Tenth special session
Item 11 of the provisional agenda

ADOPTION OF A PROGRAMME OF ACTION ON DISARMAMENT

Reduction of military budgets

Report of the Secretary-General

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Annex. EXCERPTS FROM REPLIES RECEIVED FROM GOVERNMENTS

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I. INTRODUCTION

1. The General Assembly, at its 100th plenary meeting on 12 December 1977, adopted resolution 32/85 entitled "Reduction of military budgets". In the preambular part of the resolution the Assembly, inter alia, recognized the value of the availability of a satisfactory instrument for standardized reporting on the military expenditures of Member States, particularly of the States permanent members of the Security Council and any other State with comparable military expenditures and that the work set in motion by the General Assembly on the reduction of military budgets had reached a decisive stage and that successive reports of groups of experts had moved the whole exercise to a position where practical steps for testing and refining the proposed reporting instrument could now be taken.

2. In paragraph 2 of the resolution, the General Assembly requested the Secretary-General to ascertain those States which would be prepared to participate in a pilot test of the reporting instrument and to report thereon to the Assembly at its special session devoted to disarmament. In paragraph 3, it requested the Secretary-General to prepare a background report for the special session, compiling the proposals and recommendations put forward by the groups of experts appointed by the Secretary-General under Assembly resolutions 3463 (XXX) and 31/87, and containing information concerning the progress made in carrying out the task referred to in paragraph 2.

3. In pursuance of the resolution, the Secretary-General is submitting the present report to the General Assembly at its tenth special session.

II. REACTION OF STATES CONCERNING THE PILOT TEST OF THE REPORTING INSTRUMENT OF MILITARY EXPENDITURES

4. With respect to paragraph 2 of resolution 32/85, the Secretary-General, by a note verbale dated 4 January 1978, drew the attention of all Member States to the request made to him by the General Assembly and asked for the views of Governments on the subject.

5. Substantive replies were received from the following Member States: Australia, Austria, Barbados, Canada, Finland, Germany, Federal Republic of, Japan, New Zealand, Sweden, United Kingdom of Great Britain and Northern Ireland and United States of America.

6. Regarding the pilot test of the reporting instrument of military expenditures, Austria, Canada, New Zealand, Sweden and the United States of America indicated without qualifications their willingness to participate in such a project. Australia indicated that it was prepared to provide information on its military budget or the pilot study envisaged in resolution 32/85. It explained, however, that the information would be confined to past and currently approved budgetary data as published in appropriation bills and the annual report of the Department of Defence, since, in this particular respect, Australian military expenditure accounting practices did not correspond in all aspects with the proposed format in /...
the United Nations experts' report. Japan stated its readiness to take part
provided that participation of States representing a wide range of different
economic systems and geographical distribution could be secured. The United
Kingdom believed that, in order properly to test the reporting mechanism, the
States participating in the pilot test should include a fair sample of developed
and developing countries, and of States with centrally planned economies and market
economies. Provided that such a representative sample of States was willing to
participate in the pilot test, the United Kingdom would agree to take part.

7. The Federal Republic of Germany indicated that the test group should comprise
States with different budgeting and accounting systems as well as different economic
systems representing all regions. Since a number of Western industrialized States
had already indicated their willingness to participate in the test phase, the
Federal Republic of Germany was of the opinion that its participation did not seem
to be required at this time from the point of view of political and regional
balance. The project of the test study itself was welcomed by the Federal
Government without any reservation.

8. Finland reiterated its support for the efforts to further the feasibility of
the reduction of military budgets. It expressed the hope that the pilot test could
promote the goal of reducing world military expenditure and the closely linked goal
of reallocating funds thus released to social and economic development. It also
indicated that Finland would follow the testing project with a view of
participating in it at an appropriate later stage.

9. The Government of Barbados indicated that it would not be able to participate
in the pilot test of the reporting instrument on this occasion.

