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SUMMARY RECORD OF THE 64th MEETING

Chairman: Mr. TEIRLINCK (Belgium)

<u>Chairman of the Advisory Committee on Administrative and Budgetary Questions</u>: Mr. MSELLE

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The meeting was called to order at 3.20 p.m.

AGENDA ITEM 132: ADMINISTRATIVE AND BUDGETARY ASPECTS OF THE FINANCING OF THE UNITED NATIONS PEACE-KEEPING OPERATIONS (continued)

- 1. Mr. SOARES (Portugal) said that it was essential for Member States to provide the Secretary-General with adequate means to carry out approved peace-keeping operations. In its resolution 3101 (XXVIII) of 11 December 1973, the General Assembly had placed Portugal in group (b) of the special scale of assessments for the financing of peace-keeping operations. In 1975, however, Member States had unanimously supported the decision to move it from group (b) to (c) in recognition of the economic difficulties which the country had been facing following its revolution in 1974.
- 2. The economic situation of Member States was subject to fluctuations, and adjustments should therefore be made to reflect current economic realities. In that connection, the General Assembly had already agreed on a number of basic principles, namely, that different procedures should be used for meeting regular budget expenditures and peace-keeping expenditures; permanent members of the Security Council bore special responsibility for the financing of peace-keeping operations; and relatively larger contributions should be made by the more developed countries towards the cost of peace-keeping operations.
- 3. Portugal was currently in the same group as countries which had a greater capacity to pay, higher per capita incomes and a larger share of the world's wealth. Some of those countries were also members of important political and economic groups, such as the Organization for Economic Cooperation and Development (OECD). There was therefore no technical reason why Portugal alone should move from group (c) to group (b).
- 4. Despite the lack of technical justification, however, and as an expression of its full and unconditional commitment to the purposes and principles of the United Nations, the Government of Portugal had decided that its assessment to peace-keeping operations should be the same as to the regular budget. In the scale of assessments for 1995-1997, Portugal's contribution to the regular budget had been increased by 40 per cent, the highest increase registered. Moreover, its decision to change from group (c) to group (b) would mean an increase of 2,000 per cent.
- 5. In view of the size of that increase, Portugal's decision to be placed in group (b) was subject to the condition that the change should be gradual. Even though the national budget for 1995 did not provide for a change in its assessment for the financing of peace-keeping operations, his Government had decided that the first increase of 35 per cent should take effect on 1 July 1995. There would then be an increase of 50 per cent in 1996, 70 per cent in 1997, 85 per cent in 1998 and 100 per cent in 1999.
- 6. In deciding to move voluntarily to group (b), the Government of Portugal also bore in mind the pressing need to take action on the request of Belarus and Ukraine to be relocated to group (c) and to take a decision on the classification of the Czech Republic and Slovakia. Portugal hoped that its own

relocation to group (b) would facilitate a solution to those pending problems, it being understood that the decreases in the assessments of Belarus would also be gradual and would correspond to the increases in Portugal's own assessments. Such a process should also be without prejudice to any subsequent criteria which the General Assembly might adopt when dealing with the comprehensive review of the method of apportionment of the expenses of peace-keeping operations.

- 7. He hoped that Portugal's decision would be the first step in the process of revision and readjustment of the scale for the financing of peace-keeping operations and his delegation was ready to work with others in that process.
- 8. Mr. MOJOUKHOV (Belarus) said that Portugal's decision to be voluntarily relocated to group (b) showed that it was possible to resolve some of the Organization's urgent financial problems on the basis of objectivity, fairness and goodwill and taking into consideration the real capacity of Member States to fulfil their financial obligations in respect of peace-keeping operations.
- 9. In the light of Portugal's decision, he wished to urge Member States to simultaneously relocate Belarus to group (c) for the purpose of peace-keeping assessments. The effects of that relocation, together with those of Portugal's moving to group (b), could be gradual so as to avoid financial implications for other Member States or any adverse impact on the ongoing process of financial reform. His delegation wished to underscore its support for the comprehensive reform of the system of apportioning the expenses of peace-keeping operations, which should be aimed at achieving a balanced and equitable system acceptable to all Member States.
- 10. Mr. HUDYMA (Ukraine) said that Ukraine was one of the hostages of the current inflexible system of apportioning the expenses of peace-keeping operations. Despite the drastic changes that had taken place in the world and its persistent applications for relocation to group (c), Ukraine still belonged to group (b), which comprised the economically developed countries. The current reality in Ukraine, which had been placed into group (b) in 1973 while still the subject of the former Soviet Union, was one of deep economic crisis. The State lacked the resources to pay its debts and to import energy and raw materials.
- 11. Even in that extremely difficult situation, Ukraine had demonstrated its responsibility as a member of the international community by ratifying the Treaty on the Non-Proliferation of Nuclear Weapons, even though its implementation would require considerable economic sacrifice. A substantial portion of the country's budget was spent on efforts to alleviate the adverse consequences of the accident at the Chernobyl nuclear plant. By enforcing the sanctions imposed by the Security Council against the former Republic of Yugoslavia (Serbia and Montenegro), the country also suffered significant economic damage. According to 1994 World Bank data, the per capita gross domestic product had fallen below \$1,570, the lowest level among the 21 Member States currently located in group (b). The proposed solution that the cases of Ukraine and three other Member States should form part of the overall solution of the problem had been postponed from year to year thus increasing the indebtedness of the States in question. He expected that Ukraine would be relocated during the fiftieth session of the General Assembly.

- 12. The current system for the apportionment of peace-keeping expenses was inconsistent with Article 2, paragraph 1, of the Charter in that it violated the principle of the sovereign equality of all Members of the Organization, since the financial responsibility of Members for the execution of peace-keeping operations should be consistent with their capacity to pay.
- 13. Portugal's positive response to the Secretary-General's invitation to certain Member States to consider increasing their contribution to peace-keeping operations by accepting that their assessment should be at the same rate as for the regular budget was a step in the right direction which he hoped other economically developed countries would follow. The voluntary upward change should be accompanied by a corresponding downward movement by interested parties and by other acceptable measures to alleviate the anomalies contained in the current scheme.
- 14. The CHAIRMAN said that, in view of the implications which Portugal's decision might have for the scale of assessments for peace-keeping operations, he wished to propose that informal consultations be held on the subject with a view to reaching an agreement that was acceptable to all concerned.

The meeting rose at 3.45 p.m.