



SUMMARY RECORD OF THE 10TH MEETING

Chairman: Mr. FONTAINE-ORTIZ (Cuba)

later: Mr. HADWEN (Canada)

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

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ORGANIZATION OF WORK

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The meeting was called to order at 10.30 a.m.

AGENDA ITEM 115: PATTERN OF CONFERENCES: REPORT OF THE COMMITTEE ON CONFERENCES  
(continued) (A/41/32 and Corr.1)

1. Mr. LADJOUZI (Algeria) said that it was not surprising that one of the first recommendations of the Group of High-level Intergovernmental Experts to Review the Efficiency of the Administrative and Financial Functioning of the United Nations related to a strengthening of the Committee on Conferences, as well as to greater rationalization in the area of meetings and conferences. The example set by the Under-Secretary-General for Conference Services in reviewing the implications of those recommendations provided an example which might usefully be followed in consideration of other items affected by the recommendations of the Group. His delegation was generally in agreement with the text of the draft resolutions recommended by the Committee on Conferences in its report (A/41/32), including the resolution relating to a renewal of the mandate of the Committee on Conferences. It agreed with the Group of High-level Intergovernmental Experts that the role of the Committee on Conferences with regard to the organization of conferences, meetings, documentation and publications should be expanded, within the limits of the authority accorded by the General Assembly. The Committee's role was essentially to organize and plan conferences convened by intergovernmental organs, and its status was, and should remain, that of a subsidiary body.

2. The criteria employed for the inclusion of meetings on the calendar of conferences must be studied, and the Committee on Conferences should, in making any adjustments to the calendar, seek the opinion of the bodies concerned. His delegation welcomed the establishment of draft guidelines for planning missions and looked forward to a reduction in the frequency and duration of meetings and conferences held away from United Nations Headquarters locations. The changes suggested by certain delegations with respect to arrangements for summary records would not help either to reduce the costs or to rationalize the work of the Organization. Despite the restrictive nature of General Assembly resolution 37/14 C, his delegation was prepared to accept the extension for a further three years of the experimental period established by that resolution but hoped at the same time that summary records for the Main Committees would be made available as promptly as possible, in order that they might be put to best use, and that the Department of Conference Services would make an effort to avoid delays.

3. Mr. MUDHO (Chairman of the Committee on Conferences) said that it was difficult to discuss the work of the Committee on Conferences without taking account at the same time of the report of the Group of High-level Intergovernmental Experts (A/41/49). If the General Assembly were to decide to endorse the recommendations of the Group, particularly those relating to the strengthening of the Committee on Conferences, the current debate in the Fifth Committee would be of great assistance to members in determining how those recommendations should be carried out.

4. With regard to the request by the representative of Egypt for clarification concerning the implementation of draft guidelines for the dispatch of planning

(Mr. Mudho)

missions in respect of meetings and conferences held away from United Nations Headquarters locations, he said that the qualified wording of draft guideline 2 reflected the need for flexibility in further extending the control of the Committee on Conferences over that aspect of the Organization's work. It had been the Committee's intention to supplement the fairly detailed guidelines set forth in General Assembly resolution 37/14 B. However, United Nations conferences sometimes had widely differing requirements, and it was at the same time essential to ensure that the Department of Conference Services was kept fully informed of developments at conference sites used only occasionally for United Nations meetings. Referring to draft guideline 3, he noted that reports presented by planning missions would be scrutinized with particular care if issued in respect of locations where United Nations meetings of any kind had been held in the recent past. Such reports would be expected to contain all the information necessary to satisfy the Committee on Conferences that the mission had significantly contributed to the efficient and economical running of the conference concerned. As for the long-standing practice whereby proposed changes to the calendar of conferences having no administrative or financial implications could be dealt with by the Secretariat, in consultation with the Bureau, the Committee on Conferences considered that practice to be a useful method of handling such changes, but the Committee could meet to consider such an adjustment at any time if necessary.

5. With regard to the concern expressed by the representative of Argentina at the uneven distribution of meetings over the year, he said that no attempt had been made to adjust the draft calendar for 1987 since the biennial calendar for 1986 and 1987 had already been adopted by the General Assembly at its fortieth session. However, he looked forward to hearing the further views of delegations on that problem in the context of the Assembly's consideration of the report of the Group of High-level Intergovernmental Experts and the report of the Joint Inspection Unit on the management of interpretation services in the United Nations system (A/41/648).

6. Many speakers had implied that the role of the Committee on Conferences was one of enforcement or regulation, whereas its current mandate in fact empowered it only to advise or to recommend. The question of whether the Committee should have any regulatory powers would be examined more closely elsewhere.

7. With regard to the length of reports submitted to the General Assembly by various subsidiary organs, he had addressed a letter in February 1986, pursuant to the Secretary-General's plea for stricter compliance with the rules on control and limitation of documentation, to the chairmen of various subsidiary bodies whose reports to the Assembly at its fortieth session had exceeded the desirable 32-page limit laid down by General Assembly resolution 37/14 C. Nearly all the reports of such organs to the forty-first session of the Assembly which had appeared by August 1986 were shorter than the corresponding reports to the fortieth session, demonstrating a strong awareness of the need for economy. The reduction in the total number of pages submitted by a sample group of 22 bodies amounted to some 40 per cent, representing a great saving in the time that delegates had to devote to reading such reports. He therefore wished to join the representative of Denmark

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(Mr. Mudho)

in expressing his deep appreciation to the committees responsible, and to their rapporteurs. He recognized that the report of the Committee on Conferences itself far exceeded the desirable limit, but noted that more than 40 of its pages were devoted to the draft calendar of conferences for 1987, the approval of which was its primary duty.

