

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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CONTRACTING PARTIES  
Twenty-Fifth Session  
12-29 November 1968

## REPORT OF THE COMMITTEE ON BUDGET, FINANCE AND ADMINISTRATION

1. The Committee on Budget, Finance and Administration, appointed by the Council on 21 June 1968, met at the International Telecommunication Union Headquarters, Geneva, from 8-11 October 1968.

2. The Committee was chaired by Mr. A. Schnebli of Switzerland and the following sixteen members attended:

Australia  
Canada  
Finland  
France  
Germany, F.R.  
India  
Israel  
Italy

Japan  
Netherlands  
Nigeria  
Pakistan  
Peru  
United Kingdom  
United States  
Yugoslavia

Argentina was represented by an observer.

3. In accordance with its terms of reference the Committee considered the Director-General's Financial Report on the 1967 GATT Accounts and the Report of the External Auditor thereon (document L/3024), and the GATT Budget Estimates for the Financial Year 1969 (document L/3041). In addition to the documents mentioned, the Committee examined the budgetary position as at 30 September 1968 on the basis of out-turn figures prepared by the secretariat. The Committee also reviewed the present policy on printing of publications and related matters. The Committee's report on these items is contained in part A of this document.

4. In addition, the Committee considered in detail the 1969 Budget Estimates of the International Trade Centre UNCTAD/GATT. The report of the Advisory Committee on Administrative and Budgetary Questions (Annex C/E) on these estimates was made available to the Committee. The Committee's report on the International Trade Centre UNCTAD/GATT 1969 estimates is contained in part B of this document.

5. The Committee was advised that in accordance with the Resolution approved by the CONTRACTING PARTIES on 20 November 1967, the Director-General will submit the report on the status of the budgetary expenditure for the first nine months of 1968 to the CONTRACTING PARTIES as an information paper.

6. At the beginning of its meeting the Committee heard an introductory statement by the Director-General. Referring to the overall increase of 4.55 per cent of the proposed GATT 1969 Expenditure Estimates over 1968, the Director-General emphasized his desire to keep the GATT secretariat small and thereby efficient and to keep costs at a minimum; this had been his predecessor's policy and he had every intention of continuing on this course. The Director-General recalled that the financial year 1967 had closed with a surplus of \$114,843.02. In the budget document he had made the proposal of allocating \$60,000 of this to the 1969 income budget. As to the balance, his note of 14 August 1968 listed various possibilities which the Committee would wish to consider. The Director-General then underlined the additional task of the Committee which was the examination of the 1969 Budget Estimates of the International Trade Centre UNCTAD/GATT, prepared by the GATT secretariat in close consultation with the UNCTAD secretariat. These estimates had the full concurrence of the Secretary-General of UNCTAD and the Secretary-General of the United Nations. The International Trade Centre estimates had also been considered by the United Nations Advisory Committee on Administrative and Budgetary Questions and the Director-General was particularly pleased that this intergovernmental body, well known for its serious approach to financial matters, had passed the proposed estimates without suggesting reductions.

A. GATT SECRETARIAT

I. REPORT ON THE 1967 ACCOUNTS AND REPORT OF THE  
EXTERNAL AUDITOR THEREON

7. The Committee examined the report on the 1967 accounts and the Report of the External Auditor thereon. As regards the contributions receivable from contracting parties at 31 December 1967 the Committee was informed that some contributions shown as outstanding in the Report had meanwhile been received. Three contracting parties had been in arrears for three years and more. As regards one of the countries concerned, i.e. the Dominican Republic, the Director-General had received a communication dated 25 August 1968 to the effect that it was undertaking the necessary action to settle or to substantially reduce its outstanding obligation to the GATT. In the case of Haiti and Upper Volta, no reply had been received to the Director-General's last reminder of 20 August 1968. The Committee requested the Director-General to pursue his efforts to obtain payment of outstanding contributions and it expressed the hope that countries in arrears would liquidate their arrears as soon as possible.

8. The Committee recommends that the CONTRACTING PARTIES approve the audited accounts for 1967 and convey to the auditor their thanks for the valuable assistance given to the CONTRACTING PARTIES in the audit of the GATT accounts.

II. ESTIMATES OF EXPENDITURE FOR 1969

General comments

9. Before proceeding with the customary item by item examination of the estimates, one delegate suggested that more detailed justifications be given in future for items for which significant increases were proposed. He asked that the introduction to the budget should contain details of GATT activities indicating those likely to be continued or cut. He further suggested that a cost breakdown by main fields of activity in addition to the usual breakdown by object of expenditure be made. The representative of the Director-General pointed out that whilst these points would certainly be taken into consideration, they might increase the secretariat's workload and probably be of rather problematical value since the GATT did not have a "programme" in the sense of those of specialized agencies. One delegate expressed the hope that the request for supplementary information would not lead to an increase in staff. He thought however, that it would be useful to strengthen the introduction to the budget and also proposed that in view of the extension of the work of the Committee a detailed agenda should be circulated well in time before the Committee meeting.

10. Some members thought that it would be helpful if the working paper on expenditure during the current year, which was a useful and necessary element in examining the estimates for the following year, could be made available at an earlier date even if the figures were less up to date. The representative of the Director-General informed the Committee that the later this paper came out the more meaningful it was. It would be necessary to prepare two papers, the first showing the position at the end of June and the second the position at the end of September.

#### New posts

11. The Committee reviewed the Director-General's proposals for the reinstatement of one post in the Director category and the creation of one additional language post and four additional posts in the General Service category. As to the new posts, the representatives of the Director-General provided additional justification where this was requested by members of the Committee.

