



SUMMARY RECORD OF THE 60th MEETING

Chairman: Mr. **AMNEUS** (Sweden)

later: Mr. **SINGH** (Fiji)

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

CONTENTS

AGENDA ITEM 17: APPOINTMENTS TO FILL VACANCIES IN SUBSIDIARY ORGANS AND OTHER APPOINTMENTS (continued)

(a) **APPOINTMENT OF MEMBERS OF THE ADVISORY COMMITTEE ON ADMINISTRATIVE AND BUDGETARY QUESTIONS**

AGENDA ITEM 115: PRO OSZD PROGRAMME BUDGET FOR THE BIENNIUM 1988-1989 (continued)

Draft resolution **A/C.2/42/L.79** on agenda item 82 (e) (Development and international economic co-operation; environment) (continued)

AGENDA ITEM 125: FINANCING OF THE UNITED NATIONS PEACE-KEEPING FORCES IN THE MIDDLE EAST

(b) **UNITED NATIONS INTERIM FORCE IN LEBANON (UNIFIL) (continued)**

(c) **RATES OF REIMBURSEMENT TO THE GOVERNMENTS OF TROOP-CONTRIBUTING STATES (continued)**

AGENDA ITEM 41r REVIEW OF THE EFFICIENCY OF THE ADMINISTRATIVE AND FINANCIAL FUNCTIONING OF THE UNITED NATIONS: REPORT OF THE SECRETARY-GENERAL (continued)

AGENDA ITEM 43: CURRENT FINANCIAL CRISIS OF THE UNITED NATIONS (continued)

AGENDA ITEM 117: FINANCIAL EMERGENCY OF THE UNITED NATIONS (continued)

OTHER MATTERS

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

AGENDA ITEM 17: APPOINTMENTS TO FILL VACANCIES IN SUBSIDIARY ORGANS AND OTHER APPOINTMENTS (continued)

(a) APPOINTMENT OF MEMBERS OF THE ADVISORY COMMITTEE ON ADMINISTRATIVE AND BUDGETARY QUESTIONS (A/42/101/Add.2)

1. The CHAIRMAN invited the Committee to consider document A/42/101/Add.2, by which the Secretary-General had informed the General Assembly of the resignation of Mr. Yukio Takasu of Japan from the membership of the Advisory Committee on Administrative and Budgetary Questions, effective 31 January 1988, and of the need to appoint one person to fill the unexpired portion of the term of office of Mr. Takasu, namely, until 31 December 1989.

2. In the same document, the Secretary-General had informed the General Assembly of the nomination by the Government of Japan of Mr. Tadanori Inomata to fill the vacancy.

3. If he heard no objections, he would take it that the Committee decided to recommend by acclamation the appointment of Mr. Inomata of Japan to the Advisory Committee on Administrative and Budgetary Questions, for a term of office ending on 31 December 1989.

4. It was so decided.

AGENDA ITEM 115: PROPOSED PROGRAMME BUDGET FOR THE BIENNIUM 1988-1989 (continued)

Draft resolution A/C.2/42/L.79 on agenda item 82 (e) (Development and international economic co-operation; environment) (continued) (A/C.5/42/56)

5. The CHAIRMAN drew the Committee's attention to document A/C.5/42/56 containing a letter dated 30 November 1987 addressed to him by the Chairman of the Second Committee, in which the Fifth Committee was invited to study at its current session the matters raised in draft resolution A/C.2/42/L.79. Members would recall that, at the Committee's 58th meeting, it had been agreed that Mr. Singh, Vice-Chairman of the Committee, should contact interested delegations with a view to arriving at a text which could form the basis for a decision by the Fifth Committee. Based on the contacts made by the Vice-Chairman, he proposed that the Fifth Committee should adopt the following decision:

“Having considered the contents of the letter dated 2 December 1987 contained in document A/C.5/42/56 from the Chairman of the Second Committee to the Chairman of the Fifth Committee, the Fifth Committee agrees to draw to the attention of the Governing Council of the United Nations Environment Programme the views expressed by Member States during the forty-second session on the question of the provision of conference services to the Committee of Permanent Representatives in Nairobi for appropriate action.”

