

report of the Joint Inspection Unit during the last week of November, had proposed at the 1577th meeting that it should be taken up earlier, but there had been no response to that proposal. Again, at the 1608th meeting the Polish delegation had reminded the Secretariat that the Joint Inspection Unit's report had not yet been considered, and had been told that neither the Secretary-General's report nor that of the Advisory Committee on Administrative and Budgetary Questions were yet available, but that they would be very shortly. Yet now the end of the present session was approaching with little prospect that the report of the Joint Inspection Unit could be given the thorough discussion it deserved.

59. In view of all those facts, the Polish delegation could hardly escape the conclusion that someone was working to prevent a comprehensive discussion of the report in question even at the twenty-eighth session. That regrettable situation was a further illustration of the defects of the personnel policies of the Secretariat, to which the Polish delegation would certainly refer in detail at the twenty-ninth session, when personnel questions were to be discussed. He expected that the proper conclusions would be drawn for the future, so that such cases of disregard of repeated inquiries by a Member State did not arise again.

The meeting rose at 1.05 p.m.

1622nd meeting

Monday, 10 December 1973, at 10.50 a.m.

Chairman: Mr. C. S. M. MSELLE (United Republic of Tanzania).

A/C.5/SR.1622

AGENDA ITEM 109

Financing of the United Nations Emergency Force established pursuant to Security Council resolution 340 (1973): report of the Secretary-General (concluded)*

Draft report of the Fifth Committee to the General Assembly (A/C.5/L.1147)

1. Mr. GARRIDO (Philippines) (Rapporteur) introducing the draft report of the Committee (A/C.5/L.1147), said that it dealt with a subject that was of crucial interest to many delegations. He had tried to take the views of all delegations into account in drafting the text, but since it had not been possible to reflect every view expressed, he hoped that in some cases delegations would be satisfied with having their views reflected in the summary records.

2. He wished to make one or two changes. In paragraph 29, the words "China was, in principle, not in favour" should be replaced by the words "China was fundamentally opposed". In referring to paragraph 8, he said that the Soviet Union had not been the only delegation that had spoken on the estimate of \$30 million, and he therefore wished to change the first sentence by deleting the words "stated that his delegation", and replacing them with the words "as well as some other delegations".

3. The Fifth Committee's decision regarding the reimbursement to Governments for extra and extraordinary expenses was given in paragraph 40, and in paragraph 42 the Committee recommended to the General Assembly the adoption of the resolution contained therein.

4. Mr. OSMAN (Egypt) said he would appreciate it if the Rapporteur could include in the draft report some reflection of the statement that Egypt had made at the 1603rd meeting.

5. Mr. LOURENÇO (Portugal) said that at the 1609th meeting, he had expressed reservations after the vote, and he would like those reservations to be reflected in the draft report.

6. Mr. HARAN (Israel) said that if the report specifically reflected the statement by Egypt, he would like the statement made by Israel in exercise of its right to reply to receive the same treatment.

7. Mr. BARG (Libyan Arab Republic) said that he had stated, when explaining his vote, that his country was not prepared to participate in the financing of UNEF. He accordingly thought that paragraph 20 should indicate specifically that it was the Libyan Arab Republic and Albania which had declared their strong objection.

8. Mr. CLELAND (Ghana) suggested that the draft report could include a phrase indicating that further views of delegations on the question were reflected in the summary records. He wished to make it clear that his suggestion was not in any way intended to replace the changes requested by other delegations.

9. Mr. GARRIDO (Philippines) (Rapporteur) said that he had hoped it might be possible to confine the report to the financial aspect of UNEF. However, in view of the strong wish of some delegations to have views on other points reflected, he would try to find a formula for including the statements by Egypt and Israel.

10. With reference to the suggestion by the representative of Portugal, he referred to paragraph 10, and said he thought that paragraph covered the point. However, he would consult the Portuguese delegation informally to ensure that its wishes were met.

11. He assumed that the Albanian delegation had no objection to the change proposed by the Libyan Arab Republic to paragraph 20.

* Resumed from the 1610th meeting.

