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FIFTH COMMITTEE
22nd meeting
held on
Friday, 21 October 1977
at 10.30 a.m.
New York

SUMMARY RECORD OF THE 22nd MEETING

Chairman: Mr. TALIEH (Iran)

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

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AGENDA ITEM 106: SCALE OF ASSESSMENTS FOR THE APPORTIONMENT OF THE EXPENSES OF THE
UNITED NATIONS: REPORT OF THE COMMITTEE ON CONTRIBUTIONS (continued)

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The meeting was called to order at 10.30 a.m.

AGENDA ITEM 106: SCALE OF ASSESSMENTS FOR THE APPORTIONMENT OF THE EXPENSES OF THE UNITED NATIONS: REPORT OF THE COMMITTEE ON CONTRIBUTIONS (continued) (A/32/11, Add.1 and Corr.1 and Add.2)

1. Mr. KOH (Singapore) said that, in a letter dated 19 July 1977 addressed to the Chairman of the Committee on Contributions, the Government of Singapore had announced that it had decided to withhold payment of its contribution to the regular budget of the United Nations pending reconsideration by the Committee on Contributions of the rate of assessment for Singapore. As stated in its report (A/32/11), the Committee had decided not to reduce the assessment for Singapore - which had increased from 0.04 per cent for the period 1974-1976 to 0.08 per cent for 1977 - in the new scale, the reason given being that Singapore's national income had doubled between 1969-1971 and 1972-1974.

2. In measuring Singapore's capacity to pay, the Committee had compared the absolute value of Singapore's national income in current prices for the period 1972-1974, converted into United States dollars, with the corresponding figures for the period 1969-1971. In so doing, however, it had not taken account of two factors. First, the Singapore dollar had appreciated against the United States dollar by about 20 per cent between 1969-1971 and 1972-1974 and therefore Singapore's national income converted into United States dollars had been over-estimated by that amount. Secondly, Singapore had experienced an abnormally high rate of inflation (11.8 per cent compared with a world average of 8.2 per cent), which had artificially inflated its national income in current prices by at least 3.6 per cent compared with the world income. If those figures were taken into account, it was clear that Singapore's national income as calculated by the Committee on Contributions for 1972-1974 had been over-estimated by approximately 24 per cent. Singapore's contribution should thus be reduced from 0.08 per cent to 0.06 per cent.

3. In its report to the General Assembly at its thirty-first session (A/31/11), the Committee on Contributions had considered the possibility of measuring capacity to pay on the basis not only of national income but also of net worth or wealth. In its latest report (A/32/11), however, the Committee had stated that at the present stage of statistical science, national income was the only single indicator which could be statistically compiled for all countries and therefore utilized as the principal measure of capacity to pay. In the case of Singapore, however, capacity to pay could be calculated on the basis of other indicators, too, including net worth or wealth, on which information was readily available.

4. Singapore was a small country with limited natural resources which consequently had to import practically all its food and other requirements at prices that were entirely beyond its control. Thus, it was highly dependent on foreign markets, capital and technology, and its trade balance showed a large deficit. If that trade deficit was taken into account, Singapore's true capacity to pay would

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(Mr. Koh, Singapore)

be seen more clearly and the amount of its contribution to the United Nations budget could be established more equitably. The characteristics of the economy of each country should also be taken into consideration. In the case of Singapore, a highly urbanized country virtually without an agricultural sector, national income alone was not a good indicator of capacity to pay.

5. With regard to the possibility of mitigating extreme variations in assessments between two successive scales, it had been suggested that variations upwards or downwards should be limited to 10 to 30 per cent. His delegation did not share the view of the majority of the members of the Committee that the imposition of such limits would depart essentially from the basic principle of capacity to pay. On the contrary, it thought that the imposition of a ceiling on variations in assessments between two consecutive scales would be in keeping with the General Assembly's request in resolution 31/95 A and that it would not constitute an essential departure from the principle of capacity to pay since the General Assembly itself had already decided to impose limits on the rates of assessment of the highest and lowest contributors. In view of those considerations, his delegation was studying the possibility of proposing, at the current session, the adoption of a new rule establishing a limit of 50 per cent for increases in assessments between two successive scales in order to avoid excessive variations. His delegation was also considering submitting a draft resolution revising the amount of Singapore's assessment for 1978-1979.

