

GENERAL AGREEMENT ON
TARIFFS AND TRADE

RESTRICTED

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DIRECTOR-GENERAL'S FINANCIAL REPORT

ON THE 1968 ACCOUNTS

and

REPORT OF THE EXTERNAL AUDITOR THEREON

DIRECTOR-GENERAL'S FINANCIAL REPORT ON THE 1968 ACCOUNTS

1. The Director-General hereby submits his report on the accounts of the General Agreement on Tariffs and Trade for the financial year ended 31 December 1968.

2. The annual accounts are presented in US dollars. The accounting records are kept in Swiss francs; the conversion of the 1968 accounts has been calculated at the rate of Swiss francs 4.32 to one US dollar. This rate has been applied since 1 January 1962 in accordance with the decision taken by the Controller of the United Nations, subsequently followed by the Geneva-based specialized agencies.

GENERAL FUND

3. Income and Expenditure Account (Statements 1 and 2)

(i) Income

(a) Contributions

US dollars

At the adoption of the income budget,
1968 contributions were assessed on contracting parties
in the amount of

3,158,000

Contribution for 1968 assessed on Ireland
subsequent to the adoption of the scale of contributions
(document L/2952)

15,790

Contribution from the United Nations to cover the
expenses arising directly from the conversion of the
International Trade Centre into a joint Centre
(document L/3095)

90,000

3,263,790

Of the total assessed contributions for 1968, collections as at
31 December 1968 amounted to US\$3,030,436.

(b) Miscellaneous income

For 1968 miscellaneous income amounted to US\$125,451 against an estimate of US\$70,000. The excess of income over the estimate was mainly due to: (a) the increased income from investments (US\$29,436) as a consequence of high interest rates obtained on short-term investments and early collection of contributions; (b) the income from sale of the 1964-1967 Trade Conference Protocol (US\$7,000); and (c) contributions

towards the administrative and operational support services costs in connexion with Trade Centre projects financed through voluntary contributions (US\$17,171). The details compared with those of 1966 and 1967 are as follows:

	<u>1966</u> US dollars	<u>1967</u> US dollars	<u>1968</u> US dollars
Income from investments	32,110	51,424	76,436
Sale of publications	8,003	33,530	22,439
Profit on sale of securities	24	-	-
Profit or loss on exchange	3,342	4,379	(2,580)
Savings on previous year's outstanding obligations	1,460	3,015	1,155
Funds received for administrative overhead costs relating to projects financed under Trust Funds	-	6,600	17,171
Reimbursement of staff costs for services rendered	-	12,950	1,276
Other income	4,418	11,538	9,554
	<u>49,357</u>	<u>123,436</u>	<u>125,451</u>

Interest earned on the Working Capital Fund is included in the above reported "Income from investments".

"Other income" for 1968 includes the following:

	<u>US dollars</u>
Bank interest on current accounts	1,637
Staff loaned to various organizations	4,203
Refund of prior year's expenditure	1,054
Work done for delegations and others	965
Refund of the organization's contribution to the United Nations Joint Staff Pension Fund in respect of participant withdrawals	1,007
Miscellaneous refunds	356
Authors' fees	326
Overpayments	6
	<u>9,554</u>

(ii) Expenditure

(a) Appropriations for the financial year 1968 were originally approved by the CONTRACTING PARTIES at a level of US\$3,228,000 and subsequently increased by US\$90,000 in respect of the International Trade Centre UNCTAD/GATT to US\$3,318,000. In addition, credits of US\$74,500 were authorized by the CONTRACTING PARTIES to cover (a) the additional cost arising from the increase in the general service category salary scales; (b) the cost of the special Tariff Study; (c) the increase in the representation allowance payable to the Director-General; and (d) the expenditure for the conversion of an office at the Villa Le Bocage into a conference room. These additional expenditures were to be financed within the 1968 budget. As shown in statement 2, obligations incurred in 1968 totalled US\$3,269,690, of which US\$123,834 were unliquidated as at 31 December 1968, leaving an unencumbered balance of US\$48,310. This amount is the net result after having taken into account the above-mentioned additional expenditure, excess expenditure on the items for temporary assistance and unforeseen expenditure incurred for alterations and additional furnishing of the Villa La Fenêtre put at the disposal of GATT by the United Nations. The surplus is mainly due to savings on the items for salaries and common staff costs, consultants and travel on official business. In particular, savings were made as some established posts including those of the Deputy Director-General and Assistant Director-General in charge of External Relations and Public Information remained fully or partially vacant during the year.

(b) In connexion with the running of the three staff canteens, subsidies in the form of free accommodation, electricity, heating, water supply, insurance premiums, etc., were charged to the relevant budget items in 1968. In addition, expenditure was incurred for the purchase of equipment (US\$1,359) and for overtime worked by the cafeteria staff during the twenty-fifth session (US\$151).