#### Regradings

12. Several members raised the question of regradings during the general discussion following the Director-General's opening statement and later during the discussion of the item concerned.

13. It was pointed out that concern had been expressed on a number of previous occasions about what the Committee considered an excessive number of regradings. It would appear from the presentation of the 1969 estimates that these past warnings had gone unheeded. It appeared to some members that in looking at the pattern that had developed over the last few years in GATT, regradings had become the principal technique for "restructuring" the secretariat. They pointed out that they did not object to regradings per se but hoped that the Director-General would in future show greater restraint in the use of this device.

14. Other members expressed the opinion that, in a small and stable secretariat such as that of GATT, regrading was a legitimate means of responding to changing needs and providing necessary flexibility. As between regrading of a post and taking on additional staff regrading might be the more economical solution and at the same time the more effective one.

15. Some members felt that promotion on approaching retirement could prove to be an undesirable precedent for the future. The point was made by the Director-General's representative that it was not unreasonable nor unusual in staff relationships to take into account long and efficient service of officers approaching retirement.

16. In response to some of these observations, the Director-General pointed out that in this matter the CONTRACTING PARTIES were faced with the following choice. Either the secretariat increased its establishment thereby providing on the one hand a greater scope for promotion and on the other hand a greater spread of the workload, or the secretariat was kept small and thereby **more efficient**. The Director-General pointed out that his predecessor had favoured the latter course for which he was grateful to him, and it was certainly his intention to continue in this way. The Director-General expressed the opinion that the efficiency of a secretariat is often in inverse ratio to its size. The very high reputation which the GATT secretariat had enjoyed over the last twenty years provided sufficient proof of this. However, if one chose this policy, which had shown to be beneficial to the CONTRACTING PARTIES in addition to being economical, one had, also in fairness to the staff, to accept the consequences. Firstly, this meant that, relatively speaking, the demands made on GATT staff were high and only those

whose qualifications and performance were considered well above average were recruited and retained. Secondly, the turnover amongst GATT staff had been exceedingly low. Whilst this was gratifying it further limited opportunities for internal transfer and/or promotion. Moreover, most GATT staff members were not interchangeable.

17. These factors inevitably led to a situation whereby the upgrading of posts represented the only opportunity for rewarding staff who formed part of the career service and looked to GATT for a career.

18. The Director-General realized that upgradings were not and never could be a substitute for additional posts in the sense that one individual could only cope with so much and no more. However, if a staff member was especially well-qualified and showed high output he or she might well be worth two of a more modest calibre. The Committee was also assured that even allowing for the factors mentioned above, upgradings in GATT had taken full account of the common standards developed and adopted so far by the family of the United Nations organizations.

19. The Committee appreciated the view expressed by the Director-General that in a small organization with a low turnover of staff and with small categories of staff such as the GATT, opportunities for promotion were limited. They noted that this situation was also enhanced by the policy of the Director-General to keep the secretariat small and thereby efficient. At the same time the Committee was anxious to ensure that regradings were kept to the minimum consistent with good management.

20. Some members of the Committee suggested that the Director-General might wish to have the secretariat's grading structure, including proposals for new regradings examined by the CCAQ classification expert who has been especially engaged to render such services to the family of international organizations. They believed future consideration of regradings by the Committee might be expedited if the Committee had before it the advice of such an outside expert. The Director-General had indicated that he was unable to accept this proposal, because he felt that in a small secretariat where the scope of the work of individual staff members was well-known to the directorate the services of an outside expert, unfamiliar with the work of the organization, would not necessarily be helpful.

#### Temporary assistance

21. Some delegates expressed concern that the item continued at a high rate in the 1969 estimates. One delegate enquired whether the addition of some posts in areas normally requiring temporary assistance might not reduce the necessity for such temporary assistance. It was pointed out by the Director-General's representatives that the temporary assistance item was in a sense the secretariat's safety valve. Temporary assistance was almost exclusively used in the language division and stenographic pools. It was clear from the statement on personnel policy that the secretariat had very little margin. Posts were only consolidated into the permanent establishment when it was absolutely certain that

there was a permanent need for them. Contingencies, which continue to arise in one form or another, had therefore to be met on an ad hoc basis by temporary assistance. This was in fact the most economical approach. Requests for temporary assistance were carefully scrutinized by the senior officers concerned and the credit was only used when there was complete justification to do so. Unfortunately, it had rarely proved sufficient. In the current year over-expenditure was estimated at roughly \$52,000.

22. As regards the provision of \$17,500 made for the special tariff study under the item of Temporary Assistance in 1969, it was pointed out by the representatives of the Director-General that this amount was based on the cost of continuing the study and increasing its coverage in accordance with the instructions of the Committee on Trade in Industrial Products. The credit of \$26,000 authorized for 1968 (document L/2993) covered only the preparatory study and the expenditure for 1968. One delegate pointed out that in preparing cost estimates for additional projects in future the long-term financial implications should be indicated as far as possible in addition to estimated expenditure for the year under review.

#### Consultants and travel

23. Some members expressed the opinion that in view of the pattern of expenditure on these two items over the past few years the estimates could be reduced. The Director-General's representative informed the Committee that reductions in the item for Consultants of \$3,000 and in sub-item iv(a) Travel on official business of \$5,000 could be accepted.

24. The Committee agreed that travel by the Director-General and his staff in the essential interests of the CONTRACTING PARTIES should not be limited and that recourse could be made through the item Unforeseen expenditure if necessary, subject to the usual clearance.

