

REPORT
OF THE
COMMITTEE ON CONTRIBUTIONS

GENERAL ASSEMBLY

OFFICIAL RECORDS: THIRTY-FIFTH SESSION

SUPPLEMENT No. 11 (A/35/11)



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NOTE

Symbols of United Nations documents are composed of capital letters combined with figures. Mention of such a symbol indicates a reference to a United Nations document.

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I. MEMBERSHIP OF THE COMMITTEE

1. The fortieth session of the Committee on Contributions was held at United Nations Headquarters from 13 May to 30 May 1980. The following members were present:

Mr. Abdel Hamid Abdel-Ghani
Mr. Mohammed Sadiq Al-Mahdi
Syed Amjad Ali
Mr. Denis Bauchard
Mr. Fathih K. Bouayad-Agha
Mr. Helio de Burgos-Cabal
Mr. Anatoly Semënovich Chistyakov
Mr. Miguel Angel Davila Mendoza
Mr. Leoncio Fernández Maroto
Mr. Richard V. Hennes
Mr. Japhet G. Kiti
Mr. Wilfried Koschorreck
Mr. Angus J. Matheson
Mr. Atilio Norberto Molteni
Mr. Katsumi Sezaki
Mr. Ladislav Smíd
Mr. Sung Hsin-chung
Mr. József Tardos

2. The Committee re-elected Syed Amjad Ali Chairman and Mr. Japhet G. Kiti Vice-Chairman.

3. Some members of the Committee were unable to attend some of the Committee's meetings.

II. TERMS OF REFERENCE OF THE COMMITTEE

4. During its fortieth session the Committee was guided by its terms of reference as laid down by the General Assembly. The texts of those terms of reference and directives as contained in a number of Assembly resolutions are set out in annex I to the present report.

III. CONSIDERATION OF GENERAL ASSEMBLY RESOLUTION 34/6 B
OF 25 OCTOBER 1979

A. Introduction

5. In paragraph 2 of its resolution 34/6 B, the General Assembly requested the Committee on Contributions:

"to study in depth and report to the General Assembly at its thirty-fifth session on ways and means of increasing the fairness and equity of the scale of assessments, bearing in mind the debate under agenda item 103 in the Fifth Committee during the thirty-fourth session of the Assembly, and, in particular:

"(a) Methods which would avoid excessive variations of individual rates of assessment between two successive scales, including ways of setting a percentage limit or percentage points limit or a combination of the two;

"(b) Ways of taking into account conditions or circumstances which adversely affect the capacity to pay of Member States and ways of setting objective criteria by which these conditions or circumstances can be taken into account in the elaboration of the scale of assessments;

"(c) Ways of taking into account the particular situation of Member States whose earnings depend heavily on one or a few products;

"(d) Ways of bringing up to date the values of the per capita allowance formula and their effects on the scale of assessments;

"(e) Ways of taking into account the different methods of national accounting of Member States, including the level of different inflation rates and their effects on the comparability of national income statistics;

"(f) Ways of taking into account the concept of accumulated wealth and the ways by which criteria could be developed to enable it to be applied as a factor in setting the scale of assessments;

"(g) Methods to ensure that all countries are assessed on data covering the same period of time so that data used are comparable;

"(h) Effects of altering the statistical base period in the scale of assessments".

6. The Committee studied in depth paragraph 2 of Assembly resolution 34/6 B and noted that some of the subparagraphs of the resolution contained topics which were closely related to one another. Appropriate cross-references are accordingly given in relevant paragraphs below wherever necessary.

B. Methods which would avoid excessive variations of individual rates of assessment between two successive scales

(resolution 34/6 B, paragraph 2 (a))

7. In order to comply with the request of the General Assembly to explore methods which would avoid excessive variations of individual rates of assessment between

two successive scales, the Committee studied at length a number of alternative calculations based on the latest available national income data. These calculations were determined by using various illustrative schedules of percentage limits and percentage points limits graduated according to the size of a Member State's official assessment. The application of the limits, whether percentage limits or percentage points limits or a combination of the two, was completely symmetrical in that in all the illustrative exercises limits were imposed on increases as well as on decreases between two successive scales.

8. In the absence of an accepted definition the Committee was unable to agree on what was meant by excessive or extreme variations in the rates of assessment between two successive scales. Some members pointed out that, since increases or decreases result from changes in national income, which is prima facie the principal measure of capacity to pay, imposition of any limit upward or downward would lead to a distortion of capacity to pay so defined. Furthermore, for countries experiencing continual growth or continual decline in their national incomes, if arbitrary limits were repeated in a series of successive scales, the consequence of repeatedly applying any limits to a series of successive scales would be to worsen the distortion of capacity to pay over a period of years.

9. These members reminded the Committee that, in the past, mitigations in the recommended scales for a number of Member States had taken place to moderate upward or downward movements resulting from changes in national incomes. The introduction of any system of limiting percentage rates of assessment would greatly reduce this flexibility, thereby diminishing the possibility of granting additional relief to Member States in special circumstances.

10. However, some other members were of the view that, in the light of the concern expressed repeatedly in the General Assembly on the desirability of mitigating extreme or excessive variations in assessments between two successive scales, introduction of some form of limits, upward and downward, would be the proper means of fulfilling the directive of the Assembly. These members felt that an application of a reasonable limit would not essentially depart from the principle of the capacity to pay since the principal measures used at present is national income, and in the absence of the required statistics on other economic and social indicators such a measure does not represent adequately a Member State's capacity to pay.

11. The Committee also considered the possibility of introducing a scale in terms of up to 4 decimal digits. The Committee was of the view that such an extension might partly fulfil the need to dampen excessive movement in percentage rates of assessments between two successive scales, e.g. an increase based on national income figures from 0.01 to 0.02 per cent. It was pointed out, however, that a scale based on more decimals than presently used might convey the impression of a higher degree of precision in the underlying statistics than is actually the case.

12. The Committee concluded that the questions relating to the possibility of avoiding excessive or extreme variations between two successive scales should be kept under constant review and would be discussed again in its future sessions.

C. Conditions or circumstances which adversely affect the capacity of Member States to pay

(resolution 34/6 B, paragraph 2 (b))

13. Among the conditions or circumstances commonly mentioned during discussions in the General Assembly and in the Committee on Contributions as affecting the capacity of Member States to pay, four seem to be specially relevant in the context of resolution 34/6 B. The first is that the single aggregate - national income expressed in monetary terms - may not fully reflect economic realities. A new general index of development covering economic and social, as well as value and structural, aspects of development, when available, may provide a more comprehensive indicator of a country's over-all level of development than does per capita national income. The second is that the difficulty of certain Member States in securing convertible currency may adversely affect their capacity to pay. The third is that, in the case of countries with commodity-oriented economies, their capacity to pay may be affected adversely by sharp declines in export prices and by the increasing price of imports. The fourth is that the element of inflation may distort the statistical measurement of a country's national income and therefore its capacity to pay.

14. In so far as the third and the fourth elements are subjects separately dealt with under those sections of the present report dealing with paragraphs 2 (c) and 2 (e) of resolution 34/6 B, this section is confined only to a discussion of the first two topics.

1. Economic and social indicators of capacity to pay

15. During an extensive discussion on this subject, the Committee made reference to the studies in depth and the discussions it had had at its previous sessions, particularly those in 1976 and 1977. 1/ It took note of the progress made in this field in the three years since its last discussion.

16. Members of the Committee agreed that, in principle, national income as a measure of capacity to pay should be supplemented by other economic and social indicators and that these indicators could broaden the base of capacity to pay. To give an example, a nation's accumulated wealth and its current annual income would be jointly considered as the influencing factors of its capacity to pay. Applying as a parallel national taxation levied on a country's citizens to countries as members of the world community, it could be argued that net income should be supplemented by net worth as a measure of capacity to pay. This subject is fully dealt with in section G below (paras. 53-62).

17. The Committee recalled that, during its study carried out in 1977, 2/ it had explored the feasibility of combining some or all of a large number of indicators into one which would measure the relative level or stage of development of a country or its socio-economic status. In connexion with both the selection of indicators and the weights to be attached thereto, the Committee's examination had

1/ See Official Records of the General Assembly, Thirty-second Session, Supplement No. 11 (A/32/11 and Add.1 and Add.1/Corr.1 and Add.2), sect. III.

2/ Ibid., paras. 10-22.

shown that it was virtually impossible to establish a composite indicator which would reflect the widely diverse historical patterns of socio-economic development and of ethical and cultural attitudes of the United Nations membership as a whole. Further difficulties which the Committee had encountered were the absence of a full conceptual agreement about the content of given indicators and lack of recent statistics from Member States for a given year.

