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1. Security Policy: Meeting of Security Subcommittee

24.06.10. The 3rd Meeting of the Security Subcommittee of the Ukrainian-Russian Interstate Commission started in the urban-type village Partenit in the Crimea. The meeting was presided over by the Ukrainian Defence Minister, Mykhailo Yezhel, and his Russian counterpart, Anatolii Serdukov.

Comment: *In the course of the meeting, the Subcommittee members discussed issues of bilateral military and military-technical cooperation. In particular, amendments to the Agreement between the Government of Ukraine and the Government of the Russian Federation on the Usage of the takeoff and landing systems training area "Nytka" in the Crimea as well as possible employment of Ukrainian industrial enterprises for disposal of ammunition of Russian military formations stationed in Ukraine.*

Other issues under discussion included usage of the potential of Ukrainian shipbuilding and ship-repairing enterprises to restore technical readiness and modernise Russian Navy ships stationed in Ukraine. The results of the meeting were set forth in the Minutes of the Meeting of the Security Subcommittee of the Ukrainian-Russian Interstate Committee. The Minutes were signed by the Ukrainian Defence Minister, Mykhailo Yezhel, and the Russian Defence Minister, Anatolii Serdukov.

2. Ukraine-NATO: Annual National Ukraine-NATO Cooperation Programme for 2010

The Ukrainian Cabinet of Ministers issued Decree №1228 of 14.06.10 approving the Implementation Plan for the Annual National Ukraine-NATO Cooperation Programme for 2010.

Comment: *The Plan contains 304 paragraphs on security, policy, economics and finances. The document has five sections (political and economic issues, defence and military issues, resource issues, security issues and legal issues). The Government resolved to finance the Implementation Plan by the funds allocated from the State Budget for these purposes to central and local executive authorities.*

3. Verification: Inspection of the Ukrainian Army

23.06.10. A Belorussian verification team started inspection of the Chernigiv region including an information assessment visit to a Separate Tank Brigade, 8th Army Corps.

Comment: *The inspection is carried out under the Agreement between the Cabinet of Ministers of Ukraine and the Government of Belarus on Additional Trust and Security Measures. In the course of the inspection, the team verified the presence or absence of military activities subject to early warning.*

The Agreement was signed on 16 October 2001 in Kiev and approved by Cabinet's Decree № 323 of 13.03.02. The Agreement was put into force on 26 April 2002. The Agreement covers the frontier area along the state border between Ukraine and Belarus. By the Agreement, each Party is obliged to host one additional inspection and one additional visit from the other Party to military formations and units stationed in the aforementioned area.

4. Verification: Inspection in Belgium

Two verification teams from the Verification Directorate of the General Staff commenced control activities in Belgium under the Open Skies Treaty and the Treaty on Conventional Armed Forces in Europe.

Comment: *The first team of Ukrainian inspectors performed an observation flight on a surveillance aircraft An-30B over the designated area in Belgium under the Treaty on Open Skies.*

12 observation flights in total will be performed this inspection year by Ukrainian verification officers under the Open Skies Treaty. The same number of foreign missions will be hosted in Ukraine.

The second Ukrainian team will inspect two declared sites of the Belgian Armed Forces. Besides, Ukrainian verification officers will check whether Belgium observes the quantitative limitations imposed on the main conventional weapons and military equipment based on the official information provided to other participating states of the Treaty.

5. Multinational Exercise: "Peace Fairway 2010"

21-24.06.10. The bilateral Ukrainian-Russian Naval Command-Post Exercise "Peace Fairway 2010" was conducted at the Nakhimov Naval Academy in Sevastopol.

Comment: *The exercise topic was planning and conduct of a search-and-rescue operation as part of a peacekeeping mission in a crisis area.*

Representatives of the Ukrainian and Russian Navies took part in the exercise.

The Ukrainian-Russian exercise series "Peace Fairway" was conducted biannually from 1997 to 2003 and had a peacekeeping nature. Ships, auxiliary vessels, naval aviation aircrafts and helicopters as well as marine units took part in the exercises. No ships, military units or combat equipment will be employed at this year's exercise.

6. Peacekeeping: Ukrainian Military Observers within the UN Mission in Congo

The number of Ukrainian military peacekeepers operating as part of the UN Stabilization Mission in Congo will be increased to 13 personnel in early July. This decision was made by the UN Security Council as it considered extension of the Mission's mandate in this country.

Comment: The UN Mission in the Democratic Republic of Congo established in 1999 will from 1 July 2010 on bear the title of the United Nations Organization Stabilization Mission in the Democratic Republic of the Congo (MONUSCO). As of today, nine Ukrainian military observers operate as part of this UN Mission. In addition, the new mandate provides for the downsizing of the Mission's military personnel from 22000 to 20000. The number of military observers provided for by the new mandate of the UN Stabilization Mission in Congo is to be kept on at 760 personnel at the most.

Ukraine started contributing to this UN Mission in 2000. Over 125 Ukrainian officers operated as part of this Mission since then.

