



FIFTH COMMITTEE  
48th meeting  
held on  
Thursday, 19 November 1981  
at 8.30 p.m.  
New York

SUMMARY RECORD OF THE 48th MEETING

Chairman: Mr. GODFREY (New Zealand)

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

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The meeting was called to order at 8.45 p.m.

AGENDA ITEM 109: UNITED NATIONS PENSION SYSTEM (continued) (A/36/9, A/36/624 and Corr.1; A/C.5/36/12; A/C.5/36/L.5, L.11, L.12 and L.13)

(a) REPORT OF THE UNITED NATIONS JOINT STAFF PENSION BOARD

(b) REPORT OF THE SECRETARY-GENERAL

Draft resolutions A/C.5/36/L.11 and A/C.5/36/L.12

1. Mr. TUNSALA (Zaire), introducing draft resolution A/C.5/36/L.11 on behalf of the sponsors, said that it constituted for the African countries a very important resolution, in which the Secretary-General was requested to continue his consultations with each State member of the Organization of African Unity, the African Development Bank and other financial institutions in Africa, with a view to improving the level of investment in that continent. Those institutions were sufficiently sound financially to guarantee the safety of the resources of the participants in the Joint Staff Pension Fund, as well as respect for the four requirements of safety, profitability, liquidity and convertibility set out in the report of the Pension Board (A/36/9). It was hoped that, as a result of those consultations, the Secretary-General would be able to improve the level of the Fund's investments in Africa, which was the basic purpose of the draft resolution.

2. Mr. MORET (Cuba), introducing draft resolution A/C.5/36/L.12 on behalf of the sponsors, said that, after studying document A/C.5/36/12 on the investments of the United Nations Joint Staff Pension Fund, his delegation was of the opinion that the Secretary-General had made a positive effort to carry out the mandate conferred upon him by General Assembly resolution 35/216. According to that report, financial conditions in 1980/81 were characterized by high inflation, rising interest rates and volatile currency markets, owing in large part to movements in interest rates in the United States. Looking to the future, and bearing in mind that the United States dollar was a currency subject to wide fluctuations, the policy of combining geographical diversification, long-term investments in currencies other than the United States dollar and increased investment of resources in development bonds should be retained.

3. In the past, not enough investment in developing countries had been directed towards Africa. Accordingly, the Cuban delegation endorsed the idea that the Secretary-General should send missions of consultation to African countries which were members of the Organization of African Unity, to the African Development Bank and to other African institutions, with a view to improving the level of investments in that important region. Cuba would like to join in co-sponsoring draft resolution A/C.5/36/L.11.

4. The Cuban delegation also considered that the volume of investment in transnational corporations was still very high. It was appropriate, therefore, that the Secretary-General should hold consultations with the Investments Committee in order to ensure that the resources which the Fund held invested in shares of

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(Mr. Moret, Cuba)

transnational corporations were reinvested in developing countries, while at the same time observing the requirements of safety, profitability, liquidity and convertibility, and the Regulations of the Fund.

5. In conclusion, he said he hoped that draft resolution A/C.5/36/L.12 would not cause major problems for any delegation and that it could be adopted by consensus.

6. Mr. NKOUNKOU (Congo) said that his country would also like to become a co-sponsor of draft resolution A/C.5/36/L.11, and that it would have no difficulty in supporting draft resolution A/C.5/36/L.12 as well.

7. Mr. KUTTNER (United States of America) said that his delegation had reservations regarding the operative paragraphs of both draft resolutions, A/C.5/36/L.11 and L.12. The assets of the United Nations Joint Staff Pension Fund should be used for the sole benefit of the staff of the United Nations and other organizations in the system. The Secretary-General should invest those assets safely and profitably, and he should not be requested to invest them in developing countries or anywhere else, since he alone was responsible for those investments.

8. Mr. WILLIAMS (Panama) said that his country, which was already a sponsor of draft resolution A/C.5/36/L.12, would also like to co-sponsor draft resolution A/C.5/36/L.11. He congratulated the Secretary-General on the rising rate at which the resources of the United Nations Joint Staff Pension Fund were being invested in developing countries, and said that the fears repeatedly expressed in the Fifth Committee regarding the safety of those investments were unjustified, since the custodians of the Fund's resources would only invest them, as they had in the past, in those developing countries which met the four requirements of safety, profitability, liquidity and convertibility.