12. Mr. NAUDY (France) said that, although he had not had time to study it in great detail, he thought that the draft report was excellent. However, there was one idea expressed in the statement by France that he would like to see reflected in the report: that was that, while his delegation recognized that a certain responsibility rested with the permanent members of the Security Council, it also believed that that responsibility should be recognized not only in the financial field, but also in other areas. He would consult the Rapporteur to find an appropriate wording, if there was no objection to the inclusion of that idea in the draft report.

13. Mr. GARRIDO (Philippines) (Rapporteur) said that he would be available for consultations with any representative who had made suggestions about changes in the report. He believed that they were all acceptable and that the Fifth Committee could now adopt the report in the light of those proposed changes.

14. The CHAIRMAN invited the Committee to adopt the draft report in the light of the assurance given by the Rapporteur that he would consult all the delegations concerned.

The draft report (A/C.5/L.1147) was adopted.

AGENDA ITEM 82

Pattern of conferences: report of the Secretary-General (concluded)*

Draft report of the Fifth Committee to the General Assembly (A/C.5/L.1160)

15. Mr. GARRIDO (Philippines) (Rapporteur) introduced the draft report of the Fifth Committee (A/C.5/L.1160) on the pattern of conferences. In paragraph 7, the Committee recommended that the General Assembly should approve the calendar of conferences and meetings for 1974 as set out in the report of the Secretary-General (A/9214, annex I) and that it should endorse the observations and recommendations contained in the report of the Advisory Committee on Administrative and Budgetary Questions (A/9345).

16. The CHAIRMAN invited the Committee to adopt the draft report.

The draft report (A/C.5/L.1160) was adopted.

17. The CHAIRMAN suggested, following the adoption of the draft report, that the Fifth Committee should recommend to the General Assembly that it should take note of Chapter XXI, section D, of the report of the Economic and Social Council (A/9003 and Corr.1), which dealt with the calendar of conferences for the Council, which had been referred to the Fifth Committee for consideration under agenda item 12.

It was so decided.

AGENDA ITEM 78

Supplementary estimates for the financial year 1973 (continued)**

Draft report of the Fifth Committee to the General Assembly (A/C.5/L.1148)

18. Mr. GARRIDO (Philippines) (Rapporteur) introduced the draft report of the Fifth Committee (A/C.5/L.1148) on the supplementary estimates for the financial year 1973 and indicated that, in the second sentence of paragraph 8, the words "Another delegation reiterated its objection" should be replaced by "Some delegations reiterated their objection" and the words "it considered" should be replaced by "they considered". The Committee's recommendation was to be found in the draft resolution in paragraph 12.

19. Mr. KITI (Kenya) said that paragraphs 5 and 7 of the draft report should be expanded to give a more balanced account of the views expressed in the Committee. With respect to paragraph 5, for example, his delegation and others had said that supplementary estimates were an essential part of any budgetary system. That opinion should be reflected in the report. With respect to paragraph 7, some delegations had said that it was quite proper that provisions for technical assistance should be included in the regular budget. That opinion should also be reflected in the report. As to paragraph 6, it would be recalled that his delegation had asked to be told what the Secretary-General could do with non-convertible currencies.

20. Mr. CHERPOOT (India) endorsed the comments of the representative of Kenya on paragraphs 5 and 7.

21. Mr. GARRIDO (Philippines) (Rapporteur) said that the comments of the representative of Kenya on paragraphs 5 and 6 were pertinent; the report would be modified in order to take them into account. As to paragraph 7, the question of the inclusion of provisions for technical assistance in the regular budget would be dealt with in the Fifth Committee's report to the General Assembly on agenda item 79. Did the representative of Kenya wish it to be referred to in the report under discussion as well?

22. Mr. KITI (Kenya) replied in the affirmative.

23. Mr. PASHKEVICH (Byelorussian Soviet Socialist Republic) said that the views of his delegation were reflected in paragraph 5. In the debate on the question, his delegation had buttressed its critical comments by references to relevant paragraphs in the Secretary-General's report (A/9206). Accordingly, he proposed that the following sentence be added at the end of paragraph 5: "In that connexion, reference was made to the relevant paragraphs in the report of the Secretary-General (A/9206)."

