

My delegation notes the continued lack of compatibility of international statistics. Progress in improving quality and coverage of national income estimates is indeed welcome and the large majority of member states provide data that are compatible conceptually and in content, thus ensuring a greater measure of fairness in apportioning expenses. Some countries may have reservations about the system of national accounts (SNA) statistics, but nevertheless they provide their data under this system. The Material Products System (MPS) statistics, on the other hand, which are used by centrally planned economies gives a proportionately lower national income. Use of MPS statistics for determining assessments introduces an element of inequity since MPS assessments are proportionately lower. The Committee on Contributions notes improvements in compatibility between SNA and MPS statistics. We shall encourage all efforts of the Committee to aim at full compatibility between both systems. It may be useful to receive information at some future time on developments in this area.

Another issue which may have to be faced in future is the conversion of national currencies into a composite monetary unit so as to meet the difficulties of fluctuating exchange rates. In this context the Committee on Contributions mentions specific but unlisted features of the currencies of centrally planned economies that may require further elucidation so that member states are aware of their significance for assessments. My delegation would encourage the Committee to expedite its studies in this area since present methodology apparently leaves something to be desired.

In the section of the report on mitigating factors, important principles are dealt with which last year were shown to give rise to differences among member states. These differences should be seen in the light of the overriding objective of the scale to ensure financial integrity and viability of this Organization. The careful and thorough study of the Committee shows that there are limits to which mitigation can be carried if the capacity to pay principle is to have the desired overriding importance. It has been impossible to devise a workable, universally and directly applicable system of mitigating excessive assessment increments or decrements in percentage or absolute terms, in part because such measures would constitute an essential departure from the capacity to pay principle. Extending the base period to reduce the effects of short-term fluctuations has been applied since 1953. This method has its shortcomings as demonstrated by the Committee and recognized by member states. The lack of unanimity in the Committee on accepting the seven-year base period underlines the difficulties. My delegation is not convinced that shielding assessments from larger variations in the capacity to pay is desirable. The major advantages which a long base period confers upon some assessments are counter-balanced by inadequate reductions in others. The Committee has used the seven-year base period for the current review of the scale. My delegation notes that this procedure is not considered a precedent for the future scales. However since the Committee has decided to adopt a seven-year base for the 1978-79 scale, it will be very difficult to revert to a three-year base in subsequent scales without again resulting in large upward adjustments. For reasons of consistency there are arguments in favour of retaining the same statistical base from one scale to the next.