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GENERAL AND COMPLETE DISARMAMENT

### Conversion of military resources to civilian purposes

#### Report of the Secretary-General

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\* Effective 19 September 1991, the name of the **Byelorussian** Soviet Socialist Republic was changed to Belarus.

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## I. INTRODUCTION

1. On 15 December 1989, the **General** Assembly adopted resolution **44/116 J**, entitled "**Conversion of military resources**", by paragraphs 1 and 2 of which it invited Member States to submit to the **Secretary-General** by 30 April 1991 **their** views concerning various aspects of the conversion of military resources to civilian purposes and to include in the provisional agenda of its forty-sixth session an item entitled "**Conversion of military resources to civilian purposes**".

2. Pursuant to **the** request of the **General** Assembly, the Secretary-General, in a note Verbal<sup>8</sup> dated 28 January 1991, **requested** Member **States** to submit their view with respect to various aspects of the conversion of military resources to **civilian purposes**. **Replies** have **been thus far** received from **Belarus**, Brunei Darussalam, Bulgaria, China, Cuba, Liechtenstein, Norway, **Panama**, Peru, Philippines and the Union of Soviet **Socialist** Republics, The replies **are** reproduced in section **II** of the **present** report. Other replies will be issued as addenda to the present report.

## II. **REPLIES** RECEIVED FROM GOVERNMENTS

### BELARUS

[Original; Russian]

[26 June 1990]

1. Positive developments in international relations, the ongoing process of arms limitation and **disarmament** and the currently discernible transition to new foundations for international security, in which an increasingly important role will be played by **confidence** and openness, are all elements of the enormous, urgent task now confronting us of moving from an armaments economy to a disarmament economy. In view of this it **is** vitally important to accelerate the conversion **of direct** the production and **released socioeconomic** problems.

2. **Byelorussian** SSR, convinced that conversion is necessary and desirable and ultimately has a **beneficial** effect on the economic and social environment **44/116** resolution **J**, **entitled**

Well-known that in the present state of the Soviet economy the defence industry is one of the most developed and well-organised production sectors. Therefore, as the economy is restructured, this sector should act as the provider not only of **resources** but also of the most advanced technology for the production of equipment **for** the civilian branches of the economy and of consumer goods capable of competing in world **markets**. It is also possible to transfer **these** technologies to other branches of the economy,

4. The Byelorussian SSR is convinced that the conversion of military production, owing to its important economic potential, is also a significant factor for international security and at the same time a lasting material guarantee thereof. In our view, conversion would testify to the resolve of States to cut their military programmes, confirm their readiness to embark upon disarmament, and encourage the strengthening of international confidence.
5. It would be important to encourage, under the aegis of the United Nations, multilateral cooperation in this highly relevant field. A solid foundation has been laid here by the Action Programme of the International Conference on the Relationship between Disarmament and Development.
6. Conversion is a complex and multifaceted issue. In order for it to succeed it is of *primary* importance to *render* the disarmament process irreversible, and to reaffirm the principle of sufficiency of weapons for defence purposes and the purely defensive structure of the armed forces.
7. It would also be desirable to consider measures vital to the processes and aims of conversion, such as halting the use of scientific and technical achievements for developing and manufacturing new kinds of weapons of mass destruction, and preventing new military technology from endangering international stability and security.
8. A serious approach to the problems of conversion calls for leadership from all States in this field and adoption of the relevant legislation.
9. Conversion is undoubtedly needed but at the same time it raises a series of difficult economic, technical and social problems. In its initial stage it will require additional investment, which might be funded by channelling part of the resources released from the military technology budget. It will be necessary to make changes in the structure of enterprises and to resolve the problem of adapting the latest technology transferred from the defence sector to the different technological level of civilian production. Efforts to solve the problems of conversion might adversely affect the social interests of some categories of *workers and members* of their families.
10. Conversion will be facilitated by the fact that the defence sector in our country has already been producing consumer goods.
11. The process of conversion has already started in defence-industry enterprises in the Byelorussian SSR, a process characterized by the manufacture of goods primarily for general purposes. Furthermore, enterprises and organizations in the defence industry with the appropriate production, scientific and technical capacity are to a certain extent being reoriented to meet the requirements of the population in terms of Consumer goods and medical technology, and also the need of the processing sectors of the agro-industrial complex for technological equipment.
12. As a result of conversion, the value of production of consumer goods rose by 22 million roubles in 1989 and is expected to rise by 90 million roubles by

1990, of medical technology by 0.6 and 3.6 million roubles respectively and of industrial and technological products by 13.3 and 53.6 million roubles.

