OECD AND CITY OF ZHUKOVSKY TO HOLD A WORKSHOP ON
A NEW APPROACH TO DEFENCE CONVERSION IN RUSSIA

Zhukovsky, Federation of Russia, 15th-16th December 1994

The OECD Centre for Co-operation with the Economies in Transition (CCET) and the city of Zhukovsky, with the support of the European Union, are to hold a workshop which emphasises a new approach to defence conversion in Russia. The workshop will analyse obstacles and opportunities at the local and regional levels to the creation of new economic opportunities in defence-dependent communities, looking at Zhukovsky as a case-study. The workshop will be held in the city administrative building in Zhukovsky, near Moscow, on 15th and 16th December.

The more than 100 participants will include Russian government officials (from federal, regional and local levels), industrialists from Russia and OECD countries, representatives of the international banking community, delegates from OECD countries and donor agencies, and OECD Secretariat specialists. Leading Russian participants include Mr. Robert OVSIAANNIKOV, Mayor of Zhukovsky, Dr. Andrei FONOTOV, First Deputy Minister of Science and Technological Policy, Dr. German ZAGAINOV, Director of the TsAGI aeronautic research centre, and Mr. Vladimir SALO from the Ministry of Economy. Leading OECD participants expected to attend include Mr. Jeremy KINSMAN, Canadian Ambassador to Russia, Mr. Otto van der GLABENTZ, German Ambassador to Russia, and Mr. David AARON, U.S. Ambassador to the OECD.

The workshop aims first to examine the local problems of Zhukovsky related to restructuring of defence industries and to propose responses to those problems, and second to draw some lessons from Zhukovsky for defence conversion in other locations and regions of Russia. Examining the local problems of conversion will enable the workshop to explore three aspects of the difficult, often painful process of conversion -- restructuring defence enterprises, generating alternative employment opportunities and managing the social infrastructure of affected communities (much of which belonged to the defence enterprises).
Defence conversion efforts in Russia to date have focused primarily on the enterprise-level, but this approach fails to consider other important aspects of industrial restructuring, as OECD countries have learned. For this reason, the organisers are advocating a "regional approach" to defence conversion. In this approach, the effects of defence industry restructuring that go beyond the enterprises themselves are also addressed; in the case of this workshop, employment generation and social infrastructure are of particular interest.

This Zhukovsky workshop follows three previous OECD activities in Zhukovsky on the issues of conversion and employment. Situated 30 kms from Moscow, Zhukovsky is the centre of aerospace research for Russia (and the former Soviet Union) and was almost entirely dependent on military spending prior to reform and the transition. In 1992, the OECD organised a conference on conversion in the aviation sector, which has led to serious discussion of major joint ventures. Also in 1992, a workshop was held on job creation, local development and military conversion, after which the Canadian government and the Oblast (regional government) of Moscow established a pilot project on employment services and small business development. This pilot project is now being replicated elsewhere in the Moscow Oblast. In 1994 a study of the labour market in the Zhukovsky area was completed. In these ways, Zhukovsky has been a leader in defence conversion and has registered some encouraging successes. The organisers hope that these successes can both be built on further and serve as examples for other communities and regions facing the difficult challenges of conversion.

Journalists seeking further information are invited to contact: in Paris, Mr. Peter Gaskell, OECD Press Division [Tel (33 1) 45 24 81 18 or (33 1) 45 24 80 88; Fax (33 1) 45 24 80 03] or in Moscow, Mr. Genrikh Borovick, [Tel (7-095) 288-9835; Fax (7-095) 280-4232].