AGENDA ITEM 116: SCALE OF ASSESSMENTS FOR THE APPORTIONMENT OF THE EXPENSES OF THE UNITED NATIONS: REPORT OF THE COMMITTEE ON CONTRIBUTIONS (continued) (A/41/11)

8. Mr. FERNANDEZ de COSSIO (Cuba) said that, of the four alternative methods of assessment proposed in the report of the Committee on Contributions, three departed from the principle of capacity to pay, which had always been used by the United Nations as a basic criterion for the assessment of individual contributions. The remaining alternative, that of dividing the membership into groups, was based on an idea which had been considered and rejected by the Committee in 1983. The division into three groups was an arbitrary one, bore no direct relationship to the criteria previously and currently applied in determining assessments and did not resolve the basic problems of data comparability. There were substantial differences between the countries included in a particular group, particularly those in the third and largest group. The financial burden should be shared in a rational manner between all Member States in accordance with their capacity to pay, with the burden of relief for countries having low per capita income being shared among States enjoying high national incomes.

9. With regard to alternatives II, III and IV, it was the view of his delegation that to depart from the criterion of capacity to pay would constitute a major error and would also exceed the mandate of the Committee on Contributions. Alternatives II and III were based on criteria of a political nature which were other than those that should be applied by the Committee, and it was at the same time important to ensure that no linkage should be established between the size of contributions by individual Member States and the privileges accorded to them. As for alternative IV, the mandate of the Committee on Contributions did not extend to the discussion or consideration of the financial procedures of the Organization, and it was a matter of concern to his delegation that the Committee should be involving itself in a process which was making it more difficult to find the solutions to current problems. While he appreciated the efforts made by the Committee to seek viable solutions to the difficult task of determining assessments, it was unfortunately impossible for his delegation to support any of the proposals included in the Committee's report.

10. Mrs. RODRIGUEZ (Venezuela) said that her delegation had serious reservations with respect to alternative I, since determining the percentage of contributions to be paid by each group would be a distinctly political decision. There would also be difficulties involved in connection with adjustment of the base relief gradient assigned to countries having a low per capita income. Problems affecting the capacity to pay of all developing countries must be taken into account. Although her own country had enjoyed a high level of income from its petroleum exports for some years, it had suffered a considerable decline in its gross national product since 1983. Nevertheless, its assessment had continued to rise, while those of many developed countries had been reduced. Such a situation was incompatible not only with a genuine sense of international justice but with the very principle of

(Mrs. Rodriguez, Venezuela)

capacity to pay. Her delegation could not agree to a methodology which might result in the establishment of one group consisting of developed countries, a second comprising "middle- and high-income" countries and a third including only underdeveloped States. That alternative had already been considered by the Committee on Contributions on an earlier occasion, and the General Assembly had decided not to proceed any further with it. Questions at that time with respect to the legal basis for the establishment of such groups had led to a conclusion that the only legally constituted group within the United Nations was that of the permanent members of the Security Council and that it was therefore the only group of countries on which special assessments could be levied.

11. Under alternative II all States would be called upon to make a minimum sacrifice and the combined shares of the permanent members of the Security Council would not be less than 50 per cent of the total. Her delegation welcomed that alternative, which was similar to proposals made by Venezuela at previous sessions, and trusted that it would be further developed by the Fifth Committee.

12. Alternative III should be discarded, since no comparison could be drawn between permanent and non-permanent members of the Security Council. Alternative IV would cause unnecessary complications.

13. The Committee on Contributions should continue to seek improvements in the methodology for the formulation of a just scale of assessments, taking account of the guiding principle of capacity to pay.

14. Mr. TAIHITU (Indonesia) said that the Committee on Contributions had determined that capacity to pay predominated among the methodologies used by various international organizations to determine scales of assessment. That should be the criterion retained by the United Nations. It was, however, important to simplify the methodology by which capacity to pay was determined.

15. With regard to alternative I, the possibility of assessment by country groups had been considered at the thirty-eighth session in response to the problems caused by the lack of comparability of data from different categories of countries. The table in paragraph 15 of the Committee's report demonstrated that real capacity to pay had not been adequately reflected in the last four scales. The share of countries with centrally planned economies had continued to decline, while in the last scale the share of the developing countries had increased. Unless it could be demonstrated that the developing economies were performing better than the centrally planned economies, that did not reflect the real situation. Nevertheless, alternative I had some merit, although his delegation questioned the criteria for constituting the three groups and for assigning shares between and within them. Freezing the share to be borne by the three groups would make the methodology incapable of responding to changes in the international economic situation. It might also prove impossible to agree on capacity to pay. Although alternative I was simple and transparent, it might prove to be inequitable and cumbersome.

(Mr. Taihiti, Indonesia)

16. Alternative II was actually a modification of the principle of capacity to pay, taking into account the special privileges enjoyed by the permanent members of the Security Council and the principle of sovereign equality. Alternative III was closely related to alternative II, while, with respect to alternative IV, it was not within the mandate of the Committee on Contributions to address budgetary matters.

