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SCALE OF ASSESSMENTS FOR THE APPORTIONMENT OF THE EXPENSES
OF THE UNITED NATIONS: REPORT OF THE COMMITTEE ON
CONTRIBUTIONS

Report of the Fifth Committee

Rapporteur: Mr. A. LIVERAN (Israel)

1. In accordance with the allocation of agenda items as approved by the General Assembly at its 478th plenary meeting on 25 September 1954, the Fifth Committee considered, at its 461st to 464th meetings inclusive, the report of the Committee on Contributions^{1/} on the scale of assessments for the apportionment of the expenses of the United Nations.
2. Tributes were paid by many delegations to the way in which the Committee had carried out its complex task of establishing an equitable scale acceptable to most Member States and to the impartiality and competence with which it had succeeded in reconciling the various directives given to it by the General Assembly. Some delegations, however, were not in agreement with the Committee's interpretation of the directive relating to the deferment of the application of the per capita ceiling principle, while others held that the Committee had not made sufficient allowance for certain factors specifically mentioned in its terms of reference and that, consequently, the proposed increases in their assessments were unjustified.
3. The representative of Canada, who was supported by the representatives of other delegations, could not accept the Committee on Contributions'

1/ See Official Records of the General Assembly, Ninth Session, Supplement No. 10, document A/2716.

interpretation that the General Assembly's instruction to defer further action on the per capita ceiling until certain specific conditions had been fulfilled related to the per capita contribution and not to the rate of assessment. He recalled that the Canadian delegation at the seventh session of the General Assembly had agreed to further action on the per capita ceiling being deferred until new Members were admitted or until improvement in the economic capacity of other Members would permit the adjustments to be gradually absorbed in the scale. The Committee's present interpretation would defeat the purpose of the per capita ceiling principle that no Member State should pay a per capita contribution higher than that of the largest contributor, since it would in fact widen the disparity between the per capita contribution of Canada and that of the United States of America.

4. The representative of Canada could not agree with the opinion expressed by the Committee on Contributions that the per capita ceiling principle should be reconsidered for the reasons stated in paragraph 16 of that Committee's report. For, based on current population projections, unless there were drastic changes in national income, the only countries likely to be affected by the per capita principle during the next twenty-five years were the same as at present. Aware of the problem that would arise if recalculation of the scale was requested, the delegation of Canada was however prepared to vote for the proposed 1955 scale on the understanding that the General Assembly decision to defer further action on the per capita ceiling under the conditions specified in General Assembly resolution 665 (VII) of 5 December 1952 should be reaffirmed, that that decision should be interpreted to mean that the percentage contributions of the Members subject to the per capita ceiling should be frozen against any increase above the 1953 level and that the Committee on Contributions should be instructed to apply this interpretation to the 1956 scale (A/C.5/L.296).

5. The representative of the United States of America, recalling that his delegation had supported the per capita ceiling principle from the beginning, pointed out that there were sound reasons for its retention especially as it would not be strictly applied until new Members were admitted or there was an improvement in economic conditions. He supported the views expressed by the Canadian delegation but proposed that the contributions in question should

be frozen at the 1955 rather than at the 1953 level (A/C.5/L.298). This amendment was accepted by the Canadian delegation.

6. Other delegations expressed the view that the Committee's interpretation was a fair and objective one. They were of the opinion that the effect of the Canadian proposal, if adopted, would be that, irrespective of any increase in national income, the assessments of certain States would remain "frozen" far into the future, and this would represent a shifting of the financial burden from countries with higher per capita income to countries with middle or low per capita income. They considered that such an effect would be undesirable and suggested, in consequence, that it would be preferable to include the substance of the Canadian proposal in the report of the Fifth Committee to the General Assembly. The Committee on Contributions could then be asked to take it into account in formulating its recommendations for the 1956 scale, together with such other views as had been expressed on the interpretation of the directive.

