

GENERAL
ASSEMBLY

THIRTY-SECOND SESSION

Official Records*



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FIFTH COMMITTEE

35th meeting

held on

Friday, 4 November 1977

at 10.30 a.m.

New York

SUMMARY RECORD OF THE 35th MEETING

Chairman: Mr. TALIEH (Iran)

later: Mr. SCHMIDT (Federal Republic of
Germany)

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

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Distr. GENERAL

A/C.5/32/SR.35

11 November 1977

ENGLISH

ORIGINAL: FRENCH

The meeting was called to order at 10.35 a.m.

AGENDA ITEM 101: FINANCIAL EMERGENCY OF THE UNITED NATIONS: REPORT OF THE
NEGOTIATING COMMITTEE ON THE FINANCIAL EMERGENCY OF THE UNITED NATIONS (continued)
(A/31/37)

1. Mr. SCHMIDT (Federal Republic of Germany) said that he was experiencing a sense of frustration. The working paper submitted by the Chairman of the Negotiating Committee was, however, an important step, even if his delegation could not agree with all the ideas in it and did not think that it could serve as a basis for negotiations. It was frustrating that the Federal Republic of Germany should have to bear the consequences of an emergency which had arisen long before it had joined the United Nations and which was aggravated by the fact that certain countries had been and still were withholding part of their assessed contributions. If all Member States were to assume the right to finance the expenses of the United Nations as they saw fit, that would be the end of the Organization. It was not right that those who paid their contributions regularly and in full should have to finance a deficit to which those who did not follow their example had contributed. Only the timely payment of assessed contributions and the use of various funds, such as the Working Capital Fund, for purposes other than those initially envisaged would make it possible to cover the deficit.

2. Until Member States decided to apply the rules in force or to alter them, there would be no point in extending the mandate of the Negotiating Committee. However, if that was the wish of most Member States, his delegation would abide by the majority view.

3. Mr. ABRAHAMSON (Denmark) said that, in order to perform its work effectively, the United Nations must have a sound financial basis. Unfortunately, no solution had yet been found to cover the Organization's substantial short-term deficit. It could be seen from the report of the Negotiating Committee (A/31/37) that certain Member States were not fulfilling their commitments and were not prepared to accept that membership in the United Nations obliged them all to adhere faithfully to the rules of the game - in other words, to pay on time their assessed contributions to cover expenses endorsed by the General Assembly.

4. His delegation believed that a package solution should be sought which would take into account all aspects of the problem. However, without a willingness on the part of all Member States to carry their fair share of the burden, the picture would remain gloomy. To count on voluntary contributions to cover the United Nations deficit would be wishful thinking.

5. Mr. HART (Australia) said that the problem of the United Nations financial emergency and indebtedness was growing constantly and causing serious cash flow problems for the Organization. It was a cause of inefficiency and absorbed considerable time in the Secretariat which could be better used for more constructive action.

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(Mr. Hart, Australia)

6. The financial emergency of the United Nations derived directly and unmistakably from the practice of certain Member States consisting in withholding part of their assessed contributions. Withholding had created the bulk of the past debt of the United Nations and, unless it was stopped, it would add to that debt in future. Any solution to the financial problems of the United Nations must therefore address itself to that problem. Article 17, paragraph 2, of the United Nations Charter, which stated that "The expenses of the Organization shall be borne by the Members as apportioned by the General Assembly", was unmistakably clear; it was nowhere stipulated that that provision was subject to any objections which Members might have to certain expenses. The practice of withholding was thus not acceptable, legal or responsible, and it was being followed at the expense of the majority of Member States.

7. There were two aspects of the problem. The first related to past debts. His delegation believed that the countries which had incurred those debts should now pay them. They need not make concessions on points of principle; they could make a voluntary contribution, reserving their position of principle as France had done. The financial integrity of the United Nations was equally a "position of principle" which all delegations should uphold.

8. The second aspect of the problem related to the future and, in that connexion, some guarantee was needed that the withholding problem would not arise again. The problem was aggravated by the practice of paying part of contributions in national currency; that practice was not in accordance with the United Nations Charter or with its Financial Regulations. To the extent that the currency in question - which amounted to over \$15 million - could not be used by the United Nations, payment of contributions in national currency was equivalent to non-payment.