7. Conversion Challenges: Disposal of Melange Stockpiles

A special train with the last batch of rocket fuel components (aka melange) left the rocket fuel depot of the Western Operational Command located near Tsenzhiv village in the Ivano-Frankivsk region on 24 June in the framework of the joint Ukraine-OSCE Melange Disposal Project.

Comment: 2200 tons of melange in total were stored at the Tsenzhiv depot. On 16 September 2009, the Ukrainian Defence Ministry, the OSCE and three Russian enterprises signed a trilateral contract for disposal of liquid rocket fuel oxidant aka melange. The contract was signed with the closed joint-stock company "Tehnoazot" and two federal (state-owned) enterprises, namely the Sverdlov Plant and the Biisk Oleum Plant. Under the contract, the Russian enterprises will within a year dispose of 3168 tons of melange currently stored at depots in Vinnitsa and Ivano-Frankivsk regions. Over 16000 tons of melange are stored in Ukraine.

8. Conversion Challenges: Disposal of Missiles, Ammunition and Explosives

The Cabinet of Ministers issued Decree № 463 of 16.06.10 choosing the Shostka state-owned plant "Zirka" (Sumy region) for disposal of missiles, ammunition and explosives.

Comment: The Government decided that ammunition disposal services would be bought from "Zirka" without coordination with or endorsement of the Ministry of Economics. The Cabinet entrusted the Defence Ministry with the task of handing surplus and unusable ammunition over to Zirka for disposal.

The enterprise is allowed to use the discarded ammunition, the containers and ammunition elements for their restoration (repair) subject to conclusions made by the state-owned enterprise "Research Institute of Chemical Agents".

Besides, the plant is authorized to sell ammunition disposal products. The proceeds will be transferred to the State Budget and used to cover the Armed Forces' needs.

See Annex to IAR 25/2010 for information on the amount of ammunition disposed of during 2006-2009 and the anticipated ammunition disposal till 2017.

9. Defence Industry Development: Production of New Armoured Vehicles

According to the First Vice Premier, Andrii Kluev, 236 million UAH were allocated to the State Owned Enterprise "Malyshev Plant" for production of new armoured vehicles for the Ukrainian military.

Comment: According to Mr. Kluev, the Defence Ministry is to get new modern armoured equipment produced domestically by the end of this year. The arrears of wages to workers of the Malyshev Plant and the Kharkiv Aviation Plant have been paid off completely in the past two weeks. The Government plans to buy some military transport aircraft for the Ukrainian military. The government defence contract is still at the development stage.

10. Defence Industry: Ukraine's Military-Industrial Complex

23.06.10. At a Cabinet's enlarged meeting, the President of Ukraine, Viktor Yanukovich, advocated regularization of the structure of the Ukrainian military industrial complex.

Comment: Military-industrial complex is a combination of interconnected and interdependent industrial enterprises, research centres, military units and public institutions and organizations that meet military requirements of the state.

Since the Soviet times, Ukraine has been regarded as one of the biggest arms manufacturers. 1810 military industrial enterprises with some 2,7 million employees were concentrated in this country. Despite the state of its military-industrial complex, Ukraine ensures permanent stand-by of combat systems of the Russian Strategic Rocket Troops. Almost all Russian missile systems (except for the new "Topol-M") are of the Ukrainian origin.

The production volume of the Ukrainian defence industrial complex in 2009 increased by 58% as compared to 2008. Aircraft building showed the biggest increase in production volume (77%), followed by ship building (71%) and weapons and military equipment manufacturing (16%).

At the same time the DIC enterprises export volume increased 1,4 times in 2009 as compared to 2008 and exceeded the figured of 2007 which was the most successful year for the defence industry. Products of aircraft industry, space sector and ship building prevail in the export structure. In 2009, the Ukrainian defence industrial complex cooperated with almost 50 countries.

Disposed Ammunition Volume in 2006-2009

Thousand tons

Disposed at the expense of	2006	2007	2008	2009
State Budget	26,0	15,6	2,4	0,5
Executing agency (self-financing)	-	-	3,4	1,2
International assistance	-	-	-	4,8
Disposed of by:				
Armed Forces	-	-	-	1,2
Ministry of Industrial Policy	-	8,7	4,7	12,5
National Space Agency	-	3,3	2,3	0,3
Total	26,0	27,6	12,8	20,5

**Disposal of conventional ammunition unfit for further use and storage
During 2008-2017 by the Government's decision**

	Task	Volume										
		Total	Year									
			2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
State Targeted Defence Programme of Conventional Ammunition Disposal (Cabinet's Decree № 940 of 22.10.08)	Disposal of conventional ammunition unfit for further use and storage	474,2	25,72	23,64	82,12	82,12	82,12	58,44	50,1	32,7	24,8	12,44
Amendments to the State Targeted Defence Programme of Conventional Ammunition Disposal (Cabinet's Decree № 469 of 16.06.10)		474,2	19,1	23,1	82,1	42,9	82,1	58,4	58,4	52,2	36,5	19,4