9. Mr. NINGATA (Central African Republic) said that his delegation wished to join in co-sponsoring draft resolution A/C.5/36/L.11. He recognized that the assets of the United Nations Joint Staff Pension Fund belonged to the staff of the Organization and that the Secretary-General was responsible for investing them. Nevertheless, Africa was interested in those assets for various reasons: there were many African United Nations staff members and the independent countries of Africa were Members of the Organization. The draft resolution did not seek to give orders to the Secretary-General, nor did it ask him to distribute the Fund's portfolio among the African countries: it simply requested that investments should be made in viable institutions in Africa, since in that way the Fund's assets would benefit the countries which stood most in need of resources for development while at the same time being available to United Nations staff members when required.

10. Mr. BANGURA (Sierra Leone) said that his delegation would also like to co-sponsor draft resolution A/C.5/36/L.11. By adopting that resolution, the international community would be expressing its complete confidence in the capacity of the developing African States and their financial institutions to raise the level of living of the peoples of the region. The draft resolution did not ask for special concessions, only that the African countries should be considered as possible

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(Mr. Bangura, Sierra Leone)

recipients of investments by the United Nations Joint Staff Pension Fund, provided that the investment criteria laid down in previous resolutions on the matter were observed. In conclusion, he said that his delegation would also support draft resolution A/C.5/36/L.12.

11. Mr. RUGWIZANGOGA (Rwanda) said that his delegation supported both draft resolutions and would like to join the co-sponsors of draft resolution A/C.5/36/L.11.

12. Mr. LAHLOU (Morocco) said that his delegation, which was already a sponsor of draft resolution A/C.5/36/L.11, firmly supported draft resolution A/C.5/36/L.12 also. He reminded the Committee that two thirds of the resources of the United Nations Joint Staff Pension Fund came from Member States, and that it was therefore not surprising that those States should seek to guide to some extent the way in which those resources were invested.

13. The Secretary-General had already made an effort to diversify the Fund's portfolio, which had previously consisted of investments in transnational corporations and had successfully carried out an experiment whereby part of the portfolio was invested in developing countries. That policy should be continued, and there should be more investment in developing countries and in Africa in particular, since many African countries had difficulty in finding resources in the developed countries because of restrictions that were frequently political in character. Those investments would not pose any danger to the Fund's assets because the African countries offered all the market conditions necessary for safe and profitable investment. In conclusion, he said that if more trust was placed in transnational corporations than in States, no real intergovernmental work was being done.

14. Mr. LANDAU (Austria) said that his delegation's position on the investments of the United Nations Joint Staff Pension Fund had been expressed very aptly in paragraph 41 of the Pension Board's report to the General Assembly at its thirty-second session (A/32/9): in other words, that the requirements of safety, profitability, liquidity and convertibility could apply equally to investments in developed and in developing countries, and that, when those requirements were satisfied in the same way, priority should be given to investments in developing countries. Therefore, the Austrian delegation wholeheartedly endorsed draft resolution A/C.5/36/L.11.

15. Regarding draft resolution A/C.5/36/L.12, he said that he welcomed its positive approach as compared with previous resolutions on the same subject. Nevertheless, he had some reservations regarding the principles expressed in paragraph 2 of the draft resolution, in which the Secretary-General was requested to reinvest in developing countries the resources which the Fund held invested in shares of transnational corporations. The Austrian delegation did not share that view, since reinvestment presupposed the liquidation of a previous investment in order to invest the funds again, and investments in transnational corporations could be among the most profitable as far as the Joint Staff Pension Fund was concerned. Nevertheless, the reservations resulting from that paragraph were to some extent mitigated by the conditions required for reinvestment, namely "to the greatest extent practicable,

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(Mr. Landau, Austria)

subject to observance of the requirements of safety, profitability, liquidity and convertibility, and in conformity with the Regulations of the Fund".

16. Mr. BINI (Ivory Coast), Mr. NÚÑEZ (Ecuador), Mr. GEBRE-MEDHIN (Ethiopia), Mr. YOUNIS (Iraq), Mr. ABRASZEWSKI (Poland), Mr. BARAC (Romania) and Mr. MEMMI (Tunisia) expressed support for draft resolutions A/C.5/36/L.11 and L.12.

17. Mr. KABA (Guinea) and Mr. ANDRIANONY (Madagascar) said that their delegations wished to become sponsors of the two draft resolutions.

18. Mr. BUNC (Yugoslavia) commended the Secretary-General for his effort to increase the Fund's investments in African and other developing countries and said that still further investments could be made in those countries. His delegation supported draft resolution A/C.5/36/L.11 and trusted that the Committee would adopt it by consensus.

19. Mrs. LOPEZ ORTEGA (Mexico) said that her delegation supported draft resolution A/C.5/36/L.11 and that it intended to co-sponsor draft resolution A/C.5/36/L.12.

