

## FIFTH COMMITTEE

## REPORT OF THE SUB-COMMITTEE ON CONTRIBUTIONS

1. The Fifth Committee appointed a Sub-Committee to consider the Report of the Committee on Contributions.
2. The countries represented on the Sub-Committee were Canada, China, Egypt, France, Mexico, Poland, Netherlands, Union of Soviet Socialist Republics, United Kingdom, United States and Uruguay.
3. The Sub-Committee on Contributions held its first meeting on Tuesday, 19 November 1946. Dr. Martinez-Cabanas (Mexico) was elected Chairman and Mr. Ganem (France), Rapporteur.
4. A letter from the Chairman of the Fifth Committee on the undermentioned terms of reference was read:

"The intent of the Fifth Committee in appointing the Sub-Committee on Contributions is to review the report of the Committee on Contributions, document A/80, a copy of which is attached hereto. The Sub-Committee will be expected to study the scale of apportionment (pages 10 and 11, Document A/80), taking into consideration the preliminary discussions in the Fifth Committee. Upon the completion of its function, the Sub-Committee will report back to the Fifth Committee its recommendations, upon which the plenary Committee may take action."

5. The Sub-Committee proceeded to the examination and consideration of the report of the Committee on Contributions in the light of discussions in the Fifth Committee and the suggestions of the Delegation of the United States on the allocation of contributions between members (document A/C.5/61).

The work was divided into two parts; one to concentrate the attention of the Sub-Committee on the problems applying to policy and principles, especially the study of the United States suggestion on the question of the ceiling, the recommendation of the Secretary-General about the possibility

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of fixing a minimum for the small countries and the proposal placed by the Delegation of Canada regarding the comparison of the per capita payments in relation to the United States contribution. The other part of the work including the allocation of three new members and the consideration of the appeals presented by several Delegations were referred to the permanent Committee on Contributions for consideration.

7. During the course of the discussions which followed, Senator Vandenberg submitted a paper on the result of his enquiries into the question whether there was any way in which members might be enabled to pay their contributions in currency other than United States dollars. The paper, which is included for the information of all Delegations, reads as follows:

"Pursuant to my promise to your Committee, I have made a thorough examination of the possibilities that United Nations assessments may hereafter be paid in local currencies. I regret that my report cannot be more immediately encouraging. But there is substantial hope of some relief along these lines next year through the International Monetary Fund.

"This Fund operates on the basis of fixed quotas to each country for the purchase of dollars with their local currency. The Fund cannot operate, however, until exchange rates have been fixed for countries having about two-thirds of such quotas. Up to now no such rates have been fixed, the difficulty being that there is a disparity of from 100 per cent to 800 per cent between official and actual market rates of exchange in many countries.

"But it is expected that the Fund will begin operations sometime this winter. At such time, the amount of dollar exchange that Members of the Fund, exclusive of the United States and the United Kingdom, could purchase from the Fund in the first year of operation is over three-quarters of a billion dollars provided the necessary conditions of purchase are met.

"This is the most important part of my report. APPROVED TRANSACTIONS THROUGH THE FUND WILL INCLUDE PAYMENTS OF UNITED NATIONS ASSESSMENTS.

"I have found no way, except through the Fund, that assistance can be available in connection with the problem submitted to my study."

8. The Sub-Committee early reached the decision to accept the report of the Committee on Contributions as generally complying with the terms of

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reference of that Committee, recognizing the limitations of the statistical data at its disposal. There were, however, other factors and political principles which had to be considered and to which the Sub-Committee must direct its attention in determining the scale of assessment.

9. After receiving the opinion of the Committee on Contributions on the assessment of the three new members and the appeals presented by several delegations, the Chairman submitted certain working papers for the consideration of the Sub-Committee showing the effect of the introduction of a "ceiling" and a "floor" and the application of the scale of assessments to the annual budgets for 1946 and 1947 and the Working Capital Fund. These questions also brought into discussion the necessity for determining whether there should be a review of the scale of assessments for 1948, particularly having regard to Rule 43 of the Provisional Rules of Procedure of the General Assembly.

10. During the course of the discussion it was found that if the resolution of the General Assembly (passed at the First Session in 1946, which provided that advances to the Working Capital Fund should be adjusted on the basis of the scale of assessment for the first annual budget) were adhered to, it would mean that the three new Members admitted at the present Assembly would not contribute to the Working Capital Fund. It was decided, therefore, to ask the Fifth Committee to recommend that the previous resolution be amended and the scale for 1947 be adopted for the adjustment of advances to the Working Capital Fund.

11. The Delegation of the United States in discussion stated that in regard to the 1947 scale the United States was prepared to accept, on the present emergency, a contribution of 39.89 per cent with certain reservations which it was desired should be included in the records of the General Assembly. The statement read as follows:

"The Delegation of the United States is prepared  
to recommend to Congress that we accept as our contribution

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to the 1946 and 47 Administrative Budgets and the Working Capital Fund a figure not to exceed 39.89 per cent of the total, with the following distinct reservation:

(a) That under no circumstances do we consent that under normal conditions any one nation should pay more than 33-1/3 per cent in an organization of "sovereign equals."

(b) That the difference between 33-1/3 per cent and 39.89 per cent is voluntarily assumed by us for 1947 and for the Working Capital Fund because we recognize that normal post-war economic relationships have not yet been restored and we are willing to accept this added, temporary assessment to assist the United Nations in meeting the emergency.

