

to meet Eastern concerns about basic trainers and the separate status of certain air defence forces.

Without pretending that agreement on CFE is yet in the bag - and I think it is enormously important that it should be reached this year -- we should start to think about the future of conventional arms control beyond that agreement this year.

Mr. Chairman, we hear much talk of a peace dividend, and that talk is not always very well defined. It seems to me that there are two types of peace dividend. There is the dividend which flows from successful disarmament -- and by "successful", I mean disarmament achieved by negotiation after orderly thought between neighbours and allies about the real needs of their security. No one wants to spend more on armaments than the minimum needed for that security.

As these changes establish themselves, as the military threat diminishes, there will be savings to be harvested, beginning with the CFE agreement later this year. But it seems to me that even more important than that type of peace dividend is the dividend which comes from greater security based on growing trust between states.

Suspensions can be reduced. Governments which have snapped and snarled at each other for decades can now work together against, for example, pollution, against drug trafficking, against terrorism. We need to concert our work so that we earn both kinds of peace dividend.

I believe that we should launch immediately after the CSCE Summit, which we hope will be held later this year, continuing consultations among all the countries concerned, with a view to new negotiations on an agreed basis as soon as possible. We should focus on both types of dividend -- on the political goal of security, as well as the military goal of arms control.

Those negotiations should be closely supervised at the political level and involve participation by ministers, where necessary.

I mention, as others have done, the CSCE framework because these negotiations may well not be bloc-to-bloc as so often in the past. The Warsaw Pact is changing beyond recognition. as is not directly a matter for us, because it will be for the individual member countries to decide on the future of the Warsaw Pact on troop strengths and dispositions on their territory.

NATO, too, is changing. The political side of its work will continue to build up, and we warmly welcome that. There are certain constants which we believe are vital to the stability of Europe as a whole. These include the presence of significant