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**REPORT OF THE EXECUTIVE COUNCIL
ON THE PERFORMANCE OF ITS ACTIVITIES
IN THE PERIOD FROM 28 JUNE 2003 TO 2 JULY 2004**



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1. ORGANISATIONAL MATTERS

1.1 The Executive Council (hereinafter “the Council”) is the executive organ of the OPCW. The Council promotes the effective implementation of, and compliance with, the Chemical Weapons Convention (hereinafter “the Convention”). It also supervises the activities of the Technical Secretariat (hereinafter “the Secretariat”), cooperates with the National Authority of each State Party, and facilitates consultations and cooperation amongst States Parties at their request.

1.2 The following table shows, by regional grouping, the composition of the Council for the period from 12 May 2003 to 11 May 2004.

Africa	Algeria, Benin, Cameroon, Morocco, Nigeria, South Africa, Sudan, Tunisia, and Zambia
Asia	Bangladesh, China, India, Iran (Islamic Republic of), Japan, Kuwait, Pakistan, Republic of Korea, Saudi Arabia, and Sri Lanka
Eastern Europe	Belarus, Czech Republic, Hungary, Russian Federation, and Slovakia
Latin America and the Caribbean	Argentina, Brazil, Chile, Colombia, Mexico, Panama, and Peru
Western European and Other States	Belgium, Canada, Denmark, France, Germany, Italy, Portugal, Turkey, United Kingdom of Great Britain and Northern Ireland, and United States of America

1.3 The table below lists the composition of the Council for the period from 12 May 2004 to 11 May 2005.

Africa	Algeria, Cameroon, Kenya, Morocco, Nigeria, South Africa, Sudan, Tunisia, and Zambia
Asia	China, India, Iran (Islamic Republic of), Japan, Kuwait, Malaysia, Pakistan, Republic of Korea, Saudi Arabia, and Sri Lanka
Eastern Europe	Czech Republic, Russian Federation, Serbia and Montenegro, Slovakia, and Ukraine
Latin America and the Caribbean	Argentina, Brazil, Cuba, Mexico, Panama, Peru, and Uruguay
Western European and Other States	France, Germany, Greece, Italy, Netherlands, New Zealand, Norway, Spain, United Kingdom of Great Britain and Northern Ireland, and United States of America

- 1.4 At its Eighth Session, the Conference of the States Parties (hereinafter “the Conference”) adopted decisions or took action on 17 matters referred to it by the Council, and referred to the Council 8 matters requiring its further consideration.

Election of the Chairman and Vice-Chairmen of the Council

- 1.5 The Council at its Thirty-Sixth Session elected Ambassador José Antonio Arróspide of Peru as its Chairman, and the representatives to the Council of Algeria, Netherlands, Pakistan, and Russian Federation as its Vice-Chairmen, for the period from 12 May 2004 to 11 May 2005.
- 1.6 The following table lists the dates on which the Council held its regular sessions during the period under review and the sessions for which it decided on dates during that period. In the latter case, it also lists the sessions at which it made those decisions.

DATES OF REGULAR SESSIONS OF THE COUNCIL

Session Number	Date of Session	Session at Which Date Was Decided On
Thirty-Fourth	23 – 26 September 2003	—
Thirty-Fifth	2 – 5 December 2003	—
Thirty-Sixth	23 – 26 March 2004	Thirty-Fourth
Thirty-Seventh	29 June – 2 July 2004	Thirty-Fifth
Thirty-Eighth	12 – 15 October 2004	Thirty-Fourth
Thirty-Ninth	14 – 17 December 2004	Thirty-Fourth
Fortieth	15 – 18 March 2005	Thirty-Seventh
Forty-First	28 June – 1 July 2005	Thirty-Seventh
Forty-Second	27 – 30 September 2005	Thirty-Seventh

- 1.7 At its Thirty-Seventh Session the Council decided to consider at its next regular session when it would hold its Forty-Third Session.
- 1.8 The Council held one Meeting, its Twenty-Third, on 21 and 24 October 2003.

Accreditation of representatives to the Council

- 1.9 The most recent examination of credentials, which the Director-General conducted and reported on to the Council in accordance with Rule 4 of its Rules of Procedure (EC-34/DG.16/Rev.1, dated 26 September 2003), established that the credentials of the representatives of 36 members of the Council met the requirements of Rule 3. In accordance with Rule 5, those representatives whose credentials had not yet been presented by the date of the aforementioned report were seated provisionally with the same rights as other representatives.

Application of the Rules of Procedure of the Council

- 1.10 During the period under review, observer States participated actively in all sessions of the Council and in its Twenty-Third Meeting, with an average of about 23 observer States present at each session or meeting. Each request by observers to present their views was granted.

Working methods of the Council

- 1.11 During the period under review, the Chairman of the Council, working in consultation with the Vice-Chairpersons and the members of the Council, reviewed and published a plan of Council activities. The first annex to the plan lists clusters of issues under consideration by the Council.
- 1.12 The Vice-Chairpersons of the Council were designated as coordinators for chemical weapons issues, chemical-industry and other Article VI issues, administrative and financial issues, and legal, organisational, and other issues. Facilitators were also named for many of the issues requiring resolution. The second Annex to the plan of activities lists all key meetings and consultations during the period under review.
- 1.13 During the period under review the Chairman of the Council conducted several informal consultations on improving its effectiveness.

2. STATUS OF IMPLEMENTATION OF THE CONVENTION

Statements and reports by the Director-General

- 2.1 In his opening statement to each session of the Council, the Director-General elaborated, *inter alia*, on aspects of compliance by States Parties with the requirements of the Convention. He also submitted numerous reports to the Council, either in fulfilment of various requirements of the Convention or in response to requests by the Council or the Conference.

Draft report of the OPCW for 2003

- 2.2 The Council at its Thirty-Seventh Session considered the draft report of the OPCW for 2003 (EC-37/3 C-9/CRP.1, dated 1 July 2004) and referred it to the Conference for consideration at its Ninth Session.

Universality-related activities

- 2.3 The Council at its Twenty-Third Meeting adopted an action plan for the universality of the Convention (EC-M-23/DEC.3, dated 24 October 2003), which requested the Secretariat to consult with States Parties and, based on those consultations, to prepare a comprehensive annual document on planned universality-related activities and to provide information to the Council on proposed initiatives, including on potential synergies with States Parties willing and able to join in universality-related efforts. The Council at its Thirty-Sixth Session noted the information the Secretariat provided for the period between 24 October 2003 and 20 February 2004 (EC-36/S/9, dated 9 March 2004, and Corr.1, dated 16 March 2004).

Verification implementation report

- 2.4 The Council at its Thirty-Fourth Session considered and noted the supplement to the 2002 verification implementation report (EC-34/HP/DG.1, dated 2 September 2003). The Council also noted a corrigendum to the 2002 verification implementation report (EC-33/HP/DG.1/Corr.2, dated 8 September 2003).

- 2.5 The Council at its Thirty-Seventh Session considered and noted the 2003 verification implementation report (EC-37/HP/DG.1, dated 28 April 2004; Corr.1, dated 25 June 2004; and Corr.2, dated 2 July 2004). The Council also noted the comments and views received on the report (EC-37/HP/DG.2, dated 25 June 2004) and the Chairman's summary of the consultations on it (EC-37/2, dated 28 June 2004).

Report on the project to assist States Parties in identifying new declarable facilities under Article VI of the Convention

- 2.6 The Council at its Thirty-Fourth Session considered and noted the second report on the project to assist States Parties in identifying new declarable facilities under Article VI of the Convention (EC-33/S/4, dated 19 June 2003).
- 2.7 The Council at its Thirty-Fifth Session took note of the update on the project to assist States Parties in identifying new declarable facilities under Article VI of the Convention (EC-35/S/3, dated 26 November 2003).