6. In conclusion, his delegation accepted the primary principle that the regular budget of the United Nations should be financed by Member States on the basis of their capacity to pay. It also recognized that the criterion of national income was a rough but useful indicator of capacity to pay and acknowledged that, as their economic situation improved, the developing countries should pay a larger share of the expenses of the Organization. The assessment for Singapore was nevertheless excessive.

7. Mr. SOKALSKI (Poland) said that he realized the complexity of drawing up a scale of assessments for the apportionment of the expenses of the United Nations, particularly since 83 per cent of the total budget of the Organization was assessed against 15 of the 149 Member States. That explained the imbalance which existed between the sharing of financial responsibilities among States and their participation in the decision-making process.

8. Poland, which had always conscientiously assumed its financial obligations towards the United Nations, was entitled to expect equitable treatment. At the thirty-first session of the General Assembly, however, his delegation had been unable to approve the proposed scale of assessments because the assessment for Poland had risen from 1.26 per cent to 1.40 per cent, an unjustified increase which was due to neglect of certain factors. Under the scale of assessments recommended for 1978-1979, the assessment for Poland would be increased by 0.13 per cent over that for 1974-1976 and would be only 0.1 per cent lower than that for 1977.

9. Contrary to the provisions of General Assembly resolution 31/95, Poland's

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(Mr. Sokalski, Poland)

capacity to pay - especially in view of the non-convertibility of its currency - had not been taken into consideration in calculating its assessment. The Committee on Contributions had not taken into account the representations made by Poland to make the scale of assessments more equitable. It had not improved the statistical measurement of the capacity to pay in the case of Poland - except for the fact that it had increased the statistical base period to seven years. It had also made no attempt to mitigate the excessive variation in Poland's assessment between two successive scales and had given no justification for the significant increase. His delegation could therefore not subscribe to the Committee's view that the scale recommended represented the closest formulation it could devise in implementing the directives given it by the General Assembly (A/32/11, para. 70).

10. The excessive rate of assessment for Poland was explained by a number of factors. First, the capacity and, perhaps, the will of Member States to support the United Nations financially was far from proportional to the role they played in it. Second, there was a geographical imbalance since the Fifth Committee had not yet given the Eastern European countries their rightful place in the Committee on Contributions when that body had been enlarged. Third, the unjustified increase in the assessment for Poland was attributable to the methods followed by the Committee. Despite the statements in paragraphs 3 and 64 of its report, the Committee had not taken into account the fluctuations in Poland's economic activity, Poland's ability to secure foreign currency, the deterioration in its terms of trade, or the considerable increase in its imports. Moreover, although in its report it had emphasized the difficulties encountered in assembling and comparing data on the socio-economic situation of Member States, the Committee had not hesitated to conclude in its report (A/32/11) that the rates of assessment recommended for Member States were justified in the light of the pertinent national economic data and of its terms of reference (para. 57).

11. With regard to the low per capita income formula, the fact that, prior to the previous year's adjustment of its upper limit for the allowance to \$1,800, the same formula had been used for 21 years was not a convincing argument in favour of maintaining the present limit. The limit could even be raised to \$2,500 in view of the consequences of inflation in the world. The Committee should urgently undertake that task. Lastly, the Secretariat, in particular the competent statistical units, had their share of responsibility for the unjustified increase in Poland's assessment. Poland's national income had in fact been calculated on the basis of the exchange rate used to establish the subsistence allowance for United Nations staff members who had participated in a seminar in Poland in 1973. Even if that rate had been used in certain cases for United Nations operations, it should certainly not have been used to calculate Poland's national income for the purpose of establishing its rate of assessment.

