

GENERAL AGREEMENT ON TARIFFS AND TRADE

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CONTRACTING PARTIES
Fifth Session

BUDGET ESTIMATES FOR 1951

Note by the Executive Secretary

1. During the last two financial years, the Contracting Parties have adopted a "pay-as-you-go" arrangement, which enabled them to obtain the services of the ICITO Secretariat on a reimbursable basis; in 1950, the Contracting Parties undertook to contribute 50 per cent of the ICITO personnel charges during the period between sessions and 90 per cent during the sessions and to repay in full all other items of expenditure incurred on their behalf. Such an arrangement assumed that the ICITO would be in a position to finance the remaining portion of its personnel charges and other expenditure independently of the contributions of the Contracting Parties.
2. As from January 1, 1951, ICITO will not be in a position to continue the present arrangement for the following reasons: in view of the delays in the ratification of the Havana Charter, there is no justification for asking for further advances from the U.N. Working Capital Fund to cover ICITO expenditure. Moreover, experience over the past year has shown that practically all ICITO expenditure has been incurred on behalf of the Contracting Parties and ICITO has in effect partially subsidized the Budget of the Contracting Parties. As no substantial expenditure will be incurred by ICITO proper in 1951, there is no alternative but to ask the Contracting Parties to bear all expenses incurred on their behalf if they desire to retain the services of the ICITO Secretariat.
3. The draft budget for 1951 has accordingly been prepared on that assumption; all expenditure has been budgeted for and will have to be met out of the contributions of the Contracting Parties. It has however proved possible to avoid a substantial increase in the total appropriations (\$387,281 in 1951 as compared with \$350,509 in 1950) and to keep the amount to be covered by current contributions at the same level as in 1950 (\$339,781 instead of \$331,009 in 1950). As proposed in the draft budget resolution, (Annex A), the expenditure incurred in 1951 for the Torquay Conference would be covered by a transfer from the 1950 contributions account as the 1950 budget included a Conference appropriation to cover a six-month period.
4. As ICITO will not be able as from January 1, 1951, to draw on loans from the U.N. Working Capital Fund to meet expenditure during the early part of the financial year pending the receipt of contributions, it will be necessary for the Contracting Parties to set up a GATT Working Capital Fund to meet such expenditure as well as unforeseen and extraordinary expenditure. It is suggested that this Working Capital Fund should amount to U.S. \$150,000 in 1951. According to U.N. practice, contracting parties would be requested to make advances to that Fund in accordance with the scale adopted for current contributions. As, however, a number of vacancies in the ICITO establishment was not filled in view of the delays in the ratification of the Havana Charter and as the strict internal control exercised over all expenses has resulted in substantial savings in other items of expenditure, the total commitments for 1950 will be substantially less than the budget estimates. If all contributions are duly paid before the end of the year, a surplus will be available to set off against the advances required for the setting up of the Working Capital Fund. Although it would be premature to estimate the magnitude of that surplus, it seems likely that the total amount required of the Contracting Parties in addition to their current contributions for 1951 will not exceed \$50,000.

6. The Manning Table included in the budget estimates (Detailed Schedules - Annex B) has been rearranged in view of the fact that the Secretariat will work exclusively for the Contracting Parties. The Staff emoluments have been computed on the basis of present U.N. salaries and allowances. If the U.N. General Assembly adopts a new salary scale, it will be desirable to introduce the same system for the Secretariat. It is suggested that the Executive Secretary should be authorized to adopt the changes approved by the General Assembly, if he is satisfied that these changes are appropriate to the circumstances of the Contracting Parties. Such changes would involve an increase of about \$2,000 in the item "Established Posts" and of about \$1,000 in the item "Contributions to the Staff Benefit Fund"; the saving resulting from the discontinuance of the expatriation allowance contemplated by U.N. when the new salary scheme is introduced will offset the major part of these increases. The authority which it is proposed to give to the Executive Secretary under paragraphs 3 and 4 of the Draft Budget Resolution will enable him to find the necessary resources to give effect to these changes.

7. In the course of the interim audit of ICITO and GATT accounts effected by the U.N. Inspection Service, the question of the continuance of the present arrangement by which the GATT moneys are held by U.N. and the ICITO and GATT accounts are kept by the U.N. Finance Office at Geneva has been examined. That examination has led to the conclusion that, as a balance, it would be preferable for the Secretariat to keep its own accounts and to set up a separate Finance Office. The draft budget is based on the assumption that this change would be made in the course of 1951. In this connection it would be advisable that the Executive Secretary be instructed to continue to be guided by U.N. Financial and Staff Regulations, in so far as these Regulations meet the requirements of the Secretariat, and to maintain with the concurrence of the Secretary-General of the United Nations the present arrangements with the Inspection Service for the auditing of GATT accounts.