13. Conversion presents enterprises with serious problems of a complex technical, technological, personnel, financial, economic and social nature. There are particularly acute problems concerning credit for growing surpluses of goods and materials, and making additional payments to specific categories of workers because of a reduction in the complexity of manufactured goods. For most enterprises, the lower profitability and value of civilian production do not compensate for the decreased volume of military production, and previously established economic indicators of productive activity (labour productivity, profit and so on) cannot be matched. As a result, funds for production, material incentives and social development are dwindling.

14. However, the actual situation and modern approaches require us to find the best possible technical, economic and social solutions acceptable to all parties participating in conversion. Both enterprises and government organs are tackling this issue at the moment.

15. Of course a certain degree of experience in conversion which a number of countries have accumulated over the past decades cannot yet be judged sufficient. Therefore it is becoming particularly important for both national and joint efforts to be made towards an effective solution of the problems of conversion. The United Nations should play an important role in this. The International Labour Organisation could also develop its contribution and has indeed already undertaken useful research in this direction,

16. A significant role in mobilizing the will to take practical steps towards conversion can be played by public opinion. Undoubtedly scientists bear particular responsibility for this. New and comprehensive research is needed to bolster the ideas of the new thinking by taking account of the economic advantages of conversion. Of particular relevance in this regard is the proposal by the Soviet Union for the establishment of a group of scientists for an in-depth analysis of the problems of conversion, followed by the preparation of a report by the Secretary-General for consideration by the General Assembly. The Byelorussian SSR considers this to be a natural step towards promoting multilateral cooperation in the field of conversion.

BRUNEI DARUSSALAM

[Original: English]

[6 May 1991]

1. The Ministry has the honour to convey Brunei Darussalam's support for General Assembly resolution 44/116 J. However, in view that Brunei Darussalam is a small consumer of military warfare, comparing to other nations, especially the big ones, its contribution towards effective implementation of the resolution is therefore not Significant.

2. Although the conversion of military resources to civilian purposes does exist at certain periods, their uses are, however, very limited to particular types of military vehicles. There have been occasions when military vehicles were converted for use as public transport during certain national events.

## BULGARIA

[Original; English]

[19 Juno 1991]

1. The issue of conversion of military resources to civilian is acquiring greater significance in the current international situation. The first positive results in the field of real disarmament are already available. The Soviet-American Treaty on the Elimination of Intermediate and Shorter-Range Nuclear Missiles has been implemented. Prerequisites for reducing the strategic offensive weapons of the Soviet Union and the United States of America are being created. The drafting of a convention on the total prohibition of chemical weapons and the destruction of its stockpiles is an incontestable priority task. The Paris Treaty on Conventional Forces in Europe has been signed. At the same time, a number of States are undertaking unilateral measures for disarmament.

2. The considerable results attained in the disarmament and arms control and the positive prospects in this area enhance the importance of the national and international aspects of the conversion of military resources. In general terms, the conversion can be defined as a gradual process in which the ratios of distributing human, financial and material resources between the civilian and military areas, are being altered to the benefit of the former. Hence, conversion can be regarded as a natural continuation and development of the reduction and elimination of armaments and as a political and economic guarantee for the irreversibility of disarmament.

3. For a long time, a number of States have been working on the conversion of military resources. Bills on military conversion have been submitted repeatedly in the United States Congress. In December 1988, in the General Assembly, the Soviet Union expressed its intention to submit to the United Nations its national plan for conversion. The initiative of the Philippines put forward at the third special session of the General Assembly of the United Nations devoted to disarmament, is well known. In the United Nations quarters, a great number of Member States manifested their interest in the issues of conversion of military resources. General Assembly resolution 44/116 J, entitled "Conversion of military resources", was adopted by a virtual consensus. Resolution 45/58 N, entitled "Charting potential uses of resources allocated to military activities for civilian endeavours to protect the environment", adopted by the General Assembly on 4 December 1990, is yet another evidence of the wide interest in the issue of converting military resources to peaceful purposes. Bulgaria regards the United Nations commitment to this issue as extremely well-timed and in harmony with current positive trends in international relations.