12. Moreover, the Statistical Office of the United Nations had stated that in calculating the national incomes of countries with planned economies it had used

(Mr. Sokalski, Poland)

the average effective rate of exchange communicated to the Secretariat by the Governments of those countries and published in the Monthly Bulletin of Statistics of the United Nations. His delegation had studied the relevant issues of the bulletin and had noted that until September 1976 the monthly rates of exchange indicated for Poland had been almost twice as high as those used by the Statistical Office for the period 1969-1975. As of October 1976, those rates had been replaced in the bulletin, retroactively, by a new and much lower rate of exchange, namely the rate used by the Committee on Contributions at its spring session in 1976 when the controversy had started.

13. For those reasons, his delegation could not support the scale of assessments proposed for 1978-1979 in document A/32/11.

14. Mr. DE ROSARIO (Philippines) said that, pending the establishment of a systematic method of assembling statistical data to measure national wealth, the Committee should continue to take national income as an indicator of capacity to pay. Member States should strive to provide the required data on time, either through the Statistical Commission or through the regional economic commissions, so that the Committee on Contributions would not have to rely on data which might be out of date. Member States should also be able to transmit additional data to the Chairman or Vice-Chairman of the Committee. The Committee might perhaps, in certain cases, refer also to national income statistics prepared by the World Bank. His delegation felt that, because of the introduction of a floating exchange rate between the United States dollar and other currencies, further studies should be made to ensure fairer comparison of national incomes.

15. Notwithstanding the views expressed by the Committee on Contributions in paragraph 37 of its report (A/32/11), his delegation would have no objection to the length of the base period being adjusted at the discretion of the Committee, if that could promote the formulation of an equitable scale of assessments. His delegation welcomed the relief granted by the Committee on Contributions to the countries with low per capita income which were most seriously affected by economic problems. External indebtedness continued to place a heavy burden on developing countries. In the case of the Philippines, for instance, 20 per cent of export earnings was used for debt servicing. The Committee on Contributions should also continue to take account of the devastating effects of natural disasters, the falling prices of commodity exports, the rising prices of imports, particularly energy requirements, and other economic factors.

16. His delegation shared the views expressed by the representative of Singapore and considered that the Committee on Contributions should look further into the impact of inflation and currency fluctuations on the economy of a country, since they artificially raised its national income and capacity to pay.

17. The Philippine delegation favoured the application of the proposed scale for the period 1978-1979, which would in effect complete the triennial cycle. It supported the recommendation made by the Committee on Contributions in paragraph 93

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(Mr. De Rosario, Philippines)

of its report concerning arrangements to be made with the Secretary-General for the payment of contributions in currencies other than the United States dollar, and the scale of assessments given in paragraph 98 for the years 1978 and 1979.

18. Mr. KITTANI (Iraq) noted that at the current session the Fifth Committee was required to decide whether the report of the Committee on Contributions (A/32/11) responded to the requests made by the General Assembly in its resolution 31/95. He wished first and foremost to emphasize that the main concern of his delegation had never been to obtain a reduction in Iraq's assessment but to study how the outdated method of establishing the scale of assessments, which had been followed for years, could be adapted to economic, social and political reality. No comment regarding the report of the Committee on Contributions should be interpreted as a criticism of its Chairman or its members, who enjoyed the confidence of the Assembly which had elected them.

19. His delegation attached particular importance to three criteria which it had already emphasized the previous year: firstly, the lowering of the floor, in order to lighten the burden of the countries with the least capacity to pay, had already been the subject of a General Assembly decision, which the Committee on Contributions had simply had to implement in formulating the scale of assessments.