17. His delegation failed to see any alternative to the current scale, despite its shortcomings. For example, the current method measured capacity to pay solely on the basis of national income data submitted by Member States, which might not adequately reflect their real situation, in particular due to the lack of comparability of statistical data. The Committee on Contributions had long sought to resolve the problems arising from such incomparability. At its most recent session the Committee had reviewed its main data sources. It was encouraging that the Committee had decided to discontinue its special questionnaire for assessment purposes, and to rely instead on the United Nations Statistical Office data base, since that provided a fairer basis for calculating assessments. All Member States should respond fully to the questionnaire on national accounts circulated by the Office.

18. Another important issue relating to data comparability was that of conversion factors for countries with multiple exchange rates. The Committee on Contributions should examine conversion factors to ensure that national income data were comparable in real terms and that they reflected economic realities. Only then would there be a sound basis for calculating assessments. His delegation noted the Committee's examination of studies on centrally planned and market economies with multiple exchange rates, but could not identify any concrete suggestions as to what type of exchange should be used in such cases. The Committee on Contributions should further examine the issue, in an effort to ensure that national income statistics were realistic and comparable with other countries' data.

19. Lastly, his delegation was surprised by the Committee's conclusion on the feasibility of assigning a relevant base relief gradient according to national income. The table in paragraph 73 of the Committee's report showed that the highest percentage increase fell on developing countries with the largest populations and very low per capita incomes. Accordingly, he concurred with the view that the intent of the exercise appeared to run counter to the guidelines established by the General Assembly.

20. Mr. MURRAY (Trinidad and Tobago) said that the Committee on Contributions showed great courage in presenting alternative methods for calculating the scale of assessments. The Committee should be encouraged to continue to explore different possibilities.

21. Alternative IV seemed to be a simple extension of the current distinction between the regular budget and extrabudgetary resources, and appeared to have undesirable long-term repercussions going beyond considerations of funding. Such a system could pose a serious threat to the essential features of the Organization,

(Mr. Murray, Trinidad and Tobago)

namely, universality and collective responsibility. If alternative IV was to be accepted, decisions to implement certain activities would be predicated not on the desirability of the activity but on the availability of funds, which was only one consideration.

22. Alternative III was equally unacceptable. Each Member State had a right to seek election to any body and, indeed, a responsibility to serve. It would be wholly unjustified to have to pay what was tantamount to an admission fee to participate in specific organs.

23. Permanent membership on the Security Council, however, was a totally different concept, and it could be argued that it should carry additional financial obligations. Nevertheless, his delegation was not attracted to alternative II, since it seemed that the floor level would be undesirably high for the least developed countries.

24. Alternative I would need considerable refinement before it could be regarded as a serious proposition. It might be possible to incorporate elements of alternative II in alternative I, although that would not resolve the situation of the larger or more advanced developing countries referred to in paragraph 13 of the report.

25. It was disappointing that the report made no attempt to address the central issue of the determination of the rate of assessment for each Member State. National income alone was not an adequate yardstick and must be supplemented by social and economic indicators giving a more realistic picture of level of development and capacity to pay. Factors such as unemployment problems, diminishing resources and the special needs of small island developing countries all had a significant effect. National income statistics were convenient, but were used in the United Nations system for purposes for which they were not designed. They could not be used as a universal determinant. The Committee on Contributions and the Fifth Committee should seek to supplement the present base in order to take into consideration all the socio-economic factors affecting a country's true capacity to pay.

26. Mr. GAMA FIGUEIRA (Brazil) said that alternative I rested on a very fragile basis and distinguished among Member States in an arbitrary way. For example, the addition of the percentages paid by the Group of 77 and China gave a distorted picture. It was well known that the contributions of the Group of 77 had increased, although so far had not reached a level of 10 per cent. It would be unrealistic for members of the Group to bear, between two successive scales, increases of the order suggested in paragraph 16 of the report. Fairness could not be sacrificed to transparency and dubious homogeneity.

27. The group approach might be pursued along the lines of alternative II, which deserved further examination. His delegation's support for the alternative had nothing to do with the added legitimacy mentioned in paragraph 33 of the report. All the scales of assessment were legitimate and binding, since they had been approved in accordance with the procedures established under the Charter and the rules of procedure of the General Assembly.

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(Mr. Gama Figueira, Brazil)

28. Approval of alternative III would make the Security Council a place for the powerful and rich only, which was hardly what his delegation envisaged for the Council. In proposing alternative IV, the Committee on Contributions seemed to have gone beyond its mandate. The alternative should not receive further attention.

29. The Committee should attempt to update the low per capita income allowance formula, adjusting its upper limit to a level that would compensate for inflation over, as a minimum, the past 10 years. Further attention should also be given to limiting variations in individual rates of assessment between two successive scales. The Committee should seek to gather a comparable data base with the use of appropriate conversion factors, where applicable. Improvement was badly needed in the area of data comparability.

30. Mr. JEMAIEL (Tunisia) said that it was gratifying that the Committee on Contributions had noted that capacity to pay predominated in organizations of the United Nations system, reflecting the criterion established in General Assembly resolution 37/125 B.

31. Of the four methods discussed in the report, alternative I seemed the most plausible. The quest for a new scale of assessments was all the more imperative since adoption of the current scale had necessitated a vote, in which many oil-exporting countries and a majority of the principal contributors had abstained or cast a negative vote. The current system was clearly unsatisfactory to many countries.