Planned increase in the Article VI inspection programme for 2003

- 2.8 The Council at its Thirty-Fourth Session took note of the Note by the Director-General (EC-34/DG.11, dated 4 September 2003) concerning a planned increase in the number of Article VI inspections to be conducted in 2003 with savings of EUR 400,000 identified by the Director-General, and forwarded the proposal to the Conference at its Eighth Session for consideration. The Council requested the Secretariat to begin the necessary steps to implement an eventual Conference decision in this regard; however, at its Eighth Session the Conference did not reach agreement on this matter.

Recommendation to the Conference of the States Parties concerning the plan of action regarding the implementation of Article VII obligations

- 2.9 The Council at its Thirty-Fourth Session received an oral report from the facilitator on the preparation of a Council recommendation to the Conference regarding the implementation of Article VII obligations, in accordance with the request of the First Special Session of the Conference of the States Parties to Review the Operation of the Chemical Weapons Convention (hereinafter "the First Review Conference") (paragraph 7.83 of RC-1/5, dated 9 May 2003). The Council requested the facilitator to continue consultations on this matter in order to prepare the Council's recommendation, and decided to consider it further at its next meeting, which was convened prior to the Eighth Session of the Conference.
- 2.10 The Council at its Twenty-Third Meeting considered and adopted a decision containing a recommendation to the Conference concerning the plan of action regarding the implementation of Article VII obligations (EC-M-23/DEC.2, dated 21 October 2003). Based on the recommendation of the Council, and following a request by the First Review Conference, at its Eighth Session the Conference approved the plan, with the objective of fostering the full and effective implementation of the Convention by all States Parties (C-8/DEC.16, dated 24 October 2003).

- 2.11 At its Thirty-Sixth Session the Council, having received the Note by the Director-General submitting the first progress report on the plan of action regarding the implementation of Article VII obligations (EC-36/DG.16, dated 4 March 2004; Corr.1, dated 15 March 2004; and Add.1, dated 25 March 2004):
- (a) reaffirmed the provisions contained in the plan of action;
 - (b) urged States Parties to continue to come forward with offers of and requests for assistance in response to the plan, and to keep the Secretariat informed about their activities in support of it; and
 - (c) encouraged the Secretariat to enhance the coordination of its activities under the plan with States Parties that provide, or that have requested, support under it.

Clarification of declarations

- 2.12 Further to its consideration of this issue at its Thirty-Fourth Session, the Council at its Thirty-Sixth Session considered and approved a decision on the clarification of declarations (EC-36/DEC.7, dated 26 March 2004).

Detailed plans for the destruction of chemical weapons

- 2.13 Further to its consideration of this issue at each session from its Thirty-Second to its Thirty-Sixth, the Council at its Thirty-Seventh Session considered the agreed detailed plan for the verification of destruction of chemical weapons at the Aberdeen Chemical Agent Disposal Facility, located at Aberdeen Proving Ground-Edgewood Area, the United States of America (EC-32/DEC/CRP.2, dated 14 February 2003), and decided to consider it further at its next session.
- 2.14 In accordance with decisions of the Conference at its Eighth Session concerning the extension of the intermediate and final deadlines for the destruction of Category 1 chemical weapons (C-8/DEC.13, C-8/DEC.14, and C-8/DEC.15, all dated 24 October 2003), the States Parties concerned informed the Council at its Thirty-Sixth Session on the status of their plans to implement these destruction obligations.
- 2.15 The Council at its Thirty-Sixth Session considered and approved the agreed detailed plan for the verification of destruction of chemical weapons at Pine Bluff Chemical Agent Disposal Facility, located at Pine Bluff Arsenal, Arkansas, the United States of America (EC-36/DEC.4, dated 25 March 2004).
- 2.16 The Council at its Thirty-Sixth and Thirty-Seventh Sessions considered, and at its Thirty-Seventh Session approved, the agreed detailed plan for the verification of destruction of chemical weapons at the Explosive Destruction System, Phase 1, Unit 2/3, located at Dugway Proving Ground, Utah, the United States of America (EC-37/DEC.1, dated 29 June 2004).

- 2.17 The Council at its Thirty-Sixth Session considered and approved the agreed detailed plan for the verification of destruction of the Category 3 chemical weapons at the Al-Jufra STO-002 CWDF, Al-Jufra Province, the Libyan Arab Jamahiriya (EC-36/S/6, dated 24 February 2004). At the same session the Council noted a report submitted by the Secretariat on the completion of the destruction of Category 3 chemical weapons at this facility (EC-36/S/11, dated 16 March 2004).
- 2.18 The Council at its Thirty-Seventh Session considered and approved the agreed detailed plan for the verification of destruction of the Category 2 chemical weapons at the Al-Jufra CWDF (Al-Jufra CWDF-001) in the Libyan Arab Jamahiriya (EC-37/DEC.2, dated 29 June 2004).

Combined plans for the destruction or conversion and verification of chemical weapons production facilities

- 2.19 The Council at its Thirty-Fourth and Thirty-Fifth Sessions considered both the combined plan for conversion and verification of the chemical weapons production facility (CWPF) (production of a VX-type substance and filling it into munitions: auxiliary buildings 352 and 353 and ventilation stack 366B) at Open Joint Stock Company “Khimprom”, Novocheboksarsk, the Russian Federation (EC-32/DG.8, dated 19 February 2003, and Corr.1, dated 24 March 2004), and the draft decision approving this plan (EC-32/DEC/CRP.8, dated 11 March 2003), and on each occasion decided to consider them further at its next session. At its Thirty-Sixth Session the Council considered and approved the plan (EC-36/DEC.5, dated 25 March 2004).
- 2.20 The Council at its Thirty-Fifth Session considered the combined plan for destruction and verification of the CWPF (QL Production and Fill Facility), Pine Bluff Arsenal, the United States of America (EC-35/DG.3, dated 14 October 2003), and the draft decision approving this plan (EC-35/DEC/CRP.2, dated 14 October 2003), and decided to consider them further at its next session. At its Thirty-Sixth Session the Council considered and approved the plan (EC-36/DEC.8, dated 26 March 2004).
- 2.21 The Council at its Thirty-Sixth Session considered the combined plan for destruction and verification of the CWPF (DC Production Facility), Pine Bluff Arsenal, the United States of America (EC-36/DG.10, dated 11 February 2004), and approved the plan (EC-36/DEC.9, dated 26 March 2004).
- 2.22 The Council at the same session considered the combined plan for phase 2 of the destruction and verification of the CWPF (lewisite production), Open Joint Stock Company “Kapolaktam-Dzerzhinsk”, Dzerzhinsk, the Russian Federation (EC-36/DG.11, dated 11 February 2004, and Corr.1, dated 26 March 2004), and approved the plan (EC-36/DEC.10, dated 26 March 2004).

Notification of changes at chemical weapons production facilities

- 2.23 The Russian Federation notified the Secretariat of changes to the conversion activity at the CWPF (DF production), OJSC “Khimprom”, Volgograd, the Russian Federation. The Secretariat forwarded the notification, along with its evaluation of whether the changes in the converted facility met the requirements under paragraph 71 of Part V of the Verification Annex to the Convention (hereinafter

“the Verification Annex”), to the members of the Council for consideration (EC-34/DG.1, dated 4 June 2003). Following an objection raised by the United States of America within 30 days of receiving the notification and evaluation, the Council at its Thirty-Sixth Session, in accordance with the procedure established by the Conference at its Fourth Session (C-IV/DEC.8, dated 29 June 1999), and further to its consideration of this issue at its Thirty-Fourth and Thirty-Fifth Sessions, considered it and decided to consider it further at its next session.

