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COMMITTEE ON CONTRIBUTIONS
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REPRESENTATION BY MEXICO

The following communication, of 30 April 1968, addressed by the Permanent Representative of Mexico to the Secretary-General of the United Nations, is submitted to the Committee on Contributions for consideration:

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The Permanent Representative of Mexico to the United Nations presents his compliments to the Secretary-General of the United Nations and has the honour, with reference to his note No. FI 312/1 1968 of 5 April indicating that the Committee on Contributions would meet on 1 May 1968 to consider the views expressed by delegations during the discussion of its report and any representations that Member States might wish to submit to the Committee, to transmit the attached memorandum for the consideration of the Committee on Contributions.

The Permanent Representative of Mexico takes this opportunity to renew to the Secretary-General of the United Nations the assurances of his highest consideration.

MEMORANDUM SUBMITTED TO THE COMMITTEE ON CONTRIBUTIONS BY
THE PERMANENT MISSION OF MEXICO TO THE UNITED NATIONS

1. During the discussion of the report of the Committee on Contributions (A/6710), the Mexican delegation, at the 1192nd meeting of the Fifth Committee, expressed not only its views concerning the scale of assessments proposed for 1968-1970 but also its opinion generally on the criteria which the Committee takes as a basis in making its recommendations. As was proper in a statement of that kind, the Mexican delegation confined itself to making comments and expounding general principles. The purpose of this memorandum is to expand on some of those principles and to formulate suggestions which may be useful to the Committee on Contributions in its deliberations.
2. The basic observation made by the Mexican delegation was the need to review the existing criteria for establishing the United Nations scale of assessments in the light of three factors: (1) the world economic situation has changed considerably since the founding of the United Nations; (2) the regular budget has risen from \$19.4 million in 1946 to \$140.4 million in 1968; (3) resolution 2190 (XXI) recommends that the specialized agencies "take steps to bring their scales into harmony with the United Nations scale as soon as possible", which implies that our scale of assessments is a model of equity. To these three grounds must be added the fundamental reason which led the Mexican delegation to speak as it did in the Fifth Committee, namely, the results - in our view, the unsatisfactory results - which these criteria have brought about and which were more glaringly apparent than ever in the scale recommended for 1968-1970.
3. We should like to lay stress on three of the comments made by the Mexican delegation concerning the basic criteria. The first relates to the ceiling for the State which pays the highest assessment; for it is difficult to justify any reduction in the assessment of the richest country in the world, inasmuch as, while its gross national product has trebled since 1957, when resolution 1137 (XII) was adopted, its assessment, which had already been artificially reduced to 33.33 per cent, has gone down further to 31.57 per cent. The second relates to the problem raised by the fact that the countries that have a per capita income of less than \$1,000 and are accordingly allowed a reduction include some highly

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industrialized countries, which have been receiving the same treatment as the developing countries. The third relates to the interpretation which the Committee on Contributions placed on resolutions 1927 (XVIII) and 2118 (XX) as concerns the due attention to be given to the developing countries. Pursuant to that resolution, the Committee made additional downward adjustments for countries with a per capita income of less than \$300; this might raise a question of principle, namely, whether only those States are developing countries.

4. This memorandum contains an analysis of the aforementioned three comments in the light of the changes which have been made in the scale of assessments from 1946 to the present time.

5. The two basic features of the present system for establishing assessments are, firstly, that assessments are directly proportionate to net national product, and, secondly, that countries having less than \$1,000 per capita receive an allowance inversely proportionate to their per capita product. This system has meant that increases imposed on any country reduce the assessments of the others in direct proportion to their net national product, and that the richest countries therefore derive the most benefit. On the other hand, the present system of allowances means that the countries having the lowest per capita income are also the ones which derive the most benefit from increases imposed on any country. This observation applies all the more to the two special cases of China and India, which have a high net national product and a very low per capita product.

6. The attached table covers thirteen selected countries belonging to different per capita income groups which, as will be shown below, constitute prototypes demonstrating the different trends of movement in the scale of assessments. The first four (the Soviet Union, Poland, Italy and Japan) represent the highly industrialized countries which have enjoyed the reductions granted to countries with less than \$1,000 per capita and whose assessments have been greatly increased. The next four countries (the United States, the United Kingdom, France and Sweden) also represent countries which are highly industrialized, but which have a very high per capita income. The next two countries (China and India) represent developing countries of a special type which have a high national product but, owing to the fact that they are the two countries with the largest

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populations in the world, have a per capita income of less than \$300. The next two countries (the United Arab Republic and Pakistan) are two examples of developing countries with less than \$300 per capita, and the last country (Mexico) represents a developing country with more than \$300 per capita.