24. Mr. GARRIDO (Philippines) (Rapporteur) said that he could accept the amendment.

25. The CHAIRMAN invited the Committee to vote on part A of the draft resolution concerning supplementary

* Resumed from the 1615th meeting.

** Resumed from the 1613th meeting.

estimates for the financial year 1973 contained in paragraph 12 of document A/C.5/L.1148.

Part A of the draft resolution was adopted by 67 votes to 10, with 3 abstentions.

26. The CHAIRMAN said that unless there was any objection, he would take it that the Committee approved part B of the draft resolution on supplementary estimates for the financial year 1973.

It was so decided.

27. Mr. GARRIDO (Philippines) (Rapporteur), replying to a question put by Mr. Haran (Israel), said that the Committee's decision on the draft resolution would be reflected in the report.

28. The CHAIRMAN said that the Committee had adopted the draft report (A/C.5/L.1148), subject to the amendments the Rapporteur had agreed to incorporate.

AGENDA ITEM 85

Appointments to fill vacancies in the membership of subsidiary organs of the General Assembly (concluded)*:
(b) Committee on Contributions (A/9102, A/C.5/1575)

29. The CHAIRMAN invited members to elect three persons to fill the vacancies in the membership of the Committee on Contributions that would result from the expiry, on 31 December 1973, of the terms of office of Mr. Hennes, Mr. Naito and Mr. Rączkowski. As indicated in the note by the Secretary-General (A/C.5/1575), nominations for appointment or reappointment had been received in respect of Mr. Hennes, Mr. Naito and Mr. Tardos. Delegations could, however, vote for whomsoever they pleased, whether their names had been formally proposed or not. The members of the Committee on Contributions were appointed in their personal capacity.

At the invitation of the Chairman, Mr. Kamil (Malaysia) and Mr. Pinto-Bazurco (Peru) acted as tellers.

A vote was taken by secret ballot.

Number of ballot papers:	90
Invalid ballots:	0
Number of valid ballots:	90
Abstentions:	0
Number of members voting:	90
Required majority:	46

Number of votes obtained:

Mr. Takeshi Naito	84
Mr. Richard V. Hennes	78
Mr. József Tardos	78
Five other persons	9

Mr. Hennes (United States of America), Mr. Naito (Japan) and Mr. Tardos (Hungary) having obtained the required majority, the Committee decided to recommend their appointment as members of the Committee on Contributions for a three-year term beginning on 1 January 1974.

30. The CHAIRMAN suggested that the Rapporteur should be asked to report directly to the General Assembly on the matter.

It was so decided.

31. Mr. TARDOS (Hungary) thanked the Committee for electing him to the Committee on Contributions and said he would do all he could to serve the General Assembly effectively as a member of that Committee.

32. Mr. STOTTLEMYER (United States of America) expressed his appreciation, on behalf of the United States delegation, for the Committee's decision to reappoint Mr. Hennes of the United States to the Committee on Contributions.

33. Mr. TAKAHASHI (Japan) said that he wished to express his sincere gratitude, on behalf of his delegation, for the appointment of Mr. Naito.

(d) Investments Committee: confirmation of the appointments made by the Secretary-General (A/9104)

34. The CHAIRMAN drew the Committee's attention to the note by the Secretary-General (A/9104), submitting for confirmation by the General Assembly the appointments of Mr. Murphy and Mr. Nehru to the Investments Committee. The Secretary-General also reported that he intended to co-opt one more person to serve in the Committee in an *ad hoc* capacity during 1974.

35. He suggested that the Committee should request the Rapporteur to report to the General Assembly directly that the Fifth Committee recommended that the General Assembly should confirm the appointments of Mr. Murphy and Mr. Nehru for a three-year term beginning on 1 January 1974, and that it should take note of the arrangements proposed by the Secretary-General in paragraph 3 of his note (A/9104).

It was so decided.