- 2.24 The Russian Federation notified the Secretariat of changes at the former sarin production facility at OJSC “Khimprom”, Volgograd, the Russian Federation. The Secretariat forwarded the notification, along with its evaluation of whether the changes in the converted facility meet the requirements under paragraph 71 of Part V of the Verification Annex, to members of the Council for consideration (EC-34/DG.2*, dated 10 June 2003). Following the objection raised by the United States of America within 30 days of receiving the notification and evaluation, the Council at its Thirty-Fourth Session, in accordance with the procedure established by the Conference at its Fourth Session (C-IV/DEC.8, dated 29 June 1999), considered the issue and noted that the objection had been withdrawn.
- 2.25 The Russian Federation notified the Secretariat of changes at the former facility for preparation for the filling of non-chemical parts of chemical munitions at OJSC “Khimprom”, Volgograd, the Russian Federation. The Secretariat forwarded the notification, along with its evaluation of whether the changes in the converted facility met the requirements under paragraph 71 of Part V of the Verification Annex, to the members of the Council for consideration (EC-34/DG.3*, dated 10 June 2003). Following an objection raised by the United States of America within 30 days of receiving the notification and evaluation, the Council at its Thirty-Sixth Session, in accordance with the procedure established by the Conference at its Fourth Session (C-IV/DEC.8) and further to its consideration of this issue at its Thirty-Fourth and Thirty-Fifth Sessions, considered it and decided to consider it further at its next session.
- 2.26 The Russian Federation notified the Secretariat of changes at the CWPF (lewisite production, second train), OJSC “Sibur-Neftekhim”, “Kaproaktam” plant, Dzerzhinsk, the Russian Federation. The Secretariat forwarded the notification, along with its evaluation of whether the changes in the converted facility met the requirements under paragraph 71 of Part V of the Verification Annex, to the members of the Council for consideration (EC-34/DG.8, dated 22 August 2003). The Council at its Thirty-Fourth Session noted that no objection had been raised by any of its members within 30 days of receiving the notification and evaluation.
- 2.27 The Council at its Thirty-Fourth Session noted that the Secretariat had concluded with the United States of America a transition agreement for the temporary conversion of the DF Production and Fill Facility at the Pine Bluff Chemical Activity (EC-34/DG.15, dated 22 September 2003).
- 2.28 The Russian Federation notified the Secretariat of changes at the former aminomercaptan production facility at OJSC “Khimprom” in Novocheboksarsk, the Russian Federation (EC-35/DG.5, dated 5 November 2003). The Secretariat

forwarded the notification, along with its evaluation that the changes in the converted facility would meet the requirements under paragraph 71 of Part V of the Verification Annex, to members of the Council for consideration. The Council at its Thirty-Fifth Session noted that no objection had been raised by any of its members within 30 days of receiving the notification and evaluation.

- 2.29 The Russian Federation notified the Secretariat of changes in the production activity at the CWPF (chloroether production), OJSC “Khimprom”, Novocheboksarsk, the Russian Federation. The Secretariat forwarded the notification, along with its evaluation of whether the changes in the converted facility met the requirements under paragraph 71 of Part V of the Verification Annex, to the members of the Council for consideration (EC-36/DG.2, dated 19 January 2004). The Council at its Thirty-Sixth Session noted that no objection had been raised by any of its members within 30 days of receiving the notification and evaluation.
- 2.30 A State Party notified the Secretariat of changes to chemical-process equipment at a facility converted for purposes not prohibited under the Convention. The Secretariat forwarded the notification, along with its evaluation of whether the changes in the converted facility met the requirements under paragraph 71 of Part V of the Verification Annex, to the members of the Council for consideration (EC-37/HP/NAT.1, dated 12 March 2004, and EC-37/DG.2, dated 1 April 2004). In accordance with the procedure established by the Conference at its Fourth Session (C-IV/DEC.8), the Council at its Thirty-Seventh Session noted that no objection had been raised by any of its members within 30 days of receiving the notification and evaluation.
- 2.31 The Russian Federation notified the Secretariat of changes in the production activity at the CWPF (loading chemical submunitions into munitions), OJSC “Khimprom”, Novocheboksarsk, the Russian Federation. The Secretariat forwarded the notification, along with its evaluation of whether the changes in the converted facility met the requirements under paragraph 71 of Part V of the Verification Annex, to the members of the Council for consideration (EC-37/DG.4, dated 4 May 2004). In accordance with the procedure established by the Conference at its Fourth Session (C-IV/DEC.8), the Council at its Thirty-Seventh Session noted that no objection had been raised by any of its members within 30 days of receiving the notification and evaluation.
- 2.32 At its Thirty-Third Session, the Council asked the Director-General to inform it at its first regular session following the conduct of an annual usual inspection by the Secretariat at those CWPFs where conversion is still in progress, of the progress made at them. The Council at its Thirty-Sixth and Thirty-Seventh Sessions noted the information that the Director-General submitted to it in this regard (EC-36/R/S/1, dated 30 January 2004, and EC-37/R/S/1, dated 8 June 2004).

Extensions of deadlines for the destruction of Category 1 chemical weapons stockpiles

- 2.33 The Council at its Twenty-Third Meeting noted the report of the visit by the Chairman of the Council and by the States Parties Experts Group to the Gorny CWDF and to construction sites in Kambarka and Shchuchye in the Russian Federation, 6 to 10 October 2003 (EC-M-23/2, dated 17 October 2003).

- 2.34 The Council at the same meeting considered and adopted a decision recommending that the Conference at its Eighth Session approve a request by the Russian Federation for an extension of the intermediate and final deadlines for the destruction of its Category 1 chemical weapons (EC-M-23/DEC.4, dated 24 October 2003). In accordance with the recommendation of the Council, the Conference at its Eighth Session considered and adopted a decision on this request (C-8/DEC.13).
- 2.35 The Council at the same meeting also considered and adopted a decision recommending that the Conference at its Eighth Session approve a request by a State Party for an extension of the intermediate deadline for the destruction of its Category 1 chemical weapons (EC-M-23/DEC.1, dated 21 October 2003). In accordance with the recommendation of the Council, the Conference at its Eighth Session considered and adopted a decision on this request (C-8/DEC.14).
- 2.36 The Council at its Twenty-Third Meeting considered and adopted a decision recommending that the Conference at its Eighth Session approve a request by the United States of America for an extension of the intermediate and final deadlines for the destruction of its Category 1 chemical weapons (EC-M-23/DEC.5, dated 24 October 2003). In accordance with the recommendation of the Council, the Conference at its Eighth Session considered and adopted a decision on this request (C-8/DEC.15).
- 2.37 In accordance with decisions of the Conference at its Eighth Session concerning the extension of the intermediate and final deadlines for the destruction of Category 1 chemical weapons (C-8/DEC.13, C-8/DEC.14, and C-8/DEC.15), the States Parties concerned informed the Council at its Thirty-Sixth Session on the status of their plans to implement these destruction obligations.
- 2.38 Another State Party had declared a small stockpile of chemical weapons since the Seventh Session of the Conference. The Council urged the State Party concerned to provide a destruction plan and to seek extensions of the 1%, 20%, and 45% intermediate destruction deadlines in accordance with the Convention and no later than by the Ninth Session of the Conference. In the meantime, the Council urged the State Party to cooperate fully with it, for example by providing reports to the informal meetings that precede each regular session of the Council.
- 2.39 The Council at its Thirty-Seventh Session considered a request by Albania for an extension of deadlines for the destruction of its Category 1 chemical weapons (EC-37/NAT.2, dated 28 May 2004), and approved a recommendation on this request for consideration by the Conference at its Ninth Session (EC-37/DEC.9, dated 1 July 2004).
- 2.40 The Council at its Thirty-Seventh Session considered a request by the Libyan Arab Jamahiriya for an extension of deadlines for the destruction of its Category 1 chemical weapons (EC-37/NAT.1, dated 28 May 2004), and approved a recommendation on this request for consideration by the Conference at its Ninth Session (EC-37/DEC.8, dated 1 July 2004).