20. Secondly, there had been general agreement the previous year on another criterion: the need to avoid excessive variations in assessments between two successive scales. Although since 1951 the Committee on Contributions had no longer been following the rule that no State's assessment should be increased by more than 20 per cent between two scales, the contribution of a State should nevertheless not increase indefinitely. In its resolution 31/95 A, the General Assembly had therefore requested the Committee on Contributions to take that important factor into account. Yet the Committee's report did not respond satisfactorily to that request and seemed to defend the method which the Committee had followed so far and would continue to follow unless it was given other precise instructions; for example, in paragraph 22 of its report, the Committee stated that national income was the only single indicator, while reluctantly agreeing that the examination of a broad range of indicators had been valuable and that they might be taken into account in individual cases. It was regrettable, moreover, that the Secretariat services, on which the Committee on Contributions depended, had not properly followed up the recommendations of the General Assembly.

21. With regard to the third criterion - the continuing disparity between the economies of developed and developing countries - the Committee on Contributions indicated in paragraph 44 of its report that there was no single and universally accepted definition of countries to be designated as developing; yet it had indicated the preceding year that the list of developing countries was the same as the countries in the Group of 77. Thus the Committee on Contributions should perhaps be instructed to ensure that the total percentage of the budget to be paid by the developing countries did not increase as long as the gap between developed and developing countries continued to grow, and it should be given the list of developing countries.

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(Mr. Kittani, Iraq)

22. While reluctantly accepting the scale formulated for the next two years, his delegation wished to emphasize that the General Assembly must, before the Committee on Contributions met again to draw up the next triennial scale of assessments, give that Committee very specific instructions on the maximum possible percentage variations between two successive scales and on the relative share of the developing and developed countries.

23. Mr. WOLFF (United States of America) paid a tribute to the Committee on Contributions for its efforts to reconcile the divergent views expressed the preceding year. He noted that in paragraphs 10 to 22 of its report, the Committee summarized its efforts to develop economic and social indicators additional to the aggregate of national income expressed in monetary terms. The Committee concluded, in paragraph 22, that national income was the only single indicator which could be utilized as the principal measure of capacity to pay.

24. Referring to paragraph 51 of the report, he noted that the effect of the low per capita income formula had been to transfer 5.81 percentage points, equivalent to over \$23 million, from the low per capita income countries to the high per capita income countries, as explained in paragraph 60. It was revealed in paragraph 54 that, despite the differences of opinion in the Committee on Contributions over the justification of further mitigations in the scale as a result of the low per capita income formula and the extension of the base period to seven years, it had been decided to make further reductions in assessments. There had thus been three tranches of reductions: first, those resulting from the application of the low per capita income formula; second, those resulting from the extension of the statistical base period to seven years; and, third, those further mitigations which were left to the discretion of the Committee on Contributions. It was pointed out in paragraph 64 that, in the 1977 scale, 117 developing countries were assessed at 11.73 per cent of the Organization's budget, while the remaining 27 Member States had to finance 88.27 per cent of the budget. According to his delegation's calculations, in the scale proposed for 1978-1979, the 27 developed countries would pay 89.04 per cent - a situation which might have serious consequences for the financial sovereignty of the Organization.

25. With reference to paragraphs 99 to 102 of the report, he noted that some members of the Committee on Contributions had found it anomalous that developing countries with huge national incomes and sizable amounts of available foreign currency had been afforded reductions at the expense of other countries with severely depressed economies.

26. His delegation wondered whether the problem lay in the capacity-to-pay principle, in so far as it was logically at variance with the principle of the sovereign equality of all Members proclaimed in Article 2, paragraph 1, of the Charter. Consideration should perhaps be given to a new General Assembly formula, for there was currently a discrepancy created by the basic sovereignty formula, which was at great variance with the universally accepted principle of equality for all: "one man, one vote". For that reason, since his delegation believed that Member States should share the responsibilities as well as the benefits of the United Nations, it would be unable to vote for a scale of assessments which accorded insufficient responsibilities to those countries whose incomes had risen dramatically.