4. Bulgaria has undertaken unilateral measures for conventional disarmament which are being followed by relevant activities directed at a practical conversion of an appropriate part of its military-related industrial capacities. An interdepartmental group has been set up in Bulgaria to study the problems of *conversion*. The group will carry out scientific research and analyse the forms and means of preparing individual industries and enterprises to be converted to non-military activities, taking into account relevant foreign experience and specific Bulgarian conditions. At Bulgarian companies manufacturing weapons and combat equipment, the ratio between civilian and military production is already 40 to 60, compared with a 30 to 70 ratio in 1988. A 26 per cent rate of renovation of commodity production in the defence industry is expected. As a result of conversion, a growing number of military plants in Bulgaria are now manufacturing machine tools, transport and farming machinery, machines for the textile and food industries, components for automated systems, and so on.

5. Bulgaria is aware of the fact that the conversion of military resources is a difficult and complicated issue. At the same time, it is convinced that unclarified matters and hesitations in this field could be overcome with joint efforts of the States concerned. Thus, conversion can contribute to the raising of the living standards of the respective States.

6. All States individually and the international community as a whole have an interest in the optimum implementation of the conversion of military resources. Thus, the following observations require attention:

The right balance between the non-military and military sectors of the economy of States is a universal issue and its solution requires international efforts. Conversion cannot be carried out outside the existing energy, environmental, demographic and other problems that are facing all nations;

The importance of conversion for the social and economic development of all States reveals, too, the universality of this issue;

The issue of conversion of military resources has inter-relationships with concrete arms control and disarmament efforts of States.

7. Considering the issue of conversion of military resources, the States have to bear in mind the need to close up or restructure the military industry, reduce armaments already available and provide for job reorientation and requalification of the personnel employed in this area.

8. The common interests of States in the theoretical and practical aspects of the conversion of military resources could find an appropriate place in this new area of international cooperation. The United Nations could assume an important role in helping Member States promote exchange of national experience with a view to uniting the efforts of Member States and facilitating the international community to consider and solve common problems relating to the conversion of military resources to civilian purposes.

9. The exchange of national experience on conversion of military resources could be carried out through the United Nations Department for Disarmament Affairs or the United Nations Institute for Disarmament Research. The Bulgarian Government believes that one of the possible ways to promote such an exchange consists in Member States submitting to the Secretary-General national studies and other relevant information on conversion projects. Such a conversion databank would aid individual States in choosing optimal behaviour in this area.

10. In the process of conversion, when it becomes increasingly necessary to consider the pressing problems of the day, the Secretary-General, at a convenient time, could undertake a study on objectives, principles and possible modalities of activities in this field. Such a study, and the discussion on *conversion* in general, could analyse various national, regional and global aspects of the issue and the specific characteristics of conversion in the field of nuclear, chemical, conventional, disarmament, the relationship between conversion and ecology, measures to be undertaken by the international community in the area of conversion of military resources.

11. General Assembly resolution 44/116 J on the conversion of military resources stipulates the degree of commitment of Member States to further promoting this issue. The exchange of views has so far indicated that additional efforts would be necessary to get over some of the doubts expressed in order to pave the way for more active involvement of the United Nations in using the potential results of military conversion in the interest of all nations' welfare.

12. The involvement of the United Nations in promoting the issue of conversion of military resources has to be a gradual process, taking into account the interests of all States concerned. The Republic of Bulgaria considers that the conversion issue should not stay out of the attention of the international community, as its importance will probably increase with the further progress of the disarmament and arms control process,

CHINA

[Original: Chinese]

[23 May 1991]

1. China has always pursued an independent foreign policy of peace and adopted, on its own initiative, a number of actions conducive to the realization of the objectives set for the world disarmament. To convert military industries to civilian production is one of the relevant important measures.

2. China holds that such conversion will promote the process of disarmament and world peace and security. The international community should accord importance to this question and the United Nations should play an active role

in helping various countries to develop and advance the theory and practice concerning the conversion of military industries to civilian production. Countries concerned should strengthen their exchange of information and experience in this field with a view to resolving the problems that emerge from such conversion.

3. China appreciates the work carried out by the United Nations Department for Disarmament Affairs for this purpose, and hopes that the Department will continue to actively promote the activities for the peaceful use of military industrial technology and the international cooperation and exchange in this regard.

4. In order to enhance the global activities for such conversion, China wishes to introduce its practice of and experience *in conversion* as follows.