9. The problem also had other elements, and a package solution would be needed. The Australian delegation had noted the guidelines set out in the Negotiating Committee's report (A/31/37), which constituted a package. Many aspects of that package raised problems, but it at least represented a basis for negotiation. The Negotiating Committee should continue in existence and be asked to consider the problem further. His delegation hoped that the Negotiating Committee would then be able to submit a further report which would reflect further progress. The report should give full statistical details regarding the composition and extent of the indebtedness. Specifically, it should list those countries which owed amounts of money.

10. Mr. STUART (United Kingdom) said that, given goodwill on all sides, the guidelines prepared by the Chairman of the Negotiating Committee could serve as a basis for further constructive discussion of the question. Clearly, voluntary contributions must be a vitally important element in a solution. All countries without exception should make voluntary contributions - both those which had withheld so much for so long and those which had always paid their dues promptly and without complaint.

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(Mr. Stuart, United Kingdom)

11. In that connexion, he was surprised that, when the Italian representative had praised certain countries for their generous voluntary contributions to the Special Account, he had omitted to mention the voluntary and unconditional contribution of \$10 million made by the United Kingdom in 1965 and subsequently slightly reduced with the authorization of the General Assembly. The United Kingdom believed that it had given the essential lead in 1965. A number of countries had followed that example - notably France, which had not only made a generous voluntary contribution but had also decided to desist from withholding. It was now the turn of other countries, and particularly of those which had persistently withheld and which found new excuses for further withholding, to grasp without delay the opportunity for them to do great service to the United Nations.

12. Mr. KIVANC (Turkey) recalled that the Negotiating Committee, established by the General Assembly at its thirtieth session by resolution 3538 (XXX), had been requested "to bring about a comprehensive settlement of the critical financial situation of the United Nations" and "to submit to the Assembly, at its thirty-first session, a report on progress achieved, with recommendations on further steps that should be undertaken to solve the financial problems of the United Nations". Two years had elapsed since the adoption of that resolution and it must regretfully be noted that, as stated by the Committee in its report (A/31/37), "The Negotiating Committee was unable to reach a consensus on a solution to the financial difficulties of the Organization ... and the Committee is not able to put forward recommendations to the General Assembly for an agreed solution to the financial difficulties facing the Organization."

13. The United Nations had been facing those difficulties for the past 20 years, and over the past decade the General Assembly had successively set up three intergovernmental committees to study the question: the Special Committee on Peace-keeping Operations (1965), the Ad Hoc Committee of Experts to Examine the Finances of the United Nations and the Specialized Agencies (1966) and the Special Committee on the Financial Situation of the United Nations (1972). The Negotiating Committee was to take into account the work of those three committees (resolution 3538 (XXX), para. 4) and its mandate had not been unlimited, particularly in the light of Article 19 of the Charter.

14. The United Nations must first solve its cash flow problems if it was to be able effectively to implement its programme budget. His delegation would like a solution to be found on the basis of the following: prompt and full payment of assessed contributions by all Member States; charging of interest for unpaid assessed contributions; reorganization of the present payment time-table; establishment of a proper instalment pattern; short-term action with regard to the Working Capital Fund; authorization to borrow from United Nations trust funds or other resources, including payment of interest; authorization to liquidate accumulated non-convertible currencies; establishment of an atmosphere conducive to voluntary contributions.

15. Above all, however, the accumulated deficit of the Organization must be eliminated and appropriate measures must be taken to prevent a deficit from recurring. The withholding by some countries of a part of their assessed

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(Mr. Kivanc, Turkey)

contributions was the main reason for the financial difficulties of the United Nations and posed a serious danger for the future. The problem could perhaps be solved by removing some sections from the regular budget, stopping the practice of withholding, stopping the practice of offering contributions in non-convertible currencies and eliminating the accumulated past withholdings. Unfortunately, his delegation had not even been able to discuss some of those issues in the Negotiating Committee.

16. His delegation had taken note of the paper provided by the Controller (A/C.5/32/CRP.5). The Organization was in an extremely serious financial crisis to which no one could close his eyes. It was the responsibility of all Member States to help to solve that crisis, in the light of the principles of the Charter and the decisions taken by the General Assembly at its sixth and seventh special sessions. That would be possible only if countries demonstrated a spirit of co-operation and compromise and did not make the financing of the Organization subject to political considerations.