10. The relevant parts of the replies of Governments are attached as an annex to
the present report.

III. REPORT OF THE GROUP OF EXPERTS ENTITLED "MEASUREMENT
AND INTERNATIONAL REPORTING OF MILITARY EXPENDITURES"

11. In pursuance of General Assembly resolution 34/63 (XXX) of 11 December 1975,
the Group of Experts on the Reduction of Military Budgets 1/ submitted on
7 September 1976 its report entitled Measurement and international reporting of
military expenditures. 2/ In accordance with paragraph 5 of the resolution, the
report emphasized particularly the following matters:

"(a) The definition and scope of the military sector and of military
expenditures, as well as the classification and structuring of expenditures

1/ Members of the Group were appointed by the Secretary-General from the
following States: Germany, Federal Republic of, Japan, Mexico, Nigeria, Peru, Sri
Lanka, Sweden, United Kingdom of Great Britain and Northern Ireland, United States
of America and Yugoslavia.

2/ A/31/222/Rev.1 (United Nations publication, Sales No. E.77.I.6).
within the military budgets, with the over-all aim of achieving generally acceptable and universally applicable delimitations and definitions and a standardized accounting system, so as to permit effective comparisons of the military budgets;

"(b) The valuation of resources in the military sector, considering different economic systems and different structures of production within the military sector, with the purpose of examining methods concerning the relationships between resources and military output;

"(c) The deflation for price change in military production in different countries, with the aim of examining methods of measuring real expenditure trends over a period of time, taking into account differences between countries in the rate of price change;

"(d) The international value comparison and exchange rates relevant to military production, with the purpose of examining methods for accurate currency comparison of military expenditures."

The substantive chapters of the report were structured so as to reply to the requirements of the mandate quoted above.

12. Accordingly, in section II, the definition of the scope and content of military expenditure was approached by way of the corresponding delimitation of the military sector. The military sector was defined as a group of activities whose object was the research, development, provision, assembly, maintenance and deployment of current and future first potential intended for application mainly against external forces. The activities of the military sector were also viewed in terms of employment of personnel, procurement of equipment, operations and maintenance, construction and acquisition of military facilities, and research and development. For enhanced delimitation of the military sector, several important activities that could substitute for core military activities were also included: paramilitary forces, civil defence and military assistance.

13. In order to take into account valuation problems, the scope and content of military expenditures were elaborated in terms of outlays on the activities mentioned. The Group designed, on this basis, a format of an instrument suggested for a standardized international accounting and reporting of military expenditures (matrix).

14. In this matrix, the rows represented resource cost elements (outlays on personnel, operations and maintenance, procurement, construction, and research and development) and the columns reflected a compromise mixture of programme-missions and service elements (strategic forces, general purpose forces, central support, administration and command, paramilitary forces, civil defence and military assistance).

15. Although the matrix bore similarities to military expenditure accounting used by some countries, it differed from any particular national system since it was developed specifically for the purpose of the report.
16. The experts felt that the standardized reporting in the form recommended would require considerable effort. Since it was impossible to know in advance what kind of data States would be able and willing to report, more information was requested in the matrix than could be reasonably expected from all States at the outset. The report also suggested a pragmatic approach and a step-by-step implementation to help overcome difficulties.

17. In section III, which deals with the valuation of resources in the military sector, a measure of costs was developed which allowed for the interpretation of the changes in military expenditures in terms of the potential to produce military goods and services, analogous to the interpretation of national income in terms of potential to produce civilian and military goods and services. The valuation criterion recommended for this purpose was the adjusted factor cost which allowed for valuation at average instead of marginal costs, to take account of the real world inefficiencies of the economy.

18. With respect to the valuation of military resources, the report noted that the theoretical framework in which its recommendation was developed had its roots in a system of thought describing a particular economic and productive system, and suggested the possibility of different approaches to valuation problems in connexion with theories based on alternative systems.

