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FIFTH COMMITTEE
7th meeting
held on
Tuesday, 2 October 1979
at 4.30 p.m.
New York

# SUMMARY RECORD OF THE 3rd MEETING

Chairman: Mr. PIRSON (Belgium)

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

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The meeting was called to order at 4.35 p.m.

AGENDA ITEM 103: SCALE OF ASSESSMENTS FOR THE APPORTIONMENT OF THE EXPENSES OF THE UNITED NATIONS: REPORT OF THE COMMITTEE ON CONTRIBUTIONS (continued) (A/34/11 and Add.1)

1. Mr. ALI (Chairman of the Committee on Contributions), replying to questions raised in particular by the representative of Ghana, said that the computation of assessments of Member States was based not on the per capita income figure but on the national income figure provided by Member States. The per capita income figure was used only to calculate the low per capita income allowance formula, which had been changed, as could be seen from the report (A/34/11 and Add.1), to provide greater relief to the poorer countries. The underlying principle for the scale of assessments continued to be the capacity of a given country to pay.

2. Mr. EL-HOUDERI (Libyan Arab Jamahiriya) said that his delegation was dismayed to see in the proposed new scale of assessments for 1980-1982 that his country's contribution had been unexpectedly and unfairly increased by 45 per cent over the 1978-1979 scale and would now be five times the assessment of 1970. The proposed assessment was contrary to the basic principle approved by the General Assembly, namely the capacity to pay, and clearly did not take account of the continuing disparity between the economies of developing and developed countries. It should be remembered that per capita income was not a true indicator of the economic strength of a country; that applied especially to the oil-producing developing countries, whose assessments had risen dramatically in the proposed new scale despite their continuing need to invest heavily in their social and economic infrastrucutre and services. There was the practical problem caused by the sharp reduction in the assessment of the People's Republic of China but that burden should not be shifted onto the developing countries. In that connexion, his delegation endorsed the separate opinions of Mr. Maroto and Mr. El-Shibib as given in chapter X of the Committee's report.

3. Although his Government objected to the unfair increase in its assessments, it could not evade its financial responsibilities and hoped that future scales would be more just and more in keeping with the directives and guidelines approved by the General Assembly. It should be borne in mind that his country devoted a high percentage of its national income to programmes benefiting developing countries, a policy which could be adversely affected by such irrational and unfair increases in its contributions to the United Nations.

4. Mr. AKSOY (Turkey) said that, just as there was a need for an equitable distribution of material wealth in the world so that all could enjoy the same rights, there was a need for an equitable sharing of the burden of financing the United Nations. Devising a satisfactory scale of assessments was a difficult problem and it was clear that it was impossible to satisfy all countries. Although Turkey had benefited from the low per capita income allowance, it felt that its assessment would have been lower, if all the data provided had been taken into consideration. Turkey was a developing country which had made some progress in certain areas but not in all. In order to avoid giving undue weight to short-term

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(Mr. Aksoy, Turkey)

improvements, his country favoured a longer base period. It should be remembered that the developing countries needed to invest heavily in development and were hampered by their limited foreign exchange reserves, balance-of-payments difficulties and the strain of international obligations such as the United Nations assessment. All aspects of the development process should be taken into consideration in calculating the scale of assessments.

5. Mr. SMÍD (Czechoslovakia) said that the Committee on Contributions had sucessfully fulfilled its mandate and had shown the maximum degree of objectivity in taking into account the specific circumstances of each country. The proposed new scale of assessments had been prepared using generally acknowledged methods and took account of the special problems of the less developed countries, especially those with a low per capita income, and the requirements of the relevant resolutions adopted by the General Assembly. His delegation would therefore support the recommendations of the Committee.

6. His delegation endorsed the opinion whereby Article 19 of the Charter did not apply to expenses for peace-keeping operations. Such operations were covered entirely by Chapter VII of the Charter and his delegation would resist any attempts to interpret the Charter differently.

7. Finally, he wished to draw attention to a violation of the principle of equitable geographical distribution in the composition of the Committee on Contributions. The group of socialist countries had agreed to the recent expansion in the size of the Committee, provided that all five regional groups benefited equally from the change. Inasmuch as that proviso had not been followed, the composition of the Committee was no longer equitable.

8. Mr. ROHEEM (Afghanistan) said that his delegation was generally pleased with the proposed new scale of assessments, which continued to take into account the special financial and economic problems of developing countries, especially those with low per capita income. However, capacity to pay was not a clear-cut criterion and should be distinguished from ability to pay, which his delegation felt was a more realistic and valid criterion. His delegation endorsed the procedure, described in paragraph 23 of the Committee's report (A/34/11), under which additional relief had been granted to low per capita income countries by increasing the gradient of maximum relief from 70 to 75 per cent. The developing countries had suffered most from the present difficult world economic situation and were experiencing grave difficulties owing to the dramatic increase in the United Nations budget and the generally unjust world economic system. The land-locked and geographically disadvantaged developing countries had been most seriously affected and should therefore receive the most favourable treatment.

