

SUMMARY RECORD OF THE 8th 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 10.45 a.m.

AGENDA ITEM 98: PROPOSED PROGRAMME BUDGET FOR THE BIENNIUM 1980-1981 (A/34/6 and Add.1, A/34/7)

General Debate

1. The CHAIRMAN said that the primary task of the Fifth Committee, which consisted in matching limited resources with essential needs, demanded the close scrutiny of programmes resulting from the decisions and recommendations of intergovernmental bodies and assumed a thorough preparation on the part of the Secretariat. The work required the co-operation and co-ordination of the intergovernmental bodies responsible for programmes and, above all else, the determination of the Secretary-General to be rigorous in defining needs. It could not be successfully performed without the assistance of the Advisory Committee on Administrative and Budgetary Questions. It should be borne in mind that final budget estimates had not yet been prepared for some major programmes concerning, in particular, UNCTAD, science and technology and the restructuring of the Department of Technical Co-operation for Development and that their impact on the real growth of the budget had not therefore been appraised. He invited the Secretary-General to open the debate on the proposed programme budget for the biennium 1980-1981.

2. The SECRETARY-GENERAL made a statement.\*

3. Mr. MSELLE (Chairman of the Advisory Committee on Administrative and Budgetary Questions) made a statement.\*

4. The CHAIRMAN suggested that the traditional practice of issuing as Committee documents the statements made by the Secretary-General and the Chairman of the Advisory Committee should be followed, on the understanding that the financial implications would amount to \$3,600.

5. It was so decided.

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).

6. Mr. ABRASZEWSKI (Poland) said that his delegation was well aware of the complexity of the task which the Committee on Contributions had to perform and the difficulties inherent in working out the scale of assessments. Those difficulties stemmed mainly from the steady growth in the annual expenses of the United Nations and the fact that, in an Organization consisting of 152 Member States, 18 were assessed at 87.3 per cent of the total contributions. The Government of Poland had

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\* The texts of the statements made by the Secretary-General and the Chairman of the Advisory Committee on Administrative and Budgetary Questions will be issued in extenso as documents A/C.5/34/12 and A/C.5/34/13 respectively.

(Mr. Abraszewski, Poland)

promptly furnished all the necessary data and information to enable the Committee on Contributions to prepare the statistical base required in drawing up the scale of assessments. The figures supplied for the year 1977 and earlier had already been published by the national Central Statistical Office in the Polish Statistical Yearbook.

7. According to paragraph 18 of its report, the Committee on Contributions had decided to retain a seven-year base period for the calculation of the scale of assessments for 1980-1982. The length of the statistical base period had always been a matter of considerable importance. From 1953 onwards, the practice of applying a three-year base period had prevailed. In 1977, for the first time, the Committee had used a seven-year base period in an attempt to alleviate sharp variations in individual rates of assessment and to avoid imposing too heavy a burden on countries whose national income had risen rapidly in the preceding years. The length of the statistical base period had been a controversial issue, with some members favouring a three-year period and others advocating a period of five, seven or even nine years. His delegation would prefer a five-year period on the grounds that a three-year period was insufficient to avoid sharp variations in assessments and that a period exceeding five years was too long to reflect current economic realities, since the statistics supplied for use in drawing up the scale of assessments covered a period that ended three or four years before the period to which the scale applied.

8. With regard to the low per capita income allowance formula, he said that his delegation had been among those that had advocated a revision of the formula and an upward adjustment of the present \$1,800 level. At its most recent session, the Committee on Contributions had decided to change only the maximum reduction, from 70 to 75 per cent, and to maintain the \$1,800 limit. His delegation could not endorse that decision because, in its view, the impact of inflation and the drop in the value of the United States dollar vis-à-vis other currencies over the past three or four years justified raising the ceiling to at least \$2,000. It was prepared to accept the Committee's recommendation on the low income allowance formula, but only as a temporary measure. It concurred in the position expressed by the Brazilian delegation at the preceding meeting and urged the Committee to review the question.