7. Several delegations expressed the view that the guiding principle for the establishment of an equitable scale should be capacity to pay and doubted the desirability of maintaining the per capita ceiling principle. It was felt however that if this principle should be reconsidered it should be done in conjunction with a review of all the other criteria for assessment laid down by the General Assembly.

8. During the discussion, the importance of continued recognition being given to countries with low per capita income was stressed. As these countries needed all their available resources to finance their economic and social development programmes, a number of delegations considered it essential that the allowance made for low per capita income should be adequate to prevent a shifting of the financial burden to these countries. For this reason, the representative of Syria proposed that the General Assembly resolution of 1951, by which the Committee on Contributions was requested to give additional recognition to countries with low per capita income, should be reaffirmed (A/C.5/L.300).

9. It was also noted with satisfaction that, following the discussion by the Fifth Committee during the eighth session, the specialized agencies had been informed of the formula used for making allowance in the United Nations scale

for low per capita income, and the hope was expressed that this formula would be adopted by the specialized agencies and would result in greater uniformity in the scales of assessment used by the agencies.

10. Concern was expressed by certain delegations at the possible effect that the application of the various directives would have on the size of the contributions of the middle income countries. The ceiling on the largest contributor, the per capita ceiling and the allowance for low per capita income, were all factors tending to shift the financial burden more and more to the middle income group of countries. In order to avoid that result the Committee on Contributions, should, in their opinion, be allowed some discretion in recommending the manner in which these directives should be applied.

11. Other delegations maintained that the Committee had not made sufficient allowance for two of the factors mentioned in its terms of reference, namely (a) the ability of Members to secure foreign currency; and (b) the temporary dislocation of national economies arising out of the Second World War. In particular, the representative of the Union of Soviet Socialist Republics maintained that there was no justification for the proposed increases in the assessments of his country and that of the Byelorussian Soviet Socialist Republic and the Ukrainian Soviet Socialist Republic, which had almost doubled during the past five years while the assessments of other countries, such as the United States and the United Kingdom, had been decreased. He considered that a further increase in these particular assessments was the more unwarranted as the USSR and the Peoples' Democracies had continued to experience great difficulty in obtaining the dollar currency in which the contributions had to be paid, by reason of the policy of trade discrimination against them by the United States. These countries had also suffered more severely than others from war devastation and, although progress had been made in rebuilding, vast sums were still required for reconstruction purposes. He drew attention to the reasons which, in the view of his delegation, did not justify either a decrease in the 1955 level of assessment of the United Kingdom, nor the freezing of the assessment of the United States at the 1954 level of 33 1/3 per cent. He also pointed out that financial commitments of the Soviet Republic increased through

their participation in a number of specialized agencies and in the Expanded Programme of Technical Assistance with a consequential increase in their foreign currency expenditure, a factor which had also not been taken into account. The representative of the USSR proposed that the scale approved for 1954 should, in accordance with rule 161 of the rules of procedure of the General Assembly, be maintained for the next three years (A/C.5/L.297). The representatives of the Byelorussian SSR, the Ukrainian SSR, Poland and Czechoslovakia expressed the views of their delegations in support of this proposal.

12. Several delegations were of the opinion that it was only proper that the assessments of the USSR and the Peoples' Democracies should reflect the considerable economic progress that had taken place in those countries since the war, and which indicated that not only had the dislocation suffered been made good but an economic standard higher than that before the war had been reached. Agreement was also expressed with the conclusion reached by the Committee on Contributions, that current national income estimates made sufficient allowance for any dislocation of national economies arising out of the Second World War that might still persist. As to currency difficulties, they noted that the report of the Committee on Contributions stated that an allowance had been made for this factor in individual cases. It was also open to these countries, as to other Member States, to pay part of their contributions in currencies other than United States dollars. Furthermore, it was pointed out that the USSR was one of the largest gold producers in the world and could convert gold into dollars for the payment of its contribution.

