



FIFTH COMMITTEE
11th meeting
held on
Friday, 14 October 1983
at 10.30 a.m.
New York

SUMMARY RECORD OF THE 11th MEETING

Chairman: Mr. KUYAMA (Japan)

Chairman of the Advisory Committee on Administrative and
Budgetary Questions: Mr. MSELLE

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17 October 1983

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The meeting was called to order at 10.45 a.m.

AGENDA ITEM 115: SCALE OF ASSESSMENTS FOR THE APPORTIONMENT OF THE EXPENSES OF THE UNITED NATIONS: REPORT OF THE COMMITTEE ON CONTRIBUTIONS (continued) (A/39/11 and Add.1 and Add.1/Corr.1 and 2)

1. Mr. GRECU (Romania) said that the interest taken in the report of the Committee on Contributions (A/38/11) was hardly surprising at a time when the budget of the Organization had reached alarming proportions and all countries, the developing ones in particular, were going through an economic crisis. The deteriorating economic situation of the developing countries was severely affecting their real capacity to pay, which was and should remain the basis for the scale of assessments.

2. In considering alternatives to and variations of the current method of establishing the scale, the Committee on Contributions should follow a number of guidelines. First, it should take modern realities and requirements as its starting point and should always be aware of the special situation of the developing countries and of their efforts to overcome their under-development and catch up with the more advanced States. Any recommendation it produced should stimulate efforts by developing countries, and not penalize them for any economic and social progress achieved. The Committee should take into consideration as a specific indicator countries' efforts to promote their own development, expressed as the relationship between productive investment and national income. Second, the Committee should be guided by the principle of international equity: the rich countries should defray the costs of the Organization before the poor countries did. His delegation felt, therefore, that no exercise should be accepted that would lead to a reduction in developed countries' assessments at the expense of the developing countries. Third, real capacity to pay must remain the basic criterion for the establishment of the scale of assessments. Capacity to pay was admittedly difficult to determine, but his delegation felt that the key to the problem was to use a set of indicators, primarily those such as national income and wealth, indicating countries' potential and levels of economic and social development. Special attention, finally, should be devoted to the effects of the current world economic crisis and allowance made for developing countries' foreign debt burdens, the deterioration in their terms of trade, their growing difficulties in acquiring currency or access to international credit, or the effects of exported inflation on their economies.

3. Of the four alternatives discussed by the Committee on Contributions in its report, his delegation felt that alternative I was utterly unrealistic for a variety of legal, political, economic and other reasons. The proposal was not based on economic factors, carried the seeds of confrontation, and the division of countries into three groups exceeded the Committee's mandate and was not in keeping with the letter or spirit of the Charter. There was no practical value in continuing to discuss it. Alternative II had the merit of trying to establish a link between the scale of assessments and the advantages that Member States derived from the Organization, but it could help in the apportionment of the expenses of

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(Mr. Grecu, Romania)

the Organization only in combination with other indicators. Alternative III should be further examined, with particular regard to the combined use of national income and national wealth so as to allow more precise measurement of States' capacity to pay. And the final alternative needed to be studied in much more depth to determine both the number of long- and short-term indicators to use and their effects on Member States' assessed capacity to pay.

4. His delegation saw no point in continuing to discuss the length of the base period: a 10-year span best reflected States' real capacity to pay. On the other hand, more attention should be accorded to the problem of limiting variations between successive scales. Whatever method was chosen, absolute priority should be given to the use of statistical data and other information supplied by the competent authorities of Member States.

5. Mr. ENEDUANYA (Nigeria) said that his delegation did not endorse either alternative II or alternative III. Alternative II represented a complete departure from current methodology and could not apply over a long term. Moreover, the independent status of the international civil service had to be maintained. There seemed little merit in trying to develop alternative III further, since any measure of wealth which did not take into consideration such factors as population, development projects, debts, manpower needs, and import requirements could not be considered realistic.

6. The Committee on Contributions should develop alternatives I and IV further, possibly merging them. The argument that alternative I did not seem to be based on economic factors reflecting the capacity to pay of individual Member States could easily be taken care of by introducing the provisions of alternative IV within each group of States, which would allay the fear that alternative I would provoke confrontation between and within the groups. In any event, real capacity to pay was the fundamental criterion on which the scale of assessments should be based so as to produce a lasting solution to the problem of over-assessment from which his country and a number of other Member States had been suffering.

