



United States Department of State

Washington, D.C. 20520

JUN 04 2019

The Honorable  
James E. Risch, Chairman  
Committee on Foreign Relations  
United States Senate  
Washington, DC 20510

Dear Mr. Chairman:

Consistent with section 7019(e) of the Department of State, Foreign Operations, and Related Programs Appropriations Act, 2019 (Div. F, P.L. 116-6) and Senate Report 115-282, please find enclosed a report on U.S. arrears at the United Nations and other international organizations.

Sincerely,

A handwritten signature in black ink, appearing to read "Mary Elizabeth Taylor", with a long horizontal stroke extending to the right.

Mary Elizabeth Taylor  
Assistant Secretary  
Bureau of Legislative Affairs

Enclosure:  
As stated.

**Report to Congress**  
**Arrears Owed by the United States to the United Nations and**  
**Other International Organizations**  
**October 1, 2018 - March 31, 2019**

This report is submitted consistent with section 7019(e) of the Department of State, Foreign Operations, and Related Programs Appropriations Act, 2019 (Div. F, P.L. 116-6) ("FY 2019 Act") and Senate Report 115-282. Senate Report 115-282 calls for the Secretary of State to update the report on arrears required by section 7048(j) of the Department of State, Foreign Operations, and Related Programs Appropriations Act, 2017 (Div. J, P.L. 115-31) ("FY 2017 Act"). Section 7048(j) of the FY 2017 Act stipulates:

(j) **REPORT ON ARREARS.** Not later than 30 days after enactment of this Act, and updated every 90 days thereafter until September 30, 2018, the Secretary of State shall submit a report to the appropriate Congressional committees detailing:

(1) a description of the treaty or other obligation of the United States to pay assessed contributions at specified rates for the United Nations and other international organizations by organization or entity;

(2) a description of relevant United States laws regarding such assessed rates and contributions;

(3) a description of, and justification for, any deviation from payment of such assessed rates and contributions, to include the cumulative amount of arrears owed, or anticipated to be owed, by the United States to any organization or entity as a result of such deviation;

(4) a specific plan for payment of such arrears;

(5) an analysis of when the amount of arrears owed by the United States may trigger Article 19 of the United Nations Charter or similar provision in a treaty, convention or charter governing participation in an international organization, resulting in the loss of a vote by the United States in the United Nations General Assembly or other governing body of an international organization; and

(6) an analysis of the impact to the national interest of the United States in international organizations, including the United Nations, as a result of arrears owed, if any, including with respect to the loss of influence within such organizations.

**Report Outline**

This is the sixth report corresponding to this requirement. This report covers October 1, 2018, through March 31, 2019. The amounts of arrears included in the report are as of January 1, 2019. At most organizations covered by this report, new arrears accrue on January 1 each year. The impacts from arrears that are identified in this report occurred during October 1, 2018, through March 31, 2019, timeframe.

This report includes information about international organizations to which the United States makes an annual assessed contribution of \$1 million or more through the Contributions to International Organizations (CIO) account, as well as through the Contributions for International Peacekeeping Activities account, which provides funds for UN peacekeeping expenses. The report also includes information on organizations that receive annual assessed contributions that are less than \$1 million, if late U.S. payment or arrears triggered sanctions or affected U.S. influence at the organizations.

The international organizations included in this report account for approximately 98 percent of the total amount of assessed contributions that the United States contributes annually. The CIO account provides funding to pay the U.S. share of the assessed budgets of 43 international organizations. U.S. participation in most of these organizations is the result of U.S. ratification of a treaty or convention that commits the United States, along with all other member countries, to pay annual assessed contributions.

### **Definition of Arrears**

The United Nations and other international organizations generally operate on a calendar year basis with member state assessments being due at the beginning of the year. Each organization's financial regulations provide timelines for payment of assessed contributions. For example, Regulation 3.4 of the Financial Regulations and Rules of the United Nations provides that assessed contributions are due and payable in full within 30 days of the receipt of notice from the Secretary General. As of January 1 of the following calendar year, the unpaid balances of such contributions are considered to be in arrears. The Department does not consider non-payment of voluntary contributions to constitute arrears.

