

CONFIDENTIAL FILING.

UN Financial Crisis .

UNITED
NATIONS

March 1986

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
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PREM 19/1996							

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With the compliments of

THE PRIVATE SECRETARY

for your files

FOREIGN AND COMMONWEALTH OFFICE

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UN FINANCES

1. FOLLOWING IS TEXT OF PRIME MINISTER'S REPLY OF 25 APRIL TO THE SECRETARY-GENERAL'S LETTER ABOUT THE UN'S FINANCIAL CRISIS. SIGNED ORIGINAL FOLLOWS BY BAG TO MURRAY.

'1. THANK YOU FOR YOUR LETTER OF 7 MARCH ABOUT THE FINANCIAL DIFFICULTIES FACING THE UNITED NATIONS ORGANISATION. I UNDERSTAND THAT YOU WILL NOW HAVE RECEIVED FROM THE NETHERLANDS FOREIGN MINISTER A REPLY ON BEHALF OF THE TWELVE MEMBER STATES OF THE EUROPEAN COMMUNITY TO YOUR SEPARATE LETTER TO FOREIGN MINISTERS.

2. YOU KNOW OF THE CONCERN I HAVE EXPRESSED IN THE PAST ABOUT THE FAILURE OF CERTAIN MEMBER STATES TO MAKE THEIR PROPER FINANCIAL CONTRIBUTION TO THE ACTIVITIES OF THE UN, INCLUDING IN PARTICULAR PEACEKEEPING. WE HAVE ALSO DEPLORED THE TENDENCY TO IMPOSE UPON THE SECRETARIAT UNWORKABLE MANDATES, SUPERFLUOUS CONFERENCES AND POINTLESS STUDIES, WITHOUT REGARD TO THE POLITICAL LIMITS TO THE TOLERANCE OF THOSE STATES WHO MUST PROVIDE THE FUNDING FOR SUCH ACTIVITIES. THE PRESENT CRISIS BRINGS WITH IT AN OPPORTUNITY FOR THE MEMBERSHIP OF THE UNITED NATIONS AND THE SECRETARIAT TO EXAMINE RIGOROUSLY THE IMPLICATIONS OF SUCH FINANCIAL IRRESPONSIBILITY AND TO ESTABLISH A BROADER CONSENSUS ON HOW THE UNITED NATIONS' RESOURCES SHOULD BE MOST EFFECTIVELY

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DEPLOYED.

3. THERE IS THEREFORE AN ONUS UPON THE SECRETARIAT TO INSTILL A SENSE OF FINANCIAL RESPONSIBILITY AMONG MEMBER STATES, AND TO BE BOLD IN IDENTIFYING THOSE ACTIVITIES WHICH MUST BE SACRIFICED IF THE ORGANISATION IS TO LIVE WITHIN THE RESOURCES AVAILABLE TO IT. REMEDIES FOR THE SHORT-TERM DIFFICULTIES ARE NOT TO BE FOUND IN VOLUNTARY CONTRIBUTIONS, BORROWING, OR OTHER SPECIAL MEASURES TO INCREASE INCOME: THEY ARE TO BE FOUND ON THE EXPENDITURE SIDE. HARD AND POLITICALLY CONTENTIOUS DECISIONS MUST BE MADE ABOUT THE UNITED NATION' EXPENDITURE, ITS STAFFING, AND ITS PROGRAMME PRIORITIES. I DO NOT UNDERESTIMATE THE DIFFICULTY YOU FACE IN TAKING ANY INITIATIVES IN THIS AREA, BUT I BELIEVE IT IMPORTANT THAT YOU ARE SEEN TO TAKE A LEADING ROLE IN RESOLVING THE CRISIS IN THE LONGER AS WELL AS THE SHORT TERM.

4. FOR THE LONGER TERM, I BELIEVE ATTENTION MUST BE PAID TO THE DEFICIENCIES IN A BUDGETARY SYSTEM WHICH ALLOWS A NUMBER OF SMALL CONTRIBUTORS TO THE ORGANISATION TO IMPOSE ON THE MAJOR DONORS SUBSTANTIAL FINANCIAL CONTRIBUTIONS TO ACTIVITIES WHICH THEY REGARD AS INAPPROPRIATE AND WASTEFUL. THE UNITED KINGDOM HAS CONSISTENTLY FULFILLED ITS FINANCIAL OBLIGATIONS TO THE UNITED NATIONS AND WE HAVE ALREADY PAID IN FULL OUR CONTRIBUTION FOR 1986. WE NONETHELESS BELIEVE THAT THE PRESENT BUDGETARY ARRANGEMENTS ARE UNSATISFACTORY. WE SHALL JOIN ACTIVELY IN THE SEARCH FOR APPROPRIATE AND WORKABLE CHANGES IN THE SYSTEM, WHICH WILL PERMIT THE UNITED NATIONS TO EMERGE STRENGTHENED FROM THE PRESENT CRISIS.