5. The Chinese Government, in line with the development of the world situation and the need for national economic construction, has helped bring into full play the technical expertise and potentiality of its military sciences, technologies and industries, thus making a positive contribution to the development of national economy. It has also carried out effective research and practice aimed at peacefully using military industrial technology to benefit mankind.

6. China's efforts in conversion includes two aspects: one is to make military industries produce civilian products, the other is to adapt military industrial technology for civilian use. Over the past decade, under the guidance of the State industrial policy, military industrial departments have actively adjusted their industrial structure and product mix. They have actively participated in the research on and the production of some key State civilian projects and major equipment, and have been energetically assisting major State development industries, such as energy, transportation, and so on. They have not only carried out research on and produced a large amount of machines and facilities for the technical transformation of the traditional industries, but also produced a variety of light industrial products and other household electrical equipment, thus boosting the domestic market. They have also actively participated in the regional economic development by providing technical service, assisting village- and township-run enterprises and supporting agricultural production. To date, the military industrial departments have established more than 300 production lines and the local governments have also granted some loans to support the conversion from military industries to civilian production. Over 10,000 kinds of products in 43 categories have been developed and produced and a total of more than 30,000 items of scientific and technological achievements that were used for military purposes have now been turned to civilian use. The output value of civilian products has taken up 65 per cent of the gross output value of the military enterprises. At present, China's entire defence sciences, technologies and industries have been turned to serve the modernization drive in the country's industry, agriculture and other trades, and national defence at the same time.

7. Peace, prosperity and development are the finest aspirations cherished by mankind. To shift military industries to civilian production and peacefully to use military capabilities and technologies are one of the ways and means to realize these wishes. China will continue resolutely to follow the road of combining the military and civilian production. We hope that the peaceful use of military capabilities and technologies will become a common goal and practice of all countries so as to enable the military industrial technology to be used widely for the cause of maintaining world peace and promoting the economic and social development of all the countries to benefit mankind. China is prepared, on the basis of equality and mutual benefit, to expand its wide exchange and cooperation with other countries on the peaceful use of military capabilities and technologies.

CUBA

[Original: Spanish]

[7 May 1991]

1. On this matter, the Government of the Republic of Cuba wishes to make the following points:

(a) Conversion can be seen as having two, interrelated facets. It is an expression of the political will to reduce military budgets, and it is an economic requirement for solving the problems of economic and social development.

(b) In the context of the international efforts to reduce military budgets, States can, in pursuing such budget reduction policies, elaborate and design programmes for the conversion to civilian purposes of resources heretofore used for military activities, with the attendant benefits both for the economy and the economic and social development of the country adopting such a programme and, by way of assistance and cooperation, for those of other countries, particularly developing countries.

(c) Implementing conversion programmes and using military resources in conjunction with international cooperation will help to promote the objectives of the Action Programme of the International Conference on the Relationship between Disarmament and Development.

(d) Conversion programmes, considering their link with military budget reduction policies, do not require the establishment of international criteria on the comparability of State military budgets in order to function, but can be conducted and conceived as a confidence-building measure taken by States, voluntarily, with the intention of helping to create a climate of confidence and security that will ensure peace.

(e) While all States can engage in conversion activities, the States that possess nuclear weapons and those with the largest military arsenals must, because such activities are so significant and play such a large part in efforts to reduce tension and help bring about peace, be the ones to make the most intensive and sustained conversion.

(f) Specialised military knowledge and military technology, infrastructures and production can help to resolve a large percentage of the many economic and social problems facing States both nationally and regionally, as well as local problems like pest and disease control, epidemics, meteorological problems or environmental protection and preservation.

(g) Programmes to divert resources from the area of military research and development would help not only to free the enormous human and material resources that the sector absorbs but also to slow the spiralling arms race and prevent the emergence of new nuclear and mass-destruction weapons and weapon systems.

(h) States possessing the most and the most dangerous arms-production facilities, in either the public or the private sector, must move most quickly to set up programmes to redirect the industries involved.

(i) Legislative and other measures must be adopted as needed to guarantee the employment or, where necessary, the retraining, of persons diverted from military activities to other, civilian work.

#### LIECHTENSTEIN

[Original: English]

[5 February 1991]

Owing to the fact that the Principality of Liechtenstein abolished its army in 1868 and has had no military forces since then, the competent Liechtenstein authorities are not in a position to give views and suggestions on the matters contained in the above-mentioned resolution.