36. Mr. BOUAYAD-AGHA (Algeria) said that the Algerian delegation would have liked a vote on the candidates. He did not understand why a different procedure from that normally adopted had been used for the Investments Committee appointments. Moreover, his delegation had reservations concerning the Secretary-General's proposal in paragraph 3 of his note that an individual from Switzerland should be co-opted to serve in an *ad hoc* capacity during 1974. Switzerland was not the only country from which experts were available.

37. The CHAIRMAN said that article 20 of the Regulations of the United Nations Joint Staff Pension Fund read:

"The Investments Committee shall consist of six members appointed by the Secretary-General after consultation with the Board and the Advisory Committee on Administrative and Budgetary Questions, subject to confirmation by the General Assembly."

To the best of his recollection, the Fifth Committee had never voted on the item. The procedure he outlined was in

* Resumed from the 1616th meeting.

accordance with the article he had read out. If he had been a little too swift in bringing down his gavel, he wished to express his regrets.

AGENDA ITEM 87

United Nations salary system (*continued*) (A/9147 and Corr.1, A/9370, A/C.5/1584, A/C.5/L.1154)

(a) Report of the Secretary-General (*continued*) (A/9147 and Corr.1)

(b) Report of the Advisory Committee on Administrative and Budgetary Questions (*continued*) (A/9370)

38. The CHAIRMAN invited the Committee to resume consideration of the Iranian proposal, a revised text of which had been circulated in document A/C.5/L.1154.

39. Mr. PASHKEVICH (Byelorussian Soviet Socialist Republic) said that his delegation had always been in favour of creating good material conditions for the staff of the United Nations and the specialized agencies. It believed that the highly qualified members of the Secretariat should receive adequate salaries and allowances. It believed, however, that there were adequate safeguards to protect the interests of the staff. There was, for instance, the system of post adjustments by means of which staff members were compensated for rises in the cost of living. Furthermore, it should be remembered in that connexion that at the current session the Committee had decided that five classes of post adjustment were to be consolidated into the base salary. There was, therefore, no need for deciding hastily, before the establishment of the International Civil Service Commission, that there should be a further review of the salary system. The Iranian text went beyond the framework of normal decisions, for its effect would be to annul the very important decisions taken by the General Assembly in resolutions 2742 (XXV) and 3042 (XXVII). Under the Iranian proposal, the International Civil Service Advisory Board was being requested to perform tasks the General Assembly had entrusted to the International Civil Service Commission. The Fifth Committee should consider the matter very carefully, for it surely did not wish to set a precedent for the annulment of General Assembly decisions. His delegation could not support the proposal in document A/C.5/L.1154.

40. The CHAIRMAN invited the Committee to vote on the Iranian proposal (A/C.5/L.1154).

The proposal was adopted by 71 votes to 9, with 3 abstentions.

41. Mr. TALIEH (Iran) said that the Fifth Committee had taken a just and necessary decision and one which would have a beneficial effect on staff morale. He thanked all those delegations which had voted in favour of the proposal and stressed the fact that the delegation of Argentina and its able representative were to be praised for the initiative they had taken.

AGENDA ITEM 79

Proposed programme budget for the biennium 1974-1975 and medium-term plan for the period 1974-1977 (*continued*) (for the earlier documentation, see 1589th meeting; A/9008/Add.9, 11, 12, 16, 17 and 18, A/C.5/1509/Add.2, A/C.5/1540, A/C.5/1543 and Corr.1 and 2, A/C.5/1544, A/C.5/1545, A/C.5/1547, A/C.5/1554, A/C.5/1566 and Corr.1, A/C.5/1571-1573, A/C.5/L.1146)

*The effect of continuing currency instability on the budgets of organizations in the United Nations system (continued)** (A/9008/Add.16, A/C.5/1583, A/C.5/L.1146)