5. I AM MUCH LOOKING FORWARD TO SEEING YOU NEXT MONTH.'

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UN FINANCES



10 DOWNING STREET

THE PRIME MINISTER

25 April 1986

Dear Secretary-General.

Thank you for your letter of 7 March about the financial difficulties facing the United Nations Organisation. I understand that you will now have received from the Netherlands Foreign Minister a reply on behalf of the twelve member states of the European Community to your separate letter to Foreign Ministers.

You know of the concern I have expressed in the past about the failure of certain member states to make their proper financial contribution to the activities of the UN, including in particular peacekeeping. We have also deplored the tendency to impose upon the Secretariat unworkable mandates, superfluous conferences and pointless studies, without regard to the political limits to the tolerance of those states who must provide the funding for such activities. The present crisis brings with it an opportunity for the membership of the United Nations and the Secretariat to examine rigorously the implications of such financial irresponsibility and to establish a broader consensus on how the United Nations' resources should be most effectively deployed.

There is therefore an onus upon the Secretariat to instill a sense of financial responsibility among member states, and to be bold in identifying those activities which must be sacrificed if the organisation is to live within the resources available to it. Remedies for the short-term

difficulties are not to be found in voluntary contributions, borrowing, or other special measures to increase income: they are to be found on the expenditure side. Hard and politically contentious decisions must be made about the United Nations' expenditure, its staffing, and its programme priorities. I do not underestimate the difficulty you face in taking any initiatives in this area, but I believe it important that you are seen to take a leading role in resolving the crisis in the longer as well as the short term.

For the longer term, I believe attention must be paid to the deficiencies in a budgetary system which allows a number of small contributors to the organisation to impose on the major donors substantial financial contributions to activities which they regard as inappropriate and wasteful. The United Kingdom has consistently fulfilled its financial obligations to the United Nations and we have already paid in full our contribution for 1986. We nonetheless believe that the present budgetary arrangements are unsatisfactory. We shall join actively in the search for appropriate and workable changes in the system, which will permit the United Nations to emerge strengthened from the present crisis.

I am much looking forward to seeing you next month.

With best wishes,

Yours sincerely
Margaret Thatcher

His Excellency Senor Javier Perez de Cuellar



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10 DOWNING STREET

From the Private Secretary

25 April 1986

Thank you for your letter of 24 April about the UN Financial Crisis and the action which this country is taking. This is just to confirm that the Prime Minister has seen and noted this.

TIM FLESHER

R. N. Culshaw, Esq.,
Foreign and Commonwealth Office

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Foreign and Commonwealth Office

London SW1A 2AH

24 April 1986

Handwritten initials and a circled number '2'.

Handwritten notes: 'Prime Minister', 'This is a bit better than the inadequate account of what we were going to do which you had seen earlier.'

Dear Charles

UN Financial Crisis

Your letter of 27 March ^{attached} asked for a more detailed account of the action we propose to take in response to the UN's financial crisis.

Handwritten initials 'CAP' and date '24/4'.

A report issued by the Secretary General on 15 April makes clearer than before the problem which the UN faces. The Secretary General estimates that accumulated arrears in the payment of assessed contributions (ie excluding the peacekeeping deficit) will total between \$263 million and \$275 million by the end of 1986. (The total contributions side of this year's UN budget amounts to \$735 million.) On optimistic assumptions there will be a shortfall by end 1986 in the range \$63.8 million to \$75.8 million, plus a possible exchange rate shortfall of \$30 million. This gives a total shortfall in 1986 of about \$106 million; but in future years, if the United States continues to withhold part of its assessed contribution, the position will be more serious, since the United Nations will by then have used up virtually all its reserves.