Facility agreements

- 2.41 The Council at its Thirty-Fourth Session considered and adopted a decision approving a facility agreement between the OPCW and Albania for a chemical weapons storage facility (CWSF) (EC-34/DEC.2, dated 23 September 2003).
- 2.42 The Council at its Thirty-Fifth Session considered and adopted a decision approving the facility arrangement between the OPCW and the Republic of Korea for a Schedule 1 facility for protective purposes (EC-35/DEC.6, dated 4 December 2003).
- 2.43 The Council at the same session noted the agreed modifications and updates to 11 facility agreements between the OPCW and the United States of America for CWSFs (EC-35/S/1, dated 24 November 2003).
- 2.44 Further to its consideration, at its Thirty-First and Thirty-Second Sessions, of a facility arrangement between the OPCW and Belgium for a Schedule 1 protective-purposes facility, the Council at its Thirty-Sixth Session considered and approved a decision on the arrangement (EC-36/DEC.11, dated 26 March 2004).
- 2.45 At each session from its Thirty-Second to its Thirty-Seventh, the Council considered a draft decision on a facility agreement between the OPCW and the United States of America regarding on-site inspections at the Aberdeen Chemical Agent Disposal Facility at Aberdeen Proving Ground-Edgewood Area, Maryland (EC-32/DEC/CRP.6, dated 10 March 2003, and Corr.1, dated 2 April 2004), and in each instance decided to consider it further at its next session.
- 2.46 Further to its consideration at its Thirty-Fifth Session of a facility agreement between the OPCW and the Russian Federation regarding on-site inspections at the CWDF located at Gorny, Saratovskaya Oblast, the Council at its Thirty-Sixth Session considered and adopted a decision approving the agreement (EC-36/DEC.13, dated 26 March 2004).
- 2.47 The Council at its Thirty-Sixth Session considered and adopted, subject to the Secretariat's receiving no objection from a member of the Council by 23 April 2004, a decision approving a facility agreement between the OPCW and Spain regarding on-site inspections at a Schedule 1 protective-purposes facility (EC-36/DEC.14, dated 23 April 2004). No objection had been received by that date.
- 2.48 The Council at the same session considered and adopted, subject to the Secretariat's receiving no objection from a member of the Council by 23 April 2004, a decision approving a facility agreement between the OPCW and Slovakia regarding on-site inspections at a Schedule 1 facility for protective purposes (EC-36/DEC.15, dated 23 April 2004). No objection had been received by that date.
- 2.49 At the same session the Council also considered and adopted a decision approving a facility agreement between the OPCW and the United States of America regarding on-site inspections at the Pine Bluff Chemical Agent Disposal Facility, Pine Bluff Arsenal, Arkansas, the United States of America (EC-36/DEC.6, dated 25 March 2004).

- 2.50 The Council at its Thirty-Seventh Session noted the further agreed changes to a facility agreement between the OPCW and the United States of America for a CWSF at the Bond Road Exclusion Area, Pine Bluff Chemical Activity, Pine Bluff Arsenal (EC-37/S/2, dated 9 June 2004).
- 2.51 The Council at its Thirty-Sixth and Thirty-Seventh Sessions considered, and at its Thirty-Seventh Session approved, a decision on a facility agreement between the OPCW and the United States of America for the Explosive Destruction System, Phase 1, Unit 2/3, located at Dugway Proving Ground, Utah, the United States of America (EC-37/DEC.3, dated 29 June 2004).
- 2.52 The Council at its Thirty-Sixth Session noted the agreed modifications and updates to two facility agreements between the OPCW and the United States of America for Schedule 1 facilities (EC-36/S/1, dated 19 December 2003).
- 2.53 The Council at the same session noted the agreed modifications and updates to five facility agreements between the OPCW and the United States of America for CWPFS (EC-36/S/2, dated 27 January 2004).
- 2.54 At the same session the Council also noted the agreed modifications and updates to five facility agreements between the OPCW and the United States of America for CWDFs (EC-36/S/8, dated 9 March 2004).
- 2.55 The Council at its Thirty-Seventh Session considered and approved a facility agreement between the OPCW and Singapore regarding on-site inspections at a Schedule 1 facility for protective purposes (EC-37/DEC.7, dated 30 June 2004). In accordance with a decision of the Council at its Twelfth Session (EC-XII/DEC.1, dated 9 October 1998), the Secretariat indicated, in a separate document, the differences between the text of the model facility agreement for Schedule 1 facilities and the facility agreement between the OPCW and Singapore (EC-37/R/DEC/CRP.1/Add.1, dated 13 May 2004).
- 2.56 The Council at its Thirty-Seventh Session considered and approved a facility arrangement with Australia regarding on-site inspections at a Schedule 1 facility for protective purposes (EC-37/DEC.10, dated 1 July 2004). In accordance with the aforementioned decision of the Council at its Twelfth Session (EC-XII/DEC.1), the Secretariat indicated, in a separate document, the differences between the text of the model facility agreement for Schedule 1 facilities and the facility arrangement between the OPCW and Australia (EC-37/R/DEC/CRP.2/Add.1, dated 13 May 2004).

Chemical industry issues

Discrepancies in the reporting of imports and exports of scheduled chemicals

- 2.57 Further to its consideration at its Thirty-Fourth Session of the Secretariat's discussion paper on overcoming discrepancies in the reporting of imports and exports of scheduled chemicals (EC-34/S/1, dated 3 September 2003; Corr.1, dated 12 September 2003; and Add.1, dated 3 December 2003), the Council at its Thirty-Fifth Session took note of this paper. Many delegations expressed views on the importance of this issue, and urged the Secretariat to continue work on it. At its

Thirty-Sixth Session the Council received a report by the facilitator on the issue of transfer discrepancies and decided to return to it at a future session.

Understanding of the concept of captive use

- 2.58 Further to its consideration of this issue at its Twenty-Third Meeting and its Thirty-Fifth Session, the Council at its Thirty-Sixth Session considered and adopted a decision on the understanding of the concept of captive use in connection with declarations of production and consumption under Parts VII and VIII of the Verification Annex (Schedules 2 and 3) (EC-36/DEC.12, dated 26 March 2004).
- 2.59 The Council at its Thirty-Fifth Session decided that the issue of the captive use of Schedule 1 chemicals should be taken up in separate intersessional consultations at the earliest opportunity. At its Thirty-Sixth Session the Council received a report from the facilitator on the current status of consultations on the captive use of Schedule 1 chemicals. At the end of the period under review the Council was continuing informal consultations on this issue.

Modalities for Schedule 2 facility agreements

- 2.60 The Council at its Thirty-Sixth Session considered modalities for Schedule 2 facility agreements and decided to consider the matter further at its next regular session. At its Thirty-Seventh Session the Council recalled paragraphs 17 and 24 of Part VII of the Verification Annex, including the provision that a Schedule 2 facility agreement shall be concluded between an inspected State Party and the OPCW unless the inspected State Party and the Secretariat agree that it is not needed. The Council also recalled the report of the First Review Conference, which called upon the Secretariat “to continue its efforts to optimise verification measures” (subparagraph 7.39(i) of RC-1/5). The Council recommended that the Secretariat consider carefully the need for each Schedule 2 facility agreement in a consistent and non-discriminatory manner, based on the information available through its verification activities (declarations and inspections), and that the Secretariat give due consideration to the opinion of the State Party involved.

Changes to the list of approved equipment and to the technical specifications for approved equipment

- 2.61 Further to its consideration of this item at its Thirty-Fifth Session, the Council at its Thirty-Sixth Session approved a decision recommending that the Conference at its Ninth Session approve the inclusion of an additional item in the list of approved equipment (EC-36/DEC.1, dated 23 March 2004).
- 2.62 The Council at its Thirty-Fifth Session considered the Note by the Director-General on the list of proposed revisions to the technical specifications for two items of approved equipment (EC-35/DG.2, dated 10 October 2003). The Director-General distributed to States Parties for their review the list of proposed revisions to these specifications. In accordance with the procedures for revising the technical specifications for approved equipment (C-8/DEC.3, dated 22 October 2003), the States Parties had the opportunity to provide comments until 14 December 2003. No objection was received to the proposed revisions by that date, and the Council at its Thirty-Sixth Session thus approved them (EC-36/DEC.2*, dated 23 March 2004).