7. Mr. RECHETNIAK (Ukrainian Soviet Socialist Republic) commented that the Committee on Contributions had generally conducted its inquiry into the problems of drawing up the scale of assessment in accordance with the stipulations of General Assembly resolutions 36/6, 36/231 A and 37/125. Of the various alternatives discussed, his delegation agreed with the Committee that the first two represented departures from current methodology and were, for that reason, unacceptable. Although of theoretical interest, alternative III was unlikely to be feasible in the foreseeable future. Alternative IV was based on the methodology currently in use. It actually incorporated two independent proposals which should be considered individually. The introduction of additional economic and social indicators merited a certain amount of attention. The results which the Committee had obtained, however, confirmed his delegation's view that the current methodology with the low per capita income allowance formula was the most satisfactory, and made suitable allowance for the just demands of the developing countries. The addition of further indicators would produce the opposite result for virtually all

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(Mr. Rechetniak, USSR)

developing countries, leading to increases in their assessed contributions. The second feature of alternative IV was the idea of adjustments for variations in exchange rates and inflation. His delegation had already expressed its opposition to economically unjustified attempts to apply mechanical adjustments for exchange rates. Exchange rates were established by sovereign States in the light of carefully weighed domestic and external factors. His delegation agreed with the comments made in paragraph 41 of the Committee's report regarding the inadmissibility of such corrections.

8. His delegation was still of the view that the Committee took a sensible approach to each instance of sharp variations between two consecutive scales, dealing with the matter not mechanically but in the light of all the relevant circumstances. Restricting the Committee's scope too severely would not be wise, and might conflict with the underlying principle of real capacity to pay.

9. The Committee had been right to raise the question of reducing the length of the base period. The 10-year period resulted in too great a gap between the current economic situation and that used in calculating the scale of assessments.

10. The various points of view put forward in the report were generally useful. It was important not to limit the Committee's scope by decisions on specific technical points, for that would only make its task more difficult.

11. Mr. TRUSCOTT (Australia) said that few committees had a more difficult task than that of the Committee on Contributions. Given the truly extraordinary problems of matching, not to say giving appropriate weight to, the various elements set out in resolution 36/231 A, it was doubtful whether anyone could evolve a scale that might be regarded as objectively accurate. The report of the Committee revealed that the forebodings of his and other delegations about the effects of resolution 36/231 A had proved correct: the Committee had been obliged to work with much greater limits on its discretion than were desirable.

12. Lengthy debate on the intricacies of the report seemed pointless and unproductive. Delegations should avoid the temptation to turn the Fifth Committee into a second Committee on Contributions, or do anything to undermine the authority of the Committee on Contributions.

13. In view of the virtual impossibility of ever achieving either a completely objective scale or one that would satisfy all Members, the aim should be to produce as simple a system as possible, and one which would minimize the tensions surrounding the subject. In that connection, he noted that the Committee on Contributions intended to examine further alternative I, placing Member States in three separate groups. Alternative I was a genuinely new and radical approach, even if it might prove too much of a departure from the past for the traditionalists in the Fifth Committee. He was surprised at the suggestion that it would undermine the principle of capacity to pay: the report of the Committee merely suggested (paragraph 11) that the three groups concerned could assess their own members, or that the Committee might continue to recommend a scale.

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(Mr. Truscott, Australia)

14. Alternative II failed because it did not reflect Member States' capacity to pay; alternative III was impractical given the present state of the statistical art. The complexity of trying to assess the circumstances affecting capacity to pay was well brought out in the Committee's report of its discussions of alternative IV. Comparable data in the essentially subjective field of socio-economic indicators were, even when available, virtually impossible to weigh or evaluate. Nevertheless, the Committee needed to be sure that the old methodology was not capable of improvement through variation. His delegation commended the Committee for its work to date, and expressed support and encouragement for the continuation of that work.

15. Miss NIPATAKUSOL (Thailand) said that alternative I was too simplistic. Her delegation had doubts about the criteria selected for constituting the three groups and for assigning shares between and within them. Since the proposal might also lead to confrontation, a more detailed examination was unlikely to be useful. Alternative II did not reflect the fundamental concept of real capacity to pay. Personnel and sovereignty factors alone could well prove inadequate; others, such as prestige, salaries, allowances and access to convertible currency should also be taken into account. Otherwise, States with a small number of highly-placed staff might benefit more than States with a greater number of less influential staff members. Besides the proposal might conflict with the fundamental concept of an independent international civil service. She accordingly joined the call for alternative II to be dropped. Alternative III was interesting; it might be useful for the Committee on Contributions to consider that alternative further.