The Secretary General's proposals for remedying the situation are inadequate. Administrative and personnel economies will yield savings of approximately \$30 million. The curtailment or deferral of some meetings and programmes, including the construction of lavish and unnecessary conference facilities in Addis Ababa and Bangkok, are intended to yield a further \$30 million. These last measures, however, require the approval of the General Assembly which is to reconvene at the end of this month. The Secretary General proposes that the remaining gap of \$46 million should be made up by advance payment of 1987 contributions, prompt payment of arrears and current assessments, and by voluntary contributions. This is Utopian. For the essential, longer-term solutions, the Secretary General appears to be relying entirely on the Group of 18 High Level Inter-governmental Experts, established at the last General Assembly. That Group has started its work in a positive manner, but we doubt its ability to produce recommendations which will be both acceptable to the General

/Assembly

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Assembly as a whole and radical enough to meet the concerns of major contributors.

In this situation, the Foreign Secretary believes that we should pursue the following measures:

- (a) Press the Secretary General at the resumed session of the General Assembly next week to come forward with further proposals for programme reductions to meet the shortfall. Our partners in the Twelve agree with us that voluntary contributions or the early payment of 1987 assessments are not suitable solutions to the present crisis; and we have proposed to the Twelve and to the UN Secretariat a number of specific areas of expenditure, eg colonisation, trusteeship and public information, which could be sharply reduced. We need to keep before the Secretariat the message that the present crisis is not short term policy only, and major reforms are needed.
- (b) Maintain our position of principle that the unilateral withholding of assessed contributions is inconsistent with international obligations;
- (c) Make approaches by the Twelve to all those states which regularly withhold their contributions, especially the Soviet Union and a number of East European states. This would follow up public criticism of the Soviet performance by the UK and others. The Soviet Union has announced a voluntary contribution of \$10 million and has said that it will for the first time make a contribution to UNIFIL. But this does not remove the need for the Soviet Union to make good its arrears on peacekeeping (\$164 million) and the regular budget (\$40 million).
- (d) Keep in close touch with the US Administration and work with them, preferably with the Twelve, on the changes in UN budgetary procedures they think would persuade Congress that the US should resume paying its 25% assumed share of the UN regular budget. (If the US moves to paying less, we are in danger of being pressed to pay more.)
- (e) Continue to take the lead in the Twelve on ideas for changing the procedures by which the UN programmes and budget are approved. The Twelve should then press these ideas both in New York and in Washington. We obviously will be able to use our Presidency to push forward the right approach. We have in mind such new procedures as qualified majorities in the various committees which consider the UN budget before it comes to the General Assembly, and possibly division of the budget into



separate elements to cover the running expenses of the Organisation on the one hand, and additional programmes on the other. The precise form of any proposal which we can pursue openly in New York and around the world will depend on what other major contributors are prepared to support, and on what the Americans tell us will help to solve their problem. (The Twelve pay 29.8% of the UN budget and Japan pays 10.8%.) What we shall be looking for is acceptance of a bigger say for the major contributors, without overtly raising the question of formal Charter amendment.

Sir Geoffrey Howe will keep the Prime Minister informed of developments.

With my letter of 27 March I attached a letter to the Prime Minister from the UN Secretary General. The Foreign Ministers of the Twelve have now sent a collective reply to the letter to them to which the Secretary General refers. The way is now open for the Prime Minister to reply: I attach a draft.

I am sending copies of this letter to Rachel Lomax (HM Treasury), John Howe (Ministry of Defence) and Michael Stark (Cabinet Office).

Yours ever,

(R N Culshaw)
Private Secretary

C D Powell Esq
10 Downing Street

BM 2 AJQ

DRAFT: minute/letter/teleletter/despatch/note

TYPE: Draft/Final I+

FROM:
Prime Minister

Reference

DEPARTMENT:

TEL. NO:

SECURITY CLASSIFICATION

TO:

Your Reference

- Top Secret
- Secret
- Confidential
- Restricted
- Unclassified

H E Mr Javier Perez de Cuellar
Secretary General
United Nations
New York

Copies to:

PRIVACY MARKING

SUBJECT:

.....In Confidence

Thank you for your letter of 7 March about the financial difficulties facing the United Nations Organisation. I understand that you will now have received from the Netherlands Foreign Minister a reply on behalf of the Twelve member states of the European Community to your separate letter to Foreign Ministers.

CAVEAT.....

