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Chairman: Mr. Najib BOUZIRI (Tunisia).

AGENDA ITEM 80

Scale of assessments for the apportionment of the expenses of the United Nations: reports of the Committee on Contributions (continued) (A/5810 and Add.1, A/6010; A/C.5/1032)

1. Mr. QUIJANO (Argentina) paid a tribute to the work of the Committee on Contributions and the clarity of the explanatory remarks made by its Chairman at the 1093rd meeting. That Committee's efforts had made it possible to establish a more equitable scale of assessments and to take into account, to the fullest possible extent, the views expressed by the various Member States. The Committee on Contributions had also succeeded in solving the problem of comparing the national product statistics of Member States with different social and economic systems. His delegation would vote for the scale of assessments proposed for the financial years 1965, 1966 and 1967 (A/6010, para. 21), for it was convinced that the scale correspond to the actual capacity to pay of the various Member States.

2. He noted that the increase in rates of assessment concerned solely the countries of the northern hemisphere. That confirmed the view, often expressed at the United Nations Conference on Trade and Development, that the gap between the countries of East and West was less marked than the gap between the countries of the northern and southern hemispheres. Argentina, which was essentially a producer of raw materials and foodstuffs, had suffered a continuous deterioration in its terms of trade over the past three years. Argentina's case was particularly typical in that its rate of assessment, which had been fixed at 1.94 per cent of the 1946 budget, had been further reduced and represented only 0.92 per cent under the new proposed scale. However, those successive reductions gave no satisfaction to the Argentina Government, for they merely reflected an unfavourable economic situation which was slowing down the country's development.

3. In its resolution 1927 (XVIII), the General Assembly had drawn the attention of the Committee on Contributions to the economic and financial problems facing the developing countries. As its Chairman had pointed out, the Committee on Contributions had taken that resolution into account when establishing the new scale of assessments. Argentina, along with Brazil, India, Nigeria, Senegal, the United Arab Republic and Yugoslavia, considered that the Assembly should request the Committee on Contributions to continue to be mindful of that factor in its subsequent revisions of the scale of assessments. On behalf of those countries, he submitted an amendment to that effect (A/C.5/L.847) to the draft resolution in paragraph 21 of the Committee's latest report (A/6010). The amendment simply repeated operative paragraph 2 of General Assembly resolution 1927 (XVIII), without prejudice to the principles laid down by the Assembly in other resolutions. Subject to adoption of the proposed amendment, his delegation would vote for the draft resolution.

4. Lastly, he took note with satisfaction of paragraphs 16 and 17 of the latest report of the Committee on Contributions which, he hoped, marked the end of the financial crisis which had shaken the United Nations in recent months. His delegation attached very great importance to those two paragraphs.

5. Mr. CZARKOWSKI (Poland) said that because of the rapid growth of the Organization's budget, the question of the scale of assessments had assumed particular importance in recent years. Even a small change in a Member State's percentage of assessment brought about a considerable increase in its contribution. For those reasons it was important that the scale of assessments should be established on an equitable basis. Having considered the report of the Committee on Contributions, however, his delegation had reached the conclusion that the revised scale had a number of major drawbacks. It therefore had doubts about the criteria governing the establishment of the assessments and the application of those criteria by the Committee on Contributions.

6. The criterion of comparative income per head of population had been applied in such a manner that the scale presented several anomalies, at the expense of the developing countries and countries whose per capita national income fell between \$500 and \$1,000. Thus, the Committee on Contributions had recommended a reduction in the rate of assessment of seven developed countries, and an increase in those of three developing countries, while leaving unchanged the rates of forty-two other developing countries. But the statistics for the period used by the Committee on Contributions as a base for comparing per capita national incomes showed that the national income of

six of the seven developed countries in question had increased by \$130 to \$237 per head, whereas it had increased by less than \$100 per head in forty-four of the forty-five under-developed countries mentioned and, in the case of Malaysia, had even declined by \$11. The fact that the Committee on Contributions had applied the criterion of per capita national income in an unsatisfactory manner was demonstrated by the example of Belgium and Chile: each of those countries had registered a 15.1 per cent increase in its per capita income during the reference period; yet, in the revised scale, Belgium's rate of assessment had been reduced while Chile's had been increased. Unfortunately, no explanation of that phenomenon was given in the report of the Committee on contributions.

7. The second criterion to be applied by the Committee on Contributions in determining the rate of assessment of each Member State was the ability of Members to secure foreign currency. Yet there was nothing in that Committee's report to indicate that the criterion had been fully applied. On the contrary, the changes in the revised scale gave rise to a paradoxical situation. All the members of the Fifth Committee were fully aware of the immense difficulties experienced by the developing countries, because of the very structure of their economies, in securing foreign currency. Moreover, as was indicated in the World Economic Survey, 1964,^{1/} those difficulties had recently grown considerably more acute. Yet, notwithstanding their deteriorating balance of payments, three developing countries had had their rates of assessment increased and there had been no reduction in the case of forty-two others, whereas quite a few developed countries had had their rates reduced although their balance of payments position was far from unfavourable.

