



Organization for Security and Co-operation in Europe

CONSOLIDATED SUMMARY

SEMINAR ON “THE SOCIO-ECONOMIC IMPACT OF DISARMAMENT”
PARIS, FRANCE, 25 – 26 MARCH 2002

TABLE OF CONTENT

SUMMARY OF THE SEMINAR.....	3
OPENING PLENARY SESSION:	
Speeches by:	
- Mr. João Mira Gomes, Chargé d'affaires a.i., Embassy of Portugal in Paris.....	7
- Mr. Marc Baltes, Acting Co-ordinator of OSCE Economic and Environmental Activities.....	10
REPORTS OF THE ROUND TABLES BY THE RAPPORTEURS:	
Round table n°1: The difficulty of measuring peace dividends.....	12
Round table n°2: The problematic of re-conversion.....	15
Round table n°3: The control of the disarmament process.....	18
CLOSING PLENARY: Closing remarks by	
- Mr. João Bernardo Weinstein, Director of OSCE Department, Ministry of Foreign Affairs, Portugal.....	22
- Ms. Véronique Bujon-Barré, Deputy Director of Strategic Affairs, Security and Disarmament – Ministry of Foreign Affairs, France.....	23
INTRODUCTORY NOTE.....	25
AGENDA	27
LIST OF PARTICIPANTS.....	30

SUMMARY OF THE SEMINAR

“THE SOCIO-ECONOMIC IMPACT OF DISARMAMENT”

1. INTRODUCTION

The Paris seminar on “The Socio-economic Impact of Disarmament”, jointly organized by the Office of the Co-ordinator of OSCE Economic and Environmental Activities, on behalf of the Portuguese Chairmanship, and the Ministry of Foreign Affairs of France, underlined major aspects and difficulties related to the economic conversion of the military-industrial sector.

2. PARTICIPANTS

The seminar gathered more than one hundred participants from 40 Participating States, the EU Commission and TACIS, Partners for Co-operation, academia and research, international organisations, NGOs, the private business sector, trade unions, the media, as well as OSCE field presences.

3. OPENING PLENARY

Mrs. Véronique Bujon-Barré, Deputy Director of Strategic Affairs, Security and Disarmament from the French Ministry of Foreign Affairs, welcomed in her plenary address the participants and stressed the importance of the event that is being attended by a wide audience of high quality experts. In his keynote speech, Mr. Pascal Boniface, Director of the French Institute for International and Strategic Relations (IRIS), underlined the significance of conversion issues. The representative of the Portuguese Chairmanship of the OSCE, Mr. João Mira Gomes, Chargé d'affaires a.i. from the Portuguese Embassy in Paris, established a clear link between disarmament and security. He also reminded the content of international treaties on disarmament matters, especially in the European context. Mr. Marc Baltes, Acting Co-ordinator of the OSCE Economic and Environmental Activities overviewed most of the economic, financial and social issues created by the conversion of defence industries and disarmament *per se*, especially in the countries that are confronted with the numerous challenges of the liberal transition.

4. ASSESSING PEACE DIVIDENDS

The first roundtable concentrated on the issue of peace dividends. The first speaker, Prof. Jacques Fontanel, noted that disarmament can create new opportunities for development. It is a difficult and costly process, where experience with market economy and competition helps. It should also be made clear that we might be entering into a new re-armament process, characterised by the use of high technologies.

The next speaker was Dr. Jonathan M. Feldman, who has a wide experience with defence industry. He underlined that conversion cannot be left to the market alone, and that states should be more involved to ensure a successful conversion of defence activities.

In a last presentation, Dr. Daniel Linotte analysed the link between defence expenditures and economic growth. He concluded that analytical outcomes seem to depend a lot on the models and methods used to study the linkage. Nevertheless, defence related R&D might have a significant impact on the civilian sector.

Overall, there was a consensus about the difficulty to measure accurately peace dividends.

5. THE CONVERSION PROBLEMATIC

Professor Laure Despres reviewed general aspects of the conversion of defence industries in Russia, where the process is rendered extremely difficult by the prevailing economic environment. Low quality and the inefficiency of Russian firms are also hindering the growth of civilian output. According to Professor Bernstein, one can hardly see peace dividends in the context of a virtually collapsing economy. Moreover, the direct conversion of defence activities in nuclear cities is complicated by many factors. Foreign assistance should concentrate on backing new firms that are already demonstrating high competitiveness and viability. Dr. Alain Gerard studied the role of the International Centres for Science and Technology that were created in Russia and Ukraine to facilitate the conversion of R&D activities. These centres encourage also partnership with Western research institutes and private. Progress can be recorded. However, more must still be done to fully exploit the CIS R&D capabilities.

An example of disarmament/conversion was proposed by Mr. Fred C. Parker IV within the context of The Stability Pact for South Eastern Europe. The World Bank got involved and some military personnel found civilian jobs because they benefited from training and loans. Professor Maurizio Martellini underlined that funds allocated by Russia and Western countries cover about one tenth of what would be seen as desirable for a quick conversion of the nuclear weapons complex. In order to improve the situation, the “European Nuclear Cities Initiative” was proposed in 1999 by Landau Network-Centro Volta and the Italian Ministry of Foreign Affairs. A few projects may employ Russian scientists and energy savings are encouraged to improve local finance in nuclear cities.

While debating with Mr. Edouard Braine, a manager from the defence industry, Mr. Gerald Hayotte, representing a French Trade Union, proposed a critical assessment of a conversion experience in the French context. His views indicate that Western countries are also confronted with conversion problems, especially when defence related activities are concentrated in a few regions where they are the main employers.

The problems of conversion in Germany were covered by two presentations. Dr. Klaus Potthoff indicated that training is essential for providing new skills. The experience shows that conversion problems are the same in all countries as well as the importance of the human factor. Mr. Henri Myrntinen studied the restructuring of German armed forces and the current state of conversion in Germany. The lessons learned indicate the importance of support mechanisms provided by public authorities.

The discussion that followed the presentations raised several issues. For instance, considering Russia, there was a clear understanding of the negative consequences of capital flights that deprive the country from essential resources. The important role of the State in facilitating the conversion process was also underlined. The difficulty to re-utilise physical capital was emphasised, indicating that international and domestic efforts should concentrate on human resources. In conclusion, external assistance should be expected to continue to play a key role in converting military industries. A better co-ordination of foreign aid is also necessary.

6. CONTROLLING THE DISARMAMENT PROCESS

In the third roundtable, General Bernard Aussedat discussed the issue of eliminating ammunitions in the Moldovan region of Transdnistria. He highlighted the risks of such stockpiles for the local population and neighbouring Ukraine. The political difficulties of the disarmament process were also underlined. Nevertheless, with the financial support of Western countries, chiefly the Netherlands and the US, and the use of Russian and German equipment, the destruction of ammunitions should be achieved within a reasonable timeframe and could possibly serve as a model of international co-operation.

Prof. Dr. Alexander Kalyadin, from Moscow, indicated how difficult and costly it is to eliminate the huge stock of chemical weapons inherited from Soviet times by Russia. The process is complicated by the fact that Western partners are becoming less interested in the issue. However, Russian efforts and commitments have been praised by the international community. Lieutenant General Grygorii Marchenko made an intervention on the Ukrainian case, where unilateral disarmament was being implemented and should deserve more attention from outside.

Considering the Balkans, there was a presentation by Ms. Eva Veble on the role of a Slovenian NGO in the de-mining process and its important role in establishing dialog between communities (particularly in Bosnia and Herzegovina). Mr. Gilbert Dubois, from the EU Commission, made a final presentation on the role of the EU assistance programmes to support disarmament and the conversion of economic activities.

The conclusions of the third roundtable insisted on the importance of international assistance to facilitate the conversion of military industries. Nevertheless, more resources could be found in the transition countries themselves, simply by addressing capital flights in a more efficient and resolute manner. All parties should also fulfil their international commitments in the field of disarmament and arms control.

7. CLOSING PLENARY

Mr. Marc Baltés introduced the closing plenary. The representative of the Portuguese Presidency, Mr. João Bernardo Weinstein, Director of the OSCE Department from the Portuguese Ministry of Foreign Affairs, congratulated all speakers and participants. He underlined that the Paris event shows the importance given to the economic and environmental dimension by the Portuguese Chairmanship. The conversion of defence industries is still a major challenge for many countries. In that respect, the OSCE has still a key role to play in facilitating the process. The permanent dialog and co-operation between the OSCE participating states is a pre-condition for stability, peace and prosperity, because

they are based on the sharing of common values. He also reminded the importance of the 10th OSCE Economic Forum that will address water issues.

Mrs. Véronique Bujon-Barré concluded the meeting by emphasising the similarities of the conversion issues in both Western and Eastern countries. Disarmament and conversion should be seen as long term processes. She indicated how crucial are: 1) access to specific engineering in the field of disarmament and 2) external financial support from states and International Organizations. Environmental aspects are of great importance. Also, following “September 11”, we might be confronted with a disarmament crisis, that should be addressed accordingly. She expressed her hope that the 2003 OSCE Economic Forum would allow to further extend the discussion and analysis of disarmament.