20. Mr. JOHNSON (Benin) said that his delegation, which was presiding over the Group of African States for the month of November, fully supported the statement made by the representative of Zaire in introducing draft resolution A/C.5/36/L.11. That draft stated the position of the African States Members of the United Nations, which wished to participate fully in the operation of the Fund, especially with regard to investments. In addition, his delegation supported draft resolution A/C.5/36/L.12.

21. Mr. OKEYO (Kenya) said that his delegation was gratified by the progress made with respect to the Fund's investments in African developing countries. The general requirements attaching to such investments were complied with in that the investments were viable, and the interests of pensioners and participants were protected. In addition, the Governments of the developing African countries in which such investments were placed safeguarded the funds.

22. Nevertheless, despite the progress made much remained to be done in channelling the Fund's investments towards African developing countries, and his delegation trusted that further progress would be reported at the next session. His delegation therefore fully supported draft resolution A/C.5/36/L.12 and trusted that the Committee would adopt it by consensus.

23. Mr. HAND (United Kingdom), speaking on behalf of the States members of the European Economic Community, said that the countries concerned wished to propose the following addition at the end of paragraph 1 of draft resolution A/C.5/36/L.11: "taking due account of the requirements of safety, profitability, liquidity and convertibility referred to in the preamble". If that minor amendment could be accepted, the countries of the Community would support the draft resolution.

24. Mr. EL SAFTY (Egypt) said that the sponsors, in requesting an increase in the level of investments in African and other developing countries, were not asking for special treatment, since the general criteria adopted by the Assembly with regard to

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(Mr. El Safty, Egypt)

investment of the Fund's assets still applied. Although the amendment proposed by the United Kingdom delegation did not fundamentally alter the draft resolution, it was redundant, since it reiterated what the General Assembly had already adopted, and, besides, the preamble indicated that the four requirements established had been complied with. Nevertheless, his delegation did not object to the amendment.

25. Mr. DEBATIN (Under-Secretary-General for Administration, Finance and Management) said that he was gratified by the constructive debate in the Committee on the item, which was extremely important since it affected some 50,000 participants and 15,000 beneficiaries of the Joint Staff Pension Fund. He stressed certain points relating to the Fund's investments.

26. Firstly, no country or region could be excluded from the Fund's investment plans, and he wished to dispel once and for all any impression to the contrary. Furthermore, there should not be, nor was there, preferential treatment for particular countries or groups of countries. In that regard, he assured the Committee that the increase in the level of investments in Africa did not represent any deviation from a proper investment policy. Finally, the geographical spread of the Fund's investments was based on the fact that participants in the Fund, who would later become beneficiaries, included nationals of every country in the world. The difference with other funds which represented restricted groups of participants was logically reflected in the spread of the investments.

27. He was gratified by the Committee's support for the Secretary-General's approach to the matter, as well as by the useful guidance it had given.

28. Mr. TUNSALA (Zaire) said that, after consulting the other sponsors of draft resolution A/C.5/36/L.11 about the United Kingdom proposal, his delegation wished to propose that the second preambular paragraph be amended to read: "Taking into consideration the report of the Joint Staff Pension Board, which recognizes that, in spite of some constraints due to the behaviour of the market, the four requirements, safety, profitability, liquidity and convertibility, as well as the Regulations of the Fund, have been complied with".

29. Mr. EL SAFTY (Egypt) said that the problems caused by the second preambular paragraph of draft resolution A/C.5/36/L.11 related to the use in the last line of the past tense ("have been complied with"), which could be interpreted as meaning that that provision would not apply to the present or future. He therefore proposed that the words "have been complied with" be replaced by "have to be complied with", and that operative paragraph 1 remain unchanged.

30. Mr. HAND (United Kingdom) said that the change made by Egypt was acceptable and he would withdraw the amendment he had proposed.

31. The CHAIRMAN said that there had been no request for a vote on draft resolution A/C.5/36/L.11. Accordingly, if he heard no objection, he would take it that the Committee wished to adopt the draft resolution.

32. It was so decided.

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33. The CHAIRMAN said that there had been no request for a vote on draft resolution A/C.5/36/L.12. Accordingly, if he heard no objection, he would take it that the Committee wished to adopt the draft resolution.

34. It was so decided.

35. Mr. HAND (United Kingdom), speaking on behalf of the ten States members of the European Economic Community, said, in explanation of position, that the countries concerned had supported draft resolution A/C.5/36/L.12 because it was more moderately worded than the draft resolution submitted to the Assembly at its thirty-fifth session, and because paragraph 2 indicated the need to observe the requirements of safety, profitability, liquidity and convertibility.

