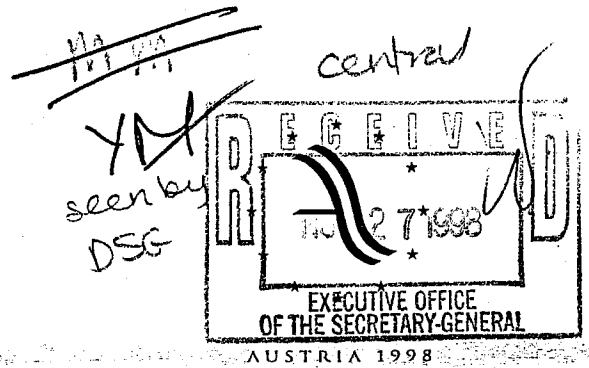
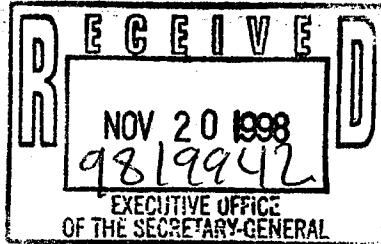


The Permanent Representative of Austria
to the United Nations

E.U.
FIN SIT



No. 65.300/14/98



New York, 18 November 1998

Dear Mr. Secretary-General,

I thought you might be personally interested in a copy of the declaration by the Presidency of the European Union on the financial situation of the United Nations which was recently circulated as a document of the 53rd General Assembly, under the item 118 „Improving the financial situation of the United Nations“.

I also enclose herewith a letter from the Austrian Minister for Foreign Affairs, Dr. Wolfgang Schüssel, addressed on behalf of the European Union to US Secretary of State Madeleine Albright raising the issue of US arrears.

most sincerely

Ernst Suchanpa
Ambassador
Permanent Representative of Austria
to the United Nations

Enclosure

To the
Secretary-General
of the United Nations
United Nations Headquarters

New York

cc: Mr. Joseph E. Connor, Under-Secretary-General
Department of Management



COUNCIL OF THE EUROPEAN UNION
GENERAL SECRETARIAT
LIAISON OFFICE TO THE UNITED NATIONS

New York, 16 November 1998

Ambassador
Head of Office

The Liaison Office to the United Nations of the General Secretariat of the Council of the European Union presents its compliments to the Secretary-General of the United Nations and has the honour to transmit herewith the following declaration:

Declaration by the Presidency on behalf of the European Union on the financial situation of the UN.

The European Union would be grateful if the declaration, together with the accompanying letter of the President of the Council of the European Union in New York, could be circulated:

as a document of the 53rd General Assembly, under the item 118 "Improving the financial situation of the UN".

The Liaison Office to the United Nations of the General Secretariat of the Council of the European Union avails itself of this opportunity to express to the Secretary-General of the United Nations the assurance of its highest consideration.

F.M. MOYS

H.E. Mr Kofi ANNAN
Secretary-General of the United Nations
New York

On behalf of the European Union, I would like to reiterate to you our great concern relating to the financial situation of the United Nations. We recognize and fully support the endeavours you undertake as Secretary-General of the United Nations to secure payment in full and on time from all member states, in particular the major contributors to the United Nations.

As you are aware, the Union is firmly committed to finding lasting solutions to the United Nations' financial crisis. In the view of the EU, putting the UN on a sound and viable financial basis is an integral part of the overall reform effort to strengthen and modernise the Organisation. Continuing high levels of unpaid assessments are undermining the financial stability and liquidity of the United Nations. This places a heavy and unfair burden upon troop contributing countries and upon those countries which pay their contributions in full. The member states of the European Union have consistently honoured their financial obligations toward the United Nations. If the UN is to have a sound financial basis, all member states must honour their Charter obligations in full, promptly and without conditions, as the member states of the European Union do.

The member states of the European Union consider the present situation extremely unsatisfactory. In current circumstances, when all our national budgets are under great pressure, it is seen as unacceptable that some member states of the United Nations consistently fail to meet their international obligations.