7. Despite the fact that some of these countries have been affected by special criteria (the United States by the ceiling, Sweden by the per capita ceiling, the Soviet Union and Poland by the reductions granted to countries devastated by the Second World War, and China by the difficulty of calculating its national product and by its special status as a permanent member of the Security Council), the Mexican Mission considers that they are valid examples, in that the downward or upward trends reflected in their assessments are shared by other countries with similar economic characteristics.

8. In point of fact, the large reductions granted to the United States, the United Kingdom and Sweden have been shared by Canada, Australia, Denmark, New Zealand, Norway and the Netherlands (although the Netherlands has had a slight increase from 1964 onwards), and the lack of any sizable change in France's contribution has been shared, with downward tendencies, by Belgium and, with upward tendencies, by Finland.

This general trend was confirmed in the latest scale, in which all the highly industrialized countries with a per capita income of more than \$1,000 had considerable downward adjustments in their assessments, despite the fact that they have experienced large increases in their national product both in percentage terms and in absolute terms. The only exceptions were the Netherlands and Austria, which passed the \$1,000 limit, thus losing the right to the allowance for low per capita income, and Finland, which had an increase of 45 per cent in its net national product and 41 per cent in its per capita product.

9. With respect to the countries with a per capita product of less than \$300, we should like to draw attention to the special cases of China and India. As can be seen from the attached table, the assessments of these two countries have fallen from 6.30 per cent to 4 per cent and from 4.09 per cent to 1.74 per cent respectively. Although the two cases are not comparable because of China's special situation vis-à-vis the United Nations, they have some characteristics in common:

(a) Both countries have a very high net national product; China is in third place, immediately after the United States and the USSR, with a figure of \$85,455 million, and India occupies eighth place, after the permanent members of the Council and Japan and Italy, with an average product of \$42,380 million for the years 1963-1965.

(b) However, since they are the two countries with the largest populations in the world, their per capita product was \$127 and \$89 respectively during the same three-year period.

As a result of these two factors, both countries have obtained large downward adjustments in their assessments, since they are the only ones which benefit both from their high national products and from the large allowances they enjoy because of their low per capita incomes. Perhaps the Committee could find a special criterion for these countries.

10. As for the other countries with a per capita product of less than \$300, the large reductions in the assessments of the United Arab Republic and Pakistan shown in the attached table are shared by all the other States belonging to this group, and in particular by Brazil (from 1.94 to 0.89), Turkey (from 0.93 to 0.35), Iran (from 0.47 to 0.22), Indonesia (from 0.60 to 0.34), Peru (from 0.21 to 0.10), Burma (from 0.15 to 0.06), and so forth. The only exceptions in this group of countries are the Philippines, Ghana and the Democratic Republic of the Congo, whose assessments have increased from 0.30 to 0.34, from 0.07 to 0.08 and from 0.04 to 0.05 respectively. These facts corroborate the Mexican Mission's view that General Assembly resolutions 1927 (XVIII) and 2118 (XX) cannot be interpreted to mean that "due attention" is to be given only to developing countries with less than \$300 per capita, since those countries have received the largest reductions.

11. Before proceeding to consider the group of countries whose assessments have constantly increased, we should like to submit some comments regarding the country which pays the highest assessment; for, by reason both of the high percentage which that assessment represents and of the special criteria which govern it, this is a factor of prime importance in the study that the Committee will be making. Without for the moment passing any judgement on the various circumstances which may have justified the establishment of the 33.33 per cent ceiling, there have

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unquestionably been considerable changes both in the membership of the Organization and in world economic circumstances, and this makes it perfectly in order to reconsider the very existence of any ceiling. The Mexican Mission would also like to express some specific views concerning the consequences of the General Assembly's decision that the assessment of the largest contributor should gradually be reduced from 33.33 per cent to 30 per cent.

12. The arguments advanced during the discussion which led to the adoption of resolution 1137 (XII) included technical arguments. Underlying these arguments were the considerations that contributions should be based on real capacity to pay and that any artificial reduction in the assessment of the largest contributor would increase the assessments of the middle-income countries, which, as was stated by a number of delegations, were already contributing more than in proportion to their capacity to pay. The changes in assessments which have occurred show that an increasing share is being borne by the Soviet Union and the socialist countries, and also by Japan, Italy and other countries, and confirm the cogency of the technical arguments which were advanced in opposition to the resolution; for, whereas in 1946 the United States was contributing four times more than all the socialist States combined (39.89 per cent and 9.82 per cent respectively), in 1968 it will contribute only one and a half times more (31.57 per cent and 21.54 per cent).