6. The decision was adopted.

AGENDA ITEM 125: FINANCING OF THE UNITED NATIONS PEACE-KEEPING FORCES IN THE MIDDLE EAST (continued)

(b) UNITED NATIONS INTERIM **FORCE** IN LEBANON (UNIFIL) (continued) (A/42/682, A/42/791; A/C.5/42/L.10)

(c) RATES OF REIMBURSEMENT TO **THE GOVERNMENTS OF TROOP-CONTRIBUTING STATES** (continued) (A/42/374, A/42/791; A/C.5/42/L.11)

7. Mr. MAHMOUD (Lebanon) **said that** the Fifth Committee was faced with contradictory approaches to the problem of the financing of the United Nations Interim Force in Lebanon [UNIFIL]. On the one hand, there was the positive attitude of countries which had committed themselves to the principles and spirit of international solidarity by sending their citizens to far-off countries to serve on United Nations peace-keeping missions, often in difficult and dangerous circumstances. On the other hand, there was the regrettable withholding by **some countries** of the necessary political and financial support to implement the tasks of the most important international peace-keeping force.

a. UNIFIL had been established in 1978 to help the Government of Lebanon restore its authority in south **Lebanon** up to its internationally **recognized** borders. That task had not been fulfilled, first, because of the consistent opposition of Israel and, second, **because** of the powerlessness of the Security Council to implement its resolutions, particularly where Israel **was** concerned. UNIFIL nevertheless represented a stabilizing factor in the region by providing a large measure of balance and security that was sorely needed by the population of south Lebanon on a daily basis.

9. The presence of UNIFIL **was an expression of** the international will **as** represented in the Security Council, and it imposed specific financial obligations on Member States. **It** was especially frustrating that a number **of countries**, including some developing countries, **were** being forced to shoulder the financial burden of UNIFIL because others were withholding their assessed contributions. That situation was unfair; it undermined the very principles of international solidarity and created a regrettable precedent which might damage any future peace-keeping missions by **the United Nations**.

10. His delegation supported the **recommendation** in the Secretary-General's report that the special financial period of **UNIFIL** should henceforth be for twelve months, beginning on 1 February and ending on the following 31 January, in order to facilitate administrative efficiency. It shared the concerns of troop-contributing countries regarding **UNIFIL's** financial crisis, which had burdened their budgets, and hoped that the necessary balance in the financing of UNIFIL would be restored by prompt action on the **part** of the countries concerned so that UNIFIL could finally carry out its original mandate.

11. Ms. MUSTONEN (Finland), introducing draft resolution **A/C.5/42/L.10** on behalf of the sponsors said that, in operative paragraph 6, the words "effective from 1 February 1988," should be inserted after the **words** "31 January of the next,*".

(Ms. Mustonen, Finland)

12. Notwithstanding the difficult political setting in which it had to perform its peace-keeping function, UNIFIL had contributed to the maintenance of international peace and security. Against that background, the draft resolution expressed concern at the increasing difficulties faced by the Secretary-General in meeting the obligations of UNIFIL on a current basis, including reimbursement to current and former troop-contributing States, as a result of the withholding of contributions by certain Member States. It was essential to provide UNIFIL with the necessary financial resources to enable it to fulfil its responsibilities under the relevant Security Council resolutions. In that connection, the permanent members of the Security Council bore a special collective responsibility for the financing of peace-keeping operations decided upon in accordance with the Charter. Lack of financial resources could undermine efficiency and make it more difficult to persuade Member States to participate in peace-keeping operations in the future.

13. The format of the draft resolution had been changed somewhat from previous years. Its content was similar to that of previous resolutions, the only exception being operative paragraph 6 which decided that the special financial period of UNIFIL should be for 12 months, beginning on 1 February of one year and ending on 31 January of the next, effective 1 February 1988 and subject to renewal of UNIFIL's mandate by the Security Council. In the past, the Force's short financial periods had created administrative difficulties, particularly with regard to procurement. A 12-month period would put UNIFIL in the same position as UNRWA, which had had a 12-month financial period since 1981. The Advisory Committee had not objected to the proposal, which would not change the manner in which Member States were assessed.

14. The draft resolution appropriated \$77,932,200 gross for the operation of UNIFIL from 19 January to 31 July 1987 inclusive, and a further \$67,567,800 gross from 1 August 1987 to 31 January 1988 inclusive. It also authorized the Secretary-General to enter into commitments for the operation of UNIFIL at a rate not to exceed \$11,765,000 gross per month for the 12-month period beginning 1 February 1988, should the Security Council decide to continue the Force beyond the period of six months authorized under its resolution 599 (1987).

15. The draft resolution also suspended the provisions of regulations 5.2 (), 5.2 (d), 4.3 and 4.4 of the Financial Regulations of the United Nations in respect of the amount of \$6,845,651, which otherwise would have to be surrendered pursuant to those provisions, that amount to be entered in the account referred to in the operative part of General Assembly resolution 34/9 E.

16. Mr. VISLYKH (Union of Soviet Socialist Republics) said that his delegation would vote in favour of the draft resolution and would participate in the financing of UNIFIL. It was also prepared to give positive consideration to the elimination of the deficit in the budget of such peace-keeping forces.