#### NORWAY

[Original: English]

[17 June 1991]

1. Achievements in arms-control negotiations in recent years and prospects of further progress in ongoing disarmament processes should affect Governments' readiness to redeploy resources from the military to the civilian sector. The conversion of military resources to civilian purposes represents

an important aspect of the problems associated with a reallocation of resources. Experience as well as research suggest that conversion is feasible. Nevertheless, there is a continued need to sort out and analyse the various problems involved in conversion processes. Numerous transitional problems of political, economic and technical nature need to be dealt with, on both the domestic and international levels. In addition, certain institutional and generally recognized policy measures or plans have to be designed.

2. One of the critical issues related to conversion pertains to employment. Conversion is bound to engender temporary disturbances in the employment sector. However, with certain institutional and generally recognized policy measures, one might be able to handle this problem to a certain extent. In addition, military factories engaged in conversion processes might experience difficulties in finding supplies for their new lines of production as well as in creating adequate technology at acceptable costs. There are also likely to be problems associated with the distribution of *consumer goods* produced by the arms industry. To enter the consumer sector, marketing strategies are required, which implies that new means of selling products have to be developed.

3. Conversion involves a multitude of problems of a technical and industrial nature as well. For instance, certain alterations and adjustments in the field of military-industrial research and development have to be made. Recognizing that a significant part of the global research and development effort relates to arms production, the process of industrial readjustment will involve difficult and controversial issues. The spin-off effects from advanced military development programmes could be significant.

4. In Norway's view a successful implementation of conversion programmes could release resources for development cooperation, thus bringing the volume of aid in line with the target set by the United Nations. In addition to increased development cooperation, a reallocation of resources from the military to the civilian sector among the industrialised countries should be used to assist developing countries in their environmental efforts, in particular in terms of transfer of new and additional financial resources, and technology. However, there is no simple correspondence between reduced defence spending and increased aid. But considering the present resource constraints of developed and developing countries alike, reduced world military spending could in the longer run contribute to increased efforts in this respect.

5. In the present situation, countries have had little practical experience to support their efforts in converting military resources to civilian purposes. The initiative taken by the adoption of resolution 44/116 J should lead to a useful basis for renewed efforts by the United Nations in this field.

## PANAMA

[Original: Spanish]

[1 August 1991]

1. The government **of the Republic of Panama has, since the events of December 1989, been engaged in a process of demilitarization. For this reason,** Panama's experience in converting military **resources** to civilian purposes is extremely important,
2. The **former Defence Forces of Panama were an** institution combining military, police, and administrative functions, but **in the purchasing of** equipment and the training of staff particular importance was given to the military aspects,
3. Many offices that used to provide administrative services **and were** under the authority of the **former Defence Forces have been** assigned, through Decrees Nos. 38 and 41 of February 1990, to the Ministry **of the Interior and Justice:**
  - (a) National **Office** of Immigration and Naturalization
  - (b) National Office **of Transit and Ground** Transport;
  - (c) National Department **of Investigation (DENI),** now called the Judicial Technical Police **(PTJ);**
  - (d) National Corrections **Office;**
  - (e) National Passport **Office.**
4. Those same **decrees** provide for **four** public security services, with separate mandates and **personnel and each independent from the other, under the authority of** the President **of the Republic:**
  - (a) National **Police;**
  - (b) National Air **Service;**
  - (c) National Maritime **Service;**
  - (d) Institutional Protection Service (assigned to the Ministry of the Presidency) .
5. Also established **was** an Inter-ministerial Committee in **charge of distributing the extensive property belonging to the former Defence Forces.** This Committee, composed of the Ministers **of the Interior and Justice,** the Presidency, and Housing and the Treasury, have transferred to public agencies considerable quantities **of immovable goods, among** them:
  - (a) Military installations: 17 forts or military barracks1

(b) Eight residences of heads of military zones or headquarters of the Association of Wives of Officers of the Defense Forces of Panama (ASEFUDEP);

(c) Nineteen miscellaneous properties,

6. In addition, all furniture and equipment from various camp facilities and the offices of ex-General Manuel A. Noriega are being used for various public offices of the country (in the sectors of health, education, sports, public works, etc. ).

7. All the heavy equipment of the Military Battalion of Engineers was transferred to the Ministry of Public Works and 12 aircraft of the former Panamanian Air Force, valued at the market rate of approximately 10 million bolboas, have been given over to the Ministry of Housing and the Treasury to be put up for sale.