### **Timing of U.S. Contributions**

**Contributions to International Organizations (CIO):** The timing of U.S. contributions to the United Nations and other major international organizations differs from other countries. With respect to the United Nations and other major international organizations funded through the CIO account, the United States is more likely to go into arrears than other countries because of the U.S. practice of deferring payments. This practice dates to the 1980s, when the Department of State began deferring U.S. contributions to these organizations by paying at the end of the calendar year instead of the beginning of the year. This practice results in the United States having significant amounts of unpaid assessments when the end of the calendar year approaches. In accordance with the definition provided above, non-payment of any of these amounts results in arrears if not paid in full by the end of the calendar year. The arrears cease to exist, when payments subsequently occur during the following calendar year.

Statutory requirements to withhold funds from certain organizations also increase the likelihood of the United States going into arrears, if the statutory requirements are not addressed by the end of the calendar year. For example, section 7048(a) of the FY 2019 Act requires the withholding of 15 percent of funds appropriated for the United Nations, UN agencies, and the Organization of American States until such time that the Secretary of State determines and reports to Congress on the protection of whistleblowers from retaliation, public access to audit reports, and travel practices, including air travel practices.

**Contributions for International Peacekeeping Activities (CIPA):** As of January 1, 2019, U.S. peacekeeping arrears at the UN totaled \$776.2 million due to delayed payments and statutory and policy withholdings. \$328 million of the arrears are from withholdings that pre-date 2001 (see table and explanation below). The newer arrears reflect amounts not paid due to the 25 percent statutory cap on U.S. contributions and amounts that were not paid within the year in which they were due because of delays in making payments related to the availability of appropriated funds. Amounts not paid due to the 25 percent statutory cap reflect the Department's approach of using appropriated funds such that the combined amount of CIPA appropriations and credits applied by the UN does not exceed 25 percent of total assessments.

**Summary Table of CIO and CIPA Arrears at the United Nations:** The following table identifies amounts of U.S. arrears at the United Nations and U.S. contributions paid to the United Nations in millions of U.S. dollars. The amounts of contributions paid are for comparison purposes. The contributions paid with FY 2018 funds exceed the total amount of U.S. arrears across all years.

| U.S. Arrears ( <i>dollars in millions</i> )              | UN Regular Budget | UN Peacekeeping | War Crimes Tribunals |
|--|-------------------|-----------------|----------------------|
| Prior Year Arrears                                       | 192.6             | 328.0           | 12.0                 |
| New Arrears as of January 2017                           | 19.1              | 2.7             | 0                    |
| New Arrears as of January 2018                           | 135.3             | 538.0           | 6.5                  |
| New Arrears as of January 2019 <sup>1</sup>              | 34.1              | 50.4            | -1.8                 |
| Total Arrears as of January 2019 <sup>2</sup>            | 381.1             | 776.2           | 16.7                 |
| Total U.S. Contributions with FY 2018 Funds <sup>3</sup> | 625.9             | 1,555.4         | 27.5                 |

### Impact of Arrears

Since the founding of the United Nations in 1945, the United States has occasionally accrued arrears. The most significant instance took place in the 1990s, when U.S. arrears were sufficiently large that special congressional legislation (the Helms-Biden Act) was enacted to avoid possible loss of vote in the UN General Assembly under Article 19 of the UN Charter.

Accumulation of new UN peacekeeping arrears due to application of the 25 percent cap on U.S. peacekeeping contributions could impact U.S. influence and credibility at the UN, and further strain UN peacekeeping capacity at a time when the UN is engaged in a number of critical missions. The United States has a compelling national interest in preventing the

<sup>1</sup> New arrears of January 1, 2019, are less than the amount of arrears accrued from calendar year 2018 assessments due to the payment of calendar year 2017 amounts during calendar year 2018.

<sup>2</sup> Amounts of arrears as of January 2019 are from UN records.