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27. Mr. AKASHI (Japan), recalling the controversy created the previous year by the scale of assessments, welcomed the report of the Committee on Contributions, which was far more detailed than previous reports. At the thirty-first session, the Japanese delegation had expressed the view that sudden increases in assessments should be avoided, since they might pose problems for the countries concerned, and that it would be desirable to combine national income with other indicators based on national wealth and national welfare. It was glad to note that the Committee on Contributions had examined those questions in depth. It was important to bear in mind the basic difference between the mature developed countries and the newly developed countries, even if their national income data were similar on the surface, in the same way as a distinction should be made between the more developed and the less developed developing countries.

28. His delegation welcomed the recommendation of the Committee on Contributions that the statistical base period should be extended from three to seven years; that extension would serve partially as a substitute for national wealth criteria and would mitigate the effects of sudden changes in the scale of assessments. It was to be hoped that the Committee on Contributions and the Secretariat would try to devise more equitable methods of assessing capacity to pay, in accordance with the wish expressed by the General Assembly in resolution 31/95. While it was unfortunately impossible at present to devise a single indicator of the level of socio-economic development, it was encouraging to note that the United Nations would shortly publish international guidelines for the preparation of data on national wealth, and that the Committee on Contributions would explore further the method of converting national currencies into a common unit. His delegation had great sympathy for the economic and social situation of the developing countries. It considered that the application of the low per capita income formula, as well as the extension of the base period and individual consideration of certain countries' cases of hardship, should considerably alleviate their difficulties.

29. It was recommended that Japan's assessment should be 8.64 per cent for the coming biennium, which was 0.02 points lower than its assessment for 1977 but 20 per cent higher than its assessment for 1974-1976, although the Japanese Government was facing serious fiscal problems. His Government was happy to share in the cost of financing the United Nations, to which it attached great importance, but public and parliamentary opinion in Japan considered that there was incongruity between Japan's increasingly heavy financial responsibility and the rather limited role which it played in the Organization.

30. The principle of capacity to pay, with which Japan whole-heartedly agreed, had already been modified for political reasons with regard to the ceiling and the floor. It was unsound for a small number of countries to finance such a large share of the Organization's budget. In accordance with the principle of collective financial responsibility, all Member States - rich or poor - had an equal stake in the Organization, which was not inconsistent with a reasonably differentiated and fair sharing of the financial burden.

31. Mr. OLAITAN (Nigeria) emphasized that his delegation had been unable to approve the Committee's report at the previous session not because it was reluctant to give its financial and moral support to the United Nations, since Nigeria had

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(Mr. Olaitan, Nigeria)

not only been prompt in paying its assessed contribution, but had also made contributions on a voluntary basis. The reason why it had advocated no change in the scale of assessments was that it had found the steep increases in the contributions of certain States and the equally sharp reductions in the contributions of others to be irreconcilable with economic realities.

32. It was gratifying to his delegation that the new report of the Committee on Contributions (A/32/11) went farther in scope and depth than the preceding report. The Committee was moving away from the traditional methodology applied in computing national income, especially since the General Assembly had established capacity to pay as the fundamental criterion on which to base the scale of assessments. The Committee had identified a wide range of factors which could be applied to adjust the national incomes of States: for example, it had recognized that data relating to national wealth and net national welfare would not only enlarge the basis for measuring capacity to pay, but would serve to measure the infrastructure of a country (para. 18); that countries whose incomes had increased substantially in recent years, but which did not have well-developed infrastructures should refrain for some time to come from devoting large proportions of their national income to consumption (para. 21); and that the national income of certain countries depended to a large extent on the export of non-renewable natural resources (para. 25).

33. It was clear from the comments of the Committee on Contributions that the United Nations and the specialized agencies should give more priority to the collection of statistical and other data in order to facilitate the task of future Committees. Moreover, the Committee had raised many questions in its report to which answers would have to be found in order to relieve certain States of the burden which they continued to bear.

34. His delegation had no difficulty in supporting the draft resolution on the scale of assessments proposed by the Committee, on the understanding that it would apply only to the biennium 1978-1979.

35. Mr. FERNANDEZ MAROTO (Spain) said that compared with the previous reports of the Committee on Contributions, the report before the Committee represented a considerable improvement and the Committee should be commended for the high quality of its work and its efforts to carry out the instructions of the Fifth Committee. The information in the report was a remarkably accurate reflection of the real situation.