OPENING PLENARY SESSION

Speech by Mr. João Mira Gomes, Chargé d'affaires a.i., Embassy of Portugal in Paris

Je voudrais tout d'abord présenter nos remerciements les plus sincères aux autorités françaises (Ministère des Affaires Étrangères) qui, à la suite d'une invitation de Présidence Portugaise de l'OSCE, ont immédiatement accepté d'organiser ce Séminaire consacré à l'impact socio-économique du désarmement.

Nous sommes également reconnaissants au Bureau du Coordonnateur des Activités Economiques et Environnementales pour son appui et son excellente collaboration qui ont contribué d'une manière très positive à la réalisation de cette réunion.

Comme nous le savons, le sujet du prochain Forum Economique et Environnemental sera "**l'utilisation durable et la protection de la qualité de l'eau**". Deux des trois séminaires préparatoires ont déjà eu lieu à Belgrade et à Zamora et le troisième se réalisera à Baku.

Aujourd'hui, plus que jamais, les questions liées à la sécurité s'avèrent très complexe et nous croyons que seule une approche globale permet d'apporter des réponses cohérentes et efficaces. Nous pensons donc que ce Séminaire est en soi-même un bon complément du sujet du prochain Forum Economique, car il pourra fournir de nouveaux éléments pour notre réflexion et sera particulièrement utile pour le débat en cours au sein de l'OSCE.

En effet, le désarmement est un processus d'une importance incontournable, en particulier pour notre région, avec des conséquences qui se traduisent par de vrais coûts, tant au niveau économique, comme au niveau de environnemental. Cependant, ce processus peut aussi représenter des dividendes pour nos économies et nos sociétés.

La dynamique du désarmement se caractérise soit par la voie multilatérale, soit par la voie unilatérale :

En ce qui concerne le désarmement multilatéral, la signature du **traité sur les Forces Nucléaires Intermédiaires** en 1987, qui a prévu pour la première fois l'élimination de toute une catégorie d'armes nucléaires et a permis d'enclencher un processus qui s'est ensuite étendu à plusieurs domaines :

- En ce qui concerne les **armements conventionnels**, la signature du Traité sur les Forces Conventionnelles en Europe (FCE) entre les Etats membres de l'OTAN et du Pacte de Varsovie a pour conséquence de supprimer tout risque d'attaque surprise en Europe et d'entraîner des réductions substantielles des arsenaux conventionnels. En effet, au terme de la période de réduction fixée par le traité, plus de 58000 équipements lourds ont été soit retirés de la zone d'application, soit détruits, soit reconvertis à des fins non militaires.

- Pour ce qui est des **armes chimiques**, la Convention sur l'interdiction de la mise au point, de la fabrication, du stockage et de l'emploi des armes chimiques a été signée le 13 janvier 1993.

- Au niveau des **armes nucléaires stratégiques**, la conclusion des accords START, ont défini une limite d'armes nucléaires à vocation stratégique détenues par les Etats-Unis et un plafond pour les charges l'URSS, entraînant une réduction de 15% de leur stocks.
- Sur le plan **des mines antipersonnel**, il a été possible de célébrer une convention sur l'interdiction de l'emploi, du stockage, de la production et du transfert des mines antipersonnel et sur leur destruction.

Au niveau unilatéral et parallèlement aux négociations qui étaient engagées dans les différentes enceintes internationales, certains pays ont annoncé, dès 1990, la mise en place d'importants plans de réduction de leurs forces militaires.

S'agissant des **dépenses militaires**, l'évolution est également spectaculaire sur la même période : en effet, si l'on considère les chiffres publiés dans le rapport annuel du SIPRI entre 1989 et 1999, les dépenses militaires, exprimées en dollars constants 1995, ont été réduites de 30% aux Etats-Unis, 25% en Allemagne et au Royaume-Uni, 10% en France.

Considérant les montants extrêmement élevés de ces dépenses, il est particulièrement important de débattre et de bien analyser, d'une part, les conséquences économiques et sociales des politiques du désarmement, et d'autre part, d'étudier l'application de mesures concrètes pour minimiser ses effets, notamment, au niveau de potentielles situations de crise ou de conflit.

Cette véritable dynamique de désarmement, que nous avons rapidement esquissée, est remarquable à double titre :

- par son ampleur, en s'inscrivant en rupture avec les décennies précédentes de course aux armements et d'expansion des arsenaux militaires,
- d'autre part, parce qu'elle s'est très largement concentrée sur le continent européen.

Mais parallèlement à l'espoir que pouvait générer dans nos sociétés cette réduction des forces militaires et des budgets de défense, apparaissent aussi un certain nombre de difficultés elles même liées au coût du désarmement.

Il est en effet incontestable que des mesures de désarmement d'une telle ampleur induisent des coûts qui appellent à leur tour des mesures d'ajustement structurel. Quatre domaines méritent ainsi d'être mis en lumière :

- en premier lieu, la réduction du nombre d'emplois des personnels militaires, dont les compétences spécifiques n'ont pas toujours d'équivalent dans l'économie, et la question connexe de leur reconversion ;
- deuxièmement, l'incidence des fermetures des garnisons et arsenaux pour les villes et les régions traditionnellement dépendantes de ces secteurs d'activité ;
- en troisième lieu, l'avenir des secteurs industriels tributaires des commandes militaires, particulièrement touchés par les réductions des dépenses consacrées à la défense ;

- enfin, la destruction de ces équipements, qu'il s'agisse des armements conventionnels, chimiques, ou nucléaires, a un coût, souvent élevé, parce qu'elle fait appel à des technologies sophistiquées, et qu'elle requiert des infrastructures spécifiques.

La Présidence Portugaise est très reconnaissante à la France pour l'occasion qui nous est maintenant offerte de débattre des questions liées à "l'impact socio-économique du désarmement" dont les travaux s'organiseront autour de trois tables rondes, consacrées notamment à :

- la difficulté de mesurer les dividendes de la paix en connexion avec les effets macro-économiques du désarmement (conversion, investissements et réaffectation) ;
- la problématique de la reconversion sous ses différents aspects (impact sectoriel, régional, reconversion des militaires démobilisés, etc.) et la micro-économie du désarmement ;
- la maîtrise enfin du processus, qui permettra d'aborder à la fois les risques que peut présenter un désarmement mal maîtrisé (pour l'environnement, en terme de sécurité) et le soutien que peuvent apporter les organisations internationales et les ONG dans le financement et l'assistance de ces opérations, reflet de la diversification des acteurs internationaux.

Je vous remercie de votre attention.

Speech by Mr. Marc Baltès, Acting Co-ordinator of OSCE Economic and Environmental Activities

Je remercie nos trois distingués orateurs pour leurs importantes contributions qui nous guideront au cours de nos délibérations. Nos travaux s'articuleront autour de trois tables rondes, destinées à illustrer les différentes facettes de cette vaste question, en s'appuyant sur de nombreux témoignages à la fois d'analystes reconnus mais aussi d'acteurs directs.

La **mesure de l'impact macro-économique du désarmement et la question connexe de l'évaluation des dividendes de la paix** seront analysés durant notre séance de ce matin. Cet après-midi, la question de la **reconversion sous ses différents aspects**, y inclus son impact sectoriel, régional, ainsi que la reconversion des militaires démobilisés seront au centre de nos délibérations. Demain matin, la **maîtrise du processus du désarmement**, et les risques que peut présenter un désarmement mal maîtrisé (pour l'environnement, en terme de sécurité par exemple) et le soutien que peuvent apporter les organisations internationales et les ONG dans le financement et l'assistance de ces opérations.

Et avec votre permission, et avant de donner la parole aux participants qui souhaiteraient intervenir à ce stade, j'aimerais faire quelques remarques quant au sujet de notre séminaire.

On peut aujourd'hui considérer que la fin de la guerre froide avait stimulé des espoirs démesurés: la course aux armements prendrait fin, engendrant ainsi un processus de paix, la coopération est-ouest, et le partage de valeurs communes telles la démocratie, les droits de l'homme et les libertés.

La conversion des industries d'armement vers des production civiles et l'aide au développement devait aussi générer les dividendes de la paix. Cependant, les données statistiques sur les dépenses en matière de défense nous indiquent des tendances négatives pour les années '90. En Russie et dans les autres pays de la CEI, on doit constater un quasi effondrement du complexe militaro-industriel sans pour autant que la production civile ne l'ait compensé.

De fait, la "transformation des épées en charrues" demeure une tâche extrêmement difficile. En effet, dans les pays en transition, la dite "conversion" requiert des ressources considérables, surtout du fait que l'ancien régime était caractérisé par un biais systématique en faveur de l'industrie lourde et des activités liées à la défense. Il en résulte que le secteur de la défense absorbait une proportion considérable des investissements et des équipements, et employait des millions de travailleurs. Une conversion à grande échelle requerrait ainsi des sommes considérables.

Au vu des difficultés auxquelles les pays en transition sont confrontés, il est difficile de voir où les ressources nécessaires pourraient être mobilisées. D'un point de vue strictement technique, les ressources productives, et en particulier les équipements, ne sont pas nécessairement utilisables pour un large éventail de produits. Souvent, une machine ne peut produire qu'une gamme limitée de biens et cela implique que le désarmement rend une partie des équipement inutilisables.

Aussi le retrait des équipements obsolètes et redondants est-il lui même coûteux. Il en est de même pour certains types d'armements, en particuliers ceux qui utilisent des éléments

nucléaires et chimiques. Leur stockage et leur décontamination comportent des coûts considérables, tout comme les mesures de sécurité qui doivent les entourer.