<sup>3</sup> Total U.S. contribution amounts are for comparison purposes. The total U.S. peacekeeping contribution amount includes the UN's application of \$57.8 million in UN peacekeeping credits and payments made with FY 2018 two-year Overseas Contingency Operations funds in FY 2019.

outbreak, escalation, and spread of conflicts that threaten international peace and security. The Department of State assesses there are five potential impacts that result from arrears:

1. Sanctions such as loss of vote or inability to be a member of governing bodies, executive committees, or similar leadership bodies of the organization in question;
2. Diminished U.S. standing and diminished ability to pursue U.S. priorities or influence the organization's conduct on a variety of matters;
3. Reduced U.S. ability to promote increased oversight and accountability through reforms that promote efficiency, cost savings, and improved management practices;
4. Reduced standing needed to successfully promote U.S. participation in elected bodies and the candidacy of qualified U.S. citizens to assume senior management roles; and
5. Impairments to the ability of an organization or peacekeeping mission to operate, including addressing objectives that may directly impact the national security of the United States.

#### **Explanation of Assembled Data**

The attached chart assembles and displays information related to each report element. The sections of the table correspond with the report requirements outlined above, with one additional column noting the 'Deferral Status' of each entry, indicating the extent to which the United States defers payments to each organization.

The column entitled 'Cumulative Amount of Arrears' includes information on unpaid assessments for years prior to calendar year 2019, which are generally considered to be arrears.

The column entitled 'Plan to Pay Arrears' indicates when the Department expects to pay outstanding arrears. Because of delays in the availability of FY 2019 funding, some amounts of CY 2018 arrears will not be paid until CY 2019.

The column entitled 'Relevant U.S. Laws' includes specific statutory authorities related to U.S. participation of funding of the international organization. In many instances, such authority is derived from the Senate's advice and consent to ratification of an applicable treaty or convention.

The column entitled 'Sanctions' contains information describing loss of vote or other specific implication for member states triggered when arrears reach a certain amount.

The column entitled 'Impact of Arrears on National Interest' includes information describing actual or imminent application of sanctions or diminished U.S. ability to exercise influence necessary to achieve U.S. objectives at the organization.

**Status of U.S. Arrears at International Organizations  
as of January 1, 2019**

| Organization        | Treaty or Other Obligation                                   | Relevant U.S. Laws  | Deferral Status and/or Deviations from Required Payments  | Cumulative Amount of Arrears (by Organization)   | Plan to Pay Arrears  | Arrears Sanctions (by Organization)  | Impact of Arrears on U.S. National Interest  |
|---------------------|--|---|---|--|--|--|--|
| United Nations (UN) | Article 17 of the UN Charter and UN Financial Regulation 3.5 | Section 8 of the UN Participation Act (22 U.S.C. 287e); Limitations on U.S. share of assessment are found in section 11 of the UN Participation Act (22 U.S.C. 287e-3) for UN Regular Budget assessments and section 404(b)(2) of Foreign Relations Authorization Act, Fiscal Years 1994-1995 (P.L. 103-236) for UN peacekeeping assessments. | Assessments for the UN Regular Budget are fully deferred. | <p><b>UN Regular Budget:</b> As of January 1, the United States owed \$381.1 million in arrears for the UN regular budget. Of this amount, \$19.1 million was from CY 2016 and \$34.1 million was from CY 2017. There are \$135.3 million in arrears from CY 2018, the majority of which are funds being withheld under section 7048(a) of the FY 2019 appropriations act. The United States also owes \$171.4 million in pre-2000 arrears and \$21.2 million in arrears from 2001 through 2015.</p> <p><b>UN Peacekeeping:</b> As of January 1, there were \$776.2 million in U.S. peacekeeping arrears. \$448.2 million of this amount are cap-related arrears from CY 2017 and CY 2018. There are also \$328 million in U.S. peacekeeping arrears from prior to 2001.</p> | The Department does not plan to pay the CY 2016 and CY 2017 regular budget arrears and the cap-related arrears from CY 2017 and CY 2018. Payment of approximately \$90 million of the CY 2018 arrears is contingent on the determination and submission of the report to Congress required under section 7048(a) of the FY 2019 appropriations act. There is no plan to pay any of the pre-2001 arrears. | As of 1 January of the following calendar year, the unpaid contribution balance shall be considered to be one year in arrears. Loss of vote in the UN General Assembly and its committees when the amount of arrears equals or exceeds the amount of contributions due for the preceding two full years. | <p><b>UN Regular Budget:</b> In late December, the Secretariat reported a dire financial situation that reflected exhaustion of the Regular Budget General Fund, the Working Capital Fund, and the Special Account. This was the gravest financial situation the Secretariat has experienced for at least the past six years. As a result, the Secretary-General is advocating for several measures to address the cash-flow situation, which the Fifth Committee will consider in May-June.</p> <p><b>UN Peacekeeping:</b> Several UN peacekeeping operations were having cashflow problems before an influx of new contributions began arriving in January. As of December 31, two peacekeeping missions had negative cash balances. Four missions had cash balances that were less than one month's operating expenses.</p> |