42. Mr. SCHMIDT (Federal Republic of Germany) noted that both the Administrative Committee on Co-ordination and the Advisory Committee on Administrative and Budgetary Questions had taken a very cautious approach to the problem of the effect of recent currency instability and inflated costs on the budgets of organizations in the United Nations system. The representative of Cuba, on the other hand, had taken a rather bold approach and proposed, in draft resolution A/C.5/L.1146, that a United Nations unit of account should be established, and that those countries whose currencies had fluctuated and in which inflation had occurred should pay the additional costs incurred by the United Nations. In connexion with the proposal regarding a unit of account, he recalled that the European Economic Community, with only nine member States, was facing considerable difficulties as a result of introducing a unit of account. The proposed unit of account would not solve the problem of budgetary deficits due to currency fluctuations, but would probably create even higher deficits. If the rates of exchange between the unit of account and currencies of Member States remained fixed, as the draft resolution suggested, those countries which devalued their currencies would not have to make up for the reduced value of their contributions. Since devaluation was more widespread than revaluation, the United Nations deficit would increase. As a result, all Member States would have to offset that deficit by further supplementary financing. Adjusting the exchange rates, on the other hand, would involve not only higher technical difficulties, but also political considerations. The result of such adjustments could be a rather fictitious pattern of currency relations which would distort the agreed scale of assessments. Although there was general agreement that the United Nations needed to use one standard unit of account, the United States dollar or some other unit, the problem of the relationship between that unit and world currencies persisted.

43. The second main proposal in the draft resolution was that those countries that caused currency fluctuations and inflation should take responsibility for the resulting deficit in the United Nations budget; that went against the principle of collective responsibility and seemed to support the "pollutor must pay" principle of the environmentalists. Without commenting on the purely political implications of that proposal, he pointed out that independent experts might well make unexpected judgements identifying the countries contributing to currency fluctuations and inflationary movements.

* Resumed from the 1618th meeting.

44. The problem of the effect of currency instability was much too complicated technically and too political to be resolved in a single meeting of the Fifth Committee. Nor was it feasible to invite independent experts to suggest theoretically attractive ideas that would not work politically. He agreed that further studies were necessary, and that a study, as suggested by the Advisory Committee in paragraph 10 of its report (A/9008/Add.16), should be carried out by the Secretary-General, who had the required technical competence and was aware of the political implications. Such a study should not be confined to any specific solution that had been proposed, but might well include problems caused by inflation and perhaps the situation of United Nations finances in general. It should be made quite clear that two separate and distinct problems were involved: firstly, there was the problem of financial management, which was essentially a technical, and not a political, question of how to hedge against inflation; the second problem was what to do about deficits incurred because of changes in the exchange rates which had occurred after the budget had been drawn up.

45. He fully agreed with the representative of Cuba that the agreed scale of assessments should not be affected by any solution the Committee might recommend. He expressed confidence that, working on that basis, new solutions to the problem would be found.

46. Mr. TAKAHASHI (Japan) expressed appreciation for the report of the Advisory Committee and for the report of ACC, which contained many thought-provoking suggestions and which, he believed, would be used as a basis for further study of the effect of currency instability on the budgets of organizations in the United Nations system. The problem was so far-reaching that, in spite of strenuous efforts by IMF and Member States, there could be no easy solution. It was therefore necessary to study various means of alleviating the effects of currency instability, particularly since each organization had different characteristics, such as location, membership, budgetary system and so forth. No comprehensive solution could be found which would enable each organization to tackle the problem on a broad common basis. He therefore wondered if each organization should not be left to devise for itself measures to mitigate the effects of currency realignments. The recommendation made by the Advisory Committee in paragraph 10 of its report deserved the support of the Committee, for the approach it recommended was preferable to taking radical action without a thorough examination of the nature of the problem.

47. His delegation had difficulty in supporting draft resolution A/C.5/L.1146, although he appreciated the sincere intentions of its sponsor. In stating his views on it, however, he had no intention of discouraging useful discussion of the problem.

48. Mr. DE PRAT GAY (Argentina) said that his delegation attached great importance to the question under consideration because it felt that arrangements might be made for avoiding the extra costs attributable to fluctuations in the value of the dollar. The Advisory Committee and ACC had produced very useful reports on the subject. The sound proposals put forward by the Cuban delegation (A/C.5/L.1146) should also be examined carefully, al-

though his delegation did not feel that it would be able to support them if they were put to the vote because they would seem to be fixing the line to be followed by the proposed *ad hoc* committee even before that body was established. Nevertheless, the Cuban text should be borne in mind in any analysis of the question.

