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Reduction of military budgets: objective information on military matters, including transparency of military expenditures

Objective information on military matters, including transparency of military expenditures

Report of the Secretary-General

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I. Introduction

1. The General Assembly, in its resolution 52/32 of 9 December 1997, *inter alia*, called upon all Member States to report annually, by 30 April, to the Secretary-General their military expenditures for the latest fiscal year for which data were available, using, for the time being, the reporting instrument as recommended in its resolution 35/142 B of 12 December 1980. In paragraph 1 of resolution 52/32, the General Assembly recommended the guidelines and recommendations for objective information on military matters to all Member States for implementation, fully taking into account specific political, military and other conditions prevailing in a region, on the basis of initiatives and with agreement of the States of the region concerned.

2. In paragraph 4 of resolution 52/32, the General Assembly endorsed the intention of the Secretary-General to resume consultations with relevant international and regional organizations receiving reports on military expenditures, with a view to ascertaining the requirements for adjusting the reporting instrument to encourage wider participation. In paragraph 5, the Assembly requested the Secretary-General to make recommendations, based on the outcome of the intended consultations and taking into account the views of Member States, on necessary changes to the content and structure of the United Nations system for the standardized reporting of military expenditures in order to strengthen and broaden participation, and to submit a report on the subject to the General Assembly at its fifty-third session. These recommendations are reproduced in section III of the present report.

3. Pursuant to the request of the General Assembly, the Secretary-General requested all Member States to submit their reports no later than 30 April 1997. The replies received from Member States are reproduced in section IV of the present report.

II. Background

4. The United Nations standardized reporting instrument for military expenditures originated in General Assembly resolution 3093 B (XXVIII) of 7 December 1973, which called for a 10 per cent reduction in the military expenditures of the major Powers and the transfer of 10 per cent of the money thus saved to international development programmes. The Group of Consultant Experts on the Reduction of Military Budgets, mandated by the Secretary-General to report on the issues surrounding the resolution, concluded in 1974 that a prerequisite for negotiating the reduction of military expenditures was agreement on the scope and content of such expenditures (A/9770/Rev. 1).

5. Following a request from the General Assembly in December 1975, contained in resolution 3463 (XXX) of 11 December 1975, the Secretary-General appointed a Group of Experts to determine the scope, content and most appropriate method of assessing military expenditures. As part of their work, the Group developed a definition of military spending, designed a standardized reporting instrument and recommended that Member States begin reporting their military spending on the basis of a standardized matrix, which was included in the report contained in document A/31/222/Rev.1.

6. In 1978, the General Assembly requested the Secretary-General to carry out a pilot reporting exercise, supported by an ad hoc panel on military budgets which was comprised of experienced practitioners from Member States. This pilot exercise was conducted during 1979 and 1980. Yielding substantive responses from fourteen countries, the standardized military expenditure reporting instrument was deemed sufficiently successful to warrant its continued use. As a consequence, on 12 December 1980, the General Assembly approved

the standardized instrument in resolution 35/142 B and recommended that all Member States make use of this instrument to report their military spending on a yearly basis to the Secretary-General. The Secretary-General was, in turn, requested to submit annual reports containing this information to the General Assembly. This was the first in a series of annual consensus resolutions passed by the General Assembly requesting Member States to report their military expenditures in standardized form to the Secretary-General by 30 April each year.

7. The major purpose of the standardized instrument, as expressed by its designers, was to contribute to a broad effort to develop a set of specific measures for the purpose of facilitating the reduction of military expenditures. In addition, it was anticipated that the implementation of the instrument would act as a confidence-building measure by increasing transparency in the area of military budgets. As such, it would be a step in reducing tensions regionally and worldwide. Over the years, transparency in reporting of military budgets has been seen as an important element in confidence-building, as a useful tool for ascertaining resources allocated for military purposes and as one of the indicators of good governance practices. Development organizations have, on occasion, urged Governments to provide information on their military expenditures by using the United Nations standardized reporting instrument.

8. Although military expenditures have decreased significantly in many countries during the seventeen years that the standardized reporting system has been in effect, the instrument of reporting in itself cannot be considered to have made a direct contribution to that outcome. Rather, the end of the cold war, the dissolution of the former Soviet Union and the termination of a number of conflicts that had been nourished by the cold war have led to a sizeable decrease in the share of resources devoted to the military sector worldwide.

9. Similarly, the United Nations instrument's contribution as a confidence-building measure or to improved governance has been modest. It has been used as a model for a similar reporting instrument introduced by the Organization for Security and Cooperation in Europe (OSCE), which is seen as one of a number of confidence-building measures that have helped reduce tensions among OSCE member States. This contribution notwithstanding, the level of participation in the United Nations system has been low. Between 20 and 25 States Members of the United Nations, on average, chose to submit information on their military spending to the Organization through the standardized reporting instrument during the 1980s and approximately 30 to 35 during the 1990s. Participation by African and Asian countries has been minimal. In 1997, reports were obtained from 33 Member States.

10. Even those countries that provided data have generally left at least half of the matrix blank. Countries have explained the presentation of highly aggregated data or nil responses in a variety of ways. Some have said that their accounting systems are incompatible with the matrix; others have argued that large portions of the matrix are inapplicable to them. Such responses have been received from all regions of the world, from the developed and developing countries alike.

11. All of this stands in stark contrast to the United Nations Register of Conventional Arms, to which 95 countries provided information in 1997. The discrepancy between the participation in the military expenditure reporting system and in the arms register has increasingly been remarked on, both within the United Nations itself and in other forums where the availability of data on military expenditures have been discussed.

III. Consultations with representatives of international and regional organizations

12. In resolution 52/32, the General Assembly requested the Secretary-General's cooperation in seeking ways and means of increasing the participation in the United Nations system for reporting military expenditures in a standardized form. The Secretary-General expressed his intention to explore whether differences in national reporting practices might not necessitate some revision of the standardized reporting instrument by resuming consultations with other international bodies that receive data on military expenditures from their members.