#### Common services

25. The estimates were carefully scrutinized and additional information was supplied by the Director-General's representatives where this was requested. The Committee noted that a provision of \$5,000 had been made in order to cover expenditure which may arise in 1969 if it is decided that GATT would participate in the United Nations Pavilion of the OSAKA EXPO 1970. At the suggestion of one member, the Committee considered whether in view of its contingent nature this amount could not be charged to the item for Unforeseen expenditure as and when it arose. After a full discussion the Committee agreed to retain the item as proposed in the estimates, leaving its use by the Director-General at his discretion for the purpose outlined above.

26. Some members of the Committee, while not opposing the estimate of \$7,000 for microfilming, suggested that the secretariat should study the whole question carefully and report back to the Committee again next year on all aspects of the problem.

27. As regards the provision of \$25,000 made for the purchase of computer time, tapes, etc. in connexion with the special tariff study, the Committee received additional information as to the scope of the study (see also paragraph 22 above).

#### Printing

28. In discussing this item the Committee had before it a working paper prepared by the secretariat in response to a request made at its 1967 meeting. Various suggestions were made by members of the Committee as to free distribution, price setting, methods of reproduction, excess production, storage etc. Members of the Committee supported a suggestion that the International Trade Centre publications, mainly market studies, should be given greater publicity in appropriate commercial circles. Free distribution lists should also be regularly checked so as to ascertain that the publications freely distributed were useful to and wanted by the recipients.

29. The Committee expressed the view that the working paper prepared by the secretariat had proved most valuable and suggested that, while it would not always be necessary to prepare such an elaborate paper, it would be most useful if the secretariat could continue to produce for further meetings of the Committee a list showing figures on sales, free distribution and stocks.

30. It was the consensus of the Committee that a slight reduction in this item would be possible and a cut of \$2,500 was suggested. The Committee was informed that the Director-General would not object to this reduction.

#### Representation and hospitality

31. One delegate questioned the necessity for a \$500 increase to the \$3,000 already available for hospitality by senior officers. Other members favoured the increase.

### III. INCOME BUDGET - ESTIMATES FOR 1969

#### (a) Miscellaneous income

32. The Committee wished to record its satisfaction with the secretariat's competent financial management and excellent results obtained with the investment of the organization's funds. It was pointed out that such good results were very much dependent on the early payment of contributions by contracting parties and, therefore, the Committee once again urged the contracting parties to pay contributions as soon as possible after 1 January.

(b) Surplus account

33. In discussing the income budget the Committee had before it the Director-General's note of 14 August 1968 (document Spec(68)86) concerning the disposal of the Surplus Account. The Committee agreed with the Director-General's recommendation made therein that \$60,000 should be transferred to the 1969 income budget.

34. The Committee examined in detail the various possibilities outlined in the note for the disposal of the balance of \$54,843.02 and heard statements of the Director-General's representatives in this connexion. After due consideration of the merits of the various possibilities the Committee unanimously recommended that the balance of \$54,843.02 be credited to the 1969 income budget enabling a further reduction of the contributions to be assessed on the CONTRACTING PARTIES.

35. The Committee recommends to the CONTRACTING PARTIES that the budget for 1969 be financed as follows:

(a) contributions assessed on contracting parties	\$3,174,000.00
(b) miscellaneous income	\$ 75,656.98
(c) transfer from Surplus Account	\$ 114,843.02
	<u>\$3,364,500.00</u>

IV. SCALE OF CONTRIBUTIONS

36. The Committee recommends that the CONTRACTING PARTIES approve the scale of contributions for 1969 as reproduced in Annex C/A to this report.

V. EXTERNAL AUDIT

37. The Committee noted that the Director-General intended to make the necessary arrangements with the External Auditor for the final audit of the 1968 accounts and for an interim audit of the 1969 accounts and for submission to the CONTRACTING PARTIES of the auditor's report for 1968 in accordance with the decision taken by the CONTRACTING PARTIES in 1951.

VI. OTHER MATTERS

Travel arrangements on home leave

38. At its fifteenth session in 1959 the CONTRACTING PARTIES approved the secretariat's recommendation (W.15/29) to simplify two aspects of the rules concerning travel arrangements on home leave.

39. It had formerly been the practice to reimburse home leave journeys by private car on the basis of a mileage rate and travel subsistence allowance limited to the maximum travel expenses claimable by the most economical route by rail or car. This procedure involved detailed cost comparison of three modes of travel (car, air and rail), and cumbersome compilation of entitlements to travel subsistence allowances as they vary from country to country. The amount of time spent on working out entitlements on this basis was entirely disproportionate to their importance.

40. Summarized, the new rules stipulate that staff members proceeding on home leave by private car shall receive the equivalent of one return air fare by tourist or economy class for one person, and two return air fares for two or more persons travelling together, calculated on the basis of the rates charged by the air companies. In all cases, regardless of the mode of travel, a lump sum of \$10 for the staff member and \$5 for each eligible dependant is paid for each day of allowable travel time, in replacement of the former arrangements of payment of subsistence and incidental expenses on home leave journeys.

41. The amended rules have been in force since 1 January 1960 and have worked satisfactorily. However, the flat rate allowances of \$10 and \$5 which were then introduced have for some time been out of date. The Director-General therefore proposed to bring them in line with present requirements and adjust the rates to \$16 and \$8 respectively. The Committee recommends to the CONTRACTING PARTIES that the Director-General's recommendations be accepted.

## VII. CONCLUSION

42. The Committee submits to the CONTRACTING PARTIES for consideration and approval a draft resolution on the expenditure of the CONTRACTING PARTIES and ways and means to meet such expenditure.