Lists of new validated data

Lists of new validated data for inclusion in the OPCW Central Analytical Database

- 2.63 At each of its sessions from the Thirty-Fifth to the Thirty-Seventh, the Council considered a Note by the Director-General on lists of new validated data for inclusion in the OPCW Central Analytical Database (EC-35/DG.4, dated 31 October 2003; EC-36/DG.6, dated 5 February 2004; and EC-37/DG.6, dated 11 May 2004), and in the light thereof adopted a decision approving the lists (EC-35/DEC.1, dated 3 December 2003; EC-36/DEC.3, dated 23 March 2004; and EC-37/DEC.4, dated 29 June 2004).

Including Chemical Abstracts Service registry numbers in lists of new validated data

- 2.64 Having considered, at its Thirty-Third Session, an initial Note by the Director-General on a cost-effective manner of including Chemical Abstracts Service registry numbers in lists of new validated data (EC-33/DG.12, dated 20 June 2003) the Council at its Thirty-Fifth Session considered and noted a further Note on the same matter (EC-35/DG.8, dated 25 November 2003).

Report on the implementation of the confidentiality regime in 2003

- 2.65 The Council at its Thirty-Sixth Session noted a report by the Director-General to the Conference at its Ninth Session on the implementation of the regime governing the handling of confidential information by the Secretariat in 2003 (EC-36/DG.9 C-9/DG.2, dated 11 February 2004).

Amendments to the OPCW Policy on Confidentiality

- 2.66 In accordance with the amendment procedure established in Part XI, paragraph 1, of the OPCW Policy on Confidentiality (OPOC) (C-I/DEC.13, dated 16 May 1997, and Corr.1, dated 20 March 2000), the Director-General forwarded proposed amendments to the OPOC through the Council to the Conference at its Ninth Session (Annex to EC-36/DEC/CRP.2, dated 11 December 2003). The Council at its Thirty-Sixth Session considered this issue and decided to return to it at a future session in order to agree on a recommendation to the Conference.

Readiness for a challenge inspection

- 2.67 The First Review Conference requested the Secretariat to “continue maintaining a high standard of readiness to conduct a challenge inspection in accordance with the provisions of the Convention, to keep the Council informed about its readiness, and to report any problems that might arise in relation to maintaining the necessary level of readiness to conduct a challenge inspection” (paragraph 7.91 of RC-1/5). It also requested the Council to continue deliberations on a number of issues related to challenge inspections that had yet to be resolved, in order to expeditiously resolve them. The Council at its Thirty-Sixth Session noted the Note the Director-General submitted to it in response to the request by the First Review Conference (EC-36/DG.5/Rev.1, dated 17 February 2004).

Status of implementation of Articles X and XI

- 2.68 The Council at its Thirty-Seventh Session considered and noted the report by the Director-General on the status of implementation of Articles X and XI of the Convention as at 31 December 2003 (EC-37/DG.7, dated 24 May 2004, and Corr.1, dated 7 June 2004). The Council decided that future reports on the status of implementation of Articles X and XI should be addressed during the intersessional period.

Administrative and financial matters

- 2.69 In accordance with a request of the Council at its Twenty-Sixth Session, the Director-General kept the Council informed at each regular session through monthly updates on the financial and budgetary situation of the OPCW and on the use of the Working Capital Fund (EC-34/DG.6, dated 24 July 2003; EC-34/DG.7, dated 18 August 2003; EC-35/DG.6, dated 21 November 2003; EC-35/DG.7, dated 21 November 2003; EC-35/DG.11, dated 26 November 2003, EC-36/DG.3, dated 27 January 2004; EC-36/DG.4, dated 27 January 2004; EC-36/DG.13, dated 1 March 2004; EC-37/DG.1, dated 25 March 2004; EC-37/DG.3, dated 23 April 2004; EC-37/DG.8, dated 25 May 2004; and EC-37/DG.13, dated 24 June 2004).
- 2.70 Further to its consideration, at its Thirty-Fourth Session, of the development of the SMART*Stream* project, and in light of the observations made by the External Auditor in his most recent and his previous reports, the Council at its Thirty-Fifth Session considered and noted the Note by the Secretariat (EC-35/S/2, dated 24 November 2003) giving a status update on this project and including a proposed time-frame for its completion, an indication of the expected financial costs for each stage of its implementation, and a summary of the benefits to be derived upon its completion.
- 2.71 The Council at its Thirty-Fifth Session received with appreciation the progress report submitted by the Director-General on preparations for the introduction of results-based budgeting (RBB) (EC-35/DG.9, dated 25 November 2003). The Council decided to consider it further during the intersessional period, and emphasised the importance and the necessity of continued consultations between the Secretariat and Member States on this issue.
- 2.72 The Council at its Thirty-Fifth Session took note of the Note by the Director-General on the budget stabilisation mechanism and the Working Capital Fund (EC-35/DG.12, dated 26 November 2003).

Regularisation of contractual agreements concluded for periods of more than one year

- 2.73 The Council at its Thirty-Fourth Session considered the Note by the Director-General on the regularisation of contractual agreements concluded for periods of more than one year (EC-34/DG.9, dated 28 August 2003) and the draft decision recommending that the Conference concur retroactively with the 17 contractual agreements listed in the Annex to that draft decision (EC-34/DEC/CRP.3, dated 28 August 2003). The Council recommended that, in order to ensure compliance with Financial Regulation

4.11 and further to the recommendation of the External Auditor, the Director-General submit, in an annex to the draft Programme and Budget for 2004, a list of contracts expiring during that year and that might be renewed or result in new contracts being entered into for periods of more than one year, and that he request the prior concurrence of the Conference for such commitments.

Amendments to the OPCW Financial Regulations

- 2.74 The Council at its Thirty-Seventh Session considered and adopted a decision recommending that the Conference at its Ninth Session approve a number of proposed amendments to Financial Regulations of the OPCW (EC-37/DEC.12, dated 2 July 2004).
- 2.75 At the same session the Council also considered and adopted a decision on the Financial Rules of the OPCW (EC-37/DEC.13, dated 2 July 2004).

Use of the Working Capital Fund

- 2.76 The Council at its Thirty-Fourth Session noted the Note by the Director-General on the use of the Working Capital Fund (EC-34/DG.12 dated 12 September 2003), and forwarded it to the Conference at its Eighth Session.

Late receipt of Article IV and V income

- 2.77 At its Eighth Session, the Conference requested that the Council, in coordination with the Director-General, examine further the need for and the modalities of an appropriate mechanism for enhancing financial stability that would facilitate the smooth delivery of the programme and ease the cash-flow problems created by the late payment of Article IV and V invoices, report on the outcome of this work, and submit recommendations accordingly to the Ninth Session of the Conference. The Council at its Thirty-Seventh Session considered and approved a decision concerning the Working Capital Fund and the late receipt of Article IV and V income (EC-37/DEC.11, dated 1 July 2004), and recommended that the Conference at its Ninth Session approve the measures contained therein.

Non-service-incurred death and disability insurance

- 2.78 Further to its consideration, at its Thirty-Fourth Session, of non-service-incurred death and disability insurance, the Council at its Thirty-Fifth Session considered a report by the Secretariat on this matter (EC-35/S/4, dated 28 November 2003), and decided to return to it at its next session. In this regard, the Council requested the Secretariat to provide additional information, including options for a legally sound, phased transition to a new system of insurance coverage, as early as possible in advance of its Thirty-Sixth Session. The Council at its Thirty-Sixth Session received and considered the Secretariat's report (EC-36/S/10, dated 15 March 2004) and requested that the Secretariat take immediate action to bring practice into conformity with the terms of the existing OPCW Staff Regulations and Interim Staff Rules by phasing out, in a way which respects any acquired rights, the existing arrangements for non-service-incurred death and disability insurance coverage, and by arranging for such insurance coverage to be available thereafter to newly recruited staff on a

voluntary basis, with the related premiums to be paid by the staff members opting to participate in the system. The Council further requested the Secretariat to report to the Council at its Thirty-Seventh Session on this matter. The Council at its Thirty-Seventh Session noted the report submitted to it in this regard (EC-37/S/1, dated 1 June 2004, and Corr.1, dated 10 June 2004).