13. In paragraph 4 of the same resolution, the General Assembly endorsed the Secretary-General's intention to engage in consultations with relevant international bodies with a view to ascertaining the requirements for adjusting the present instrument to encourage wider participation. The Secretary-General was also requested to report to the fifty-third session of the General Assembly on any recommendations that might emerge from these consultations for increasing the participation of Member States in the United Nations system for the standardized reporting of military expenditures.

14. On 23 April 1998, the Under-Secretary-General for Disarmament Affairs held consultations with representatives of international and regional organizations that receive data on military expenditures from Member Governments (the list of participants is reproduced in the annex to the present report). Representatives of several Member States also attended. The purpose of these discussions was to determine the causes and possible remedies of the very low rate of participation in the reporting system on military expenditures. The consultations were also directed towards proposing practical recommendations to the Secretary-General in order to expand participation in the reporting system.

Constraints on the participation of Member States in the United Nations system for the standardized reporting of military expenditures and measures for overcoming them

15. Four potential constraints on the participation of Member States in the reporting system on military expenditures were discussed during the 23 April 1998 consultations. These were: (a) the structure of the reporting instrument; (b) the capacity of Governments to provide the information requested; (c) the process for overseeing the reporting system; and (d) incentives for Governments to participate in the system. Each of these issues was discussed at some length and several suggestions were made to address the problems identified.

Structure of the reporting instrument

16. The General Assembly's request to the Secretary-General to engage in consultations with international and regional organizations reflected a concern that has been raised since the inception of the reporting system, namely that the structure of the reporting instrument has discouraged Member States from participating and that the instrument may therefore need to be revised. During the 23 April consultations, two potential problems with the structure of the reporting instrument were examined. The first was that the instrument might be too complex for many Governments to complete. The second was that some of the information requested is likely to be extremely difficult for virtually any Government to obtain.

17. The reporting instrument does request a substantial amount of information. Data are sought for three major resource costs categories for each of fourteen different force groups. The three resource categories are in turn divided into nearly 40 subcategories. Consequently,

any Government filling in the entire matrix would have to provide over 580 separate pieces of data. The designers of the instrument recognized from the outset, however, that it was unlikely that Governments would provide the full range of information requested. They made it quite clear when they conducted the first test of the reporting instrument that,

“Whenever applicable, expenditure data are of course highly desirable on all levels of aggregation. If, however, respondents find it possible to supply data only on higher but not on lower levels of aggregation, they are urged not to refrain from participating in the test but to present their figures on the level of aggregation that they find appropriate” (document A/35/479, p. 40).

18. While recognizing that the reporting instrument does request Governments to provide considerable information, there was widespread agreement among the participants at the 23 April consultations that the amount of data requested was not the primary reason why fewer than 20 per cent of all Member States report their military budgets each year. As will be discussed below, considerably greater weight was given to the reporting process itself as well as to the incentives Governments have for participating in the reporting system. One participant argued that it is important to continue to request data in a highly disaggregated form. In this participant’s view, countries not currently reporting are unlikely to begin to do so merely by being presented with a simplified matrix, because most countries could provide information at the first level of disaggregation, or could even just provide a total figure for military spending. Therefore, the option should be left open for those countries that do participate to provide as much information as they are inclined to make available while the other causes of non-reporting are addressed.

19. Despite this general agreement on retaining more or less the same structure for the United Nations matrix, participants did discuss at some length the fact that some resource categories might present difficulties even for countries with highly sophisticated accounting systems. Particular attention was drawn to the item on assessing a “rental value” for properties owned by military establishments. In this regard, reference was made to discussions between the North Atlantic Treaty Organization (NATO) and the United Nations in 1992 and 1993, which resulted in a better understanding of a common format for reporting military spending which is currently being reviewed.

20. One issue that emerged from that discussion was the similarity between the instruments employed by NATO, OSCE and the United Nations. Participants reported that the NATO reporting format had been an important guideline for the Ad Hoc Panel on Military Budgeting, which developed the United Nations standardized instrument, and that OSCE had, in turn, used the United Nations instrument as a model. The reporting instrument employed by the International Monetary Fund (IMF) to obtain the data published in its annual *Government Finance Statistics Yearbook* is somewhat different from the three above-mentioned instruments. The variations between the United Nations/NATO/OSCE instruments on the one hand and the International Monetary Fund instrument on the other relate in large extent to the different objectives these organizations have for obtaining data on military expenditures: security and confidence-building and economic analysis, respectively.

21. Nonetheless, participants in the consultations were of the opinion that it could be fruitful to examine all existing reporting instruments in more detail in order to determine the extent to which the similarities could be increased. Greater complementarity among the instruments would reduce the burden on countries that report to more than one of these organizations, as well as to any other regional instruments that may subsequently be developed, such as the one under discussion in the Organization of American States (OAS). It was suggested that, as a first step towards greater complementarity, further discussions should be held between

NATO and the United Nations to take account of developments that have taken place since the NATO format was used to develop an instrument for the United Nations.

Capacity of reporting Governments

22. In many Member States, accounting systems need to be strengthened in order to provide accurate information on governmental outlays in the military sector. While the requirement for such capacity-building generally extends beyond the military sector, military budgeting systems tend to be particularly opaque in view of the secrecy that traditionally surrounds the activities of a country's security services. Participants in the consultations felt strongly that lack of capacity was an important contributing factor in non-reporting by many Governments in Africa and Asia.