32. The division of Member States into three groups was original. However, in order to avoid major disagreements, it might be wise for a precise percentage, within the ranges assigned to each group, to be based on economic parameters, such as the aggregate GNP of each group, rather than on a largely political decision. The respective percentages should not be fixed. As stated in paragraph 18 of the report, the shares could apply for one scale period only, and then would be regularly renegotiated to take account of international economic developments.

33. With regard to the determination of each Member State's assessment, the current practice of submitting recommendations to the General Assembly for a decision should continue. Any effort to allow each group to calculate the assessment for each of its members would merely create tension and rigidity. The idea put forward by the Committee for a continuous and dynamic process whereby data for the ranges and the scale would be frequently reviewed should be examined in greater detail.

34. Alternative I had the advantages of clarity and simplicity but it also posed the serious problems of the relief granted according to the current low per capita income allowance formula and the financing of the points reduction resulting from limits between successive scales. The report made it clear that the qualifications and concessions mandated by the General Assembly would need to be accommodated within each group and not across group lines. Given that the third group included 78 countries currently assessed at the floor level, that would mean that the most



(Mr. Jemaiel, Tunisia)

economically advanced of the developing countries would have to finance part of the points reduction within their group. Apparently, the Committee's aim in proposing alternative I had been to make those new countries which were in a position to do so to participate in financing relief. However, it was questionable whether they would accept the new burden at a time of declining commodity prices and shrinking markets. That did not mean, however, that alternative I should not be studied further.

35. Until an adequate and universally acceptable method of calculation had been developed, it would be necessary to keep to the current method based on national income. The Committee's efforts to establish a uniform data base would help to improve it. Its decision to rely on the data base of the United Nations Statistical Office for its future work was to be commended.

36. Unfortunately, no final solution had yet been found to the problem posed by the exchange rates used to convert national income into dollars. The difficulties encountered in carrying out the International Comparison Project meant that the establishment of purchasing power parities had been indefinitely postponed. Furthermore, the price-adjusted rates of exchange were not yet capable of faithfully reflecting internal inflation rates, although the rate of inflation had a direct bearing on national income expressed in United States dollars. The report showed that price-adjusted rates of exchange had resulted in reducing the average national income of countries whose currencies were overvalued *vis-à-vis* the United States dollar and increasing the income of countries whose currencies were undervalued. Moreover, the price-adjusted rates of exchange method did not reflect changes in the terms of trade and transfer payments. It was to be hoped that a definitive formula for price-adjusted rates of exchange would be found in the near future so that proper account could be taken of inflation in national income expressed in dollars. Only then would it be possible to decide whether it would be appropriate to modify the data on national income communicated by Member States. Although it was true that corrections for internal inflation through exchange rate modifications came within the competence and the sovereignty of Member States, an agreement between them and the Organization was nevertheless negotiable.

37. Mr. Hadwen (Canada) took the Chair.

38. Mr. MUENCH (German Democratic Republic) said that the scale of assessments adopted for the period 1986-1988 demonstrated more than ever before the imperfections in the current method of assessment. In the interests of reaching a decision, on the scale, however, his delegation, like others, had not insisted on positions which should have been taken into account in order to preserve the basic concept of capacity to pay. The Committee on Contributions had since reviewed a number of alternative assessment methodologies with a view to achieving a more equitable apportionment of the Organization's expenses. However, some of the new methodologies put forward, including the concept of equal share apportionment regardless of the size of a Member State's annual national income, were far removed from the principle of capacity to pay or ignored it altogether. Greater equality could be achieved only by dividing total expenses into a portion to be borne equally by all Member States and a portion to be divided among Member States in accordance with their individual capacity to pay.

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(Mr. Muench, German Democratic Republic)

39. Alternative IV had a number of drawbacks. The question of the most appropriate method of dividing the expenses incurred under the core budget among individual Member States would remain. The magnitude of the expense involved would make it impossible to have all Member States bear an equal share. The selection of contribution classes or units would raise a number of difficult practical questions. Moreover, there was the more fundamental question of how far such an approach was admissible under the Charter. The suggestion that different rights should derive from different contributions was entirely unacceptable. It was contrary to the basic principles of the Charter and an attack on the sovereignty and equal rights of Member States.

40. It was also doubtful that any improvement could ensue from alternative I. It would not solve the problem of quantifying capacity to pay and the two-stage procedure it would require would be costly. Furthermore, the aim should be to encourage common action by Member States to meet the challenges facing the Organization rather than divide them along new lines. Tying assessments to the benefits derived by Member States from the Organization would amount to introducing a new criterion that would be no easier to quantify than capacity to pay.

41. Alternative II was inadmissible. The primary criterion of capacity to pay would be entirely disregarded and unrelated categories would be coupled together. The procedure would come close to linking voting rights and the amount of contributions by weighted voting.

42. All decisions on the assessment of contributions must start from the basic criterion of capacity to pay. The sole task of the Committee on Contributions was to ascertain whether there were better or more realistic methods than using the national income of States to determine their capacity to pay, what other factors influenced that capacity, and how the defects in the current computing procedure could be remedied. The procedure must also remain comprehensible and be based on criteria common to all States. The method used so far had proved to be the only really practicable approach. It might be possible to take account on a case-by-case basis of circumstances invoked by individual Member States as influencing their capacity to pay, but until there was a better way of measuring that capacity, recognized by all Member States, there should be no modifications.