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|--|---|---------------------|--|---|--|--|--|
| Food and Agriculture Organization (FAO)          | Article XVIII of the FAO Constitution   | 22 U.S.C. 279, 279a | Fully deferred.  | As of January 1, \$33.5 million and €21.1 million were unpaid from CY 2018. Additionally, there is an unpaid balance of \$2 million stemming from a Special Reserve Account assessment of \$3.5 million issued in 1993. | The Department plans to pay the CY 2018 arrears with FY 2019 funds. Payment of \$10 million and €6.3 million is contingent on the determination and submission of the report required by section 7048(a) of the FY 2019 appropriations act. The Department has no plans to pay the arrears from the 1990s. | As of 1 January of the following calendar year, the unpaid contribution balance shall be considered to be one year in arrears. Loss of vote in the FAO Conference and its subsidiary committees, and ineligibility to serve on the FAO Council, when the amount of arrears equals or exceeds the amount due for the two preceding years. | FAO experienced critical cash flow issues in the period Oct 1 - Dec 31, despite U.S. payments during that time period. FAO introduced documents that were not considered, recommending new tools to sanction Member States in arrears. U.S. voting rights were not in jeopardy, however.             |
| International Atomic Energy Agency (IAEA)        | Article XIV(D) of the IAEA Statute  | 22 U.S.C. § 2024    | 75 percent deferred.                                     | As of January 1, the United States had approximately €800,000 in CY 2018 arrears at IAEA. The United States owes \$248,000 in pre-2002 arrears.   | The Department plans to pay the CY 2018 arrears with FY 2019 funds. The Department has no plans to pay the pre-2002 arrears.   | As of 1 January of the following calendar year, the unpaid contribution balance shall be considered to be one year in arrears. Loss of vote if the amount of arrears equals or exceeds the amount of contributions due for the preceding two years.  | IAEA resorted to using its Working Capital Fund three times due to delays in U.S. payments. The Working Capital Fund is sufficient only to sustain the organization's operating expenses for fifteen days, creating potential risk to the organization if there are further delays in U.S. payments. |
| International Civil Aviation Organization (ICAO) | Article 61 of the ICAO Convention and Article 6.5 of the ICAO Financial Regulations | 22 U.S.C. § 2673    | 50 percent deferred.                                     | As of January 1, the United States was not in arrears at ICAO.  | N/A  | Potential suspension of vote in the ICAO Council, if annual contributions are in arrears for longer than 18 months, and in the Assembly, if arrears equal or exceed total assessments due for the three preceding years. Being in arrears also results in ineligibility for election to the ICAO Council, its Committees, and bodies.    | None Reported  |



