

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED
L/105/Add.1
25 August 1953
Limited Distribution

BUDGET ESTIMATES FOR 1953

ADDENDUM

Supplementary Note by the Executive Secretary

I. Income Budget

1. The Income Budget for 1953 included contributions for Liberia, Korea and the Philippines, which cannot be included in the 1954 Budget since Liberia withdrew from the General Agreement in 1953, and Korea and the Philippines failed to accede to the Agreement before the time limit for their accession had expired. If Uruguay accedes to the General Agreement, the units of contributions for the 1954 Budget will amount to 114, as compared with 117 in 1953. In view of the proposed reduction in the total expenditure for 1954, it will be possible to maintain the unit of contribution at the same level as in 1953, i.e. \$3,000.

2. The 1954 expenditure would then be covered as follows:

<u>Income Budget</u>	<u>Dollars</u>
1. 1954 contributions, 114 units at \$3,000.....	342,000
2. Miscellaneous income.....	2,500
	<u>344,500</u>

3. The miscellaneous income covers the income other than contributions, such as the net proceeds of the sale of publications, interest on investments and bank accounts, net profit (or loss) on exchange, and reimbursement for services rendered to other organizations. The miscellaneous income for 1954 is estimated at a slightly lower figure than the income for 1953 to take into account the fact that after repayment to the United Nations Working Capital Fund of the advances made to the ICITO, the interest earned on funds in the hands of the Executive Secretary will be substantially reduced.

II. 1953 Surplus

4. At their Seventh Session, the CONTRACTING PARTIES, on the recommendation of its Working Party on the Budget, recognized that the repayment to the United Nations of the balance of the advances

made to ICITO should be "a first charge on any cash surplus which may accrue in 1953 and following years". They also decided to review the situation at the Eighth Session, and to take the necessary measures to expedite the repayment of those advances.

5. Although it is not yet possible to assess with any accuracy the magnitude of the cash surplus for the financial year 1953, it can safely be expected that it would be ample enough to enable the CONTRACTING PARTIES to draw the amount of \$36,773.87 which would be necessary to enable ICITO to complete the repayment of the United Nations advances.

6. For the reasons set forth on page 9 of document L/105 "Budget Estimates for 1954", it would be advisable to set up a Repatriation Grant Fund to cover the payment of repatriation grants which are due to international and non-local officials leaving the secretariat, irrespective of the reason for separation. If the Executive Secretary were authorized to utilize part of the 1953 surplus to set up such a Fund and transfer to the Fund the amounts corresponding to the rights acquired as on 31 December 1953, and if, moreover, each subsequent budget would provide an appropriation corresponding to the rights acquired in the course of the financial year, the payments of repatriation grants in any given year would be fully covered by the Fund, and the risk would be avoided of drawing on the appropriation for unforeseen or on the Cash Reserve. On 31 December 1954, the rights acquired by the present staff members will amount to about \$14,000. If the suggestion to fund the repatriation grants commends itself to the CONTRACTING PARTIES, that amount would be drawn from the 1953 cash surplus and transferred to that Fund.

7. In order to enable the Executive Secretary to repay to the United Nations the whole of the outstanding advances before 31 December 1953 in accordance with the resolution adopted by the General Assembly of the United Nations at its last session, it is suggested that the CONTRACTING PARTIES approve the repayment of \$36,773.87 to ICITO referred to in paragraph 5 above, in accordance with paragraph 4 of the Resolution on the expenditure of the CONTRACTING PARTIES in 1953. Such a declaration would authorize the Executive Secretary to advance the necessary amount from the Cash Reserve.

8. The suggestions for the disposal of the 1953 surplus can be summed up as follows:

- (a) earmarking of \$36,773.87 for the final payment to ICITO in consideration of services rendered in 1951;

- (b) transfer to a Repatriation Grant Fund of an amount corresponding to the rights acquired by the staff to such grants as on 31 December 1953, up to a maximum of \$14,000;
- (c) transfer to the reserve set up on 27 November 1950 of any additional cash balance as at 31 December 1953, as well as any payments which may be received in 1954 on account of contributions for 1949, 1950, 1951, 1952 and 1953, and other receivables outstanding on 31 December 1953.