36. His delegation regarded as fair the variations proposed in the scale of assessments for 1978-1979 for the assessments of the developing countries, the least developed countries and the most seriously affected countries.

37. Recalling that the basic principle governing the apportionment of the expenses of the United Nations was "capacity to pay", he noted the rather pejorative criticism of statistics reflected in resolution 14 (I), which suggested that it was difficult to measure that capacity solely by statistical means and impossible to arrive at an accurate formula. For his part, there was no question that statistical

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(Mr. Fernandez Maroto, Spain)

data for a given period had to be used to measure capacity to pay. Since that capacity varied over time, the ideal would be to measure it as accurately as possible at a time as near as possible to the time when the "payment" was to be made if the results were to be a truer reflection of the real situation. Consequently, his delegation attached great importance to the decision of the Committee on Contributions to base the scale of assessments for 1978-1979 on national income statistics for the years 1969-1975. If that decision had been intended to mitigate the excessive variations in the contributions of the various Member States, it appeared to have fulfilled its purpose.

38. However, the arbitrary selection of that seven-year base period entailed the re-use of economic statistics which had been applied to the scales of previous financial years, thus creating a distortion which would have to be corrected, as shown by the views expressed in the Committee on Contributions and referred to in paragraph 40 of its report (A/32/11). By using data for the years 1969-1975, the Committee had minimized the special weight which should have been given in establishing the rates of assessments of certain countries to the deterioration in their economic situation during the last few years of the base period.

39. For example, the rate of assessment for Spain, which had risen from 0.99 for 1974-1976 to 1.53 for 1977, had been kept at the same level despite the fact that it could logically be expected to be reduced to take account of the fact that Spain's economic situation had indisputably deteriorated at the end of the period. Instead, account appeared to have been taken of the favourable turn of the economy during the first few years of the period in order to maintain the rate and the use of statistical data for the years 1969-1975 had not reduced it, as Spain had been entitled to expect. He therefore did not see how the proposed new scale could reflect the fluctuations in his country's real capacity to pay during the last few years of the 1969-1975 period.

40. He wished to know how many Member States had submitted statistical data for the year 1975 to be taken into account in the scale to be established by the Committee on Contributions. The reply to that question would enable him to determine precisely what weight the year 1975 had been given in the seven-year base period used by the Committee to establish the proposed scale. It would hardly be fair to use that seven-year base period for a certain number of Member States and another or shorter period for others.

41. He had strong doubts that the arbitrary change in the statistical base period would automatically produce a fairer United Nations scale of assessments. By extending the base period, it might be possible to mitigate differences from one scale to another, but there was no question that in that event, it would no longer be possible to evaluate the economic variations experienced by Member States at certain periods as accurately and therefore, the data did not reflect the real situation sufficiently to measure the real capacity to pay of each of those States at a given moment.

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(Mr. Fernandez Maroto, Spain)

42. For all those reasons, he felt that the base period adopted by the Committee on Contributions was too long and that it might be advisable to use a two-year period which coincided with the biennial budget cycle, or even a one-year period, because the Committee would then have data for a period as near as possible to the time when payment had to be made and would be in a better position to pinpoint the immediate economic realities of Member States, which determined their real capacity to pay at any given moment.

43. With regard to the prospects of improving the statistical measurement of capacity to pay, his delegation did not entirely share the view stated by the Committee on Contributions in paragraph 22 of its report that "... in the present stage of statistical science, national income is the only single indicator which can be statistically compiled for all countries and therefore utilized as the principal measure of capacity to pay". In the first place, the problem was not a scientific one, but a purely practical one and it was therefore inappropriate in that context to speak of "statistical science". On the other hand, it should not be impossible to adopt a composite indicator which would combine net national income with certain other economic and social indicators, duly selected, weighed and examined so as to eliminate any considerations which might militate against a fair evaluation of capacity to pay. The problem of weighing indicators was not insoluble and if that was done, the base figure reflecting capacity to pay could be further refined. Consequently, the Committee on Contributions, which recognized in paragraph 22 of its report, that its examination of a broad range of economic and social indicators had been valuable, should not merely take them into account in specific cases, but should explore the matter in greater depth and propose an objective and general system so as to avoid being reproached for inertia and conservatism.