16. Alternative IV seemed very complicated and posed practical difficulties, particularly in the selection of relevant socio-economic indicators. Moreover, the Committee's report clearly showed that the result of such an approach would be to increase the assessable income of the majority of developing countries, while the assessable income of most developed countries would substantially decrease. Such a scale of assessment seemed at variance with States' real capacity to pay. The delegations that had expressed a wish for alternative IV to be further examined should reconsider their position.

17. Mr. DURRANI (Pakistan) said that, despite its shortcomings, the current method of determining the scale of assessments was practical and broadly reflected countries' economic strength and capacity to pay. Real capacity to pay was the most suitable basis for the scale of assessments, tempered by the application of the low per capita income allowance formula.

18. Of the four alternative methods of assessing real capacity to pay discussed by the Committee on Contributions, the first was likely to cause difficulties and disparities between the three groups proposed and individual countries in them. There were wide fluctuations in the nature and scope of the statistical data available, and the method was likely to bring political elements into the calculation of Member States' contributions without leading to an improved scale. Alternative II represented a departure from established principles and practice. In view of its serious shortcomings outlined by the Committee, it seemed unsuitable; no useful purpose would be served by studying it further.

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(Mr. Brugal Almanza, Cuba)

world-wide standard was bankrupt because of its constant depreciations and general instability, the burden should not be borne by other countries and still less should internal corrective measures be imposed. Cuba hoped that the Committee would not insist on the "pseudo" rates, which could only lead to unnecessary confrontation within the Fifth Committee.

32. With regard to the collection and comparison of data, Cuba was very pleased that the technical problems of converting data from the material product system to the system of national accounts had been overcome by the Statistical Office and that, as paragraphs 60 and 61 of the report indicated, the concern of some delegations on that score could now be set aside.

33. As for the length of the base period, Cuba supported maintaining the current 10 year span, because it favoured a base period that would measure the long-term economic situation. It also supported the low per capita income allowance formula as applied under the current methodology. Although the formula had been described as arbitrary, it had in practice offered relief to the developing countries.

34. The economic difficulties of States had heightened their concern over the scale of assessments, and the best response would be to administer and distribute the resources of the Organization through budgets that were both efficient and modest.

35. Mr. YOUNIS (Iraq), commenting on the alternatives to the current methodology proposed by the Committee on Contributions, said that alternative I would, by the Committee's own admission, lead to confrontation both between and within groups of States. Alternative II was not based on real capacity to pay and contradicted the principle of an independent civil service. There had been no noticeable progress in the methodology involved in alternative III that would justify that approach. The Committee must therefore focus its future thinking on alternative IV.

36. The integration of social and economic indicators into the current methodology, admittedly a complex question that needed further study, would affect the oil-producing developing countries variously, since only some of them benefited from the low per capita income allowance formula. The assessable income of oil-producing developing countries could not be set at the level of that of the developed countries: the economies of the oil-producing countries were based on the export of a primary depletable commodity and required the import of manufactured goods at high prices as well as huge outlays to remedy shortcomings in their economic infrastructures. Thus, the assessable income of the oil-producing States should be the difference between their national income and the required deductions for infrastructural improvements.

37. The current methodology relying on the use of statistics of national income at market prices in United States dollars was not a good basis for assessing real capacity to pay. Stable rates - either the "pseudo" rates of exchange discussed in the report or some other scientific statistical standard - should be used.

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(Mr. Younis, Iraq)

38. The statistical base period should take into account the economic situation over several years; therefore any attempt to shorten the base period should be abandoned. The low per capita income allowance formula should not be applied so as to burden the most disadvantaged States. Iraq supported the suggestion made in paragraph 48 of the report that a country's rate of assessment should not be increased if its national income had declined over a three-year period. The Committee should endorse that position on the basis of both justice and sound economics. In addition, those developing countries whose per capita income was above that specified in the low per capita income allowance formula should not be covered by that formula but should be assessed at the real rate.

39. The General Assembly had repeatedly urged the Committee on Contributions to find a way of limiting excessive variations between successive assessment scales, and Iraq believed that it was high time that the Committee did so. It therefore strongly supported the final scale of assessment presented in annex V of its report, based on percentage limits and percentage point limits with eight rate brackets.