13. It was recalled that, in the early days of the United Nations, certain States had assumed an unduly large share of the costs. It was therefore only fair that countries the economic conditions of which had improved should be assessed at rates more in keeping with their capacity to pay while reductions were made in the assessments of those States that for so long had carried more than their fair share of the expenses. It was also pointed out that the United States contribution had been deliberately reduced to its present level by a directive of the General Assembly in observance of the principle that the Organization should not be dependent upon any one State for a predominant share of its financial support.

14. The recommendation of the Committee on Contributions, that the proposed scale should remain in effect for only one year, was generally supported especially since the existing inequities had not been completely removed. In view of the gradual decline in the last few years in the percentage of total changes, several delegations expressed the hope that in 1955 it would be possible to remove the remaining divergencies and to establish a more permanent scale.

15. In connexion with the problem of establishing a more permanent scale of assessments, it was noted with satisfaction that there had been an improvement in the statistical material available. However, there were still countries for which no official estimates of national income were available and in other cases the Committee on Contributions had had to take into account the varying reliability of the data. As it was important to have as a basis as complete and reliable information as possible, Member States were again urged to make every effort to provide the necessary material. With reference to the Committee's decision to base its computations of relative capacity to pay on an average of national income estimates for three years, which had been widely welcomed last year, it was pointed out that this method of assessment would tend to be disadvantageous to countries with stable or declining economies and emphasis should therefore be given to the method of taking into account recent economic trends in each country.

16. Other delegations, while endorsing the desirability of a more permanent scale, thought that it might still be too early to arrive at a scale for three years as envisaged by the rules of procedure; the possibility of drawing up a scale for two years was suggested.

17. A number of delegations expressed the view that the recommendations of the Committee on Contributions did not sufficiently reflect the special factors affecting the economies of their countries. It was suggested that that Committee, in connexion with its review of the scale, should consult with all Member States the assessments of which were likely to be revised. Although it was accepted that it might be helpful to contact delegations with a view to obtaining additional information, it was generally held that in no case should the Committee on Contributions be expected to enter into negotiations with Governments concerning their assessments since nothing should be done which would detract from the authority and prestige of the Committee as an independent group of experts.

18. The representative of Afghanistan maintained that insufficient allowance had been made for the low per capita income of his country. No decrease had been made despite Afghanistan's difficult economic position and the fact that a considerable portion of its foreign currency was absorbed by large scale development works. A reduction of the assessment to 0.07 per cent had been requested last year; as it had not been granted, he expressed the hope that the factors he had mentioned would be fully reflected in the scale for 1956.

19. The representative of Brazil expressed the view that the proposed reduction in the percentage contribution of his country did not sufficiently reflect the serious economic difficulties with which it was faced, in particular the decline in its foreign exchange position. The scale was recommended for one year only, and since it was recognized that inequities still existed, and the present rate did not therefore represent a final appraisal of the economic position of Brazil, his delegation would be prepared to accept the scale proposed for 1955.

20. The representative of Chile accepted the assessment for his country, but feared that the Committee on Contributions would have to alter it later in view of the reduced rate of increase in per capita incomes in Latin America, the currency devaluation in Chile and other countries, the vast increase in the prices of necessary imports, and the existing difficulties in obtaining foreign currencies - factors which could not but affect the calculations of the Committee.

21. The representative of China held that, in relation to its national income and capacity to pay, the assessment of 5.62 per cent was excessive for his country, and his delegation had asked for a reduction to the more equitable rate of 4 per cent. The proposed assessment had been established without any reliable statistics on population and income which he regretted that it had not been possible for his country to submit. In order not to cause a recalculation of the scale he would not insist on a downward revision at the present time but would accept the proposed assessment for 1955 in the hope that the Committee, next year, would be able to recommend a reduction in the assessment for China.

22. The representative of France stated that, although the national income of his country was increasing, he was not convinced that the substantial increase in its assessment was justified. The heavy losses suffered during the Second World War were still felt. Furthermore, the increase in the birth rate for France had resulted in a shifting of age groups and a decline in the active population. With these reservations, his delegation would accept the proposed scale.

