Fifteenth special session
Agenda items 9 and 15

REVIEW AND APPRAISAL OF THE PRESENT INTERNATIONAL SITUATION,
ESPECIALLY IN THE LIGHT OF THE VITAL OBJECTIVE OF TERMINATING
THE ARMS RACE AND THE PRESSING NEED TO ACHIEVE SUBSTANTIAL
PROGRESS IN THE FIELD OF DISARMAMENT

RELATIONSHIP BETWEEN DISARMAMENT AND DEVELOPMENT, IN THE LIGHT OF
THE ACTION PROGRAMME ADOPTED AT THE INTERNATIONAL CONFERENCE

Letter dated 13 June 1988 from the Permanent Representative of
Cyprus to the United Nations addressed to the Secretary-General

Upon instructions from my Government, I have the honour to transmit to you,
annexed to this letter, the text of a proposal by the President of the Republic of
Cyprus, His Excellency Mr. George Vassiliou, contained in his address to the
plenary meeting of the fifteenth special session of the General Assembly on
2 June 1988.

The said proposal concerns the establishment of a special fund from savings
arising from reductions in military expenditures to be used to buy, at a specially
agreed discounted value, part of the debt owed by developing countries.

I should be grateful if you would arrange to have this letter and its annex
distributed as an official document of the fifteenth special session of the General
Assembly under agenda items 9 and 15.

(Signed) Constantine MOUSHOUTAS
Ambassador
Permanent Representative of
Cyprus to the United Nations
ANNEX

Proposal contained in the address of the President of Cyprus to the plenary meeting of the fifteenth special session of the General Assembly on 2 June 1988

"On the basis of ... the acute debt problem and the possibility and desirability of achieving savings in military expenditures, I should like to propose the following:

"A considerable proportion of savings arising from reductions in military expenditures by countries whose banks are owed substantial debts by developing countries should be paid into a fund specially established by each country.

"This fund would be used to buy, at a specially agreed discounted value, part of the debt owed to their banks by developing countries. Developing countries would thus be greatly relieved by the reduction of their foreign debt to banks. This will also allow them greater accessibility to new loan finance which would be used for development projects. Simultaneously, the developed countries would be alleviating a source of serious problems for their own banking sector, would keep the funds in their own country and would help to release resources for their own development and welfare needs."