13. Furthermore, in the opinion of the Mexican Mission, the manner in which resolution 1137 (XII) has been interpreted gives rise to several debatable points. Paragraph 3 (b) refers to a definite period of time (1959-1961) and a specific method of reduction (the admission of new members); a reduction only as far as 32.20 per cent - as stated by the Committee in paragraphs 18 and 23 of its report to the sixteenth session of the General Assembly (A/4775) - and not 32.02 per cent, appeared the only desirable course. Paragraph 3 (c) makes only a vague reference to the time in which the reductions must be made when it speaks of "such additional steps". The only meaning of this is that future reductions may not be made at the same time as those referred to in paragraph 3 (b). It is not stated that these reductions must be effected every time a new State (the majority with an assessment of 0.04 per cent) is admitted to the Organization.

14. It is perhaps appropriate to recall that the largest contributor requested a reduction in its assessment from 33.33 per cent to 30 per cent because of the simultaneous admission in 1956 of sixteen countries, including Italy, and in 1957 of six countries, including Japan.

15. Finally, paragraph 3 (d) states: "The percentage contribution of Member States shall not in any case be increased as a consequence of the present resolution". Two comments may be made here. Firstly, the additional reduction from 32.20 per cent to 32.02 per cent made in 1962 meant that, in a scale fixed at 100 per cent, the assessments of the other countries were bound to increase in the amount of 0.18 per cent. Secondly, each reduction in the ceiling has a negative effect on the other countries because the reductions to which they would have been entitled as a result of the admission of new Member States are mostly absorbed by the largest contributor. Moreover, in subsequent scales of assessment, the contributions of the intermediate States may be increased in the hypothetical case where the contributions of newly admitted States are reduced.

16. In the light of the foregoing arguments, it appears advisable to fix the assessment of the largest contributor provisionally at 32.20 per cent, since the reductions of 1962, 1965 and 1968 (the first of these debatable) have been made by using the assessments of small countries entering the Organization.

17. The Mexican Mission would like to make some comments on the countries which have undergone increases and which to a large extent have absorbed the reductions of other Member States.

18. If we examine the trend in the assessments of countries which have a per capita product of less than \$1,000 but greater than \$300, we find in the first place two different groups of countries: those whose assessments have decreased (Argentina, Chile, Cuba, Uruguay, Ireland, South Africa and Spain, although Spain experienced a considerable increase in 1968) and those whose assessments have increased.

19. Within the second group we may distinguish three different categories:

1. the countries of Eastern Europe; 2. Japan and Italy; 3. three developing countries: Greece, Mexico and Venezuela. All have benefited from the allowances granted to countries with per capita income of less than \$1,000, but the countries

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of Eastern Europe, which were founder Members, received substantial additional reductions between 1946 and 1951 because of the dislocations caused by the Second World War and some of them had their assessments reduced following rectifications in the calculations of their national products. As a result, only the Soviet Union and Poland underwent increases; the assessments of the remainder were fairly stable with a tendency to increase in the cases of Bulgaria (from 0.14 to 0.18), Hungary (from 0.46 to 0.52) and Yugoslavia (from 0.34 to 0.40) and with a tendency to decrease in the case of Czechoslovakia (from 0.95 to 0.92) and especially Romania (from 0.50 to 0.36).

20. The remaining two categories of States whose proportionate assessments have been substantially increased are: Japan and Italy, on the one hand, and Greece, Mexico and Venezuela on the other. Obviously, these are two very different types of State: the first group is highly developed, with a great technical capacity and a high industrial production; the second group consists of developing countries, with all the difficulties and problems which that implies. However, the present system treats both categories alike.

21. It is perhaps appropriate to quote an example which shows how paradoxical the present criteria are. In the scale for 1968-1970 the assessment of Mexico rose by 0.06, while that of the United States decreased by 0.34. Yet, the increase in the net national product of the United States during the three years which served as a basis for establishing the scale was 6 1/2 times greater than the whole of the Mexican net national product. The same comparison is valid for the Soviet Union whose decrease in assessment was 0.36 per cent and whose increase in national product was 2 1/2 times greater than the total Mexican product, and for France, the United Kingdom and China, whose increases in national product equalled or exceeded the whole Mexican national product and yet whose assessments were reduced by 0.09, 0.59 and 0.25, respectively.

22. From the above considerations we may reach, inter alia, the following basic conclusions:

(a) The groups of countries which have benefited most from the basic principles governing the present scale are those which have a per capita income greater than \$1,000, including the largest contributor, and those which have a per capita income of less than \$300, especially China and India.

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(b) Among the countries which have experienced substantial increases in their assessments, there are two basic categories: the highly industrialized ones and the developing ones which, in the opinion of the Mexican Mission, do not deserve the same treatment.

23. The Mexican Mission wishes to submit for the consideration of the Committee on Contributions, in addition to the suggestions contained in this memorandum, the following points:

I. Within the framework of General Assembly resolutions 1927 (XVIII) and 2118 (XX), the Committee on Contributions might give due attention not only to developing countries with per capita income of less than \$300, but mainly to developing countries whose contributions have increased since their admission to the Organization. Perhaps the Committee could use the assessments of new Member States, which it is to fix at this session, to initiate this process.

