

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

C/104

29 December 1978

Limited Distribution

COUNCIL

22 December 1978

EXCHANGE RATE PROBLEMS

Decision adopted by the Council on 22 December 1978

The Council took note of the report on Exchange Rate Problems (C/W/314) presented by the Informal Contact Group set up by decision of 14 November 1978.

After examination of this report, the Council

- invites the Chairman of the CONTRACTING PARTIES to contact the President of the UN General Assembly at an appropriate moment to convey the concern of the CONTRACTING PARTIES regarding these problems and to transmit a copy of the Informal Contact Group's report;
- reaffirms its support for the UN Common System and its determination to work towards solutions to common problems within that framework;
- urges all Contracting parties to use their best efforts to ensure that proposals leading to a clear improvement of the UN pension system in relation to exchange rate fluctuations will be elaborated in time by the competent bodies (ICSC and UN Joint Staff Pension Board) to be submitted to the 34th General Assembly and to give sympathetic consideration to such proposals;
- decides to transfer to a special and temporary account the following amounts:
 - (a) that part of the 1978 budget surplus with relation to CONTRACTING PARTIES' contributions to the United Nations Joint Staff Pension Fund (Part II Section 4(iv) and Part IV Section 12(ii)) in respect of staff in the professional and higher categories and which resulted from exchange rate fluctuations i.e. about Sw F 385,000;
 - (b) any surpluses that might occur during 1979 relating to CONTRACTING PARTIES' contributions to the United Nations Joint Staff Pension Fund (Part II Section 4(iv) and Part IV Section 12(ii)) in respect of staff in the professional and higher categories in so far as these surpluses result from the depreciation of the United States dollar below the level of Sw F 1.74, the accounting rate used in preparing the 1979 budget;

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- (c) any surpluses representing the equivalent of the difference in the contributions that staff referred to above would pay during 1979 should the Sw F/US dollar exchange rate remain at 1.74 and the actual payment staff will make in those months where a lower exchange rate prevails¹;

agrees - in the event that the 34th General Assembly does adopt proposals correcting the anomalies that exist in the pension system brought about by the current economic and monetary circumstances - that the amounts mentioned under (a), (b) and (c) would revert to the Surplus Account in the GATT budget. On this basis, these funds would revert to the Surplus Account on 1 January 1980, unless the CONTRACTING PARTIES decided to take other action pursuant to the following paragraph;

agrees - in the event that the 34th General Assembly does not adopt proposals correcting the anomalies in the UN pension system brought about by the current economic and monetary circumstances - to re-examine the situation and discuss the use to be made of its surpluses in the light inter alia of the proposals contained in document C/W/314 and taking into account the views to be expressed during prior consultations with representatives of the Staff and the secretariat.

¹A staff member's reduced Swiss franc pension fund contribution represents a surplus on the salary accounts Part II Section 3(i) and Part IV Section 12(i) since the under-compensation in the post adjustment system takes account of the reduced staff pension contribution.