### POINTS FOR DECISION:

Paragraph 8  
Paragraph 35  
Paragraph 36  
Paragraph 41  
Paragraph 42

DRAFT RESOLUTION ON THE EXPENDITURE OF THE CONTRACTING PARTIES  
IN 1969 AND THE WAYS AND MEANS TO MEET SUCH EXPENDITURE

The CONTRACTING PARTIES

HAVING CONSIDERED

the estimates of expenditure of the CONTRACTING PARTIES for 1969 as set forth in schedules annexed to this Resolution,

RESOLVE that:

1. The Director-General is authorized to repay promptly ICITO for the services rendered during the year 1969, provided that such repayment does not exceed a total of US\$3,364,500.
2. The repayment referred to in paragraph 1 shall be financed as follows:
  - (a) by contributions from contracting parties in the amount of US\$3,174,000;
  - (b) by miscellaneous income estimated at US\$75,656.98;
  - (c) by transfer from the Surplus Account of US\$114,843.02.
3. The Director-General shall report to the CONTRACTING PARTIES or to the Council on the status of budgetary expenditure over the first nine months of 1969.
4. The contributions of the contracting parties shall be assessed in accordance with the attached scale of contributions. Contributions from contracting parties are considered as due and payable in full as from 1 January 1969.

ANNEX A/A

REVISED ESTIMATES OF EXPENDITURE FOR THE FINANCIAL YEAR 1969  
OF THE GATT

SUMMARY

		<u>Original estimates (L/3041) US\$</u>	<u>Deductions US\$</u>	<u>Revised estimates US\$</u>
<b>PART I: <u>MEETINGS</u></b>				
<u>Section</u>				
1	Twenty-sixth session of the CONTRACTING PARTIES	23,000	-	23,000
2	Meetings of the Council and other meetings	<u>50,000</u>	<u>-</u>	<u>50,000</u>
	Total Part I:	<u>73,000</u>	<u>-</u>	<u>73,000</u>
<b>PART II: <u>SECRETARIAT</u></b>				
<u>Section</u>				
1	Salaries and wages and official travel	1,729,000	8,000	1,721,000
2	Common staff costs	480,300	-	480,300
3	Common services	222,800	-	222,800
4	Printing	66,500	2,500	64,000
5	Representation and hospitality	15,000	-	15,000
6	Permanent equipment	<u>24,560</u>	<u>-</u>	<u>24,560</u>
	Total Part II:	<u>2,538,160</u>	<u>10,500</u>	<u>2,527,660</u>
<b>PART III: <u>BUILDINGS</u></b>				
<u>Section</u>				
1	Annuity to Canton of Geneva in respect of First Annex	11,210	-	11,210
2	Annuity to FIPOI in respect of Second Annex	<u>31,030</u>	<u>-</u>	<u>31,030</u>
	Total Part III:	<u>42,240</u>	<u>-</u>	<u>42,240</u>

		<u>Original</u> <u>estimates</u> <u>(L/3041)</u> <u>US\$</u>	<u>Deductions</u> <u>US\$</u>	<u>Revised</u> <u>estimates</u> <u>US\$</u>
<b>PART IV: <u>INTERNATIONAL TRADE CENTRE</u></b>				
<b><u>UNCTAD/GATT</u></b>				
<b><u>Section</u></b>				
1	Contribution to the International Trade Centre UNCTAD/GATT	671,600	-	671,600
<b>PART V: <u>UNFORESEEN EXPENDITURE</u></b>				
<b><u>Section</u></b>				
1	Unforeseen expenditure	50,000	-	50,000
	Grand Total	3,375,000	10,500	3,364,500
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ANNEX B/A

REVISED ESTIMATES OF EXPENDITURE FOR THE FINANCIAL  
YEAR 1969 OF THE GATT

DETAILED SCHEDULES

Amount in US dollars

PART I: MEETINGS

Section 1 - Twenty-Sixth Session of the CONTRACTING  
PARTIES

(i)	Temporary assistance (including overtime)	17,000	
(ii)	Travel and subsistence of temporary staff	1,000	
(iii)	Rental of meeting rooms and additional office space	4,500	
(iv)	Other services	<u>500</u>	
Total Section 1:			23,000

Section 2 - Meetings of the Council and other  
Meetings

(i)	Temporary assistance (including overtime)	35,000	
(ii)	Travel and subsistence of temporary staff	1,200	
(iii)	Rental of meeting rooms and additional office space	13,500	
(iv)	Other services	<u>300</u>	
Total Section 2:			<u>50,000</u>
Total Part I:			<u>73,000</u>

Amount in US dollars

PART II: SECRETARIAT

Section 1 - Salaries and Wages and Official Travel

(i)	Established posts	1,606,000	
(ii)	Temporary assistance (including overtime)	55,000	
(iii)	Consultants	12,000	
(iv)	Travel:		
	(a) Travel on official business	43,000	
	(b) Technical assistance travel	<u>5,000</u>	
	Total Section 1:		1,721,000

Section 2 - Common Staff Costs

(i)	Installation grants	9,000	
(ii)	Travel and removal expenses of staff and their dependants	20,000	
(iii)	Separation payments	12,000	
(iv)	Contributions to the United Nations Joint Staff Pension Fund	265,000	
(v)	Repatriation grants	12,000	
(vi)	Travel on home leave	36,000	
(vii)	Family allowances, education grants and related travel:		
	(a) Family allowances	71,500	
	(b) Education grants and related travel	27,000	
(viii)	Joint services	9,300	
(ix)	Other common staff costs	<u>18,500</u>	
	Total Section 2:		480,300