43. The report again showed the doubtfulness of the attempt to correct the national economic data underlying the calculation of assessments. Apart from the fact that it was impossible to work out globally justified corrections to the national economic data of Member States, exchange rates and inflation were matters of exclusive concern to sovereign Member States. The Committee was not competent to intervene in such decisions even for the purpose of determining the scale of assessments. Repeated calculations had been made over the past year of the impact on the contributions of individual States of imposing various variety ceilings. His delegation objected strongly to that disguised attempt to lower the assessment ceiling. Such an arrangement would divorce contributions from capacity to pay even more than was already the case.

44. Mr. ORTEGA-NALDA (Mexico) said that the alternatives considered by the Committee on Contributions departed significantly from the current methodology, as the Committee itself had recognized. In his delegation's opinion, the remedy for the dissatisfaction caused by that methodology was to improve it. There should be no departure from the principle of capacity to pay as the basic criterion for assessment, or any incorporation of political factors which might make the process still more complicated.

45. In connection with alternative I, his delegation shared the misgivings already expressed about the concept of country groups by the Committee on Contributions at its thirty-eighth session, questioning whether it fell within the Committee's mandate and whether it was in accordance with Article 17 of the Charter. While alternative I had the merit of simplicity, justice and equity should not be sacrificed to simplification, particularly since it might raise insuperable political problems.

46. Regarding alternative IV, which proposed the establishment of a core and non-core budget, his delegation shared the view of several members of the Committee on Contributions that the proposal fell outside the Committee's sphere of competence.

47. His delegation was grateful for the Committee's efforts to refine the current methodology. It believed that paragraph 1 of General Assembly resolution 30/247 and the Committee's first exercise in implementing it constituted an important step in that direction. The methodology could undoubtedly be improved, but any major departure from it would encounter different and more serious problems that must at all costs be avoided.

48. Mr. AGHA (Pakistan) said that the idea of dividing Member States into groups, suggested in alternative I, merited closer attention. It could help to simplify the assessment process and reduce the many problems caused by lack of comparable statistics. The apportioning of expenses by groups would permit greater flexibility in establishing a scale aimed at a more equitable burden-sharing in accordance with the principle of comparative capacity to pay. The three groups would constitute relatively homogeneous units in terms of statistical data and methods, which would facilitate the distribution of any specified share of the budget among the States in the groups. The Committee on Contributions should continue to recommend to the General Assembly a scale for the individual countries within each group, employing the same criteria, as far as possible, for each country. It would also be more practical if the pre-determined share of each group were to apply for one scale period only. As certain aspects of the approach required further clarification the Committee on Contributions should continue to develop and refine the suggested methodology and should report its findings to the next session of the General Assembly.

49. The approach embodied in alternative II seemed to be largely motivated by political considerations and his delegation felt that no useful purpose would be served by any further study.

(Mr. Agha, Pakistan)

50. As to alternative III, under which non-permanent members of the Security Council would bear an additional financial burden, it was inconsistent and unreasonable to establish any linkage between membership of the Security Council and level of contributions. Furthermore, particularly for those Member States which were currently assessed at the floor rate, increasing the burden would be neither fair nor realistic.

51. Alternative IV was not constructive or practical since it was not based on capacity to pay, nor did it deal appropriately with the problem of apportioning the Organization's expenses fairly and equitably. The thrust of the approach was also contrary to the purposes and principles of the Charter, which emphasized the key role of the United Nations in the maintenance of international peace and security as well as the promotion of international co-operation and development.

52. Since a uniform data base was crucial to the scale of assessments his delegation was glad to note the increasing comparability of the data furnished by the United Nations Statistical Office and the World Bank. It hoped that both organizations would examine their estimation procedures in an effort to reduce further the minor differences which existed between them. It was also important that data should be systematically checked and verified, not only to enhance internal coherence and consistency but also to clarify any discrepancies between the Secretariat's figures and those from national sources. His delegation supported the suggestion, therefore, that detailed data should be provided on an annual basis.

53. Regarding the conceptual feasibility of supplementing the present methodology for the low per capita income allowance formula, his delegation noted that the highest percentage increase in rates of assessment as a result of the changes studied would fall upon States with the largest populations and very low per capita income; that would not be in keeping with the principle of capacity to pay and would not serve the main purpose, which was to provide relief to the low-income countries.

54. He urged the Committee to continue its efforts to evolve an alternative methodology for calculating a fair, equitable and rational scale of assessments based on the principle of capacity to pay and in conformity with the provisions of the Charter.

55. Mr. TAKASU (Japan) said that his delegation regarded the scale of assessments as an important index of the financial commitment of the Member States to the Organization. It was important, therefore, to ensure that the financial burden was shared in the fairest and most equitable way possible among all Member States, irrespective of their level of development or economic system. Without that, it was increasingly difficult to secure their unanimous and positive financial support. To the extent that the scale was viewed as having become less fair, the generally positive attitude of Member States towards the United Nations and towards voluntary contributions in particular had been adversely affected.