18. The Committee was informed that, in spite of the difficulties cited above, attempts had been made by research institutes and universities to rank countries by combining a number of variables with per capita national income or per capita gross national product. Both economic and social indicators of the type examined by the Committee at its session in 1977 had been used for the purpose of these studies. Again, since the choice of indicators and of weights may not have been necessarily objective, the results were inconclusive.

19. The Committee took cognizance of the fact that some progress had been achieved in the methodological work on the subject as well as of the wider and better availability of statistics corresponding to economic and social indicators. (The distribution of countries by the most recent year for which data are available for the 18 socio-economic indicators studied by the Committee during its review in 1977 is shown in annex II of the present report.) Nevertheless, the Committee realized, after an extensive discussion, the nature and the magnitude of work which still remained to be done in order to arrive at a reasonably meaningful and acceptable set of indicators as a supplement to national income as a measure of capacity to pay.

20. The Committee decided to study this question further at its next session and accordingly requested the Statistical Office of the United Nations to prepare a study on the relative rankings of Member States in respect of selected leading economic and social indicators:

2. Ability of Member States to secure convertible currency

21. It has been pointed out during the Fifth Committee debates on the item of contributions, that, in addition to the national income of the Member State, the determination of its capacity to pay should take account, inter alia, of its access to convertible currency.

22. This topic has been discussed by the Committee on a number of previous occasions, the last extensive discussion being at its thirty-seventh session, in 1977. During that session, the Committee studied available statistics on external public debt in relation to export of goods and services, to international reserves and to national income of individual countries. The Committee did not find a way to take payment difficulties systematically into account in the determination of contribution rates for all Member States.

23. Consonant with this conclusion, the Committee, for its review of the scale of assessments at its thirty-seventh session, in 1977, 3/ examined the latest available statistics on external public debt and its relationship to the current account of the balance of payments, as well as to the international reserves,

3/ Ibid., sect. IV.

external public debt and debt-servicing (interest payments and amortization) to earnings from the export of goods and services; also ratios of external public debt outstanding, new public debt and debt-servicing to international reserves. In formulating the recommendations for a scale of assessments for 1978 and 1979 as well as for 1980, 1981, and 1982 ^{4/} the Committee paid particular attention to those developing countries so designated by the World Bank (World Debt Tables, 1976) that had to devote a substantial portion of their foreign earnings to the servicing of external public debts and, to the extent possible, it made downward adjustments in individual assessments.

24. The Committee examined this subject again at its current session in response to the Assembly request in paragraph 2 (b) of resolution 34/6 B, and studied the relevant statistical developments since the Committee's session in 1977 which would systematically take payment difficulties into account in the determination of countries' relative capacity to pay.

25. Based on this examination, the Committee concluded that, as in the case of the socio-economic indicators other than national income, the question required further study despite the development in compiling relevant statistical data and requested the Secretariat to collect appropriate information for the future work of the Committee on this subject.

D. Heavy dependence of certain Member States on export
of one product or a few products
(resolution 34/6 B, paragraph 2 (c))

26. In the view of the Committee, Member States whose earnings depend heavily on one product or a few products include:

(a) Countries whose certain export commodities had significant price rises in recent years;

(b) Commodity-oriented economies whose capacity to pay may have been adversely affected by sharp declines in export prices;

(c) Countries whose export earnings were subject to sharp fluctuations.

27. The Committee has been aware for some time that for all three groups of countries the increasing price of their imports and the deteriorating terms of their trade should be taken into account as an important factor in their capacity to pay.

28. Some members drew the attention of the Committee to recent projections of the International Monetary Fund according to which, despite the relatively large increases in import prices in both 1979 and 1980, there would remain an improvement in estimated terms of trade of almost 80 per cent for the oil-exporting countries over the two years as a consequence of the recent sharp increases of 137 per cent in average oil export prices for the same period.

^{4/} Ibid., Thirty-fourth Session, Supplement No. 11 (A/34/11 and Corr.1 and 2 and Add.1), sect. V.

29. Other members of the Committee, however, disagreed with the above-mentioned statement, since the calculation of the terms of trade would necessarily depend on the choice of the base year of calculation. Moreover, those same members noted that the economies of the developing oil-exporting countries have, for a long period of time and especially in recent years, been adversely affected by the sharp rise in the rate of imported inflation from developed industrialized countries and by the continuous sharp decline in the value of the United States dollar. They, also, noted that the import price index of those countries had more than quadrupled since 1973, and that, especially during the years 1977 and 1978 when oil prices were more or less constant in nominal terms, the real price of their oil exports and their terms of trade had experienced a sharp decline. Therefore, in their determination to exercise full and permanent sovereignty over their natural resources, the developing oil-exporting countries were able, recently, to rectify the above-mentioned unjust and abnormal situation through the adjustment of oil prices which had partially compensated for the decline and loss in the real value of the price of their oil exports during the period 1974-1978 and the deterioration in their terms of trade.

30. The Committee observed that, in the case of the first group of countries, the sharp price rises of their export commodities resulted in sharply higher national income estimates in current prices. It was mentioned during the debate in the Fifth Committee during the thirty-first session of the General Assembly that countries whose incomes had increased substantially in recent years but which did not have well developed infrastructures were, of necessity, obliged to refrain for some time to come from devoting large portions of their national income to consumption before they were in a position to match mature developed countries in terms of the latter's accumulated wealth. In this connexion, it was suggested during the same debate that, in addition to its net national product, the determination of a Member's capacity to pay should take account of the following factors: relative level or stage of development, source of income (including the depletability of that source of income), access to foreign exchange, economic and social status, wealth pattern of its people in relation to development, extent of illiteracy, per capita production and consumption of energy, value and amount of production of basic industries and funds allocated for technical and scientific research, cereal production and consumption and structure of foreign trade. 5/

31. The Committee wishes to point out that this subject is discussed at length in paragraphs 13 to 25 and 53 to 62 of the present report.

32. The Committee, during its discussion on this subject, studied the available statistics on terms of trade and trade balances, the unit value index of manufactured goods exported by developed countries (which serves as a proxy for import price indices of developing countries whose exports of primary commodities represent a large share of their total exports), price indices of primary commodities, annual production of primary commodities in quantity and value terms and indices of export prices of foodstuffs and primary agricultural commodities exported by developed countries.

33. The Committee recalled that, at its session in 1977, it had discussed this subject extensively and had concluded that the elements enumerated in the foregoing

5/ Ibid., Thirty-first Session, Annexes, agenda item 100, document A/31/427, para. 14 (i).

paragraph "represent an intrinsic determinant of national income and, as such, are automatically taken into account whenever data on national income are compiled for the purpose of a review of the scale of assessments". The Committee noted then that "in so far as commodity prices decline or prices of manufactured goods imported by developing countries increase in years subsequent to the period under review ... as in the case of any other factor affecting the economy of a country, such declines would be reflected in the national incomes of Member States in the following period and would to some extent, therefore, be taken into account in the ensuing scale". 6/

34. The Committee realized that, in the case of developing countries whose national income depended to a large extent on the export of non-renewable natural resources, account should be taken of this fact when assessing their capacity to pay.

35. The Committee also realized that, in the case of commodity-oriented economies, which in recent years have suffered steep declines in export prices and increasing prices of imports, as well as those countries whose export earnings were subject to sharp fluctuations, there may have been an impairment of their relative capacity to pay as a result of a reduction in their international reserves of convertible currencies. The subject of the ability of Member States to secure foreign convertible currency is discussed in paragraphs 21 to 25 above.

36. The Committee observed that for Member States whose earnings depended heavily on one or a few products a factor contributing to domestic inflation could be the sharp movements in prices, export as well as import. A sudden steep rise in foreign exchange from the sale of export commodities at rapidly increasing world prices could have an impact on domestic money supply, causing high domestic inflation. If the prices of manufactured goods, foodstuffs and primary agricultural commodities imported by certain countries showed a drastic increase, this could result in domestic inflation in those Member States. Such inflation may distort the statistical measurement of a country's national income and therefore of its capacity to pay.

37. A discussion on the subject of the level of different inflation rates and their effects on the comparability of national income statistics is to be found in paragraphs 47 to 52 below.

E. Application of the low per capita income allowance formula
(resolution 34/6 B, paragraph 2 (d))

38. The Committee discussed a number of alternative formulae and the resulting calculations based on average national income statistics for the years 1972 to 1978. The Committee noted that, since statistical data for two additional years 1979 and 1980 would be used in calculations for 1982 during the next general review of the scale, the results obtained by applying the same formulae would then be different from those which the Committee had studied at the present session.

