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## SUMMARY RECORD OF THE 59th MEETING

## Chairman: Mr. AMNEUS (Sweden)

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

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General debate

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# The meeting was called to order at 3.10 p.m.

AGENDA ITEM 115: PROPOSED PROGRAMME BUDGET FOR THE BIENNIUM 1988-1989 (continued)

Revised estimates resulting from decisions of the Economic and Social Council at its first and second regular sessions, 1987 (A/42/7/Add.4; A/C.5/42/16)

Revised estimates resulting from resolution 1987/94 of the Economic and Social Council on broad representation in the Committee for Programme and Co-ordination (A/C.5/42/16/Add.1)

1. <u>Mr. MSELLE</u> (Chairman of the Advisory Committee on Administrative and Budgetary Questions), referring to the revised estimates resulting from decisions of the Economic and Social Council at its first and second regular sessions in 1987, said that the requirements related to Economic and Social Council resolutions 1987/3, 1987/21 and 1987/49 and fell into two parts. The first was the estimates for 1987, amounting to \$1,363,800, of which \$770,600 related to conference-servicing costs. In his report (A/C.5/42/16), the Secretary-General indicated that no additional appropriations were being requested because the requirements would be absorbed and had been reported in the context of the final performance report for the 1986-1987 programme budget (A/42/863 and A/C.5/42/40).

2. The second part of the revised estimates concerned requirements for 1988-1989, estimated at \$7,535,900 of which \$6,279,800 related to conference-servicing costs. No additional appropriations were being requested because the costs would be covered by the estimates to be approved by the General Assembly under section 29 of the programme budget for 1988-1989. For non-conference-servicing costs for 1988-1989, estimated at \$1,256,100, after absorbing an amount of \$328,100, the Secretary-General was requesting additional appropriations totalling \$928,000, net of staff assessment.

3. In its fifth report (A/42/7/Add.4), ACABQ recommended slight amendments which were summarized in paragraphs 9, 10, 13, 14, 16 and 17 of that document, namely a total additional appropriation of \$752,000 under sections 4, 6B and 27 (A/42/7/Add.4, para. 18).

4. There would also be an additional amount of \$39,300 under section 31, to be offset by an increase in the same amount under income section 1.

5. The revised estimate resulting from Economic and Social Council resolution 1987/94 related to the Council's decision to increase the membership of the Committee for Programme and Co-ordination (CPC) from 21 to 34 members. As explained in document A/C.5/42/16/Add.1, the Secretary-General was requesting an additional amount of \$148,500 for that purpose. Having considered that requirement, the Advisory Committee was recommending that that additional amount should be appropriated under section 1 of the proposed programme budget for the biennium 1988-1989.

6. <u>The CHAIRMAN</u> suggested that, in accordance with the recomendations of the Advisory Committee, the Fifth Committee, should recommend to the General Assembly approval for the biennium 1988-1989 of additional counts under sections 4, 6B and 27 attributable to resolutions and decisions the Economic and Social Council at its first and second regular sessions of 1987 and totalling \$752,000.

7. The recommendation of the Advisory Committee fo. an additional appropriation of \$668,900 under section 4 for the biennium 1988-1989 was approved without objection.

8. The recommendation of the Advisory Committee for an additional appropriation of \$23,800 under section 6B for the biennium 1988-1989 was approved without objection.

9. The recommendation of the Advisory Committee for an additional appropriation of \$59,300 under section 27 for the biennium 1988-1959 was approved without objection.

10. <u>The CHAIRMAN</u> suggested that, in accordance with the recommendation of the Advisory Committee, the Fifth Committee should recommend to the General Assembly approval for the biennium 1988-1989 of an additional amount under section 1 attributable to Economic and Social Council resolution 1987/94 and amounting to \$148,500.

11. <u>Ms. CHISHOLM</u> (United States of America) requested a recorded vote on the additional funding implications resulting from the expansion of CPC. Her delegation reiterated its view that the additional funding was not justified. Further studies were needed of economic and social programmes, which might reveal possible additional savings through which the amount of the appropriation could be absorbed.