8. As regards the payment of 1951 contributions, it is proposed that they should be paid in U.S. dollars, but that the Contracting Parties should be free to pay their contributions in Swiss francs at the prevailing rate of exchange, in accordance with the practice of the United Nations. These contributions should be remitted to the Executive Secretary of the ICITO, Geneva, for the account of the Contracting Parties and not, as hitherto, to the Finance Officer of the European Office of the United Nations. The current contributions for 1951 should be sent as early as possible in 1951 and, in any case, not later than April 30, 1951. The additional contributions to the Working Capital Fund would be assessed after the necessary adjustments had been effected on the basis of the audited accounts for 1950. These additional contributions should be sent to the Executive Secretary before July 31, 1951.

9. A draft budget resolution, (Annex A(a)), embodying the budget appropriations and a draft resolution (Annex A(b)), relating to the Working Capital Fund, are submitted to the Contracting Parties for consideration and approval.

ANNEX A

(a) DRAFT BUDGET RESOLUTION FOR THE FINANCIAL YEAR 1951

THE CONTRACTING PARTIES

RESOLVE that for the financial year 1951:

1. Appropriations totalling U.S. \$387,281 are hereby voted for the following purposes:

PART I: MEETINGS

<u>Section</u>	<u>Amount in U.S. Dollars</u>
1. Turkey Conference (January-March, 1951)	25,000
2. 6th Session, Contracting Parties	27,000
3. Other meetings	<u>20,000</u>
Total PART I:	72,000

PART II: SECRETARIAT

4. Salaries and Wages	158,431
5. Common Staff Costs	49,750
6. Travel on Official Business	15,000
7. Common Services	8,000
8. Printing	46,000
9. Books and Information Material	1,000
10. Services reimbursable to United Nations	35,100
11. Hospitality	1,000
12. Permanent Equipment	<u>1,000</u>
Total PART II:	<u>315,281</u>

GRAND TOTAL: U.S. \$387,281

2. The appropriations voted by paragraph 1 shall be financed as follows:
 - a) contributions from contracting parties for an amount of U.S. \$339,781,
 - b) by a transfer from the 1950 cash surplus of an amount of U.S. \$25,000, and
 - c) by miscellaneous income estimated at U.S. \$22,500.

3. The Executive Secretary is authorized to transfer credits between sections of the budget.
4. The Executive Secretary is authorized to enter into commitments to meet unforeseen and extraordinary expenses, provided that such commitments do not exceed a total of U.S. \$58,000.
5. The Executive Secretary shall report to the CONTRACTING PARTIES all commitments made under the provisions of paragraph 4 above, and shall submit supplementary estimates to the CONTRACTING PARTIES in respect of such commitments.

(b) DRAFT RESOLUTION RELATING TO THE WORKING CAPITAL FUND

The CONTRACTING PARTIES

RESOLVE that:

1. A Working Capital Fund shall be set up and maintained to December 31, 1951, at an amount of U.S. \$150,000.
2. Contracting parties shall make advances to the Working Capital Fund in accordance with the scale adopted for contributions of contracting parties to the 1951 budget.
3. There shall be set off against these advances the amounts paid by contracting parties in respect of the 1950 budget in excess of their share in the actual expenses to be met out of the 1950 contributions.
4. The Executive Secretary is authorized to advance from the Working Capital Fund:
 - (a) such sums as may be necessary to finance budgetary appropriations pending receipt of contributions; sums so advanced shall be reimbursed as soon as receipts from contributions are available for the purpose;
 - (b) such sums as may be necessary to finance commitments authorized under paragraph 4 of the budget resolution for the financial year 1951.