We recognise the contributions recently made by the US to the UN regular and peace-keeping budgets. We are distressed, however, that once again no progress has been made regarding outstanding arrears. This problem has to be solved as a matter of absolute priority in the interest of the long term political viability of the Organisation.

In our countries there is increasing parliamentary pressure to resolve this untenable situation and to take vigorous steps to address the deplorable financial situation of the United Nations. In this context, I refer to the „Resolution on financial contributions to the UN“ adopted by the European Parliament on October 8, 1998.

Against this background, our missions in New York will further pursue proposals to tighten the procedures for the application of Article 19 of the Charter as well as to put in place a series of measures designed to serve as a disincentive to countries which might deem it unnecessary to live up to their international obligations. These measures will include preferential treatment in the area of procurement throughout the United Nations system for those who are fully to date with their assessed contributions.

We strongly believe that the Organisation is a most valuable and irreplaceable instrument of international politics and an indispensable platform to address the most pressing global issues. The Union is also convinced that the UN requires further ongoing reform if it is to address those issues efficiently and effectively. But resistance to reform increases as the UN's financial crisis persists and US arrears, in particular, remain unpaid.

For these reasons the EU will continue to steadfastly support the reform process of the organisation and support your efforts to restore its financial viability.

REPUBLIC OF AUSTRIA

The Federal Minister
for Foreign Affairs

Wolfgang Schüssel

17 November 1998

GZ 224.01/3e-II.5/1998

Secretary of State
Madeleine Albright
State Department
Washington, D.C.

Madam Secretary,

On behalf of the European Union, I would like to address an issue of great concern to us: the financial situation of the United Nations. As you are aware, the Union is firmly committed to finding lasting solutions to the United Nations' financial crisis. In the view of the EU, putting the UN on a sound and viable financial basis is an integral part of the overall reform effort to strengthen and modernise the Organisation. Continuing high levels of unpaid assessments are undermining the financial stability and liquidity of the United Nations. This places a heavy and unfair burden upon troop contributing countries and upon those countries which pay their contributions in full. The member states of the European Union have consistently honoured their financial obligations toward the United Nations. They pay their contributions in full, promptly and without conditions. If the UN is to have a sound financial basis, all member states must honour their Charter obligations in full promptly and without conditions. The United States is not and cannot be exempt from such obligation.

We recognise the contributions recently made by the US to the UN regular and peace-keeping budgets. We are distressed, however, that once again no progress has been made regarding outstanding arrears. This problem has to be solved as a matter of absolute priority in the interest of the long term political viability of the Organisation. The EU thus expects the US-administration to take up and vigorously pursue discussion of the UN arrears issue with the newly formed congress as soon as possible.

As the resolution of the European Parliament of 7 October 1998 demonstrates, our Governments, which contribute 36% of the UN Regular Budget, are coming under increasing parliamentary pressure to undertake vigorous steps to address the deplorable financial situation of the UN. All our budgets are under great pressure and it is seen as unacceptable that the United States does not meet its obligation under the UN-Charter.

The European Union shares with the United States a strong political commitment to the United Nations' purposes and principles. We strongly believe that the Organisation is a most valuable and irreplaceable instrument of international politics and an indispensable platform to address the most pressing global issues. The Union and the United States also agree that the UN requires further ongoing reform if it is to address those issues efficiently and effectively. But resistance to reform increases as the UN's financial crisis persists and US arrears, in particular, remain unpaid. We urge you not to endanger the on-going reform process of the UN and the progress made so far. Continued progress in this field is vital in order to achieve our common goals.

The Union proposed in its 1996 paper on UN finance that disincentives be increased for non-payers. Work is now under way in the Fifth Committee to consider, for example, the tightening of Article 19 of the UN Charter.

As a founding member and a permanent member of the Security Council, the United States has a special responsibility towards the United Nations. We therefore hope that the United States will soon meet the legitimate expectations of the international community and settle its arrears to the United Nations in full and without conditions. I therefore appeal to you, Madam Secretary, to convey the concerns of the European Union to President Clinton and Congress and ask them to redouble their efforts to resolve this deplorable impasse.

Yours sincerely,

