

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

L/226

22 September 1954

Limited Distribution

## FINANCING OF THE 1954 BUDGET

### Report by the Executive Secretary

#### I. INTRODUCTION

1. In accordance with the resolution approved by the CONTRACTING PARTIES on 14 October 1953, the Executive Secretary has the honour to report "on the status of budgetary expenditure including all commitments entered into to meet unforeseen and extraordinary expenses". This report contains information on budgetary expenditure up to 31 August 1954, on budgetary income received during the first eight months of 1954, on the status of accounts receivable (including contributions), as well as on administrative and financial arrangements made in 1954.

#### II. AUDITED ACCOUNTS FOR 1953

2. In accordance with the instructions of the CONTRACTING PARTIES, the accounts for 1953 have been audited by the United Nations Inspection Service and the report of the auditor, together with the audited accounts shall be circulated, as soon as they are received from New York, in document L/226/Add.1. In addition to the accounts which have been submitted in previous years, the Executive Secretary also submits this year the accounts for the ISEF (ICITO Staff Benefit Fund). The audited accounts will therefore include:

##### (a) Budgetary accounts

- i. Income and Expenditure Budget Account for 1953
- ii. Statement of Budgetary Expenditure for 1953
- iii. Statement of Contributions as at 31 December 1953

##### (b) Financial Accounts

- i. Receipts and Payments Account for the year 1953
- ii. Balance-sheet as at 31 December 1953

##### (c) Accounts of the ISEF

- i. Statement of Receipts and Payments for the year 1953
- ii. Balance-sheet as at 31 December 1953

To facilitate the consideration of these accounts, all the statements have been expressed in US dollars. More detailed statement showing the appropriations and expenditure for each item, as well as other subsidiary accounts of the ICITO secretariat may be inspected by delegates at the secretariat.

3. The income received in 1953 on account of that financial year amounted to 92.35 per cent of the income budget. Although this compares unfavourably with the results obtained in 1952, when actual budgetary income reached nearly 100 per cent of the income budget, this represents nevertheless an improvement as compared with 1952. The arrears on current contributions at the end of 1953 accounted for a higher percentage of the assessment than in 1952 (9.80 per cent, or 8.23 per cent if the contributions of two acceding countries which did not become contracting parties in 1953 are omitted). On the other hand, miscellaneous receipts exceeded substantially the budget estimates; funds earmarked for the repayment to ICITO for services rendered prior to 1951 remained in the hands of the Executive Secretary until December 1953 and were invested at particularly favourable terms. This windfall is, of course, of a non-recurrent nature.

4. Budgetary expenditure in 1953 decreased by about 9.3 per cent as compared with 1952 if non-recurrent expenses are included, but if such expenses are omitted, the cost of running the secretariat has been higher by 7.3 per cent in 1953. The workload has continued to increase very substantially in 1953 and additional staff has been recruited accordingly. Additional expenditure has been incurred regarding salaries, children's allowance and other staff benefits. More frequent meetings of the Agenda and Intersessional Committee have led to increased expenditure in the corresponding budget item. On the other hand, substantial reductions have been made as compared with 1952 in the rental and maintenance of premises after the transfer to Villa Le Chêne and in printing expenditure. In spite of the increased workload of the secretariat, it has been possible, thanks to the system of monthly budgeting and to careful administrative planning, to keep the cost of common services and other overhead charges at a comparatively low level.

5. It has therefore been possible to end the financial year with a cash surplus. That surplus, although far smaller than the one obtained in 1952, has been sufficient to complete the repayment to ICITO for services rendered prior to 1951, to establish the Repatriation Grant Fund in accordance with the decision taken at the last Session, and to strengthen the Reserve.

6. The Audited Accounts for 1953 are submitted to the CONTRACTING PARTIES for approval.

---

<sup>1</sup> A comparative statement of expenditure in 1951-1952, 1953 is contained in document L/183.

III. EXPENDITURE FOR THE PERIOD 1 JANUARY/31 AUGUST 1954

TABLE I - BUDGETARY EXPENDITURE

(Swiss francs)

	Up to 31 August 1954	Up to 30 September 1954
(a) Expenditure authorized as per monthly budgets	695,333.45	794,586.65
(b) Disbursements	644,255.62	-
(c) Unliquidated obligations	26,005.50	-
(d) Total actual expenditure	670,261.12	

7. During the first eight months of 1954, actual expenditure has been slightly higher than during the corresponding period of 1953 (SF. 670,261.12 as compared with SF. 646,702.-). This is mainly due to the expenditure on personnel; the other items of expenditure have remained more or less stable. During the remaining months of the year, expenditure will be substantially higher than during the corresponding period in 1953 on account of the Review Session and of further additions to the staff. It is estimated that total expenditure for 1954 will be more than 20 per cent above actual expenditure in 1953 and that the cash surplus of the financial year will accordingly be much smaller than in preceding years.