23. It was, however, difficult to assess the extent to which institutional weaknesses contribute to the low level of participation in the United Nations system for the standardized reporting of military expenditures. An independent survey conducted in the mid-1980s of 50 non-OECD countries demonstrated that a number of countries in Africa and Asia that have never reported to the United Nations system were nonetheless publishing budgetary or public accounts documents containing disaggregated data on military expenditures. This suggests that these countries had the capacity to fill in the United Nations matrix at least at the highest level of aggregation at the time that the reporting system got under way. Several had the capacity to provide even greater detail. Some of these countries undoubtedly retain this capacity; in others, that capacity may have eroded. What is more, even countries that publish their own disaggregated figures may require some technical assistance to adjust their information to the United Nations categories.

24. Thus, while the degree of capacity-building required is uncertain, it is clear that many countries could probably benefit from some technical assistance in this area. As an example of what is possible, NATO has provided significant technical assistance to the Partnership for Peace (PfP) nations participating in the PfP Planning and Review Process (PARP) to enable them to report defence expenditure in PARP activities in line with the NATO format. The task of strengthening government accounting systems and procedures is most appropriately undertaken by development and financial institutions, including multilateral organizations such as the World Bank, the IMF and the United Nations Development Programme (UNDP). Nonetheless, the General Assembly and the Secretary-General can play an important supporting role by stressing the importance of transparency of military budgets at every opportunity and by supporting the efforts of the multilateral development banks, UNDP and IMF in this area. The various regional commissions could also play a supporting role by encouraging Member States to improve their military budgeting and accounting procedures and to participate in the standardized reporting system.

Managing the reporting system

25. When the General Assembly approved the system for the standardized reporting of military expenditures in 1980, Member States were sent copies of the reporting instrument, along with detailed instructions for filling it out. Every year since 1980, the General Assembly has approved a resolution that calls on Member States to report their military expenditures. Initially, the Secretary-General followed up with a note verbale to each country drawing their attention to the most recent General Assembly resolution. The note verbale referenced the United Nations report, which contained the reporting instrument, but did not retransmit either the reporting instrument or the instructions.

26. In sum, participation in the reporting system is completely voluntary and there is at present no method for following up on the annual General Assembly resolution to promote

participation in the reporting system. This passive approach reflects to a large degree the initial intent of the designers of the reporting instrument. It was felt that neither the General Assembly nor Member States wanted Governments to be pursued with questions regarding clarifications or requests for additional information. The note verbale from the Secretary-General to each Member State was not, however, considered to be a form of pressure and could conceivably have encouraged some Governments to provide information. That practice was discontinued as a result of an efficiency review conducted by the Secretary-General in 1996 to streamline the work and increase the efficiency of the Organization. The participants urged the United Nations to reinstate that practice.

27. The approach of the United Nations is in direct contrast to the practices followed by organizations such as IMF, OSCE and NATO, all of which actively encourage their members to report. These organizations hold various consultations with member States, which offer the opportunity for receiving feedback on the reporting mechanisms, and they can exert varying degrees of pressure on member States to report. As a result, they have considerably higher response rates. In 1997, for example, 60 per cent of the OSCE's members provided data on military expenditures to the organization. The International Monetary Fund achieves approximately an 85 per cent response rate through reporting either for publication in *Government Finance Statistics Yearbook* or in the course of annual Article IV consultations with member States, although the data reported through Article IV consultations is not based on standardized definitions and some of it is considered to be confidential.

28. A very clear message emerged from the 23 April consultations: self-enforcement without follow-up does not work. There was widespread agreement among the participants that unless the United Nations is able to engage in more follow-up, it will be difficult to increase the level of participation in the standardized military reporting system significantly. The problem faced by the United Nations in this area, as in so many others, is that of insufficient resources.

29. Two potential means of getting around the resource constraints were discussed. The first would be to rely more on the Permanent Missions to make the case for participating in the reporting system. It is unclear, however, how this could be achieved without some degree of additional follow-up activity, and hence resources, on the part of the Secretary-General.

30. A second possibility would be to encourage regional organizations to adopt their own military expenditure reporting systems, as OSCE has done and as OAS is contemplating doing. These could then be linked to the United Nations system, for example by agreements between the organizations to share information on a regular basis. Indeed, participants in the consultations felt that it was much more feasible and appropriate for regional organizations to conduct the sort of follow-up necessary to achieve higher rates of participation. The Organization of American States is already discussing the possibility of establishing its own reporting system. The North Atlantic Treaty Organization offers the opportunity to the 27 countries taking part in the Partnership for Peace (PfP) to report defence expenditure information as part of a wider process to develop interoperable forces for peace support operations and to encourage transparency. Governments are allowed to use either the OSCE or the NATO form to report their military spending.

31. The more difficult task will be to develop similar processes in Africa, Asia and the Middle East. One suggestion of particular interest to participants in the 23 April consultations was reliance upon regional seminars to help publicize the United Nations Register of Conventional Arms. In Africa, Asia, and the Middle East, partnerships might be formed with governmental or non-governmental organizations, depending on interest. In southern Africa, for example, it might make sense to proceed on a subregional basis, working first with the intergovernmental Southern African Development Community (SADC), which has a subcommittee on security issues. In Asia and the Middle East, partnerships with non-

governmental organizations, such as security or development policy research institutes, might initially prove most fruitful. The problem is almost certainly less one of finding appropriate partners than obtaining financing for such efforts.

32. A final issue relating to the process of collecting military expenditure data within the United Nations reporting system that was discussed at some length relates to the fact that Member States operate on a wide variety of fiscal years. This makes it difficult for all of them to produce data for the relevant reporting year by the 30 April deadline, which was established in order to prepare the Secretary-General's report to the General Assembly in a timely fashion.

33. Some participants in the consultations pointed out that national reporting practices to the United Nations may also reflect the participation of Member States in other forums for discussion of matters pertaining to military security and related issues. Some participants expressed interest in mechanisms such as the monthly OSCE Forum for Security Cooperation, where issues such as compliance with the OSCE military expenditures reporting system can be raised.

Incentives for participation

34. There was widespread agreement among the participants in the consultations that it was absolutely critical to identify incentives for Governments to report their military spending. As it currently stands, there are very few incentives to participate in the United Nations reporting system and significant disincentives.