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|---|--|----------------------|--|---|--|--|---|
| International Labor Organization (ILO)      | Article 13 of the ILO Convention and Article 10 of the ILO Financial Regulations | 22 U.S.C. § 271-272a | Fully deferred.  | As of January 1, 50 percent, or 41.4 million Swiss francs, of the ILO assessed contribution for CY 2018 was unpaid. | The Department plans to pay the CY 2018 arrears with FY 2019 funds. Payment of 12.4 million Swiss francs of the arrears is contingent on the determination and submission of the report required by section 7048(a) of the FY 2019 appropriations act. | Loss of vote in the International Labor Conference, in any committee, or in the elections of members of the Governing Body if the amount of arrears equals or exceeds the amount of contributions due for the proceeding two full years.   | General cash flow difficulties from delayed U.S. payments have resulted in delayed implementation of regular fund activities.   |
| International Maritime Organization (IMO)   | Article 55(b) of the IMO Convention  | 14 U.S.C. § 149      | Not deferred.  | As of January 1, the United States was not in arrears at IMO.   | N/A  | Loss of vote in the Assembly, Council, Maritime Safety Committee, Legal Committee, Marine Environment Protection Committee or Technical Co-operation Committee when contributions not paid within one year; ineligibility for Council if contributions not paid 30 days prior to Assembly. | Delayed payment diminished the credibility of the U.S. delegation in IMO governing body meetings. Failure to pay the U.S. assessment in full will result in the United States being ineligible for an IMO Council seat, if payment is not complete by September 2019.   |
| International Telecommunication Union (ITU) | Article 28 of the ITU Constitution   | 28 U.S.T. 2495       | Not deferred.  | As of January 1, the United States was not in arrears at ITU.   | N/A  | Loss of vote when the amount of arrears equals or exceeds the amount due for the prior two years. Arrears are subject to an interest penalty at rate of 6%.  | General cash flow difficulties resulted in delayed implementation of regular fund activities. Candidates running against an American citizen for a senior leadership position cited arrears as a reason not to support the U.S. candidate. ITU charges interest on arrears pursuant to Article 33, paragraph 474 of the ITU Convention. |



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as of January 1, 2019**

| Organization  | Treaty or Other Obligation  | Relevant U.S. Laws     | Deferral Status and/or Deviations from Required Payments            | Cumulative Amount of Arrears (by Organization)   | Plan to Pay Arrears   | Arrears Sanctions (by Organization)   | Impact of Arrears on U.S. National Interest   |
|---|---|------------------------|---|--|---|---|---|
| United Nations Educational, Scientific and Cultural Organization (UNESCO) | Article IX of the UNESCO Constitution   | 22 U.S.C. § 287m, 287r | The Department has not paid any contributions to UNESCO since 2011. | The United States owes approximately \$612 million in arrears dating from 2011 through 2018. | The Department has no plans for payment of arrears as payment is prohibited by law. | As of 1 January of the following calendar year, the unpaid contribution balance shall be considered to be one year in arrears. Loss of vote in the General Conference when arrears exceed the amount due for the current and preceding year. The United States incurred this sanction in 2013, 2015, and 2017.              | The inability to pay arrears and regain the ability to be a fully participating member was a factor in the 2017 decision to withdraw from the organization effective December 31, 2018. |
| Universal Postal Union (UPU)  | Article 21 of the UPU Constitution and Article 146 of the UPU General Regulations | 39 U.S.C. § 407(b)     | Not deferred.   | As of January 1, the United States was not in arrears at UPU.                                | N/A   | Loss of vote and loss of eligibility for membership in the Council of Administration and the Postal Operations Council when arrears exceed contributions due for the preceding two years and there is a failure to submit and comply with an amortization schedule. Arrears subject to an interest penalty at a rate of 6%. | The United States announced the intention to withdraw, which takes effect in October 2019.  |