17. Mr. BAROODY (Saudi Arabia) reviewed the world economic situation since the great depression of the 1930s and recalled that at the thirty-first session of the General Assembly he had proposed that, in order to finance UNEP, Governments should levy a tax of one United States cent on every barrel of oil that was sold. He had also proposed that, in order to resolve the financial crisis of the Organization, Member States should levy a tax of 0.3 per cent on the value of their arms production. He still believed that the solution would be to call upon Governments to levy a very small value-added type of tax for the benefit of the United Nations. He urged representatives to use their influence to persuade their Governments to put aside their individual interests and help the United Nations to overcome its financial difficulties; for, despite its short-comings, the Organization was still the hope of mankind.

18. Mr. Schmidt (Federal Republic of Germany) took the Chair.

AGENDA ITEM 100: PROPOSED PROGRAMME BUDGET FOR THE BIENNIUM 1978-1979 (continued)
(A/32/6, A/32/8, A/32/38)

Administrative and financial implications of the draft resolutions in documents A/32/L.4-L.11 concerning agenda item 91 (continued)

19. Mr. DEBATIN (Assistant Secretary-General, Controller) said that during the consideration by the Fifth Committee of the statements of the administrative and financial implications of draft resolutions A/32/L.4-L.11 on the question of Namibia (A/C.5/32/30 and Corr.1 and Add.1), together with the related report of the Advisory Committee on Administrative and Budgetary Questions (A/32/8/Add.4) and the oral report of the Chairman of the Advisory Committee on document A/C.5/32/30/Add.1, the representative of Yugoslavia had observed that in paragraph 280 of its report (A/32/24) the Council for Namibia had stated that it would determine according to its programme of work for 1978 the specific projects for intensified activities relating to the dissemination of information and that it anticipated expenditures in the amount of \$207,500.

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(Mr. Debatin)

20. The representative of Yugoslavia had felt that the list of activities contained in part C of the Secretary-General's statement of financial implications and referred to in the report of the Advisory Committee might pre-empt the need for the Office of Public Information to consult with the Council for Namibia in the implementation of operative paragraphs 6, 11 and 13 of draft resolution A/32/L.6. The members of the United Nations Council for Namibia and the sponsors of draft resolution A/32/L.6 could rest assured that, although it was necessary for the Secretary-General to submit tentative estimates based on specific activities to be undertaken pursuant to the draft resolution, he would maintain the necessary flexibility in managing the appropriations approved under section 21. The Secretary-General had, of course, no intention of implementing a programme of public information activities regarding the question of Namibia which had not been fully agreed to by the Council.

First reading (continued)

Section 16 - Office of the United Nations High Commissioner for Refugees

21. The CHAIRMAN said that the Advisory Committee had recommended a reduction of \$140,400 in the estimate submitted by the Secretary-General. In addition, as had been agreed by the Fifth Committee, an amount of \$30,200 relating to the upgrading of two P-4 posts to the P-5 level would be deducted from the estimate for that section, pending a final decision on the matter. The amount of the appropriation recommended under section 16 was therefore \$18,477,600.

22. Mr. MAJOLI (Italy) said that he had reservations with regard to the inclusion in the regular budget of expenses relating to posts currently financed from extrabudgetary funds. However, in view of the importance of section 16, which involved expenditure of a humanitarian nature, he proposed that the Committee should approve by consensus the amount recommended by the Advisory Committee under section 16.

23. The CHAIRMAN said that, if there was no objection, he would take it that the Committee approved by consensus in first reading an appropriation of \$18,477,600, as recommended by the Advisory Committee under section 16.

24. It was so decided.

25. Mr. SAFRONCHUK (Union of Soviet Socialist Republics) said that he wished to reiterate his delegation's position of principle regarding the inclusion in the regular budget of expenses relating to posts financed from extrabudgetary funds. His delegation strongly objected to that practice and wished to state that, if expenses of that fund were included in the regular budget, the Soviet Union would be forced to review its position regarding the financing of such posts.