You know of the concern I have expressed in the past about the failure of certain member states to make their proper financial contribution to the activities of the UN, including in particular peacekeeping. We have also deplored the tendency to impose upon the Secretariat unworkable mandates, superfluous conferences, and pointless studies, without regard to the political limits to the tolerance of those states who must provide the funding for such activities. The present crisis brings with it an opportunity for the membership of the United Nations and the Secretariat to examine rigorously the implications of such financial irresponsibility and to establish a broader consensus on how the United Nations' resources should be most effectively deployed.

Enclosures—flag(s).....

There is therefore an onus upon the Secretariat to

/instill

instill a sense of financial responsibility among member states, and to be bold in identifying those activities which must be sacrificed if the organisation is to live within the resources available to it. Remedies for the short-term difficulties are not to be found in voluntary contributions, borrowing, or other special measures to increase income: they are to be found on the expenditure side. Hard and politically contentious decisions must be made about the United Nations' expenditure, its staffing, and its programme priorities. I do not underestimate the difficulty you face in taking any initiatives in this area, but I believe it important that you are seen to take a leading role in resolving the crisis in the longer as well as the short term.

For the longer term, I believe attention must be paid to the deficiencies in a budgetary system which allows a number of small contributors to the organisation to impose on the major donors substantial financial contributions to activities which they regard as inappropriate and wasteful. The United Kingdom has consistently fulfilled its financial obligations to the United Nations and we have already paid in full our contribution for 1986. We nonetheless believe that the present budgetary arrangements are unsatisfactory. We shall join actively in the search for appropriate and workable changes in the system, which will permit the United Nations to emerge strengthened from the present crisis.

41 am
much looking
forward to
seeing you
next month.
with best
wishes.



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10 DOWNING STREET

From the Private Secretary

27 March 1986

Dear Robert,

UN FINANCIAL CRISIS

Thank you for your lengthy letter of 26 March about the financial difficulties facing the United Nations and what might be done about them. The Prime Minister found it rather hard to cull from your letter exactly what action it is proposed that we should take. At various points one learns that:

- we should be able to play a role which will enhance the UK's reputation;
- the Twelve have made clear that they do not see voluntary contributions as an appropriate solution;
- we should continue to impress upon the Secretary General the need to find more satisfactory budgetary procedures;
- we should encourage the group of high level experts to explore various ways in which procedures might be made tighter;
- we should tick off the United States for failing to pay its dues in full;
- we should agree a collective European reply to the Secretary General's letter.

The Prime Minister found it impossible to understand on the basis of these rather general procedural steps - or "strategy" to use your term - in what precise and practical ways the UN's finances will be affected. She would also like to learn rather more about how we intend to shame or otherwise induce the Soviet Union and other East European countries to make good their default.

Could you please let me have a further note which sets

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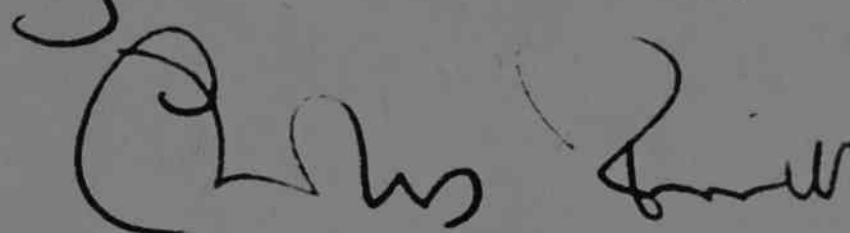
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out more exactly the content of any proposals we intend to make.

I am copying this letter to Rachel Lomax (HM Treasury), Richard Mottram (Ministry of Defence) and Michael Stark (Cabinet Office).

yours sincerely,


(Charles Powell)

Robert Culshaw, Esq.,
Foreign and Commonwealth Office.

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Foreign and Commonwealth Office

London SW1A 2AH

26 March 1986

A fine another letter but very hard to identify what concrete action we have in mind. Boys of "continue to impress upon..." "keep all together together".

Dear Charles, Agree to ask for some more precise proposals, including forming up more rigorously to the Soviet Union & Europeans?

Yes not

UN Financial Crisis

CDD
26/3

I enclose a letter from the UN Secretary General to the Prime Minister about the financial difficulties facing the United Nations. The letter covers a copy of a more detailed letter from the Secretary General to the Foreign Ministers of all UN Member States, explaining that the UN faces a shortfall of \$80-\$100 million in the regular 1986 budget.