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|--|--|-----------------------|--|---|--|---|--|
| <b>World Health Organization (WHO)</b>                 | Article 56 of the WHO Constitution and WHO Financial Regulation VI | 22 U.S.C. § 290, 290b | Fully deferred.  | As of January 1, \$29.4 million and 29.5 million Swiss francs remained unpaid from CY 2018.           | The Department plans to pay the CY 2018 arrears with FY 2019 funds. Payment of \$8.9 million and €8.9 million is contingent on the determination and submission of the report required by section 7048(a) of the FY 2019 appropriations act. | As of 1 January of the following year, the unpaid balance of such assessed contributions shall be considered to be one year in arrears. Potential suspension of voting rights if the amount of arrears equals or exceeds the amount of contributions due for the preceding two years. | None Reported  |
| <b>World Intellectual Property Organization (WIPO)</b> | Article 11 of the WIPO Convention                                  | 21 U.S.T. 1749        | Fully deferred.  | As of January 1, there were 1,253,411 Swiss francs in unpaid assessments for CY 2014 through CY 2018. | The unpaid amounts represent withholdings under section 7048(a) of the FY 2015 through FY 2018 appropriations acts.  | As of 1 January of the following year, the unpaid balance of such assessed contributions shall be considered to be one year in arrears. Loss of vote in all WIPO bodies when arrears equal or exceed the amount of contributions due for the preceding two full years.                | None Reported  |
| <b>World Meteorological Organization (WMO)</b>         | Article 24 of the WMO Convention and WMO Financial Regulation 8.1  | 1 U.S.T. 281          | Fully deferred.  | As of January 1, 7 million Swiss francs of the WMO assessed contribution for CY 2018 was unpaid.      | The Department plans to pay the CY 2018 arrears with FY 2019 funds. Payment of 2.1 million Swiss francs is contingent on submission of the report required by section 7048(a) of the appropriations act.                                     | Loss of vote and ineligibility for elected office and membership on the Executive Council when arrears accrue for more than two consecutive years.  | WMO struggled with cash needs during the final quarter of calendar year 2018 due to significant US arrears. U.S. voting rights, however, were not in jeopardy. |

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|---|---|-----------------------------|--|---|--|--|---|
| Asia-Pacific Economic Cooperation (APEC)            | Paragraphs 5 and 6 of the Bangkok Declaration on Asia Pacific Economic Cooperation Institutional Arrangements | Section 424 of P.L. 103-236 | Not deferred.  | As of January 1, the United States was not in arrears at APEC.        | N/A  | The Bangkok Declaration and APEC's financial regulations do not define arrears or stipulate consequences for late or non-payment of contributions. Withholding funding of our assessed contributions would mean effectively withdrawing from the organization. | None Reported                               |
| International Agency for Research on Cancer (IARC)  | Article VIII of the IARC Statute  | 22 U.S.C. § 290e-1          | 70 percent deferred.                                     | The United States owes approximately \$6 million in pre-2002 arrears. | The Department has no plans to pay the prior year, pre-2002 arrears. | Loss of vote in the Governing Council if the amount of arrears equals or exceeds the contribution due for the preceding financial year.  | None Reported                               |
| International Bureau of Weights and Measures (IBWM) | Article 9 of the Metre Convention   | 1875 U.S.T. LEXIS 8         | 70 percent deferred.                                     | As of January 1, the United States was not in arrears at IBWM.        | N/A  | Potential suspension of membership privileges when arrears reach three years. Potential exclusion from the organization when arrears reach six years.  | None Reported                               |

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|--|---|---------------------|--|--|--|---|---|
| Inter-American Institute for Cooperation on Agriculture (IICA) | Article 23 of the Convention on the Inter-American Institute for Cooperation on Agriculture                       | 32 U.S.T. 3779      | 25 percent deferred.                                     | As of January 1, 2019 the United States was not in arrears at IICA.  | N/A  | Suspension of vote in the Executive Committee and Inter-American Board of Agriculture when arrears accrue for two full years. | None Reported.  |
| International Renewable Energy Agency (IRENA)                  | Article XII, Section A, of the IRENA Statute  | 22 U.S.C. § 290p    | Not deferred.  | As of January 1, 2019 the United States was not in arrears at IRENA.   | N/A  | Loss of vote if the amount of arrears equals or exceeds the amount of contributions due for the preceding two years.          | None Reported   |
| North Atlantic Treaty Organization (NATO)                      | Article 28 of the NATO Financial Regulations and FRP XXIX.8 and XXIX.9 of the NATO Financial Rules and Procedures | 22 U.S.C. § 1928(a) | Not deferred.  | As of January 1, the United States was in arrears in the amount of 7.5 million euros, the balance due for the calendar year 2018 assessment, plus 8.4 million Euros for the NATO pension fund. | The Department authorized payment in the amount of 7.5 million euros on April 19, 2019. The balance of 1.8 million will be made up with credits. | NATO's agreements and regulations do not prescribe particular consequences for late or non-payment of contributions.          | Failure to meet U.S. obligations on a timely basis could become a political issue with Allies and a public relations liability given the U.S. policy focus on ensuring NATO allies meet their commitment to increase their defense spending. Any suggestion that the U.S. is accumulating arrears to the NATO budget/pension could undermine this top policy goal. Future delays in payments toward the pension fund could hinder NATO's ability to meet its financial obligations on pension payments. |