17. He wished to draw particular attention to operative paragraph 7 of the draft resolution, which requested the Secretary-General to take all necessary measures to ensure that UNIFIL was administered with a maximum of efficiency and economy. In

(Mr. Vislytyh, USSR)

that connection, the Secretary-General should bear in mind the Advisory Committee's intention to look carefully into the operations of the Special Account, with particular reference to the manner in which undisbursed resources were transferred to it.

18. At the request of the representative of the Syrian Arab Republic, a recorded vote was taken on draft resolution A/C. 5/42/L.10.

In favour Argentina, Australia, Austria, Bahamas, Bahrain, Barbados, Belgium, Bhutan, Botswana, Brazil, Brunei Daruesalam, Bulgaria, Burkina Faso, Burma, Burundi, Byelorussian Soviet Socialist Republic, Canada, Central African Republic, Chile, China, Colombia, Congo, Côte d'Ivoire, Caechoslovekia, Denmark, Egypt, Ethiopia, Fiji, Finland, France, German Democratic Republic, Germany, Fedrsal Republic of, Ghana, Greece, Guinea, India, Indonesia, Ireland, Israel, Italy, Jamaica, Japan, Jordan, Kenya, Kuwait, Lebanon, Lesotho, Liberia, Madagascar, Malaysia, Mauritania, Mexico, Mongolia, Morocco, Nepal, Netherlands, New Zealand, Niger, Nigeria, Norway, Oman, Pakistan, Panama, Peru, Philippinea, Portugal, Romania, Rwanda, Saudi Arabia, Senegal, Spain, Swaziland, Sweden, Thailand, Togo, Tricidia and Tobago, Uganda, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Arab Emirates, United Kingdom of Great Britain and Northern Ireland, United Republic of Tanzania, United States of America, Venezuela, Yugoslavia, Zaire, Zambia.

Against: Albania, Syrian Arab Republic.

Abataininqr Cuba, Democratic Yemen, Iraq, Libyan Arab Jamahiriya, Maldives, Poland, Viet Nam.

19. Draft resolution A/C.5/42/L.10 was adopted by 87 votes to 2, with 7 abatement ions.

20. Mr. FONTAINE-ORTIZ (Cuba), speaking in explanation of vote, reiterated his delegation's position that the aggressor should bear the cost of financing peace-keeping forces, such forces had not in any case proved capable of dealing with the aggressor. His delegation had therefore abstained in the vote on resolution A/C.5/42/L.10.

21. Mr. MAKTARI (Yemen) said that had it been present, his delegation would have abstained in the vote on resolution A/C.5/42/L.10.

22. Mr. ZSOHAR (Hungary), Mr. ELDON (Iceland), Mr. TOMMO MONTHE (Cameroon), Mr. TAN (Singapore), Mr. HASHI (Somalia), Mr. JEMAJEL (Tunisia), Mr. KABIR (Bangladesh), Mr. AL-KHALIFA (Qatar) and Ma. ASHTON (Bolivia) said that their delegations, had they been present would have voted in favour of the draft resolution.

23. Mr. **FIGUEIRA** (Brazil) asked whether the **Pact** that the **voting machinery** had **displayed** figures while the **votes** were **still** being **cast** represented the initiation of a new procedure.
24. **The CHAIRMAN** said that no change in **procedure** had been intended. The machinery would be examined.
25. **Me. BYRNE** (Ireland), commenting on draft resolution A/C.5/42/10, said that her **country's** long experience in contributing to United Nations peace-keeping operations accorded with **its** belief that **such operations** were fundamental to the effective implementation of the purposes and **principles** of the Charter. Given that the **responsibility** for maintaining peace was **shared** by all **Member States**, peace-keeping operations should be financed by all those **States** in an equitable manner. The withholding of mandatory **contributions** constituted a breach of obligation under the Charter and **caused** troop contributors to bear a disproportionate share of running costs. A practical solution was necessary if the future viability of peace-keeping operations was to be assured.
26. introducing the draft resolution A/C.5/42/L.11 on behalf of the sponsors, she drew attention to the related reports of the Secretary-General (A/42/374) and the Advisory Committee (A/42/791). The Secretary-General noted in his report that troop-contributing States were not being reimbursed on a current basis or to the full extent of the established rates. Moreover, the current rate of reimbursement was falling even further. The draft resolution reiterated the decision to retain the current rates of reimbursement, while taking note of the conclusions and recommendations of the Secretary-General as outlined in paragraph 7 of his report. It also contained a decision that the Secretary-General should review those rates, in consultation with the troop-contributing States, if, in light of inflation and currency exchange fluctuations or other factors, those rates appreciably affected the absorption factor of two or more of the troop-contributing States. The Secretary-General was also requested, in light of the evolving financial situation, to expedite, to the extent possible, the payment of arrears due to current and former troop-contributing States.
27. **Mr. VISLYKH** (Union of Soviet Socialist Republics) said that his delegation had serious doubts about the rates of reimbursement mentioned in paragraph 4 of the draft resolution and believed that the whole concept of reimbursement required further investigation. It believed that the Special Committee on Peace-keeping Operations should review the subject thoroughly in 1988, with a view to the adoption of recommendations by the General Assembly at its forty-third session on the basis of the broadest possible agreement. Nevertheless, his delegation was prepared to give its support to the draft resolution.