49. The effects of currency instability on the budgets of the organizations of the United Nations system were set out in paragraphs 37 to 76 of appendix I to the report of ACC (A/9008/Add.16, annex). For the United Nations alone, currency instability had resulted in additional costs of some \$1.1 million in 1971, \$3.3 million in 1972, and \$9 million in 1973, while, as a result of the March 1973 revaluations, \$8.6 million had been added to the target estimates for each of the years 1974 and 1975. Clearly, steps should be taken to remedy the situation.

50. In the general discussion, his delegation had suggested the possibility of contributions being paid in the various currencies the Organization used. It was satisfying to note, therefore, that in paragraph 51 of its report, ACC had said that the solution that held out the best promise for the largest number of organizations could be the apportionment of contributions in more than one currency, with the expenditure budgets continuing to be expressed in one currency. As would be seen from paragraph 7 of its report, the Advisory Committee had, in principle, reacted favourably to that suggested measure. In paragraph 9, however, the Advisory Committee had stated that it would probably be too cumbersome to require contributions to be made in more than two currencies. Surely, however, it should be possible to reduce the complexity of such a procedure by the use of modern electronic equipment. In the opinion of his delegation, greater consideration should be given to the possibility of contributions in more than one currency, particular attention being paid to the proportions shown in appendix V to the ACC report. As would be seen from that appendix, 65 per cent of United Nations expenditure was made in United States dollars, 20 per cent in Swiss francs, 4 per cent in Austrian schillings and 11 per cent in other currencies. In the case of the United Nations, therefore, there could be three main currencies for expenditure, namely, the dollar, the Swiss franc and the Austrian schilling. In that connexion, attention should be paid to the useful recommendation made by the Advisory Committee in paragraph 10 of its report. The Administrative Committee on Co-ordination should undertake a more detailed study of the possibility of assessing contributions in a mix of currencies. It should also continue its analysis of the other ideas put forward in its report and consider carefully the Cuban proposals in document A/C.5/L.1146. His delegation felt, however, that analysis of the question should not be entrusted exclusively to a group of international civil servants. The Fifth Committee should keep the question under review throughout 1974. One way of keeping in touch with developments in the matter, receiving a report from intergovernmental experts at the twenty-ninth session and not incurring any further costs would be to set up a working group composed of members of the Fifth Committee. The members of the group could be nationals of countries to be selected by the Chairman. They could consider the documents currently before the Committee, namely, the reports of the Advisory Committee and ACC, and the Cuban proposals. If that suggestion was

acceptable, a very short draft resolution establishing the group could be prepared. Alternatively a paragraph on the matter could be included in the Committee's report. It should be noted that his delegation made that suggestion in a spirit of co-operation; it would welcome the views of interested members as to its merit.

51. Mr. SILVEIRA DA MOTA (Brazil) said that, as might have been expected in view of the nature of the problem, neither the report of the Advisory Committee nor the report of ACC on the effect of currency instability on the budgets of organizations in the United Nations system provided any simple or complete answer. A long-term solution to the problem was still being sought by the world's leading authorities on monetary questions, and it would be unrealistic to expect dramatic results even in the much narrower framework of United Nations finances. Some headway had, however, been made, for the two reports laid the groundwork for the adoption of concrete measures that might improve the situation. He supported the recommendation in paragraph 10 of the Advisory Committee's report, which was a reasonable and prudent proposal. Commenting on the Advisory Committee's suggestion that another way of coping with the problem of the extra dollar costs resulting from currency devaluation would be to absorb those extra costs in the spirit of the recommendations made by the *Ad Hoc* Committee of Experts to Examine the Finances of the United Nations and the Specialized Agencies in its second report,¹ i.e., by reassessing priorities, redeploying resources and adjustments within the budget, he said that absorption had its limitations and should be applied in a judicious and restrained way so as not to jeopardize important activities of the United Nations. With that qualification, he would support the Advisory Committee's recommendation in paragraph 11 of its report.