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as of January 1, 2019**

| Organization  | Treaty or Other Obligation   | Relevant U.S. Laws  | Deferral Status and/or Deviations from Required Payments | Cumulative Amount of Arrears (by Organization)                                     | Plan to Pay Arrears  | Arrears Sanctions (by Organization)  | Impact of Arrears on U.S. National Interest  |
|---|--|---------------------|--|--|--|--|--|
| North Atlantic Treaty Organization Parliamentary Assembly (NATO PA) | Article 24 of the Financial Regulations (279 GEN 10 E)   | 22 U.S.C. § 1928a-b | Not deferred.  | As of January 1, the United States was not in arrears at NATO PA.                  | N/A  | Loss of vote at both the committee and plenary level if full contribution has not been received by the first day of the Assembly's annual session in October.  | Failure to meet U.S. obligations on a timely basis could become a political issue with Allies given the U.S. policy focus on ensuring NATO Allies meet their commitment to increase their defense spending. Any suggestion that the U.S. is accumulating arrears to the NATO PA could undermine this top policy goal.  |
| Organization of American States (OAS)                               | Article 54 of the OAS Charter  | 2 U.S.T. 2394       | 25 percent deferred.                                     | As of January 1, the United States was not in arrears at OAS.                      | N/A  | The OAS Charter and rules of procedure do not prescribe consequences such as loss of voting rights for late or non-payment, and no action has been taken in recent years in response to Member State failures to pay contributions.                                      | None Reported.   |
| Organization for Economic Cooperation and Development (OECD)        | Article 20 of the OECD Convention and Article 64 of IEA's International Energy Program Agreement | 12 U.S.T. 1728      | Fully deferred.  | As of January 1, the United States had an unpaid CY 2018 balance of €20.3 million. | The Department plans to pay the 2018 balance with FY 2019 funds. | There are no automatic sanctions for arrears at OECD. However, the OECD Council could take action in response to a Member's late or insufficient payments, since failure to contribute would constitute a breach of that Member's obligations under the OECD Convention. | Some members openly expressed concerns about U.S. arrears during the specified timeframe. The OECD Secretary General has used U.S. arrears to create doubts about U.S. intentions. Further delays in U.S. payments could test the ability of the U.S. mission to garner support for U.S. priorities, including needed reforms and the level of future budgets within the organization. |

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|--|--|--------------------|--|---|---|--|--|
| Organization for Economic Cooperation and Development Part II (OECD Part II) | Most Part II bodies use the OECD convention and its resultant scale of contributions as their basis for collecting assessed contributions, except IEA. | 12 U.S.T. 1728     | Fully deferred.  | As of January 1, the United States had not paid 50 percent of the CY 2018 assessments due OECD Part II agencies funded through the CIO account. | The Department plans to pay the 2018 balances with FY 2019 funds. | There are no automatic sanctions for arrears at any of the OECD Part II organizations.   | None Reported.   |
| Organization for the Prohibition of Chemical Weapons (OPCW)                  | Article VIII, paragraph 7 of the Chemical Weapons Convention   |                    | Not deferred.  | As of January 1, the United States was not in arrears at OPCW.  | N/A   | Loss of vote under Article VIII, paragraph eight of the Chemical Weapons Convention, when arrears reach two full years.  | While the United States is not in arrears at OPCW, the timing of U.S. and other states parties' payments has a profound impact on OPCW's ability to perform its work program. The organization ended 2018 with a cash balance of only 4.2 million euros, which is roughly one month's operating expenses. Due to cash-flow problems, OPCW has often needed to draw down funds from its working capital fund. |
| Pan American Health Organization (PAHO)                                      | Article 24 of the PAHO Convention  | T.S. 714           | Deferred by three months.                                | As of January 1, the United States was in arrears to PAHO in the amount of \$15.9 million for the calendar year 2018 assessment.                | None  | As of 1 January of the following year, the unpaid balance of such assessed contributions shall be considered to be one year in arrears. Suspension of voting privileges occurs when arrears exceed the sum of annual contributions for two full years. | None Reported  |