28. At the request of the representative of the Syrian Arab Republic, a recorded vote was taken on the draft resolution A/C.5/42/L.11.

In favour: Argentina, Australia, Austria, Bahamas, Bahrain, Barbados, Belgium, Bhutan, Botswana, Brazil, Brunei Darussalam, Bulgaria, Burk ins Faso, Burma, Burundi, Byelorussian Soviet Socialist Republic, Cameroon, Canada, Central African Republic, Chile, China, Congo, Côte d'Ivoire, Czechoslovakia, Denmark, Egypt, Ethiopia, Fiji, Finland, France, German Democratic Republic, Germany, Federal Republic of, Ghana, Greece, Guinea, Guyana, Hungary, Iceland, India, Indonesia, Ireland, Israel, Italy, Jamaica, Japan, Jordan, Kenya, Kuwait, Lebanon, Lesotho, Liberia, Malawi, Malaysia, Mauritania, Mexico, Mongolia, Morocco, Nepal, Netherlands, New Zealand, Niger, Nigeria, Norway, Oman, Pakistan, Panama, Peru, Philippines, Poland, Portugal, Qatar, Romania, Rwanda, Saudi Arabia, Senegal, Somalia, Spain, Sri Lanka, Swaziland, Sweden, Thailand, Togo, Trinidad and Tobago, Uganda, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Arab Emirates, United Kingdom of Great Britain and Northern Ireland, United Republic of Tanzania, United States of America, Venezuela, Yugoslavia, Zaire, Zambia.

Against : Syrian Arab Republic.

Abstaining: Algeria, Cuba, Democratic Yemen, Iraq, Libyan Arab Jamahiriya, Maldives, Viet Nam, Yemen.

29. Draft resolution A/C.5/42/L.11 was adopted by 94 votes to 1, with 8 abstentions.

30. Mr. GLAIEL (Syrian Arab Republic), speaking in explanation of vote, said that his delegation had opposed draft resolutions A/C.5/42/L.10 and L.11 because it believed that, peace-keeping forces, if they became permanent, came to provide protection for the aggressor. Israeli troops were currently exploiting the protection afforded by United Nations peace-keeping forces in order to persist in their policies of aggression and occupation in defiance of the relevant United Nations resolutions. It was his delegation's belief that the costs of providing peace-keeping forces should be borne by the aggressor.

31. Mr. HILMI (Iraq) said that his delegation had abstained in the vote on draft resolutions A/C.5/42/L.10 and L.11 in view of its belief that the United Nations should force the aggressor, in the present case the Zionist entity, to bear the costs of financing such peace-keeping forces.

32. Mr. HARAN (Israel) said that his delegation had voted in favour of the two draft resolutions as a mark of its appreciation of the task performed by UNIFIL and by United Nations peace-keeping forces in general. Despite the spurious designation of his country as the aggressor, the reality was that the troubles in Lebanon would cease only when the Government of that country was in a position to exercise its authority over terrorist and other forces operating in its territory. The purpose of his own country's operations was, as always, to ensure peace and security on its borders.

33. Mr. TAN (Singapore), Mr. JEMAIEL (Tunisia), Mrs. CUCALON (Colombia), Mr. KABIH (Bangladesh) and Ms. ASHTON (Bolivia) said that their delegations, had they been present, would have voted in favour of resolution A/C.5/42/L.11.

34. The CHAIRMAN said that the Committee had thus concluded its consideration of sub-items (b) and (c) of agenda item 125.