8. With regard to Poland, which belonged to the group of countries with per capita incomes between \$500 and \$1,000, it was well known that its reserves of Western currency, in which contributions to the United Nations had to be paid, were very limited. Nevertheless, that factor had not been taken into account in fixing the Polish contribution, which had been increased by more than 13 per cent without any justification. In that connexion, it should also be pointed out that the Western countries which, except for the United Kingdom, had no currency problems, benefited from the fact that most expenditure under the regular budget was made in Western countries.

9. It was therefore open to question whether the Committee on Contributions had applied resolution 1927 (XVIII), in which the General Assembly had requested it "in calculating rates of assessment, to give due attention to the developing countries in view of their special economic and financial problems". The amendment submitted by Argentina and six other countries confirmed the Polish delegation's doubts. It was clear that the richest countries enjoyed privileged treatment in the scale of assessments, which was contrary to the generally recognized principle of progressive assessment and to the trend towards improving the situation of the developing countries accepted by the international community as a result

of the United Nations Conference on Trade and Development.

10. With regard to the relationship between the different principles and factors to be taken into account in establishing assessments, in his delegation's opinion the Committee on Contributions had relied too heavily on the criterion of per capita income in a situation where the methods of comparing different national accounting systems were still imperfect, and it had not paid sufficient attention to the important factor of the ability of Members to secure foreign currency. His delegation considered, moreover, that the "ceiling" and "per capita ceiling" principles should be, if not modified, at least applied in a new way. The system of progressive assessment at present adopted for the apportionment of the Organization's expenses in fact only covered States whose per capita income was below \$1,000. It was not progressive for States whose per capita income was higher. When the Committee on Contributions made the review envisaged in paragraph 28 of its report to the nineteenth session (A/5810), it should consider that situation and the consequences of applying the two principles in question.

11. The General Assembly should give further instructions to the Committee on Contributions, so that it would pay full heed to the fundamental principle that the Organization's expenses should be apportioned among Member States in accordance with their capacity to pay. A solution to the problem could not, of course, be found at the present session, but his delegation was submitting a draft resolution (A/C.5/L.848) designed to start a process by which the Committee on Contributions could study the problem.

12. Mr. ZODDA (Italy) noted that according to the recommendations of the Committee on Contributions, Italy's share would rise from 2.24 to 2.54 per cent, one of the highest percentage increases. The Committee on Contributions, in making its recommendation on the matter, had taken as its basis the upward trend in the Italian economy and the rise in the national income in recent years. Knowing that the continued expansion in the United Nations activities would inevitably lead to a rise in expenses, Italy was willing to pay its share of the increase and would therefore vote for the recommendations of the Committee on Contributions. He pointed out, however, that the rate of growth of the Italian economy had slackened since 1963, because of difficulties which had not yet been overcome. The Italian delegation therefore considered that its assessment did not fully correspond to Italy's present economic situation. If the percentage recommended by the Committee on Contributions was maintained for the next three years, Italy's contribution would in fact reach a higher percentage than its present economic situation would justify. He therefore hoped that when the Committee on Contributions reviewed the scale of assessments, it would consider the possibility of reducing the Italian contribution.

13. Mr. WEI (China) congratulated the Committee on Contributions on its work and noted with satisfaction that the new scale of assessments reduced the burden on the developing countries. As China had asked in the Fifth Committee at the eighteenth session of the General Assembly (1046th meeting), the Committee on Contributions had reduced its

^{1/} United Nations publication, Sales No.: 65.II.C.1.

assessment, but it was still much higher than the percentage recommended by the Committee on Contributions in 1946, when it based its recommendations on the assumption that normal conditions prevailed in China. He hoped that in future China's share would be reduced still further so as to bring it more in line with its capacity to pay. He hoped that the specialized agencies would take due note of the present adjustments. He would vote for the draft resolution submitted by the Committee on Contributions (A/6010, para. 21).

14. Mr. N'JIE (Gambia) said that he fully shared the views of the representative of Poland, whom he would join in sponsoring the forthcoming draft resolution

(A/C.5/L.848). Considering it most regrettable that for certain countries the decision whether or not to join the United Nations should depend on their capacity to pay, his delegation would support any measures which would lead to the establishment of a scale of assessments more favourable to new Member States.

15. Mr. ANCHETA (Malaysia) said that his country's contribution had been raised although its per capita income had fallen. He took note with satisfaction, however, of the reports of the Committee on Contributions and would vote for the draft resolution in paragraph 21 of document A/6010.

The meeting rose at 11.45 a.m.