35. The disincentives are largely domestic and political in nature. In many countries, a strong tradition of secrecy surrounds the various components of the security establishment. Basic information about the number of men and women under arms, the budget and salary scales are frequently secret, or at least so closely held that very few people in Government, let alone civil society, have access to this information. In such countries, finance ministries are often excluded from the military budget-making process and, to the extent that military expenditure is debated in the legislature, debates often occur within special, closed legislative units. Civilian control over the military is generally non-existent or weak in these cases and there are significant disincentives from the point of view of personal security for civilians, including senior government officials such as the finance minister, to seek access to this information.

36. This high degree of secrecy is generally justified by the military in terms of protecting national security, but such arguments do not hold up to close scrutiny. Participants in the consultations observed that greater transparency on issues such as military spending in no way jeopardizes the strategic position of military establishments, even those in regions of tension. Information from intelligence sources provides a much clearer picture of capabilities than is possible to obtain from mere expenditure figures. Indeed, the experience of the Conference on Security and Cooperation in Europe, which gave rise to OSCE, demonstrated that greater transparency in the area of military spending is often one of the first critical steps in reducing regional tensions. Some participants in the consultations were of the opinion that by publicizing the nature and outcome of the CSCE process in other regions, the United Nations could provide a concrete example of the positive role of military expenditure transparency in reducing tensions among nations.

37. An additional disincentive to the disclosure of military expenditure is that greater transparency may increase the pressure on the military from other government ministries to reallocate some portion of the military budget for other, arguably more productive, uses. For example, one participant noted that if the military had to value its real estate holdings, pressure might be placed on it to sell assets and for some or all of the proceeds to be allocated to

civilian government ministries. Similarly, full disclosure of the salaries received by military officers, and even lower-ranking military personnel, might place pressure on the military to reduce either the size of the military and/or pay levels. Full disclosure of procurement costs, particularly life cycle costs of military equipment, could exert the same sort of pressure to justify purchases and raise questions about trade-offs in the use of foreign exchange.

38. Unlike the United Nations Register of Conventional Arms, the system for the standardized reporting of military expenditures has no built-in mechanism for encouraging participation. The United Nations Register records both imports and exports. Arms importers are encouraged to report because participation on the part of the major exporters has been strong. In the case of the military expenditures reporting system, there is no alternative if Governments choose not to report their expenditures. Information sharing among organizations such as NATO, OSCE, the United Nations and, perhaps eventually, OAS could encourage some non-reporting countries to report to the United Nations. But information sharing can only occur if Governments are willing to report to at least one institution.

39. The participants in the consultations were generally in agreement that there is need for positive incentives to promote wider use of the United Nations system for the standardized reporting of military expenditures. The notion of linking military expenditures to the delivery of development assistance was viewed as counter-productive by most participants. In any case, neither IMF nor the World Bank can attach conditions to loans related to the level of military expenditure. Decisions on the level of military spending appropriate for each member Government is a strategic decision that each Government must make for itself. At the same time, both the Bank and IMF view military expenditure as having significant opportunity costs. The Fund points out to countries the impact of military spending on resources available for the social sectors in particular, as well as on fiscal deficits and macroeconomic stability. The World Bank is also concerned that military spending not crowd out allocations in sectors it supports.

40. While the Bretton Woods institutions are unable to attach conditions related to the level of military expenditure to their loans, some member Governments have considered attaching such conditions to their own loan agenda and may include issues such as the degree of transparency on military spending into their own decisions on whether to vote in favour of a particular loan from an interregional institution. At least one of the major shareholders of the Bretton Woods institutions will begin making such an assessment in the next year or two.

41. In general, participants in the consultations felt that a culture of “good international citizenship” should be developed. The objective would be to enhance the prestige of Member States that demonstrate their willingness to be transparent in the military sector by participating in the standardized military expenditures reporting system and the United Nations Register of Conventional Arms. A number of specific suggestions towards this end are found in the following section.

Recommendations emerging from the consultations

42. Five major recommendations emerged from the 23 April consultations with representatives of international and regional organizations that receive military expenditure data from member Governments. These are to:

- (a) Raise the profile of the United Nations system for the standardized reporting of military expenditures;

- (b) Elicit the views of Member States regarding obstacles to their participation in the reporting system;
- (c) Provide incentives to Member States to participate in the reporting system;
- (d) Eliminate technical impediments to participation in the reporting system;
- (e) Enhance the complementarity of and cooperation among the different international and regional reporting instruments.

Raise the profile of the reporting system

43. Participants in the consultations felt that if the profile of the reporting system could be enhanced, a larger number of Member States might be encouraged to provide information on their military budgets. Several specific suggestions for ways in which the profile of the reporting system could be raised were offered:

- (a) The Secretary-General should resume the practice of sending a note verbale to Member States as a follow-up to the annual General Assembly resolution requesting the submission of data to the reporting system. This would underline the fact that attention was being given to the responses of Member States at the highest level of the Organization;
- (b) In addition, the reporting instrument and related instructions should be transmitted to Member States each year, along with the note verbale;
- (c) The Secretary-General should hold an informal briefing about the outcome of the 23 April consultations either with the Conference on Disarmament or with the First Committee of the General Assembly. This too would serve to indicate the importance attached to the reporting system at the very highest levels of the United Nations;
- (d) The due date for transmitting data on military expenditures to the Secretariat should be published in the *Journal of the United Nations* to alert the Permanent Missions that they should be in communication with their capitals on this issue;
- (e) The United Nations should seek ways and means of sponsoring regional symposia, along the lines of those held to publicize the United Nations Register of Conventional Arms, to explain the purpose and format of the reporting system. Both Governments and representatives of relevant civil society organizations should be invited to attend. Additionally, Governments and civil society organizations could be urged to co-sponsor and co-fund such symposia.