AGENDA ITEM 41: REVIEW OF THE EFFICIENCY OF THE ADMINISTRATIVE AND FINANCIAL FUNCTIONING OF THE UNITED NATIONS: REPORT OF THE SECRETARY-GENERAL (continued)

AGENDA ITEM 43: CURRENT FINANCIAL CRISIS OF THE UNITED NATIONS (continued)

AGENDA ITEM 117: FINANCIAL EMERGENCY OF THE UNITED NATIONS (continued) (A/42/3, 7 and Add.2, 16 (Part I), 30, 214, 225 and Add.1, 23 and Corr.1, 283, 532, 640, 841, 861; A/C.5/42/2/Rev.1, A/C.5/42/31)

35. Mr. LEWIS (Canada) said that the financial crisis of the United Nations was not only humiliating, but mortifying. Many of the excellent international public servants who managed the Organization, including the Secretary-General, spent their entire day on the exhausting, unproductive and debilitating quest for financial security. It was unconscionable that things had come to such a pass.

36. While everyone, including his own delegation, liked to target the United States as the chief culprit, it was important to **emphasize** two points. Firstly, a majority of countries did not pay their assessed contributions on time and an extraordinary number had not paid their arrears. The arguments about the United States would be a lot stronger if so many other countries were not themselves delinquent. Secondly, the exceptional efforts of the United States Mission to the United Nations and especially, the United States Permanent Representative, must be acknowledged. Canada had nothing but admiration for the attempts of the United States delegation to persuade the United States Congress to approve that country's full **assessment**.

37. Bearing those two points in mind, the unpleasant reality was that countries that did not pay their assessments were in violation of international law. Furthermore, any country which contracted to pay 25 per cent of the United Nations budget had a **special** obligation to pay in full and on time, since failure to do so **clearly** had disastrous consequences for the Organization. What made matters worse was that the current reform programme had in significant **measure** been worked out with the United States. When drastic reforms were implemented the promised contribution still did not **materialize**, that felt like bad faith bargaining to a number of countries.

38. His country regretted that it was not comfortable with any of the Secretary-General's recommendations regarding the current financial crisis. It **believed** that the level originally established for the Working Capital Fund was the correct one and was concerned that the proposed increase would be borne disproportionately by countries which paid regularly. Nor could his country support the proposal to borrow commercially at market rates of interest. Lastly, while the issuance of certificates of indebtedness against outstanding arrears had a certain appeal, it still amounted to a voluntary contribution.

(Mr. Lewis, Canada)

39. It was clear that short-term answers would not resolve the crisis: the United Nations must break out of the strangulating straightjacket of perpetual crisis management and find a long-term solution. His delegation therefore endorsed the idea of convening a resumed session of the General Assembly in late spring or early summer of 1988 to deal primarily with the financial crisis, and would support any resolution endorsing the proposition that, in the interim, the Secretary-General should invite the views of Member States. Because the issues at stake were highly controversial and sensitive, the United Nations needed to buy time and ideas in order to give them the attention they deserved. It also needed time to continue to encourage the United States, as well as 93 other countries, to find ways to meet additional portions of their assessments and arrears. Even if the United States agreed to pay its bills over the next two years, however, he questioned whether the United Nations should be making the assumption that significant arrears for two years in a Member State's contribution was a permanent condition. That question, too, required dispassionate consideration over an extended period of time.

40. His delegation wished to emphasize that it did not particularly want to reduce the United Nations budget. While it endorsed reforms which increased administrative efficiency, it believed that the current financial austerity was beginning to be self-defeating. Good programmes were suffering and the amount that the Organisation was now expending in a biennium was preposterously low. In that spirit, his delegation would, on 1 January 1988, again pay its assessment for the coming year in full and implored others to do the best they could in that respect. Member States must recognise that, of all their multilateral commitments, the United Nations had first claim on their resources.

41. Mr. CABRIC (Yugoslavia) said that his delegation had concurrently drawn attention to the critical financial position of the United Nations and its consequences, thus foreshadowing the report of the Secretary-General which, in his opinion, had been provided late. It would have been much easier for Member States to give their opinion of the Secretary-General's proposals if the report had been issued earlier; procrastination by the Secretariat had not clarified the situation.

42. One Member State had caused the financial crisis; he drew attention to that State's responsibility and stressed the need to honour obligations assumed under the Charter. He concurred fully with the views expressed by the Swedish representative in that regard. No matter what efforts were made to find a solution, all Member States remained under the obligation to pay their assessed contributions fully, promptly and predictably.