Mais la conversion pose aussi des problèmes à l'ouest. Les industries de défense emploient une main d'œuvre considérable, souvent concentrée sur certaines régions. Cela implique que la réduction de la production peut entraîner un fort chômage, au moins dans le court terme et les politiciens élus par ces populations peuvent difficilement ignorer ces risques.

De plus, les activités liées à la défense sont généralement relativement profitables, ce qui entraîne nécessairement des actions visant à préserver les privilèges acquis. Malgré les problèmes mentionnés, on peut constater que les budgets militaires et les acquisitions d'armes ont été fortement réduits au cours des années '90.

La réduction des commandes publiques a été en partie compensée par l'accumulation d'armements en dehors de la zone OSCE, surtout dans les pays en développement. Mais il faut garder à l'esprit que cette tendance ne répond pas nécessairement aux besoins réels de ces pays et peut créer de nouvelles zones d'insécurité au lieu de promouvoir la paix.

Dans ce contexte difficile, la conversion peut être facilitée par la coopération, en particulier dans le cadre d'entreprises conjointes (*joint ventures*) avec le support des organisations financières internationales, en particulier la BERD. Des projets tel la Station Spatiale Internationale peuvent unir les efforts scientifiques et techniques des Etats Unis, de la Russie et de l'Europe dans une entreprise commune qui devrait à terme contribuer au progrès et pourrait aussi servir de modèle pour de futures coopérations.

Il est important que les pays occidentaux continuent de fournir une aide aux pays en transition pour faciliter la conversion, aider au reclassement du personnel des entreprises concernées et faciliter le développement de nouveaux produits et leur commercialisation.

Les présentations au cours de nos délibérations vont aborder les différents aspects de la "conversion". J'ose espérer que nos discussions permettront de soutenir des actions futures visant à mieux produire des biens civils, et ainsi de satisfaire encore plus les besoins de nos populations, dans notre région et ailleurs dans le monde.

L'OSCE représente un forum où la coopération entre les Etats participants est soutenue par un cadre institutionnel unique engendrant un dialogue permanent et intense entre ses parties, et facilitant le partage de valeurs communes en termes de démocratie, droits de l'homme et de libertés.

Je vous remercie de votre attention.

ROUNDTABLE no.1: The difficulty of measuring peace dividends

Rapporteur: Ms. Kate Joseph, CSBM Officer, Conflict Prevention Centre, OSCE
Secretariat, Vienna

Speakers:

- Dr. Jacques Fontanel, Director, Espace Europe and Université Pierre Mendès France: The economic conversion of the military sector
- Dr. Jonathan Feldman, Senior Researcher, National Institute for Working Life: Disarmament as investment
- Dr. Daniel Linotte, Senior Economic Adviser, Office of the Co-ordinator of OSCE Economic and Environmental Activities: Defence expenditures and growth

Introduction

This roundtable was the first of the seminar and, as such, served also as a general introduction to the subject of the socio-economic impact of disarmament. Speakers were drawn from academia, research institutes and the OSCE. They presented varying views on the nature of peace dividends based on different presumptions and arrived at different conclusions. Nevertheless, all the speakers echoed the words of M. Boniface during the opening session, who posited that disarmament is in retreat. The speakers during the first roundtable were of the same opinion, although this only made their analyses more pertinent and potentially more valuable.

Peace dividend depends on the type of disarmament

The first speaker, Dr. Jacques Fontanel, noted that although disarmament can contribute to development, it can just as easily contribute to economic crisis. In illustrating this point, he highlighted three forms of disarmament: reductions in military expenditures; partial disarmament (e.g. chemical weapons); and physical destruction of weapons. In the first case, Fontanel challenged the traditional assumption that a decrease in military expenditures due to disarmament necessarily leads to a reallocation of capital. In fact, capital is rarely re-utilized, and the process of disarmament can have negative consequences. In the third case, disarmament can even generate an additional cost. Not all forms of disarmament are, therefore, economically beneficial, and the consequences of disarmament may vary according to type. They may also differ according to the nature of the economy: economically powerful or well-organized countries have benefited more from the peace dividend than countries with economies in transition. In fact, he maintained, the United States has benefited the most from the peace dividend, even though disarmament and conversion have arguably been more limited there than elsewhere.

Conversion

Although the conversion of military industries was to be the focus of the following roundtable, it was covered preliminarily during this working session. Speakers emphasized the elusive nature of the benefits of conversion. Professor Fontanel noted that a decline in military production does not necessarily lead to a transfer to civilian production, although the case of research and development (R&D) was singled out, where the conversion of the military sector has led to significant advances in civilian information technology (IT). The

United States was identified as a good example in this field. Other speakers noted that cuts in military R&D reduce secrecy surrounding new technologies, which can then be used for civilian purposes.

In other sectors, however, the speakers maintained that conversion has been much more problematic, and should not be viewed as a universal panacea. Developed countries have gained more peace dividends from conversion because of the flexibility of their economics and the availability of the requisite resources and incentives. Furthermore, the speakers noted that structural problems in Russia and other former Soviet states inhibited the reallocation of resources from the military sector. This theme was explored more fully in roundtable two.

Problems are not limited to economies in transition, though. Different production methods, and the existence of monopsony (one buyer) in the defence market, had made the military sector uncompetitive and less able to adapt to the rigours of the open market. Dr. Jonathan Feldman maintained that the laissez-faire approach to conversion does not bear fruit, and that governments should be more pro-active supporting and fostering conversion. He identified the space industries in both Sweden and the US as good examples. Another positive example of diversification into the civilian market was the case of Gulfstream Jets, previously owned by defence contractor Northrop Grumman, which is now worth more than twice as much as its former parent company and employs many more people (although he qualified this analysis). He suggested that this might be an innovative way to measure the peace dividend.

The costs of lack of disarmament

Dr. Feldman noted that the costs of high military spending are most obviously felt by those who are on the receiving end of armed aggression. But he and the other speakers identified some costs borne by the originating country too. They noted that “crowding out” can occur, causing a decline in civilian expenditure, while the opportunity cost of high military spending includes a lack of public investment in the civilian sector. However, picking up on Fontanel’s earlier point, a speaker from the floor noted that there are also costs associated with disarmament and non-proliferation, although in response it was noted that the costs arising from a conflict or accident can be far higher. It was universally recognized that these costs can be extremely difficult to calculate and could be incurred over many years. The complexity of the issue was underscored when one speaker noted that, in the long term, these incidents can actually have a positive economic impact, as they may lead to the reallocation of resources to a more efficient sector of the economy.

The relationship between military expenditures and growth

Early macroeconomic modelling on the relationship between military expenditures and growth identified a direct correlation between the two, i.e. a cut in military spending led to a decline in economic growth. Dr. Daniel Linotte outlined this economic thinking, as developed in the early 1970s in Benoit’s case studies of developing countries. Linotte challenged the validity of these findings, while Fontanel added that the affect of military spending cuts on growth can be very superficial and temporal in nature.

Linotte outlined an alternative model developed in 2001 by Dunne, Smith and Willenbockel, who carried out empirical studies of data from 28 countries, all but nine of which are OECD economies. The researchers found that a cut in military expenditures either had no obvious impact on growth, or, in the case of R&D, that there was even a statistically significant inverse relationship between the two, i.e. that growth increased when military spending was reduced. In Linotte’s opinion, a review of the research is inconclusive, demonstrating that the

nature of the relationship between military spending and growth depends heavily on the economic model used and the assumptions on which it is based. However, although there are public goods attached to high military spending (such as deterrence), Linotte noted that targeted cuts in military spending could have a positive impact on growth. He nevertheless agreed with a commentator from the floor that evidence of a direct causal link between the two, be it either negative or positive, is scant.

Conclusion

In opening his presentation, Linotte noted that initial expectations regarding peace dividends, and the economic assumptions underpinning them, were both naïve and wrong. This view seemed to be shared by all the speakers, who presented more sophisticated models to measure peace dividends, although they expressed divergent opinions about the nature of that dividend and the circumstances in which it prevails over the costs of disarmament or reduced military spending. Feldman argued for a fundamental rethink of the nature of disarmament and recommended returning to the concept of disarmament as outlined in the Kennedy “Blueprint for a Peace Race”. The opportunity cost of military spending and armament should be taken into account in any analysis of peace dividends. Fontanel, on the other hand, noted that the assumption that security is assured and that disarmament can proceed unfettered is a dangerous one, and that security itself has a cost which should be factored in to the analysis. Both agreed, however, on the intrinsic value of disarmament for its own sake.

Looking to the future, it was stressed that in order to guarantee a peace dividend, economic conversion should be properly managed by defence engineers, and barriers to conversion (be they physical or psychological) should be overcome. Feldman suggested that new international institutions might be needed to foster this process. Other speakers, including Linotte, called for further study and better economic modelling to measure the peace dividend, a study which could have a ‘real-world’ application. A more cautious note was sounded by Fontanel, who warned that new weapons which will be developed to meet new threats, such as international terrorism, could well necessitate an increase in military spending and a potential decline in the peace dividend.