12. <u>Mr. TAKASU</u> (Japan), speaking in explanation of vote before the vote, said that travel costs were paid exceptionally for the members of CPC because of that body's expert character. If its membership were enlarged from 21 to 34, its size would be similar to that of functional commissions and many intergovernmental committees, thus diminishing its expert character. Consideration should be given to limiting the reimbursement of travel costs only to CPC members from least developed countries, as was done for attendance at the General Assembly. His delegation, therefore, could not support the Advisory Committee's recommendation.

13. <u>Mr. VISLYKH</u> (Union of Soviet Socialist Republics) said that his delegation had objected from the outset to CPC members being paid travel and subsistence expenses. Its position had not changed, and accordingly it would be unable to support the recommendation.

14. A recorded vote was taken on the Advisory Committee's recommendation for an additional appropriation of \$148,500 under section 1 for the biennium 1988-1989.

In favour: Argentina, Austria, Bahamas, Bahrain, Bangladesh, Barbados, Benin, Botswana, Brazil, Brunei Darussalam, Burkina Faso, Burma, Burundi, Canada, Central African Republic, Chile, China, Colombia, Congo, Costa Rica, Côte d'Ivoire, Denmark, Djibouti, Egypt, Ethiopia, Fiji, Finland, Gabon, Greece, Guatemala, Guinea, Guinea-Bissau, Iceland, India, Indonesia, Ireland, Jamaica, Jordan, Kenya, Kuwait, Lesotho, Liberia, Libyan Arab Jamahiriya, Malawi, Malaysia, Maldives, Mali, Mexico, Morocco, Mozambique, Nepal, Niger, Nigeria, Norway, Oman, Pakistan, Peru, Philippines, Qatar, Rwanda, Saudi Arabia, Senegal, Singapore, Somalia, Spain, Sri Lanka, Sudan, Suriname, Sweden, Thailand, Togo, Trinidad and Tobago, Uganda, United Arab Emirates, Venezuela, Yugoslavia, Zaire, Zambia, Zimbabwe.

Against: United States of America.

<u>Abstaining</u>: Australia, Belgium, Bulgaria, Czechoslovakia, France, German Democratic Republic, Germany, Federal Republic of, Israel, Italy, Japan, Netherlands, New Zealand, Poland, Portugal, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, Viet Nam.

15. The recommendation of the Advisory Committee for an additional appropriation of \$148,500 under section 1 for the biennium 1988-1989 was approved by 79 votes to 1, with 18 abstentions.

16. <u>Mr. CABRIC</u> (Yugoslavia), speaking in explanation of vote, said that his delegation regretted the results of the voting, in which delegations which professed to support a strong CPC had voted against or abstained on additional funding.

17. <u>Mr. MUDHO</u> (Kenya) said that his delegation had supported the proposal, because the modest expenditures necessitated by the expansion of CPC were a small price to pay for ensuring broad representation on that body. His delegation did not believe that restricting the membership of a body necessarily endowed it with expertise. On the contrary, a body of a reasonable size, such as CPC would now become, would allow for an adequate reservoir of expertise to tackle the important tasks entrusted to it. He hoped that all Member States would continue to support the work of CPC, whether or not they were represented on it.

18. <u>Mr. FIGUEIRA</u> (Brazil) said that his delegation's vote in favour of the recommendation reflected the importance which it attached to the work of CPC. If a proposal were made to change the current rules regarding the reimbursement of air travel, his delegation would be willing to consider it, depending on the terms of the proposal.

19. <u>Mr. GUPTA</u> (India) said that his delegation had been surprised to note that several delegations which had abstained in the voting were the most vocal supporters of an expanded CPC. Such delegations, when attending CPC meetings,

(Mr. Gupta, India)

should voluntarily refrain from claiming any reimbursement of travel and subsistence expenses allowed under the current rules.

20. <u>Mr. DEVREUX</u> (Belgium) said that his delegation's abstention reflected its desire for a return to the strict application of General Assembly resolution 1798 (XVII) and its endorsement of the recommendation of the Advisory Committee in paragraph 4.14 of document A/42/7.