"The Delegation of the United States is unwilling to have any contributions figure set for 1948. It believes that since the scale reflects abnormal economic conditions, the scale should be reviewed to reflect whatever economic changes, if any, occur from year to year. It would also anticipate that other factors than so-called "relative capacity to pay" will be given hereafter the consideration they deserve as a matter of sound public policy in an international organization of "sovereign equals."

"The Delegation of the United States will request that this statement be made a part of the record of the General Assembly."

12. The Sub-Committee considered that in normal circumstances it was very desirable to maintain the principle established in Rule 43 that scales of assessment once settled should remain in force for at least three years. Nevertheless in view of the abnormal economic conditions persisting as a result of the war, and the probability of the admission of new members at the next session of the General Assembly, the Sub-Committee considered that

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on this occasion it would be appropriate to fix scales only for 1946 and 1947, and to recommend that the Committee on Contributions should review the scales and make recommendations to the next Session of the General Assembly.

#### RECOMMENDATIONS

13. (a) The Sub-Committee finally decided to ask the Fifth Committee to adopt the scales of assessments for 1946 and 1947 as set out in Appendix A for recommendation to the General Assembly.

(b) It also suggests that the following resolutions be submitted and recommended to the General Assembly:

- (i) That notwithstanding the provisions of Rule 43 of the Provisional Rules of Procedure, the scale of assessments for the apportionment of expenses of United Nations be reviewed by the Committee on Contributions in 1947 and a report submitted for the consideration of the General Assembly at the Session to be held in September 1947.
- (ii) That as it may be more convenient for the United Nations to adopt a unit basis of assessment in lieu of the percentage basis, it is recommended that the General Assembly be requested to direct the Committee on Contributions to give consideration to the relative merits of each method.
- (iii) That new Members be required to contribute to the annual budget of the year in which they are first admitted, at least  $33\frac{1}{3}$  per cent of their percentage of assessment determined for the following year, applied to the budget for the year of their admission.
- (iv) That, having regard to the admission of the three new Members, the advances to the Working Capital Fund be readjusted on the basis of the scale to be adopted for the contributions of Members to the annual budget for 1947.

APPENDIX A

| <u>Country</u>        | <u>1946<br/>Apportionment</u> | <u>1947 Budget and Working<br/>Capital Fund Apportionment</u> |
|-----------------------|-------------------------------|---|
|                       | <u>¢</u>                      | <u>¢</u>  |
| Argentina             | 1.94                          | 1.85  |
| Australia             | 2.00                          | 1.97  |
| Belgium               | 1.42                          | 1.35  |
| Bolivia               | 0.08                          | 0.08  |
| Brazil                | 1.94                          | 1.85  |
| Byelorussian S. S. R. | 0.23                          | 0.22  |
| Canada                | 3.35                          | 3.20  |
| Chile                 | 0.47                          | 0.45  |
| China                 | 6.30                          | 6.00  |
| Colombia              | 0.39                          | 0.37  |
| Costa Rica            | 0.04                          | 0.04  |
| Cuba                  | 0.30                          | 0.29  |
| Czechoslovakia        | 0.95                          | 0.90  |
| Denmark               | 0.81                          | 0.79  |
| Dominican Republic    | 0.05                          | 0.05  |
| Ecuador               | 0.05                          | 0.05  |
| Egypt                 | 0.81                          | 0.79  |
| El Salvador           | 0.05                          | 0.05  |
| Ethiopia              | 0.08                          | 0.08  |
| France                | 6.30                          | 6.00  |
| Greece                | 0.17                          | 0.17  |
| Guatemala             | 0.05                          | 0.05  |
| Haiti                 | 0.04                          | 0.04  |
| Honduras              | 0.04                          | 0.04  |
| India                 | 4.09                          | 3.95  |
| Iran                  | 0.47                          | 0.45  |
| Iraq                  | 0.17                          | 0.17  |
| Lebanon               | 0.06                          | 0.06  |
| Liberia               | 0.04                          | 0.04  |
| Luxembourg            | 0.05                          | 0.05  |
| Mexico                | 0.66                          | 0.63  |
| Netherlands           | 1.47                          | 1.40  |
| New Zealand           | 0.52                          | 0.50  |
| Nicaragua             | 0.04                          | 0.04  |
| Norway                | 0.52                          | 0.50  |
| Panama                | 0.05                          | 0.05  |
| Paraguay              | 0.04                          | 0.04  |
| Peru                  | 0.21                          | 0.20  |
| Philippines           | 0.30                          | 0.29  |
| Poland                | 1.00                          | 0.95  |
| Saudi Arabia          | 0.08                          | 0.08  |
| Syria                 | 0.12                          | 0.12  |
| South Africa          | 1.15                          | 1.12  |
| Turkey                | 0.93                          | 0.91  |
| Ukrainian S. S. R.    | 0.88                          | 0.84  |
| U.S.S.R.              | 6.62                          | 6.34  |
| United Kingdom        | 11.98                         | 11.48   |
| U.S.A.                | 39.89                         | 39.89   |
| Uruguay               | 0.18                          | 0.18  |
| Venezuela             | 0.28                          | 0.27  |

/Yugoslavia

APPENDIX A (continued)

| <u>Country</u> | <u>1946<br/>Apportionment</u> | <u>1947 Budget and Working<br/>Capital Fund Apportionment</u> |
|----------------|-------------------------------|---|
|                | <u>%</u>                      | <u>%</u>  |
| Yugoslavia     | 0.34                          | 0.33  |
| Afghanistan    |                               | 0.05  |
| Iceland        |                               | 0.04  |
| Sweden         |                               | 2.35  |
|                | <hr/>                         | <hr/>   |
|                | 100.00                        | 100.00  |

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