39. The Committee made comparisons, despite the lack of statistics for the entire span of years required, by using the statistics available at present. For illustrative purposes these results are reproduced in the tables below. They show

6/ Ibid., Thirty-second Session, Supplement No. 11 (A/32/11 and Add.1 and Add.1/Corr.1 and Add.2), para. 25.

the consequences of the application of three formulae, namely \$1,800, 75 per cent (table 1); \$2,000, 75 per cent (table 2); and \$2,500, 75 per cent (table 3). The number of percentage points and dollar amounts shifted from countries below the dollar limit to countries above the dollar limit are shown in table 4.

Table 1

Consequences of the application of the formula \$1,800, 75 per cent
based on averages of national income for 1972-1978

<u>Per capita income group</u>	Percentage before application of the formula	Percentage after application of the formula (\$1,800, 75 per cent)	Change in percentage points	Change in dollar terms <u>a/</u>
Over \$5,000	47.90	50.20	+2.30	+13,775,676
\$3,000-\$4,999	16.00	18.58	+2.58	+15,452,714
\$1,800-\$2,999	17.01	19.75	+2.74	+16,411,022
\$1,000-\$1,799	8.22	6.73	-1.49	-8,924,242
\$500-\$999	3.45	1.93	-1.52	-9,103,925
Below \$500	7.42	2.81	-4.61	-27,611,245

a/ Based on the gross amount of \$598,942,418 assessed on Member States for the year 1980.

Table 2

Consequences of the application of the formula \$2,000, 75 per cent
based on averages of national income for 1972-1978

<u>Per capita income group</u>	Percentage before application of the formula	Percentage after application of the formula (\$2,000, 75 per cent)	Change in percentage points	Change in dollar terms <u>a/</u>
Over \$5,000	47.90	50.49	+2.59	+15,512,609
\$3,000-\$4,999	16.00	18.79	+2.79	+16,710,493
\$2,000-\$2,999	16.62	19.51	+2.89	+17,309,436
\$1,000-\$1,999	8.61	6.64	-1.97	-11,799,165
\$500-\$999	3.45	1.81	-1.64	-9,822,656
Below \$500	7.42	3.76	-4.66	-27,910,717

a/ Based on the gross amount of \$598,942,418 assessed on Member States for the year 1980.

Table 3

Consequences of the application of the formula \$2,500, 75 per cent
based on averages of national income for 1972-1978

<u>Per capita income group</u>	<u>Percentage before application of the formula</u>	<u>Percentage after application of the formula (\$2,500, 75 per cent)</u>	<u>Change in percentage points</u>	<u>Change in dollar terms a/</u>
Over \$5,000	47.90	52.66	+4.76	+28,509,659
\$2,500-\$4,999	20.54	26.17	+5.63	+33,720,458
\$1,800-\$2,499	12.47	11.44	-1.03	-6,169,107
\$1,000-\$1,799	8.22	5.44	-2.78	-16,650,599
\$500-\$999	3.45	1.64	-1.81	-10,840,858
Below \$500	7.42	2.65	-4.77	-28,569,553

a/ Based on the gross amount of \$598,942,418 assessed on Member States for the year 1980.

Table 4

Number of percentage points and dollar amounts shifted from
countries below the dollar limit to countries above the
dollar limit

<u>Formula</u>	<u>Shift in percentage points</u>	<u>Shift in dollar amounts</u>
\$1,800: 75 per cent	7.62	45,639,412
\$2,000: 75 per cent	8.27	49,532,538
\$2,500: 75 per cent	10.39	62,230,117

40. Some members observed that the upward shifting of the low per capita income formula would result in heavily favouring middle-income countries rather than the low-income countries. They stated that such an alteration would not result in a reduction of the financial burden of countries with low per capita income, which, after all, was the sole purpose of introducing a low per capita income formula. They noted that future revisions should be made in such a manner that they lessen the burden of the low per capita income countries only, and in particular that of the least developed countries, rather than allot further advantages to middle-income countries.

41. However, some other members were of the opinion that such a procedure would be in conformity with the principle of taking into consideration, in the assessment of the capacity to pay, the ever-widening gap between the economies of the developing and developed countries and the need of the developing countries to allocate an ever-increasing sum of money for their economic development and especially for the development of their economic and social infrastructures.

42. The Committee concluded that this matter should be kept under constant study and that a thorough examination should be made in connexion with the general review of the scale at the Committee's session in 1982 when data would be available for the two additional years 1979 and 1980.

F. Different methods of national accounting by Member States and different inflation rates

(resolution 34/6 B, para. 2 (e))

1. Different methods of national accounting by Member States

43. The Committee wishes to point out that in arriving at a scale of assessments it uses the aggregate of national income in market prices for each Member State. Member States which do not submit this aggregate are requested to provide estimates of related economic statistics and their components in order to enable the Secretariat to estimate national income in market prices.

44. In order to recommend to the General Assembly an equitable scale of assessments, the Committee strives to base itself on the national income of all Member States compiled on a comparable basis. One of the problems the Committee needs to resolve in this connexion is that the methods used in some countries for the compilation of national income are basically different from those used in other countries. The concept of national income employed in the countries with centrally-planned economies refers mainly to net material product, which excludes the value of services not contributing directly to material production and, on the other hand, includes the amount of non-material product already embodied in the material product. Such excluded services are the following: passenger transportation; communication services rendered to the population; public baths, laundries, housing, recreation and entertainment; sanitation services and barber shops; services of teachers, physicians, nurses etc.; administration and defence services; science and research; and banking and insurance. The included elements are expenditure on cultural facilities in the material sphere as a part of business cost or financed out of profit, purchases of services by the material sphere (scientific services, financial services, insurance services, etc.), and travel expenditures in the material sphere.

45. Direct comparison of income aggregates (and components) in the two systems - the system of national accounts (SNA) and the material product system (MPS) - is not possible because of basic differences in the area of economic activity covered by the two systems of national accounting. In the SNA, production is defined as the total value of goods and services produced: in the MPS, it is restricted to goods and includes only those services which are directly connected with the process of producing goods.

46. The Committee was informed about the present status of work on links between the two systems and was pleased to note the amount of progress achieved in more than a decade with regard to reconciliation between the two systems and the compilation of statistics of national income in market prices for the countries with centrally-planned economies. The Committee also was pleased to learn that a number of countries with centrally-planned economies were in a position to supply data of national income in market prices according to the SNA as required for the purpose of the Committee. In those cases where countries with centrally-planned economies did not submit estimates according to the SNA, they were able to provide detailed economic statistics to enable the Secretariat to make the necessary adjustments in order to estimate national income in market prices. From the progress that has taken place to date in the methodological and statistical work in this field, the Committee felt confident that more countries with centrally-planned economies would be able to supply their statistics in terms of the SNA concept for the 1982 general review.

2. Level of different inflation rates and their effects on the comparability of national income statistics

47. For a number of years, the Committee has been greatly concerned over the problem of the level of different inflation rates and their effects on the comparability of national income statistics.

48. For calculating rates of assessment, the Committee employs statistics of national income in market prices in United States dollars. Relative changes in rates of assessment of Member States result from relative changes in national income corrected for price changes as well as from relative changes in prices. The price element itself comprises the following two factors: changes in domestic prices and changes in exchange rates in terms of the United States dollar. Although the Committee's normal practice is to base its computations on national income statistics in current prices converted into United States dollars, it has made allowance for the price factor whenever it had a significant impact on the level of assessment.

49. Exchange rates used for comparison purposes do not always respond adequately to variations in the relative rates of domestic inflation which clearly differ to a greater or lesser extent between individual countries and the United States. To the degree that exchange rates remain uncorrected for inflation by the interaction of market forces, by the intervention of Governments or by formal devaluations on their part, national incomes are correspondingly inflated. In recognizing this limitation in the role of exchange rates, the Committee for a number of years has sought some means of taking systematic account of excessive rates of inflation. This has been particularly true of the year since 1971 when the volatility of currency fluctuations and price movements dominated the world economic scene.

50. The Committee has acknowledged that the choice between using current or constant prices was not significant when variations in a country's exchange rate were in line with variations in its price level. It also recognized that the need for special attention in its work arose where changes in price levels were not proportionately reflected in exchange rates, either for the whole or part of the period under review.

51. The Committee considered again the possibility of using national income in constant rather than in current prices. The Committee found that this method presented serious conceptual and practical difficulties, including (a) the possibility that the rate of conversion applied to the base period might by itself be undervalued or overvalued; (b) imperfections in price indexes; and (c) the choice of an appropriate basket of goods and services valued for the base period. Moreover, constant price data for the economies of many Member States were not available. At the latest compilation, data in constant prices were available for 98 Member States. These data were found not comparable and, furthermore, were not expected to be available for all Member States for at least another decade; nor does an internationally agreed set of statistical techniques exist to the degree necessary for the work of the Committee even if data were available.