ANNEX B

BUDGET ESTIMATES

Detailed Schedules

PART I: MEETINGS

	<u>Amount in U.S. Dollars</u>
Section 1. <u>Temporary Conference</u> <u>(January-March 1951)</u>	
(i) Temporary Assistance	15,000
(ii) Travel and Subsistence of Staff	6,000
(iii) Freight and Transport of Documents	500
(iv) Communications	1,500
(v) Other Services	<u>2,000</u>
	25,000
Section 2. <u>6th Session of Contracting</u> <u>Parties (estimates based on</u> <u>one session lasting 6 weeks</u> <u>and held in Geneva)</u>	
(i) Temporary Assistance	5,000
(ii) Meeting Room	1,200
(iii) Documents Reproduction and Distribution	11,000
(iv) Translation	6,200
(v) Office Supplies	400
(vi) Communications	600
(vii) Freight and Other Services	<u>2,600</u>
	27,000
Section 3. <u>Other Meetings</u> (nominal sum)	<u>20,000</u>
	<u>\$72,000</u>

PART II: SECRETARIAT

Section 4. Salaries and Wages

(i) Established Posts	139,431
(ii) Consultants	10,000
(iii) Temporary Assistance	8,000
(iv) Overtime	<u>1,000</u>
	<u>\$158,431</u>

(i) Established Posts - 159,431

<u>No. of posts</u>	<u>Category and Post Level</u>	<u>Gross Salary Range</u>	<u>Gross Salary less Staff Assessment</u>
<u>Amount in U.S. dollars</u>			
<u>Office of the Executive Secretary</u>			
1	Executive Secretary	15,000 + 3,000 Rep. Allowance	11,200 + 3,000 Rep. Allowance
1	Deputy Executive Secretary	13,300 - 15,000	11,200
1	Administrative Assistant	4,710 - 6,600	4,408
2	Secretaries	3,070 - 4,210	6,102
1	Clerk	2,260 - 3,070	2,023
<u>Operational Unit</u>			
1	Adviser)	9,360 - 13,930	8,945
<u>Trade Intelligence Unit</u>			
1	Adviser)	9,360 - 13,930	7,652
1	Officer)	8,290 - 12,000	6,903
6	Intermediate Officers (to be divided between Operational and Trade Intelligence Units)	6,600 - 9,310	34,900
<u>Library and Information Unit</u>			
1	Information Officer	9,360 - 13,930	8,296
1	Administrative Assistant	3,780 - 5,260	3,591
<u>General Services</u>			
<u>Administrative and Financial Unit</u>			
1	Administrative Assistant (Budget Control and Personnel)	3,780 - 5,260	3,568
1	Senior Clerk (Accountant)	3,780 - 5,260	3,413
<u>Languages Unit</u>			
1	Translator-Interpreter	8,290 - 12,000	7,652
<u>Document Control & Stenographic Pool</u>			
1	Senior Secretary	3,400 - 4,710	3,391
2	Secretaries	3,070 - 4,210	5,941
<u>3</u>	Stenographers	2,780 - 3,780	<u>7,446</u>
<u>26</u>			<u>159,431</u>

(ii) Consultants - \$10,000

This estimate covers consultants who may be required during the coming year. This estimate is based on the employment of 2 experts for 4 months.

(iii) Temporary Assistance - \$5,000

This estimate covers additional personnel needed to replace regular staff on annual or sick leave. The Temporary Assistance expenditure on meetings is budgeted separately under the estimate for each meeting.

(iv) Overtime - \$1,000

This estimate is to cover overtime which may be paid to personnel employed on a temporary basis.

Section 9. Other Staff Costs - \$49,750

(i) Travel and removal expenses of staff and dependents	8,000
(ii) Termination payments	1,000
(iii) Contributions - Staff Benefit Fund	20,000
(iv) Expatriation allowances	8,250
(v) Travel on home leave	5,500
(vi) Children's allowances, educational grants and related travel	2,000
(vii) Staff benefits (medical insurance, compensatory payments, etc.)	<u>5,000</u>
	<u>\$49,750</u>

(i) Travel and Removal Expenses of Staff and Dependents - \$8,000

This estimate covers recruitment expenses for 6 senior staff members and their dependents, also travel subsistence allowance in respect of first thirty days of service; this latter arrangement has superseded the daily living allowance and installation grant for which provision was made in previous budgets.

It is considered that the five junior posts may be filled by personnel recruited locally.

This estimate also covers travel costs on termination.

(ii) Termination Payments - \$1,000

This estimate is based chiefly on payment for accrued annual leave for which payment is made irrespective of the reason for separation.

(iii) Contributions - Staff Benefit Fund - \$20,000

The ICIM has established a Staff Benefit Fund; the staff contributes 7% of the net salaries and the Secretariat 14% of these salaries.