36. Mr. AMNEUS (Sweden) said that Sweden, in a spirit of goodwill and co-operation, and since it agreed with the main provisions, had supported draft resolution A/C.5/36/L.12, even though it had voted against three of the resolutions referred to in the first preambular paragraph. There was a fundamental difference between the diversification of investments and reinvestment. Sweden supported the diversification of investments provided that no particular type of investment suffered as a result. It also agreed that the level of investments in developing countries should be increased, provided that no particular type of investment was prejudiced. His delegation considered it best for the Secretary-General to determine ways of diversifying investments and of raising the level of investments in developing countries.

37. Mr. PEDERSEN (Canada) welcomed the changes made over the past two years in the resolution, as they appreciably improved its wording. His delegation had therefore supported draft resolution A/C.5/36/L.12. Its position was based not on political grounds but on the desire to protect the interests of the Fund and its participants.

38. Mr. HICKEY (Australia) endorsed the statements made by the representatives of Austria, Canada and Sweden on draft resolution A/C.5/36/L.12.

Draft resolution A/C.5/36/L.5

39. The CHAIRMAN said that the representative of the United Kingdom, on behalf of the ten States members of the European Economic Community, had introduced draft resolution A/C.5/36/L.5 at an earlier meeting.

40. Mr. MONTHE (United Republic of Cameroon) proposed that operative paragraph 2 of draft resolution A/C.5/36/L.5, instead of referring the reader to paragraph 25 of the Secretary-General's report (A/C.5/36/12), should give a brief statement of the policy summarized in paragraph 25. That would save people the trouble of hunting for information in the voluminous documentation after the close of the Assembly session.

41. Mr. HAND (United Kingdom) said that he had no objection to the request of the representative of the United Republic of Cameroon but that complying with it would take some time, since a new text for operative paragraph 2 could not be produced immediately.

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42. The CHAIRMAN suggested that a decision on draft resolution A/C.5/36/L.5 should be deferred pending consultations on the subject and the preparation of a text for operative paragraph 2.

43. It was so decided.

Draft resolution A/C.5/36/L.13

44. Mr. EL SAFTY (Egypt), introducing draft resolution A/C.5/36/L.13, said that at the current session a number of draft resolutions on the United Nations pension system (A/C.5/36/L.6/Rev.1, A/C.5/36/L.7/Rev.1, A/C.5/36/L.8, A/C.5/36/L.9) and draft decision A/C.5/36/L.10 had been submitted. All the draft resolutions except draft resolution A/C.5/36/L.7/Rev.1 had related to the difficult situation of the United Nations Joint Staff Pension Fund. Essentially, all of them had called for a study of the question, but the results of the study had generally been prejudged. Accordingly, after consultations with the sponsors of those draft resolutions, draft resolution A/C.5/36/L.13 had been prepared to replace draft resolutions A/C.5/36/L.6/Rev.1, A/C.5/36/L.8, A/C.5/36/L.9 and A/C.5/36/L.10. The new draft resolution simply requested that a study should be made and submitted to the General Assembly at its thirty-seventh session.

45. Mr. BUNC (Yugoslavia) said that his country supported draft resolution A/C.5/36/L.13, but pointed out that the operative paragraphs had not been numbered.

46. Mr. EL SAFTY (Egypt) said that a number of errors had crept in because of the haste in which the draft resolution had been prepared. The second paragraph should begin with the word "Welcoming" instead of "Welcomes", so that that paragraph would become the second preambular paragraph. The two operative paragraphs which followed should then be numbered.

47. Mr. MONTHE (United Republic of Cameroon) said that in operative paragraph 2 the word "include" should be replaced by the words "take into account", since it made no sense to include all the views expressed during the discussion in the Fifth Committee.

48. Mr. WILLIAMS (Panama) supported the proposal made by the representative of the United Republic of Cameroon and said that it was essential to make it absolutely clear how precarious the situation of the Joint Staff Pension Fund was.

49. Mr. MEMMI (Tunisia) requested the assistance of all French-speaking delegations in clearing up the doubts and confusion created by the French text of draft resolution A/C.5/36/L.13, the wording of operative paragraph 1 of which could obviously be improved. With regard to operative paragraph 2, his delegation shared the concern expressed by the Cameroonian delegation; it made no sense to include all the views expressed during the discussion in the Fifth Committee. Furthermore, that paragraph implied that a study was to be made, although its contents were not specified and no previous mention had been made of it.