Results-based budgeting

- 2.79 The Council at its Thirty-Sixth Session noted that, in accordance with its request at its Thirty-Fifth Session, consultations continued during the intersessional period between the Secretariat and Member States on this issue.

Reorganisation of the travel-management function

- 2.80 At its Thirty-Fourth Session the Council requested the Secretariat to prepare, for its consideration and comments no later than at its Thirty-Sixth Session, a report on the progress made in reorganising the travel-management function. The Council at its Thirty-Sixth Session noted the report submitted in this regard (EC-36/S/4, dated 16 February 2004), and requested the Secretariat to report to it further after completing the installation of the automated travel-management system, and in any case no later than at its Fortieth Session.
- 2.81 With regard to contemplated adjustments in the implementation of the home-leave entitlements policy mentioned in EC-36/DG.14, dated 4 March 2004, the Council at its Thirty-Sixth Session requested that the Secretariat modify its existing practice of paying staff members a lump sum based on full-fare economy rates, with a view to providing this benefit in the most economical way, and recommended that the home-leave policy be implemented in a manner whereby total travel costs are the most economical rate plus any other home-leave related benefits (e.g. daily subsistence allowance and terminal expenses) to which staff are entitled under the existing OPCW Staff Regulations and Interim Staff Rules, together with any costs to the OPCW of administering these benefits.

Reclassification of posts

- 2.82 The Council at its Thirty-Fifth Session referred the Note by the Director-General proposing the reclassification of the posts of Special Assistant, Verification Division, and Special Adviser, Administration Division (EC-34/DG.10, dated 4 September 2003) to the Advisory Body on Administrative and Financial Matters (ABAF) for its advice and comments. Following the recommendation of the ABAF (paragraph 9.1 of ABAF-16/1, dated 18 June 2004) and the additional information provided by the Secretariat (EC-37/S/3, dated 1 July 2004), the Council at its Thirty-Seventh Session approved a decision on the temporary reclassification of the posts of Special Assistant, Verification Division, and Special Adviser, Administration Division (EC-37/DEC.14, dated 2 July 2004).

Transfers of appropriated funds between or within budget programmes in 2003

- 2.83 In accordance with OPCW Financial Regulations 4.5 and 4.6, the Director-General notified the Council of transfers of appropriated funds between or within budget programmes in 2003 (EC-36/DG.15, dated 4 March 2004). The Council at its Thirty-Sixth Session noted these transfers.

3. MATTERS REFERRED TO THE COUNCIL BY THE CONFERENCE AT ITS EIGHTH SESSION

Fostering of international cooperation for peaceful purposes in the field of chemical activities

- 3.1 The Conference referred this matter to the Council for its further consideration, with a view to the Council's forwarding a proposal to the Conference at its Ninth Session for its consideration and approval.

Agreements on the privileges and immunities of the OPCW

- 3.2 The Conference adopted decisions on draft agreements between the OPCW and four States Parties on the privileges and immunities of the OPCW: Bosnia and Herzegovina, Burundi, Cyprus, and Slovakia (C-8/DEC.8, C-8/DEC.9, C-8/DEC.10, and C-8/DEC.11, respectively—all dated 23 October 2003), giving its approval in each case for the Council at its Thirty-Fifth Session to conclude each agreement. At that session the Council did so (EC-35/DEC.4, EC-35/DEC.2, EC-35/DEC.3, and EC-35/DEC.5, respectively—all dated 3 December 2003).
- 3.3 The Conference considered and adopted a decision giving prior approval to the Council to conclude privileges and immunities agreements between the OPCW and States Parties (C-8/DEC.12, dated 23 October 2003) and requesting the Council to notify the Conference, at the next regular session of the Conference following their conclusion, of the privileges and immunities agreements that have been concluded with States Parties by the Council on behalf of the OPCW.

Extensions of deadlines for the destruction of Category 1 chemical weapons

- 3.4 The Conference adopted decisions on the extension of deadlines for the destruction of Category 1 chemical weapons (C-8/DEC.13, C-8/DEC.14 and C-8/DEC.15), requesting, *inter alia*, that the Council, at each alternate regular session, be kept informed by Member States concerned on the status of their plans, with supporting documentation, to implement their destruction obligations. On the action of the Council in this regard see paragraphs 2.14 and 2.37.

Article IV and V costs

- 3.5 The Conference requested the Council, in coordination with the Director-General, to examine further the need for and the modalities of an appropriate mechanism for enhancing financial stability that would facilitate the smooth delivery of the programme and ease the cash-flow problems created by the late payment of Article IV and V invoices, and to report on the outcome of this work and to submit recommendations accordingly to the Ninth Session of the Conference. On the action of the Council in this regard see paragraph 2.77 above.

4. MATTERS REQUIRING CONSIDERATION OR ACTION BY THE CONFERENCE AT ITS NINTH SESSION

- 4.1 For the convenience of the reader, this section presents material that also appears elsewhere in the present report.

Draft report of the OPCW for 2003

- 4.2 The Council at its Thirty-Seventh Session considered the draft report of the OPCW for 2003 (EC-37/3 C-9/CRP.1, dated 1 July 2004), and referred it to the Conference for consideration at its Ninth Session.

Extensions of deadlines for the destruction of Category 1 chemical weapons

- 4.3 The Council at its Thirty-Seventh Session considered a request by the Libyan Arab Jamahiriya for an extension of deadlines for the destruction of its Category 1 chemical weapons (EC-37/NAT.1, dated 28 May 2004), and approved a recommendation on this request for consideration by the Conference at its Ninth Session (EC-37/DEC.8, dated 1 July 2004).
- 4.4 The Council at its Thirty-Seventh Session considered a request by Albania for an extension of deadlines for the destruction of its Category 1 chemical weapons (EC-37/NAT.2, dated 28 May 2004), and approved a recommendation on this request for consideration by the Conference at its Ninth Session (EC-37/DEC.9, dated 1 July 2004).

Understanding of the concept of captive use in connection with declarations of production and/or consumption under Parts VII and VIII of the Verification Annex

- 4.5 Further to the consideration of this issue at its Twenty-Third Meeting and its Thirty-Fifth Session, the Council at its Thirty-Sixth Session considered and adopted a decision on the understanding of the concept of captive use in connection with declarations of production and/or consumption under Parts VII and VIII of the Verification Annex (EC-36/DEC.12, dated 26 March 2004) and referred it to the Conference at its Ninth Session.

Inclusion of an additional item in the list of approved equipment

- 4.6 Further to its consideration of this item at its Thirty-Fifth Session, the Council at its Thirty-Sixth Session approved a decision recommending that the Conference at its Ninth Session approve the inclusion of an additional item in the list of approved equipment (EC-36/DEC.1, dated 23 March 2004).

Amendments to the OPCW Financial Regulations

- 4.7 The Council at its Thirty-Seventh Session considered and adopted a decision recommending that the Conference at its Ninth Session approve proposed amendments to the OPCW Financial Regulations (EC-37/DEC.12, dated 2 July 2004).

Working Capital Fund and the late receipt of Article IV and V income

- 4.8 The Council at its Thirty-Seventh Session considered and adopted a decision concerning the Working Capital Fund and the late receipt of Article IV and V income (EC-37/DEC.11, dated 1 July 2004), and recommended that the Conference at its Ninth Session approve the measures contained therein.

Other recommendations of the Council

- 4.9 The Council at its Thirty-Eighth session will submit further recommendations for consideration or action by the Conference, including the Draft Programme and Budget of the OPCW for 2005. These recommendations will be included in the Addendum to this report.

5. OTHER DECISIONS OR ACTIONS OF THE COUNCIL

Outcome of the discussions between the Provident Fund Management Board and the former administrator of the Fund

- 5.1 At its Thirty-First Session the Council requested that it be informed of the final outcome of the discussions between the Provident Fund Management Board and the former administrator of the Fund. The Council indicated it would consider information on the outcome, together with any evaluations or recommendations thereon that might be made by the Office of Internal Oversight (OIO) or the External Auditor. The Council at its Thirty-Sixth Session noted the information provided by the Secretariat (EC-36/S/5, dated 19 February 2004).