(iv) Expatriation Allowance - \$6,250

Present yearly expenditure on expatriation allowance is \$4,250. The estimate for 1951 is based on the assumption that the vacant posts will be filled as shown below:

6 senior posts will be filled by staff with dependents	\$ 3,000
5 remaining posts will be filled by staff without dependents (or recruited locally)	<u>1,000</u>
	4,000
Total for 1951:	<u>\$8,250</u>

If the new salary scheme is introduced, the expatriation allowance will be discontinued and replaced by a repatriation allowance payable only on termination; the saving resulting from this decision will be used for meeting the increased expenditure on established posts and contributions to the Staff Benefit Fund.

(v) Travel on Home Leave - \$5,500

This estimate is based on seven members of the staff being eligible for home leave during 1951.

(vi) Children's Allowances, Education Grants and Related Travel - \$2,000

Present yearly expenditure is \$800 on children's allowance only. The estimate for 1951 is based on the assumption that three of the incumbents of the vacant senior posts have one child each.

(vii) Other Staff Benefits - (Medical Insurance, Compensatory Payments, etc.) - \$5,000

In view of the recommendation by the Committee of Experts which has been used as a basis for U.N., a nominal sum has been inserted to cover any liabilities which may arise in connection with professional accidents. This item covers also the secretariat contribution to medical insurance and to languages courses.

Section 6. Travel on Official Business - \$15,000

This estimate is calculated to cover the travel of consultants as well as regular staff members.

Section 7. Common Services - \$8,000

(i) Cable, telegraph, wireless communication and long-distance telephone	\$5,000
(ii) Freight, cartage and express (excluding air freight)	2,000
(iii) Air freight	<u>1,000</u>
	<u>\$8,000</u>

(i) Cable, Telegraph, Wireless Communication and Long-Distance Telephone - \$5,000

This estimate is based on the 1950 expenses and covers expenditure on cable, telegraph, wireless and long-distance telephone.

- (ii) Freight, Carta G, Land Express (excluding Air Freight) - \$2,000

This estimate is based on 1950 expenses.

- (iii) Air Freight - \$1,000

In accordance with U.N. practice, a separate item has been provided for air freight.

Section 8. Printing - \$46,000

This provision is based on the assumption that the following printing will be necessary in 1951:

Temporary brochures	\$ 7,500
Consolidated brochures	30,000
Brochures, leaflets and other printing	8,500
	<u>\$46,000</u>

Section 9. Books and Information Material - \$1,000

The sum allowed covers only the purchase of books and publications.

Section 10. Services reimbursable to United Nations - \$55,100

(i) Rental of premises	\$ 8,500
(ii) Postal services	2,500
(iii) Stationery and office supplies	1,800
(iv) Reproduction of documents	14,000
(v) Translation	1,000
(vi) Other services	7,500
	<u>\$55,100</u>

The new scale of charges is under discussion with the United Nations; the estimates have been inserted in the proposals which have been forwarded by the United Nations but not yet accepted by the Executive Secretary.

- (i) Rental of Premises - \$8,500

This estimate is based on 16 rooms being required in Geneva to provide accommodation for 26 people. It includes the charges for local telephone calls.

- (ii) Postal Services - \$2,500

The establishment of Postal Services as a separate item is in accordance with U.N. practice; the estimate covers only the cost of stamps, etc. The contribution to the expenses of the United Nations mailing service is included in "Other Services".

- (iii) Stationery and Office Supplies - \$1,800

This estimate is based on previous expenditure. Office supplies for meetings are included in the "Meetings" estimates.

- (iv) Reproduction of Documents - \$14,000

This is based on a figure of 2,000 pages each in English and French and 150 Bilingual; it also includes cutting 2,075 pages of stencils.

(v) Translation - \$1,000

This is a nominal figure to cover any translation which the Translator-Interpreter is unable to do between sessions.

(vi) Other Services - \$7,500

This figure covers miscellaneous services rendered by U.N. such as multigraph, laissez-passer, visas, hotel reservation, mailing, distribution and sales charges.

Section 11. Hospitality - \$1,000

Under this section, provision is made for hospitality to be rendered by officials of the Secretariat not entitled to representation allowances in the course of their functions. The estimate also covers hospitality expenses incurred in connection with meetings.

Section 12. Permanent Equipment - \$1,000

Under this section, provision is made for the purchase of an electric calculating machine (8 columns).

Miscellaneous Income - \$22,500

The budget estimates have been based on the assumption that the Contracting Parties will pay for all the copies of the Treaty and Consolidated Schedules delivered to them by the Secretariat, according to the procedure followed in the case of the Annex Schedules. The estimate also includes miscellaneous income such as sale of publications, reimbursement for services rendered to inter-governmental organisations, etc.