43. His Government had always been prepared to assist the Secretary-General. Unfortunately, it was not in a position to respond immediately to the proposals made by the Secretary-General in paragraph 21 of document A/42/841. Critical though the financial position of the United Nations was, a little more time was required to study them. From a preliminary analysis, however, his delegation considered the Secretary-General's proposals unacceptable as a package deal. Given Yugoslavia's financial and economic situation, characterized by a debt-servicing burden which accounted for 45 per cent of its total foreign exchange earnings, it

(Mr. Cabric, Yugoslavia)

would be very difficult for his Government to take on additional financial obligations - especially when the crisis had been caused by the failure of one Member State to meet its obligations and not by any economic or financial difficulties. It would also be hard for his delegation to accept the issuance of certificates of indebtedness, even on a one-time voluntary basis that would set an unacceptable precedent by making the funding of the regular budget subject to voluntary contributions from Member States. Other organizations' experience with such arrangements showed that they were liable to all kinds of blackmail. For a political organization such as the United Nations, that was unacceptable. Nevertheless, his delegation would give the matter careful attention.

44. The best solution would be for all Member States in arrears to pay their assessed contributions in full. If that or any other reasonable solution proved impossible to achieve, the second alternative suggested by the Secretary-General seemed to be the most realistic.

45. The future of the United Nations would be bleak if delegations failed to arrive at a long-term solution that guaranteed the Organization stable funding. The Canadian representative has spoken eloquently on the subject. The problem transcended the question of finances and the scale of assessments, and had legal, personnel and other implications. It must be addressed thoroughly and in detail by Member States and the Secretary-General.

46. Mr. ABRASZEWSKI (Poland) said that the Secretary-General's report and his introduction of the item to the Fifth Committee confirmed the prevailing gloomy picture of the Organization's financial insolvency. The cash depletion expected in mid-1988 would have adverse effects, in the short and the long term, on the ability of the United Nations to accomplish the tasks outlined in the Charter. The Advisory Committee had recommended against two of the three proposals put forward by the Secretary-General for dealing with the problem: increasing the Working Capital Fund and authorizing the Secretary-General to borrow on the open market. His delegation had opposed both courses of action when they had originally been proposed in 1982; its position had not changed. Little information had been given on the Secretary-General's third proposal, that of issuing certificates of indebtedness. In particular, the identity of the "international entities" which, along with Member States, were expected to subscribe to such certificates remained unspecified. The Advisory Committee had said that it would not object to that proposal, however, provided that the certificates were issued subject to certain conditions and that its concurrence was obtained beforehand; his delegation endorsed that position.

47. Other measures might be used to allay the financial crisis in 1988. The Secretary-General might explore the feasibility of approaching such organizations as the World Bank and IMF for assistance in meeting short-term cash needs. Consideration might also be given to drawing, interest-free, on other United Nations funds and programmes, on the understanding that the delivery and quality of programmes supported by those funds must not be affected.

(Mr. Abraszewski, Poland)

48. Helping the Organization to escape from its current hand-to-mouth existence was a task in which all Member States must participate. His country would contribute to the best of its ability. The sad fact was, however, that the response of countries like his own to the problems facing the United Nations and other such organizations was limited by their ability to provide foreign currency. In the current world economic situation, countries which did not have convertible currencies faced particular difficulties. They carried large volumes of debt; the prices commanded by their exports were dropping) and they had to contend with growing protectionism. By contrast, recent changes in exchange rates meant that some major contributors would enjoy very significant decreases in the value of their dollar contributions to the United Nations for the forthcoming biennium.

49. Solving the financial problems of the United Nations would require sacrifices by all Member States. The roots of the crisis were political and must be addressed politically.

50. Ms. MUSTONEN (Finland) said that 1988 would be the third year in a row when the full financing of United Nations activities had been jeopardized. The Secretary-General's report on the issue was alarming and her Government shared fully the Secretary-General's concern at the gravity of the current financial crisis. The expectations aroused by the passage of resolution 41/213 had not been met. The Secretary-General had been obliged to suggest measures to cover the projected funding shortfall - even the cash depletion - of the United Nations in the third quarter of 1988.

51. The reasons for the Organization's financial problems were familiar to all. Suffice to say that the prerequisite for overcoming the financial crisis was that all countries should pay their past and current obligations in full and without delay, in accordance with the Charter.

52. Her delegation agreed with the Secretary-General that further substantial savings could not be made by continuing the kind of economy measures applied over the past two years. The Secretary-General and his staff must be given the additional means necessary to deal with the crisis. Every effort should be made to reach a decision on the subject during the current session. Her delegation would be willing to work towards agreement on short-term measures along the lines suggested by the Secretary-General in his report and, with luck, those measures would carry the United Nations through to the end of 1988. They could not serve as a substitute for long-term reforms, however.