52. Turning to draft resolution A/C.5/L.1146, he said that it was based on a fundamental misconception, namely that the finances of the United Nations could be isolated from the world monetary system. It was also based on a debatable premise that instability would remain a permanent feature of the international monetary system. To call for the establishment of an *ad hoc* committee to deal with the effects of currency realignments and fluctuations and inflation on the finances of the United Nations did not seem to serve a useful purpose at the present stage. Such a committee would have limited prospects for success, and would simply duplicate the work of ACC and the Advisory Committee. Moreover, IMF was currently examining the international monetary situation and the United Nations might do well to await its conclusion before taking action. The proposal, in paragraph 1 of the draft resolution, that a special unit of account, based on gold, should be created for the United Nations and a fixed rate of exchange set between that unit and freely convertible currencies, had some psychological appeal which was, however, clearly outweighed by the disadvantages of those measures. The Advisory Committee on Co-ordination had already considered those proposals and concluded that it would not be advisable to adopt them. The provision in paragraph 1 (f) was also unacceptable to his delegation because it might

unduly penalize certain host countries, including some developing countries, in which inflation occurred. Apart from the discriminatory nature of that provision, it might inhibit countries whose currencies were not strong from offering to host meetings of United Nations bodies. It might also adversely affect countries in whose territory the United Nations might be carrying out peace-keeping operations. Accordingly, should a vote be taken on the draft resolution, his delegation would be unable to support it.

53. Referring to the Secretary-General's statement to the Committee at its 1564th meeting (A/C.5/1526), he inquired whether the suggestion that Member States which found that they would derive a windfall benefit from the reduction in their percentage contributions to the United Nations budget as a result of the new scale of assessments and the revaluation of a large number of currencies in relation to the United States dollar might consider making a contribution of the amount of their saving towards the elimination of the continuing deficit of the United Nations had elicited any response from the Governments concerned. He urged the Secretary-General to pursue the matter vigorously with a view to encouraging voluntary contributions either to offset the growing deficit of the United Nations or else to help voluntarily financed programmes such as UNDP and UNICEF.

54. Mrs. DERRE (France), noting that the question of the effect of currency instability was one of the most delicate matters before the Committee and that it was submitted to it for consideration for the first time, said that it should be approached cautiously, as the Advisory Committee had done in its report. None of the solutions it had suggested, however, was entirely satisfactory. The suggestion for a currency "mix" might work if all contributions were paid in January each year and if the United Nations could immediately transfer the currencies it would need to the various countries. However, in practice, because of national financial regulations, some of the largest contributors could not pay their contributions to the budget before the middle of the year. Consequently, assuming that contributions were paid for expenditure partly in dollars and partly in Swiss francs, the following situation could arise: if at any given point the United Nations did not have enough United States dollars to cover its expenditure in New York, but had more Swiss francs than it needed for expenditure in Geneva, it would have to sell the Swiss francs at the market rate to buy dollars; subsequently, when it needed Swiss francs in Geneva, it would have to repurchase them at a higher rate than it had sold them by selling dollars, perhaps taking a substantial loss. The risk of incurring a loss might be reduced by establishing a working capital fund in each of the currencies used by the United Nations to cover such contingencies, but the question arose of how that fund could be financed.

55. Another suggestion that had been made was that a special unit of account should be established, but the representative of the Federal Republic of Germany had just pointed out the disadvantages of that solution.

56. She cautioned against adopting any hasty solution to the problem for that might lead to even more adverse consequences than the present situation. After all, the budget for the next biennium would be approved soon, and

¹ See *Official Records of the General Assembly, Twenty-first Session, Annexes*, agenda item 80, document A/6343, para. 40.

there was therefore ample time to reflect on the effect of currency instability. What was needed was a new study by the Secretariat working with ACC, the Advisory Committee, interested delegations and other international agencies, regardless of whether they were part of the United Nations system or not. The study should be submitted to the General Assembly at its twenty-ninth session. Meanwhile the United Nations could adopt, in so far as was possible, the second proposal contained in paragraph 11 of the Advisory Committee's report, namely the methods suggested for the absorption of extra dollar costs.