26. Mr. THEOPHILOU (Cyprus) said that in Cyprus there were 200,000 refugees who, until their return to their homes and properties, in accordance with the principles of law and justice and the relevant United Nations resolutions, would inevitably continue to depend on assistance from the Office of the United Nations High

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(Mr. Theophilou, Cyprus)

Commissioner for Refugees. That material and financial assistance was desperately needed and very much appreciated, since the Government of Cyprus alone was unable to bear the burden, but neither the Government nor the refugees themselves were satisfied with the situation. Their only desire - a legitimate and justified one - was to be allowed to return to their homes without further delay and to live there in safety. In the meantime, the Government of Cyprus was obliged to seek the continuation of the valuable aid provided by UNHCR until a just and permanent solution of the refugee problem was found.

27. His delegation wished, however, to make it clear that its approval of the appropriation recommended under section 16 of the proposed programme budget for the biennium 1978-1979 did not in any way mean that the Government of Cyprus accepted the assistance in question as a permanent and satisfactory solution to the refugee problem in Cyprus.

28. Mr. HART (Australia) welcomed the adoption by consensus of the appropriation recommended under section 16 of the proposed programme budget. He noted, however, that the Advisory Committee on Administrative and Budgetary Questions indicated in paragraph 16.5 of its report (A/32/8) that it had not considered the proposed transfer of 11 posts to the budget for 1980-1981 and that it would deal with that question in the context of its examination of the Secretary-General's proposals for that biennium. His delegation had reservations with regard to the inclusion in the regular budget of expenses relating to posts financed from extrabudgetary funds, but hoped that the Advisory Committee would take into account the importance of the activities of UNHCR.

29. Mr. PIRSON (Belgium) recalled the objections he had expressed on previous occasions with regard to the inclusion in the regular budget of expenses relating to posts financed from extrabudgetary funds; those objections applied to all programmes. He would, however, join in the consensus in view of the importance of the humanitarian activities of the Office of the High Commissioner.

30. Mr. DEBATIN (Assistant Secretary-General, Controller), referring to the question asked by the representative of the Ukrainian Soviet Socialist Republic concerning decisions taken by the Executive Committee of the High Commissioner's programme at its last session with regard to additional posts to be financed from voluntary contributions, the question asked by the representative of Belgium as to whether further transfers from the voluntary programme to the regular budget could be expected in the future, and the question asked by the representative of the Federal Republic of Germany as to whether a trend could be detected that would indicate the need for further transfers, said that the Executive Committee received a report which was prepared in August of each year describing assistance activities undertaken in the previous year and proposing a budget for the voluntary fund for the coming year. That report was reviewed by the Advisory Committee early in September and the Advisory Committee's comments were made available to the Executive Committee.

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(Mr. Debatin)

31. The adjustments required in the manning table of the Office of the High Commissioner for 1977 had indicated the need to open five new offices, mainly in Africa, and to strengthen a further six offices. The total number amounted to 17 Professional and 18 General Service posts related to material assistance programmes and special operations, and the regular budget would not, therefore, have to provide the necessary financing. It was to be noted, on the other hand, that for 1978 the High Commissioner did not at present see the need for any additional posts except one in Africa.

32. As for the question whether expenditure related to posts financed from extrabudgetary sources should be included in the regular budget, the High Commissioner did not believe that there was any preordained trend in that matter. The staffing needs of the Office derived from the refugee situations. Depending on the nature of the work to be accomplished, there might not be any comparable need in the future to transfer posts financed from extrabudgetary sources to the regular budget. The Secretary-General and the High Commissioner were keeping the matter under close review and would revert to it at the time of the proposed programme budget for 1980-1981.

Section 23 - Conference and library services (continued)

33. Mr. ANVAR (Secretary of the Committee), replying to a question raised by the Soviet delegation at a previous meeting, said the Department of Conference Services had informed him that, as at 31 October 1977, the total allotment in the global printing account had been \$6,760,000. Total obligations, recorded at that time had been \$3,750,000 and anticipated obligations were, at the year-end 1977, \$400,000.

AGENDA ITEM 107: APPOINTMENTS TO FILL VACANCIES IN THE MEMBERSHIP OF SUBSIDIARY ORGANS OF THE GENERAL ASSEMBLY (continued)

(a) ADVISORY COMMITTEE ON ADMINISTRATIVE AND BUDGETARY QUESTIONS (A/32/101 and Add.1; A/C.5/32/31)

34. The CHAIRMAN invited the Committee to proceed to the election to fill the six vacancies in the membership of the Advisory Committee on Administrative and Budgetary Questions. As indicated in document A/32/101/Add.1, because of the resignation of Mr. Stottlemeyer, effective 15 November 1977, a vacancy had arisen for his unexpired term up to 31 December 1978. As indicated in document A/C.5/32/31, the Government of the United States had nominated Mrs. Virginia C. Housholder to fill that unexpired term.

