

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

L/4212

28 August 1975

Limited Distribution

## ADMINISTRATIVE AND FINANCIAL QUESTIONS

### Final Position of the 1974 Budget of the GATT

1. In accordance with the CONTRACTING PARTIES' standing instructions regarding the reporting of any savings accrued at the end of the financial year, the Director-General's proposals for appropriation of such savings, the financial position concerning the transfer of credits between sections of the budget, and any advances made from the Working Capital Fund, the Director-General herewith submits the following information for consideration by the Council.

#### I. EXPENDITURE BUDGET

2. The CONTRACTING PARTIES originally appropriated SwF 24,414,000 for the financial year 1974. Subsequently, an additional appropriation of SwF 160,000 was approved to cover a training course for senior officials from developing countries and to be financed from the 1973 surplus. Total approved appropriations for 1974 thus amounted to SwF 24,574,000. Obligations incurred in 1974 totalled SwF 22,501,360, leaving an unencumbered balance of SwF 2,072,640. This surplus is due to savings of SwF 1,856,802 and the non-utilization of the provision for unforeseen expenditure of SwF 230,000, reduced by the excess expenditure of SwF 14,162 referred to in paragraph 5 below.

3. Savings were made on the following sections:

	<u>Swiss francs</u>
PART I - Section 1 - Thirtieth Session of the CONTRACTING PARTIES	101,588
- Section 2 - Meetings of the Council and other meetings	39,250
PART II - Section 1 - Salaries, wages and official travel	357,631
- Section 2 - Common staff costs	80,735
- Section 3 - Common services	16,534
- Section 4 - Printing	62,217
- Section 7 - Permanent equipment	100

PART IV	- Section 1 - Trade Negotiations and their preparation	1,024,412
	- Section 2 - Training course	54,290
PART V	- Section 1 - Contribution to the International Trade Centre UNCTAD/GATT	<u>120,045</u>
		<u>1,856,802</u> =====

4. The savings reported above are due to a number of factors. Firstly, it will be noted that a large part of these savings arose on the section for Trade Negotiations and their preparation due to the fact that in 1974 the level of these activities was much below that anticipated when the budget was approved. Secondly, since the 1974 GATT budget was expressed in Swiss francs, savings were made on payments based on or due in dollars, such as salaries and allowances, pension fund contributions and the GATT contribution to the International Trade Centre budget. In fact, provision was made in the budget for such payments at a conversion rate of SwF 3.03 to US\$1, whereas during the financial year the rates at which payments were made were usually considerably lower. In the case of salaries, the resulting savings were reduced through the application of the post adjustment system which partially compensated loss in take-home pay for staff in the professional category and above. Thirdly, in addition to savings made on salaries due to the fact that a certain number of established posts remained unfilled during various periods of the financial year, it was possible to redeploy available staff resources rather than make use of supplementary temporary assistance. Further, savings were made on the section for the 30th Session of the CONTRACTING PARTIES since the meeting lasted three days only, whereas provision was made for a two-week session. Savings were also realized on items for other common services and printing.

5. Transfers of SwF 14,162 are necessary in order to cover excess expenditure over approved appropriations incurred in Part II - Section 5 - Representation and hospitality (SwF 13,740) and Section 6 - Public information (SwF 422). The excess expenditure incurred on the item for representation and hospitality is the result of the adjustment of the representation allowance for the Director-General decided by the Council subsequent to the approval of the budget. Authority is sought to increase the appropriations accordingly by the following transfers between budgetary sections of Part II:

<u>FROM:</u>	<u>SwF</u>	<u>TO:</u>	<u>SwF</u>
<u>Section 4 - Printing</u>	14,162	<u>Section 5 - Representation and hospitality</u>	13,740
		<u>Section 6 - Public Information</u>	<u>422</u>
	<u>14,162</u> =====		<u>14,162</u> =====