Amount in US dollars

Section 3 - Common Services

(i)	Cables and telephone communications	4,000
(ii)	Freight and cartage	1,400
(iii)	Books and information material	5,000
(iv)	Rental and maintenance of premises and equipment:	
(a)	Rent	4,700
(b)	Electricity	3,500
(c)	Water supply	400
(d)	Heating	3,000
(e)	Telephone (rental and local calls)	4,000
(f)	Insurance premiums	2,800
(g)	Cleaning materials	400
(h)	Maintenance expenditure	11,000
(i)	Casual labour	22,000
(j)	Maintenance of service cars	1,100
(v)	Postal services	25,000
(vi)	Stationery and office supplies	14,000
(vii)	Reproduction and distribution of documents	77,000
(viii)	External audit	1,500
(ix)	Other services and miscellaneous expenditure	<u>42,000</u>

Total Section 3:

222,800

Section 4 - Printing

64,000

	<u>Amount in US dollars</u>
Section 5 - <u>Representation and Hospitality</u>	15,000
Section 6 - <u>Permanent Equipment</u>	<u>24,560</u>
Total Part II:	<u>2,527,660</u>
 PART III: <u>BUILDINGS</u>	
Section 1 - <u>Annuity to Canton of Geneva in Respect of First Annex</u>	11,210
Section 2 - <u>Annuity to FIPOI in Respect of Second Annex</u>	<u>31,030</u>
Total Part III:	<u>42,240</u>
 PART IV: <u>INTERNATIONAL TRADE CENTRE UNCTAD/GATT</u>	
Section 1 - <u>Contribution to the International Trade Centre UNCTAD/GATT</u>	<u>671,600</u>
 PART V: <u>UNFORESEEN EXPENDITURE</u>	
Section 1 - <u>Unforeseen Expenditure</u>	<u>50,000</u>
 Grand Total	<u>3,364,500</u> =====

SCALE OF CONTRIBUTIONS FOR 1969

(Scale including a single minimum of 0.12%)

Country	Contributions (US dollars)
<u>Contracting parties:</u>	
Argentina	23,800
Australia	62,530
Austria	35,230
Barbados	3,810
Belgium	112,990
Brazil	27,610
Burma	3,810
Burundi	3,810
Cameroon	3,810
Canada	178,060
Central African Republic	3,810
Ceylon	6,670
Chad	3,810
Chile	12,380
Congo (Brazzaville)	3,810
Cuba	14,280
Cyprus	3,810
Czechoslovakia	51,740
Dahomey	3,810
Denmark	48,880
Dominican Republic	3,810
Finland	28,570
France	206,310
Gabon	3,810
Gambia	3,810
Germany, Federal Republic of	336,760
Ghana	5,710
Greece	14,280
Guyana	3,810
Haiti	3,810
Iceland	3,810
India	39,990
Indonesia	11,740
Ireland	15,550
Israel	11,740
Italy	148,230
Ivory Coast	5,080
Jamaica	4,760
Japan	173,300
Kenya	5,080

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Country	Contributions (US dollars)
<u>Contracting parties (cont'd):</u>	
Korea	8,570
Kuwait	14,920
Luxemburg	9,840
Madagascar	3,810
Malawi	3,810
Malaysia	20,950
Malta	3,810
Mauritania	3,810
Netherlands, Kingdom of the	145,050
New Zealand	18,410
Nicaragua	3,810
Niger	3,810
Nigeria, Federal Republic of	13,010
Norway	36,180
Pakistan	14,280
Peru	13,330
Poland	45,070
Portugal	22,220
Rhodesia	5,710
Rwanda	3,810
Senegal	3,810
Sierra Leone	3,810
South Africa	39,670
Spain	41,260
Sweden	79,030
Switzerland	64,110
Tanzania	4,130
Togo	3,810
Trinidad and Tobago	7,620
Turkey	10,470
Uganda	3,810
United Kingdom of Great Britain and Northern Ireland	317,720
United States of America	508,790
Upper Volta	3,810
Uruguay	3,810
Yugoslavia	24,440
<u>Associated Governments:</u>	
Cambodia	3,810
Tunisia	3,810
United Arab Republic	13,650
	<u>3,174,000</u>
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B. INTERNATIONAL TRADE CENTRE UNCTAD/GATT

## I. ESTIMATES OF EXPENDITURE FOR 1969

1. The Committee had before it the Budget Estimates for the financial year 1969 of the International Trade Centre UNCTAD/GATT contained in the Report by the Secretary-General of UNCTAD and the Director-General of GATT (document ITC/AG/3 of 19 June 1968) and the Report by the ACABQ thereon which had been submitted to the Committee by the Director-General's note of 16 September 1968 and is attached to this Report as Annex C/B.
2. The Committee wishes to convey its thanks to the ACABQ for the valuable suggestions contained in its report which were fully taken into consideration in the Committee's examination of the estimates.
3. The Committee heard an introductory statement by one of the Director-General's representatives explaining the premises on which the estimates were based and the reviewing procedures involved in the clearance and approval of the estimates by the appropriate bodies of UNCTAD and the United Nations. The Committee invited the Director-General of GATT to make its report available to those bodies including ACABQ.
4. The Chief, Office of Administration of the UNCTAD secretariat was present throughout the Committee's deliberations.
5. During the general discussion which preceded the item by item examination of the estimates vigorous and unanimous support for the International Trade Centre was expressed by all members of the Committee on behalf of their governments. The Committee was unanimously of the opinion that, whilst a careful review of the estimates was necessary, care should be taken not to affect adversely the work programme of the Centre and that adequate resources should be available for the implementation of the programme.
6. The representatives of Canada, Finland (on behalf of the Nordic countries), Israel, India, Netherlands, Nigeria, Pakistan, Peru and Yugoslavia stated that they were prepared to accept the estimates as presented by the secretariats and could agree to revisions in the estimates only so far as they did not endanger the implementation of the programme as recommended by the Advisory Group. Some of these members also pointed out that they had noted with satisfaction that the ACABQ had not recommended any reduction in the amount of the United Nations share of the costs for the operation of the Centre for 1969. The representatives of Australia, Canada, France, Germany, Italy, United Kingdom and the United States were of the opinion that some economies could be achieved without affecting the International Trade Centre's 1969 programme, as approved by the Advisory Group in May 1968. They drew particular attention to the reservations expressed in paragraphs 7 and 11 of the Report of the ACABQ concerning the risks involved in an excessively rapid expansion of the Centre's staff and to the Committee's belief that some economies in the total operating cost of the Centre would be possible.