Elicit the views of Member States regarding obstacles to their participation in the reporting system

44. Participants in the 23 April consultations suggested that the General Assembly ask the Secretary-General to ask Member States how they think that participation in the system for the standardized reporting of military expenditures could be broadened. Recognizing that the responses to such a request from the Secretary-General might be limited, it was suggested that the Conference on Disarmament pursue its goals on transparency issues by following up on the Secretary-General's démarche. In addition, if regional symposia were organized to discuss the purpose and format of the reporting system, these could be used to solicit the views of Member States on how to improve either the instrument or the reporting system itself, and perhaps to gain insight into the obstacles to participation in the reporting system.

Provide incentives to Member States to participate in the reporting system

45. Participants in the consultations felt strongly that Member States would participate in the United Nations system for the standardized reporting of military expenditures to the extent they perceived either that it provided them with a security benefit or that such participation would clearly enhance their prestige.

46. It was felt that regional organizations were best placed to deliver the security benefit. Consequently, the Secretariat should encourage regional organizations to become more active in promoting transparency in the area of military expenditures, particularly in Africa, Asia and the Middle East. The current activities of OSCE in the area of transparency and the ongoing efforts of OAS to promote greater security-sector transparency could be highlighted as potential models for other regions.

47. Participants in the 23 April consultations urged the Secretariat to focus its attention and resources on devising various prestige-enhancing mechanisms to deliver the message to Member States that by participating in the military reporting system they were “good international citizens”. For example, it was proposed that the Secretary-General should produce a short report giving special recognition to those Member States that participate in the reporting system and listing, in an appendix without comment, those countries that have not reported. Such a report could be given wide circulation if posted on the United Nations Website.

Eliminate technical impediments to participation of Member States in the United Nations system for the standardized reporting of military expenditures

48. In view of the capacity constraints that some Member States are believed to be operating under, participants in the 23 April consultations proposed two methods of enhancing the capabilities of those responsible for completing the matrix:

(a) Regional training sessions could be held for those government officials responsible for completing the matrix. These would target technical staff, whereas other regional conferences or symposia recommended above would be aimed at the political level. It would be particularly helpful to draw instructors from States whose military establishments have become more transparent relatively recently.

(b) Governments could be provided with a basic software program for completing the matrix that does not require overly sophisticated hardware to operate. The North Atlantic Treaty Organization could provide some guidance in this respect, drawing on its automated reporting system. The software could be offered to countries that participate in the regional training symposia and part of the training would then be oriented towards use of the software.

Enhance the complementarity and cooperation among the different international and regional reporting instruments

49. Participants in the 23 April meeting noted that there is already a high degree of complementarity among the United Nations, NATO and OSCE definitions and military expenditures reporting instruments. They urged all relevant organizations to take additional steps to enhance the complementarity among their reporting systems so that the burden on Governments to provide information in different formats is reduced. The first step would be to fully implement the 1993 agreement between the United Nations and NATO. The remaining differences among reporting instruments should then be clarified to the extent possible. One way of achieving this objective would be to create memoranda items so that information requested by one reporting system but not by another could be clearly identified.

50. Participants also recommended that organizations begin to share information on military expenditures received from Member States on a regular basis. For example, if the Secretariat

and OSCE agreed to establish a monthly information exchange, it would then be possible to encourage Member States that have provided data to one of these organizations to report to the other as well.

51. Finally, since total complementarity is not likely to be achieved, participants recommended that the United Nations accept information that is produced for different formats, for example the already-existing NATO, OSCE or IMF formats and the one under development by OAS. Data reported using a different format would be noted with an explanatory note in the United Nations standardized report. However, the preferred approach would be to find ways to increase reporting in the United Nations standardized form, as this is clearly one of the strengths of the United Nations system.

IV. Replies received from Governments

Explanatory note

52. The Secretary-General has received reports from 27 countries to date, all of which have used the reporting instrument.

53. Figures in the tables presented below have been reported by participating States on the basis of the standard instrument for international reporting of military expenditures. For analytical purposes, the information on military expenditures received has been computerized, with minor adjustments, to conform to standard statistical practices.

54. The replies from States are available at the Department for Disarmament Affairs, Headquarters.

Argentina

[Original: Spanish]
[25 June 1998]

Instrument for standardized international reporting of military expenditures

(Actual outlays, current prices)

Country: Argentina

Fiscal year: 1997

National currency and unit of measure: pesos

(The unit of measure should not exceed one ten thousandth of the total military expenditures.)

Australia

[Original: English]
[31 July 1998]

Instrument for standardized international reporting of military expenditures

(Actual outlays, current prices)

Country: Australia

Fiscal year: 1 July 1995–30 June 1996

National currency and unit of measure: 100,000 Australian dollars

(The unit of measure should not exceed one ten thousandth of the total military expenditures.)

Belgium

[Original: French]
[27 May 1998]

Instrument for standardized international reporting of military expenditures

(Actual outlays, current prices)

Country: Belgium

Fiscal year: 1 January–31 December 1997

National currency and unit of measure: 10,000 Belgian francs

(The unit of measure should not exceed one ten thousandth of the total military expenditures.)

Brazil

[Original: English]
[11 May 1998]

Instrument for standardized international reporting of military expenditures

(Actual outlays, current prices)

Country: Brazil

Fiscal year: 1 January–31 December 1997

National currency and unit of measure: 1,000 reais

(The unit of measure should not exceed one ten thousandth of the total military expenditures.)

Bulgaria

[Original: English]
[28 April 1998]

Instrument for standardized international reporting of military expenditures

(Actual outlays, current prices)

Country: Bulgaria

Fiscal year: 1 January–31 December 1997

National currency and unit of measure: 1,000 leva

(The unit of measure should not exceed one ten thousandth of the total military expenditures.)