57. If draft resolution A/C.5/L.1146 was put to the vote, her delegation would not be able to support it.

58. Mr. DAVIDSON (Under-Secretary-General for Administration and Management), replying to the question asked by the representative of Brazil, said that the only response to the Secretary-General's appeal in his statement to the

Committee had been that of a number of representatives who had spoken in the general debate expressing their approval of his suggestion. It was too early to say what the reaction would be. The General Assembly had not yet approved the budget and the revised estimates had not yet been submitted. It was therefore difficult for Member States to ascertain at the current stage if they would have any windfall benefit. The Secretary-General, in his report on the financial situation of the United Nations, to be issued shortly,² would reiterate the suggestion, and, if it was favourably received by the Fifth Committee and the General Assembly, he would contact the Governments concerned early in 1974.

The meeting rose at 1.05 p.m.

² Subsequently issued as document A/9444, of 11 December 1973.

1623rd meeting

Tuesday, 11 December 1973, at 10.55 a.m.

Chairman: Mr. C. S. M. MSELLE (United Republic of Tanzania).

A/C.5/SR.1623

AGENDA ITEM 79

Proposed programme budget for the biennium 1974-1975 and medium-term plan for the period 1974-1977 (*continued*) (for the earlier documentation, see 1589th meeting; A/9008/Add.9, 11, 12, 16, 17, 18, 24 and 25, A/C.5/1509/Add.2, A/C.5/1540, A/C.5/1543 and Corr.1 and 2, A/C.5/1544, A/C.5/1545, A/C.5/1547, A/C.5/1554, A/C.5/1566 and Corr.1, A/C.5/1571-1573, A/C.5/L.1146, A/C.5/L.1155)

The effect of continuing currency instability on the budgets of organizations in the United Nations system (continued) (A/9008/Add.16, A/C.5/1583, A/C.5/L.1146)

1. Miss FORCIGNANÒ (Italy) said that while her delegation was aware of the complex problems caused by the continuing currency instability in the administration and amount of the resources of the United Nations, it doubted that they could be resolved through the machinery proposed in draft resolution A/C.5/L.1146. Creating an *ad hoc* committee would only increase the number of existing bodies which dealt with monetary issues, such as the Committee of the Board of Governors of the International Monetary Fund on Reform of the International Monetary System and Related Issues. The only practical measure would be to adopt temporary rules to cope with the impact of currency instability on the budgets of organizations in the United Nations system. The problem was very broad and far-reaching and could be resolved only by a gradual and careful adjustment of the currency rules to the economic situation. The competent bodies had made an adequate assessment of the situation. From among the various suggestions made in the report of the Advisory

Committee on Administrative and Budgetary Questions and that of the Administrative Committee on Co-ordination, her delegation supported the Advisory Committee's recommendation in paragraph 10 of its report (A/9008/Add.16) that the Secretary-General and members of ACC should be requested to explore in greater detail the possibility of assessing contributions in more than one currency, though not more than two, and to report their findings to the General Assembly at its twenty-ninth session. As a matter of general policy, all possible measures should be taken to absorb the extra dollar costs resulting from currency fluctuations. Her delegation was unable to support draft resolution A/C.5/L.1146.

2. Mr. SERRANO (Cuba) referred to the comments made by the representative of the United States of America on draft resolution A/C.5/L.1146. The representative of the United States had said that he could not agree that the reform of the international monetary system would mean there would be permanent instability in the exchange rates, but had then immediately contradicted himself by stating that the recent significant changes in monetary exchange rates had been the result of pegged exchange rates and that, once the reforms being considered by IMF were introduced, countries would not be able to postpone any necessary adjustments in their exchange rates; as a result, he had said, changes would be small and the United Nations would not be faced with such a large deficit as in the past two years. That statement merely confirmed that currency instability, although not violent variations in exchange rates, would persist, and the United Nations would incur smaller, but frequent, deficits. He considered that currency flexibility was the same as currency instability. Moreover, under the IMF's recently established fluctuation rate of 2.25 per cent