

GENERAL AGREEMENT
ON TARIFFS AND
TRADE

ACCORD GENERAL SUR
LES TARIFS DOUANIERS
ET LE COMMERCE

RESTRICTED
LIMITED C
GATT/CP.4/9
15 February 1950.
ORIGINAL:
ENGLISH

CONTRACTING PARTIES
Fourth Session

THE FINANCIAL SITUATION OF THE CONTRACTING PARTIES

Note by the Executive Secretary

1) FINANCIAL REPORT FOR 1948 AND 1949

a) Accounts for 1948 and 1949 (16th August 1948 to 31st December 1949)

The accounts for this period have now been established by the United Nations Finance Office and Annex I shows the expenditure which ICITO has incurred on behalf of the Contracting Parties during this period. This expenditure can be divided into two parts:

- (i) The expenditure amounting to \$18,009.41 for the period 16th August to 31st September 1948, which in accordance with arrangements approved at the Second Session of the Contracting Parties has been charged to ICITO.
- (ii) The expenditure amounting to \$103,262.96 for the period 1st October 1948 to 31st December 1949, which is to be reimbursed to ICITO from the income derived from contributions by the contracting parties and acceding governments for 1949.

b) Budget Situation

The Budget situation for the period 16th August 1948 to 31st December 1949 is shown in Annex II. If account is taken of estimated income to be derived from the sale of Annex Schedules to Contracting Parties the expenditure for the period amounts to \$98,192.45. The excess expenditure of \$6,842.45 is due to the following facts:

- (i) Unforeseen expenditure on documents mainly due to the fact that it was found necessary to re-cut many of the stencils (prepared by delegations) when the final text of the Annex Schedules was established.
- (ii) In December 1949 United Nations sent a bill for charges for which no budget provision had been made. Discussions are still proceeding on the charges for these services but in the meantime the bills have been paid with the exception of half of the charge for the Distribution and Mailing Service amounting to \$2,191.02. This liability is included in the expenditure of \$98,192.45 shown in Annex II.

c) Proposal to meet Budget Deficit

In order to meet the Budget deficit it is proposed to

- (i) allot casual income received in 1949 amounting to \$68.84 (Swiss francs 294.65).
- (ii) use the balance of the Profit and Loss account on exchange amounting to \$339.00 (1450.90 Swiss francs).

Some of the Contracting Parties who paid their contributions in Swiss francs have used a conversion rate which differs from the United Nations rate used in 1949 for bookkeeping purposes.

- (iii) meet from 1950 contributions the remaining deficit of \$5,484.61 (Swiss francs 23,474.12) as shown in Annex III (balance sheet as at 31st December 1949). This figure has been established on the assumption that all contributions and other outstanding payments are received.

d) The Cash Position of the Contracting Parties

On 31st December 1949 the Contracting Parties had a debt of \$103,262.96 to the ICITO. On 15th February, acting on the instructions given him at the Second Session and on the basis of accounts furnished by the United Nations Finance Office, the Executive Secretary has transferred to ICITO the cash in hand amounting to \$72,088.45 (308,538.55 Swiss francs). There remains a debt of \$31,174.51 (133,426.95 Swiss francs). The income still to be obtained from 1949 contributions and other sources amounts to \$25,689.90 (109,952.83 Swiss francs). It is recommended that the contracting parties and acceding governments concerned should pay before 15th March 1950 the contributions still outstanding (Annex IV) as well as outstanding bills for publications so that the debt to ICITO can be paid as soon as possible. It is also suggested that the Executive Secretary should be authorized to apply part of the 1950 contributions as they are received, to repay the remainder of the 1949 debt to ICITO.

e) Advances for the 1st Quarter of 1950

The cash reserves of ICITO will enable it to finance the GATT expenditure during the 1st Quarter, but as ICITO intends to ask for loans from the United Nations Working Capital Fund only up to the amount of ICITO expenditure proper, these cash reserves will practically be exhausted by 31 March 1950. It is therefore imperative that a substantial part of the 1950 contributions from the contracting parties be paid before or soon after 1st April 1950, as recommended at the Third Session (Budget/3/Rev.1). Furthermore, the acceding governments should take the necessary measures to send in their contributions as soon as they become contracting parties.