9. Mr. CROM (Netherlands) said that his country had on several occasions in recent years expressed its doubts about the continuing upward trend in its assessments. The proposed new scale of assessments showed a further increase of 15 per cent in the Netherlands assessment, again without any explanation from the Committee on Contributions regarding its methods or any specific justification for the increase. Some of the proposed increase could be attributed to the

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(Mr. Crom, Netherlands)

proposed reduction of the assessment of the People's Republic of China, with which his delegation agreed, although it would have preferred to see the decrease implemented more gradually. Given the relatively long base period of seven years, which tended to even out drastic short-term changes, it was difficult to see how a 15 per cent increase in the Netherlands assessment within two years could be justified. His delegation therefore would require additional information and convincing arguments to support the proposed increase before it could support the new scale.

10. Mrs. DERRÉ (France) said that her delegation agreed with the view that the Fifth Committee should not seek to substitute itself for the Committee on Contributions and redo that Committee's work.

11. Assessing Member States according to their capacity to pay was a basic rule which should be fully applied. General Assembly resolution 31/95 A, paragraph 4 (b), made it plain that the mitigation of extreme variations in assessments between two successive scales should be subordinate to that principle. In the new scale of assessments increased relief was provided to the poorest countries, those with a per capita income of less than $500 per annum. The assessments of some developing countries had indeed gone up; but that fact should be welcomed, since it indicated an increase in their national income, which was the essential aim of development.

12. While her delegation did not contest the justification for reducing China's assessment, it did regret that the cost of that reduction and of granting further relief to the poorest countries had to be borne by a small number of developed countries, including France. The proposed increase in France's assessment was a heavy burden to bear, particularly when France was increasing its voluntary contributions to such bodies as UNDP. In that connexion, her delegation shared the concerns expressed by the representatives of Australia, Spain and the Netherlands. Nevertheless, in a spirit of conciliation, her delegation would not oppose the new scale of assessments.

13. Mr. ANDERSON (Australia) endorsed the principles set out by the Committee on Contributions in paragraph 5 of its report (A/34/11) and the use of a seven-year period of measurement in order to take into account such factors as growing national incomes and the need to build an infrastructure; that period should not be lightly or frequently changed.

14. Australia accepted the new formula for low per capita income countries as set out in chapter IV of the report, even though it meant that 89.97 per cent of the total expenses of the organization would be paid by the 42 Members having over $1,800 per head. The major part of that increase had resulted from China's decision to provide national income statistics for the first time; that other countries must pay more was an inevitable consequence. Australia did believe that no lower limit should be set on the contributions paid by permanent members of the Security Council; the principles for establishing a contribution should apply in every case.

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(Mr. Anderson, Australia)

15. His delegation had previously requested additional data concerning the calculation of the assessments because the assessed contribution for Australia had risen by a greater percentage than that of any other OECD country. Investigations had revealed that the unexpectedly large increase derived from the use, in assessing Australia's contribution, of fiscal year statistics, whereas in the case of most other countries calendar year figures had been employed. The United Nations had requested Australia to provide fiscal year data and his country had done so, on the assumption that the United Nations would undertake the necessary recalculations required to ensure comparability of data, but the adjustment had not been made. Had Australia been able to check the data before the Committee on Contributions met, it could have pointed out the error. In fact, Australia was not the only country for which fiscal year data rather than calendar year data had been used, and it was thus not the only country with a legitimate complaint about the figures. The failure of the Committee on Contributions to be more open with its statistical information was a cause of concern to countries not represented on the Committee.

16. Since, indisputably, the assessment for Australia was incorrect, his delegation could not support the recommendations of the Committee on Contributions. Australia wished to be treated in the same way as other similar countries and believed that the Committee on Contributions, now that the error had been made clear, would wish to observe consistency in the application of its own rules and policies. He trusted that the matter would be referred back to the Committee with a view to its considering how the error could be rectified.

17. In order to avoid similar problems in the future, he suggested that: (a) the request for information sent to countries should be revised to make it quite clear that calendar year data were required; (b) those countries whose data were not collected on a calendar year basis must be asked to provide estimates based on calendar years; (c) any data not based on the calendar year must be converted by the United Nations Secretariat in the best possible way so as to cover calendar years; (d) each country should be given a copy of its data sheet prior to the meeting of the Committee on Contributions at which its assessment would be considered, so that any errors could be rectified; (e) the Committee should expand its practice of indicating how much had been transferred from low per capita income countries, by publishing a table showing aggregate figures (but not individual country data) on all transfers; (f) it should publish data on the number of countries which received such transfers, and their total "raw" machine scale; and (g) it should provide each country with an explanation of any increase or decrease in scale which was substantial or significantly higher or lower than that of other similar countries.