19. In section IV, price and volume measures of military expenditures were considered with a view to distinguishing between nominal and real changes in military expenditures. This could be achieved by the introduction of deflators for military prices. The report pointed out that the construction of military price deflators would require information and data from different countries at different levels of aggregation and according to different definitions. For comparisons over a period of time, military outputs might be weighted in terms of base year or given year prices. There were therefore two possible indexes for price change for military output. For this reason, the report recommended a deflation procedure using both types of indexes referred to above. Specific proposals were made for the construction of military price deflators and appropriate surrogate indexes drawn from the civilian economy (for cases where data needed to construct military price indexes would not be available) for six components of military expenditures: personnel, procurement of hardware, construction, research and development, imports and miscellaneous.

20. In section V, which deals with international value comparisons of military expenditures, the report suggested that for the conclusion of agreements on military expenditure limitations the establishment of the symmetry of military expenditure levels would be essential. For that purpose, it would be necessary to convert expenditure values expressed in national currencies into a common currency. The Group recommended the use of purchasing power parities instead of prevailing or adjusted exchange rates. It took into account that official exchange rates for military products did not exist. Moreover, it felt that there would be no reason to expect the relationship of internal prices of military output to reflect military exchange rates, since this would require an absence of restraints to trade, which in fact were a feature of trade in general, including trade in military goods. In recommending the use of purchasing power parities, the Group of Experts were mindful of the fact that raw data for compiling these price ratios had to await the construction of reliable military price deflators.
21. In section VI, suggestions for implementation were put forward with a view to the need to translate concepts and procedures developed by this report into practical ways and means. In connexion with the reporting instrument, three phases of operational development were proposed. In the first phase (operationalization), the precise definition and specification of expenditure categories and their content would be elaborated in such detail as to constitute concrete guidance to States that would supply the required data. In the second phase (testing), the standardized reporting instrument and its accompanying instructions would be transmitted to the participant States for completion with the required data. In the third phase (refining), the adequacy of the operationalization would be examined and assessed on the basis of which the corrections and improvement of the instrument as well as the accompanying instructions would be executed. According to the recommendation of the report, the technical responsibility for the concrete tasks of operationalization, testing and refinement should be delegated to an ad hoc panel of practitioners, experienced in the field of military budgeting, under the aegis of the United Nations system. The report finally suggested that, after the successful completion of the operational development of the standardized reporting instrument, the discussion on other major technical issues of expenditure limitation, especially of the problems of verification, should be continued. At the appropriate time, further consideration should be given to utilizing part of the resources released from the reduction of military expenditures for social and economic development, particularly in the developing countries.

IV. REPORT OF THE GROUP OF EXPERTS CONTAINING AN ANALYSIS OF THE COMMENTS OF STATES CONCERNING THE REPORT ENTITLED "MEASUREMENT AND INTERNATIONAL REPORTING OF MILITARY EXPENDITURES"

22. In resolution 31/87 of 14 December 1976, the General Assembly, inter alia, requested the Secretary-General to prepare, with the assistance of an intergovernmental group of budgetary experts appointed by him, a report containing an analysis of the comments provided by States concerning matters covered in the report entitled Measurement and international reporting of military expenditures. All States were requested to communicate to the Secretary-General, in particular:

"(a) Their views and suggestions on the proposed standardized reporting instrument contained in the report;

"(b) Any information they might wish to convey on their military expenditure accounting practices, including a description of methods currently in use;

"(c) Suggestions and recommendations concerning possible practical approaches for further development and operation of a standardized reporting system."

The Group of Budgetary Experts 3/ presented the report (A/32/194 and Add.1) on 19 August 1977 to the Secretary-General for submission to the General Assembly.