52. The Committee agreed that, in spite of the serious reservations preventing the use of statistics of national income in constant market prices cited above, this subject ought to be kept under constant review in future sessions of the Committee.

G. National wealth

(resolution 34/6 B, para. 2 (f))

53. At its thirty-seventh session, held in 1977, the Committee discussed at length the subject of national wealth as a part of its examination of the possible synthesis of economic and social indicators of capacity to pay.

54. In its report to the General Assembly at its thirty-second session, the Committee made the following observations:

"It could be argued that a nation's accumulated wealth as well as its current annual income could be jointly considered as the influencing factors of its capacity to pay. Applying as a parallel national taxation levied on a country's citizens to countries as members of the world community, it could be further argued that net income should be supplemented by net worth as a measure of capacity to pay. Certainly, in mature developed countries capital assets have been developed over hundreds of years. On the other hand, countries whose incomes have increased substantially in recent years but which do not have well developed infrastructures must, of necessity, refrain for some time to come from devoting to consumption large portions of their national income before they are in a position to match mature developed countries in terms of the latter's accumulated wealth. Available estimates of national wealth, however, are far from uniform in scope." 7/

7/ Ibid., para. 21.

55. Further, the Committee stated the following:

'Data relating to national wealth and net national welfare, which the Committee agreed would not only broaden the base of capacity to pay, but would serve to measure the infrastructure of a country, were partially available for only 25 and 3 Member States, respectively. Nor was it likely that such data would be available for the membership as a whole for many years to come." 8/

56. The Committee, therefore, concluded that "this lack of uniformity and ... the very limited availability of statistics, unfortunately render the estimates inadequate for the purpose of international comparisons". 9/

57. During the same session, the Committee was informed that international guidelines for the preparation of data on national wealth were expected to be published by the United Nations in the near future. Those guidelines were issued almost immediately following the close of the Committee's thirty-seventh session. 10/ However, the guidelines represent only the first step in a lengthy process of establishing a systematic body of statistics of national wealth.

58. The Committee was informed at its current session that the Statistical Office of the United Nations, as a part of its regular work programme, carried out in mid-1979 a survey of country practices in compiling balance-sheet statistics. That survey reviewed the availability of balance-sheet statistics and the sources and methods used in their compilation.

59. The definition of national wealth is related to that of balance-sheet accounts in the following manner: national wealth, that is, the total net worth of any one country, may be defined in two ways. First, it is the total of the various kinds of net tangible and intangible non-financial assets of residents, plus financial claims on non-residents, less financial liabilities to non-residents. Second, the same total may be obtained by adding together the totals for the net worth of each of the resident sectors.

60. The Committee was further informed that from the survey of 151 Member States only one country, at present, was in a position to provide the full range of balance-sheet statistics called for in the United Nations guidelines. Seven countries would be able to compile balance sheets confined to conventional types of assets and liabilities, excluding, for example, consumer durables and mineral deposits. A further 31 countries presently published some statistics on certain balance-sheet items, but as the data have generally not been collected with a view to constructing national balance sheets, they tend to be deficient for such purposes in both coverage and valuation. In other countries only rather limited balance-sheet data are available, such as certain banking statistics collected by the central monetary authority for purposes of bank regulation.

8/ Ibid., para. 18.

9/ Ibid., para. 21.

10/ Provisional International Guidelines on the National and Sectoral Balance Sheet and Reconciliation Accounts of the System of National Accounts, Series M, No. 60 (United Nations publication, Sales No. E.77.XVII.10).

61. It could be argued that net income should be supplemented by net worth as a measure of capacity to pay. However, in view of the developments which have taken place since the Committee's thirty-seventh session, as described in the foregoing paragraphs, it may be concluded that at the present stage sufficient progress has not been made in the areas of methodology and availability of national wealth statistics to warrant their use as a systematic element in the determination of countries' relative capacity to pay.

62. The Committee noted that the subjects of tangible assets and of national and sectoral balance sheets have been under constant review by the Statistical Commission of the United Nations. The Committee expressed the desire to be informed of the developments in this field at its future sessions.

H. Uniform time period for basic data
(resolution 34/6 B, para. 2 (g))

63. In order to ensure a uniform time period for basic data, the Committee decided to take certain steps. These are set out in section V below.

I. Effects of altering the statistical base period in the scale of assessments
(resolution 34/6 B, para. 2 (h))

64. Prior to 1952, the Committee calculated the scale of assessments on the data of a single year; in 1952, the scale of assessment was based on an average of national income estimates for two years. In 1953, the Committee decided for the first time to base its calculations on an average of national income estimates for three years. This was introduced in order to lessen the influence of short-term fluctuations in economic conditions and of movements in exchange rates.

65. In its report to the General Assembly at its twenty-fourth session, in 1969, 11/ the Committee observed that under the procedure which existed then the scale to be established in 1970, which would apply for the three following years, i.e., 1971, 1972 and 1973, would be based on averages of national income statistics for the period 1966-1968, there thus being a significant time-lag between the base period and the period of application of the scale. The Committee questioned whether a further extension of the time-lag would be desirable and equitable. At that time the Committee was of the view that an extension of the base period to more than three years would not only further slow down the influence of short-term economic fluctuations but would also delay the effects of differential rates of economic growth of Member States.

66. The Committee expressed the view that a three-year base period provided a more appropriate means of reflecting the relative economic changes in Member States and was long enough to provide for correction of the influence of short-term fluctuations.

11/ Ibid., Twenty-fourth Session, Supplement No. 11 (A/7611 and Corr.1 and Add.1), para. 14.

67. Under the terms of Assembly resolution 31/95 A of 14 December 1976, the Committee was requested to consider the possibility of mitigating extreme variations in assessments between two successive scales, without departing essentially from the principle of the capacity to pay, either by increasing the statistical base period from three years to some longer period or by any other appropriate method. The Committee, after an extensive discussion of this matter, decided that, for the purpose of its review of the scale in 1977, it would base its work on national income and related statistics for a seven-year base period, 1969-1975.

68. During the current session, the Committee studied statistics based on three, five, seven and nine-year base periods. Some members, although they felt that a base period of three or five years better reflected economic realities, favoured at least a retention of a seven-year statistical base. This view was not shared, however, by some other members who were of the opinion, for reasons stated in above paragraphs, that the retention would not reflect a Member State's current economic situation. These members expressed the hope that the Committee on Contributions would eventually return to the use of the former base period of three years. Some members expressed the opinion that, in view of the lack of the necessary data on national wealth, which ought to be one of the determinants of capacity to pay, an average national income for a period of nine years would be an acceptable approximation. They went on to say that they preferred an even longer base period of 15 years in order to include a wider reflection of economic realities.

69. The Committee agreed that its study based on the latest available statistics was highly instructive. Nevertheless, the Committee recognized that, at its general review session in 1982, the data available for two additional years would certainly alter the picture. Moreover, within the time available to the Committee at its current session, it could not examine in depth all the aspects of this question and, therefore, decided to continue studying this important question of base period in the following sessions.

IV. ASSESSMENT OF NEW MEMBER STATES AND OF NON-MEMBER STATES

A. Assessment of new Member States for 1979 and 1980

70. Under the terms of rule 160 of the rules of procedure of the General Assembly the Committee is called upon to advise the Assembly on assessments to be fixed for new Members. Regulation 5.8 of the Financial Regulations of the United Nations provides that "new Members shall be required to make a contribution for the year in which they become Members and to provide their proportion of the total advances to the Working Capital Fund at rates to be determined by the General Assembly".

71. At the thirty-fourth session of the General Assembly, Saint Lucia was admitted to membership in the Organization on 18 September 1979 following the adoption of Assembly resolution 34/1.

72. Under the terms of General Assembly resolution 69 (I) of 14 December 1946, new Members are required to contribute to the annual budget of the year in which they are first admitted, at least $33 \frac{1}{3}$ of their percentage of assessment determined for the following year, applied to the budget for the year of admission. However, by subsequent decisions of the Assembly, exceptions have been made to the $33 \frac{1}{3}$ per cent rule, the prescribed minimum having been reduced to one ninth for almost all new States admitted to membership in the Organization since 1955.