23. The representative of Pakistan expressed his appreciation of the reduction made in the assessment for his country in recognition of its present economic difficulties. These difficulties, arising out of the low prices which Pakistan was receiving for its main export products - jute and cotton - at the same time as it was trying to achieve an industrialization of its economy, were of a continuing nature, and he hoped that they would be taken into account by the Committee in the future.

24. The representative of Venezuela pointed out that the assessment of his country had been increased by 50 per cent since 1951, although there had not been a corresponding increase in its national income during that period. Subject to the reservation that a further increase in the contribution was not justified, his delegation would be prepared to accept the scale proposed for 1955.

25. As requested, the Committee on Contributions had studied the possibility of adopting the unit system of assessment instead of the present percentage system. The conclusions reached by the Committee that the percentage system should be continued for the United Nations scale was generally supported.

26. In view of the currency difficulties experienced by many Member States, the Committee's recommendation that the present arrangement for payment of part of the annual contributions in currencies other than United States dollars should be continued, and if possible extended, was strongly supported.

27. In connexion with the percentage rates for non-member States participating in certain United Nations activities, it was explained that they had been established according to the same principle as the assessments for Member States. These rates were subject to consultations with the respective Governments and they had been communicated to the States concerned for their observations. The representative of Norway expressed concern as to the method followed in approving the rates of assessments for non-member States without their participation.

28. At the conclusion of the discussion, at the 464th meeting, the Fifth Committee had before it the following proposals:

- (a) A draft resolution embodying the recommendations of the Committee on Contributions (A/C.5/L.295);
- (b) A draft resolution proposed by the USSR (A/C.5/L.297);
- (c) A revised draft resolution by Canada (A/C.5/L.296/Rev.1), incorporating the original draft resolution of Canada (A/C.5/296) and the amendment thereto by the United States of America (A/C.5/L.298) which Canada had accepted;
- (d) An amendment to the revised draft resolution by Canada proposed by Syria (A/C.5/L.300).

29. The draft resolution proposed by the USSR (that the scale of assessments approved for 1954 should, in accordance with rule 161 of the rules of procedure of the General Assembly, be maintained for the next three years) was rejected by 43 votes to 5, with 3 abstentions.

30. The representative of Canada accepted the Syrian amendment, incorporating it as paragraph 2 of his resolution. A vote on this resolution was taken paragraph by paragraph with the following result:

Paragraph 1 (reaffirming the decision of the seventh session of the General Assembly to defer further action on the per capita ceiling until new Members are admitted or substantial improvement in the economic capacity of existing Members permits the adjustment to be gradually absorbed in the scale) was adopted by 45 votes to none, with 7 abstentions.

Paragraph 2 (reaffirming resolution 582 (VI) of 21 December 1951, by which the Committee on Contributions was requested to give additional recognition to countries with low per capita income, and instructing the Committee to continue to do so in the future) was adopted by 40 votes to none, with 11 abstentions.

Before voting on paragraph 3, an oral amendment by the representative of Argentina to insert the word "real" between "reach" and "per capita parity with the highest contributor" was rejected by 19 votes to 9, with 22 abstentions.

Paragraph 3 (instructing the Committee on Contributions to apply the decision referred to in paragraph 1 to future scales of assessments so that the percentage contributions of those Members subject to the per capita principle will be frozen against any increase over the level approved for the 1955 budget until they reach per capita parity with the highest contributor and that downward adjustments will occur when the conditions cited in resolution 665 (VII) have been fulfilled or changes in relative national incomes warrant lower assessments) was adopted by 27 votes to 9, with 15 abstentions.

The draft resolution as a whole was approved by 29 votes to 5, with 18 abstentions.

31. The draft resolution embodying the recommendations of the Committee on Contributions was then voted on, paragraph by paragraph, with the following results:

Paragraph 1 (scale of assessments for 1955) was adopted by 40 votes to 5.