Part of the problem is the result of US withholdings caused by Congressional action in late 1985. The Gramm-Rudman-Hollings legislation has imposed a cut in the US contribution to the UN as in other US programmes. And the Kassebaum Amendment requires the US Administration to reduce its contribution to the UN from 25% to 20% unless the United Nations introduce by 1 October 1986 weighted voting on budgetary matters.

But US action has only accentuated an existing problem. A number of States have, over the years, withheld part of their assessed contributions to the UN's budget or have been consistently late with their payments. The Soviet Union and its East European allies are the main defaulters, largely because of their refusal in principle to contribute towards UN peacekeeping operations.

As we shall make clear, the US is therefore by no means solely responsible for the UN's financial crisis. (The Russians currently owe \$164.4m to the UN for peacekeeping operations and \$40.7m to the Regular Budget.) But the immediate impact of the United States' action (withholding around \$55m against a budget of \$735.6m) and the prospect of substantial withholdings in the future have brought the problem to a head. On the resources now available to it, the UN cannot maintain agreed programmes and administrative services at their present level.

/Against

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Against that background the Foreign Secretary believes that we need to decide now on UK objectives and policy. The present situation presents an opportunity to achieve greater financial discipline within the UN system which would not have been available without the shock induced by Congressional action. As the only permanent member of the Security Council not in arrears on its payments to the UN budget, we should be able to play a role which will enhance the UK's reputation at the UN and the justification for our permanent seat - at the same time as we promote stronger financial control.

Action in the UN

The Secretary General has taken some action to control administrative expenses. The impact will be modest, given the limitations on his mandate. He has at the same time launched an appeal for voluntary contributions and instructed his staff to submit recommendations for cuts which can be considered at a resumed session of the General Assembly, probably at the end of April. The Twelve have made clear that they do not see voluntary contributions as an appropriate solution. We should continue to impress upon the Secretary General the need to find more satisfactory budgetary procedures in the medium-term, in order to preserve the UN's effectiveness and credibility.

The present arrangements are thoroughly bad. Whilst budgetary questions require a two-thirds majority in the General Assembly this offers little real safeguard for the major contributors. The two-thirds majority could in theory be forced through by 106 of the UN's poorest members whose combined total contribution to the Regular Budget was only 1.83%.

The General Assembly agreed at its last Session to establish a group of high level experts to examine measures to promote financial and budgetary efficiency. The Group has agreed to address the question of budgetary procedures. It remains to be seen how effective it will be but we must obviously try to channel its efforts in the right direction. We should encourage it, through our own representative, to explore the various ways in which procedures might be made much tighter without incurring the risk of amendments to the UN Charter which would be damaging to our interests.

/Action with the US

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Action with the US

We have to maintain a consistent attitude towards the United States - we have been rightly critical of the Soviet Union and the Eastern Europeans for failing to fulfil their international obligations to the UN, for example in the Prime Minister's speech at the 40th Anniversary of the UN. We will continue to do so. But we must also work actively with the US to identify measures which respond to the concerns which we have expressed about UN decision-making, and which prompted Congress to act. The text of a memorandum submitted to the US Administration by the Presidency records the readiness of the Twelve to discuss such measures. We must also continue to resist any tendency to look to the other OECD countries to make good the shortfall by voluntary contributions.

Action of the Twelve

It will be important to maintain cohesion among the Twelve. We intend, therefore, to agree a collective reply by the Presidency to the letters sent by the Secretary General to the Foreign Ministers of the Twelve. When that text has been sent to the Secretary General we shall suggest that the Prime Minister send a short reply to Sr Perez de Cuellar's letter to her, referring to the substantive reply he will have received from Foreign Ministers. During our Presidency, we shall have to work hard to hold the Twelve to their agreement to seek changes in UN procedures, in consultation with the Americans. Several of our partners are more disposed to criticise the US failure to fulfil its legal obligations than to agree that reform is needed.

Conclusion

The Foreign Secretary believes that if we follow the strategy outlined above we have every hope of securing tighter financial discipline within the UN, with consequent benefits for our own standing and other UK interests there. The Gramm-Rudman-Hollings and Kassebaum legislation has given the UN a salutary shock and presents a unique opportunity to push through reform of the UN financial system. It will be important to ensure that the long term objective of reform is not lost in short-term measures to cover the gap left by the US withholding. But provided we are clear about our objectives and work constructively with the Twelve and the US, the Foreign Secretary believes that the outcome to the present situation should be satisfactory to our own interests.