73. The United Nations scale of assessments for the years 1980, 1981 and 1982, as established by the General Assembly in resolution 34/6, was based on national income and related data for the years 1971-1977. On the same basis, the Committee recommends that Saint Lucia, admitted to membership in the Organization in 1979, be assessed at the rate of 0.01 per cent for 1980 and at the rate of one ninth of 0.01 per cent for 1979. The Committee further recommends that for 1979 and 1980 the contributions of the new Member should be applied to the same basis of assessment as for other Member States, except that, in the case of appropriations or apportionments approved by the General Assembly, under its resolutions 33/13 C and D of 8 December 1978 and 34/7 B and C of 3 December 1979 for the financing of the United Nations Emergency Force and the United Nations Disengagement Observer Force, and under Assembly resolutions 34/9 A of 1 November 1979 and 34/9 B of 17 December 1979 for the financing of the United Nations Interim Force in Lebanon, the contributions of Saint Lucia (in accordance with the group to which the new Member may be assigned by the Assembly) should be calculated in proportion to the calendar year.

B. Assessment of non-member States

74. By its resolution 34/6 A, the General Assembly, on the recommendation of the Committee on Contributions, decided that the following States, not Members of the United Nations at the present time, but which participate in certain of its activities, should contribute towards the 1980, 1981, and 1982 expenses of such activities at the following rates:

	<u>Per cent</u>
Democratic People's Republic of Korea	0.05
Holy See	0.01
Liechtenstein	0.01
Monaco	0.01
Nauru	0.01
Republic of Korea	0.15
San Marino	0.01
Switzerland	1.05
Tonga	0.01

75. The percentage rates for States not Members of the United Nations are calculated in the same manner and follow the same basic principles as are applied by the Committee in the assessment of Members. In reviewing the rates of assessment at which non-member States should be called upon to contribute towards the 1980, 1981 and 1982 expenses of the United Nations activities in which they participate, the Committee used national income statistics for the years 1971-1977, adjusted by the application of the same allowance formula for low per capita income as for the assessment of Member States. In accordance with its normal practice, the percentage rates of non-member States were computed by relating the adjusted national income of each country to the combined adjusted income of those Member States not subject to the "ceiling" and "floor" provisions.

76. The activities in which non-member States are expected to participate in 1980, 1981, and 1982 are shown below:

(a) International Court of Justice

Liechtenstein
San Marino
Switzerland

(b) International drug control

Holy See
Liechtenstein
Monaco
Republic of Korea
Switzerland
Tonga

(c) Economic and Social Commission for Asia and the Pacific

Republic of Korea

(d) Economic Commission for Europe

Switzerland

- (e) United Nations Conference on Trade and Development
 Democratic People's Republic of Korea
 Holy See
 Liechtenstein
 Monaco
 Republic of Korea
 San Marino
 Switzerland
 Tonga
- (f) United Nations Industrial Development Organization
 Liechtenstein
 Monaco
 Republic of Korea
 Switzerland
- (g) United Nations Environment Programme
 Switzerland
- (h) Third United Nations Conference on the Law of the Sea
 Democratic People's Republic of Korea
 Holy See
 Monaco
 Nauru
 Republic of Korea
 Switzerland
- (i) United Nations Centre for Human Settlements (Habitat)
- (j) Transnational corporations (including Commission on Transnational Corporations)
- (k) World Conference for Action against Apartheid
- (l) Committee on Disarmament
- (m) United Nations Council for Namibia

77. The Committee recalled that the General Assembly, by its resolution 3371 B (XXX) of 30 October 1975, approved its recommendation that regulation 5.9 of the Financial Regulations of the United Nations (which concerns contributions from non-member States) be amended. The amended regulation provides, inter alia, that States which are not Members of the United Nations but which participate in organs or conferences financed from United Nations appropriations should contribute to the expenses of such organs at rates to be determined by the Assembly, unless the Assembly decides with respect to any such State to exempt it from the requirement of so contributing.

78. At the same time, the Committee noted that the participation of non-member States in the additional activities of the organs listed in paragraph 76 (i) through (m) above, could not be estimated at the time of the preparation of its report.

79. In accordance with the procedure established by the General Assembly, the rates of assessment for non-member States are subject to consultation with the Governments concerned.

C. Proposed participation of the Democratic People's Republic of Korea in the activities of the United Nations Industrial Development Organization as a member

80. The Committee took note of the report of the Secretary-General on the proposed participation of the Democratic People's Republic of Korea in the activities of the United Nations Industrial Development Organization (UNIDO). In particular, the Committee noted the acceptance by the Democratic People's Republic of Korea of the duties of a member State of UNIDO.

81. In accordance with resolution 34/6, which, inter alia, set out the percentage rates of assessment of certain non-member States as their respective shares of contribution towards the 1980, 1981 and 1982 expenses of the United Nations activities in which they participated, and indicated those activities to which each was to contribute, the Democratic People's Republic of Korea was assessed at 0.05 per cent toward the anticipated expenses of the United Nations Conference on Trade and Development and the Third United Nations Conference on the Law of the Sea (see paras. 74 and 76 above).

82. The Committee learned that the request of the Democratic People's Republic of Korea would be submitted to the General Assembly at its thirty-fifth session, and, upon its approval, the Democratic People's Republic of Korea would be included in the list of States eligible for election to the Industrial Development Board as provided for in paragraph 4 of resolution 2152 (XXI) of 17 November 1966.

83. On the basis of the above considerations and on the assumption that the General Assembly concurs with the request of the Democratic People's Republic of Korea, the Committee wishes to recommend that the list in paragraph 7 of resolution 34/6 A should be amended so as to include the Democratic People's Republic of Korea as a non-member State called upon to contribute towards the expenses of UNIDO.

V. REPRESENTATIONS BY MEMBER STATES

84. The Committee examined in depth the representation made by Australia regarding the data used in establishing the scale of assessment for Australia for the period 1980-1982. Prior to 1976, Australia submitted its statistics to the Statistical Office of the United Nations on a fiscal year basis and, in accordance with the Committee's practice, these data were accepted without change. For the review sessions in 1976 and 1977, Australia submitted its national income statistics on a calendar year basis which the Committee once again accepted without change. In the 1979 review, the Committee was provided with national income statistics for Australia on a fiscal year basis. Pursuant to its normal practice, the Committee utilized without adjustment these fiscal year data for the 1979 review as it did for some other Members.

85. As a result of its intensive review of this question, the Committee decided to take the following steps:

(a) It asked the Statistical Office of the United Nations henceforth to request, in explicit language, calendar year data from all Members;

(b) In cases where calendar year data are not supplied, the Committee authorized the Statistical Office to adjust the data submitted to a calendar year basis for the use of the Committee;

(b) In the next review in 1982, the Committee will take appropriate action to ensure the adjustment of the fiscal year statistics of Australia and other Member States in a similar situation to a calendar year basis in an equitable manner.

VI. OTHER MATTERS CONSIDERED BY THE COMMITTEE

A. Collection of contributions

86. Under its terms of reference, one of the functions of the Committee is to consider and report to the General Assembly on the action to be taken in regard to the application of Article 19 of the Charter, which reads as follows:

"A Member of the United Nations which is in arrears in the payment of its financial contributions to the Organization shall have no vote in the General Assembly if the amount of its arrears equals or exceeds the amount of the contributions due from it for the preceding two full years. The General Assembly may, nevertheless, permit such a Member to vote if it is satisfied that the failure to pay is due to conditions beyond the control of the Member."

87. The Committee took note of a letter from the Secretary-General to the President of the General Assembly (A/34/851) which indicated that, at the opening of the resumed thirty-fourth session of the General Assembly on 4 January 1980, 11 Member States (Central African Republic, Chad, Comoros, Congo, Dominican Republic, Grenada, Mali, Nicaragua, Paraguay, South Africa and Sudan) were in arrears in the payment of their assessed contributions within the terms of Article 19.

88. Subsequently, the Governments of the Congo, the Dominican Republic, Grenada, Mali, Paraguay and the Sudan made the necessary payments to reduce their arrears below the amount specified under Article 19.

89. At the time of the preparation of the Committee's report, the Central African Republic, Chad, the Comoros, Nicaragua and South Africa remain in arrears in the payment of their assessed contributions within the terms of Article 19.

90. The Committee took note of the report of the Secretary-General on the collection of contributions and of the fact that certain Member States remained in arrears in the payment of their assessed contributions within the terms of Article 19 of the Charter.

91. In regard to the collection of contributions, the Committee reaffirmed its previous decision to authorize the Chairman to issue an addendum to the present report if it should become necessary.

B. Payment of contributions in currencies other than United States dollars

92. Under the provisions of paragraph 3 of resolution 34/6 A, the General Assembly authorized the Secretary-General to accept, at his discretion and after consultation with the Chairman of the Committee, a portion of the contributions of Member States for the calendar years 1980, 1981, and 1982 in currencies other than United States dollars.

