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REPRESENTATIONS BY MEMBER STATES

Addendum

ESTONIA

[4 June 1993]

In connection with the upcoming meeting of the Committee on Contributions, Estonia wishes to bring the matter of Estonia's assessment for the current scale of assessments period to the attention of the Committee on Contributions under rule 160 of the rules of procedure of the General Assembly.

The Government of Estonia wishes to pay its fair share of the costs of membership in the United Nations, based on sovereign statistics and the equal application of assessment methodology. Fully recognizing the unprecedented situation faced by the Committee on Contributions during its meeting in June 1992, Estonia nevertheless requests that the Committee re-examine the methodology used to determine Estonia's assessment so that its assessment will be recalculated.

Estonia was admitted to the United Nations in September 1991. Complete sovereign national accounts and population statistics for the appropriate base years 1980-1989 were submitted to the then United Nations Statistical Office during the fall of 1991. General Assembly resolution 46/221 deferred calculation of a final assessment rate until the International Monetary Fund (IMF) finished a study addressing calculation of a foreign exchange rate for conversion of the former Union of Soviet Socialist Republics (USSR) roubles into dollars.

Resolution 46/221 reaffirmed the usual role of IMF in supplying exchange rates to the Committee on Contributions and implicitly rejected the use of the politically determined USSR foreign exchange rate of 0.6 roubles per dollar. The IMF study was undertaken as part of efforts to portray accurately the real

economic situation in Estonia during the base years 1980-1989. The difference between use of a commercially based exchange rate, derived from actual transactions, and the former USSR's politically determined exchange rate has a significant effect upon the calculation of Estonia's assessment.

Resolution 46/221 affirmed Estonia's right to treatment on an equal and impartial basis with other Members of the United Nations through acceptance of Estonia's own, and accurate, national accounts and population statistics, and recognition of the need to calculate an economically sound foreign exchange rate. The fact that the assessments of the Baltic States were to be subtracted from the assessment rate of the former USSR through resolution 46/221 was not of any consequence to Estonia, which viewed the subtraction process as an internal procedure of the United Nations Secretariat.

The IMF study reached the Committee on Contributions too late for the Committee to use it during its deliberations in June 1992.

In the 1992 report of the Committee on Contributions, 1/ the Baltic States were grouped together with those States that collectively comprised what are often referred to as the constituent republics of the former USSR, and part of the combined assessments of the former USSR, Belarus and Ukraine was distributed to Estonia. The national accounts and population statistics supplied by Estonia and the work regarding foreign exchange rates done by IMF were not used by the Committee on Contributions to calculate an assessment rate based on sovereign statistics and a foreign exchange rate that realistically reflected economic activity for the base years 1980-1989. During the fall 1992 session of the General Assembly, acceptance of decision 47/456 established an assessment rate for Estonia that was based on an artificial ad hoc distribution formula rather than bottom-up calculation using reliable, verifiable and transparent sovereign data.

In a letter to the Secretary-General, Estonia's Prime Minister, Mart Laar, recently reaffirmed a fundamental tenet shared by the vast majority of United Nations Member States that Estonia never was a part of the former USSR and is not a successor to the rights or obligations of the former USSR.

The Committee on Contributions notes an inevitable need for a period of transition for a number of Member States in paragraph 70 of its report. The Government of Estonia would like to limit the question of transition issues to questions regarding the reliability of statistics and calculation of appropriate foreign exchange rates. In the same way that Estonia is trying rapidly to bring to an end the current period of transition from a centrally planned to a market economy, Estonia would like to see an end to the current transition period regarding Estonia's assessment period through universal application of assessment methodology.

Estonia is in the unique position of having to evaluate its economy for the base years 1980-1989, during which it was occupied and annexed by a foreign country. As Estonia goes through its current period of transition from a centrally planned to a market economy, severe restrictions on its capacity to pay must be recognized. Massive internal institutional and external trade reorganization is taking place. A new currency was introduced in June 1992. Only since regaining independence has Estonia had control over its own economy.

Estonia is not requesting the Committee on Contributions to change the entire methodology by which assessments are calculated. Rather, Estonia requests the Committee on Contributions to recommend that the same methodology used to calculate the assessments of other States be applied to Estonia. We request a halt to using the ad hoc assessment distribution to which Estonia currently is subject. Ideally, a shortened base period will better reflect Estonia's capacity to pay. Application of the scheme of limits may have to be addressed when calculating a new assessment for Estonia, depending on what the Committee on Contributions recommends in its report to the General Assembly at its forty-eighth session. Estonia does not believe that it should bear a penalty for having been an occupied and annexed country that only recently regained its independence.

Estonia places great importance upon cooperation with the Committee on Contributions. We will supply any information that may possibly assist the Committee in its work.

Notes

1/ Official Records of the General Assembly, Forty-seventh Session, Supplement No. 11 (A/47/11).