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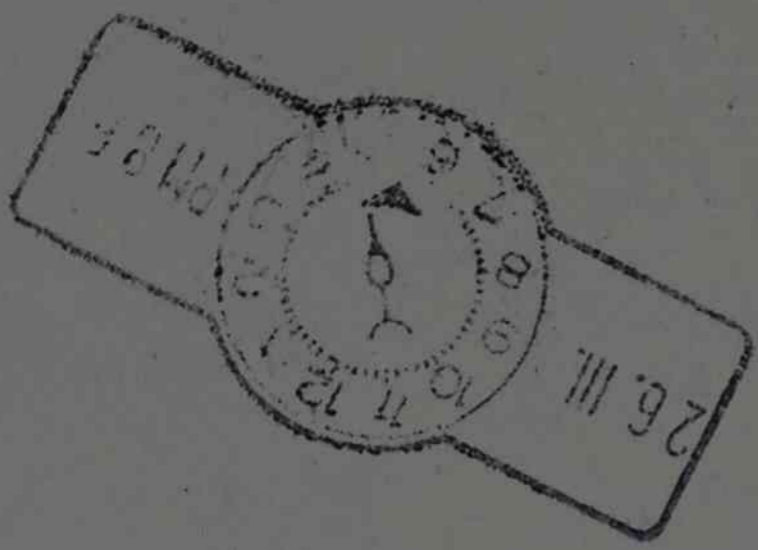
I am copying this letter to Rachel Lomax (HM Treasury),
Richard Mottram (MOD) and Michael Stark (Cabinet Office).

Yours ever,

R N Culshaw
(R N Culshaw)
Private Secretary

C D Powell Esq
PS/10 Downing Street

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THE SECRETARY-GENERAL

7 March 1986

Dear Prime Minister,

I am writing to you on a matter of the utmost concern to me, knowing of your deep personal commitment to a vigorous and effective United Nations. I am encouraged to do so, aware of the key role played by the United Kingdom in the founding of the United Nations and of your Government's continuing support for the United Nations since then, which you reaffirmed again in such a forthright manner at the Fortieth Anniversary Commemorative Session of the General Assembly.

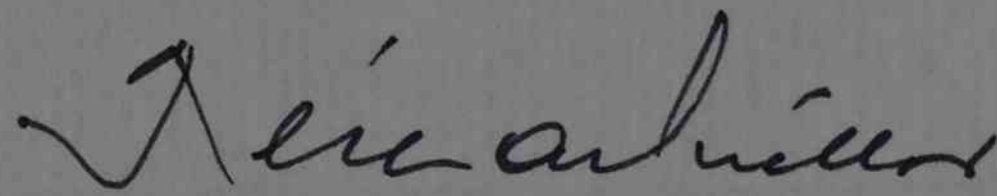
An urgent and critical problem has now arisen. It stems from the unprecedented financial difficulties facing the Organization as a result mainly of the unilateral withholding of contributions by certain Member States, contrary to obligations flowing from the Charter. The severity of the problem is such as to threaten the integrity and viability of the Organization and its capacity to serve as a constructive force in world affairs. I shall not, in this letter, repeat the details of the problem or of the solutions that I have at this stage suggested, as these are the subject of a separate communication that I have addressed to all Foreign
..... Ministers. (A copy of that communication is enclosed.)

Her Excellency
The Rt. Hon. Margaret Thatcher, M.P.
Prime Minister of the United Kingdom of
Great Britain and Northern Ireland
London

May I, however, in the knowledge of the United Kingdom's steadfast commitment to the Organization and the deep interest in its future which you have expressed to me, request you to give this problem your personal attention. I am convinced that decisions will be required at the senior-most levels of government if the Organization is to emerge from the present crisis with a renewed sense of cohesion, strength and stability. I hope that you will lend your influence in steering the Organization out of the present crisis.

With warm personal regards,

Yours sincerely,



Javier Pérez de Cuéllar



THE SECRETARY-GENERAL

86/131 AD

21 February 1986

Excellency,

I am writing to you at this time because the financial problems with which the United Nations is now confronted are of such magnitude as to require the urgent attention of the Governments of all Member States.