93. At its current session, the Committee considered a report of the Secretary-General on the arrangements made for payments by Member States of their 1980 contributions in currencies other than United States dollars. The Committee noted that 11 Member States had availed themselves of the opportunity of paying the equivalent of \$2.6 million in 5 of the 21 non-United States dollar currencies acceptable to the Organization. In accordance with the recommendation of the Fifth Committee, the Committee also noted that the Secretary-General had continued to give absolute priority to each Member for payment in its own currency.

94. The Committee recommends that the Secretary-General should continue to be authorized to make similar arrangements for the years 1980, 1981 and 1982.

C. Request for information from specialized agencies and other organizations

95. At its current session the Committee on Contributions examined the request submitted by the World Tourism Organization for national income data and related statistics used by the Committee for establishing the scale of assessments for States Members of the United Nations.

96. The Committee has also studied the contents of article 7, entitled "Exchange of Information and Documents", of the Agreement on Co-operation and Relationships between the United Nations and the World Tourism Organization (resolution 32/156, annex) which reads as follows:

"Subject to such arrangements as may be necessary for the safeguarding of confidential material, a full and prompt exchange of information and documents on matters concerning tourism shall be made between the United Nations and the World Tourism Organization. The World Tourism Organization agrees to transmit to the Economic and Social Council reports on its activities and programmes."

97. The Committee, owing to the indication set forth in resolution 32/156 that the World Tourism Organization was not a specialized agency of the United Nations and that the national income data and related statistics utilized by the Committee were classified material, decided to seek the guidance of the Secretary-General in order to determine whether the World Tourism Organization could be treated on a status equal to that enjoyed by specialized agencies, thereby permitting the Committee to release the classified material normally provided to specialized agencies.

98. For the texts of letters exchanged between the Chairman of the Committee and the Secretary-General, see annex III to the present report.

D. Date of the next session of the Committee

99. The Committee decided to hold a three-week session in New York in 1981, from 16 June to 2 July.

VII. RECOMMENDATION OF THE COMMITTEE

100. The Committee on Contributions recommends to the General Assembly the adoption of the following draft resolution:

Scale of assessments for the apportionment of the expenses of the United Nations

A

The General Assembly

Resolves that:

1. The rate of assessment for Saint Lucia, admitted to membership in the United Nations on 18 September 1979, shall be as follows:

<u>Member State</u>	<u>Percentage contribution</u>	
	<u>1979</u>	<u>1980-1981</u>
Saint Lucia	0.01	0.01

2. For the years 1980 to 1982, this rate shall be added to the scale of assessments established under General Assembly resolution 34/6 of 25 October 1979;

3. For the year 1979, Saint Lucia shall contribute at the rate of one ninth of 0.01 per cent;

4. The contributions of Saint Lucia for 1979 and 1980 shall be applied to the same basis of assessment as for other Member States, except that in the case of appropriations approved under General Assembly resolutions 33/13 C and D of 8 December 1978 and 34/7 B and C of 3 December 1979 for the financing of the United Nations Emergency Force and the United Nations Disengagement Observer Force, and under Assembly resolutions 34/9 A of 1 November 1979 and 34/9 B of 17 December 1979 for the financing of the United Nations Interim Force in Lebanon, the contributions of that State, as determined by the group of contributors to which it may be assigned by the Assembly, shall be calculated in proportion to the calendar year;

5. The advances to the Working Capital Fund of Saint Lucia under regulation 5.8 of the Financial Regulations of the United Nations shall be calculated by the application of the rate of assessment of 0.01 per cent, to the authorized level of the Fund, such advances to be added to the Fund pending the incorporation of the new Member's rates of assessment in a 100 per cent scale.

The General Assembly

Resolves that paragraph 7 (f) of resolution 34/6 A of 25 October 1979 shall be amended to include the Democratic People's Republic of Korea among the non-member States called upon to contribute towards the 1980, 1981 and 1982 expenses of the United Nations Industrial Development Organization in accordance with the scale set out in paragraph 7 of that resolution.

ANNEX I

Terms of reference of the Committee

A. Original terms of reference

The original terms of reference of the Committee on Contributions are contained in chapter IX, section 2, paragraphs 13 and 14, of the report of the Preparatory Commission of the United Nations a/ and in the report of the Fifth Committee of 11 February 1946, b/ and were adopted at the first part of the first session of the General Assembly on 13 February 1946 (resolution 14 (I), para. 3). The relevant paragraphs are as follows:

"The apportionment of expenses

"...

"13. The expenses of the United Nations should be apportioned broadly according to capacity to pay. It is, however, difficult to measure such capacity merely by statistical means, and impossible to arrive at any definite formula. Comparative estimates of national income would appear prima facie to be the fairest guide. The main factors which should be taken into account in order to prevent anomalous assessments resulting from the use of comparative estimates of national income include:

"(a) Comparative income per head of population;

"(b) Temporary dislocation of national economies arising out of the Second World War;

"(c) The ability of Members to secure foreign currency.

"Two opposite tendencies should also be guarded against: some Members may desire unduly to minimize their contributions, whereas others may desire to increase them unduly for reasons of prestige. If a ceiling is imposed on contributions the ceiling should not be such as seriously to obscure the relation between a nation's contributions and its capacity to pay. The Committee should be given discretion to consider all data relevant to capacity to pay and all other pertinent factors in arriving at its recommendations. Once a scale has been fixed by the General Assembly it should not be subjected to a general revision for at least three years or unless it is clear that there have been substantial changes in relative capacities to pay.

a/ Report of the Preparatory Commission of the United Nations (RC/20).

b/ Official Records of the General Assembly, First part of first session, Plenary Meetings, annex 19 (A/44).

"14. Other functions of the Committee would be:

"(a) To make recommendations to the General Assembly on the contributions to be paid by new Members;

"(b) To consider and report to the General Assembly on appeals by Members for a change of assessment; and

"(c) To consider and report to the General Assembly on the action to be taken if Members fall into default with their contributions.

"In connexion with the latter, the Committee should advise the Assembly in regard to the application of Article 19 of the Charter."

B. Resolution 238 A (III) adopted by the General Assembly on 18 November 1948

"The General Assembly,

"Recognizing

"(a) That in normal times no one Member State should contribute more than one third of the ordinary expenses of the United Nations for any one year,

"(b) That in normal times the per capita contribution of any Member should not exceed the per capita contribution of the Member which bears the highest assessment,

"(c) That the Committee on Contributions needs for its work more adequate statistical data,

"Accordingly

"1. Reaffirms the terms of reference of the Committee on Contributions accepted by the General Assembly in its resolution of 13 February 1946 (resolution 14 (I), A, 3);

"2. Calls upon Member States to assist the Committee on Contributions by providing the available statistics and other information essential to its work;

"3. Accepts the principle of a ceiling to be fixed on the percentage rate of contributions of the Member State bearing the highest assessment;

"4. Instructs the Committee on Contributions, until a more permanent scale is proposed for adoption, to recommend how additional contributions resulting from (a) admission of new Members and (b) increases in the relative capacity of Members to pay, can be used to remove existing maladjustments in the present scale or otherwise used to reduce the rates of contributions of present Members;

"5. Decides that when existing maladjustments in the present scale have been removed and a more permanent scale is proposed, as world economic conditions improve, the rate of contribution which shall be the ceiling for the highest assessment shall be fixed by the General Assembly."

C. Resolution 582 (VI) adopted by the General Assembly on 21 December 1951

"The General Assembly,

"...

"Resolves:

"...

"3. That the review to be undertaken in 1952 by the Committee on Contributions shall be based on the General Assembly resolutions c/ relating to the criteria for determining the scale of assessments, on the views expressed by Members during the sixth session of the General Assembly, and on rule 159 of the rules of procedure of the General Assembly, with particular attention to countries with low per capita income which requires special consideration in this connexion; ..."

D. Resolution 665 (VII) adopted by the General Assembly on 5 December 1952

"The General Assembly,

"...

"1. Notes with satisfaction the action taken by the Committee on Contributions to implement the recommendations of General Assembly resolution 582 (VI) of 21 December 1951 by giving additional recognition to countries with low per capita income, and urges the Committee to continue to do so in the future;

"2. Instructs the Committee on Contributions 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;

"3. Decides that from 1 January 1954 the assessment of the largest contributor shall not exceed one third of total assessments against Members; ..."

c/ See resolutions 14 A (I), 69 (I) and 238 A (III).

E. Resolution 876 A (IX) adopted by the
General Assembly on 4 December 1954

"The General Assembly,

"1. Reaffirms the decision d/ of the General Assembly at its seventh session 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 of assessments;

"2. Reaffirms 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 scale 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."