**Status of U.S. Arrears at International Organizations  
as of January 1, 2019**

| Organization                             | Treaty or Other Obligation   | Relevant U.S. Laws    | Deferral Status and/or Deviations from Required Payments  | Cumulative Amount of Arrears (by Organization)  | Plan to Pay Arrears  | Arrears Sanctions (by Organization)  | Impact of Arrears on U.S. National Interest |
|--|--|-----------------------|---|---|--|--|---|
| <b>The Pacific Community (SPC)</b>       | Article XIV, paragraph 48, of the Consolidation of Agreed Provisions and Practices Relating to the Establishment and Operation of the South Pacific Commission | 22 U.S.C. § 280, 280b | 70 percent deferred.  | As of January 1, the United States was not in arrears at SPC.                           | N/A  | Members who do not follow through on repayment commitments would be subject to various measures depending on the duration in arrears starting at 1 year to 3 years or more, ranging from ineligibility to chair any meeting or working group, to members allowed to join consensus or break consensus on any decision. | None Reported                               |
| <b>Customs Cooperation Council (WCO)</b> | Article XII of the Convention to Establish a Customs Cooperation Council   | 22 U.S.T. 320         | WCO has a financial year that ends on June 30. Due to the timing of Congressional appropriations, the Department did not pay the balance of the U.S. contribution until June, at the end of the financial year. | As of January 1, the United States was not in arrears at WCO.                           | N/A  | Potential rescission of vote in Council when contribution for the preceding financial year is not paid within three months of receiving notification of the amount due. Loss of voting rights if payment is not made by Council's annual session in June.  | None Reported.                              |
| <b>World Trade Organization (WTO)</b>    | Article VII.4 of the Marrakesh Agreement Establishing the World Trade Organization and Regulation 13 of the WTO Financial Regulations                          | 19 U.S.C. § 3511      | Fully deferred.   | As of January 1, 11.1 million Swiss francs from the CY 2018 assessment remained unpaid. | The Department plans to pay the 2018 balance with FY 2019 funds. | Loss of eligibility to preside over WTO bodies when arrears exceed one year; loss of access to WTO web site and documents when arrears exceed two years; inactive status when arrears exceed three years.  | None Reported.                              |



**Status of U.S. Arrears at International Organizations  
as of January 1, 2019**

| Organization                            | Treaty or Other Obligation          | Relevant U.S. Laws | Deferral Status and/or Deviations from Required Payments | Cumulative Amount of Arrears (by Organization)   | Plan to Pay Arrears  | Arrears Sanctions (by Organization)  | Impact of Arrears on U.S. National Interest |
|---|-------------------------------------|--------------------|--|--|--|--|---|
| International Coffee Organization (ICO) | 2007 International Coffee Agreement | 22 U.S.C. § 2656   | Not deferred.  | The United States was a member of the ICO from 1962-1993 and rejoined in 2005. The United States owes 164,752 sterling pounds arrears from the 1990s when the United States went into arrears. | The United States withdrew from the ICO in 2018. The Department does not plan to pay the arrears from the 1990s. | Withdrawing from ICO is unlikely to have any adverse effects on U.S. stakeholders, given the closely integrated commercial ties between suppliers and U.S. industry. | None Reported                               |