50. Mrs. de HEDERVARY (Belgium) said that her delegation supported the draft resolution submitted by Egypt because it contained all that was needed for a study of the question of the actuarial deficit of the Joint Staff Pension Fund. Her



(Mrs. de Hedervary, Belgium)

delegation had also been assured that the study to be undertaken would consider the four points mentioned in the operative paragraph of draft decision A/C.5/36/L.10, of which it had been a sponsor.

51. As the representative of Egypt had pointed out, draft resolution A/C.5/36/L.7/Rev.1, sponsored by Belgium, Kenya and the United States, had not been incorporated in draft resolution A/C.5/36/L.13 because it dealt with matters other than the actuarial deficit of the Fund, and particularly with humanitarian matters.

52. Mr. ABRASZEWSKI (Poland) said that his delegation agreed with the general objectives of the draft resolution under consideration. The first preambular paragraph recognized the statement made by the Joint Staff Pension Board in paragraph 43 of its report (A/36/9) regarding the serious financial condition of the Fund. In order that that paragraph might fully reflect what the Board had said, he proposed that the word "serious" should be inserted before the words "actuarial situation". It would also be advisable to include a reference to the report of the Advisory Committee on Administrative and Budgetary Questions (A/36/624), which considered in greater detail both the scope and content of the study and possible remedial measures. With regard to operative paragraph 2 of the draft resolution, it was important to take into account the views expressed during the discussion in the Fifth Committee. In speaking of possible measures to alleviate the difficult situation of the Fund, the Board's report (A/36/9, para. 44) referred only to article 27 of the Regulations of the Fund dealing with deficiency payments. Member States were ultimately responsible for covering actuarial deficits, and it was therefore essential to emphasize that the study should consider all possible measures.

53. Mr. BANGURA (Sierra Leone) welcomed draft resolution A/C.5/36/L.13 but said that it should expressly mention the documents and proceedings which had served as a basis for the preparation of the draft resolution, so that interested delegations could refer to them in order to see what comments had been made on the question. If the Egyptian delegation agreed to include that specific reference, Sierra Leone would have no difficulty in supporting the draft resolution.

54. Mr. LAHLOU (Morocco) said that his delegation supported draft resolution A/C.5/36/L.13, although it felt that the question needed to be considered in greater depth. He agreed with the apt comments made by the representatives of Sierra Leone, Panama and Poland.

55. The study referred to in operative paragraph 2 of the draft resolution would actually involve not one but several studies on each of the various specific aspects mentioned in the draft resolutions submitted under the item.

56. Although the French version of the draft resolution could be improved, his delegation was concerned not so much about the form as about the substance of the question. It was necessary to adopt a pragmatic approach and propose concrete measures. There was no question of asking the Joint Staff Pension Fund and the International Civil Service Commission to solve the problem. In a way, requesting them in paragraph 1 to recommend courses of action that might be taken implied that those measures would be acceptable.

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57. Mr. LANDAU (Austria) welcomed draft resolution A/C.5/36/L.13 and said he hoped that agreement could soon be reached on a generally acceptable text.

58. In the view of his delegation, the study referred to in paragraph 2 of draft resolution A/C.5/36/L.13 should take into account not only all the points dealt with in the draft resolutions and the draft decision mentioned by the representative of Egypt but also all the views on the subject expressed in the Committee. For instance, during the preliminary debate, his delegation had raised the possibility of applying a flexible criterion for retirement age in the case of some categories of staff not subject to geographical distribution, such as General Service and language services staff. That possibility should be studied and the results included in the study referred to in paragraph 2 of draft resolution A/C.5/36/L.13.

59. Mr. BUNC (Yugoslavia) said he did not feel that the Committee should turn itself into a working group to prepare the text of draft resolution A/C.5/36/L.13. Delegations wishing to make changes in the draft resolution should contact the Egyptian delegation, so that it could consider the possibility of incorporating them in the text.

60. The CHAIRMAN said that, since the Committee did not yet have the final text of draft resolution A/C.5/36/L.13, it did not seem advisable to take a decision for the time being.

61. He noted that the Committee still had to take a decision on four draft resolutions under the item: the draft resolution proposed by the Joint Staff Pension Board (A/36/9, annex IX) and draft resolutions A/C.5/36/L.5, A/C.5/36/L.7/Rev.1 and A/C.5/36/L.13. Since the Egyptian delegation and other interested delegations needed more time to finalize draft resolution A/C.5/36/L.13, he suggested that the Committee should take up the four draft resolutions at the morning meeting on Monday, 23 November.

The meeting rose at 11 p.m.