21. <u>Mr. RYDZOWSKI</u> (Poland) said that his delegation had been unable to support the recommendation, solely on financial grounds. The additional cost should be absorbed.

22. <u>Mr. KAZEMBE</u> (Zambia) said that his delegation had supported the recommendat ins because it wanted all Member States to participate in the work of CPC. Like the Indian representative, he called on all delegations which had abstained in the vote and which were members of CPC to indicate that they were serious about not seeking reimbursement of travel expenses from the United Nations budget.

23. <u>Mr. MILLS-LUTTERODT</u> (Ghana), <u>Mr. FONTAINE-ORTIZ</u> (Cuba), <u>Ms. ASHTON</u> (Bolivia), <u>Mr. ABADI ABADI</u> (Panama) and <u>Mr. MAKTARI</u> (Yemen) said that, if the had been present when the vote was taken, they would have voted in favour of the recommendation.

24. <u>Mrs. CHOHAN</u> (Pakistan) said that her delegation felt that the enlargement of CPC was very important and would not diminish its expertise. She hoped that those delegations which had expressed reservations would participate in CPC and that financial implications would not be used as an excuse for hampering its efficient performance.

25. <u>Mrs. EMERSON</u> (Portugal) said that her delegation agreed that reducing the number of members of CPC was not necessarily a guarantee of expertise, but that enlarging it would not necessarily produce a more efficient CPC. A cordingly, her delegation had abstained in the vote.

26. <u>Mr. MAJOLI</u> (Italy) said that his delegation favoured an enlarged CPC. He might have preferred a more limited expansion, but was convinced that the formula was a good one. The Fifth Committee must take into account the additional travel and subsistence expenses as well as the provisions of General Assembly resolution 41/213. As the Advisory Committee had recalled in paragraph 4.14 of document A/42/7, reimbursement of travel costs for representatives of Member States attending the General Assembly would in future be limited to the least developed countries. The Advisory Committee had also recommended the extension of that principle to subsidiary bodies of the General Assembly and the Economic and Social Council. The present instance was a case in point. As presented, however, the recommendation just adopted had been based on unclear assumptions. Accordingly, his delegation had been unable to vote in favour of it, because of the proposed financial implications.

Report of the Joint Inspection Unit: publications of the International Court of Justice (continued) (A/41/591 and Add.1; A/C.5/42/58; A/C.5/42/L.12)

Report of the Joint Inspection Unit: problems of storage and its costs in organizations of the United Nations system (continued) (A/41/806 and Corr.1; A/42/7/Add.9, 295, 724 and Corr.1, 806 and Corr.1; A/C.5/42/L.13)

27. Draft decisions A/C.5/42/L.12 and A/C.5/42/L.13 were adopted.

AGENDA ITEM 114: PROGRAMME BUDGET FOR THE BIENNIUM 1986-1987 (continued)

Standards of accommodation for air travel (continued) (A/C.5/42/L.14)

28. Ms. SHERWOOD (United States of America), introducing draft resolution A/C.5/42/L.14 on behalf of the Australian, Netherlands and United States delegations, said that it supported recommendation 38 (2) of the Group of 18 that, as a rule, first-class travel should be limited to the Secretary-General. In view of the extensive changes in the airline industry since the current arrangements for United Nations travel had been approved by the General Assembly nearly a decide earlier and the increased number of travel options available, the draft resolution suggested that the class immediately below first class should be used by individuals travelling at the expense of the United Nations and currently entitled to first-class travel. The draft resolution provided for exceptions to be made at the discretion of the Secretary-General, who was requested to report annually on the exceptions made.

29. The three delegations commended the Secretary-General for initiating measures to decrease the cost of official United Nations travel and appreciated the attention paid by the Joint Inspection Unit and ACABQ to the subject.

30. <u>Mr. GREGG</u> (Australia) suggested that, in order to take into account the different views expressed, paragraph 4 of draft resolution A/C.5/42/L.14 should be amended to read as follows: "<u>Requests</u> the Secretary-General to report annually to the General Assembly on the implications of the present resolution, noting all exceptions made under paragraph 3 above and the reasons for those exceptions.".