2) BUDGET ESTIMATES FOR 1950

There are various expenditures which are likely to be incurred in 1950 which could not be foreseen when the budget estimates were prepared and for which no budget provision has been made.

- (i) The budget estimates for the Third Round of Tariff Negotiations were based on a duration of 4 months. If the Tariff Negotiations continue into 1951 as seems probable, it would be advisable to cover this additional expenditure out of 1950 income. There may be a delay in the receipt of contributions from contracting parties in the early part of 1951 and there would be no cash reserve to draw on to cover this expenditure which is likely to amount to \$28,770.
- (ii) As has been suggested, there may be a Fifth Session of the Contracting Parties during the Third Round of Tariff Negotiations and an additional expenditure of \$19,605.00 is estimated.
- (iii) The new scale of charges for reimbursable services proposed by the United Nations at Geneva has not yet been accepted by ICITO but it is considered advisable to re-estimate the 1950 expenditure on the basis of the proposed charges, and an increase of \$13,037 is estimated.
- (iv) The 1949 Budget Deficit amounting to \$5,484.61.

Although the site of the Tariff Negotiations has not yet been decided, according to the preliminary figures it is unlikely that there will be much difference in the estimated expenditures at the various sites and it is fairly certain that the estimated expenditure for four months will be within the budget figure as approved at the Third Session. Therefore, the extra expenditure during 1950 may be estimated at \$66,896.61.

It is proposed to cover this extra expenditure in the following manner:

- (i) Savings on other items of expenditure such as Established Posts and Experts and Consultants estimated at \$31,446.00.
- (ii) Following the practice adopted at Annecy of asking the new acceding governments to participate in the expenses of the Third Round of Tariff Negotiations and to make their contributions by the end of 1950.

It is suggested that the new acceding governments should contribute on the scale adopted at the Third Session for the 1950 Contributions of the contracting parties as follows:

Category	Countries	Contribution per country	Total Contribution
D (5%-7%)	Western Germany	13,252.15	13,252.15
G (less than 1%)	Austria) Guatemala) Korea) Peru) Philippines) Turkey)	2,650.43	15,902.58
		Total	<u>29,154.73</u>

If these suggestions are approved the budget estimates and income would be as shown on Annex V. However, if any of the acceding governments do not become contracting parties it may be necessary for the contracting parties to review the situation before the opening of the Tariff Negotiations.

A N N E X I

- a) 16th August 1948 - 30th September 1948 - \$18,009.41
b) Statement of Expenditure for the Period 1st October 1948 to 31st December 1949.

Swiss francs

A c c o u n t	Recorded Obligations		
	Liquidation by Disbursements	Outstanding at 31 Dec. 1949	Total
Established Posts	86,664.00	-	86,664.00
Temporary Assistance	57,462.65	-	57,462.65
Overtime	264.00	-	264.00
Termination Pay	302.65	-	302.65
Pension Fund	6,609.30	-	6,609.30
Expatriation Allowance	3,914.30	-	3,914.30
Travel of Staff Members and dependents	60.20	-	60.20
Other Staff Benefits and Allowances	99.20	-	99.20
Children's Allowance	518.10	-	518.10
Travel on Official Business	10,270.95	300.00	10,570.95
Cable, Wireless, Long Distance Telephone	18,283.50	-	18,283.50
Printing	*32,766.35	85.60	32,851.95
Freight	999.30	-	999.30
Air Freight	(94.80)	-	(94.80)
Hospitality	15.50	-	15.50
Common Services	214,067.15	9,377.55	223,444.70
TOTAL	432,202.35	9,763.15	441,965.50

= \$103,262.96

* This figure includes the gross expenditure on the Annex Schedules (30,098.45 Sw. Francs) - For estimated net expenditure see Annex II.