Croatia

[Original: English]
[24 September 1997]

Instrument for standardized international reporting of military expenditures

(Actual outlays, current prices)

Country: Croatia

Fiscal year: 1 January–31 December 1996

National currency and unit of measure: 1,000 kuna

(The unit of measure should not exceed one ten thousandth of the total military expenditures.)

Czech Republic

[Original: English]
[10 July 1998]

Instrument for standardized international reporting of military expenditures

(Actual outlays, current prices)

Country: Czech Republic

Fiscal year: 1 January–31 December 1997

National currency and unit of measure: 1,000,000 Czech crowns

(The unit of measure should not exceed one ten thousandth of the total military expenditures.)

Estonia

[Original: English]
[24 March 1998]

Instrument for standardized international reporting of military expenditures

(Actual outlays, current prices)

Country: Estonia

Fiscal year: 1997

National currency and unit of measure: 10,000 kroons

(The unit of measure should not exceed one ten thousandth of the total military expenditures.)

Finland

[Original: English]
[5 June 1998]

Instrument for standardized international reporting of military expenditures

(Actual outlays, current prices)

Country: Finland

Fiscal year: 1997

National currency and unit of measure: 1,000,000 Finnish markkaa

(The unit of measure should not exceed one ten thousandth of the total military expenditures.)

France

[Original: French]
[5 June 1998]

Instrument for standardized international reporting of military expenditures

(Actual outlays, current prices)

Country: France

Fiscal year: budget 1998

National currency and unit of measure: 100,000 French francs

(The unit of measure should not exceed one ten thousandth of the total military expenditures.)

Germany

[Original: English]
[16 March 1998]

Instrument for standardized international reporting of military expenditures

(Actual outlays, current prices)

Country: Germany

Fiscal year: 1 January–31 December 1997

National currency and unit of measure: 100,000 deutsche mark

(The unit of measure should not exceed one ten thousandth of the total military expenditures.)

Greece

[Original: English]
[12 May 1998]

Instrument for standardized international reporting of military expenditures

(Actual outlays, current prices)

Country: Greece

Fiscal year: 1 January–31 December 1997

National currency and unit of measure: 1,000,000 Greek drachmas

(The unit of measure should not exceed one ten thousandth of the total military expenditures.)

Italy

[Original: English]
[29 July 1998]

Instrument for standardized international reporting of military expenditures

(Actual outlays, current prices)

Country: Italy

Fiscal year: 1 January–31 December 1996

National currency and unit of measure: 10,000,000 Italian lire

(The unit of measure should not exceed one ten thousandth of the total military expenditures.)

Japan

[Original: English]

Instrument for standardized international reporting of military expenditures

(Actual outlays, current prices)

Country: Japan

Fiscal year: 1 April 1997–31 March 1998

National currency and unit of measure: 100,000,000 yen

(The unit of measure should not exceed one ten thousandth of the total military expenditures.)

Japan

Part II

1. In order to approximate the opportunity costs of using conscripts in the military sector, the following information is requested:

(a) The average civilian wage rate that the conscripts would have been likely to obtain during the reporting year if they had not been occupied in the military sector.

Answer: Not applicable

If such an estimate is not available, respondents are requested to suggest an average civilian wage rate that may be readily available and that the respondents believe might serve as a reasonable measure of opportunity costs.

(b) The number of man-years devoted by conscripts to military service during the reporting year concerned.

Answer: Not applicable

2. With reference to point (d) of the specific guidelines above, respondents are requested to give below the total amount of military assistance received from abroad during the reporting year. The amount should be given in the same denomination and currency as used in the matrix, preferably converted from foreign currencies to national currency at average annual market or par value exchange rate as reported by the International Monetary Fund.

Answer: None

3. With reference to points (n) and (o) above, the requested information should be reported here in the same value terms as used in the matrix. It is requested that total expenditures, at least, and preferably detailed by type of force group as in columns 1 to 12 of the matrix, be reported for the following items:

Depletion of ammunition: Data not available

Sales from the military sector of:

- (a) Land: Not available
- (b) Real estate other than land: Not available
- (c) Equipment: Not available
- (d) Services: Not available
- (e) Other: Not available

4. Respondents are requested to submit information as to whether statistics of the following kinds would be readily available for the reporting year.

	<i>Available</i>	<i>Answer</i>	<i>Not available</i>
Price index of specific relevance to the military sector			X
Exports of military equipment			X
Such exports divided by:			
(i) Countries			X
(ii) Regions			X
Imports of military equipment	X		
Such imports divided by:			
(i) Countries	X		
(ii) Regions			X

5. If a regularly published exchange rate is unavailable, or considered unsuitable for converting military expenditures, respondents are requested to comment on other possible ways for comparing the military expenditures of the responding country with those of other countries.

Lithuania

[Original: English]
[15 April 1998]

Instrument for standardized international reporting of military expenditures

(Actual outlays, current prices)

Country: Lithuania

Fiscal year: 1 January 1996–1 January 1997

National currency and unit of measure: 1,000 litas

(The unit of measure should not exceed one ten thousandth of the total military expenditures.)

Lithuania

Part II

1. In order to approximate the opportunity costs of using conscripts in the military sector, the following information is requested:

(a) The average civilian wage rate that the conscripts would have been likely to obtain during the reporting year if they had not been occupied in the military sector.

Answer: 7,440 Lithuanian litas per year

If such an estimate is not available, respondents are requested to suggest an average civilian wage rate that may be readily available and that the respondents believe might serve as a reasonable measure of opportunity costs.

(b) The number of man-years devoted by conscripts to military service during the reporting year concerned.

Answer: 2,912 hours per year

2. With reference to point (d) of the specific guidelines above, respondents are requested to give below the total amount of military assistance received from abroad during the reporting year. The amount should be given in the same denomination and currency as used in the matrix, preferably converted from foreign currencies to national currency at average annual market or par value exchange rate as reported by the International Monetary Fund.