40. Mr. MONAYAIR (Kuwait) said that none of the alternatives discussed by the Committee on Contributions in its report would alone provide a practical basis for measuring the real capacity to pay of Member States. All the alternatives presented difficulties and might lead to a scale which was no fairer or more equitable than one calculated on the basis of the existing methodology. Alternative IV was the most promising, and the Committee on Contributions should study it further, especially the possibility of integrating social and economic indicators into the current methodology and introducing adjustments for inflation and changes in exchange rates.

41. His country's economy was based on the export of a single depletable commodity subject to sharp price fluctuations, which affected the balance of payments. The international recession and inflation were also taking a toll on the economies of the developing countries generally, whose real capacity to pay was definitely not increasing. In calculating the scale of assessments, the Committee on Contributions should take particular care to comply with the relevant resolutions of the General Assembly, many of the provisions of which had yet to be implemented. It should, in particular, follow the directives of the Assembly with regard to limits on increases in a country's assessment between two successive scales. He urged the Committee to redouble its efforts to find ways of increasing the fairness and equity of the scale of assessment as directed by the General Assembly.

42. Miss ZONICLE (Bahamas) said that the report of the Committee on Contributions was generally disappointing when judged from the perspective of the instructions it had been given in General Assembly resolutions 34/6 B, 36/231 A and 37/125 B and the amount of time it had spent without advancing substantially beyond the stage it had reached in 1982. The Committee on Contributions should be at the stage of synthesizing its findings for presentation to the General Assembly in 1984, as requested, and yet it had referred in its report to the need to consider further

(Miss Zonicle, Bahamas)

nearly all the topics under study. It was therefore little wonder that the debate so far had reopened confusing and contradictory issues, which made it necessary to re-emphasize the obvious. There was no question at the current stage of departing from the fundamental criterion of real capacity to pay for the calculation of the scale of assessments.

43. Her delegation endorsed the comments made at the preceding meeting by the representative of Finland regarding the approach which the Committee should take towards the scale of assessments. Instead of viewing contributions as grants, Member States should see them as investments, albeit modest ones, for the solution of the very issues which devoured the greater part of their national budgets. The financial sacrifice required of Member States was small, especially in view of the Organization's objectives of saving succeeding generations from the scourge of war, and from poverty and oppression. While the scale was not a tool for income distribution, the objective application of the fundamental criterion of capacity to pay required sensitivity to the fact that capacity to pay was not absolute but rather relative to the impact which specific factors had on a country's economy, particularly over the long term.

44. The task of the Fifth Committee at the current session was to assist the Committee on Contributions to meet the 1984 deadline for proposing alternative methods for assessing real capacity to pay.

45. Alternative I was unscientific and could give rise to confrontations. The rationale underlying the three groupings was ill-defined. Because of its far-reaching shortcomings, alternative I should not be pursued further by the Committee. Alternative II should likewise not be pursued, since it was not based on capacity to pay. Like alternative I it would engender disharmony, resentment and paternalism.

46. There remained insurmountable obstacles to the adoption of alternative III. The concept of national wealth fell within the realm of political economy, and ultimate responsibility for removing the existing obstacles rested with Member States and not with the Committee on Contributions. The utility of the Committee's next report would depend in large measure on the extent to which Member States shouldered that responsibility.

47. Member States also had a responsibility to help resolve the difficulties encountered by the Committee in considering alternative IV. There should be a rational relationship between economic and social indicators and the length of the base period. With regard to adjustments for inflation and changes in exchange rates, her delegation endorsed the views set forth in paragraphs 35-37 and 41-42 of the Committee's report. The suggested modifications of the low per capita income allowance formula and the proposal to set a limit on variations in assessments between successive scales were arbitrary ad hoc measures which should be replaced by more objective ones as adequate economic and social indicators became available and it became possible to quantify national wealth. Both those relief factors were based on an irrational perception of the burden which the scale of assessments

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(Miss Zonicle, Bahamas)

placed on Member States, and ignored the provisions of Article 4, paragraph 1, of the Charter concerning the ability and willingness of Member States to carry out the obligations of membership.