In addressing the General Assembly last December, I expressed my conviction that these problems threaten not only the financial soundness of the Organization but also its capacity to execute the programmes mandated by Member States and, ultimately, its cohesion as a constructive and necessary force in world affairs. Developments since then have further increased my concern.

In the short term, the Organization must deal immediately with a major financial shortfall due largely to the withholding of assessed contributions to the regular budget. All reserves have been depleted to cover past withholdings by a total of 18 Member States, which amount now to some \$100 million and late payments of some \$70 million. To this must be added a further anticipated withholding by the largest contributor of \$80 million or more from its 1985 and 1986 assessments. All in all, the shortfall in 1986 alone must realistically be projected as 10 to 12 per cent of the regular budget. With a shortfall of this magnitude, the United Nations cannot implement its mandated programmes unless emergency measures are taken.

As I have repeatedly pointed out, the unilateral withholding of assessed contributions by Member States is contrary to obligations flowing from the United Nations Charter, and is in all cases destructive to the orderly implementation of the Organization's mandated programmes. I have appealed to the 18 Governments concerned, as well as to those which are late in meeting their assessments, to make early payment. It is my earnest hope that there will be full compliance with the provisions of the Charter on which the financial soundness and, in a very real sense, the overall effectiveness of the Organization depend. The present situation is such, however, that immediate steps must be agreed upon to sustain the Organization until a firm basis for long-term financial stability is restored.

The Minister for Foreign Affairs of ...

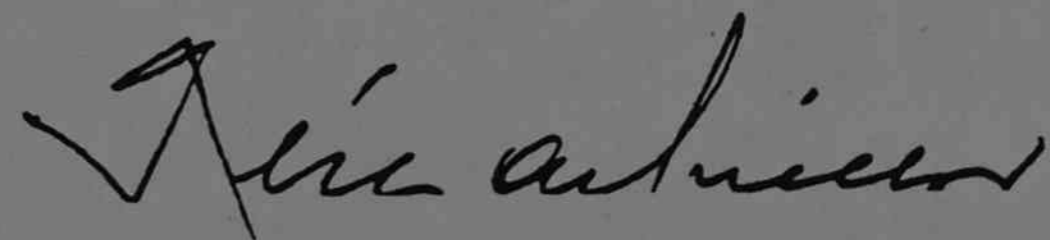
The course ahead contains no easy choices. For my part, I have sought to contain the costs of the United Nations with least possible prejudice to mandated programmes. I will continue to seek further practical means, within my competence, to reduce operating costs. It is fully evident, however, that the problems we now face cannot be met by administrative economies alone but require the immediate attention of Member States.

Unless additional funds are forthcoming sufficient to cover a shortfall on the order of \$80 to \$100 million in the regular 1986 budget, a deferral of programme activities is inevitable. In these circumstances, I am compelled to request that the General Assembly reconvene at an early date. I believe that the most helpful step that could be taken now to tide the United Nations over the present emergency would be the provision, through voluntary contributions, of funds in sufficient amount to meet the expected shortfall. Such contributions could be paid into a Special Account, which already exists; I am sending a separate letter to your Permanent Representative on this matter. Should such contributions, however, prove to be inadequate, it would be necessary for the General Assembly to adopt criteria to be followed in deferring programmes, and to authorize me to act, as required by financial exigencies, in accordance with those criteria. The deferral of programmes would inevitably have serious personnel implications.

Turning now to the long-term aspects of the problem, if the United Nations is to retain a sound financial basis of operation, there needs to be a renewed measure of agreement on key financial issues, including the size of the budget, the scale of assessments and, indeed, the purposes for which resources available to the United Nations should be utilized. It is to be hoped that the Group of High-level Intergovernmental Experts, established by the General Assembly to make a thorough review of administrative and financial matters, will be able to suggest measures to the forty-first session of the General Assembly, which will provide the basis for renewed agreement on these fundamental budgetary questions. Their work will be of critical importance to the long-term viability of the Organization.

It is of the utmost importance that Member States unite now in constructive measures that will restore and preserve the financial viability of the Organization, with a view to enhancing its capacity to serve the purposes and principles of the Charter. This must involve decisions - and commitments - at the most senior levels of Government. It is for this reason that I have addressed this letter to you and to the Foreign Ministers of all other Member States.

Accept, Excellency, the assurances of my highest consideration.



Javier Pérez de Cuéllar