31. The CHAIRMAN reminded the Committee that it had also been requested to take action on the related report of the Joint Inspection Unit (A/41/121 and Add.1) and suggested that it should take note of that report.

32. It was so decided.

AGENDA ITEM 41: REVIEW OF THE EFFICIENCY OF THE ADMINISTRATIVE AND FINANCIAL FUNCTIONING OF THE UNITED NATIONS: REPORT OF THE SECRETARY-GENERAL (continued)

AGENDA ITEM 43: CURRENT FINANCIAL CRISIS OF THE UNITED NATIONS (continued)

AGENDA ITEM 117: FINANCIAL EMERGENCY OF THE UNITED NATIONS (continued)

General debate (continued) (A/42/3, 7 and Add.2, 16, 30, 214, 225 and Add.1, 234 and Corr.1, 283, 532, 640, 841, 861; A/C.5/42/2/Rev.1, A/C.5/42/31)

33. <u>Mr. YU Mengija</u> (China) said that the primary cause of the financial crisis, was the refusal of one Member State to pay its assessed contributions in full and on time. Such behaviour ran counter to the spirit of the Charter and to the sstablished international code of conduct.

34. All Member States supported the reforms outlined in General Assembly resolution 41/213. Any attempt by any country to impose reforms desired by it would only disrupt the activities of the Organization and prevent the reforms from being carried out in an orderly manner. Resolution 41/213 had been adopted by consensus and reflected a renewed commitment to multilateralism and to the strengthening of the role of the United Nations. Unless those objectives were achieved, the reforms would be meaningless.

35. His delegation had studied the proposals contained in the report of the secretary-General (A/42/841, para. 21). It believed that it would not be desirable either to increase the Working Capital Fund or to resort to commercial borrow ug, since those measures would impose an additional burden on Member States. It would have no objection to a feasibility study on the possibility of issuing certificates of indebtedness, taking into account the views of the Advisory Committee, although it felt that responsibility for resolving the financial crisis should be borne by the country which was primarily responsible for it.

36. The underlying causes of the financial crisis, were, however, political and called for a fundamental solution. He proposed that all States should abide strictly by the principles of the Charter and pay their contributions in full and on time and that the various options for reducing financial instability should continue to be studied. Those options included incentives for Member States to pay their assessments on time and restraining measures for those that arbitrarily withheld their contributions for over one year. A long-term solution could be found only through extensive consultations among all Member States on the basis of the lessons learnt since the initiation of the reform process.

37. <u>Mr. VRAALSEN</u> (Norway) expressed his delegation's concern at the serious financial crisis of the United Nations. The Secretary-General's report (A/42/841) and his introduction confirmed that the significant withholding of assessed contributions and accumulated arrears due to late payment made the Organization's financial situation extremely serious and, if allowed to continue unchecked, might even threaten its very existence. The Norwegian delegation could not accept any kind of withholding of or unilateral cuts in the assessed contributions by any

## (Mr. Vraalsen, Norwhy)

Member State; they were a violation of legal obligations and contrary to the spirit of the Charter. Those contributions were the Organization's only source of income and full, prompt payment was essential to its financial stability.

38. His delegation welcomed the Soviet Union's payment of its long overdue debts with respect to the regular budget and its commitment to pay its accumulated dues for the peace-keeping operations and urged all other debtor nations to do the same. In particular, it urged the United States to meet its basic legal obligations.

39. His delegation did not believe that the Organization was faced with only a temporary phenomenon. The problems were of a fundamental, long-term nature and should be dealt with accordingly. They could not be solved by short-term measures adopted and implemented in isolation and his delegation could not support such an approach since it might give a false feeling of security.

40. The Norwegian delegation considered that no action, beyond a possible feasibility study, should be taken on the proposals presented by the Secretary-General. It drew attention to the Advisory Committee's remarks in its report (A/42/861) that cash-flow figures were usually subject to change and the situation should therefore be monitored closely and Member States kept informed. He therefore suggested that the Committee should consider the possibility of calling for a resumed session of the General Assembly in the late spring, by which time more accurate information on the situation would be available as well as the Secretary-General's revised budget estimates. The intervening time could be spent in carefully considering the fundamental question of how to ensure a more durable, reliable and stable financial foundation for the United Nations. In the context of consideration of the long-term aspects and the solutions to the problems, his delegation would be prepared to discuss possible short-term measures.