48. The only realistic chance the Committee had of completing its mandate by the next session was to address a detailed questionnaire to Member States and organizations of the United Nations system to obtain their views on the factors and statistical data which should be taken into account in measuring national income and national wealth, and in compiling economic and social indicators. Those were the only possible avenues for the refinement of the existing methodology at the current stage. Where data was unavailable for a given country, the Committee on Contributions should be authorized to use its expert judgement to employ comparison data for the economies of countries similar to those for which the needed data was lacking. The Fifth Committee had a unique role to play in that process by impressing on Member States that, while the scale of assessments reflected in microcosm the contradictions and imperfections of the Organization, they had an unparalleled opportunity to resolve a number of issues which would enable the United Nations to make major advances in giving fuller effect to the Charter.

49. Mr. HOUNGAVOU (Benin) said that, despite the considerable work done by the Committee on Contributions, the report before the Fifth Committee unfortunately did not contain any specific proposals which could be adopted to increase the fairness of the scale of assessments and take into account the special circumstances of various Member States. The basic problem therefore remained. To be sure, the task of the Committee on Contributions was not an easy one, and the Committee had managed to identify and evaluate four possible approaches to the calculation of the scale of assessments. His delegation endorsed the views on the Committee's report put forward by the representatives of Cuba and the Bahamas in their interesting statements.

50. The current methodology for calculating the scale of assessments did not take adequately into account the unequal distribution of wealth among countries. The various suggestions grouped under alternative IV were interesting and should be studied further by the Committee. A questionnaire along the lines suggested by the representative of the Bahamas would be useful in that connection.

AGENDA ITEM 17: APPOINTMENTS TO FILL VACANCIES IN SUBSIDIARY ORGANS AND OTHER APPOINTMENTS (continued)

(c) APPOINTMENT OF A MEMBER OF THE BOARD OF AUDITORS (A/38/103; A/C.5/38/25)

51. The CHAIRMAN said that the Committee had before it a note by the Secretary-General (A/38/103), informing the General Assembly of the expiration on 30 June 1984 of the term of office of the Controller and Auditor-General of Bangladesh, and of the need to fill the resulting vacancy. In a further note (A/C.5/38/25), the Secretary-General had informed the General Assembly that the Government of the Philippines had nominated the Chairman of that country's Commission of Audit for appointment.

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(The Chairman)

52. Since there was only one nomination for the vacancy, he assumed that the Committee wished to dispense with a secret ballot and to recommend by acclamation the appointment of the Chairman of the Commission of Audit of the Philippines to the United Nations Board of Auditors for a term of office beginning on 1 July 1984 and ending on 30 June 1987.

53. It was so decided.

(d) CONFIRMATION OF THE APPOINTMENT OF THREE MEMBERS OF THE INVESTMENTS COMMITTEE (A/38/104, A/C.5/38/24)

54. The CHAIRMAN said that the Secretary-General had indicated in document A/38/104 that, since the terms of office of three members of the Investments Committee would expire on 31 December 1983, the General Assembly would have to confirm the appointment by the Secretary-General of three persons to fill those vacancies, for a three-year period beginning on 1 January 1984. In document A/C.5/38/25, the Secretary-General indicated that, after consultations with the United Nations Joint Staff Pension Board and the Advisory Committee on Administrative and Budgetary Questions, he was submitting for confirmation by the General Assembly the reappointment of Mr. David Montagu (United Kingdom of Great Britain and Northern Ireland), Mr. Yves Oltramare (Switzerland) and Mr. Emmanuel Noi Omaboe (Ghana).

55. If there was no objection, he would take it that the General Assembly wished to confirm those appointments.

56. It was so decided.

(e) APPOINTMENT OF TWO MEMBERS OF THE UNITED NATIONS ADMINISTRATIVE TRIBUNAL (A/38/105, A/C.5/38/21)

57. The CHAIRMAN said that the Secretary-General had informed the General Assembly in document A/38/105 of the need to appoint two individuals to fill vacancies which would arise in the membership of the Administrative Tribunal on 1 January 1984, to serve for a period of three years. In document A/C.5/38/21, the Secretary-General had communicated to the Fifth Committee the names of the two individuals nominated by their respective Governments for reappointment, namely Mr. Arnold Wilfred Geoffrey Kean (United Kingdom of Great Britain and Northern Ireland) and Mr. Herbert Reis (United States of America).

58. Since there were only two nominations for the two vacancies, he assumed that the Committee wished to dispense with a secret ballot and to recommend to the General Assembly the appointment of the two individuals nominated for reappointment to the United Nations Administrative Tribunal for a three-year term of office beginning on 1 January 1984.

59. It was so decided.

The meeting rose at 12.55 p.m.