Answer: Not available

3. With reference to points (n) and (o) above, the requested information should be reported here in the same value terms as used in the matrix. It is requested that total expenditures, at least, and preferably detailed by type of force group as in columns 1 to 12 of the matrix, be reported for the following items:

Depletion of ammunition: Not available

Sales from the military sector of:

- (a) Land
- (b) Real estate other than land
- (c) Equipment
- (d) Services
- (e) Other

4. Respondents are requested to submit information as to whether statistics of the following kinds would be readily available for the reporting year.

	<i>Available</i>	<i>Answer</i>	<i>Not available</i>
Price index of specific relevance to the military sector			X
Exports of military equipment			X
Such exports divided by:			
(i) Countries			X
(ii) Regions			X
Imports of military equipment	X		
Such imports divided by:			
(i) Countries	X		
(ii) Regions			X

5. If a regularly published exchange rate is unavailable, or considered unsuitable for converting military expenditures, respondents are requested to comment on other possible ways for comparing the military expenditures of the responding country with those of other countries.

Malta

[Original: English]
[15 April 1998]

Instrument for standardized international reporting of military expenditures

(Actual outlays, current prices)

Country: Malta

Fiscal year: 1 January–31 December 1996

National currency and unit of measure: Maltese liri

(The unit of measure should not exceed one ten thousandth of the total military expenditures.)

New Zealand

[Original: English]
[6 April 1998]

Instrument for standardized international reporting of military expenditures

(Actual outlays, current prices)

Country: New Zealand

Fiscal year: 1 July 1995–30 June 1996

National currency and unit of measure: 1,000 New Zealand dollars

(The unit of measure should not exceed one ten thousandth of the total military expenditures.)

Poland

[Original: English]
[19 June 1998]

Instrument for standardized international reporting of military expenditures

(Actual outlays, current prices)

Country: Poland

Fiscal year: 1997

National currency and unit of measure: 100,000 Polish zlotys

(The unit of measure should not exceed one ten thousandth of the total military expenditures.)

Russian Federation

[Original: Russian]
[14 July 1998]

Instrument for standardized international reporting of military expenditures

(Actual outlays, current prices)

Country: Russian Federation

Fiscal year: 1997

National currency and unit of measure: 1,000,000 roubles

(The unit of measure should not exceed one ten thousandth of the total military expenditures.)

Russian Federation

Part II

1. In order to approximate the opportunity costs of using conscripts in the military sector, the following information is requested:

(a) The average civilian wage rate that the conscripts would have been likely to obtain during the reporting year if they had not been occupied in the military sector.

Answer: Data not available

If such an estimate is not available, respondents are requested to suggest an average civilian wage rate that may be readily available and that the respondents believe might serve as a reasonable measure of opportunity costs.

(b) The number of man-years devoted by conscripts to military service during the reporting year concerned.

Answer: Data not available

2. With reference to point (d) of the specific guidelines above, respondents are requested to give below the total amount of military assistance received from abroad during the reporting year. The amount should be given in the same denomination and currency as used in the matrix, preferably converted from foreign currencies to national currency at average annual market or par value exchange rate as reported by the International Monetary Fund.

Answer: Data not available

3. With reference to points (n) and (o) above, the requested information should be reported here in the same value terms as used in the matrix. It is requested that total expenditures, at least, and preferably detailed by type of force group as in columns 1 to 12 of the matrix, be reported for the following items:

Depletion of ammunition: Data not available

Sales from the military sector of:

(a) Land: Nil

(b) Real estate other than land: Nil

(c) Equipment: Data not available

(d) Services: Data not available

(e) Other: Data not available

4. Respondents are requested to submit information as to whether statistics of the following kinds would be readily available for the reporting year.

	<i>Available</i>	<i>Answer</i>	<i>Not available</i>
Price index of specific relevance to the military sector			X
Exports of military equipment	X		
Such exports divided by:			
(i) Countries	X		
(ii) Regions	X		
Imports of military equipment	X		
Such imports divided by:			
(i) Countries	X		
(ii) Regions	X		

5. If a regularly published exchange rate is unavailable, or considered unsuitable for converting military expenditures, respondents are requested to comment on other possible ways for comparing the military expenditures of the responding country with those of other countries.

Slovak Republic

[Original: English]
[4 May 1998]

Instrument for standardized international reporting of military expenditures

(Actual outlays, current prices)

Country: Slovak Republic

Fiscal year: 1 January–31 December 1997

National currency and unit of measure: 10,000 Slovak crowns

(The unit of measure should not exceed one ten thousandth of the total military expenditures.)

Slovenia

[Original: English]
[4 May 1998]

Instrument for standardized international reporting of military expenditures

(Actual outlays, current prices)

Country: Slovenia

Fiscal year: 1 January–31 December 1997

National currency and unit of measure: 1,000 Slovenian tolar

(The unit of measure should not exceed one ten thousandth of the total military expenditures.)

Spain

[Original: Spanish]
[18 May 1998]

Instrument for standardized international reporting of military expenditures

(Actual outlays, current prices)

Country: Spain

Fiscal year: 1 January–31 December 1997

National currency and unit of measure: 1,000,000 pesetas

(The unit of measure should not exceed one ten thousandth of the total military expenditures.)

Switzerland

[Original: English]
[23 April 1998]

Instrument for standardized international reporting of military expenditures

(Actual outlays, current prices)

Country: Switzerland

Fiscal year: 1998 budget

National currency and unit of measure: 100,000 Swiss francs

(The unit of measure should not exceed one ten thousandth of the total military expenditures.)

Thailand

[Original: English]
[29 October 1998]

Instrument for standardized international reporting of military expenditures

(Actual outlays, current prices)

Country: Thailand

Fiscal year: 1997

National currency and unit of measure: 1,000,000 baht

(The unit of measure should not exceed one ten thousandth of the total military expenditures.)