41. A new system should be based on a more even sharing of the Organization's cost, entailing a lowering of the present ceiling of the scale of assessment and perhaps a raising of the floor, except for the least-developed countries. Ways and means of encouraging more timely payment of the assessed contributions should also be investigated. In that connection, he informed the Committee that the Norwegian Government would pay its assessed contribution for 1988 immediately after 1 January 1988.

42. It was regrettable that the current financial problems had complicated the implementation of the measures outlined in General Assembly resolution 41/213 designed to improve the efficiency of the administrative and financial functioning of the Organization.

43. His delegation expressed appreciation of the efforts made by the Secretary-General and his staff to carry out the reform process. However, much remained to be done. It was particularly important to establish, as soon as possible, a clear, coherent and transparent personnel policy. He also urged the administration to complete the post-by-post review within the next month in order to ensure the rational use of personnel resources.

### (Mr. Vraalsen, Norway)

44. With respect to the responsibilities of Member States as established in resolution 41/213, his delegation regretted that at its latest session CPC had been unable to reach agreement on some important matters concerning the new budget procedure, and sincerely hoped that the problems would be solved in the near future.

45. <u>Mr. WOOLCOTT</u> (Australia) said that the Secretary-General's report (A/41/841) showed a serious worsening of the situation. Currently, almost 60 per cent of Member States were in arrears, indicating fundamental weaknesses in the Organization's programming and spending. Appeals to those in arrears, increases in the Working Capital Fund or recourse to borrowing would probably not work and might even worsen the situation. Each Member of the Organization had a legal obligation to pay its assessed contribution, which must be taken seriously; withholdings were ultimately a vote of no confidence in the Organization.

While it was true that the scale of assessments imposed on 14 Member States 46. the burden of funding 84 per cent of the budget, his delegation believed that a reduction in the ceiling rate, unless combined with a careful, comparative assessment of capacity to pay, would only compound existing inequities and further test the good faith of large contributors like Australia who met their commitments in full and on time. The root of the problem was the ever-growing budgets which led to increased bills for all Member States, a problem which was often compounded by devalued national currencies or severe shortages of hard currencies. The solution was to reduce the costs of the Organization by economizing and pruning ineffective programmes, in other words by doing less but doing it better. Of course, some activities would have to be sacrificed and restraint would have to be exercised with regard to staff emoluments. However, smaller budgets would benefit all contributors, small as well as large. That was worth stressing, since 58 of the 93 countries in arrears contributed at the lowest level.

47. The proposed programme budget for the biennium 1988-1989 seemed to take into account the budget constraints facing the majority of Member States and was to be commended. It was unfortunate that not all Member States seemed willing to follow the path recommended by the Secretary-General. Some had suggested increasing the budget, apparently on the assumption that loyal contributors could be prevailed upon to pay more than their assessed level of contributions. Any device to extract more from the 66 members which paid in full would only discredit the Organization and further undermine confidence in it.

48. His delegation had strong reservations about the proposal to resort to commercial borrowing, which would simply burden the Organization with debt, and about the proposal to increase the Working Capital Fund. It was not clear who would pay for those measures. The assumption appeared to be that the 66 loyal members who paid in full and on time would pay their share even if others did not. He reiterated the view that, if the financial burdens on Member States were to be lightened, arrears would decrease. By contrast, if the burden were to be increased, the financial crisis could only worsen.

49. <u>Mr. KASTOFT</u> (Denmark), speaking on behalf of the twelve Member States of the European Economic Community, all of which had fully paid their assessed contributions accounting for 29.8 per cent of the total contributions for 1987, reaffirmed that the crisis had been caused by the blatant disregard of certain Hember States for their financial obligations under the Charter. The Twelve fally concurred with the Secretary-General's view that the only way to solve the financial crisis permanently was for all Member States to pay their assessed contributions in full and on time.