F. Resolution 1137 (XII) adopted by the General Assembly
on 14 October 1957

"The General Assembly,

"Recalling its resolutions 14 (I) of 13 February 1946, 238 (III) of 18 November 1948 and 665 (VII) of 5 December 1952, regarding the apportionment of the expenses of the United Nations among its Members and the fixing of the maximum contribution of any one Member State,

"Noting that, when the maximum contribution of any one Member State was fixed at 33.33 per cent effective 1 January 1954, the United Nations consisted of sixty Member States,

"Noting further that, since 1 January 1954, twenty-two States have been admitted to membership in the United Nations,

"Recalling its resolution 1087 (XI) of 21 December 1956, whereby the percentage contributions of the first sixteen new Member States admitted since 1 January 1954 were incorporated into the regular scale of assessments for 1956 and 1957 and were applied to reduce the percentage contributions of all Member States except that of the highest contributor and those of the Member States paying minimum assessments,

d/ See resolution 665 (VII).

"Noting that there are now six new Member States - Ghana, Japan, Malaya (Federation of), Morocco, Sudan and Tunisia - whose percentage contributions have not yet been fixed by the Committee on Contributions or incorporated into the 100 per cent scale of assessments,

"Decides that:

"1. In principle, the maximum contribution of any one Member State to the ordinary expenses of the United Nations shall not exceed 30 per cent of the total;

"...

"3. The Committee on Contributions shall take the following steps in preparing scales of assessment for 1958 and subsequent years:

"(a) The percentage contributions fixed by the Committee on Contributions for Ghana, Japan, Malaya (Federation of), Morocco, Sudan and Tunisia for 1958 shall be incorporated into the 100 per cent scale for 1958; this incorporation shall be accomplished by applying the total amount of the percentage contributions of the six Member States named above to a pro rata reduction of the percentage contributions of all Members except those assessed at the minimum rate, taking into account the per capita ceiling principle and any reductions which may be required as a result of a review by the Committee on Contributions, at its session commencing 15 October 1957, of appeals from recommendations made previously by that Committee;

"(b) During the three-year period of the next scale of assessments (1959-1961), further steps to reduce the share of the largest contributor shall be recommended by the Committee on Contributions when new Member States are admitted;

"(c) The Committee on Contributions shall thereafter recommend such additional steps as may be necessary and appropriate to complete the reduction;

"(d) The percentage contribution of Member States shall not in any case be increased as a consequence of the present resolution."

G. Resolution 1927 (XVIII) adopted by the
General Assembly on 11 December 1963

"The General Assembly,

"...

"2. Requests the Committee on Contributions, in calculating rates of assessment, to give due attention to the developing countries in view of their special economic and financial problems; ..."

H. Resolution 2118 (XX) adopted by the
General Assembly on 21 December 1965

"The General Assembly,

"...

"2. Notes with appreciation the action taken by the Committee on Contributions to meet the request made in General Assembly resolution 1927 (XVIII) with respect to the attention due to the developing countries, and requests the Committee, in calculating rates of assessments, to continue its efforts to give due attention to the situation of those countries in view of their special economic and financial problems."

I. Resolution 2961 B (XXVII) adopted by the General
Assembly on 13 December 1972

"The General Assembly,

"Recalling its resolutions 14 (I) of 13 February 1946, 238 (III) of 18 November 1948, 665 (VII) of 5 December 1952 and 1137 (XII) of 14 October 1957 relating to the apportionment of the expenses of the United Nations among its Members and the fixing of the maximum contribution of any one Member State,

"Affirming that the capacity of Member States to contribute towards the payment of the ordinary expenses of the United Nations is a fundamental criterion on which scales of assessment are based,

"Noting that, when it was decided by the General Assembly in 1957 that, in principle, the maximum contribution by any one Member State to the ordinary expenses of the United Nations should not exceed 30 per cent of the total, the United Nations consisted of eighty-two Member States,

"Noting further that, since the General Assembly decision of 1957, fifty States have been admitted to membership in the United Nations,

"Recalling that, since the General Assembly decision of 1957, there has been a reduction in the percentage contribution of the State paying the maximum contribution from 33.33 per cent to 31.52 per cent,

"Decides that:

"(a) As a matter of principle, the maximum contribution of any one Member State to the ordinary expenses of the United Nations shall not exceed 25 per cent of the total;

"(b) In preparing scales of assessment for future years, the Committee on Contributions shall implement subparagraph (a) above as soon as practicable so as to reduce to 25 per cent the percentage contribution of the Member State paying the maximum contribution, utilizing for this purpose to the extent necessary:

"(i) The percentage contributions of any newly admitted Member States immediately upon their admission;

"(ii) The normal triennial increase in the percentage contributions of Member States resulting from increases in their national incomes;

"(c) Notwithstanding subparagraph (b) above, the percentage contribution of Member States shall not in any case in the United Nations, the specialized agencies or the International Atomic Energy Agency be increased as a consequence of the present resolution."

J. Resolution 2961 C (XXVII) adopted by the General Assembly on 13 December 1972

"The General Assembly,

"Recalling its resolutions 582 (VI) of 21 December 1951, 665 (VII) of 5 December 1952, 876 A (IX) of 4 December 1954, 1927 (XVIII) of 11 December 1963 and 2118 (XX) of 21 December 1965 relating to the additional recognition to be given to low per capita income countries and to the attention to be given to the developing countries in the calculation of their rates of assessment,

"Having considered the report of the Committee on Contributions on its thirty-second session, e/

"Noting the views of the Committee on Contributions on the question of allowance for low per capita income, expressed in paragraph 21 of its report,

"1. Reaffirms its previous directives to the Committee on Contributions regarding the additional recognition to be given to the low per capita income countries and the attention to be given to the developing countries in the calculation of their rates of assessment;

"2. Requests the Committee on Contributions, at its next review of the scale of assessments, to change the elements of the low per capita income allowance formula so as to adjust it to the changing world economic conditions."

K. Resolution 2961 D (XXVII) adopted by the General Assembly on 13 December 1972

"The General Assembly,

"Recalling its resolutions 582 (VI) of 21 December 1951, 665 (VII) of 5 December 1952, 876 A (IX) of 4 December 1954, 1927 (XVIII) of

e/ Official Records of the General Assembly, Twenty-seventh Session, Supplement No. 11 (A/8711 and Corr.1) and A/8711/Add.1.

11 December 1963 and 2118 (XX) of 21 December 1965 relating to the attention and recognition to be accorded by the Committee on Contributions to the countries with low per capita income when calculating the rates of their assessment, in view of their economic and financial problems,

"Noting that the ceiling for the highest contribution has been lowered twice and that the per capita ceiling principle has been fully implemented since 1956, but that the floor for minimum contribution set at 0.04 per cent has not been lowered since 1946, in spite of the increase in the membership of the United Nations and other factors,

"Taking into consideration that the allowance formula was benefiting mainly those developing countries with assessments higher than the floor and that the countries with the lowest per capita income, including the least developed among the developing countries, were not benefiting from any recommendations in favour of the developing countries in this respect, because of the rigidity of the fixed floor,

"1. Reaffirms that due regard should be accorded to the developing countries, especially those with the lowest per capita income, to help them meet their priorities at home and to help them offset the inflationary trends continuously affecting their payments in dollar terms;

"2. Requests the Committee on Contributions, in formulating the coming scale of assessment to lower the floor from 0.04 per cent to 0.02 per cent to allow the adjustments necessary for the developing countries, in particular those with the lowest per capita income."

L. Decision taken by the General Assembly at its twenty-eighth session f/

(2164th plenary meeting on 9 November 1973)

"... the General Assembly, on the recommendation of the Fifth Committee, g/ decided to delete from the terms of reference of the Committee on Contributions the provision concerning the temporary dislocation of national economies arising out of the Second World War."

M. Resolution 3228 (XXIX) adopted by the General Assembly on 12 November 1974

The General Assembly,

"Recalling its resolutions 238 (III) of 18 November 1948, 582 (VI) of 21 December 1951, 665 (VII) of 5 December 1952, 876 A (IX) of 4 December 1954, 1137 (XII) of 14 October 1957 and 2961 D (XXVII) of 13 December 1972,

f/ Ibid., Twenty-eighth Session, Supplement No. 30 (A/9030), p. 136, item 84.

g/ Ibid., Twenty-eighth Session, Annexes, agenda item 84, document A/9292, para. 19.

"Recalling further the decision of the Fifth Committee which it endorsed at its 2164th plenary meeting on 9 November 1973,

"Noting the recommendation of the Committee on Contributions on the per capita ceiling principle, as contained in the report on its thirty-fourth session, h/

"Decides to abolish the per capita ceiling principle in the formulation and establishment of rates of assessment, commencing with the scale for the triennium 1977-1979."