ANNEX II

Revised Budget Estimates and Expenditure of Contracting Parties

16th August 1948 - 31st December 1949

PERIOD	BUDGET ESTIMATES ITEM	\$	Expendi- ture in dollars	Balance on 31 December 1949
SECOND SESSION				
16 August to September 1948	Conference Services	10,000	11,168.90	(1,168.90)
	Secretariat	2,500	3,747.41	(1,247.41)
	Preparatory Documentation	465	3,093.10	(2,628.10)
	TOTAL	12,965	18,009.41	(5,044.41)*
October 1948 - 8 April 1949	a) Inter Session Secretariat Services	9,000	5,629.94	3,370.06
	b) Preparatory Documentation	500	2,042.35	(1,542.35)
8 April 1949 - 14 August 1949	c) Third Session Secretariat Services	4,500	15,379.40	(10,879.40)
	d) Third Session Conference Services	10,000	58,519.61	(15,271.61)
8 April - 10 September 1949	Tariff Negotiations	33,248		
	TOTAL (a-d)	57,248	81,571.30	(24,323.30)
15 August 1949 - 31 December 1949	e) Inter Session Secretariat Services	4,393	6,158.91	(1,765.91)
	f) Preparatory Documentation	1,209	8,500.40	(7,291.40)
	g) Inter Session Meet- ings & Enquiries	10,000	-	10,000.00
	h) Printing of Annex Protocols and Schedules (less estimated in- comes derived from sales of Annex Pro- tocols & Schedules)	1,500	1,961.84**	(461.84)
	i) Fourth Session Conference and Secretariat Services	12,500	-	12,500.00
	j) Unforeseen Expenditure	4,500	-	4,500.00
	TOTAL (e - j)	34,102	16,621.15	17,480.85
TOTAL FOR THE PERIOD OCTOBER 1948 To 31 DECEMBER 1949:		91,350	98,192.45	(6,842.45)

*Whole of expenditure charged to ICITO.

**Expenditure on printing	\$ 7,032.35
Estimated income	<u>5,070.51</u>
Net expenditure	<u>1,961.84</u>

ANNEX III

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BALANCE SHEET AS AT DECEMBER 31st 1949

<u>LIABILITIES</u>	<u>Swiss francs</u>	<u>ASSETS</u>	<u>Swiss francs</u>
<u>Sundry Creditors - ICITO</u>		<u>CASH</u>	
<u>For services rendered</u>		Contributions received	302,313.70
<u>in 1948 and 1949</u>	441,965.50	Profit on exchange on contributions received	1,450.90
		Rental of Space and Roneo work	294.65
		Sale of Publications (Annex Schedules)	
			<u>4,479.30</u>
			308,538.55
		<u>SUNDRY DEBTORS</u>	
		Contributions	92,020.00
		Sales of Annex Schedules	17,222.51
		Office Suisse de Compensation re exemp- tion from Transfer Tax deducted from a con- tribution	<u>710.32</u>
			109,952.83
			<u>23,474.12</u>
			<u>441,965.50</u>

ANNEX IV

Schedule of Contributions outstanding as at 31st December 1949

	Swiss Francs
<u>CONTRACTING PARTIES</u>	
* BRAZIL	18,050
* CANADA	23,540
CHILE	3,852
CHINA	16,050
* SYRIA	3,852
<u>ACCEDING GOVERNMENTS</u>	
GREECE	3,852
ITALY	9,416
FINLAND	3,852
NICARAGUA	3,852
URUGUAY	3,852
<u>Participation in expenses of the Ancey Meeting</u>	
COLOMBIA	3,852
Total	<u>92,020</u>

* Since 31st December 1949 these Governments have paid their contributions.

ANNEX V

Revised Budget Estimates and Income for 1950

a) <u>Budget Estimates</u>	\$
Budget estimates approved at 3rd Session	302,149.02
Net additional expenditure as detailed in Note by the Executive Secretary	35,450.61
TOTAL	<u>337,599.63</u>
b) <u>ESTIMATED Income</u>	\$
Contributions from Contracting Parties	299,478.59
Participation of the new acceding governments in the 3rd Round of Tariff Negotiations	29,154.73
	<u>328,653.32</u>
DEFICIT	<u>8,946.31</u>

Note:

The budget estimates for 1950 contain a provision for Unforeseen expenditure amounting to \$39,405.00. In view of the fact that it was difficult at the last Session to assess the probable expenditure in 1950, the percentage taken for Unforeseen was fixed at 15% instead of the normal 10%. Now that the expenditure for 1950 can be more nearly estimated the additional 5% Unforeseen can be used to cover the above estimated deficit of \$8,946.31