50. The measures suggested by the Secretary-General would provide only a short-term relief, while making the financing even less equitable than it already was. The proposals to increase the Working Capital Fund and to engage in commercial borrowing had been considered and rejected before. The idea of issuing certificates of indebtedness, while novel, would simply be a new channel for voluntary contributions and was unlikely to produce the desired effect. In any event, the proposals would increase the pressure on Member States which did meet their obligations to make up for those which did not. That was unacceptable. The Twelve, however, were ready to study any real.stic proposals which might be submitted.

51. Mr. KIF JDE (Uganda) said that the Organization's unprecedented financial crisis now threatened to dash Member States' hopes of seeing multilateralism enhanced as a result of the strengthening of the United Nations. His delegation viewed the adoption of General Assembly resolution  $4^{1}/213$  as a demonstration that the overriding principle in international relations was acceptance of multilateralism. It saw no justification for the deliberate withholding by any State of its assessed contributions. Some Members appeared to be withholding their contributions in an effort to put pressure on the United Nations to adopt measures that would suit their own self-interest and increase their control over the Organization. It was regrettable that, although the reform process outlined in resolution 41/213 had been undertaken, certain Member States continued to withhold their contributions. Such withholding not only violated the spirit of resolution 41/213, but was a calculated attempt to undermine the process of multilateralism. Since the crisis was essentially political in nature, it could be solved only through bold political decisions. Financial measures might provide short-term relief but would in nothing to cure the underlying problem.

52. His delegation had studied the proposals contained in the report of the Secretary-General (A/42/841). It associated itself with the Advisory Committee's observations in respect of the proposals to increase the Working Capital Fund and to resort to commercial borrowing. Commercial borrowing on the open market would in fact exacerbate the Organization's long-term financial problem, since it would necessitate paying interest. So far as the issue of certificates of indebtedness was concerned, the condition suggested by the Advisory Committee (A/42/861, oara. 7;, namely, that it would be on a one-time voluntary basis and would entail no additional cost to the regular budget, would be difficult to fulfil since the Linuncial crisis would continue so long as the major contributor deliberately withheld its contributions.

(Mr. Kibede, Uganda)

53. The need to deal with the political aspects remained critical and urgent. Meanwhile, he suggested that the following measures could be taken. The Organization could review the ceiling on the scale of assessments with a view to lowering it so as to reduce the Organization's dependence on any one Member State. The Assembly should make a special appeal to all States to fulfil their obligations and pay all arrears by a specified date. Intensified appeals should be made by the Secretary-General for additional voluntary contributions from wealthy Member States. Finally, if further cost-saving steps proved inevitable, they should be implemented in a manner that was fair and just and that was clearly seen to be so.

54. <u>Mr. SIBOMANA</u> (Rwanda) said that his country could not remain impassive in the face of the dangers which threatened the survival of the Organization. Despite the vicissitudes of its own situation, Rwanda had always been regular in its contributions to the United Nations. It therefore felt justified in making urgent appeals to the Member States concerned to pay their arrears and future contributions immediately and in full in order to comply with their contractual obligations under the Charter.

55. With respect to the Secretary-General's request for authority to take certain measures to save the Organization from bankruptcy if those appeals went unheeded, his delegation thought that the first measure - increasing the Working Capital Fund from \$100 million to \$200 million - was likely to encounter the same difficulties as the regular budget: since the Fund was based on contributions from Member States, pro-rated according to the level of their assessments, those which did not honour their obligations towards the regular budget would probably not behave differently with respect to the Working Capital Fund.

56. Concerning the second measure, involving borrowing on the open financial market, it would be ironic if the developing countries were asked to increase their indebtedness in order to mitigate the effects of the deliberate refusal by some Member States to comply with their obligations towards the United Nations.

57. His delegation therefore expressed reservations regarding those two measures and could endorse only the third measure, the issue of certificates of indebtedness under the conditions spelled out by the Advisory Committee in document A/42/861.

The meeting rose at 5.35 p.m.