## II. INCOME BUDGET

6. Amounts totalling SwF 25,562,965 were credited as income in 1974 and exceeded the approved estimates by SwF 988,965 as follows:

	<u>Approved estimates</u>	<u>Income credited</u>	<u>Excess of income</u>
	(in Swiss francs)		
(a) Contributions assessed on contracting parties	23,130,000	23,130,000	
(b) Transfer from the 1973 Surplus Account	1,160,000	1,160,000	
(c) Miscellaneous income	<u>284,000</u>	<u>1,272,965</u>	<u>988,965</u>
	24,574,000	25,562,965	988,965
	=====	=====	=====

7. The excess of Miscellaneous income over the approved estimate is mainly due to the increased income on investments (SwF 893,778) as a consequence of unusually high interest rates obtained on short-term Swiss franc investments and to a somewhat improved rate of receipt of outstanding contributions. In addition, the excess is due to a higher level of savings than anticipated on the previous year's outstanding obligations (SwF 110,101), a higher refund than anticipated of the GATT contribution to the Pension Fund in respect of participant withdrawals (SwF 9,706) and other miscellaneous items (SwF 17,705). This excess is offset by losses on exchange during the financial year (SwF 33,914) and a shortfall in income from sale of publications (SwF 8,411).

8. At 31 December 1974 contributions in arrears from contracting parties amounted to US\$157,747 for the financial years 1963-1972, and SwF 1,157,869 for the financial years 1973 and 1974.

## III. SURPLUS ACCOUNT

9. The Surplus account, reproduced in Annex B, shows a surplus of SwF 3,035,610 as at 31 December 1974. The Council decided the disposal of this amount as follows:

	<u>Swiss francs</u>
Transfer towards 1975 income (L/4097, paragraph 15)	1,250,000
Transfer towards 1975 income to cover a contribution in 1975 to the Staff Assistance Fund (L/4097, paragraph 15)	20,000
Transfer of balance to the Building Fund to cover expenditure of modifications and renovations of the recently-vacated ILO building (L/4097, paragraph 15)	<u>1,765,610</u>
	3,035,610
	=====

However, in view of the proposals made by the Director-General in document C/92 with regard to the compensation of losses in take-home pay suffered by the professional staff in 1974, an amount of SwF 515,610 of the surplus has been set aside in a suspense account (thus provisionally reducing the transfer to the Building Fund to SwF 1,250,000 - the estimated surplus at the time the Council took the above decision) pending the decision of the CONTRACTING PARTIES in this regard.

#### IV. WORKING CAPITAL FUND

10. The principal of the Working Capital Fund was SwF 1,424,004 at 31 December 1974. In addition, an amount of SwF 54,546 (US\$14,354) resulting from the revised assessment in 1965 of advances to the Fund (L/2482) and SwF 2,354 (US\$620) resulting from the dissolution of the former Federation of Rhodesia and Nyasaland (L/2324) remained to the credit of the Governments' accounts.

11. An amount of SwF 1,439, representing advances assessed on two contracting parties, was still outstanding on 31 December 1974.

