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BUDGET ESTIMATES FOR THE FINANCIAL YEAR 1964

Report of the Fifth CommitteeRapporteur: Mr. Raouf BOUDJAKDJI (Algeria)

1. In considering the draft resolution relating to the Working Capital Fund for 1964 (A/5681, annex III), the Fifth Committee examined, at the 1059th and 1060th meetings, the possibility of extending the time-limit for the sale of United Nations bonds as stipulated in General Assembly resolutions 1739 (XVI) of 20 December 1961 and 1878 (S-IV) of 27 June 1963. The Committee had before it a note by the Secretary-General (A/C.5/1007) on the financial position of the Organization.
2. The representative of Australia pointed out that since October 1963, when the Secretary-General had spoken to the Committee on the precarious finances of the Organization, the situation had not shown improvement. The representative of Austria had suggested that in view of the facts presented at the previous meeting by the Secretary-General's representative, the Committee would perhaps be wise to consider an extension of the time-limit for the purchase of United Nations bonds. Six or seven countries which had already pledged themselves to purchase bonds had not yet been able, for various reasons beyond their control, to fulfil their pledges. The Committee had also been informed that on 31 December 1963 bonds to the value of about \$23.5 million would probably still be available for purchase by Member States other than the United States. It seemed therefore desirable for the bond issue to remain open beyond the closing date at present authorized.

3. Accordingly, Australia, Malaysia and Sweden submitted a joint draft resolution (A/C.5/L.827)^{1/} in terms of which the Committee would recommend to the General Assembly the amendment of the terms and conditions for the sale of United Nations bonds as set forth in paragraph 8 of the annex to General Assembly resolution 1739 (XVI) as amended in resolution 1878 (S-IV). The procedure envisaged in the joint draft resolution was identical with that adopted at the fourth special session when the Assembly extended the time-limit for the purchase of bonds until 31 December 1963. The Australian representative emphasized that the draft resolution had no effect whatever on any of the other terms and conditions under which the sale of bonds was originally authorized. It was simply intended to give more time to Governments which might wish to purchase bonds, and to assist the financial position of the United Nations.

4. Some delegations contended that the Committee should not consider any matter relating to the United Nations bond issue. The budget estimates for 1963 had already been examined and the agenda for the 1059th and 1060th meetings contained no item under which discussion of the bond issue would be admissible. The item under consideration was the Working Capital Fund for 1964, to which the bond issue had no relation. It was also necessary to have regard to rule 15 (Additional items) of the rules of procedure of the General Assembly. Questions relating to the maintenance of international peace and security came within the competence of the Security Council, and the issue of United Nations bonds merely represented in the opinion of these delegations, a stratagem for circumventing the Council.

5. Other delegations pointed out that the matter under discussion was directly related to the draft resolution relating to the Working Capital Fund for 1964 (A/5681, annex III), and in particular to paragraph 5 thereof. It would indeed be strange if the Committee were to be denied the opportunity of considering and reaching a decision on the provisions of that draft resolution, which referred

^{1/} The text was identical with the text of the draft resolution contained in paragraph 8 below.

among other things to "the proceeds of loans authorized by the Assembly". General Assembly resolution 1739 (XVI), under which the issue of bonds had been authorized, specifically referred to the utilization of the proceeds from the sale of bonds "for purposes normally related to the Working Capital Fund". Discussion of the Fund therefore provided the most logical point at which to consider a matter relating to the bond issue.

6. One delegation felt that recourse to an issue of bonds had not been the proper way of dealing in 1961 with the financial plight of the Organization. In his Budget Foreword (A/5505, para. 8) the Secretary-General had rightly ascribed the deterioration to two major causes: (a) the failure of some Member States to contribute to the ONUC and UNEF operations; and (b) the fact that no assessments had been levied to cover the cost of those operations between 1 July 1962 and 30 June 1963. Expenses of that kind could not legitimately be financed from a bond issue.

7. At its 1060th meeting, the Committee adopted the joint draft resolution (A/C.5/L.827) by 45 votes to 12, with 3 abstentions.

RECOMMENDATION OF THE FIFTH COMMITTEE

8. The Fifth Committee, therefore, recommends to the General Assembly the adoption of the following draft resolution:

Terms and conditions governing the issue of United Nations bonds

The General Assembly,

Recalling its decision, in paragraph 1 of resolution 1739 (XVI) of 20 December 1961, to authorize the Secretary-General to issue United Nations bonds in accordance with the terms and conditions set forth in the annex to that resolution,

Decides to amend paragraph 8 of the annex to General Assembly resolution 1739 (XVI), as previously amended by General Assembly resolution 1878 (S-IV) of 27 June 1963, to read as follows:

"8. The bonds may be sold in whole or in part from time to time until 31 December 1964."