Paragraph 2 (providing for review of the scale in 1955) was adopted by 45 votes to 5.

Paragraph 3 (authorizing the Secretary-General to collect part of the 1955 contributions in currencies other than United States dollars) was adopted unanimously.

Paragraph 4 (establishing rates at which non-member States shall be called upon to contribute towards the expenses of the United Nations organs or activities in which they participate) was adopted unanimously.

Paragraph 5 (relating to the contributions payable by non-member States towards the expenses of the International Court of Justice for 1955) was adopted unanimously.

Paragraph 6 (relating to the contributions payable by non-member States towards the expenses of the International Court of Justice for 1954) was adopted unanimously.

Paragraph 7 (relating to the contributions payable by non-member States towards the expenses resulting from international control of narcotic drugs) was adopted by 47 votes to none, with 5 abstentions.

Paragraph 8 (relating to the contributions payable by non-member States towards the expenses of the Economic Commission for Asia and the Far East and the Economic Commission for Europe for 1954 and 1955) was adopted by 46 votes to none, with 5 abstentions.

Paragraph 9 (relating to the assessment of non-member States that may become members of economic commissions) was adopted by 47 votes to none, with 5 abstentions.

Paragraph 10 (relating to the assessment of non-member States that may become parties to the Convention on the Declaration of Death of Missing Persons during 1954) was adopted by 47 votes to 5.

The draft resolution as a whole was adopted by 47 votes to 5.

32. In accordance with the above decisions, the Fifth Committee recommends to the General Assembly the adoption of the following resolution:

SCALE OF ASSESSMENTS FOR THE APPORTIONMENT
OF THE EXPENSES OF THE UNITED NATIONS

A

The General Assembly

1. Reaffirms the decision of the seventh session of the General Assembly to defer further action on the per capita ceiling until new Members are admitted or substantial improvement in the economic capacity of existing Members permits the adjustments to be gradually absorbed in the scale;
2. Reaffirms its resolution 582 (VI) of 21 December 1951, by which the Committee on Contributions was requested to give additional recognition to countries with low per capita income, and instructs the Committee to continue to do so in the future;
3. Instructs the Committee on Contributions to apply the decision referred to in paragraph 1 above to future scales of assessments, so that the percentage contributions of those Members subject to the per capita principle will be frozen against any increase over the level approved for the 1955 budget until they reach per capita parity with the highest contributor and that downward adjustments will occur when the conditions cited in resolution 665 (VII) of 5 December 1952 have been fulfilled or changes in relative national incomes warrant lower assessments.

B

The General Assembly

Resolves

1. That the scale of assessments for the 1955 budget shall be as follows:

<u>Member State</u>	<u>Per cent</u>
Afghanistan	0.08
Argentina	1.32
Australia	1.80
Belgium	1.38
Bolivia	0.05
Brazil	1.32
Burma	0.13
Byelorussian Soviet Socialist Republic	0.53
Canada	3.63
Chile	0.30
China	5.62
Colombia	0.41
Costa Rica	0.04
Cuba	0.30
Czechoslovakia	0.94
Denmark	0.74
Dominican Republic	0.05
Ecuador	0.04
Egypt	0.40
El Salvador	0.06
Ethiopia	0.12
France	5.90
Greece	0.21
Guatemala	0.07
Haiti	0.04
Honduras	0.04
Iceland	0.04
India	3.30
Indonesia	0.56
Iran	0.25
Iraq	0.11
Israel	0.17
Lebanon	0.05
Liberia	0.04
Luxembourg	0.06
Mexico	0.80
Netherlands	1.25
New Zealand	0.48
Nicaragua	0.04
Norway	0.50

<u>Member State</u>	<u>Per cent</u>
Pakistan	0.67
Franca	0.05
Paraguay	0.04
Peru	0.18
Philippines	0.45
Poland	1.73
Saudi Arabia	0.07
Sweden	1.59
Syria	0.08
Thailand	0.18
Turkey	0.65
Ukrainian Soviet Socialist Republic	2.00
Union of South Africa	0.78
Union of Soviet Socialist Republics	15.08
United Kingdom of Great Britain and Northern Ireland	8.85
United States of America	33.33
Uruguay	0.18
Venezuela	0.44
Yemen	0.04
Yugoslavia	0.44
TOTAL	100.00