7. The United States representative, whilst fully associating himself with the views expressed above, informed the Committee that for reasons which he thought were well known the United States Government was this year generally opposed to increases in the budgets of international organizations except to meet justified salary and price increases which could not be absorbed within the present levels. However, in view of the implicit commitment when the Trade Centre became a joint UNCTAD/GATT operation that increased resources would be available to the Centre in 1969, his Government was prepared to support a significantly extended programme for the Centre in 1969. He presented detailed explanations as to why he believed 15 of the 37 new posts proposed should be deleted from the budget estimates proposed for 1969, and several others should be downgraded. In particular, he believed the rate of expansion proposed for the Market Information Service was excessive, and he urged that further consideration should be given to the organization of that Service before additional posts were added to it. He questioned whether Trade Centre back-stopping requirements warranted the addition of as many posts to the GATT secretariat as were proposed. He also believed reductions could be effected in the amounts proposed by the secretariats for common staff costs, travel, hospitality, permanent equipment, and space requirements. He further expressed the hope that UNCTAD might be able to make more material contributions to the Trade Centre than it had in the past and than were proposed for the future. He noted that acceptance of his suggestions by the Committee would require an increase in the Trade Centre budget of only \$150,000, rather than the increase of \$289,000 proposed by the secretariats. He believed such reductions in the proposed budget could be made without adverse effect to the programme recommended by the Expert Advisory Group at its May 1968 meeting.

8. Some representatives stated that they were in general agreement with the United States' views, but after hearing the responses and explanations of the secretariats the Committee was unwilling to support the detailed proposals made by the representative of the United States.

9. The United States representative also suggested that the wording of the section 4 - Hospitality should be as follows: (a) the Director-General of GATT and the Secretary-General of UNCTAD are authorized on the basis of appropriate justification and/or reporting to reimburse the Director, up to a maximum of \$500, for hospitality expenditures in the interest of the Centre in the course of the performance of his official duties; (b) an appropriate additional amount is available to cover reimbursement to other senior members of the Centre for official hospitality rendered in the course of their functions. Payments are to be made at the discretion of the Director-General of GATT and the Secretary-General of UNCTAD, after appropriate justification and/or reporting in accordance with United Nations rules and procedures.

10. As to requests for supporting staff, he noted that in several instances new personnel were being justified partly on the basis that they would be needed to support programmes financed by voluntary contributions. While he had no objection to including needed back-stopping for UNDP programmes or overhead cost of modest unilateral contributions in the regular budget, he suggested that in general the

overhead for large voluntary contributions from a single government should be borne out of the grant itself, as has been done in the case of the Dag Hammarskjöld Foundation grants for training courses. This would be consistent with the practice prevailing in other international organizations.

11. The representative of the Director-General pointed out that most voluntary contributions offered in response to the appeals of the Joint Advisory Group are made on the strict understanding that all administrative overheads be borne by the Centre's budget. If the executive heads on behalf of the parent organizations accepted such contributions they could do so only on the terms of the contributor.

12. In response to comments made and questions raised in the Committee the representatives of the Director-General gave detailed explanations and justifications in respect of each item in the estimates and emphasized that every item had been carefully worked out on the basis of the programme recommended by the Advisory Group.

13. Several members of the Committee stated that they were fully satisfied with the explanations given by the representatives of the Director-General.

14. The representatives of the Director-General also pointed out that the Director-General of GATT and the Secretary-General of UNCTAD had also carefully considered the comments made on the estimates by the ACABQ. They had noted the ACABQ's reservations concerning a too rapid increase in staff particularly with regard to a possible danger of thereby sacrificing quality. The Director-General's representatives informed the Committee that in view of the ACABQ's comments and the views expressed along similar lines by the Committee the Secretary-General of UNCTAD and the Director-General of GATT could agree to an increase in the retardation factor to 50 per cent for new Professional staff while maintaining a retardation factor of 20 per cent for General Service staff, as recommended by the ACABQ as standard procedure. This would meet at the same time the Advisory Committee's and the Budget Committee's desire to safeguard quality of recruitment as well as achieving not inconsiderable economies in salaries and wages and in other areas of the budget.

15. In addition both executive heads wished to give full consideration to the views expressed by the GATT Committee on Budget, Finance and Administration. They felt that, if any further cuts in staff were to be made, they could only agree to do so provided the programme as recommended by the Advisory Group was not endangered. After careful examination, and in order to enable the Committee to reach an acceptable compromise, they proposed the deletion of one Professional and two General Service posts. The posts to be deleted would be chosen at the discretion of the executive heads of both secretariats.

16. The executive heads further proposed reductions of \$9,200 under Travel on Official Business and \$5,000 under the item for Consultants. The total economy resulting from all the proposed reductions amounted to \$80,000.

17. The reductions were proposed in the hope and expectation that the voluntary contributions which had been so generously forthcoming from many sides would continue, so that any difficulties that might otherwise arise from these cuts could be avoided. The Committee agreed to the compromise proposed by the secretariat although several members stressed that their agreement was conditional on the understanding insisted upon by the executive heads that if the latter felt the work programme was endangered they could go back to the appropriate bodies.