Reports on the implementation in 2003 of the recommendations of the Office of Internal Oversight and of the External Auditor

- 5.2 The Council at its Thirty-Sixth Session considered and noted reports on the implementation in 2003 of the recommendations contained in the annual reports for 2002 of the OIO and of the External Auditor (EC-36/DG.7, dated 9 February 2004, and EC-36/S/3, dated 11 February 2004, respectively).

Implementation of the Headquarters Agreement

- 5.3 The Council at its Thirty-Fifth Session considered and noted the report by the Director-General on the OPCW's relationship with the Host Country (EC-35/DG.10, dated 26 November 2003).

6. MATTERS UNDER CONSIDERATION BY THE COUNCIL

- 6.1 The Council's Open-ended Working Group on Terrorism continued its work.
- 6.2 The following is a list of other matters that were still under consideration by the Council at the end of the reporting period:

Chemical Weapons Issues:

- (a) general and annual plans for the destruction of CWPFs and annual reports on destruction, and detailed and combined plans for the conversion of CWPFs;
- (b) the meaning of “primarily for the development of chemical weapons”; declaration criteria for former chemical weapons development facilities (facilities designed, constructed or used since 1 January 1946 primarily for the development of chemical weapons);
- (c) old and abandoned chemical weapons (OACWs):
 - (i) guidelines for determining the usability of chemical weapons produced between 1925 and 1946;
 - (ii) destruction and verification requirements for OACWs;
 - (iii) draft section E of the Declarations Handbook, “Old Chemical Weapons before 1925”;
 - (iv) draft section G of the Declarations Handbook, “Abandoned Chemical Weapons”; and
 - (v) the attribution of costs related to inspections of old chemical weapons;
- (d) general and annual plans for the destruction of chemical weapons, and annual reports on destruction;
- (e) reports on progress in meeting revised deadlines for the destruction of chemical weapons;
- (f) assistance and protection against chemical weapons;
- (g) deadlines for the submission of information on CWDFs;
- (h) guidelines for determining the frequency of systematic on-site inspections of CWSFs and CWPFs;
- (i) criteria for toxicity and corrosiveness, and, if applicable, other technical factors to be taken into account in regard to the conversion of CWPFs;
- (j) developments in relation to additional chemicals that may be relevant to the Convention, and the assessment, *inter alia*, of whether these compounds should be considered in the context of the schedules of chemicals;
- (k) optimisation of verification activities at chemical weapons stockpiles, as well as of their destruction and its effectiveness;
- (l) the status of conversion of former CWPFs for purposes not prohibited under the Convention, and a concept for verification measures for such converted facilities;

Chemical Industry and Other Article VI Issues:

- (m) recommendations of the Scientific Advisory Board;
- (n) industry issues:
 - (i) harmonisation of the reporting of aggregate national data on the production of Schedule 3 chemicals;
 - (ii) the issue of the captive use of Schedule 1 chemicals;
 - (iii) transfer discrepancies;
 - (iv) past Schedule 1 production above 1 tonne per annum for purposes not prohibited under the Convention;
 - (v) the implementation of section B of Part IX of the Verification Annex, including the methodology for selecting other chemical production facilities;
 - (vi) understandings on access to records during Schedule 2 and Schedule 3 inspections, and inspections of plant sites producing discrete organic chemicals containing phosphorus, sulfur, or fluorine;
 - (vii) assessment of the risk posed by Schedule 2 plant sites to the object and purpose of the Convention;
 - (viii) the frequency of inspections at Schedule 1 facilities and Schedule 2 plant sites;
 - (ix) verification at Schedule 1 facilities;
 - (x) consideration of the need to establish other measures regarding transfers of Schedule 3 chemicals to States not Party under paragraph 27 of Part VIII of the Verification Annex;
 - (xi) applicable concentration limits for mixtures of chemicals containing Schedule 2A and 2A* chemicals;
 - (xii) guidelines for the number, intensity, duration, timing, and mode of inspections of single small-scale Schedule 1 facilities;
 - (xiii) guidelines for the number, intensity, duration, timing, and mode of inspections for other Schedule 1 facilities;
 - (xiv) consideration of whether to require submissions of information when plants or plant sites that have been declared as undertaking activities in relation to Schedule 2 or Schedule 3 cease to do so;
 - (xv) consideration of a *de minimis* rule for the notification of transfers of Schedule 1 chemicals;

- (xvi) improvements in the submission and handling of industry declarations;
 - (xvii) refinements in the conduct of inspections to improve the consistency, effectiveness, and efficiency of industry inspections; and
 - (xviii) study the need for a recommendation about the future treatment of salts of Schedule 1 chemicals that are not explicitly mentioned in Schedule 1;
- (o) industrial-facility agreements;

Administrative and Financial Issues:

- (p) confidentiality issues:
- (i) possible national jurisdiction after national immunity is waived;
 - (ii) the application of national jurisdiction;
 - (iii) compensation for losses caused by breaches of confidentiality;
 - (iv) guidelines regarding the long-term handling of confidential information;
 - (v) the situation in relation to the classification of information held by the OPCW; and
 - (vi) recommendation to adopt the ISO-17799 information-security management standard for the Secure Critical Network;
- (q) the Draft OPCW Programme and Budget for 2005;
- (r) the Draft Medium-Term Plan for the period from 2005 to 2007;
- (s) the OPCW Interim Staff Rules and amendments to Staff Regulation 3.3;
- (t) classification of posts;
- (u) the OPCW Draft Financial Rules;
- (v) reports on the implementation of the recommendations of the OIO and of the External Auditor;
- (w) amendments to the OPOC;

Legal, Organisational, and Other Issues:

- (x) the full implementation of Article XI of the Convention;
- (y) the fostering of international cooperation for peaceful purposes in the field of chemical activities;

- (z) challenge inspections:
 - (i) further operational requirements for equipment in challenge inspections;
 - (ii) costs associated with the abuse of challenge inspections;
 - (iii) the timing of notifications in connection with challenge inspections;
 - (iv) lists of activities and elements of preliminary findings and final inspection reports; and
 - (v) consequences of abusing the right to a challenge inspection;
- (aa) the indication of specific types of equipment for certain types of inspection;
- (bb) sampling procedures;
- (cc) requirements for reporting information to the Council on verification activities, including inspection results;
- (dd) the effectiveness of verification activities and their optimisation;
- (ee) proposal for amendments to Rules 12 and 14 of the Rules of Procedure of the Council;
- (ff) agreements on privileges and immunities, and agreements with international organisations; a draft memorandum of understanding between the OPCW and the World Customs Organization;
- (gg) the report of the Council on the performance of its activities;
- (hh) verification implementation reports;
- (ii) guidelines for on-site monitoring instruments;
- (jj) the progress report on the implementation of the plan of action regarding the implementation of Article VII obligations;
- (kk) guidelines on international-cooperation programmes, to be applied during the evaluation of reports by the Secretariat on existing programmes, as well as proposals for new cooperation programmes; and
- (ll) the progress report on the implementation of the action plan for the universality of the Convention.

7. REPORTS TO THE COUNCIL

Reports of the Advisory Body on Administrative and Financial Matters

- 7.1 The Council at its Thirty-Fourth Session noted the report of the Fourteenth Session of the ABAF (ABAF-14/1, dated 23 June 2003) and requested the Director-General to indicate, when he is submitting reports of the ABAF in the future, what action was undertaken on its recommendations, and what decisions are required by the Council on its report.
- 7.2 The Council at its Thirty-Sixth Session considered and noted the report of the Fifteenth Session of the ABAF (ABAF-15/1, dated 21 November 2003), together with the related Note by the Director-General (EC-36/DG.8, dated 9 February 2004).
- 7.3 The Council at its Thirty-Seventh Session considered and noted the report of the Sixteenth Session of the ABAF (ABAF-16/1, dated 18 June 2004). The Council also noted the information submitted by the Director-General on the implementation of the recommendations made by the ABAF at its Sixteenth Session (EC-37/DG.12, dated 22 June 2004), some of which recommendations the Council decided to consider at a later date.