9. As far as Poland was concerned (see para. 45 of the Committee's report), he reminded members that his delegation had firmly contested the method used for converting Polish national income data into United States dollars. Four letters on that subject had been sent to the Committee on Contributions in 1976, 1977, 1978 and 1979. His delegation maintained its view that the method of setting Poland's assessment had been inequitable and a number of delegations had supported its position in previous years, including at the thirty-third session of the General Assembly (see the report of the Fifth Committee in document A/33/351, para. 15). The Committee's present report showed that it had taken some account of those arguments inasmuch as it had agreed to use the rate of exchange advocated by Poland for the years 1976 and 1977.

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(Mr. Abraszewski, Poland)

10. It was his delegation's impression that in the current year the Committee on Contributions had been confronted with extraordinary difficulties; because of those difficulties, the compromises they necessarily entailed and the goodwill manifested by the Committee, it was prepared to accept the Committee's findings in the hope that Poland would receive full justice when the next scale of assessments was drawn up.

11. His delegation wished to draw attention to paragraph 77 of the Committee's report because, in its view, the Committee on Contributions had no right to make comments of the kind appearing in that paragraph, referring as they did to the United Nations programme budget. In conclusion, it expressed its support for the Committee's report and the proposed scale of assessments for 1980-1982, which seemed to offer a sound compromise.

12. Mr. HANJAN (Iran) said that the Committee on Contributions, whose task was complex in that it had to comply with the provisions of the Charter, its terms of reference and the relevant resolutions of the General Assembly, had, generally speaking, done its utmost to apply the principle of capacity to pay, which was the primary consideration in drawing up the scale of assessments. Nevertheless, not all the relevant criteria had been duly reflected in the scale.

13. In view of the grave disparities between the developed and the developing countries, the application of the same formula to countries in both groups was not an acceptable method of assessing their contributions. Several General Assembly resolutions contained very clear provisions on that point. Furthermore, as one of the members of the Committee on Contributions had rightly observed, per capita income alone was not a true indicator of a country's capacity to pay. It was therefore surprising that the assessments of a number of developed countries, including some socialist countries, had been considerably reduced, while the assessments of certain developing countries had been increased. That situation must be remedied.

14. National income statistics formed the basis used by the Committee in formulating a scale of assessments. Yet many developing countries experienced difficulty in preparing the necessary data; that was another facet of the disparities to which he had alluded previously. The Committee was therefore dependent on other sources which might be reliable but were nevertheless different in nature from official statistics. In his delegation's view, the Committee should use the same type of data for all countries.

15. The Committee appeared not to have complied with the provisions of General Assembly resolution 31/95 B, which stipulated, inter alia, that the Committee should use "methods which avoid excessive variations of individual rates of assessment between two successive scales". The result was particularly striking in the case of Iran, whose proposed assessment was more than 50 per cent above its current assessment and more than treble that of the preceding scale.

16. The special situation in Iran deserved consideration. The events which had taken place in that country during the past year had confuted the myth of modernization. The Iranian economy had been totally dislocated and its resources

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(Mr. Hanjan, Iran)

plundered: apart from the oil industry, which was operating at half-capacity, the other industries dependent on subsidiaries of transnational corporations or assembly factories were totally or partially at a standstill.

17. The Iranian Government had brought those developments to the attention of the Committee on Contributions and had requested some relief for the current year and realistic treatment in the forthcoming scale. The Committee's recommendation left his delegation with no other option than to express its strongest reservations on the Committee's conclusions.