18. Mr. OKEYO (Kenya) said that the proposed scale of assessments for the period 1980-1982 was better balanced and relatively more moderate in its increases than that submitted three years previously. However, the criteria currently in use as a basis of calculating the contributions of Member States were obviously not adequate. The factors involved in measuring capacity to pay should be thoroughly studied, and increases must be fairly spread out so that the financial burden of the Organization was equitably apportioned. One of the major measurements of any Government's capacity to pay must be the Member State's per capita income.

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(Mr. Okeyo, Kenya)

19. His delegation found merit in the argument that an industrially developed country whose gross national income had not substantially increased in recent years was not, comparatively, so poor as a developing country whose gross national income had markedly increased over the same period. The industrially developed country had the advantage of accumulated wealth in terms of a more firmly established economic base with a better economic infrastructure accompanied by a sophisticated national market system and benefited from an international economic price system which favoured the industrialized countries in their dealings with developing countries. The developing country, on the other hand, might have the vigour and desire to improve its economy but lacked the well-developed structure usually associated with years of colonial prosperity.

20. It had been suggested in the Committee on Contributions that permanent members of the Security Council should shoulder the burden of the regular budget in a manner commensurate with the exercise of their veto responsibilities. He cautioned against that approach. His delegation was, however, willing to consider a study by the Committee on Contributions of whether permanent membership of the Security Council should impose higher responsibilities and therefore higher contributions than those paid by other States not members of the Security Council.

21. His delegation was delighted to note that the Committee had recommended an increase in assessment for 39 States and a decrease for 15 States as compared with the scale for the period 1978-1979. It also supported the decision to apply the statistics provided by the Chinese Government in the calculation of the new scale of assessments. Recognition should be given to the offer by the Chinese Government to assume over the forthcoming three years a major portion of the increase which would otherwise have devolved on the developing countries as a result of the change in China's rate of assessment.

22. His delegation agreed with the Committee that in certain cases it would have been difficult to moderate the steep increases in assessment between the two successive scales owing to the rapid growth in the national income of the Member States concerned. Moreover, many assessments did very closely correspond to current economic realities. His delegation was delighted to note that 70 countries, as compared with 67 currently, would pay a minimum assessment rate of 0.01 per cent. It also supported the use of a seven-year base period inasmuch as it alleviated sharp variations in assessment rates such as had caused complaints in previous years, especially from countries whose national income had risen rapidly.

23. Mr. MOREIRA GARCIA (Brazil) said that his delegation accepted the compromise by the Committee on Contributions on a seven-year period as fair but would like the Committee to continue its discussion, with a view to clarifying the many factors underlying the decision to establish that statistical base. It would welcome a more detailed report on the subject from the Committee at its next session.

24. On the question of the low *per capita* income allowance formula, he said that when, in 1947, an upper limit of $1,000 *per capita* income had been adopted, only two countries had had a *per capita* income above that level. At the current stage,

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(Mr. Moreira Garcia, Brazil)

38 countries were above the level of $1,800 set in 1976. Since the relief granted by the formula was gradual, its application from a level not corrected for inflation worked against a growing number of countries whose income was approaching levels of per capita income. The Committee on Contributions should work out a new calculation of the formula so as to make the relief what it was originally intended to be: a form of preventing anomalous assessments resulting from the use of comparative estimates of national income. To update the values of the formula in order to take into account the effects of inflation over the past 30 years would be a fair way to start correcting the potential unfairness inherent in the unchecked use of national income statistics: the relief to be granted would then start from a higher figure, and the percentage granted to countries already benefiting from the allowance would be much higher. In addition, the six categories of income per capita to be found in tables 1, 2 and 3 of the report also deserved to be updated, since they had been used for more than a decade and had been rendered obsolete by world inflation.

25. His delegation agreed with the Committee on Contributions that the questions whether to retain the ceiling of 25 per cent for any individual contribution and whether a floor contribution for permanent members of the Security Council might be established were outside the competence of the Committee, which should only act on them on the express recommendation of the General Assembly. That said, it would not oppose the discussion by the General Assembly of those two subjects.

26. The scale of assessments currently proposed was certainly not perfect, but his delegation was convinced that it reflected the best results that could be obtained by the Committee on Contributions under the Committee's present terms of reference and would vote in favour of its adoption. Nevertheless, his delegation wished to propose that the Fifth Committee should instruct the Committee on Contributions to study, at its forthcoming session, new ways of ensuring that there would be no steep increases from one scale to the next, that the disparity between developed and developing countries was taken adequately into account in the elaboration of the scale, that the allowance formula was properly updated to take into account the purchasing power of the dollar when the formula had first been devised, and that the Committee took into consideration the different national systems of accounting for inflation and the effect on national statistics. If the Committee on Contributions prepared a report containing its conclusions, the Assembly could then consider, at the next session, the necessity of enlarging the Committee's mandate and terms of reference so as to enable it to elaborate a fairer scale of assessments. The Fifth Committee could review the terms of reference of the Committee on Contributions with a view to giving it new and more complete instructions regarding the questions raised during the past few days.

The meeting rose at 6.10 p.m.