(Mr. Takasu, Japan)

56. For the past 40 years, the scales of assessments had been prepared broadly in accordance with capacity to pay. However, the current system of determining the scale contained a number of anomalies and inequities. The first major shortcoming was that capacity to pay was calculated essentially on the basis of national income, which was simply the reflection of the flow of income. Under that system, the rates of assessment of countries whose economies had grown rapidly over a short period had increased dramatically. The second problem was the serious lack of comparability of data, particularly in respect of adjustments for inflation and changes in the exchange rate used when converting national income data into United States dollars. As a result of that difficulty, the national incomes of centrally planned economies tended to appear lower than those of market economies and since the early 1970s their share had declined sharply and continuously. Thirdly, the status of Member States under the United Nations Charter was not fully reflected in the apportionment of the Organization's expenses. The principle of sovereign equality carried with it an obligation for each Member State, even those with the smallest economies, to bear a reasonable share of the Organization's expenses. Whether the current scale was fully in accord with that principle was a question that merited careful review. The Charter also accorded certain privileges to the permanent members of the Security Council. Privileges and obligations, particularly financial obligations, should go hand in hand, but the collective share of those countries had decreased steadily to a current historic low of 47.22 per cent. Lastly, over the years the principle of capacity to pay had been modified by many special relief measures favouring certain types of countries. The result of the attempt to deal differently with each category had been the development of an excessively complex methodology and considerable distortions in the sharing of the burden. In view of those shortcomings, his delegation welcomed the Committee's continuing search for more equitable alternatives that would at the same time retain capacity to pay as a basic criterion.

57. Alternative I was not new and had the advantage of simplicity and transparency. Pending significant improvements in the comparability of data, it merited careful consideration. The basic difficulty was how to divide Member States into groups and then to establish their respective shares. Unfortunately, the three groupings suggested were not divisions officially recognized by the United Nations. As long as recent or current shares were the determining factor in calculating future shares, the current inequitable pattern would be perpetuated and the system would become less responsive to changes in the international economic situation.

58. His delegation supported alternative II, which would eliminate many shortcomings and inequities by taking into account the different status of Member States under the Charter in respect of membership of the Security Council, as well as the principle of sovereign equality. His delegation was prepared to accept the distribution suggested in paragraph 32 of the Committee's report although it would like to see further refinement of the parameters. It was perfectly possible to justify the inclusion of new factors in the system of apportionment while retaining capacity to pay as the basic criterion. Devising a more equitable way of reflecting the different status of Member States would be fully consistent with the intent and spirit of the founders of the Organization.

(Mr. Takasu, Japan)

59. Regarding alternative III, which would assess non-permanent Members of the Security Council an additional amount, it must be recognized that the status of such countries was inherently different from that of the five permanent members. Alternative IV was basically a response to the question of how to determine the size of the regular budget, a matter which could most appropriately be taken up in connection with the discussion of the programme budget.

60. An equitable system of apportionment would be arrived at only when a way was found to achieve maximum comparability of the data produced by different accounting systems. Much would have to be done before the data produced by the material products system (MPS) and the system of national accounts (SNA) became fully comparable. To that end, his delegation supported the use of price-adjusted exchange rates (PARE) for inflation adjustments, pending the future development of purchasing power parities (PPP), and it looked forward to the further refinement of the technical aspects of PARE so that they could be applied systematically in the next scale.

61. The notion that Member States with multiple exchange rate systems should have the privilege of choosing among those rates for the purpose of multilateral comparison was unacceptable. It was the responsibility of the Committee on Contributions to select the rate that most facilitated international comparison and thus equitable apportionment.

62. His delegation was also interested in the idea of supplementing the low per capita income allowance formula through the use of a relief gradient based on the size of a country's national income. Under the current methodology, irrespective of the size of their national incomes, States having the same per capita income qualified for the same percentage reductions. As a result, some countries were assigned a share that was only one fourth or one fifth of that warranted by their real national income and were thus relieved of 120 to 220 per cent of what would otherwise be their obligations. The existing relief arrangements tended to alleviate the burden of developing countries with large economies as well as that of middle-income developing countries. His delegation felt that the Committee should not abandon the proposal simply because it would reduce the total relief granted to eligible Member States.

63. Mr. CHUA (Singapore) said that in the past his delegation had remarked on three extremely disturbing trends. First, in recent years contributions to the United Nations by most of the centrally planned economies and the permanent members of the Security Council had declined substantially and the share of the Western States had stagnated or declined, while the contributions of the developing countries had increased sharply. Secondly, no distinction had been made in apportioning the burden of relief between developed countries and developing countries: a dangerous precedent for all developing nations. Thirdly, despite his country's special economic circumstances, its assessed contribution had increased unreasonably over the past few three-year periods. He was gratified, therefore, that the Committee on Contributions, in its latest report (A/41/11), focused on means of rectifying the first trend, but disappointed that it had made no attempt to address the other two anomalies.

(Mr. C.ua, Singapore)

64. Singapore was committed to the principle that the contributions of all Member States to the budget of the United Nations should be based on capacity to pay. It accepted that, when a developing country made progress, it should be prepared to bear a greater share of the financial burden of the Organization. That burden, however, should be shared equitably by all Member States. According to Article 17, paragraph 2, of the Charter, whatever complaints Member States might have of the United Nations, they had an obligation to pay their assessed contributions. Singapore also believed that the least developed countries deserved special consideration, and every effort should be made to improve the present low per capita allowance formula so as to give them greater relief.