18. Mr. BELYAEV (Byelorussian Soviet Socialist Republic) said that, as in previous years, the Committee on Contributions had scrupulously respected the resolutions of the General Assembly and demonstrated objectivity and flexibility. The Committee had sought to ensure that the expenses of the Organization were apportioned fairly among its Member States on the basis of the principle of capacity to pay. The Committee had, however, departed from that principle in cases where that was entirely justified by granting additional relief to low per capita income countries and those which had been the victims of natural disasters or were facing exceptional economic difficulties. The method used by the Committee was in fact the only one that made it possible to take objective account of the economic situation of countries. For all those reasons, his delegation would support the draft resolution in paragraph 78 of the Committee's report.

19. It was to be hoped that in future the Committee on Contributions would maintain its position that, in the current state of world statistics, national income in current prices constituted the only valid indicator of a country's capacity to pay.

20. His delegation considered that the Committee's position, as set forth in paragraphs 62 to 68 of its report, constituted an unacceptable interpretation of the provisions of the Charter and was in contradiction with the decisions taken by the General Assembly in 1965, contained in the report of the Special Committee on Peace-keeping Operations (A/5916). According to those decisions, expenses for peace-keeping operations were not covered by the terms of Article 19 of the United Nations Charter.

21. His delegation recalled the position it had expressed at the thirty-first session concerning the enlargement of the membership of the Committee on Contributions on the basis of the principle of equitable geographical distribution, with one seat being allocated to the group of socialist States.

22. The difficulties the Committee had encountered in establishing the scale of assessments derived less from the method used than from the increased financial burden imposed on States Members of the Organization as a result of the unwarranted expansion of its budget. Consequently, since the Fifth Committee was to consider the proposed programme budget for the biennium 1980-1981 at the current session, it would be advisable for it to consider not only means of apportioning the Organization's expenses more equitably but also the reasons for the abnormally rapid increase in expenditure, and to take the requisite steps to remedy that situation. At all costs, it was necessary to prevent the Organization's expenses from increasing faster than the national income of Member States.

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23. Mr. SORDO (Uruguay) said the report of the Committee on Contributions was clear, concrete and balanced. The Committee had applied the correct method in performing the complex task of evaluating countries' capacity to pay. The Committee had had to take into account a multiplicity of factors linked in particular to the wide disparities between the economic situations of the various countries. Uruguay was prepared to participate in any studies that might be undertaken to solve the problems that had arisen in that regard.

24. His delegation would vote in favour of the proposal submitted by the Committee on Contributions, even though the Uruguayan assessment represented a substantial financial effort for his country. In future, the special situation of the non-oil-producing developing countries should be taken into account.

25. Mr. de PINIES (Spain) said that the Committee on Contributions had encountered many difficulties in formulating the scale of assessments and had spared no effort to overcome them. The Committee had done its best to apportion the expenses of the Organization among Member States in a balanced way, but had not found a satisfactory solution. In particular, it had failed with regard to an essential point of its terms of reference, namely avoidance of excessive variations of individual rates of assessment between two successive scales. That situation should not be allowed to arise in future. It was also important to seek a more satisfactory economic indicator than national per capita income.

26. The scale of assessments submitted by the Committee on Contributions imposed a heavy burden on middle-income countries, for two basic reasons: the establishment of a ceiling for the assessment of the Member State making the largest contribution - a measure which, although justified at one stage, was currently no longer warranted; and the reduction, over the years, of the over-all contribution of the permanent members of the Security Council to the expenses of the Organization. In order to remedy that situation, new economic indicators must be found and the ceilings currently in force eliminated.

27. His delegation drew the attention of the Committee on Contributions to the fact that Spain's assessment, which on 1 January 1977 had been 0.99 per cent, had been increased to 1.53 per cent in the current scale and 1.70 per cent in the proposed scale. That represented an increase of more than 70 per cent since 1 January 1977, a situation that ran counter to the recommendations of the General Assembly and furthermore did not reflect Spain's real economic situation.