N. Resolution 31/95 A adopted by the General Assembly on 14 December 1976

"The General Assembly,

"Recalling its resolutions 582 (VI) of 21 December 1951, 665 (VII) of 5 December 1952, 1927 (XVIII) of 11 December 1963, 2118 (XX) of 21 December 1965, 2961 C (XXVII) of 13 December 1972 and 3062 (XXVIII) of 9 November 1973 relating to the additional recognition to be given to the low per capita income countries in calculating their rates of assessment in view of their economic and financial problems,

"Recalling that the capacity to pay of the countries recognized by the United Nations as the least developed among the developing countries and those most seriously affected is being adversely affected, inter alia, by inflation and currency instability,

"Recognizing the need for reconsideration of the scale of assessments of the least developed countries and those most seriously affected in order to help them meet their priorities at home and to allow the adjustment necessary for these countries,

"Believing that the existing arrangement of assessment at the floor level is incompatible with the principle of capacity to pay,

"Believing also that the collective financial responsibility implies that all Member States pay at least a minimum percentage of the expenses of the Organization,

"1. Reaffirms that the capacity of Member States to contribute towards the payment of the budgetary expenses of the United Nations is the fundamental criterion on which scales of assessment are based;

"2. Decides to lower the floor for purposes of formulating and establishing the rates of assessment;

"3. Requests the Committee on Contributions to reflect this decision in formulating the coming scale of assessments in so far as purely practical and technical limitations in calculating permit, which should be understood to mean a minimum payment of no less than 0.01 per cent of the total expenses of the Organization;

h/ Ibid., Twenty-ninth Session, Supplement No. 11 (A/9611).

"4. Also requests the Committee on Contributions to study urgently and in depth ways and means of increasing the fairness and equity of the scale of assessments in the light of views expressed by Member States at the thirty-first session of the General Assembly, in particular by:

"(a) Seeking improvements in the statistical measurement of the relative capacity to pay including new or additional statistical indicators and criteria;

"(b) Considering the possibility of mitigating extreme variations in assessments between two successive scales, without departing essentially from the principle of the capacity to pay, either by increasing the statistical base period from three years to some longer period or by any other appropriate method;

"(c) Bearing in mind the fact that the capacity to pay of Member States may be subject to severe fluctuations in economic activity for a variety of reasons;

"5. Further requests the Committee on Contributions to embody as appropriate in subsequent reports of the Committee the particular justification for any significant increases in the assessment of any Member State between two successive scales;

"6. Requests the Committee on Contributions to report in depth on its findings to the General Assembly at its thirty-second session with a view to enabling the Assembly to consider early action on a new scale; ..."

O. Resolution 31/95 B adopted by the General Assembly on 14 December 1976

"The General Assembly,

"Resolves that:

"...

"(c) The Committee on Contributions shall draw up future scales of assessments, on the basis of:

"(i) The criteria contained in its report; i/

"(ii) The additional criteria contained in resolution A above;

"(iii) The continuing disparity between the economies of developed and developing countries;

"(iv) Methods which avoid excessive variations of individual rates of assessment between two successive scales;

"(v) The debate under agenda item 100 in the Fifth Committee during the thirty-first session, especially the concern expressed regarding steep increases in the rates of individual assessment; ..."

i/ Ibid., Thirty-first Session, Supplement No. 11 (A/31/11) and A/31/11/Add.1.

ANNEX II

Availability of data for economic and social indicatorsNumber of countries by the most recent year
for which data are available

Indicator	Year					Total	Not available
	1978	1977	1976	1975 or earlier			
1. <u>Per capita energy consumption</u> (kilogrammes of coal equivalent)	148	-	-	-		148	2
2. Percentage share of manufactured exports in total exports	31	68	6	20		125	25
3. Percentage share of three main export commodities in total exports	33	55	17	28		133	17
4. Number of telephones per 1,000 persons	-	84	33	24		141	9
5. <u>Per capita cereal production</u> (metric tons)	134	-	-	-		134	16
6. <u>Per capita national wealth</u> (national currencies)	-	-	-	39		39	111
7. <u>Per capita food consumption</u> (daily calorie intake)	-----	142 a/	-----	-----		142	8
8. Percentage share of manufacturing to gross domestic product	-	62	22	60		144	6
9. Percentage share of economically active population outside agriculture	139	2	1	4		146	4
10. Percentage of literate population	-	-	1	142		143	7
11. Number of physicians per 1,000 inhabitants	-	15	73	61		149	1

Indicator	Year					
	1978	1977	1976	1975 or earlier	Total	Not available
12. Number of infant survivals per 1,000 births	-	29	21	95	145	5
13. Value of production of basic industries <u>per capita</u> (national currencies)	7	4	14	12	37	113
14. Percentage share of funds allocated for technical and scientific research in total national income	-	-	12	70	82	68
15. Percentage share of military expenditure in total national income	41	24	11	54	130	20
16. Life expectancy at birth (years)	-	-	-	147	147	3
17. <u>Per capita</u> energy production (metric tons of coal equivalent)	121	-	-	-	121	29
18. <u>Per capita</u> net national welfare (national currencies)	-	-	-	3	3	147

a/ For the period 1975-1977.

ANNEX III

Exchange of letters between the Chairman of the Committee on Contributions and the Secretary-General on the request of the World Tourism Organization

A. Letter dated 15 May 1980 from the Chairman of the Committee on Contributions to the Secretary-General

The Committee on Contributions during its current session examined the request submitted by the World Tourism Organization for national income data and related statistics used by the Committee for establishing the scale of assessments for States Members of the United Nations. This request is contained in document A/CN.2/R.431 and I attach a copy for your ready reference.

The Committee is aware of the existing Agreement on Co-operation and Relationships between the United Nations and the World Tourism Organization as set forth in General Assembly resolution 32/156.

The Committee has taken note that,

"Article 3, paragraph 3, of the statutes of the World Tourism Organization provides that the World Tourism Organization, in order to establish its central role in the field of tourism, shall establish and maintain effective collaboration with the appropriate organs of the United Nations and its specialized agencies."

The Committee has also studied the contents of article 7, entitled "Exchange of Information and Documents", of the Agreement on Co-operation and Relationships between the United Nations and the World Tourism Organization, which reads as follows:

"Subject to such arrangements as may be necessary for the safeguarding of confidential material, a full and prompt exchange of information and documents on matters concerning tourism shall be made between the United Nations and the World Tourism Organization. The World Tourism Organization agrees to transmit to the Economic and Social Council reports on its activities and programmes."

Owing to the indication given in article 3 of the Agreement that the World Tourism Organization is not a specialized agency of the United Nations and that the national income data and related statistics utilized by the Committee on Contributions are classified material, the Committee decided to seek your guidance as to whether the World Tourism Organization can be treated on equal status as other United Nations specialized agencies thereby permitting the Committee to release the classified material normally provided to specialized agencies.

Since the Committee is anxious to arrive at an appropriate decision on the subject and to include its position towards the request in its report, I would greatly appreciate it if you would treat this request as a matter of urgency and provide us with your guidance at the earliest possible date.

B. Letters dated 16 May and 20 May 1980 from the Under-Secretary General for Administration, Finance and Management to the Chairman of the Committee on Contributions

1. Letter dated 16 May 1980

This is in response to your letter of 15 May 1980 to the Secretary-General, regarding the request submitted by the World Tourism Organization for national income data and related statistics used by the Committee for establishing the scale of assessments for States Members of the United Nations.

I wish you to know that I have taken note of your request for guidance regarding the release of these materials to the Organization. I understand your concern for this matter and intend to give it my consideration on a priority basis.

2. Letter dated 20 May 1980

Further to my letter of 16 May, I have the honour, on behalf of the Secretary-General, to inform you in response to the question raised in your letter to the Secretary-General dated 15 May, that the World Tourism Organization may be accorded the same treatment as that given to specialized agencies of the United Nations, for the purposes cited in that organization's communication to you of 17 March, namely for establishing contributions of States members of the World Tourism Organization. In reaching this conclusion, special note has been taken of the provisions of article III of the Agreement on Co-operation and Relationships between the United Nations and the World Tourism Organization, by which both Organizations have agreed to strive for the maximum co-operation and the elimination of unnecessary duplication between them in their respective activities related to tourism. It should, of course, be ascertained that in agreeing to release such classified material to the World Tourism Organization, appropriate arrangements are made by that organization to safeguard the confidential nature of the material, on the same basis as the specialized agencies.

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