ROUNDTABLE no. 2: The problematic of re-conversion

Rapporteurs: Ms. Cordula Wohlmuther, Project Officer, OSCE Project Co-ordinator in Ukraine, and Dr. Daniel Linotte, Senior Economic Adviser, Office of the OSCE Co-ordinator on Economic and Environmental Activities, OSCE Secretariat, Vienna

Professor Laure Despres reviewed general aspects of the conversion of defence industries in Russia. During Soviet times, the military-industrial complex (MIC) had a high priority when allocating resources. The army and the MIC were relatively isolated from the rest of the economy. The MIC was also producing civilian goods, which required some technological content. That should have been a factor supporting the conversion of defence activities toward civilian products. *De facto*, conversion was and remains a difficult process in the Russian context. The conversion problem is rendered more difficult by the virtual collapse of state orders and military output after the break up of the Soviet Union. Moreover, the conversion programme promoted by Prime Minister Gaidar in 1992 was more a general declaration than a plan of action, with concrete steps and measures. Conversion funds that were transferred to enterprises were used for paying salaries. Exports were supposed to help the funding of conversion activities. However, they also declined sharply. In fact, the growth of civilian output is still hindered by the poor quality and the low productivity of the MIC firms.

Russian nuclear scientists were badly hit by the transition process, especially in the context of a collapsing economy where, according to **Professor David M. Bernstein**, one can hardly see peace dividends. Following the end of the cold war, Russia is willing to reduce both its nuclear arsenal and the size of the related weapon production complex. The problem of finding or creating new jobs for Russian scientists who are/were working in the military nuclear sector is complicated by many factors. Western countries are supporting Russian efforts. In that respect, the US is promoting programmes combining the work of Russian and US scientists. Nevertheless, considering the difficulties encountered by the direct conversion of defence activities in nuclear cities (where success is very unlikely, because of the isolation of these cities; there is also a lack of experience with commercialisation and infrastructure is missing), for many Russian scientists, moving into the private sector should provide opportunities for creating new companies and represents the only sustainable source of employment. Success will require a combination of many skills combining economic, financial, business and knowledge factors. The lessons for foreign assistance are clear: instead of supporting direct conversion, external aid should concentrate on backing recently created firms that show signs of robustness. Some of them can already be identified, especially in high tech sectors.

Dr. Alain Gerard studied the role of the International Centre for Science and Technology that was created in November 1992 to facilitate the conversion of R&D activities. The ICST combines the efforts of the US, the EU, Japan and Russia. It became operational in 1994. Georgia, Belarus, Armenia, Kazakhstan, Kyrgyzstan, Norway and South Korea also joined the ICST. A separate centre was created for Ukraine and, at a later stage, Georgia and Uzbekistan also joined. Both Centres develop, finance and control scientific and technical projects that use local skills in CIS countries. More than 3000 projects have been recorded of which 1435 were approved for funding. Thus, about USD 400 millions were given to more

than 400 institutes and 30,000 experts that were previously employed in the defence sector. Integrating CIS researches into the international scientific community should be seen as move toward sustainable development. One priority for a successful conversion is the integration of commercial criteria into projects. New products must satisfy market needs. For that purpose, partnership with Western research institutes and private firms is also encouraged. Progress can be recorded and proliferation has been avoided. However, more must still be done to fully exploit the R&D capabilities of CIS countries.

A good example of disarmament/conversion was proposed by **Mr. Fred C. Parker IV**. Thus, the Stability Pact for South East Europe was established in 1999. A plan for conversion came up, relying on the extensive experience within the context of Partnership for Peace between NATO and the new democracies of Central and Eastern Europe. The World Bank also got involved in the issue of converting defence activities. As a result, some military personnel found civilian jobs partly because they could benefit from business training and loans to start new firms. The Council of Europe Development Bank added its resources to the conversion process. For instance, the Bank helped the conversion of a Romanian air base into a facility to support children addicted to drugs. EIB and EBRD are also interested in the Stability Pact experience.

Professor Maurizio Martellini analysed the conversion and downsizing of the Russian nuclear weapon complex by looking at the example of the European Nuclear Cities Initiative (ENCI). Following the collapse of Soviet Union, Russia inherited from a huge amount of nuclear material, sufficient to build the equivalent of 40,000 A-bombs. The storage facilities of that material are extremely poor and diversion risks are very high. East-West co-operation started 10 years ago to help Russia cope with the conversion of the military nuclear complex. That provides enough evidence for a critical review. Thus, funds allocated by Russia and Western countries cover about one tenth of what would be seen as desirable for a quick conversion, decommissioning and downsizing of the nuclear weapons complex.

In order to improve the situation, two projects known as the “European Nuclear Cities Initiative” (ENCI) and the ENCI “International Working Group” were proposed in 1999 by Landau Network-Centro Volta and the Italian MFA, with the support of Russia and the US. ENCI objectives are: 1) to propose a few projects where Russian nuclear scientists could be employed and 2) concrete actions for a more efficient production and better use of electricity that is heavily subsidised by local authorities. That would allow for substantial savings in Russian nuclear cities and, as a result, more funds could be invested in conversion matters.

When debating with **Mr. Edouard Braine**, a manager from the defence industry, **Mr. Gerald Hayotte**, representing a French Trade Union, made a critical assessment of a conversion experience in the French defence sector. More than fifty percent of the jobs were lost in the reference case because of conversion. Such a reduction also meant a loss of qualifications for many workers. It is expected that the personnel reduction should also continue over the next few years. Originally, the State was directly controlling the converted industrial group. Legal changes took place, allowing for an orientation toward private management rules. As result, there is a widespread feeling of miss-conversion. Such a position indicate that Western countries may also be confronted with conversion problems, especially when defence related activities are concentrated in a few regions where they are often the main provider of jobs.

The problems of conversion in Germany were covered by two separate presentations. **Dr. Klaus Potthoff** indicated that major research activities on the issue started in the early 1990s, with the termination of the Cold War and German re-unification. The priority issues were 1) the conversion of garnisons, 2) evaluating the effect on the local economy and 3) designing strategies for regional conversion. Research outcomes underline that 1) the market for armament industries is highly protected and regulated, 2) priority is given to technical performances, 3) costs and timing matter less than performance and 4) what is needed for conversion is new organisational structures at the level of the firm and personal re-conversion. Therefore, training is essential for providing new skills and changing attitudes. For that purpose, it is essential to work very closely with companies to identify qualification needs and prepare pedagogical modules related to civilian marketing, the search for new clients, the way to behave when confronted with conversion conflicts, planning, etc. An international partnership was also created between Germany, Poland, France and UK. It shows that conversion problems are the same in all countries as well as the importance of the human factor.

Mr. Henri Myrntinen studied the restructuring of German armed forces and the current state of conversion in Germany. The termination of the Cold War led to the closure of many military bases of allied forces, Bundeswehr facilities and in former GDR. Most often, closures were success stories, new jobs were created, requiring better qualifications, and there was an incentive for positive structural changes in the regions. Nevertheless, there are continuing difficulties in weak areas and the reintegration of less qualified workforce proved difficult. In East Germany, the economic effect of conversion was particularly positive. The lessons learned indicate the importance of support mechanisms provided by public authorities. In other words, one cannot rely on market forces only to expect conversion.

The lively discussion that followed the presentations raised many issues. Considering Russia, there was a clear understanding of the negative consequences of capital flights that deprive the country from essential resources, despite a very high saving rate. Nevertheless, it was indicated that significant positive changes have already occurred in Russia – there are conversion success stories! The important role of the State in facilitating the conversion process was also underlined. The difficulty to re-utilise physical capital was emphasised, indicating that international and domestic efforts should concentrate on human resources. The link between conversion and overall economic performances was underlined. In that respect, improving the investment climate in some transition countries should be a priority, especially to attract FDIs. There are certainly failures in the conversion matter. However, there are also success stories that could become models and “best practices”.

In conclusion, external assistance should be expected to continue to play a key role in converting military industries, particularly in countries confronted with severe economic and social difficulties. In that respect, a better co-ordination of foreign aid is necessary. New initiatives should also be launched. Conversion is above all a human problem and the creation of SMEs may help absorb former scientists and technicians of the defence military complex, which clearly underline the importance of the business climate for promoting new economic activities.

ROUNDTABLE no. 3: The control of the disarmament process

Rapporteur: Dr. Daniel Linotte, Senior Economic Adviser, Office of the OSCE Co-ordinator on Economic and Environmental Activities, OSCE Secretariat, Vienna

The third roundtable addressed 1) the risks of poorly controlled disarmament, and 2) the principles and modalities of international assistance.

Introduction

The speakers came from national administration, international organisations, research, academia and NGO. They all underlined the complexity of disarmament and arms controls. Overall, there was a common understanding of the issues discussed and about ways to improve.

1. The risks of poorly controlled disarmament

Speakers:

- General Bernard AUSSEDT, Verification Co-ordinator Articles II and IV, OSCE.
- Prof. Dr. Alexander KALIADIN, Institute of the World Economy and International Relations (IMEMO), Moscow.