II. The Committee might find a way to ensure that the increases in the assessments of the industrialized countries with per capita income of less than \$1,000 do not benefit almost exclusively the countries which have the largest national products, as occurred in the scale for 1968. To this end, it may be useful to reflect that the increases of countries like Japan and Italy are due to two concomitant but accountably different factors:

- (a) the increase in their net national product, and
- (b) the decrease in their percentage of reduction, because of the rise in their per capita product.

It seems possible to devise a formula which will ensure at least that the increases due to the second factor directly benefit the developing countries. This might be achieved by adding the total percentage by which the contributions of all countries with per capita income less than \$1,000 are reduced and maintaining that figure in future as an invariable percentage. In this way, as the reductions of the industrialized countries diminish or disappear completely, as will happen in the next scale in the case of the USSR and Italy, the difference between the total reductions and the invariable percentage would be distributed among the developing countries in direct proportion to their "taxable products" (with the exception of China and India, which would benefit from a larger proportion of the increases because of factor (a)). The Committee might

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A/CN.2/R.255
English
Page 10

study the desirability of establishing the invariable percentage on the basis of the total reductions in the previous scale in order to lessen the impact of the changes introduced in 1968.

New York, N.Y., 30 April 1968

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Year	USSR ^{a/}	Poland	Italy	Japan	United States	United Kingdom	France	Sweden	China	India	UAR	Pakistan	Mexico
1946	6.62	1.00	--	--	39.89	11.98	6.30	--	6.30	4.09	0.81	--	0.66
1947	6.34	0.95	--	--	39.89	11.48	6.00	2.35	6.00	3.95	0.79	--	0.63
1948	6.34	0.95	--	--	39.89	11.48	6.00	2.04	6.00	3.95 ^{b/}	0.79	--	0.63
1949	6.34	0.95	--	--	39.89	11.37	6.00	2.00	6.00	3.25	0.79	0.70	0.63
1950	6.34	0.95	--	--	39.79	11.37	6.00	1.98	6.00	3.25	0.79	0.70	0.63
1951	6.98	1.05	--	--	38.92	11.37	6.00	1.85	6.00	3.41	0.71	0.74	0.63
1952	9.85	1.36	--	--	36.90	10.56	5.75	1.73	5.75	3.53	0.60	0.79	0.65
1953	12.28	1.58	--	--	35.12	10.30	5.75	1.65	5.62	3.45	0.50	0.79	0.70
1954	14.15	1.73	--	--	33.33	9.80	5.75	1.65	5.62	3.40	0.47	0.75	0.75
1955	15.08	1.73	--	--	33.33	8.85	5.90	1.59	5.62	3.30	0.40	0.67	0.80
1956	13.96	1.56	2.08	--	33.33	7.81	5.70	1.46	5.14	2.97	0.36	0.55	0.70
1957	13.96	1.56	2.08	1.97	33.33	7.81	5.70	1.46	5.14	2.97	0.36	0.55	0.70
1958	13.62	1.52	2.03	1.92	32.51	7.62	5.56	1.43	5.01	2.90	0.35	0.54	0.68
1959	13.62	1.37	2.25	2.19	32.51	7.78	6.40	1.39	5.01	2.46	0.32 ^{c/}	0.40	0.71
1960	13.62	1.37	2.25	2.19	32.51	7.78	6.40	1.39	5.01	2.46	0.32 ^{c/}	0.40	0.71
1961	13.62	1.37	2.25	2.19	32.51	7.78	6.40	1.39	5.01	2.46	0.32 ^{c/}	0.40	0.71
1962	14.97	1.28	2.24	2.27	32.02	7.58	5.94	1.30	4.57	2.03	0.25	0.42	0.74
1963	14.97	1.28	2.24	2.27	32.02	7.58	5.94	1.30	4.57	2.03	0.25	0.42	0.74
1964	14.97	1.28	2.24	2.27	32.02	7.58	5.94	1.30	4.57	2.03	0.25	0.42	0.74
1965	14.92	1.45	2.54	2.77	31.91	7.21	6.09	1.26	4.25	1.85	0.23	0.37	0.81
1966	14.92	1.45	2.54	2.77	31.91	7.21	6.09	1.26	4.25	1.85	0.23	0.37	0.81
1967	14.92	1.45	2.54	2.77	31.91	7.21	6.09	1.26	4.25	1.85	0.23	0.37	0.81
1968	14.61	1.47	3.24	3.78	31.57	6.62	6.00	1.25	4.00	1.74	0.20	0.37	0.87

a/ Excluding Byelorussia and Ukraine.

b/ Including Pakistan.

c/ Including Syria.