65. The Committee on Contributions had failed to develop any mechanism for correcting distortions in the economic statistics supplied to it by the Governments of the socialist countries, which were based on exchange rates decided by their own statistical bureaux. Despite repeated objections by the majority of Member States, the Committee on Contributions and the Fifth Committee appeared to lack the political courage to stamp out the deplorable practice of distorting national income statistics. The socialist countries had submitted progressively lower income figures, reducing their assessed contributions every three-year period. Under the present scale of assessments, the socialist bloc had enjoyed the largest single reduction in assessment, while the Group of 77 as a whole had seen its combined assessment increase.

66. His delegation was heartened that the Committee on Contributions had decided to discontinue the use of a triennial questionnaire for assessing contributions. Using statistics submitted annually to the United Nations Statistical Office would be a step in the right direction. The more serious problem of translating the national income of centrally planned economies into United States dollars remained unresolved. The development of price-adjusted rates of exchange might help, and he urged the Committee on Contributions to complete its work on that subject before the next scale period. Unless the problem of distorted national income statistics was resolved, the United Nations would never have a truly just and equitable scale of assessment.

67. Despite the principle of sovereign equality, the Members of the United Nations fell into two categories: the five permanent members of the Security Council, who had the ability to veto key decisions such as the appointment of the Secretary-General, the election of members of the International Court of Justice and the admission of new Member States, and everyone else. To maintain that every Member of the Organization enjoyed equal rights and privileges was, thus, disingenuous. The Charter gave the five permanent members a distinct special right, from which no special obligation seemed to follow. The combined assessment of the five permanent members had decreased from 71 per cent in 1946 to 47 per cent under the current scale. Under the current scale, the country with the largest number of relief points was one permanent member; the country that had received the largest reduction in its assessment was another permanent member; and a ceiling of 25 per cent had been incorporated into the assessment methodology in order to reduce the financial burden on yet another. Evidently, the permanent members were

(Mr. Chua, Singapore)

not contributing enough towards the costs of the Organization. Instead of fulfilling their special obligation to maintain the strength and integrity of the United Nations, several had indulged in the illegal practice of withholding their assessed contributions, bringing the Organization to the brink of bankruptcy.

68. His delegation therefore endorsed the development by the Committee on Contributions of a means of assessing Member States which would take into account the special privileges enjoyed by permanent members of the Security Council. Alternative II proposed by the Committee deserved serious consideration, but there were other, more effective ways to increase the financial responsibility of the permanent members. For example, the Committee might study the feasibility of assessing each permanent member for a set portion of the total budget, and calculating the balance of its assessment using the present formula. The total combined assessment of the permanent members could be retained at the present level of 47 per cent, to prevent major disruptions in the application of the low per capita income allowance formula to the remaining Member States.

69. His delegation was unable to support alternative I. Grouping countries together and allotting a share of the budget to each group was a radical departure from the principle of assessment based on capacity to pay, since the exercise of political judgement would supersede all objective criteria. If anything, the proposal would lead to conflict and disagreement between the members of each proposed group, not to consensus in the Fifth Committee.

70. At the thirty-ninth session of the General Assembly, Saudi Arabia had suggested that the low per capita income allowance formula should be supplemented by a relief gradient based on national income statistics. In its present report, the Committee on Contributions illustrated the conceptual feasibility of that proposal. His delegation saw merit in the idea: it would give greater relief to the smaller low-income developing countries, while the larger ones would receive less. The end result would be larger contributions to the United Nations budget by the middle-sized States, which would not necessarily be unhealthy for the Organization.

71. If all Member States responded fairly and equitably to their obligations to the Organization, the permanent members of the Security Council contributed more equitably, and the middle-sized economies played a larger role, the United Nations would not be facing a financial crisis threatening its very survival. If, however, the centrally planned economies and others continued to submit vague and distorted national income statistics for assessment purposes, and the bigger and stronger nations did not meet their Charter obligations, it was not fair to expect small developing countries such as his own to go on absorbing a disproportionate share of the costs of the Organization.

72. Mr. GRECU (Romania) said that any study of new formulas for calculating assessed contributions to the United Nations should seek to improve on the present method of calculation, making it fairer, not more discriminatory, especially where developing countries were concerned. The steadily worsening economic situation of



(Mr. Greco, Romania)

most developing countries made it necessary to devote constant attention to their position, not least when changing the method used to calculate their contributions. At the same time, the Fifth Committee should remember that the General Assembly had just been presented with an important report on the administrative and financial functioning of the United Nations. There was an indisputable link between the criteria used to establish assessed contributions and budgetary questions as a whole. The Fifth Committee must look for ways to halt the incessant growth in the budget of the United Nations. His delegation hoped that reductions might eventually be possible.

73. The basic principle used to establish assessed contributions must be States' real capacity to pay. Any formula which substantially departed from that principle would be unacceptable to at least some Member States. The Committee on Contributions should not seek innovation at any price, but ensure that its research was firmly based in reality.

74. None of the alternatives studied by the Committee could be accepted until a number of issues had been clarified and doubts allayed. In general, his delegation agreed with the Committee on the advantages of alternative I, presented in paragraphs 24 to 26 of the Committee's report. It was aware, however, that the formula might generate tension among and within the proposed groups, creating marked political divisions within the United Nations. His delegation also agreed with the Committee on Contributions that alternatives II, III and IV, although interesting, departed from the principle of capacity to pay. As implied in paragraph 29 of the Committee's report, States must exercise great prudence before departing from the present methodology, however much that methodology was criticized. For all its imperfections, the present method could be applied in many novel situations and special cases to generate scales of assessment which most, if not all, States could accept.

