



Fifteenth session
Agenda item 57

CONSTRUCTION OF THE UNITED NATIONS BUILDING IN SANTIAGO, CHILE

Report by the Secretary-General

1. In resolution 1224 (XII) of 14 December 1957, the General Assembly requested the Secretary-General to accept the generous offer of the Government of Chile to transfer to the United Nations a plot of land for the construction of a building to house United Nations and specialized agency offices located in Chile. In resolution 1273 (XIII) of 14 November 1958, the General Assembly made certain financial arrangements for the project and authorized the Secretary-General to proceed with the preparation of plans and with the construction of the building. Finally, in resolution 1407 (XIV) of 1 December 1959, the Assembly, under revised financial arrangements, authorized the expenditure of not more than \$1,550,000 for the construction of the building and requested the Secretary-General to present a progress report at its fifteenth session.

2. The Government of Chile and the United Nations have entered into a formal agreement by means of an exchange of notes between the Secretary-General and the Minister of Foreign Affairs of Chile dated 6 July and 5 August 1960. Under this Agreement, the Government of Chile undertakes to urbanize the site on which the building will stand, to build approach roads and, in order to serve the purposes for which the building is intended, to arrange for the provision of utility services and the erection of a temporary fence, and so to regulate the use to be made of the adjacent land that it shall not detract from the amenities of the site. It is also laid down in the Agreement that the Government of Chile shall apply the provisions of the United Nations Convention on Privileges and Immunities to the construction

and work carried out on the site, without prejudice to the provisions of Chilean Act No. 12,437 regarding exemption from taxation, a part of which is quoted in paragraph 6 (a) below.

3. The Agreement is now being implemented by the Chilean Government. The temporary fencing has been completed and a contract signed for surfacing the main approach road. Work has also proceeded on carrying utility services (water, sewers, gas, electricity and telephones) up to the boundaries of the site.

4. On 16 August 1960, representatives of the Secretary-General and of the Government of Chile signed the public deed transferring the title of the site to the United Nations. There is included in this instrument the text of Decree No. 828 of 5 July 1959, in which the President of the Republic of Chile orders the transfer in pursuance of an Act adopted by the National Congress. One of the articles of the Decree sets forth the manner in which the site and building may be disposed of if this should become necessary. It specifies the cases in which the title may revert to the Government of Chile, subject to payment of a sum to be determined by common agreement between the Government of Chile and the United Nations for the constructions and installations. To ensure the fixing of a fair price, provision is made for the services of experts to be appointed by both parties and, if necessary, of the President of the International Court of Justice. However, the right of the United Nations to transfer the title to one or more international or regional organizations or specialized agencies, provided that they are recognized by the Government of Chile and the latter authorizes the transfer, is recognized.

5. The United Nations took possession of the site upon the signing of the deed of transfer. The parcel of land consists of 46,763 square metres situated on the eastern side of Vitacura Park, which is under the jurisdiction of the municipality of Las Condes. The park, which covers over sixty hectares, is owned by the Ministry of Foreign Affairs and has been placed under the administration of the municipality of Las Condes, which in turn is advised by a special national committee^{1/} on which the Economic Commission for Latin America is represented. As a result, the municipality of Las Condes will be responsible for urbanizing, looking after and embellishing the park, as well as for the upkeep of the gardens and installations.

^{1/} See Official Records of the General Assembly, Fourteenth Session, Annexes, agenda item 50, document A/4239, paragraph 4.

6. The following provisions relate to taxation:

(a) Article 5 of Chilean Act No. 12,437, which states that "the land and whatsoever works and buildings may be constructed within the area mentioned in article 1 [referring to the land donated to the United Nations] shall remain exempt from all government or municipal taxes and shall enjoy the exemptions granted by laws or agreements to the organizations and institutions concerned".

(b) Clause D of the Agreement between the United Nations and the Government of Chile (see para. 2, above), which stipulates that "without prejudice to the tax exemptions specified in Act No. 12,437, the Government of Chile shall apply the provisions of the United Nations Convention on Privileges and Immunities to the constructions and work to be undertaken on the site". The Convention, adopted by the General Assembly on 13 February 1946, was acceded to by Chile on 15 October 1948.