3/ Members of the Group of Budgetary Experts were appointed by the Secretary-General from the following States: Germany, Federal Republic of, Japan, Mexico, Nigeria, Peru, Sri Lanka, Sweden, United Kingdom of Great Britain and Northern Ireland and United States of America.
23. In the main body of the report, the Group of Budgetary Experts indicated that the study was based on replies obtained from 19 States, of which 14 had submitted substantive replies on which the analysis was based.

24. Accordingly, section II reviewed and analysed in detail the views and suggestions on the standardized reporting instrument, the information given on the military expenditure accounting practices of States, comments relating to the further development of the standardized reporting system and other views and suggestions.

25. In section III, specific attention was given to the further development of the reporting instrument. Recalling the suggestion of the 1976 report concerning the operationalization of the standardized reporting instrument, the Group of Experts considered that such an effort would involve the precise definition and specification of expenditure categories and their content in such detail as to constitute concrete guidance to States supplying the required data. They held that once a system of reporting in national currency terms had been established attention could be turned to the development of appropriate military price deflators and to international value comparisons.

26. Given the limited amount of information available to the Group of Experts, it was not within its capacity to provide detailed definitions and specifications for all the expenditure categories which made up the matrix of the 1976 report; therefore, the Group endeavoured to clarify the wider choices which would be involved in completing the matrix and to examine in general terms the kind of information problem which arose in a situation where data collected and compiled in various ways, specifically for budgetary and accounting purposes, did not fully accord with the requirements of the format proposed in the 1976 report.

27. In addition to the examination of the information contained in the replies of States, the Group included in its analysis the information obtained by the Swedish Government as a result of its "highly successful attempt" to complete the matrix and the information on budgetary and accounting systems provided informally by the members of the Group.

28. The Group found, however, that owing to the lack of information concerning the military budgeting and accounting practices of States in the replies, and in view of the fact that the further information provided was not as representative as desirable, its evaluation of the exact nature of the practical difficulties faced by States in filling out the matrix was inevitably incomplete. It stated that the gathering of additional detailed information from a more representative sample would be an important part of any operational development phase.

29. In the view of the Group, it appeared that many States maintained systems which regularly reported military expenditures but in a form somewhat different from that required by the matrix and that it might be possible for them to report actual outlays with small changes to their budgeting and accounting systems. If all States were not in a position to provide the data required, they would have to choose one of the following simplifications and/or modifications in order to complete the reporting instrument:
(a) To simplify the problem of supplying data by reducing the level of detail required;

(b) To retain the level of detail required, but allow to some extent approximations for some of the cell entries;

(c) To modify their budgeting and accounting systems so as to collect and produce the relevant detailed data in the required form.

30. In the initial reporting phase, States might only be able to complete the matrix by using figures based on primary data and approximations. Direct estimation of all or most of the cells from primary data would probably require modifications to many budgeting and accounting systems. This would imply some additional costs of collection and compilation. If precise comparison and effective reduction of military expenditures were to be undertaken on the basis of this kind of reporting system, then Governments would have to decide to bear the cost of reporting, based on direct estimation. This was the option towards which, the Group hoped, all States would move.

31. On the basis of the discussion and analysis of the problems related to the measurement and international reporting of military expenditures, the Group of Budgetary Experts submitted the following conclusions and recommendations:

"A. Introduction"

"It is important to keep in mind that the basic aim of the exercise begun pursuant to General Assembly resolution 3093 A and B (XXVIII) of 7 December 1973 is to achieve agreement regarding the reduction of the military budgets of the States permanent members of the Security Council, as well as any other State with comparable military expenditures, and to ensure that part of the resources thus released be utilized for social and economic development, particularly of the developing countries.

"An essential element for the achievement of that aim is the availability of a satisfactory instrument for the effective reporting of military expenditures by States. This instrument should be characterized by consistency and comprehensiveness, which add to the verifiability of compliance by participants.