Appointments to the Advisory Body on Administrative and Financial Matters

- 7.4 In accordance with Rule 1 of the Rules of Procedure for the ABAF (ABAF-II/12, dated 24 April 1998), the Council at its Thirty-Fourth Session renewed the appointments of the following members of this body retroactive to the dates (given in parentheses) on which their first three-year terms of office expired: Ms Anna Hynkova (17 December 2000), Mr Michał Szlęzak (20 May 2001), Mr Hadi Farajvand (25 February 2002), Mrs Norma Suarez Paniagua (25 February 2002), Mr Gianpaolo Malpaga (21 April 2002), and Mr Vladimir A. Iossifov (8 September 2003).
- 7.5 The Council at its Thirty-Fourth Session noted the resignations of Mr Dudley Lashmar and Mrs Maria Dulce Silva Barros from the ABAF, and approved the appointment of Mr Damian Brewitt, retroactive to the date of the letter of nomination (21 August 2003).
- 7.6 The Council at its Thirty-Seventh Session renewed the appointments of the following members of the ABAF, retroactive to the effective dates of renewal of their three-year terms of office (given in parentheses): Ms Anna Hynkova (17 December 2003) and Mr Michał Szlęzak (20 May 2004).

Report of the Office of Internal Oversight for 2003

- 7.7 The Council at its Thirty-Seventh Session considered the Annual Report of the OIO for the period from 1 January to 31 December 2003 (EC-37/DG.5, dated 7 May 2004; Corr.1, dated 17 May 2004; and Corr.2, dated 9 June 2004), which had been submitted to it by the Director-General in accordance with Regulation 12.5 of the OPCW Financial Regulations.

- 7.8 The Council received an oral report from the facilitator on the informal consultations during the intersessional period on the report of the OIO for the period from 1 January to 31 December 2003 and on the accompanying Note by the Director-General (EC-37/DG.5, Corr.1, and Corr.2).
- 7.9 In the comments they made on the report, delegations, *inter alia*, affirmed the importance of implementing promptly those recommendations of the OIO that had been accepted; urged continued efforts to enhance the internal-oversight function of the OPCW; called attention to the OIO's comments on methods of preparing the Programme and Budget, including on conditions for introducing RBB and on the relationship between RBB and the Medium-Term Plan for the period from 2005 to 2007; suggested that the OIO base its audit plan on an analysis of the risks posed to the proper functioning of the OPCW and adopt a more qualitative way of reporting the implementation of recommendations; and recommended that the OPCW develop an effective performance management and appraisal system in the context of implementing its policy on tenure.
- 7.10 One delegation expressed its regret that the audit on recruitment and appointments covering all of 2002, which was included in the programme of work of the OIO for 2004, would be presented only in 2005.
- 7.11 The Council transmitted this report, together with its comments, to the Conference at its Ninth Session.

Annex:

Actions taken by the Conference of the States Parties at its Eighth Session in Response to Recommendations Made by the Executive Council at Its Thirty-Fourth Session and Its Twenty-Third Meeting

Annex

**ACTIONS TAKEN BY THE CONFERENCE OF THE STATES PARTIES AT ITS
EIGHTH SESSION IN RESPONSE TO RECOMMENDATIONS MADE BY THE
EXECUTIVE COUNCIL AT ITS THIRTY-FOURTH SESSION AND ITS
TWENTY-THIRD MEETING**

Report of the OPCW for 2002

- 1.1 The Conference considered and approved the report of the OPCW on the implementation of the Chemical Weapons Convention in 2002 (C-8/5, dated 22 October 2003), which the Council at its Thirty-Fourth Session had forwarded to it.

Report of the Executive Council on the performance of its activities

- 1.2 The Conference noted the report of the Council on the performance of its activities in the period from 17 July 2002 to 27 June 2003 (EC-34/3 C-8/3, dated 23 September 2003), which the Council at its Thirty-Fourth Session had submitted to it. The report was introduced by the Chairman of the Council, Ambassador Petr Kubernát of the Czech Republic, who also introduced the recommendations of the Council that required the attention of the Conference, including those made after the cut-off date for the report.

OPCW Programme and Budget for 2004, and all items pertaining to it

- 1.3 In accordance with Article VIII, paragraph 21(a), of the Convention, and with Financial Regulation 3.6(a), the Conference considered and adopted the OPCW Programme and Budget for 2004, which the Council at its Twenty-Third Meeting had submitted to it (C-8/DEC.17, dated 24 October 2003).

**Extensions of deadlines for the destruction of Category 1 chemical weapons
stockpiles**

- 1.4 Following a recommendation of the Council at its Twenty-Third Meeting, the Conference considered and adopted a decision on a request by the Russian Federation for an extension of the intermediate and final deadlines for the destruction of its Category 1 chemical weapons (C-8/DEC.13).
- 1.5 Following a recommendation of the Council at its Twenty-Third Meeting, the Conference considered and adopted a decision on a request by a State Party for an extension of the intermediate deadline for the destruction of its Category 1 chemical weapons stockpiles (C-8/DEC.14).
- 1.6 Following a recommendation of the Council at its Twenty-Third Meeting, the Conference considered and adopted a decision on a request by the United States of America for an extension of the intermediate and final deadlines for the destruction of its Category 1 chemical weapons (C-8/DEC.15).

Plan of action regarding the implementation of Article VII obligations

- 1.7 Based on a recommendation of the Council at its Twenty-Third Meeting, and following a request by the First Review Conference, the Conference approved a plan of action regarding the implementation of Article VII obligations, with the objective of fostering the full and effective implementation of the Convention by all States Parties (C-8/DEC.16).

Action plan for the universality of the Chemical Weapons Convention

- 1.8 The Conference noted an action plan for the universality of the Convention, which had been brought to its attention by the Council (EC-M-23/DEC.3).

Report of the Office of Internal Oversight for 2002

- 1.9 The Conference noted the report of the Office of Internal Oversight (OIO) for the period from 1 January to 31 December 2002, and the accompanying Note by the Director-General (EC-34/DG.4, dated 17 June 2003; Corr.1, dated 18 August 2003; and Corr.2, dated 19 September 2003), which had been transmitted to it through the Council at its Thirty-Fourth Session. The Conference also noted the comments of the Council at its Thirty-Fourth Session on the work carried out by the OIO (paragraph 16 of EC-34/5).

Reports of the External Auditor and the audited financial statements of the OPCW for 2002

- 1.10 The Conference noted the audited financial statements of the OPCW for 2002, including the response of the Director-General to the External Auditor's report (EC-33/DG.5 C-8/DG.3, dated 10 June 2003). In accordance with Financial Regulation 13.10, these audited financial statements and the External Auditor's report and opinion thereon had been forwarded by the Council with its comments to the Conference (subparagraph 17.2 of EC-34/5, dated 26 September 2003).

Medium-term plan for 2005 to 2007

- 1.11 The Conference noted the medium-term plan for 2005 to 2007 (C-8/S/1, dated 24 October 2003).

Amendments to the OPCW Financial Regulations

- 1.12 The Conference approved the amendments to the Financial Regulations that the Director-General had submitted to it through the Council (C-8/DEC.4, dated 22 October 2003).

The use of the Working Capital Fund

- 1.13 The Conference noted the Note by the Director-General on the use of the Working Capital Fund, which the Council had forwarded to it (EC-34/DG.12, dated 12 September 2003).

Withholding of the distribution of the 2001 cash surplus

- 1.14 In accordance with the recommendation of the Council at its Twenty-Third Meeting, the Conference considered and adopted a decision concerning the withholding of the distribution of the 2001 cash surplus (C-8/DEC.19, dated 24 October 2003).

Late receipt of Article IV and V income

- 1.15 Based on the recommendation of the Council at its Twenty-Third Meeting, the Conference considered and adopted a decision on the late receipt of Article IV and V income (C-8/DEC.18, dated 24 October 2003).

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