44. Although his delegation was grateful to the Committee on Contributions for allowing him to provide additional information, it was compelled to observe that the rate of assessment for Spain was the same as in 1977. The Committee had probably exercised its discretionary powers in that connexion. He recalled that he had requested the Committee at the previous session to provide the Fifth Committee with all the basic documentation utilized to establish the scale of assessments and that once again, that had not been done.

45. His delegation acknowledged that the Committee on Contributions had done an excellent job thus far, but it felt strongly that its technical quality should be improved and it should be more open so that it would not have to use its discretionary power as it had done in the past. To that end, he suggested a system of rotation of all Member States so that they could participate in the Committee's work in order to ensure a fair and equitable apportionment of the expenses of the Organization. It was in the general interest not to create categories of permanent or quasi-permanent members in the Committee on Contributions.

46. Mr. LIPATOV (Ukrainian Soviet Socialist Republic) noted with satisfaction that the Committee on Contributions had tried to adopt decisions that were fair and acceptable to all and had taken account of the wishes expressed by the General Assembly at its thirty-first session; in addition, the Committee's latest report contained more information than the preceding one.

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(Mr. Lipatov, Ukrainian SSR)

47. The Committee on Contributions had given detailed consideration to the possibility of applying additional statistical indicators and criteria in determining the capacity to pay of Member States and had studied other proposals submitted at the thirty-first session of the General Assembly. The results of that analysis confirmed that the method currently used to determine the scale of assessments was a sound one and that national income was a reliable indicator which could be calculated in statistical terms for all countries. His delegation also endorsed whole-heartedly the Committee's conclusion reaffirming the fact that national income data in current prices provided a sufficiently accurate picture of the economic situation of countries and was the principal indicator by which their capacity to pay could be measured.

48. The Committee on Contributions had taken account of the interests of the developing countries by recommending that the assessment of 66 States should be reduced to 0.01 per cent and by taking into consideration the special problems of the developing countries as well as the situation of countries with the lowest national income. In determining countries' real capacity to pay, the Committee had also tried to mitigate excessive variations in assessments.

49. Although his delegation recognized that the Committee on Contributions had been compelled by circumstances to double the base period used in establishing the scale of assessments, it felt that that action must not set a precedent for the work of the Committee.

50. Finally, it supported the conclusions and recommendations of the Committee on Contributions and would vote for the draft resolution submitted by the Committee in its report.

51. Mr. SHAHUDDIN (Malaysia) said that he wished to congratulate the Committee on Contributions for its effort to respond to the requests made by the General Assembly in resolution 31/95 even though his delegation was aware that the new scale of assessments proposed for 1978-1979 could not satisfy all Member States. The Committee had also tried to improve the statistical indicators of relative capacity to pay; however, since it was difficult to combine national income figures with other socio-economic factors so as to establish a single comprehensive indicator, the Committee had concluded that national income would continue to be the principal indicator that could be used to measure capacity to pay.

52. Only two new elements had been introduced in computing the scale of assessments, namely a lowering of the minimum assessment to 0.01 per cent and an extension of the base period from three years to seven. Although under the new scale its assessment showed an increase of 29 per cent over the rate for 1974-1976, his country was prepared to meet its financial obligations to the United Nations. However, it appreciated the special problems of certain countries, such as Singapore, and felt that they should receive due consideration in computing those countries' assessments. Conscious of the difficult task faced by the Committee on Contributions in developing a formula that took account of the divergent views expressed at the thirty-first session of the Assembly, his delegation was prepared to join in the consensus which it trusted would emerge despite the reservations of some delegations.