"Much progress has been made, in the course of the studies underlying the 1974 and 1976 reports, towards developing and refining a reporting instrument with the following characteristics:

"(a) Acceptable definitions of the military sector and of military expenditures have been devised;

"(b) An international reporting format has been constructed which balances the needs of detail and verifiability against the difficulty of reporting;"
"(c) This reporting format and the report of which it was a part have been submitted to States, and comments have been invited; an analysis of those replies has been undertaken in this report.

"The group of experts believes that the views of respondent States reaffirm the validity of the concepts of the reporting instrument contained in the 1976 report. None the less, it should be observed that some degrees of reservations, and suggestions for modifications, were offered by some States, and that the data on which this report is based are less than complete, as indicated in paragraph 71 above. However, the highly successful attempt of one State (Sweden) to complete the matrix and the indications from other States that it would be possible without excessive difficulty to supply the required military expenditure data, emphasize the practicability of the proposed reporting instrument.

"B. Development of the reporting instrument

"The expert group considers it important to put before the General Assembly the choices which will be involved in completing the matrix. Where States are not presently in a position to provide the kind of detailed data required, choices lie between (a) reducing the level of detail required; (b) allowing approximations for some of the cell entries; and (c) appropriately modifying their budgeting and accounting systems. Although some simplification of reporting procedures may be appropriate in the early stages, reaching effective agreements to reduce military expenditures will ultimately involve the modification of the budgeting and accounting systems of States.

"The following recommendations are made on the basis of chapter III, as they are related to the resolution of issues raised in the formal replies submitted by States:

"(a) The definitions of the military sector and military expenditures are appropriate;

"(b) The importance of including paramilitary forces and all military assistance in the military sector was emphasized;

"(c) Reserve production facilities and civil defence are part of the military sector in principle, although practical problems of measuring expenditures on them remain to be addressed as the development of the reporting system proceeds;

"(d) Whether United Nations peace-keeping forces should be included or not depends on how they are mobilized and demobilized;

"(e) Where military or quasi-military organizations perform civilian activities, only the additional costs arising from those activities should be excluded from the military sector;

/...
"(f) It will be necessary during operational development to further examine national practice with respect to personnel compensation, rental policy, the division between investment and repair, etc., in order to avoid discrepancies between States;

"(g) Ammunition going to stockpiles should not be distinguished from ammunition for training;

"(h) Some slight modifications of the subdivision of the resource cost category construction are suggested;

"(i) Where the proposed force group divisions do not exactly match a State's military organization, some flexibility of division should be allowed;

"(j) The distinction between imported and domestically-produced procurement items is important but will require further attention as the development of the reporting system proceeds.

"C. Further recommendations

The testing and refinement during the phase of operational development of the proposed reporting instrument will involve, in part, the completion of the matrix by a number of States. For this purpose a body will be required to carry out the work, to assess its results, and to develop practical recommendations for larger-scale applications and further refinement of the reporting instrument. Consideration should therefore be given to the composition and functions of such a body. The group of experts, in accordance with the 1976 report, recommends that such tasks might be delegated to an ad hoc panel of experienced practitioners in the field of military budgeting, under the aegis of the United Nations. The group of experts further deems it advisable that, in establishing the initial calendar of work of that body, account should be taken of the decision of the General Assembly to hold a special session on disarmament in May/June 1978.

For the phase of operational development referred to above, the sample of countries would preferably be manageable small, although participation would be open to all States. In order to test and refine the reporting instrument as thoroughly as possible, it is the opinion of the expert group that the sample should reflect as varied a group as possible of different military budgeting and accounting systems as well as different mechanisms for establishing the relevant prices for the military sector.