28. The General Assembly must take steps to correct all those anomalies. If it did not take action immediately, it should at least give the Committee on Contributions specific and concrete guidelines for the establishment of the next scale of assessments. It was not normal that some Member States should defray expenses that should be borne by other States which enjoyed certain privileges. For all those reasons, his delegation would be unable to vote for the scale of assessments recommended by the Committee on Contributions.

29. Mr. KULKARNI (India) said he was particularly pleased that the special problems of the least-developed countries had been taken into consideration and that they had been given further relief under the proposed scale of assessments. His delegation would vote in favour of adoption of the report of the Committee on Contributions.

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(Mr. Kulkarni, India)

30. India continued to grapple with the problems of development and its capacity to pay had certainly not improved in the past three years. However, in actual terms it continued to pay to the United Nations budgets significant sums of money which could have been used for projects essential to the country. Having made that difficult choice, it would continue to contribute according to the scale of assessments.

31. The Committee on Contributions was obviously not competent to take a decision on the possibility of imposing a floor for the permanent members of the Security Council or revising or removing the current ceiling, which could be discussed at the next session of the General Assembly.

32. While his delegation was happy with the new formula to provide relief for the lowest per capita income countries and with the reduction in the floor from 0.02 to 0.01 per cent, it felt that the relief afforded in real terms was not likely to last very long. Recent years had witnessed a constant worsening of the situation of most developing countries with regard to the terms of trade and the balance of payments, with a consequent progressive decline in their capacity to pay, particularly in foreign currency. In that connexion, it was to be hoped that in the course of its deliberations the Fifth Committee would pay special attention to "the ability of Members to secure foreign currency", one of the three points in the original mandate of the Committee on Contributions.

The meeting was suspended at 12.15 p.m. and resumed at 12.25 p.m.

33. Mr. BUNC (Yugoslavia) said that in the current year the Committee on Contributions had taken a far better approach to the fixing of contribution for Member States, taking into account in particular national income, foreign debts and balance of trade. It was gratifying to note that the new scale was more favourable to the least-developed countries and to the developed countries facing the greatest economic difficulties. However, such data, calculated in current prices, could not provide an adequate base for calculation unless the following elements were taken into account.

34. First, inflation rates differed from country to country and were highest in the developing countries. The phenomenon of inflation should be treated adequately when national income and relevant data were estimated.

35. Second, regardless of the recommendations of the relevant United Nations bodies, national accounting in different socio-economic systems had not yet been fully developed. The Yugoslav contribution had constantly increased in recent years and it was not certain that the proposed increase was justified. Between 1969-1975 and 1971-1977 the income on which the calculation of Yugoslavia's contribution was based had increased by 65 per cent. It was clear, however, that such an increase was unrealistic, especially in view of the economic situation in the 1970s. The basic data used contained some errors and his delegation would be pleased to communicate the necessary corrections in due time.

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(Mr. Bunc, Yugoslavia)

36. Third, the statistics on international reserves in the form of foreign exchange listed in International Monetary Fund sources did not represent real reserves, because they consisted mainly of the deposits of Yugoslav nationals working in foreign countries.

37. In the light of the foregoing, his delegation could not accept the proposed increase in its contribution until it received the necessary clarification.

38. Mr. KEMAL (Pakistan) noted that Pakistan's assessment for the next three years had not been changed. However, taking account of the economic factors which determined capacity to pay, it should have been reduced. Pakistan was one of the countries most seriously affected by the current economic crisis. Because of the international monetary situation, the relative costs of its basic imports had risen in proportion to the value of its exports.

39. In addition, the assessments of certain developing countries which were essentially exporters had increased substantially, at least in percentages. A greater effort should therefore be made to reduce the assessments in those cases where the increase was very high; in that connexion he said that his delegation endorsed Brazil's proposal that the Committee on Contributions should consider the question as a matter of priority.

40. The Committee should be particularly careful to avoid any anomaly. For example, the assessments of some developing exporting countries had increased while those of some developed countries exporting the same products had been reduced, which led one to wonder whether the statistical data used as the basis for the calculations were entirely comparable.

