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REPRESENTATION BY THE NETHERLANDS

The following communication dated 28 March 1977 from the Permanent Representative of the Kingdom of the Netherlands to the United Nations to the Secretary-General of the United Nations, is submitted to the Committee for its consideration:

"The Permanent Representative of the Kingdom of the Netherlands to the United Nations presents his compliments to the Secretary-General of the United Nations and, with reference to the latter's note of 22 February 1977, FI 313/1 (1), has the honour to communicate the following observations submitted by the Netherlands concerning the work of the Committee on Contributions.

1. The general statistical information referred to by the Secretary-General in his note of 22 February 1977, No. FI 313/1 (1), has been submitted to the United Nations Statistical Office through the usual channels.

2. With regard to the procedures followed and the methods of calculation used by the Committee on Contributions, the following observations can be made:

A. The Netherlands continue to doubt the accuracy of the increase of the Dutch percentage in the scale of assessments adopted for the year 1977, as compared to the scale for 1974-1976, which itself showed a somewhat doubtful increase of the Dutch percentage in the scale for 1971-1973. Also at the time of the adoption of the scale for 1971-1973 the Netherlands expressed its reservations as to the methods of calculation. Nevertheless the Netherlands' rate of assessment has been increased three times in a row. It is felt, that various relevant factors have not sufficiently been taken into account. The Netherlands Government trusts that the Committee, in drawing up a scale for the years 1978 and following, will give due consideration to this matter.

B. In calculating a Member State's capacity to pay, not enough attention seems to be paid to national inflationary trends. Inflation does of course increase the national income in nominal terms, but does not necessarily increase a country's real capacity to pay.

C. The practice of converting national income statistics from national currencies into United States dollars - as the common denominator - leads to certain anomalies. In the figures submitted by the Netherlands last year e.a. the national income in the period 1972-1974 increased by 44 per cent compared with the figures of the period 1969-1971. If, however, these figures are converted from Dutch guilders into United States dollars in accordance with the average exchange rates in force at the given period, the increase turns out to be approximately 77 per cent. This increase has been taken as a basis for calculating the rate of assessments of the Netherlands. A change in exchange rates does of course influence national income, but not to the extent suggested by the above example. As the example relating to the Netherlands is probably not an isolated case, the Committee on Contributions might consider this problem. The United States dollar has fluctuated considerably over the last year; if the United States dollar remains to be used for this purpose the anomalies described above would continue.

D. Thought might be given to converting the national statistics expressed in national currencies into a common denominator which could encompass more currencies. In using such a currency mix or basket, consisting of a group of major currencies of currencies in which the major part of the expenditures of the United Nations are made instead of the United States dollar, the calculations of the Committee might become less arbitrary and more accurate.

E. The confidence in the Committee on Contributions might be further increased if the reports of the Committee would provide more information relating to the methods of calculating rates of assessment. Ample information is especially relevant in cases where proposed individual assessments, seen relatively, deviate substantially from rates in force.

F. In general, the Committee might continue to suggest ways and means to increase the accuracy and comparability of the statistical informations submitted to it."
