agreed that conform the procedures used for the first questionnaire the amended version should be sent by the Director of RACVIAC to the countries concerned asking them to return the questionnaire not later than the end February 2006.

It was agreed that the questionnaire should be sent to the respective governments through the appointed focal points for defence conversion by the director of RACVIAC and co-signed by the chair of WG 3.

3. Discussions on the final proposals to Programme for RACVIAC's Defence Conversion activities in 2006

Participants also recognized that the subject of redirecting of military research may better not be addressed by WG3 and consequently not be subject of a separate meeting as planned for December 2006. Although participants recognized the as a consequence of restructuring military research and development will be affected they see this not as an issue which should be dealt with separately.

Therefore they propose that the December meeting will build upon the results achieved in the meeting, which is scheduled in April 2006. Final decision will be agreed upon at the meeting in April 2006.

Participants welcomed information regarding the Chair of WG 3 and expressed their gratitude to the Government of Bosnia and Herzegovina for nominating its representative (Mr. Jokic) to fulfill this task.

**Chairman WG3 (SP)
General (ret)
Henny van der Graaf**