United Kingdom of Great Britain and Northern Ireland

[Original: English]
[23 April 1998]

Instrument for standardized international reporting of military expenditures

(Actual outlays, current prices)

Country: United Kingdom

Fiscal year: 1 April 1996–31 March 1997

National currency and unit of measure: 100,000 pounds sterling

(The unit of measure should not exceed one ten thousandth of the total military expenditures.)

United Kingdom of Great Britain and Northern Ireland

Part II

1. In order to approximate the opportunity costs of using conscripts in the military sector, the following information is requested:

(a) The average civilian wage rate that the conscripts would have been likely to obtain during the reporting year if they had not been occupied in the military sector.

Answer: Not applicable

If such an estimate is not available, respondents are requested to suggest an average civilian wage rate that may be readily available and that the respondents believe might serve as a reasonable measure of opportunity costs.

(b) The number of man-years devoted by conscripts to military service during the reporting year concerned.

Answer: Not applicable

2. With reference to point (d) of the specific guidelines above, respondents are requested to give below the total amount of military assistance received from abroad during the reporting year. The amount should be given in the same denomination and currency as used in the matrix, preferably converted from foreign currencies to national currency at average annual market or par value exchange rate as reported by the International Monetary Fund.

Answer: Not applicable

3. With reference to points (n) and (o) above, the requested information should be reported here in the same value terms as used in the matrix. It is requested that total expenditures, at least, and preferably detailed by type of force group as in columns 1 to 12 of the matrix, be reported for the following items:

Depletion of ammunition:

Sales from the military sector of:

- (a) Land: 104.0
- (b) Real estate other than land
- (c) Equipment: 84.4
- (d) Services
- (e) Other

4. Respondents are requested to submit information as to whether statistics of the following kinds would be readily available for the reporting year.

	<i>Available</i>	<i>Answer</i>	<i>Not available</i>
Price index of specific relevance to the military sector	X		
Exports of military equipment	X		
Such exports divided by:			
(i) Countries			X
(ii) Regions	X		
Imports of military equipment	X		
Such imports divided by:			
(i) Countries			X
(ii) Regions	X		

5. If a regularly published exchange rate is unavailable, or considered unsuitable for converting military expenditures, respondents are requested to comment on other possible ways for comparing the military expenditures of the responding country with those of other countries.

United States of America

[Original: English]
[2 July 1998]

Instrument for standardized international reporting of military expenditures

(Actual outlays, current prices)

Country: United States of America Fiscal year: 1 January–31 December 1996

National currency and unit of measure: 1,000,000 United States dollars

(The unit of measure should not exceed one ten thousandth of the total military expenditures.)

United States of America

[Original: English]
[2 July 1998]

Instrument for standardized international reporting of military expenditures

(Actual outlays, current prices)

Country: United States of America Fiscal year: 1 January–31 December 1997

National currency and unit of measure: 1,000,000 United States dollars

(The unit of measure should not exceed one ten thousandth of the total military expenditures.)

Uzbekistan

[Original: Russian]
[14 July 1998]

Instrument for standardized international reporting of military expenditures

(Actual outlays, current prices)

Country: Uzbekistan

Fiscal year: 1 January–31 December 1996

National currency and unit of measure: 100 som

(The unit of measure should not exceed one ten thousandth of the total military expenditures.)

V. Information received from Governments

United Kingdom of Great Britain and Northern Ireland*

1. The member States of the European Union have supported the consensus on General Assembly resolution 52/32 on “Objective information on military matters, including transparency of military expenditures”. The European Union wishes to provide the following common reply to paragraph 3 of the resolution, which requested the Secretary-General to circulate annually the reports on military expenditures as received from Member States, taking into account their views.
2. The European Union continues to attach high importance to the United Nations standardized reporting of military expenditures, as instituted through the adoption of General Assembly resolution 35/142 B of 12 December 1980.
3. Regrettably, although this measure of transparency and confidence-building has been in effect for 17 years, only 28 Member States participated in 1996 (see document A/51/209). Statistics for 1997 are not available at this moment. While this is, in 1996, an increase over the previous years, participation continues to be very low.
4. In the view of the European Union, such low participation is a cause for concern and indicates that the request to report military expenditures does not have sufficient acceptance by the community of United Nations Member States. As a first step, Member States should be called again upon to fully participate in the reporting.
5. Furthermore, Member States should be called upon to inform the Organization of possible problems with the reporting and their reasons for not submitting the required data, so that appropriate changes could be considered to render this instrument more effective.
6. In particular, the European Union reiterates the proposal to modify and adapt the structure of the standardized reporting system, which dates back to 1980, taking into account the reporting systems on military expenditures that have been developed in other contexts.

* Submitted on behalf of the European Union and of the Central and Eastern European countries associated with the European Union (Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia), the associated country Cyprus, and Iceland and Norway.

Annex

List of participants in the consultations held at Headquarters on 23 April 1998

Dr. Wilfried Aichinger
Confidence- and security-building measures Officer
Conflict Prevention Centre
Organization for Security and Cooperation in Europe

Ms. Nicole Ball, Consultant
Programme on Enhancing Security and Development
Overseas Development Council

United Nations Secretariat:
Mr. Jayantha Dhanapala
Under-Secretary-General for Disarmament Affairs

Mr. Daniel Gallik
Senior Economist
United States Arms Control and Disarmament Agency

Ms. Nancy Happe
Division Chief
Development Issues Division
Policy Development and Review Department
International Monetary Fund

Mr. R. McKendry
Deputy Head of Force Planning Section
Defence Planning and Operations Division
North Atlantic Treaty Organization

Mr. David Prichett
Senior Economist
Government Finance Division
Statistics Department
International Monetary Fund

Mrs. Swadesh Rana
Chief, Conventional Arms Branch
Department for Disarmament Affairs

Mr. Michael Stevens
Public Sector Management
World Bank