POINT FOR DECISION: Paragraph 5

ANNEX A

CONTRIBUTIONS IN ARREARS AS AT 31 DECEMBER 1974

Country	US dollars		Swiss francs		Total 1973/1974
			1973	1974	
Bangladesh				27,800 <sup>3/</sup>	27,800 <sup>3/</sup>
Brazil				198,900 <sup>3/</sup>	198,900 <sup>3/</sup>
Burundi	1972	24	25,500	27,800	53,300
Central African Republic	1972	5,330	25,500	27,800	53,300
Chad	1969	3,810			
	1970	4,170			
	1971	4,580			
	1972	<u>5,330</u>	17,890	25,500	53,300
Chile			4,793	71,700	76,493
Congo	1971	4,580			
	1972	<u>5,330</u>	9,910	25,500	53,300
Dahomey				27,800	27,800
Dominican Republic	1966	2,421			
	1967	9,000			
	1968	3,790			
	1969	3,810			
	1970	4,170			
	1971	4,580			
	1972	<u>5,330</u>	33,101	25,500	53,300
Gabon <sup>1/</sup>				399	399
Haiti <sup>1/</sup>	1963	2,492			
	1964	2,500			
	1965	2,500			
	1966	2,500			
	1967	3,000			
	1968	3,790			
	1969	3,810			
	1970	4,170			
	1971	4,580			
	1972	<u>5,330</u>	34,672	25,500	53,300
Italy				27,800 <sup>3/</sup>	53,300 <sup>3/</sup>
Ivory Coast				183,979 <sup>3/</sup>	183,979 <sup>3/</sup>
Kenya				3,335 <sup>3/</sup>	3,335 <sup>3/</sup>
Khmer Republic				1,528 <sup>3/</sup>	1,528 <sup>3/</sup>
Madagascar			12,106	27,800 <sup>3/</sup>	39,906 <sup>3/</sup>
Mauritania				182 <sup>3/</sup>	182 <sup>3/</sup>
				13,406 <sup>3/</sup>	13,406 <sup>3/</sup>
Nicaragua	1971	1,330			
	1972	<u>5,330</u>	6,660	25,500	53,300

ANNEX A (Cont'd)

Country	US dollars	Swiss francs		
		1973	1974	Total 1973/1974
Niger			2,415 <sup>3/</sup>	2,415 <sup>3/</sup>
Pakistan			1,133 <sup>3/</sup>	1,133 <sup>3/</sup>
Peru			15,326 <sup>3/</sup>	15,326 <sup>3/</sup>
Rhodesia <sup>2/</sup>	1966 11,640			
	1967 9,000			
	1968 6,630			
	1969 5,710			
	1970 5,220			
	1971 4,970			
	1972 5,780	48,950	25,500 <sup>4/</sup>	53,300 <sup>4/</sup>
Rwanda	1972 1,210 <sup>3/</sup>	25,500 <sup>4/</sup>	27,800	53,300 <sup>4/</sup>
Senegal			5,445 <sup>3/</sup>	5,445 <sup>3/</sup>
Sierra Leone			27,800 <sup>3/</sup>	27,800 <sup>3/</sup>
Sri Lanka			75 <sup>3/</sup>	75 <sup>3/</sup>
Tanzania			6,339	6,339
Togo			5,614 <sup>4/</sup>	5,614 <sup>4/</sup>
Zaire		3,294 <sup>3/</sup>	37,000 <sup>4/</sup>	40,294 <sup>4/</sup>
	157,747	249,693	908,176	1,157,869
1963 to 1972 : US \$ 157,747 at US \$ 1/Swf 2.74				432,227
				1,590,096
				=====

<sup>1/</sup> SwF 56 also due in respect of Working Capital Fund assessment.

<sup>2/</sup> SwF 1,383 also due in respect of Working Capital Fund assessment.

<sup>3/</sup> Received since 1.1.1975.

<sup>4/</sup> Partially received since 1.1.1975.

ANNEX BSURPLUS ACCOUNT

(in Swiss francs)

Balance at 1 January 1974		1,782,532
Excess of 1974 income over estimated income	988,965	
Unencumbered balance on the 1974 expenditure budget	<u>2,072,640</u>	
		<u>3,061,605</u>
		4,844,137
Transfer from provision for contributions in arrears in respect of receipts of arrears in 1974	801,368	
Adjustment to provision for contributions in arrears in respect of contributions due in US dollars	<u>80,943</u>	
		<u>882,311</u>
		5,726,448
Deduct:		
Transfers towards 1974 income	1,160,000	
Transfer to Building Fund	622,532	
Transfer to provision for contributions in arrears in respect of 1974 contri- butions in arrears	908,176	
Transfer to accounts receiv- able to write off debts irrecoverable	<u>130</u>	
		<u>2,690,838</u>
Balance at 31 December 1974		<u>3,035,610</u> =====