

Mr. MURRAY: The working capital fund, of course, was established to provide the organization with cash for its various operations, and the level has to be maintained now at \$40 million United States funds. The item here is just Canada's share of this working capital fund to maintain it at that level.

Mr. LACHANCE: Is this share worked on the same basis?

Mr. MURRAY: The working capital fund is worked out on the same basis as the regular assessment, 3.12 per cent.

Mr. GELBER: I believe the chief liability in this regard has been the peacekeeping operations and I believe the United Nations actually borrowed money from UNICEF to help finance some of these operations. There have been recent negotiations concerning this, I believe, and I wonder whether Mr. Murray would comment in this regard?

Mr. MURRAY: The current session of the United Nations has had to deal with these two peacekeeping operations; that is the force in the Congo and the United Nations emergency force in the Middle East. A decision was taken earlier at the session to continue the Congo operation until the end of June, 1964 and of course, UNEF will be continued for the whole of 1964. The main problem that has arisen in connection with both these peacekeeping operations is that the Soviet bloc and some other countries have not paid their assessed share of these operations.

A secondary problem is that the less developed countries have considered that the magnitude of the costs of these two operations has created obligations for them which they have not the capacity to meet. At recent negotiations that have taken place they have attempted to lower their share of the assessments. Both the negotiations that have taken place at the sessions have been about reductions offered to the less developed countries. This has been a pattern followed over the last few years in respect of financing these two operations and reductions have gone in some cases, as high as 80 per cent in respect of these less developed countries.

In May and June of last year they had this type of negotiation about UNEF and in respect of UNEF and ONUC for expenses during the second half of 1963. A special session of the general assembly worked out a formula whereby a 55 per cent reduction was allowed for the less developed countries. The formula was applied for expenses of the Congo force and UNEF which are dealt with as two separate accounts. They have what we call an "initial bite". This initial amount in June was \$5,500,000 for both operations out of a total of roughly \$37 million. The initial bite was assessed on the regular budgetary scale, the one we talked about earlier. For the balance, the scale was the regular scale with this reduction of 55 per cent offered to the less developed countries; in order to make up the gap created by the 55 per cent reduction an appeal was made to 17 of the developed countries for voluntary contributions. These appeals were mainly made to countries of western Europe and Canada, and I think Japan as well.

A similar formula was adopted for ONUC; that is for the Congo force for the first half of 1964.

In the case of UNEF the less developed countries said that they wanted an even larger reduction, and for a time they were talking about 60 per cent but it ended up in the resolution which was adopted in the fifth committee last Friday at 57½ per cent.

The official bite for the UNEF operation would be \$2 million under the regular scale and the balance of some \$15 million would be under the regular scale with the 57.5 reductions for the less developed countries. The western developed countries will be required to make an additional voluntary contribution to fill the gap.

I would like to emphasize that the voluntary contribution to fill that gap has nothing to do with the Soviet bloc refusal to pay their assessments. Those