41. All the expenses of States should be taken into consideration. For example, to include military expenditure in some cases and not in others rule out all possibility of comparison.

42. Furthermore, every effort should be made to avoid the kind of situation mentioned by the Australian delegation. An error in calculation could make a difference of hundreds of thousands of dollars in the contribution of a Member State.

43. However, those observations should not be construed as criticism. Pakistan was prepared to accept the scale of assessments established by the Committee, since it was a compromise acceptable to all.

44. He expressed his appreciation of those countries which were continuing to make contributions on the basis of assessments which they had not accepted. The People's Republic of China should also be congratulated for having decided to contribute voluntarily to lightening the burden which the developing countries would have had to bear as a result of the reduction in its assessment.



45. Mr. MINCHEV (Bulgaria) said that he thought the overwhelming majority of delegations approved of the report of the Committee on Contributions (A/34/11) and that his delegation would support the draft resolution in paragraph 78 of the report concerning the scale of assessments for 1980-1982. The Committee on Contributions had worked out a generally acceptable solution by applying the guidelines set by the General Assembly; it had granted additional reductions to States having a small per capita income and reductions in the case of countries which had suffered natural disasters or had other exceptional problems. The Committee had confirmed the position of Bulgaria, which had always considered that United Nations expenses should be apportioned on the basis of each State's capacity to pay, national income being the sole determining criteria in that regard. The method applied, which took into account the economic situation of Member States, was the only possible one at the present time. The seven-year statistical base period adopted a few years earlier made it possible to avoid sharp variations of individual rates of assessments between two successive scales.

46. His delegation also thought that it was illegal to apply Article 19 of the Charter, which related exclusively to contributions by Member States to the regular budget of the United Nations, to peace-keeping operations.

47. In addition, it should be remembered that the group of socialist countries had been in favour of enlarging the membership of the Committee on Contributions from 13 to 18, on the understanding that each of the five geographical regions would have at least one more representative. His delegation insisted on the implementation of that agreement and the inclusion of one more representative of the socialist countries in the Committee on Contributions in order to remedy the current situation, which was contrary to the principle of equitable geographical distribution.

48. In conclusion he said that his delegation had reservations regarding the increase in Bulgaria's contribution for 1980-1982, which had been raised by 0.02 per cent; it hoped that when the next scale of assessments was drawn up account would be taken of a number of important factors and in particular those countries' capacity to pay and of the possibilities for securing hard currencies.

49. Mr. GODFREY (New Zealand) congratulated the Committee on Contributions on having taken into account the problems of a number of developing countries. He also welcomed the initiative of the People's Republic of China in agreeing to pay a contribution higher than that which it would normally have to pay in accordance with the usual criteria under which assessments were based on the national statistics furnished by the country concerned; that initiative had facilitated the task of the Committee on Contributions and had made it possible to avoid increasing still further the assessments of certain countries.

50. His delegation would prefer a base period slightly shorter than the seven-year period used by the Committee on Contributions but it was in favour of the other criteria used by the Committee and would not want any other changes to be made in them at the present time. Moreover, it had been suggested that statistics for the financial year rather than for the calendar year should be applied because where those two periods differed the assessments of States could be affected, as the representative of Australia had observed at the preceding meeting. Although it was

(Mr. Godfrey, New Zealand)

doubtful that an adjustment of the official statistics would have changed the assessment of New Zealand, whose financial year ended on 31 March, his delegation nevertheless felt that in the future the Committee on Contributions should adjust the statistics submitted by States whose financial year did not coincide with the calendar year.