PERU

[Original: Spanish]

[8 August 1991]

1. Pursuant to paragraph 1 of General Assembly resolution 44/116 J adopted on 15 December 1989, the Government of Peru expresses the view that the conversion of military resources to civilian purposes is an item of great political importance, particularly for the strengthening of international cooperation and the revival of the economic growth and development of all countries .

2. Accordingly, Peru is committed to promoting this item within the United Nations system and supporting specific measures and appropriate mechanisms for making a speedy and efficient conversion.

3. The application of such measures and mechanisms requires careful study of the legal and administrative points to be taken into account in the course of conversion, and should also encompass all aspects bearing on the legitimate national interests of States Members.

4. Moreover, this process of conversion should be systematic and gradual and should include a review of, in addition to other issues of a legal nature, the possible social and economic consequences entailed by the conversion - such as adaptation of technology, manpower training or temporary unemployment,

5. Lastly, Peru will continue to support any initiative promoting the matters within the purview of resolution 44/116 J, and it accordingly reaffirms its support for including an item on the question in the agenda of the forty-sixth session of the General Assembly.

**PHILIPPINES**

[Original: English]

[21 June 1991]

In this regard, the Philippines Government submits that this issue is a matter of national importance and reiterates its full support for the decision to include this agenda item in the forty-sixth *session* of the General Assembly. This item is essentially in accord with the Comprehensive *Conversion Programme* formulated by the Philippine Legislative-Executive Basos Council on the alternative uses of military baselands and military camps. Also, the Government is of the view that conversion to more productive civilian purposes of existing but idle military reservation and resources should be encouraged,

**UNION OF SOVIET SOCIALIST REPUBLICS**

[Original: Russian]

[9 September 1991]

1. The Soviet Union is convinced that the conversion of military production for peaceful purposes is an important and integral part of the process of reorienting the priorities of the development of world civilisation towards building a better, safer, more stable and predictable world. It is the practical confirmation of the policy of demilitarizing international relations and reorienting massive destructive power for development and creative purposes.
2. Conversion is inherently linked to disarmament and, in most cases, is a consequence of it. Its nature, rate of implementation, magnitude and prospects are to a significant degree dependent on the intensiveness of efforts to create a political climate conducive to arms limitation and reduction. In turn, progress made in retooling military production for peaceful purposes can stimulate political and social efforts for new disarmament measures. For that reason it is important to strive for the kind of coordination between disarmament and conversion that would not only ensure the irreversibility of curbing the arms race but would also stimulate economic interest in further reducing the level of military preparedness and transferring defence capacity to civilian production.
3. From the beginning of genuine disarmament in the USSR, carried out in accordance with international treaties and initiatives and unilateral decisions, considerable effort has been put into conversion. In December 1990, the State Programme for the Conversion of the Defence Industry and the Development of Civilian Production in the Defence Complex for the Period to 1995 was adopted. It provides for a substantial cut in the proportion of defence expenditure from the national income by the middle of

this decade and for a further increase in civilian production within the military complex as a result of the reduced manufacture of artillery and missiles, armoured vehicles, military aircraft and helicopters and other military technology.

4. This amounts, in essence, to a radical restructuring of the productive capacity of the defence sector and its conversion to predominantly civilian purposes. It has been made necessary by the growing significance today of political, economic, social, ecological and other ways of ensuring national security and the categorical imperative of building a comprehensive structure of international relations which would make a return to relations governed by military rivalry impossible.

5. The Soviet Union proceeds from the assumption that a reduction in military expenditure and successful conversion at the national level will be encouraged by the development of broad international cooperation in this field, intensive multilateral exchanges of experience, and joint efforts of the international community in a common search for effective ways of solving the social and economic problems which will inevitably arise during the reduction of military-oriented productive capacity.

6. The United Nations can play an important role in encouraging all-round international cooperation concerning conversion since it has accumulated valuable experience from initiatives on disarmament and development and from planning and realising various conversion measures. Furthermore, it is important to aim at discussing the reorienting of military production for peaceful purposes in the United Nations in close conjunction with the ongoing talks on the whole range of disarmament issues. This approach, which conforms with the principle of meaningful parallels in the progress of disarmament and conversion, would help to determine the conditions and stages for the conversion of the defence industry and to prevent and neutralise possible adverse social and economic consequences of disarmament,

7. The Soviet Union advocates an intensified multilateral dialogue in the United Nations concerning the theoretical content and the methods of application of the principle of reasonable sufficiency, with the aim of elaborating basic criteria and parameters for an exclusively defence orientation of States' military activities including their economic aspects.