8. No commitment has been entered into so far to meet unforeseen or extraordinary expenses. The appropriations approved for the various sections of the budget appear to be sufficient to meet the expenditure until the end of the year, with the exception of Part I, Section 1 "Ninth Session of the CONTRACTING PARTIES". It will be remembered that the budget estimates provided only for an ordinary session of the CONTRACTING PARTIES of a duration of six weeks. As this Session will continue at least until the end of the year, the additional expenditure will have to be covered by a drawing on the provision for unforeseen expenditure, in accordance with the decision taken at the last Session and it is expected that the total provision, amounting to \$20,000, will have to be used to meet expenditure incurred until the end of the financial year.

IV. INCOME RECEIVED DURING THE PERIOD 1 JANUARY/31 AUGUST 1954

TABLE II - BUDGETARY INCOME

(Swiss francs)

	Income Budget for 1954	Receipts up to 31 August 1954.	%
Contributions 1954	1,463,760.-	1,322,520.-	90.35
Miscellaneous income	10,700.-	77,836.90	727.45
	1,474,460.-	1,400,356.90	94.97

9. The rate at which the income has come in this year has been satisfactory and income received before the end of August amounted to 94.97 per cent of the income budget (88.30 per cent in 1953). The receipts on account of miscellaneous income have been exceptionally high this year; when the budget for 1954 was approved at the Eighth Session, no decision had yet been taken regarding the participation of Japan in the work of the CONTRACTING PARTIES, and the income budget did not take into account any contribution by Japan to the 1954 expenses. When that contribution was received, it was included in Miscellaneous Income. The sales of publications and subscriptions to the Trade News Bulletin have remained at a satisfactory level and income has also been received from the loan of personnel to other organizations.

#### V. RESERVE

10. The reserve set up in accordance with the resolution of 27 November 1950 amounted to SF. 990,054.56 on 31 August 1954. Its liquid assets accounted for 95.87 per cent of the total; the other assets represented mainly 1953 contributions still outstanding.

11. In accordance with the decision taken last year regarding the setting up in the balance-sheet of a provision for outstanding contributions, it is suggested that the arrears of contributions for 1953 be transferred to that provision at the end of the year. The crediting of the actual receipts on account of those contributions would continue to be done as previously.

#### VI. RECEIPT OF CONTRIBUTIONS

12. The following table contains a statement of the contributions due for the various financial years on 1 January 1954, and the amounts received before 30 April 1954 and in each following month.

TABLE III - CONTRIBUTIONS RECEIVED IN 1954

(Swiss francs)

	Current contributions	1949	Previous years' contributions			1953
			1950	1951	1952	
<u>Contributions due on 1 January 1954</u>	1,463,760.-	19,902.-	68,063.05	23,002.90	11,424.40	121,569.65
<u>Contributions received</u>						
Up to 30 April 1954	885,960.-	-	-	11,501.45	11,424.40	19,003.75
In May	344,540.-	-	-	-	-	12,840.-
In June	-	-	-	-	-	49,902.15
In July	12,840.-	-	-	-	-	-
In August	79,180.-	-	-	-	-	-
<b>TOTAL</b>	<b>1,322,520.-</b>	<b>-</b>	<b>-</b>	<b>11,501.45</b>	<b>11,424.40</b>	<b>81,745.90</b>

13. As shown in the table on previous page, a large part of the current contributions came in early in the year. Some contributions were already in the hands of the Executive Secretary before 31 December 1953. By April 1954, contributions amounting to 60.53 per cent of the assessment had been received (61.90 per cent in 1953 and 71 per cent in 1952), and by August 1954 90.35 per cent of the contributions assessed were remitted (87 per cent in 1953 and 1952).

VII. ACCOUNTS RECEIVABLE

14. At the end of 1953 current contributions in arrears were more substantial than previously, and the position of accounts receivable in general was less satisfactory than at the end of 1952. Although the position has improved in the course of the year, the continued existence of an important backlog of accounts receivable obliges the secretariat to maintain larger cash balances than would be normally required for the financing of the budget. The following table gives detailed information on that problem.

TABLE IV - ACCOUNTS RECEIVABLE

(Swiss francs)

	Contributions for current year	Contributions for previous years	Miscellaneous	Total
31 December 1949	92,730.32	-	17,222.51	109,952.83
31 December 1950	269,220.92	23,754.-	2,032.-	295,006.92
31 December 1951	194,825.60	133,340.40	17,745.-	345,911.-
31 December 1952	23,115.70	111,236.65	31,171.32	165,523.67
31 December 1953	121,569.65	122,392.35	7,124.50	251,086.50
31 August 1954	141,240.-	139,290.25	5,905.25	286,435.50
	(197,194.05)	(122,392.35)	(4,925.70)	(324,512.10)

Note 1 - The corresponding figures as at 31 August 1953 are given in brackets.