53. The General Assembly must urgently address long-term solutions to the Organization's financial problems, solutions which promised a more predictable flow of resources and a more stable foundation for the United Nations. General Assembly resolution 41/213 must continue to be implemented, for it was an important element of any long-term solution. However, assessments must also be addressed as part of a long-term solution to the Organization's difficulties. The time had come to agree on a revised scale which would leave the United Nations less vulnerable to the failure of a few to pay their full assessed contributions. Such a solution

(Ms. Mustonen, Finland)

could not be imposed on any Member State and agreement would require extensive, possibly protracted, consultations among Member States, consultations should therefore begin immediately, so that all Member States had a proper opportunity to express their views.

54. Her country intended to pay its entire assessed contribution for 1988 on the first banking day after the New Year.

55. Mr. EHMEDAH (Libyan Arab Jamahiriya) said that the figure of \$342.8 million in assessed contributions owed by the major contributor was unacceptable. Despite the generally held belief that all parties had accepted the package deal embodied in General Assembly resolution 41/213, an attempt was now being made to apply the recommendations of the Group of 18 in a partial and selective manner. However, if certain States chose, for political reasons, not to meet the financial obligations imposed on them by the Charter, the reform process would inevitably be affected. That process was intended to strengthen the Organization, and the withholding of contributions could only cause further instability and place the very existence of the United Nations in jeopardy. The current financial crisis was primarily political in nature since it resulted from a deliberate attempt to impose certain policies on the United Nations. No short-term solution could eliminate the fundamental requirement that all Member States pay their assessed contributions in full, however. It was, indeed, time for all States openly to declare whether they remained committed to the purposes and principles of the Charter or wished to use the Organization as an instrument for pursuing their own individual interests.

56. His delegation, like the Advisory Committee, was unable to support the Secretary-General's recommendation (b), contained in paragraph 21 of document A/42/041. Commercial borrowing would make the Organization subject to pressure from financial institutions and call into question its independence. With regard to the other recommendations made by the Secretary-General in the same paragraph, his delegation concurred with the views expressed by the Advisory Committee.

57. A long-term solution to the current financial crisis could be achieved only by means of consultations among all Member States and a demonstration of the necessary political will on the part of those States to reject policies based on blackmail or threats. General Assembly resolution 41/213 must be implemented in full, both in the letter and the spirit, and all partial interpretations of that resolution must be rejected.

58. Mr. SINGH (Fiji) took the Chair.

59. Mr. ALZAMORA (Peru) said that the United Nations was once again facing the effects of a financial crisis whose causes were political. That crisis must be dealt with according to political criteria, the most important being that only those who had caused the crisis should be responsible for its consequences. Any solution to the political crisis must also include measures to prevent its recurrence. The independence of the United Nations could not continue to be subordinated to the wishes of a single contributor, nor could the Organization be

(Mr. Alzamora, Peru)

left vulnerable to pressures of any kind. The **question of reducing the assessed contribution of the major contributor** to a level which ensured that goal **was** crucial. The de facto 15 per cent level of the past two **years was** a realistic indicator of **the ceiling which should be set for the major contributor** OK any other.

60. While it was important to solve the political **aspects of the financial crisis, its administrative consequences must** also be addressed. The Secretary-General **must** be helped to solve the **Organization's administrative problems** and keep it in **operation**. Both **objectives - the administrative and the political - must be pursued without sacrificing one to the other, the ultimate goal being a more independent and efficient organisation**. Any **solution must therefore cover** all aspects of the **crisis: the problem of assessed contributions and their ceilings, the question of the rotation of all countries in policy-making posts, and the equitable distribution of political power within the Organization**.

61. The distribution of power in the united **Nations** according to the conditions existing **40 years** previously could not continue, particularly at the dawn of a new era of understanding and co-operation in international relations. Since the crisis was political, the United Nations **must** respond politically and **use the crisis** to promote the objectives pursued **by the majority of Member States**, namely, the independence, **democratization** and efficiency of **the Organisation**.

62. **Mr. DEEN (Malaysia)** said that his delegation shared the dismay expressed by many others **Over the financial crisis**. The economy **measures** instituted by the **Secretary-General** and the reforms called for in **General Assembly resolution 41/213** had **not brought about** any improvement because **some countries, the United States** in particular, were withholding their **contributions**. The Charter was very clear about **Member States'** legal obligations on that score. While some **countries were genuinely unable to pay their assessed contributions, non-payment based on political considerations was unacceptable**. The **current crisis was penalizing** countries like his own **which paid their contributions in full and on time**.

63. The **reforms** set forth in General Assembly resolution **41/213** could only enhance the effectiveness of the United Nations. However, their implementation **must continue to be based on the principle of sovereign equality among States**. No single country could seek to impose **changes without the agreement of other Member State: or through the unilateral enactment of laws**. **Such actions could only be detrimental to the Organization**.

