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COMMITTEE ON CONTRIBUTIONS
Fortieth session
New YorkWAYS OF TAKING INTO ACCOUNT THE PARTICULAR SITUATION
OF MEMBER STATES WHOSE EARNINGS DEPEND HEAVILY ON ONE
OR A FEW PRODUCTSNote by the Statistical Office

1. The General Assembly, in resolution 34/6 B, requested the Committee on Contributions

"to study in depth and report to the General Assembly at its thirty-fifth session on ways and means of increasing the fairness and equity of the scale of assessments bearing in mind the debate under agenda item 103 in the Fifth Committee during the thirty-fourth session of the General Assembly, and in particular ... ways of taking into account the particular situation of Member States whose earnings depend heavily on one or a few products".

2. Member States whose earnings depend heavily on one or a few products may be divided into two groups. One group consists of Member States whose certain export commodities had significant price rises since 1973 and the second consists of commodity-oriented economies whose capacity to pay may have been adversely affected in recent years by sharp declines in export prices and by the increasing price of imports.

3. In the case of the first group of countries, the sharp price rises of their export commodities resulted in sharply higher national income estimates. It was mentioned during the debate under agenda item 100 in the Fifth Committee during the thirty-first session of the General Assembly that countries whose incomes have increased substantially in recent years but which do not have well developed infrastructures must, of necessity, refrain for some time to come from devoting to consumption, large portions of their national income before they are in a position to match mature developed countries in terms of the latter's accumulated wealth. In this connexion, it was suggested during the same debate that in addition to its net national product, the determination of a Member's capacity to pay should take account of its relative level or stage of development, its source

of income (including the depletability of that income), its access to foreign exchange, its economic and social status, the wealth pattern of its people in relation to development, the extent of illiteracy, per capita production and consumption of energy, the value and amount of production of basic industries and funds allocated for technical and scientific research, cereal production and consumption and structure of foreign trade.

4. This topic is discussed at length in document entitled "Conditions or Circumstances Which Adversely Affect the Capacity to Pay of Member States" (ref. A/CN.2/R.423, paras. 8 to 18 inclusive) which is before the Committee.

5. For the second group of countries with commodity-oriented economies, the Committee has been aware for some time that account should be taken of the effect of sharp declines in export prices and of the increasing price of imports on their capacity to pay.

6. In this connexion, the Committee, at its thirty-seventh session in 1977, studied a note entitled "Price Trends in International Trade" (ref. A/CN.2/R.381) prepared by the Statistical Office at its request, on terms of trade and trade balances, the unit value index of manufactured goods exported by developed countries (which serves as a proxy for import price indices of developing countries whose exports of primary commodities represent a large share of their total exports) and price indices of primary commodities.

7. The Committee, after a discussion of the subject at the same session, drew attention to the fact that the elements enumerated in the foregoing paragraph "represent an intrinsic determinant of national income and, as such, are automatically taken into account whenever data on national income are compiled for the purpose of a review of the scale of assessments". 1/ The Committee noted that "in so far as commodity prices decline or prices of manufactured goods imported by developing countries increase in years subsequent to the period under review, as in the case of any other factor affecting the economy of a country, such declines would be reflected in the national incomes of Member States in the following period and would to some extent, therefore, be taken into account in the ensuing scale". 1/

8. In the case of both groups of countries, the Committee has also been aware of the sentiment often expressed in the Fifth Committee that, in the case of developing countries whose national income depends to a large extent on the export of non-renewable natural resources, account should be taken of this fact when assessing their capacity to pay.

9. In the case of commodity-oriented economies, which in recent years have suffered steep declines in export prices and increasing price of imports, there may have been an impairment of their relative capacity to pay as a result of reduction in their international reserves of convertible currencies.

1/ Official Records of the General Assembly, Thirty-second Session, Supplement No. 11 (A/32/11), para. 25.

10. Again for Member States whose earnings depend heavily on one or a few products, domestic inflation could result from sharp movements in prices, export as well as import. In the first group, a sudden steep rise in foreign exchange from the sale of export commodities at rapidly increasing world prices could have an impact on domestic money supply causing high domestic inflation. If the prices of manufactured goods and food-stuffs imported by developing countries from developed countries show a drastic increase, this could result in domestic inflation in both the first as well as in the second group of countries. Such inflation may distort the statistical measurement of a country's national income and therefore its capacity to pay.

11. The subjects of the ability of Members to secure foreign currency and of the level of different inflation rates and their effects on the comparability of national income statistics have been discussed at length in notes A/CN.2/R.423 and A/CN.2/R.425 respectively, prepared by the Statistical Office as a basis for the Committee's discussion in response to operative paragraphs 2 (b) and 2 (e) of General Assembly resolution 34/6 B.