(c) Section 10 of the Agreement between the Government of Chile and the Economic Commission for Latin America, signed on 16 February 1953, which provides for the exemption of ECLA from all direct taxes, and from customs duties in respect of articles imported by ECLA for its official use. Furthermore, Chilean Decree No. 828 of 5 July 1959 states that the United Nations and the Government of Chile shall enter into negotiations regarding the exemptions from taxes which, by the nature of the work, may become necessary and which are not included in agreements and Chilean legislation already in force.

7. As none of the texts under reference lays down a specific procedure for giving effect to the several tax exemptions, a note has been addressed to the Government of Chile requesting the establishment of a formula whereby the authorized tax exemptions may be promptly applied.

8. A competition for preliminary plans was opened on 15 July 1960 for the purpose of selecting an architect to draw up the actual plans for the building. The closing date for the competition was 30 September, and a jury, under the chairmanship of the Executive Secretary of the Economic Commission for Latin America, will select in Santiago the preliminary plans that are to be sent to New York, where the Secretary-General, with two architects of international renown acting as advisers, will choose the winning entry. The Secretary-General may, if he judges it necessary, declare the competition void. The technical programme provides for a building with a maximum of four floors and two basements within the maximum cost figure of \$1,550,000.

9. It is estimated that the architect chosen will require six to eight months to prepare all the plans, specifications and other material required for the construction. During this time tenders will be invited for the construction, and it is hoped that work can be started by about May 1961 and the framework finished by March 1962, so that the building can be completed by March 1963.
10. It had been expected that sufficient progress would have been made in the execution of the project to call for the obligation of the whole of the instalment of \$382,500 which the General Assembly appropriated for 1960 (resolution 1407 (XIV) of 1 December 1959). This does not now seem probable, and in a separate report on the supplementary estimates for 1960 (A/4492, paras. 57, 58) the Secretary-General has proposed that, notwithstanding financial regulations 4.2 and 4.3, any balance of the 1960 appropriation should remain available for obligation in 1961.
11. The delay of some six months in the programme has been due to a combination of causes. In the first place, the negotiations with the Government of Chile on matters of taxation and on arrangements for the site have proved lengthier than was anticipated. This also applies to the negotiations with the Chilean College of Architects on the type of architectural competition and on the method of conducting it. Secondly, the great interest which the competition has stirred and the very large number of entries have made it necessary to extend the time-limit for awarding the prizes and commissioning an architect.
12. So far it has not been possible to estimate the full consequences of the earthquake disaster in the south of Chile last May, or its possible effects on the construction costs of the building. No clear trend has yet emerged, as the reconstruction programme is still being worked out, and the National Congress has not yet concluded its debate on the legislation required for financing the programme by means of new taxes, increases in existing taxes, and international loans. The construction of low-cost housing is proceeding on an extensive scale throughout the country, but there is little construction of such medium-sized buildings as the new United Nations building. At present there are no signs of any shortage of labour or construction materials. The cost of living, which had remained stable from September 1959 to May 1960, rose by 3.8 per cent during July and August of this year. This increase was due mainly to higher food prices, attributable partly to seasonal factors and partly to transport difficulties resulting from damage to roads and railways caused by the earthquakes. The dollar exchange rate has remained steady since February 1959.

13. The Secretariat at Headquarters, New York, in close liaison with the secretariat of ECLA, is studying how the construction programme should be organized with respect to contracts, supervision, compliance with specifications, guarantees, insurance, auditing and related matters. An experienced Chilean engineer of recognized standing has been appointed to advise the United Nations official who will be responsible for supervising the project.

14. There has grown up a tradition among Member States of making gifts to the United Nations for the furnishing and embellishment of its premises, both at Headquarters and at other offices. The Secretary-General believes that, once the architectural design has been approved, Members will wish to respond similarly, in connexion with the United Nations building in Santiago.