18. The Committee recommends that the CONTRACTING PARTIES approve the revised estimates of expenditure of the International Trade Centre UNCTAD/GATT for the financial year 1969 in the amount of \$971,000. An amount of \$671,600 is included under Part IV in the Budget Estimates of GATT on the assumption that the balance of \$299,400 will be borne by the United Nations. The revised estimates of expenditure are attached as Annexes A/B and B/B.

19. The representative of the United States stated that his instructions did not enable him at this juncture to modify the United States position as he had outlined it. He had therefore no option but to reserve his position. He also informed the Committee that his Government had requested written replies to all questions he had raised, and its final position would be determined after these written replies had been examined in Washington.

20. The other members of the Committee very much regretted that it was not possible for the United States representative to accept the compromise proposal. Some members asked the representative of the United States to convey their concern to his Government and their hopes that his Government would reconsider its position.

## II. MISCELLANEOUS INCOME

21. The Committee recommends to the CONTRACTING PARTIES that Miscellaneous Income estimated at \$5,000 be shared between the United Nations and the GATT in the same ratio as their contribution to the Centre budget.

POINTS FOR DECISION: Paragraph 18  
Paragraph 21

ANNEX A/B

REVISED ESTIMATES OF EXPENDITURE FOR THE FINANCIAL YEAR 1969  
OF THE INTERNATIONAL TRADE CENTRE UNCTAD/GATT

SUMMARY

		<u>Original</u> <u>estimates</u> <u>(ITC/AG/3)</u> <u>US\$</u>	<u>Deductions</u> <u>US\$</u>	<u>Revised</u> <u>estimates</u> <u>US\$</u>
<b>PART I: <u>DIRECT OPERATIONAL COST OF</u></b>				
<b><u>THE CENTRE</u></b>				
<u>Section</u>				
1	Salaries and wages	458,500	47,200	411,300
2	Common staff costs	140,500	12,500	128,000
3	Travel on official business	78,000	9,200	68,800
4	Hospitality	1,000	-	1,000
5	Permanent equipment	10,000	-	10,000
6	General expenses	68,500	3,100	65,400
7	Printing	<u>89,500</u>	<u>-</u>	<u>89,500</u>
	Total Part I:	<u>846,000</u>	<u>72,000</u>	<u>774,000</u>
<b>PART II: <u>SERVICES PROVIDED THROUGH</u></b>				
<b><u>UNCTAD AND GATT SECRETARIATS</u></b>				
<u>Section</u>				
8	Salaries of staff providing services to the Centre	167,400	6,300	161,100
9	Common staff costs for posts under Section 8	<u>37,600</u>	<u>1,700</u>	<u>35,900</u>
	Total Part II:	<u>205,000</u>	<u>8,000</u>	<u>197,000</u>
	Grand Total	<u>1,051,000</u> =====	<u>80,000</u> =====	<u>971,000</u> =====

ANNEX B/B

REVISED ESTIMATES OF EXPENDITURE FOR THE FINANCIAL  
- YEAR 1969 OF THE INTERNATIONAL TRADE CENTRE UNCTAD/GATT

DETAILED SCHEDULES

Amount in US dollars

PART I: DIRECT OPERATIONAL COST OF THE CENTRE

Section 1 - Salaries and Wages

(i)	Established posts	388,300	
(ii)	Consultants	10,000	
(iii)	Temporary assistance	12,000	
(iv)	Overtime and night differential	<u>1,000</u>	
Total Section 1:			411,300

Section 2 - Common Staff Costs

(i)	Dependancy allowance	19,400	
(ii)	Education grants and related travel	7,300	
(iii)	Contributions to the United Nations Joint Staff Pension Fund	63,200	
(iv)	Travel and removal expenses on appointment and separation	<u>9,800</u>	
(v)	Installation grants	8,200	
(vi)	Travel on home leave	12,200	
(vii)	Separation payments	3,000	
(viii)	Other common staff costs	<u>4,900</u>	
Total Section 2:			128,000

Section 3 - Travel on Official Business

68,800

	<u>Amount in US dollars</u>
Section 4 - <u>Hospitality</u>	1,000
Section 5 - <u>Permanent Equipment</u>	10,000
Section 6 - <u>General Expenses</u>	
(i) Rental of premises and related expenses	19,000
(ii) Maintenance of equipment and car	3,400
(iii) Cables and long-distance calls	3,000
(iv) Telephone (rental and local calls)	1,600
(v) Postage and freight	16,900
(vi) Stationery and office supplies	13,000
(vii) Books and information material	3,000
(viii) Insurance premiums	1,200
(ix) External audit	1,500
(x) Miscellaneous supplies and services	<u>2,800</u>
Total Section 6:	65,400
Section 7 - <u>Printing</u>	<u>89,500</u>
Total Part I:	<u>774,000</u>
PART II: <u>SERVICES PROVIDED THROUGH UNCTAD AND GATT SECRETARIATS</u>	
Section 8 - <u>Salaries of Staff Providing Services to the Centre</u>	
(i) Established posts	116,100
(ii) Temporary assistance	44,000
(iii) Overtime and night differential	<u>1,000</u>
Total Section 8:	161,100

	<u>Amount in US dollars</u>
<u>Section 9 - Common Staff Costs for Posts under</u> <u>Section 8</u>	
(i) Dependency allowance	7,100
(ii) Education grants and related travel	3,100
(iii) Contributions to the United Nations Joint Staff Pension Fund	18,900
(iv) Travel and removal expenses on appointment and separation	1,500
(v) Installation grants	1,300
(vi) Travel on home leave	1,100
(vii) Separation payments	1,500
(viii) Other common staff costs	<u>1,400</u>
Total Section 9:	<u>35,900</u>
Total Part II:	<u>197,000</u>
Grand Total	<u>971,000</u> =====