75. On the comparability of the data used to calculate assessed contributions to the United Nations, his Delegation agreed with the sentiments recorded by the Committee on Contributions in paragraph 68 of its report, namely that it must rely on the data supplied by Member States in response to the annual questionnaires from the United Nations Statistical Office. Due respect must be shown for the exclusive competence and specific situation of each Member State, and for the methods it used to assemble and distribute data on national economic activity. The Committee on Contributions could always ask Member States for clarification of the data submitted. His delegation could see no reason to adopt any other procedure.

76. Mr. Fontaine-Ortiz (Cuba) resumed the Chair.

77. Miss EFANGE (Cameroon) said that of the alternative methods suggested by the Committee on Contributions for calculating Members' assessed contributions to the United Nations, the first remained close to the principle of capacity to pay established by the General Assembly in 1946. Before going along with that alternative, however, her delegation would need to know what rate of assessment would apply to Member States within each of the proposed groups. The first two

(Miss Efange, Cameroon)

groups proposed were fairly homogeneous, but the third was very heterogeneous and could produce little in the way of comparable data on national income. A previous speaker had suggested that division into groups would favour the resolution of differences among States; it might, in fact, make the distribution of relief points more difficult unless points could be transferred among the three groups.

78. Her delegation could not go along with alternative II, which would not only result in unjustifiable increases in assessment for developing countries, but represent a major departure from the basic principle of capacity to pay. Moreover, the suggestion seemed to endorse the idea that obligations should be equated with privileges. The same notion, in the guise of the weighted vote, was already eating, like a cancer, into the fabric of the Organization.

79. It would be inconsiderate and unfair to suggest, as alternative III did, that non-permanent members of the Security Council should pay extra contributions to the budget of the Organization. The effect of the proposal would be to punish the non-permanent members. Developing countries in particular would be required to pay much more than the "floor" rates which at present reflected their capacity to pay.

80. Dividing the budget of the United Nations into core and non-core portions, as suggested in alternative IV, would defeat the goals of the Organization. The United Nations had to deal with the problems facing all its Member States, be they political or socio-economic. She wondered what criteria would be used to determine which programmes belonged to the core portion of the budget and which would not.

81. In her delegation's view, the difficulties encountered in refining the current assessment methodology were based on the fact that some delegations had come to regard the efforts of the United Nations to bring about economic development as a transfer of resources and technology from the rich countries to the poor. The developing countries that benefited from the low per capita income allowance used the money to satisfy their peoples' basic needs. They could not be treated in the same way as countries with higher per capita incomes, which could be spent on development in more diverse fields. Rather than look at groupings and other political considerations, therefore, the Committee on Contributions should refine its existing methodology, taking socio-economic indicators into account.

82. Mr. HADWEN (Canada) said that the scale of assessments should apportion expenses broadly according to capacity to pay while meeting three basic criteria: (a) that it was consistent with the collective wishes of United Nations Member States; (b) that it was fair and equitable; and (c) that it was easy to understand. His delegation was disappointed that the Organization did not yet have such a system.

83. The Committee on Contributions, in its report, outlined four alternative methods of calculating the scale of assessments. His delegation had varying reservations vis-à-vis three of them. Dividing countries into groups and assigning national assessments within those group assessments, as proposed in alternative I, merely set up two levels at which assessments must be agreed. That was no

(Mr. Hadwen, Canada)

simplification. Alternatives II and III called for a distinction between countries on the Security Council and countries that were not. His delegation could not support a scale under which countries paid a premium for membership on any intergovernmental body.

84. Alternative IV was similar to a proposal circulated by his country's Permanent Representative in June 1986. He trusted that the Committee on Contributions would keep it under review, bearing in mind the comments expressed by other delegations during the current session.

85. His delegation appreciated the work done by the Committee on Contributions on the subject of data comparability. It also appreciated the suggestion by Saudi Arabia for an alternative method of calculating the low per capita income allowance.

86. The Committee on Contributions was responsible for advising the General Assembly on all questions concerned with the apportionment of the expenses of the United Nations and the application of Article 19 of the Charter. It would therefore be entirely within its mandate to discuss the question of arrears in payments to the regular and peace-keeping budgets of the Organization, and recommend an equitable, expedient method of recovering the amounts outstanding. His delegation would like the Committee to draw up a schedule for the payment of existing arrears over the coming three years, and discuss means of discouraging future arrears in contributions.

87. The Committee on Contributions should also review the question of withholdings, to see whether it could arrive at a system under which the United Nations received the contributions due to it while countries withholding payments could nevertheless maintain their positions of principle. The Committee might consider whether contributions withheld in the past could be paid into a special account on which the United Nations could draw for specific purposes.

#### ORGANIZATION OF WORK

88. The CHAIRMAN suggested that the Committee should defer further consideration of the items currently on its agenda until the General Assembly had concluded its discussion of the report of the Group of High-level Intergovernmental Experts in plenary meeting.

89. It was so decided.

90. The CHAIRMAN suggested that the meetings of the Fifth Committee should follow the same schedule as those of the General Assembly, so that morning meetings of the Fifth Committee should henceforth begin at 10 a.m.

91. It was so decided.

The meeting rose at 1.10 p.m.