8. The United Nations might also consider the problem of economic incentives for disarmament and the problem of devising economic levers to facilitate measures for reducing military confrontation in a more subject-oriented and concise way by concentrating on elaborating and taking practical decisions. In this connection the time seems to be ripe to organise special economic consultations in the framework of the multilateral talks on the reduction of armed forces and armaments.

9. During such consultations, to be carried out on a regular basis, the parties would notify each other of proposed deadlines for, and magnitude of, cuts in military production, discuss the expected economic advantages and

disadvantages of conversion, and exchange experiences of using newly released resources for peaceful development. It should also be possible to consider coordinating the conversion efforts of concerned countries having similar military production structures, including measures to take account of their commercial interests in this field,

10. It seems the time is right for jointly using economic expertise to review draft disarmament agreements) this would involve assessing their feasibility from the standpoint of existing and future socio-economic possibilities and conditions in participating countries, identifying acceptable volumes of and deadlines for planned reductions from the standpoint of a rational *conversion* strategy, and formulating a list of specific economic needs to be considered for the final version of the agreements.

11. In addition to the consultations on military economic problems, it would seem appropriate to devise a mechanism within the United Nations for helping States adjust economically to a lowering of their level of military expenditure. This would involve a *series* of measures on the economic adaptation of the defence sector to realistic conversion plans and programmes, including specific steps to find sources to fund conversion projects, *create* effective demand for their products, retrain and find job placements for the work force, and provide other economic incentives for military enterprises to move in a civilian direction,

12. Some of the elements of such a mechanism could consist of specific United Nations programmes to encourage the conversion of the most important defence-sector technologies. The financing of these programmes and the commercial application of the results of their activities could be accomplished by the creation by concerned countries of international funds and of innovation and investment pools.

13. The Soviet Union supports the broadest possible use of United Nations resources in order to compare various kinds of conversion and to jointly elaborate effective models, taking into account the national particularities of individual countries. This could be facilitated by implementing the proposal put forward by the Soviet Union on setting up, under the auspices of the United Nations, a group of authoritative international experts to take an interdisciplinary look at the broad set of problems involved in setting the military economy on civilian lines with the aim of synthesizing and disseminating the experience of conversion acquired by the various countries and regions.

14. For its part, the Soviet Union, in accordance with the Final Document of the International Conference on the Relationship between Disarmament and Development, which prescribed the continuing study, synthesis and dissemination of international experience in this field, is ready to take the initiative of preparing *and* submitting to the Secretary-General by the end of 1991 a report on the state of, and prospects for, conversion programmes in the USSR.

15. Inclusion of the theme of *conversion* in the agenda of multilateral diplomacy would also be helped by regular discussion of its various aspects by the United Nations Disarmament Commission,

16. The socio-economic dimensions of conversion could also be productively discussed by the Second Committee of the General Assembly and by the Economic and Social Council.

17. In the light of recent and current talks on concluding new, large-scale agreements on arms limitation and reduction, it would be appropriate to involve the United Nations Economic Commission for Europe in the work of elaborating regional aspects of conversion on the European continent.

18. It might be productive to involve the United Nations Intergovernmental Committee on Science and Technology for Development in assessing the possibilities of the peaceful use of defence-industry technology and identifying future prospects for international cooperation in this field.

19. Further research into specific aspects of conversion and the preparation of forecasts of their possible consequences could be undertaken by the United Nations Institute for Disarmament Research.

20. In order to develop international cooperation concerning conversion, active use should also be made of the potential of the specialized agencies. In this connection we support the continued study by the International Labour Organisation of the socio-economic aspects of conversion and the formulation of practical ways to integrate the newly released work force into civilian production and to maintain employment levels. In its turn, the United Nations Industrial Development Organisation could prepare specific bilateral and multilateral projects concerning the reorientation of military production for civilian purposes.

21. In general, the Soviet Union favours the development within the United Nations system of a broad, multilateral dialogue of a practical nature on the whole range of problems connected with *converting* military resources for civilian purposes. Conversion, reduced to the level of practical politics in the form of a programme of concrete measures encompassing all the positive experience gathered by the world community, could be an effective means of shaping and strengthening international confidence, overcoming the remaining barriers of economic isolationism and encouraging economic cooperation between States.