VIII. CONTRIBUTIONS IN ARREARS

15. The following table contains a statement of contributions due on 31 August 1954. This table has been divided into two parts showing the contributions due by present contracting parties, and those due by countries which have withdrawn from the Agreement respectively.

TABLE V - CONTRIBUTIONS DUE AS AT 31 AUGUST 1954

(Swiss francs)

	<u>Contribu-</u> <u>tions for</u> <u>1948-1949</u>	<u>Contribu-</u> <u>tions for</u> <u>1950</u>	<u>Contribu-</u> <u>tions for</u> <u>1951</u>	<u>Contribu-</u> <u>tions for</u> <u>1953</u>	<u>Contribu-</u> <u>tions for</u> <u>1954</u>
<b>(a) <u>Contracting Parties</u></b>					
Italy				1,457.85	51,360.-
Cuba				25,525.90	25,680.-
Burma					12,840.-
Chile					12,840.-
Finland					12,840.-
Nicaragua					12,840.-
Uruguay	3,852.-	11,343.85		12,840.-	12,840.-
	<u>3,852.-</u>	<u>11,343.85</u>		<u>39,823.75</u>	<u>141,240.-</u>
<b>(b) <u>Contracting Parties</u></b> <b><u>which have withdrawn</u></b> <b><u>from the Agreement</u></b>					
China	16,050.-	45,375.35			
Syria		11,343.85	11,501.45		
	<u>16,050.-</u>	<u>56,719.20</u>	<u>11,501.45</u>		
<b>GRAND TOTAL</b>	<u>19,902.-</u>	<u>68,063.05</u>	<u>11,501.45</u>	<u>39,823.75</u>	<u>141,240.-</u>

16. Soon after the adoption of the Budget at the Eighth Session, the Executive Secretary notified to governments the amount of their contributions for 1954, as well as the date on which the contributions had to be paid. He sent from time to time reminders to governments who had not paid their contributions in due time.

17. Present Contracting Parties

All present contracting parties have paid their contributions for the past financial years, with the exception of Uruguay which has not paid its 1953 contribution or its contribution to the expenses of the Amecy and Torquay conferences, and of Cuba, which is in arrears for 1953. Italy also owes a small amount with respect to that year, as a result of some misunderstanding on the exact amount of the contribution. Peru paid all its contributions in arrears as well as its current contribution. For the current financial year, seven governments have not yet paid their contributions (the number is the same as last year at the same time). The Executive Secretary has communicated with these governments in order to know the date on which their contribution would be available.

(a) Burma: The Burmese Government has indicated that its contribution would be paid in the course of September.

Finland: The Finnish Government remitted its contribution in September, but due to the present clearing difficulties between Finland and Switzerland it has not yet been received by the secretariat.

(b) Italy )  
Cuba ) No reply has yet been received from these Governments  
Chile ) to the Executive Secretary's communication.  
Nicaragua )  
Uruguay )

18. Contracting Parties having withdrawn from the Agreement

The Liberian Government has paid its contribution for 1953. No information is available as regards Chinese and Syrian contributions.

IX. OTHER ADMINISTRATIVE QUESTIONS

19. At the last session, the Working Party on the budget examined the desirability for the ICITO staff to join the United Nations Joint Staff Pension Scheme (see document L/153, paragraph 12). Since the report of the Working Party was approved by the CONTRACTING PARTIES, the General Assembly of the United Nations has examined that problem and adopted the following resolution:

"The General Assembly:

1. Decides that, upon request of the competent authority, the Interim Commission for the International Trade Organization may be admitted to participation in the United Nations Joint Staff Pension Fund but without representation with voting rights on the United Nations Joint Staff Pension Board;
2. Requests that, upon the receipt of such a request on behalf of the Interim Commission for the International Trade Organization, the United Nations Joint Staff Pension Board prepare amendments to the Regulations of the United Nations Joint Staff Pension Fund which would give effect to this decision and report to the General Assembly at its ninth session."<sup>1</sup>

The Executive Secretary has discussed with the Secretary of the Pension Board practical problems related to the application of that resolution. He understands that the Pension Board will submit definite proposals to the General Assembly of the United Nations at its next session.

---

<sup>1</sup> United Nations document: L/RESOLUTION/142, 28 November 1953.

20. On 15 September 1954, the ICITO had a staff of thirty-four officials and fifteen nationalities were represented on that staff.

21. The Executive Secretary intends to continue the arrangements made with the United Nations Inspection Service for the auditing of the accounts for the financial year 1954.

Points for decision:

Paragraph 6  
Paragraph 11