2. That, notwithstanding the provision of rule 161 of the rules of procedure of the General Assembly, the scale of assessments for the apportionment of the expenses of the United Nations shall be reviewed by the Committee on Contributions in 1955 and a report submitted for the consideration of the General Assembly at its next regular session;

3. That, notwithstanding the terms of financial regulation 5.5, the Secretary-General shall be empowered to accept, at his discretion and after consultation with the Chairman of the Committee on Contributions, a portion of the contributions of Member States for the financial year 1955 in currencies other than United States dollars;

4. That States which are not Members of the United Nations but which participate in certain of its organs or activities shall be called upon to contribute towards the expenses of such organs or activities on the basis of the following rates:

<u>Country</u>	<u>Per cent</u>
Albania	0.04
Austria	0.36
Bulgaria	0.17
Cambodia	0.04
Ceylon	0.13
Finland	0.42
Germany, Federal Republic of	4.35
Hashemite Kingdom of the Jordan	0.04
Hungary	0.50
Ireland	0.25
Italy	2.22
Japan	2.00
Korea, Republic of	0.12
Laos	0.04
Liechtenstein	0.04
Monaco	0.04
Nepal	0.04
Portugal	0.27
Romania	0.58
San Marino	0.04
Switzerland	1.26
Viet-Nam	0.17

5. That Japan, the Principality of Liechtenstein, San Marino and Switzerland, which are parties to the Statute of the International Court of Justice, shall be called upon to contribute towards the expenses of the Court for 1955 on the basis of the percentage rates given in paragraph 4 above;

6. That San Marino, which became a party to the Statute of the International Court of Justice on 18 February 1954, shall be called upon to contribute 0.04 per cent applied to the expenses of the Court for 1954; and that Japan, which became a party on 2 April 1954, shall be called upon to contribute three-quarters of the assessment of 2.00 per cent applied to the expenses of the Court for 1954;

7. That the following non-member States, which are signatories of international instruments relating to the control of narcotic drugs, shall be called upon to contribute towards the annual expenses resulting from obligations placed on the United Nations by such instruments, commencing with the year 1954, on the basis of the percentage rates given in paragraph 4 above:

Albania	Italy
Austria	Japan
Bulgaria	Laos
Cambodia	Liechtenstein
Ceylon	Monaco
Finland	Portugal
Germany, Federal Republic of	Romania
Hashemite Kingdom of the Jordan	San Marino
Hungary	Switzerland
Ireland	Viet-Nam

8. That the following non-member States which under Economic and Social Council resolution 517 (XVII) have become members of the Economic Commission for Asia and the Far East or the Economic Commission for Europe:

Japan, with respect to ECAFE, on 24 June 1954
Cambodia, with respect to ECAFE, on 20 August 1954
Viet-Nam, with respect to ECAFE, on 23 August 1954
Italy, with respect to ECE, on 19 July 1954

shall be called upon to contribute towards the 1955 expenses of the respective economic commission on the basis of the percentage rates given in paragraph 4, and that for the year 1954 they shall be called upon to contribute 50 per cent of that rate applied to the expenses for 1954;

9. That, if any of the other countries mentioned in Economic and Social Council resolution 517 (XVII) as eligible for membership in the regional economic commissions should become members in the course of the year, they should be called upon to contribute an amount calculated, as from the quarter in which membership becomes effective, on the basis of the rate given in paragraph 4;

10. That, if any non-member States should become parties to the Convention on the Declaration of Death of Missing Persons during 1954, they should be assessed retroactively in respect of the 1954 expenses of the International Bureau for Declarations of Death under General Assembly resolution 493 (V) of 16 November 1950.