The work set in motion by General Assembly resolution 3093 A and B (XXVIII) of 7 December 1973 has reached a decisive stage. A satisfactory reporting instrument has been devised and reviewed. The time thus appears propitious to attempt to move a step further. Progress along these lines will require operational testing and refining of the reporting instrument, which is work of a character different from that undertaken by the
expert groups of 1974, 1976 and 1977. Development of the instrument, although necessary, is not sufficient in itself. It must be recalled that without an accompanying process of co-operation among States with large military expenditures, as referred to in Assembly resolution 3093 (XXVIII), in reducing military expenditures, it will not be possible to accomplish the ultimate objectives - the reduction of military expenditures and the freeing of significant resources for social and economic development, particularly of developing countries."
ANNEX

Excerpts from replies received from Governments

AUSTRALIA

Original: English
30 March 1978

1. Australia is prepared to provide information on its military budget or the pilot study envisaged in resolution 32/85.

2. Information provided, however, would be confined to past and currently approved budgetary data as published in appropriation bills and in the annual report of the Department of Defence. In this particular respect, Australian military expenditure accounting practices do not correspond in all aspects with the proposed format in the United Nations experts' report. In particular the report proposed a format for reporting which included indications of resource or category expenditure dissected by functional force groups. While Australian defence expenditure is classified by resource category, comprehensive subdissections into functional breakdowns are not maintained under the Australian Parliamentary accounting system.

AUSTRIA

Original: English
28 February 1978

Austria would be prepared to participate in the envisaged pilot test of the proposed instrument for standardized reporting on military expenditures.

BARBADOS

Original: English
5 April 1978

The Government of Barbados will not be able to participate in the pilot test of the reporting instrument on this occasion.
CANADA

Original: English
20 March 1978

Canada supports the development of an international military budget reporting instrument by which Member States can report their military expenditures and compare the military spending of other States and the carrying out of a pilot test of such an instrument. Canada considers that the establishment of such an instrument and the complete co-operation of States in furnishing data would be a significant contribution to building confidence among Member States. The successful operation of such a system is clearly a prerequisite for verifiable and balanced reductions of military expenditures. Canada accordingly wishes to inform the Secretary-General that it is prepared to participate along with other Member States in a pilot test of the reporting instrument.

FINLAND

Original: English

1. As the Government of Finland has indicated in previous replies pertaining to the subject of resolution 32/85, the reduction of military budgets would be a meaningful approach to halting and eventually reversing the arms build-up. The availability of greater resources for economic and social development, particularly to the developing countries, would also be facilitated by curtailment of expenditures on armaments.

2. Standardized reporting of military expenditures as envisaged by the Group of Experts on the reduction of military budgets and contained in its report (A/31/222/Rev.1) is, in the view of the Government of Finland, a valuable basis for the further consideration of the question. As reflected in the said report, a number of complex problems would have to be solved before an accounting and reporting instrument could be used on a regular basis by the United Nations and its Member States. The Government of Finland hopes that these difficulties will soon be overcome. The forthcoming special session devoted to disarmament will provide an appropriate opportunity for considering the reduction of military budgets in all its aspects, broad agreement being essential for progress in this question as in all disarmament issues.

3. The Government of Finland wishes to reiterate its support for the efforts to further the feasibility of the reduction of military budgets. Finland expresses the hope that the pilot test could promote the goal of reducing world military expenditure and the closely linked goal of reallocating funds thus released to social and economic development. The Government of Finland will follow the testing project with a view of participating in it at an appropriate later stage.

/.../
1. The Federal Republic of Germany fully supports further preparatory work in pursuit of the aim of reducing military expenditures. It considers the efforts to establish a comprehensive and detailed reporting system on military expenditures of Member States as an important step towards the achievement of this goal, for a generally accepted reporting system which makes military expenditures internationally comparable and verifiable will promote confidence and trust between participating States as a prerequisite for the reduction of military budgets.

2. As it is the purpose of the pilot test to establish an operational standardized reporting system for all Member States, its conclusions must be generally applicable, practicable and acceptable. In the view of the Federal Government, therefore, the composition of the group of States participating in the test study is more important than its numeric size. The Federal Government holds that the test group should comprise States with different budgeting and accounting systems as well as different economic systems representing all regions. Since a number of western industrialized States have already indicated their willingness to participate in the test phase, the Federal Republic of Germany is of the opinion that its participation does not seem required at this time from the point of view of political and regional balance. The project of the test study itself is welcomed by the Federal Government without any reservations. In line with the objectives guiding resolution 32/85, the Federal Republic of Germany will continue to make public and specify its own military expenditures.