The elimination of ammunitions: the action of the OSCE in Transdnistria

General AUSSEDT is directly involved in disarmament issues in Transdnistria, that is part of Moldova. Considering the case of Transdnistria, ammunition stockpiles, under the control of the Russian 14th army, are a source of considerable risks and danger for the people and the environment. The Russian presence in the region was largely explained by the need to separate parties and *de facto* avoided a further degradation of the relationship between communities. Progress with the removal of Russian troops implies that solutions have to be found to eliminate or re-process all ammunitions under the direct control of Russia. Recent accidents in ammunition storage facilities demonstrate the danger faced by neighbouring civilian populations. The situation is worsened in Transdnistria because of high population density and the proximity of Ukraine. Any serious incident would probably cause trans-boundary problems.

Following Russian commitments within the framework of the OSCE, all Russian troops and weaponry should be removed from Moldova. Ammunitions should also be either destroyed or moved to Russia. The destruction and the recuperation of various hazardous and dangerous components are costly and risky operations, which require financial resources, technical assistance, experience and high expertise, and adequate equipment. In the Transdnistrian case, Russian and Western (US and German) firms are involved in the transportation, elimination and recuperation processes. Following a preliminary evaluation of needed support by France, a special fund was created to finance the operation. So far, only 50 percent

of the required financing have been committed. The Netherlands and the US, followed by Germany and Norway, are the main donators.

The Transdniestrian disarmament experience underlines that the process and its control can be made more difficult and even impossible by prevailing local political conditions. Moreover, the lack of control over the separatist region allows for the production of small weapons, which may contribute to crime and insecurity, in Moldova and abroad. However, a successful completion of the project would create a precedent and could possibly serve as a model for similar operations, within the framework of the OSCE and elsewhere.

The elimination of chemical weapons in Russia

Alexander KALIADINE is a professor at IMEMO, a major research and learning institution located in Moscow. As indicated by his presentation, the elimination of chemical weapons is another important challenge of the post cold war area. In that respect, Russia inherited from a huge stock and wide range of chemical weapons. Commitments were also made under the framework of the 1993 *Chemical Weapons (CW) Convention*.

Russia is the only country that volunteered to bear the cost of removing all chemical weapons from its defence arsenal. The proper elimination and re-treatment of chemical weapons have been rendered difficult by various factors, including the cost of such operations that might have been underestimated. There were also difficulties caused by changing political factors in the country. Furthermore, foreign assistance depends partly on circumstances, changing perceptions and does not often reflect firm long-term commitments. Despite the economic problems caused by transition, Russian efforts in fulfilling international commitments have been praised. Nevertheless, the remaining task is still tremendous and lessons have also to be learnt from past experience.

Unilateral disarmament in Ukraine

Lieutenant General Grygorii MARCHENKO made a short presentation on Ukraine; he underlined the uniqueness of his country, where unilateral disarmament was adopted. However, there seems to be growing concerns among the population about some of the effects of rapid disarmament.

2. The issue of international assistance: principles, modalities

Speakers:

- Ms. Eva VEBLE, Head of the Department for International Relations, International Trust Fund for Demining and Mines Victims Assistance, Slovenia.
- Mr. Gilbert DUBOIS, Head of department, European Commission, OSCE-Council of Europe Department.

The role of NGOs

Eva VEBLE underlined that NGOs are more and more involved in activities related to disarmament, and the demining of land and related awareness education, especially in the Balkans.

On March 12th, 1998, the government of Slovenia established the International Trust Fund for Demining and Mines Victims Assistance (ITF) in Bosnia and Herzegovina, and elsewhere in world, where ITF operates. There are many reasons behind the initiative. Above all, Slovenia is willing to contribute to a lasting solution to the post-war mine crisis in B&H. Slovenia wants to help B&H peoples to built an expertise on demining and be able to conduct operations themselves. That should also improve relationships between communities and nationalities that share the common land of B&H. Full medical support is also provided to mines victims. The activities of the ITF also help building and strengthen confidence and co-operation within the Balkans.

The European Union

Mr. Gilbert DUBOIS spent several years in Moscow, working at the Delegation of the European Commission. The European Commission provided assistance to transition countries within the framework of the so-called TACIS and PHARE programmes. Recently, the European Agency for Reconstruction, with its headquarter in Thessaloniki, Greece, was also established to support FRY. The TACIS programme of the European Union was launched in 1991. It provides grants-financed technical assistance to 13 countries: all former Soviet Republics, excluding Baltic States (that are covered by PHARE), and Mongolia. Since 2000, TACIS activities are mainly concentrated on: institutional, legal and administrative reforms, private sector and economic development, infrastructures, environment, rural economy and nuclear safety.

TACIS has also supported many projects and activities in the field of disarmament and non-proliferation, especially within the framework of the EU co-operation programme with Russia. The Council Joint Action of 27 December 1999 established the EU co-operation programme with the Russian Federation. Much importance is given to chemical weapons, with a contribution in the first phase of a weapons destruction plant situated in Gorny. The re-training of the scientific and technical staff has already been addressed with EU grants. Moreover, much importance is given to the full implementation of the so-called “Ottawa Treaty”, on the prohibition of antipersonnel landmines, that also requires adequate funding and expertise.

Discussion

Many issues were raised during the vibrant discussion that followed the presentations, including the need to better assess the costs of disarmament and the importance of the human dimension of arms race. A Japanese representative said that his country has already provided medical equipment to ease the life of affected populations in former nuclear testing sites. Japan is also involved in four countries, namely Belarus, Russia, Ukraine and Kazakhstan. Developing countries are confronted with similar problems (e.g. landmines in Thailand and neighbouring countries) and are asking for more assistance from the more developed countries. There was an appeal from an Ukrainian delegate for better co-operation between countries and the need for global governance to address the new challenges of the 21st century, including the dreadful consequences of climatic changes. A German representative underlined the need to stop capital flights from Russia, a country he knows well from direct experience. Such a move would definitely provide more resources to the country.

Conclusions

The following points summarise roundtable 3:

- Ammunition storage facilities may represent considerable risks and dangers for populations and the environment.
- The destruction and removal of ammunitions is a costly operation that requires considerable expertise, equipment and adequate funding.
- Disarmament might be complicated by local political conditions.
- Separatism may impede disarmament operations and raise insecurity, locally and in neighbouring countries.
- In Ukraine, there might be raising concerns about some of the impacts of disarmament. Peace dividends might be mis-perceived.
- The European Union is firmly engaged in disarmament programmes and provide significant support to transition countries to facilitate the conversion of their industries and the destruction of weapons.
- Capital flights must be addressed seriously and should help transition countries, especially Russia, to find more resources.
- Ukraine provides a model of unilateral disarmament that should deserve full consideration.
- Engaging civil society, particularly NGOs, can be essential for demining, especially in the Balkans.
- Global governance should definitely help find solutions to prevent conflicts and cope with environmental challenges such as global warming.
- International relations should be based on the rule of law and parties should fulfil their commitments.

Forthcoming event on disarmament

The EU Tacis Program and the National Co-ordinating Centre on social and professional adaptation and conversion of military objects will organise the second international forum on “Crimean Spring of Conversion – 2002”. The event will take place from 24-27 April in Yalta, Ukraine.

CLOSING PLENARY

Closing remarks by Mr. João Bernardo Weinstein, Director of OSCE Department, Ministry of Foreign Affairs, Portugal

J'aimerais tout d'abord, au nom de la Présidence Portugaise de l'OSCE, remercier les autorités françaises pour leur extraordinaire hospitalité et, en particulier, tout l'équipe du Quai d'Orsay qui, dès le début et avec enthousiasme, a soutenu l'initiative de la réalisation de ce Séminaire. Je tiens également à remercier l'appui du Bureau du Coordinateur Economique et Environnemental.

D'autre part, je voudrais féliciter tous les orateurs et tous les participants qui ont contribué de façon remarquable à la dynamique des débats qu'on vient d'avoir. Bien entendu, mes remerciements s'étendent aussi aux ONG's qui ont bien voulu participer et aux interprètes qui, comme toujours, ont démontré tant de patience pour nous aider à mieux communiquer.

La réalisation de ce Séminaire est encore une preuve de notre volonté de renforcer de Dimension Economique et Environnementale de l'OSCE. En effet, le rééquilibrage des trois dimensions de l'OSCE est un exercice ambitieux qui demande un effort de nous tous. Tous les membres de l'Organisation sont responsables pour son succès.

Nous pensons que les conséquences socio-économiques du désarmement constituent un sujet de grande importance et actualité et nous sommes très satisfaits qu'il ait pu être abordé ici à Paris, ces derniers jours.

La stabilité étant très liée à la prospérité, nous considérons que la Dimension Economique et Environnementale de l'OSCE a un important rôle à jouer. En réalité, la qualité des débats auxquels nous venons d'assister, apprendre des cas de coopération déjà en place, constituent des éléments positifs pour le progrès de la sécurité dans notre région.

L'impact socio-économique du désarmement doit être pris en compte lors des réflexions sur les objectifs majeurs proposés par notre Organisation dans le contexte économique et environnemental. Un processus de désarmement mal maîtrisé peut produire des situations menant à de potentielles sources de conflit.

Le dialogue et la coopération favorisent la création d'un climat de confiance et celle-ci est la base sur laquelle pourra enfin être bâtie une société où le respect des valeurs et des principes auxquels nous sommes tous attachés sera une réalité et permettra ainsi le développement d'une culture commune de paix.