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53. Mr. NAUDY (France) said that the report of the Committee on Contributions (A/32/11), which was the direct result of the recommendations adopted by the General Assembly the year before after lengthy discussion, represented a compromise and therefore could not very well satisfy all Member States. The task entrusted to the Committee - that of formulating new criteria, refining old ones and mitigating extreme variations in assessments between two successive scales - sometimes spilled over from the realm of methodology into that of politics; however, his delegation agreed with the Chairman of the Committee on Contributions that the latter nevertheless should not transform itself into a negotiating body. The Committee's report, which was more comprehensive than in the past and contained not only valuable information but also a detailed analysis of the Committee's thought processes, would surely constitute a milestone.

54. It was true that the method applied by the Committee sometimes produced questionable results, and his delegation shared to some extent the reservations expressed by three members of the Committee (paras. 99-102 of the report); it also sympathized with the position of the Australian delegation that States' capacity to pay should be their present capacity.

55. Inasmuch as special situations called for special remedies, his delegation would, in the absence of a better solution, endorse the compromise worked out by the Committee on Contributions provided that it was supported by a broad majority in the Fifth Committee. That compromise reflected the recommendations made the previous year, particularly with regard to the possibility of extending the statistical base period (para. 4 (b) of resolution 31/95 A) and the possibility of applying "mitigations", even though the steps taken in that regard had drawn criticism. However, that compromise could not constitute a precedent for the future, and, if present circumstances changed, it might be possible, as the representative of the Federal Republic of Germany had suggested, to return to a formula under which the scale of assessments was gradually adjusted to changing economic conditions so as to arrive at a more equitable balance in applying the criteria used to determine relative capacity to pay, while at the same time carrying out "mitigations". It would be for the General Assembly to decide on that possibility when the time came.

56. Mr. HASSAN (United Arab Emirates) observed that, although most of the 99 Member States whose assessments were reduced under the scale proposed for 1978-1979 were developing countries, three of them were great Powers and nine others were members of the Committee on Contributions. The previous year, during the discussion of the scale of assessments, his delegation had stated that increasing the assessments of countries merely served to widen the gap between the developing and the developed countries, which was contrary to the objectives of the United Nations. It had been surprised at the action taken to increase his country's assessment from 0.02 per cent to 0.08 per cent and had requested a revision of the scale, but that proposal had unfortunately not been adopted and the scale proposed for 1977 had been applied.

57. His country's proposed assessment for 1978-1979 was 0.07 per cent, representing an increase of 350 per cent over the figure for 1974-1976. His delegation was not opposing that substantial increase because it applied only to the biennium

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(Mr. Hassan, United Arab Emirates)

1978-1979, but in the future it would object to any similar increase. It felt that variations between two successive scales should not exceed a certain percentage and that a resolution should be adopted on the matter. Moreover, relevant indicators should be taken into account in determining capacity to pay, for the national income of a country was related to its resources. His country, for example, derived 99 per cent of its income from oil, which was a non-renewable raw material, but, since the international economic situation had forced it to increase its production, it was running the medium-term risk of exhausting its national wealth.

58. It was stated in paragraph 21 of the report of the Committee on Contributions that "countries whose incomes have increased substantially in recent years but which do not have well-developed infrastructures must, of necessity, refrain for some time to come from devoting to consumption large portions of their national income before they are in a position to match mature developed countries in terms of the latter's accumulated wealth". His country had to continue with its national development plan in order to abolish the evils of ignorance, disease and poverty which were its inheritance from 150 years of imperialism. It had to provide itself with an army and with public services. In addition, it was providing assistance to developing countries, particularly low-income Arab countries, so as to help them to narrow the economic gap separating them from the developed countries. That was a sacred duty to which his country devoted 25 per cent of its income. In the same spirit, it had contributed more than \$9,410,000 to international organizations and programmes in 1975 and 1976. It considered that to be a mark of sound policy in the matter of expenditure.

The meeting rose at 1 p.m.