51. His delegation supported the draft resolution recommended by the Committee on Contributions in its report.

52. Mr. BOUAYAD-AGHA (Algeria) paid a tribute to the Committee on Contributions, which, despite the difficult problems confronting it, had reached conclusions which had the merit of being clearly expressed. The scale proposed for 1980-1982 was once again characterized by draconian revisions of assessments in comparison with the previous scale: thus the assessments of 39 States had been increased and those of 15 others had been reduced. As an example of a considerable variation, it was to be noted that the Committee on Contributions proposed that Saudi Arabia's assessment should be doubled while that of China should be reduced by two thirds, which would make China twelfth instead of sixth among the largest contributors. While the revision of China's assessment was based on statistics which it had presented, it was not desirable rigidly to apply statistics in general when they distorted the balance of a scale by reducing the assessment of certain developed countries, including two members of the Security Council, to the detriment of certain developing countries. However, he wished to pay a tribute to China for having decided to make a contribution larger than the assessment established for it for the next three years.

53. Algeria, whose assessment had been further increased, thought that the Committee on Contributions had not taken into account the fact that although the income of certain developing countries was growing thanks to the increase in the prices of raw materials, the countries in question needed that income to develop their economies, which had been plundered by colonialism or foreign occupation, whereas the developed countries had been able to place their economies on a firm foundation thanks to the permanent wealth which they had accumulated. The Committee on Contributions would have to take into account the persisting disparities between developed and developing countries, for the criteria of per capita income used to determine capacity to pay did not reflect the real wealth of developing countries; more complete information was needed.

54. His delegation asked the Committee on Contributions on what criterion it had based itself in reducing the assessments of some Member States and why it recommended an increase in the assessments of developing countries in order to reduce those of some developed countries. It was time to study the possibility of placing a ceiling on increases in contributions in order to avoid extreme variations between successive scales.

55. Mr. GUDMUNDSSON (Iceland) said that if his delegation, which usually listened more than it talked in the Fifth Committee, was taking the floor it was because it felt that it was not realistic to increase by 50 per cent the assessment of Iceland, which would rise from 0.02 per cent to 0.03 per cent, contrary to the principle of capacity to pay and to the Committee's terms of reference, which

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(Mr. Gudmundsson, Iceland)

stipulated that methods should be utilized which avoided excessive variations of individual rates of assessment between successive scales. Actually, it appeared from a study on assessments for the allocation of United Nations expenses and on gross national product based on World Bank figures for 20 countries that Iceland's United Nations assessment should not be higher than 0.02 per cent. One of the reasons why Iceland's assessment was too high was that the Committee on Contributions had considered not the real economic situation of that country but only the statistics, which were based on arbitrary rates of exchange existing at a given point in time, whereas the Icelandic krona was depreciating daily, so that the statistics did not reflect Iceland's true economic situation. That contention was borne out by the dissenting opinion of Mr. El-Shibib appearing in paragraph 80 of the Committee's report (A/34/11); the Committee should therefore reconsider Iceland's capacity to pay. Also, while it was stated in paragraph 46 of the Committee's report that the Committee had made certain downward adjustments in rates of assessment in order to take account of natural disasters and other compelling economic factors, the Committee had not allowed Iceland any reduction following the volcanic eruption of January 1973, an economic disaster from which the country had not yet recovered.

56. If Iceland's contribution was increased as proposed in the scale, it would mean that whereas in 1978 Iceland had been making a contribution of \$265,000 to the United Nations family, which amounted to \$1.20 per capita or almost the same as the United States, its contribution would be increased to \$1.80 according to the proposed scale. The per capita income figures did not give an accurate picture of Iceland's economic situation, for they did not take into account either the devaluation of the Icelandic krona, the rate of exchange for which had risen from 96.80 kronur to 380 kronur to the dollar during the period in question, or the rate of inflation, which would reach 55 per cent in 1979, or other factors.

57. His delegation therefore thought that the increase in Iceland's assessment must be simply the result of a mistake, which should be corrected. Until the Committee on Contributions reconsidered Iceland's assessment, Iceland would not be in a position to vote in favour of the Committee's report.

The meeting rose at 1.10 p.m.