Nous croyons, par ailleurs, que l'esprit de notre Organisation et l'approche globale de la sécurité sur laquelle elle se fonde justifient pleinement la diversité des thèmes à aborder. À cet égard, je tiens à rappeler que le Forum Economique de l'OSCE cette année sera consacré à la "Coopération pour l'utilisation durable et la protection de la qualité de l'eau". Nous considérons, en effet, qu'il s'agit d'un défi majeur pour la sécurité au XXIème siècle, comme l'a rappelé, à juste titre, M. Kofi Annan la semaine dernière, à l'occasion de la Journée Mondiale de l'Eau. Nous vous attendons ainsi nombreux à Prague du 28 au 31 mai.

Je vous remercie de votre attention.

Closing remarks by Ms. Véronique Bujon-Barré, Deputy Director of Strategic Affairs, Security and Disarmament – Ministry of Foreign Affairs, France

C'est à moi qu'il revient de clore les travaux de ce séminaire en remerciant tout d'abord l'ensemble des participants, qui ont contribué à en faire une manifestation réussie à travers des débats vivants et fort intéressants.

Je relève particulièrement la bonne interactivité avec l'assistance, qui a très utilement complété les interventions, en apportant des éclairages pertinents sur les différents aspects des problématiques examinées. J'espère que les travaux de ces deux jours auront donné matière à ceux qui s'intéressent aux questions de désarmement pour examiner de nouvelles pistes de réflexion et leur auront permis de nouer à cet effet des contacts utiles.

J'aimerais ajouter en votre nom un mot de remerciement pour les interprètes, qui ont parfaitement assuré l'interprétation de ces débats.

Sur le fond des choses, je relèverai pour ma part les points suivants :

Nous avons pu constater au travers des débats de la journée d'hier, combien l'impact du cycle de désarmement que nous avons connu dans les années '90 a été important dans l'ensemble de la zone OSCE et **combien aussi la question de la reconversion** se pose dans des termes similaires pour l'ensemble des pays de la zone OSCE, qu'il s'agisse des industries d'armement contraintes de chercher de nouveaux débouchés, des régions touchées par la suppression des activités liées à l'armement, des scientifiques hautement qualifiés privés d'activités. Il s'agit en effet d'un processus complexe, qui fait non seulement appel à des incitations économiques et politiques, mais qui impose aussi un effort spécifique de reconversion du capital humain.

Les interventions d'hier et de ce matin démontrent également combien les projets de désarmement s'inscrivent dans le long terme et nécessitent

- un accompagnement adapté de la part d'organismes spécialisés, qui apportent une ingénierie spécifique,
- des financements importants de la part de la communauté internationale qu'il s'agisse des Etats ou des organisations internationales.

Ces questions conservent une dimension tout à fait actuelle en terme de **sécurité** compte tenu des risques de prolifération liés à l'existence de stocks de matières fissiles en déshérence, d'armes chimiques et de missiles voués à la destruction, sans même parler des stocks de munitions conventionnelles, comme nous l'avons vu à travers l'exemple de la Transnistrie.

Certains intervenants ont également mentionné **la dimension écologique** de cette question, à travers la gestion sur le long terme des effets de ce processus de désarmement. Il s'agit de **la réhabilitation des anciens sites militaires**, qu'ils **soient conventionnels** (anciennes bases aériennes, champs de tirs, aires de stockage de munitions) mais aussi à fortiori quand ils étaient un lieu de stockage de munitions nucléaires et chimiques. Comme nous l'avons constaté au travers des débats, ces sites sont aujourd'hui confrontés à des problèmes de

pollution tout à fait spécifiques, dont le traitement fait appel à des technologies adaptées et à des financements importants.

Enfin je relève le constat d'une certaine crise du désarmement, dont les causes ont été analysées par certains intervenants. Je me réfère en particulier l'analyse du Professeur Fontanel qui nous indiquait que nous trouvons au terme d'un cycle de désarmement caractérisé par l'élimination de stocks d'armes héritées de la guerre froide, et au début d'un nouveau caractérisé par la production de nouveaux systèmes d'armes, correspondant à une nouvelle analyse des besoins de sécurité, ce qui prend un relief particulier dans le contexte de l'après 11 septembre.

Ce thème, comme nous le présentions au moment où la présidence en exercice a sollicité le concours de la France à la réalisation de cette manifestation, dont nous l'avons immédiatement assuré, correspond bien à la définition de la dimension économique et environnementale de la sécurité à l'OSCE. Les acquis de nos réflexions de ces deux jours peuvent contribuer à justifier la consistance de cette dimension économique et environnementale, soumise aux incertitudes d'une définition souvent délicate.

Si l'on en juge aux exemples évoqués de reconversion des militaires démobilisés dans les Balkans ou encore de destruction des armes chimiques, il s'agit bien d'un thème d'une grande richesse, dont les ramifications sont à la fois multiples et très actuelles.

Me tournant vers l'avenir, je serais tentée de suggérer que le Forum Economique de 2003 nous fournisse l'occasion de prolonger cette réflexion sur le thème de l'impact économique du désarmement.

Je livre cette proposition à votre réflexion et vous souhaite un bon retour.



Organization for Security and Co-operation in Europe

The Secretariat

Office of the Co-ordinator of OSCE Economic and
Environmental Activities

Vienna, 19 February 2002

**Seminar on
« The socio-economic impact of disarmament »
Paris, 25 - 26 March 2002**

INTRODUCTORY NOTE

In Europe, the 1990s were unquestionably marked by an extensive process of disarmament. This accompanied, and often translated into strategic realities, the major political changes that took place in the Euro-Atlantic space. The process was characterized by a two-fold dynamic: on the one hand, **multilateral disarmament**, with the signature of a series of international agreements placing limitations on or even calling for the complete destruction of certain categories of armaments; on the other hand, **unilateral initiatives**, with the announcement by the majority of countries of the adoption of major plans for reducing their forces and also their military spending.

At the same time, there began a **public debate on “peace dividends”** - i.e., on the question of the macroeconomic spin-off from reductions in military expenditures, and the resulting benefit for our societies. To what extent would these reductions in military spending lead to additional outlays in the areas of education, health or infrastructure?

To allow a discussion of these questions, France, in co-ordination with the Chairman-in-Office of the OSCE and in co-operation with the Office of the Co-ordinator of Economic and Environmental Activities, has decided to organize a conference on the “socio-economic impact of disarmament”. The deliberations will be centred on three panels aimed at highlighting the different facets of this vast question, based on numerous testimonies both by recognized analysts and by practitioners directly involved:

- **Measurement of the macroeconomic impact of disarmament, first of all, and the related question of evaluation of peace dividends.**

The disarmament process means an investment at the economic level. This involves an immediate expenditure made for the purpose of obtaining a reward in the medium or long term. But the actual achievement of “peace dividends” implies that reductions in military expenditures should be sufficient so that they can generate savings and so that at the same time reinvestment in the economic cycle will lead to more efficient production. Such a reassignment of resources is not automatic and depends on a complex process on which recent studies by specialized economists have thrown light.

- **The question of conversion to peaceful purposes in its different aspects** (sectoral and regional impacts, retraining of demobilized military personnel, etc.).

The aim will be to *consider the problems of conversion* that disarmament poses for the armaments industry, for military personnel and specialists and for the regions or areas particularly affected, and to *illustrate them* with specific examples. A discussion may also be opened on *new activities generated by disarmament* for certain specialized enterprises.

- **Management of the process**

This panel will permit consideration both of the risks that disarmament may present (for the environment or in terms of security) if it is badly managed and of the support available from international organizations and non-governmental organizations in financing and assisting these operations, a reflection of the diversity of the international players.



Organization for Security and Co-operation in Europe

The Secretariat

Office of the Co-ordinator of OSCE Economic and
Environmental Activities

Paris, 25 March 2002

Seminar on
« The socio-economic impact of disarmament »
Paris, 25 - 26 March 2002

AGENDA

Monday, 25 March 2002 :

Opening Plenary (9h30 - 10h30)

- Ms. Véronique Bujon-Barré, Deputy Director of Strategic Affairs, Security and Disarmament – Ministry of Foreign Affairs, France
- Mr. Pascal Boniface, Director of the Institute for Strategic and International Relations (IRIS), Paris
- Mr. João Mira Gomes, Chargé d'affaires a.i., Embassy of Portugal in Paris
- Mr. Marc Baltes, Acting Co-ordinator of OSCE Economic and Environmental Activities

Coffee break (10h30 - 11h00)

Round table n°1: The difficulty of measuring peace dividends (11h00 - 13h00)

Moderator: *Mr. Douglas A. Davidson*

Rapporteur: *Ms. Kate Joseph*

- economic conversion of the military sector

Prof. Jacques FONTANEL (Director
Espace Europe, University Pierre
Mendès France)

- disarmament as investment; its potential effects on
economic activity

Dr. Jonathan M. FELDMAN (Senior
Researcher, National Institute for
Working Life, Sweden)

- defense expenditures and growth

Dr. Daniel LINOTTE (Senior
Economic Adviser of the Office of the
OSCE Co-ordinator on Economic and
Environmental Activities)

*Lunch buffet at the International Centre for Conferences offered by the Ministry of Foreign
Affairs (13h00 - 14h30)*

Round table n°2: The problematic of re-conversion (14h30 - 17h45)