ANNEX C/B

Advisory Committee on  
Administrative and Budgetary Questions

12 July 1968

Dear Mr. Secretary-General,

1. The Advisory Committee has considered the 1969 budget estimates for the International Trade Centre, which it has received under cover of your report A/CN.1/R.693 of 24 June 1968. The Committee understands that it is your intention to submit to the General Assembly, in due course, a report containing revised estimates under Section 20, United Nations Conference on Trade and Development, of the regular budget of the United Nations for 1969, in which the United Nations' share of the expenses of the International Trade Centre will be indicated, for the initial budget estimates contain only a pro memoria entry in this respect.
2. In its consideration of the estimates, the Advisory Committee recalled that under General Assembly resolution 2297 (XXII) of 12 December 1967, the Centre is "to be operated jointly by the United Nations Conference on Trade and Development and the General Agreement on Tariffs and Trade on a continuing basis and in equal partnership", as from 1 January 1968.
3. In its twenty-second report (A/6968) to the General Assembly at the latter's twenty-second session the Advisory Committee, while concurring in your proposal that an amount of \$90,000 be appropriated under the regular budget for 1968, to give effect to the interim arrangements between UNCTAD and GATT for that year, drew the Assembly's attention to the probability that "a substantially increased provision will be required in the regular budget of the United Nations in future years to give effect to the decision in question".
4. The Committee notes that the budget estimates for 1969, in the amount of \$1,051,000, are \$289,400 higher than the 1968 appropriations, and that the United Nations' share is to amount to \$379,400 as against \$90,000 in 1968. Furthermore, the Secretary-General of UNCTAD and the Director-General of GATT indicate in their introduction that "it is envisaged that in future years the cost of the Centre would be shared equally between both organizations".

The Secretary-General  
United Nations  
New York, New York.

5. Given the increasing magnitude and cost of the operation, it is essential that the activities and expenses of the Centre should be subject to close review. As regards the former, the Advisory Committee recalls that in operative paragraph 3 of resolution 2297 (XXII) the General Assembly requested "the Secretary-General of UNCTAD to report to the General Assembly at its twenty-third session, through the Trade and Development Board, on the functioning of the International Trade Centre". As regards the latter, i.e. the costs of the Centre, the Committee notes that of the proposed increase of \$289,400, \$40,100 relates to the increased cost of continuing the 1968 establishment and activities into 1969, and the balance of \$249,300 is for new programmes and activities.

6. The proposed increases in programmes and activities have the following budgetary implications:

	\$
Staff costs	223,100
Official travel	4,200
Space rental	13,000
General expenses, equipment	9,000
	<u>249,300</u>

7. The considerable increase under staff costs relates mainly to the creation of a total of thirty-seven new posts - which will increase the total manning table from 45 to 82 posts, i.e. will virtually double it. The number of professional posts shows a total increase of 12 (from 22 to 34) and that of general service posts of 25 (from 23 to 48). The Advisory Committee has reservations concerning the desirability and, indeed, the feasibility of such a rapid increase in staff, and hopes that quality will not be sacrificed. The Committee is also of the opinion that a delayed recruitment reduction at a rate of only 20 per cent is somewhat low. The estimates also include provision for three reclassifications (two professional and one general service posts).

8. The increase under established posts is partly offset by reductions under consultants (from \$30,400 in 1968 to \$15,000, i.e. by \$15,400), and temporary assistance (from a total of \$67,500 to \$56,000); the main factor in temporary assistance in 1969 will be requirements for translators and revisers (\$29,000). The Advisory Committee notes that, over and above the staff requirements included in the estimates, the GATT secretariat expects to furnish additional services in the fields of administrative management, statistics, translation and typing which will not be charged to the budget of the Centre; the value of such services in 1968 has been estimated at \$146,800. The increases under established posts entail consequential increases for common staff costs, and rental of premises (the latter increase is estimated at \$13,000).

9. As regards the question of accommodation, the Committee has noted lack of office space makes it impossible to house the entire Centre staff either at the Palais des Nations or in the GATT premises, and that in 1969 the staff will be accommodated partly in various United Nations and GATT buildings and partly in rented offices.

10. The Advisory Committee has been informed that, in addition to the activities covered by the regular budget, the Centre will carry out an operational programme financed by voluntary contributions; these are expected to amount to \$500,000 in 1969 as against \$275,000 in 1968. The Committee also understands that the Joint UNCTAD/GATT Advisory Group on the Centre has reviewed the Centre's programme of work for 1969; the Group was aware of the overall financial implications of the programme it recommended.

11. Notwithstanding the foregoing observations, the Advisory Committee is not recommending any reduction in the amount of the United Nations' share of the costs for the operation of the Centre in 1969. However, the Committee believes that some economies in the total operating costs of the Centre will be possible, and it urges the parties concerned to subject the estimates for each activity to the closest scrutiny.

12. Looking to the future, the Committee hopes that the estimates covering the United Nations' share of the costs of the Centre will be included in the usual manner in the initial budget estimates of the United Nations.

13. The Committee's comments on the budget estimates of the Centre will be submitted to the General Assembly at its twenty-third session. In the meantime I should be grateful if you would also have them made available to the various reviewing bodies of GATT and the Contracting Parties for their information.

Yours sincerely,

(Sgd.) J.P. Bannier

J.P. Bannier  
Chairman  
Advisory Committee on Administrative  
and Budgetary Questions