35. As indicated in document A/32/101, the term of office of Mr. Yasushi Akashi, Mr. Hou Tung, Mr. André Naudy, Mr. Michael F. H. Stuart and Mr. Morteza Talieh would expire on 31 December 1977. Mr. Akashi (Japan), Mr. Hou Tung (China), Mr. Stuart (United Kingdom) and Mr. Talieh (Iran) had been nominated for reappointment by their respective Governments, and Mr. Guy Scalabre had been nominated by the Government of France for a three-year term of office beginning on 1 January 1978.

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36. Rule 92 of the rules of procedure of the General Assembly required that all elections should be held by secret ballot. However, in accordance with the precedent established by the General Assembly and the Fifth Committee, the secret ballot could be dispensed with whenever the number of candidates was the same as the number of vacancies; if there was no objection, he would take it that the Committee wished to proceed accordingly.

37. It was so decided.

38. The CHAIRMAN proposed that the Committee should recommend by acclamation the appointment of Mrs. Virginia C. Housholder as a member of the Advisory Committee on Administrative and Budgetary Questions for the period from 15 November 1977 to 31 December 1978.

39. It was so decided.

40. The CHAIRMAN proposed that the Committee should recommend by acclamation the appointment of Mr. Akashi, Mr. Hou Tung, Mr. Scalabre, Mr. Stuart and Mr. Talieh as members of the Advisory Committee on Administrative and Budgetary Questions for a three-year term beginning on 1 January 1978.

41. It was so decided.

42. Mr. Talieh (Iran) resumed the Chair.

43. After an exchange of congratulations and thanks, the CHAIRMAN proposed that the Rapporteur should report directly to the General Assembly on the Committee's recommendations.

44. It was so decided.

(c) BOARD OF AUDITORS (A/32/103; A/C.5/32/33)

45. The CHAIRMAN said that, as indicated in document A/32/103, a vacancy would arise in the membership of the Board of Auditors as a result of the expiration on 30 June 1978 of the term of office of the Controller-General of Colombia. The Governments of Colombia and Bangladesh had proposed, respectively, their Controller-General and Auditor-General for a three-year term of office beginning on 1 July 1978. In accordance with rule 92 of the rules of procedure of the General Assembly, he invited the Committee to hold the election by secret ballot.

46. At the invitation of the Chairman, Mr. McMahon (Ireland) and Mrs. Mohamed (Somalia) acted as tellers.

47. A vote was taken by secret ballot.

Number of ballot papers: 121

Invalid ballots: 0

Number of valid ballots: 121

Abstentions: 0

Number of members voting: 121

Required majority: 62

Number of votes obtained:

Auditor-General of Bangladesh 104

Controller-General of Colombia 17

48. The Auditor-General of Bangladesh having obtained the required majority, the Committee decided to recommend his appointment as a member of the Board of Auditors for a three-year term beginning on 1 July 1978.

49. After an exchange of congratulations and thanks, the CHAIRMAN proposed that the Rapporteur should report directly to the General Assembly on the Committee's recommendation.

50. It was so decided.

OTHER MATTERS

51. Mr. SIOSTRONEK (Czechoslovakia) expressed his warmest compliments to the delegations of the Soviet Union, the Ukrainian SSR and the Byelorussian SSR on the occasion of the sixtieth anniversary of the great October Socialist Revolution, which had had a tremendous influence on the history not only of the Soviet Union but of the entire world. The subject of the first decree signed by Lenin had been peace, and peace was still the aim tirelessly pursued by the Soviet Union. Since that time, a feature of international relations had been the struggle of the forces of socialism against the forces of reaction, and in its foreign policy the Soviet Union was guided by a constant concern for the full attainment of the goals and purposes enunciated in the Charter of the United Nations.

52. Mr. SAFRONCHUK (Union of Soviet Socialist Republics) thanked the representative of Czechoslovakia for his compliments on the occasion of the anniversary of the great October Socialist Revolution, which was celebrated by all progressive mankind.

The meeting rose at 1.05 p.m.