Moderator: *Mr. Jos Schellaars*

Rapporteur: *Ms. Cordula Wohlmuther*

1. Different aspects of re-conversion (14h30 - 16h45)

- general aspects of the re-conversion of military industries in Russia Prof. Laure DESPRÉS (Professor, University of economic and social sciences, Nantes)

- the re-conversion of armament industries: the example of some harbor cities (Lorient / Kiel / Gdansk / Plymouth) Prof. Dr. Klaus POTTHOFF (Schleswig-Holstein Institute for Peace Research, Kiel)

- the re-conversion of the scientists from the nuclear industry in Russia Prof. David M. BERNSTEIN (Center for International Security and Arms Control, Stanford University)

- the re-conversion of the military R&D in Russia and in the CIS: the role of the International Science & Technology Center) Dr. Alain GÉRARD (Former Director of the International Science & Technology Center, Moscow)

- the reinsertion of demobilized military staff: the example of the World Bank and NATO program in the Balkans Mr. Fred C. PARKER (Political Affaires Division, NATO)

- conversion and downsizing of the Russian Nuclear Weapons Complex: the example of the European Nuclear Cities Initiative (ENCI) Prof. Maurizio MARTELLINI (General Secretary, Landau Network-Centro Volta, Como, Italy)

- the problem of military re-conversion in Germany Mr. Henri MYRTTINEN (Bonn International Center for Conversion)

Break (16h45 - 17h00)

2. Disarmament microeconomics: disarmament - a new source of activities for specialized enterprises (17h00 - 17h45)

- round table with Mr. Edouard BRAINE (SNPE Explosives and Propellants, Paris) Mr. Gérald HAYOTTE (GIAT Industries, France)

Cocktail at the International Centre for Conferences offered by the Ministry of Foreign Affairs (18h00)

Tuesday, 26 March 2002:

Round table n°3: The control of the disarmament process (9h30 - 12h00)

Moderator: *Mr. João Bernardo Weinstein*

Rapporteur: *Mr. Daniel Linotte*

1. The risks of poorly controlled disarmament (9h30 – 11h00)

- the elimination of ammunition stockpiles: the action of the OSCE in Transnistria General Bernard AUSSEDAT
(Verification Co-ordinator Articles II & IV, OSCE)

- the elimination of chemical weapons Prof. Dr. Alexander KALYADIN
(Institute of world economy and international relations, Moscow)

Coffee break (11h00 - 11h15)

2. The issue of international assistance: principles, modalities (11h15 – 12h00)

- the growing field role of the NGOs – the example of the International Trust Fund Ms. Eva VEBLE (Head of the Department for International Relations, International Trust Fund for Demining and Mine Victims Assistance, Slovenia)

- the principles and the modalities of the international assistance: ensuring the right conditions of success Mr. Gilbert DUBOIS (Head of the “OSCE – Council of Europe” Department, European Commission)

Closing Plenary (12h00 - 12h30)

- Mr. Marc Baltes, Acting Co-ordinator of OSCE Economic and Environmental Activities
- Mr. João Bernardo Weinstein, Director of OSCE Department, Ministry of Foreign Affairs, Portugal
- Ms. Véronique Bujon-Barré, Deputy Director of Strategic Affairs, Security and Disarmament – Ministry of Foreign Affairs, France



Organization for Security and Co-operation in Europe

The Secretariat

**OSCE Seminar on “The socio-economic impact of disarmament”
Paris, 25-26 March 2002**

LIST OF PARTICIPANTS

PARTICIPATING STATES

ALBANIA

KOKOMANI, Ms. Mirela

Desk Officer, Ministry of Foreign Affairs,
Democracy Department.

GERMANY

RINNERT, Dr. Bernd

Deputy Head of Division, Federal Foreign
Office, Conventional Arms Control and
CSBM.

UNITED STATES OF AMERICA

DAVIDSON, Mr. Douglas A.

Deputy Chief of Mission, United States
Mission to the OSCE.

BRUCKER, Ms. Katherine

Political Officer, United States Mission to the
OSCE.

ANDORRA

TOR, H.E. Ambassador Ms. Imma

Ambassador, Embassy of Andorra in Paris.

ARMENIA

MKRTCHIAN, Mr. Samvel

Head of Department, Ministry of Foreign Affairs, European Department.

AUSTRIA

GLANZER, Mr. Hans-Peter

OSCE Department, Ministry of Foreign Affairs.

WEINBERGER, Mr. Gerhard

Embassy of Austria in Paris.

BELARUS

MARTYNYUK, Mr. Anton

Second Secretary, Permanent Delegation of the Republic of Belarus to the OSCE.

BELGIUM

DEPRE, Ms. Pascale

Embassy of Belgium in Paris.

BULGARIA

STOYCHEV, Colonel Kiril

Head of Directorate, Ministry of Defense, Armaments Policy Directorate.

TCHAKMAKOV, Colonel Valentin

Embassy of Bulgaria in Paris.

CYPRUS

MALLIOTIS, Ms. Ioanna

Embassy of Cyprus in Paris.

DENMARK

NAIDU DYLANDER, Ms. Dewi

First Secretary, Embassy of Denmark in Paris.

SPAIN/EU

BARTOLOME, Mr. Raul

Embassy of Spain in Paris.

DUBOIS, Mr. Gilbert

Head of Department, European Commission, OSCE - Council of Europe Department.

LAMBORION, Mr. Thierry

International Consultant, TACIS Project, Ukraine.

TARAN, Ms. Maryna

Interpreter, TACIS Project, Delegation of the National Coordination Centre.

FINLAND

VOIONMAA, Ms. Hannele	Ministry of Foreign Affairs, Directorate of Political Affairs – OSCE.
BLINNIKKA, Ms. Paivi	Embassy of Finland in Paris.

FRANCE

BUJON-BARRÉ, Ms. Véronique	Deputy Director, Strategic Affairs, Security and Disarmament, Ministry of Foreign Affairs.
JOUBERT, H.E. Mr. Ambassador Bruno	Ambassador of the French Delegation, Permanent Representation of France to the OSCE.
ARAUD, Mr. Gérard	Director, Strategic Affairs, Security and Disarmament, Ministry of Foreign Affairs.
AUDREN de KERDREL, Mr. Guillaume	OSCE Desk Officer, Department of Multilateral Issues, Ministry of Foreign Affairs.
BARGAIN, Mr. Yves	Deputy Director, Continental Europe Department, Ministry of Foreign Affairs.
BEYER, Colonel Jean-Marie	Arms Control Department, Ministry of Defense – Army General Staff.
BONIFACE, Prof. Pascal	Director of the Institute for Strategic and International Relations (IRIS), Paris.
BOTTINE, Brigadier General Marc	Senior Military Adviser – Ministry of Defense, Permanent Representation of France to the OSCE.
de BOURMONT, Ms. Chantal	Deputy Director, Military Cooperation and Defense Department, Ministry of Foreign Affairs.
BRAINE, Mr. Edouard	General Director, SNPE (Société Nationale de Poudre et d'Explosifs), Paris.
COCHARD, Mr. Pierre	Deputy Director, Oriental Europe Department, Ministry of Foreign Affairs.
DENEVE, Mr. Olivier	Strategic Affairs Delegation, Ministry of Defense.
ESCURE, Mr. Marcel	Deputy Director, Department of Multilateral Issues, Ministry of Foreign Affairs.

FOUCHER, Mr. Michel	Director, Analysis and Forecasting Centre, Ministry of Foreign Affairs.
GALHARAGUE, Mr. Roland	Deputy Director, Analysis and Forecasting Centre, Ministry of Foreign Affairs.
GÉRARD, Dr. Alain	Senior Officer, Atomic Energy Commissariat, Strategy Department.
GIOVACHINI, Mr. Laurent	Director, Ministry of Defense, DGA/DCI.
GROSMAIRE, General Daniel	Chief of Corps - Unité Française de Vérification (UFV), Ministry of Defense – Army General Staff.
HARSCOUEY de SAINT-GEORGES, Mr. Luc	Chief of the Verification Bureau – DT/VER, Ministry of Foreign Affairs.
HOMMEY, Colonel Pierre	Military Adviser - Defense Department, Permanent Representation of France to the OSCE.
LABAYE, General Laurent	Chief of Arms Control Department, Ministry of Defense – Army General Staff.
MARTIN, Mr. Eric-André	Department of Chemical and Biological Disarmament and Control of Classical Armaments, Ministry of Foreign Affairs.
PARENT, Cpt. Xavier	Arms Control Inspector, Unité Française de Vérification (UFV).
PEZ, Major Didier	Arms Control Inspector, Unité Française de Vérification (UFV).
PRÉVOT, Mr. Marc	Deputy of Director, Mediterranean/Middle East Department, Ministry of Defense.
REMIK-ADIM, Ms. Odile	Analysis and Forecasting Centre, Ministry of Foreign Affairs.
ZIPPER de FABIANI, Mr. Henry	Deputy Director, Strategic Affairs Delegation, Ministry of Defense.
ZAIER, Ms. Manuela	Liaison Officer, Department of Multilateral Issues, Ministry of Foreign Affairs.
JEREMIC, Ms. Dragana	Liaison Officer, Department of Multilateral Issues, Ministry of Foreign Affairs.
CHARLES, Mr. Renaud	Department of Multilateral Issues, Ministry of Foreign Affairs.