64. With **regard** to the short-term financial remedies proposed **by the Secretary-General**, his **delegation cautioned against taking measures** which would not really solve the problem and might even exacerbate it. While it had **no objection** in principle to increasing the Working Capital Fund, his delegation wondered **how the Secretary-General proposed to ensure that all Member States paid their assessed shares towards that increased Fund**. It also counselled particular caution regarding the idea of Commercial borrowing. The **payment of interest would only compound the burden already borne by Member States**. **Besides, commercial borrowing would set a dangerous precedent**. The proposal to issue certificates of

(Mr. Deen, Malaysia)

indebtedness merited further **consideration** and he urged the economically more fortunate **countries** to follow Sweden's example in announcing a **willingness** to **subscribe** to such an **issuance**.

65. The proposed **solutions** were only short-term palliatives, however. In the longer term, the United Nations **must** be made less vulnerable to the withholding of financial contributions by one or more major contributors. In that **connection**, consideration **should be** given to reviewing the **scale** of assessments to make the United Nations **less** dependent on any **single** contributor, **bearing** in mind that the United Nations **must** remain an organisation of sovereign nations enjoying equal **rights**. His delegation would **support** the convening of a **resumed** session of the **forty-second session** of the General **Assembly**, in 1988, to address the problems of the immediate and long-term financial needs of the Organisation.

66. Mr. TANIGUCHI (Japan) said that the current state of affairs was particularly **distressing** to **delegations** like his own which had extended all possible **support** to the United Nations, since the **crisis** was **largely** attributable to the failure of some Member States to **comply** with their financial obligations.

67. While the financial outlook for 1988 was gloomy, the cash-flow forecast was based on various **assumptions**, some of which might be **invalidated** by the **course** of events. For example, there **was** **considerable** uncertainty as to various **sources** of **income**. His delegation hoped that Member States which were still in arrears, the largest contributor in particular, would do their **best** to meet their obligations as soon as **possible**. His own country would pay its **assessed** contribution for 1988 and a special emergency contribution after obtaining the **necessary** parliamentary approval. Expenditure projections were **also** **subject** to modification. Allowance **must** be made for the **possibility** of savings, however **small**, should they become **necessary**. For **those** **reasons**, his delegation believed that the **cash-flow** situation should be monitored closely and required prudent management by the Secretary-General. At the current **stage**, it **was** premature to **discuss** the **possibility** of a **resumed session** of the General Assembly.

68. The three **measures** proposed by the Secretary-General to deal with the **possible** cash-flow depletion in August 1988 were all palliative and aimed only at short-term solutions. His delegation endorsed fully the Advisory **Committee's** recommendation that the proposed **increase** in the **Working** Capital Fund and the proposal regarding the commercial borrowing should be rejected. Increasing assessed contributions to the Fund would penalize Member States which paid early and in full. Commercial borrowing would set a dangerous precedent and raise the spectre of chronic indebtedness. Although it was not fully convinced by the proposal **regarding** certificates of indebtedness, his delegation was ready to endorse the **Advisory** Committee's recommendation in that regard.

69. The only durable solution to the financial crisis was for all Member States to meet their obligations under the Charter and pay their **assessed** contributions in full and on **time**. The search for long-term solutions was the responsibility of Member States and required careful preparation, comprehensive study and lengthy

(Mr. Taniguchi, Japan)

consultation. Simple answers, such as lowering the ceiling on contributions, might appear attractive. However, the issue was an extremely complicated one and had many implications. The scale of assessments had always been governed by two principles: collective financial responsibility and capacity to pay. As his delegation understood it, each time the ceiling had been lowered in the past, that had been done at the request of the largest contributor and to a level not far from that country's real capacity to pay. If the ceiling were lowered to less than half the level dictated by that country's capacity to pay, it would be unjust to continue to apply that principle to the rest of the Member States. Moreover, his delegation was uncertain of the position of the Member State in question on that score. It was also concerned that such a decision would aggravate the discrepancy between the privileged status of permanent members of the Security Council and their share of total assessments.

70. Lastly, his delegation hoped that the Secretary-General would pursue his prudent financial policies and accelerate the United Nations administrative reform. With respect to budgetary reform, Member States should make every effort to broaden agreement on the level and content of the programme budget for the biennium 1988-1989, including a contingency fund.

OTHER MATTERS

71. Hr. MAJOLI (Italy), referring to resolution A/C.2/42/L.88 already adopted by the Fifth Committee, said that the resolution had no financial implications but that reference had been made to advances made to UNITAR from the regular budget. It was his understanding that advances could be made to UNITAR only up to the limit of voluntary contributions. He had been instructed to seek clarification of that point.

The meeting rose at 1.10 p.m.