JAPAN

28 February 1978

Japan is prepared to participate in a pilot test of the standardized reporting instrument of military expenditures in order to contribute to the effective international comparison, publication and eventual global reduction of the military expenditures, provided that participation of States representing a wide range of different economic systems and geographical distributions can be secured.

NEW ZEALAND

March 1978

The Government of New Zealand expressed its willingness in principle to participate in such a pilot study.
1. As has been announced earlier, the Swedish Government is prepared to take part in the further development, testing, refinement and application of the proposed international reporting instrument on military expenditures. The Swedish Government would accept an invitation to participate in a pilot test for the reporting instrument, according to the proposals contained in the reports A/31/222/Rev.1 and A/32/194.

2. The Swedish Government would also like to refer to the information on the military budget already provided by Sweden. This information, including a completed matrix according to the proposed reporting instrument, is attached as annex II to the report contained in A/32/194.

3. The pilot study should aim at evaluating the possibility to apply in a concrete fashion the model for the reporting on military expenditures which has been proposed. It is therefore important that the study comprises a selection of States representing, inter alia, different budgeting and accounting methods. Guided by the results of the pilot study, the proposed reporting system would then be modified and refined.

4. An ad hoc panel with the task of leading the pilot study should be appointed. It should partly assist the States in the work concerning preparation of data in accordance with the proposed system, and partly analyse the data submitted by States. The panel should further propose the changes in the system needed to realize a regular reporting system.

UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND

1. The United Kingdom Government, in their reply (A/32/194) to the Secretary-General's request for comments on the 1976 Group of Experts' report on the reduction of military budgets, expressed the view that the next step should be to test the mechanism prepared by the experts of a small representative group of States selected on a voluntary basis.

2. The United Kingdom Government believe that, in accordance with resolution 32/85, such a pilot study should now be undertaken. In order properly to test the reporting mechanism, the States participating in the pilot test should include a fair sample of developed and developing countries, and of States with centrally planned economies and market economies. Provided that such a representative sample of States is willing to participate in the pilot test, the United Kingdom will agree to take part.

/...
3. The United Kingdom Government hope that the pilot test may be speedily concluded so that a worldwide programme of standardized reporting of military budgets may be introduced as soon as possible, as a step towards the ultimate objective of a universal, balanced and verified reduction of military budgets which should release resources for urgent economic and social needs, particularly in the developing countries.

UNITED STATES OF AMERICA

[Original: English]
[24 March 1976]

1. The Government of the United States in its reply to the Secretary-General's request for comments on the 1976 report of the Group of Experts on the Reduction of Military Budgets expressed its support for further operational testing and refinement of the reporting instrument by means of a field trial or pilot test and noted the importance of participation by countries which represent the main types of national economic systems and which have large military expenditures.

2. The United States believes that, in accordance with resolution 32/85, a pilot test or field trial of the reporting instrument should now be undertaken. The United States is willing to participate in a field trial, including the submission of its military expenditure data, and to assist actively the effort to develop a detailed, standardized and comparable mechanism for reporting military expenditures in order to make it more widely applicable and useful. The United States would emphasize the importance of diverse and representative participation in a field trial by States from different regions and with different economic systems.

3. Increasingly widespread reporting of military expenditures would be an important contribution to the building of confidence among countries and to the possibility of effective military expenditure limitation agreements. Military expenditure limitation agreements hold the promise of releasing resources for economic and social development everywhere, and we expect the developing countries would share in these benefits. The United States recognizes that such agreements will be difficult to achieve and are not a near term prospect but regards them as objectives worthy to be pursued.

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