UNITED KINGDOM

HILL, Mr. Peter Embassy of the United Kingdom in Paris.

GREECE

IOANNOU, Mr. Dimitrios Counsellor, OSCE, Ministry of Foreign Affairs.

STOIDIS, Mr. Dimosthenis Embassy of Greece in Paris.

HUNGARY

SZUCS, Mr. Laszlo Senior Counsellor, Department of Security Policy and Arms Control, Ministry of Foreign Affairs.

TOTH, Mr. Lajos Embassy of Hungary in Paris.

IRELAND

MacFHIONNBHAIRR, Mr. Darach Deputy Head of Mission, Embassy of Ireland in France.

ICELAND

SNAEVARR, Ms. Sigrídur Embassy of Iceland in Paris.

ITALY

TRIPEPI, Mr. Carlo Embassy of Italy in Paris.

KAZAKHSTAN

KAIBALLIN, Mr. Ermek Head of Manufacturing Industry Department, Ministry of Economy and Trade.

AMIROV, Mr. Galimzhan First Secretary, Embassy of Kazakhstan in Paris.

LATVIA

SMITS, Mr. Didzis Third Secretary, Embassy of Latvia in Paris.

LITHUANIA

JAKOVSKIENE, Ms. Jolanta Counsellor, Embassy of Lithuania in Paris.

LUXEMBOURG

ENGELBERG, Mr. Patrick Embassy of Luxembourg in Paris.

MALTA

PULLICINO, Mr. Simon Embassy of Malta in Paris.

MONACO

LANTERI, Ms. Carole First Secretary, Embassy of the Principality of Monaco in France.

LABARRERE, Mr. Frederic Embassy Secretary, Embassy of the Principality of Monaco in France.

NETHERLANDS

SCHELLAARS, Mr. Jos Counsellor, Head of Arms Control Department, Permanent Representation of the Netherlands to the OSCE.

KRAAK, Mr. Jurriaan Embassy of the Netherlands in Paris.

POLAND

POZNANSKI, Mr. Grzegorz Senior Expert, Dept. for UN System and Global Affairs, Ministry of Foreign Affairs.

RACIBORSKA, Ms. Lidia Embassy of Poland in Paris.

PORTUGAL/CiO

WEINSTEIN, Dr. João Bernardo Director, OSCE Department, Ministry of Foreign Affairs.

VIEIRA, Mr. José Pedro Head of Unit, OSCE Department, Ministry of Foreign Affairs.

GOMES, Dr. João Mira Chargé d'affaires a.i., Embassy of Portugal in France.

ROMANIA

MATACHE, Mr. Constantin Director, OSCE Department, Ministry of Foreign Affairs.

DOBRE, Mr. Dorin Legal Adviser, Defense Policy Department, Ministry of National Defense.

CERCEL, Mr. Mihai
Second Secretary, Embassy of Romania in France.

RUSSIAN FEDERATION

BALYKINA, Ms. Tatiana
Attaché, Department for Security and Disarmament, Ministry of Foreign Affairs.

POLICHTCHOUK, Mr. Alexei
First Secretary, OSCE Division, Ministry of Foreign Affairs.

HOLY SEE

HEBERT, Dr. Jean-Paul
Researcher, Ecole des Hautes Etudes en Sciences Sociales - Paris.

MELLON, Father Christian
National Secretary, Justice et Paix - Paris.

SLOVAKIA

POPJAK, Mr. Pavol
Embassy of Slovakia in Paris.

SLOVENIA

FABJANCIC, Ms. Darja
Counsellor, Embassy of Slovenia in France.

SWEDEN

TENGROTH, Ms. Maria
Desk Officer, Division for European Security Policy, Ministry of Foreign Affairs.

GUNNAR ADEN, Mr. Hans
Embassy of Sweden in Paris.

SWITZERLAND

FISCHER, Ms. Nadia
Scientific collaborator, Global Arms Control and Disarmament Department, Ministry of Defense.

GOTTRET, Mr. Michel
First Counsellor, Embassy of Switzerland in Paris.

CZECH REPUBLIC

HOLOUBKOVA, Ms. Ivana
Minister Plenipotentiary, Embassy of the Czech Republic in France.

KALUSEK, Mr. Bretislav
Economic Counsellor, Embassy of the Czech Republic in France.

TURKEY

ERDOGAN, Ms. Deniz Embassy of Turkey in Paris.

UKRAINE

MARCHENKO, Lieutenant General Grygorii First Deputy State Secretary, Ministry of Emergencies.

SHYKALOV, Colonel Oleksandr Head, National Coordinating Centre of social and professional adaptation and conversion of former military objects.

MOROZ, Mr. Oleksandr Embassy of Ukraine in Paris.

FEDERAL REPUBLIC OF YUGOSLAVIA

MILANOVIC, Mr. Milan Counsellor, Embassy of the Federal Republic of Yugoslavia in France.

OSCE PARTNER FOR CO-OPERATION

JAPAN

KAMIYAMA, Mr. Takeshi Minister, Political Department, Embassy of Japan in Vienna/Japan Delegation to the OSCE.

SHIMIZU, Mr. Fumio First Secretary, Embassy of Japan in France.

AKIYAMA, Ms. Mari Third Secretary, Embassy of Japan in France.

THAILAND

LINTHONG, Major General Chayasit Assistant Director, Ministry of Defense, Bureau of Defense Policy and Planning.

PANICHYANONT, Mr. Sirasit Second Secretary, Ministry of Foreign Affairs, European Affairs.

MEDITERRANEAN PARTNERS FOR CO-OPERATION

ALGERIA

BERRAH, Mr. Mohamed Minister Counsellor, Embassy of Algeria in Paris.

EGYPT

ABOUEICH, Mr. Omar A. Counsellor, Egypt Embassy in France.

JORDAN

ABU TALEB, Mr. Bashar Embassy of Jordan in Paris.

INTERNATIONAL ORGANIZATIONS

BAUER, Mr. Matthias Council of Europe Development Bank, Loan Operations Directorate General.

GRIFFON, Mr. Mikael Conventional Arms Control Policy Officer, NATO.

PARKER IV, Mr. Fred C. Officer, Political Affairs - NATO HQ, NATO.

NON GOVERNMENTAL ORGANIZATIONS

HAY-EDIE, Mr. David Disarmament Coordinator, International Peace Bureau (Geneva).

MARTELLINI, Prof. Maurizio Secretary General, Landau Network - Centro Volta.

MISOL, Ms. Lisa Researcher, Arms Division, Human Rights Watch.

MYRTTINEN, Mr. Henri Researcher, Bonn International Centre for Conversion (BICC).

VEBLE, Ms. Eva Head of the Department for International Relations, International Trust Fund for Demining and Mine Victims Assistance.

ACADEMIC COMMUNITY

BERNSTEIN, Dr. David Research Associate, Center for International Security and Cooperation, Stanford University.

COUDERC, Ms. Marie Researcher, CERNA - Centre for Industrial Economics, Ecole des Mines de Paris.

CREISMÉAS, Ms. Morgane Student, "E-Collegium" Open University – Equipe doctorale "Espaces divisés et frontières", Belgium.

DESPRÉS, Prof. Laure	Professor, Faculté des Sciences Economiques et de Gestion, Université de Nantes.
FELDMAN, Dr. Jonathan M.	Senior Researcher, National Institute for Working Life, Sweden.
FONTANEL, Prof. Jacques	Professor, Université Pierre Mendès France de Grenoble.
KALYADIN, Prof. Dr. Alexander	Institute of world economy and international relations, Moscow.
KLEIN, Prof. Dr. Jean	Professor, Political Science - Sorbonne, Université Paris Sorbonne.
POTTHOFF, Prof. Dr. Klaus	Director, Schleswig-Holstein Institute for Peace Research.
SCHOERNIG, Mr. Niklas	Research Assistant, Peace Research Institute Frankfurt.

BUSINESS COMMUNITY

HAYOTTE, Mr. Gérald	Secretary of the trade union - CFDT Giat Industries, GIAT Industries France.
---------------------	--

OSCE FIELD PRESENCES

AUSSEDAT, General Bernard	Member of the the tripartite working group OSCE Mission to Moldova, Office of the Personal Representative for Articles II and IV.
PUPOLS, Mr. Armands	Economic and Environmental Officer, OSCE Centre in Almaty.
WOHLMUTHER, Ms. Cordula	Project Officer, OSCE Project Co-ordinator in Ukraine.
TRETYAKOV, Mr. Dymitry	Legal Adviser, OSCE Project Co-ordinator in Ukraine.
ANDERSSON, Ms. Lena	Defense Budget Analyst, OSCE Mission to Bosnia and Herzegovina.

OSCE SECRETARIAT

BALTES, Mr. Marc	Acting Co-ordinator of OSCE Economic and Environmental Activities, Office of the OSCE Co-ordinator on Economic and Environmental Activities.
------------------	--

LINOTTE, Dr. Daniel

Senior Economic Adviser, Office of the
OSCE Co-ordinator on Economic and
Environmental Activities.

JOSEPH, Ms. Kate

Confidence and Security Building
Measures(CSBM) Officer, Forum for
Security Cooperation (FSC) Support Unit,
Conflict Prevention Centre.

BOSTINA, Mr. Stefan

Assistant, Office of the OSCE Co-ordinator
on Economic and Environmental Activities.