4. Statement of Assets and Liabilities as at 31 December 1968 (Statement 3)

(i) Assets

(a) Contributions receivable from contracting parties amounted to US\$262,613 as at 31 December 1968. These arrears concerned the following countries:

		<u>1962/1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>	<u>Total</u>
		<u>US\$</u>	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>
Cambodia		-	-	500	3,790	4,290
Congo (Brazzaville)		-	-	-	3,790	3,790
Cuba		-	-	-	15,160	15,160
Dahomey		-	-	-	3,790	3,790
Dominican Republic	(1962)	5,624				
	(1963)	5,750				
	(1964)	6,600				
	(1965)	8,740				
		<u>26,714</u>	11,640	9,000	3,790	51,144
Gabon		-	-	-	57	57
Ghana		-	-	-	5,682	5,682
Haiti	(1963)	2,492				
	(1964)	2,500				
	(1965)	2,500				
		<u>7,492</u>	2,500	3,000	3,790	16,782
India		-	-	-	43,900	43,900
Italy		-	-	-	5,834	5,834
Malaysia		-	-	-	22,110	22,110
Nicaragua		-	-	3,000	3,790	6,790
Niger		-	-	-	81	81
Peru	(1965)	133	11,640	15,000	13,580	40,353
Rhodesia		-	11,640	9,000	6,630	27,270
Rwanda		-	-	-	3,790	3,790
Upper Volta	(1965)	2,500	2,500	3,000	3,790	11,790
		<u>36,839</u>	<u>39,920</u>	<u>42,500</u>	<u>143,354</u>	<u>262,613</u>

(b) Miscellaneous accounts receivable

Miscellaneous accounts receivable as at 31 December 1968 amounted to US\$51,678 representing advances to staff members on salaries of US\$4,170, on education grants of US\$13,426, on travel subsistence allowances of US\$6,640, and other small items of US\$17,398. Outstanding invoices in respect of sale of publications and services rendered amounted to US\$10,044, of which invoices for US\$2,864 were issued in 1967 and earlier.

(ii) Liabilities

(a) Loans in respect of buildings

Of the interest-free loan of US\$220,243 (Swiss francs 951,450) granted by the Geneva authorities to finance the construction of the first Annex for the secretariat, the balance to be reimbursed amounted to US\$11,206 (Swiss francs 48,410) as at 31 December 1968. As regards the construction

of the second Annex, of the total loan of US\$145,000 (Swiss francs 626,400) granted in 1965 by the FIPOI (Fondation Immobilière pour les Organisations Internationales) at an interest of $3\frac{1}{2}$ per cent, the balance to be reimbursed amounted to US\$58,000 (Swiss francs 250,560) at 31 December 1968.

(b) Provision for contributions in arrears

US\$262,613 covers all contributions in arrears as at 31 December 1968.

5. Trust Funds for Projects of the International Trade Centre UNCTAD/GATT
(Schedule D)

Following the recommendations made by the CONTRACTING PARTIES urging all contracting parties to make available resources to the International Trade Centre UNCTAD/GATT for full implementation of its programme of work, voluntary contributions were accepted to finance operational activities of the Centre. Administrative and operational support services required in connexion with the projects are financed from the resources of these Trust Funds.

(i) Market Survey on Carpets and Rugs. A Trust Fund was established in 1968 with pledges of US\$59,767 from the Government of Sweden and US\$19,500 from the Government of Afghanistan. US\$54,384 had been received as at 31 December 1968. These funds are to be used in carrying out a market survey on carpets and rugs produced in Afghanistan, India, Iran, Pakistan and Tunisia. The survey is to cover markets in Western European countries, Australia, Canada, New Zealand and the United States.

(ii) Survey of Indian Engineering Products. A Trust Fund was established in 1968 with a pledge of US\$48,256 from the Government of Sweden to finance a survey on the most promising markets for Indian railway products and automotive parts.

(iii) Publications Programme. A Trust Fund was established in 1968 with a pledge of US\$221,142 from the Government of Sweden. US\$76,062 had been received as at 31 December 1968. These funds are to be used in producing eight trade promotion handbooks which will be made available to developing countries free of charge.

(iv) Seminars on Commodity Trading. A Trust Fund was established in 1968 with a pledge of US\$29,069 from the Government of Sweden. US\$13,566 had been received as at 31 December 1968. These funds are to be used in running two seminars on Commodity Trading for trade commissioners and other trade representatives of developing countries. The first seminar was held in November 1968 and the second is scheduled in 1969.

(v) Training Courses in Export Promotion in 1967 and 1968. Trust Funds were established in 1967 and 1968 with cash contributions of US\$62,720 and US\$61,580 from the Swedish Dag Hammarskjöld Foundation to finance two three-month training courses in export promotion for nationals of African countries. In agreement with the donor the balance of US\$9,149 remaining from the 1967 course is to be used in producing in a printed form the lectures presented.

(vi) Export Promotion in Tanzania. A Trust Fund was established in 1968 with a pledge of US\$64,341 from the Government of Sweden. US\$31,395 had been received as at 31 December 1968. These funds are to be used in a Centre project for the promotion of Tanzania's export trade. The programme consists of the following: (a) assistance in the organization of an Export Promotion Bureau and a gift of a specialized library to serve the needs of this Bureau; (b) assistance in setting up a course in export marketing and promotion; (c) market surveys for selected potential exports of Tanzania; and (d) training in Europe of two Tanzanian officials for the new Export Promotion Bureau.

WORKING CAPITAL FUND

6. The principal of the Working Capital Fund amounted to US\$358,874 as at 31 December 1968. In addition, an amount of US\$14,354 resulting from the revised assessment of advances to the Fund (document L/2482) and US\$620 resulting from the dissolution of the former Federation of Rhodesia and Nyasaland (document L/2324) stood to the credit of Governments' accounts. US\$287,156 were held in cash and short-term investments, and US\$85,841 in long-term investments.

(i) Assessment of advances

At 31 December 1968 six contracting parties had not paid their full shares, totalling US\$851.

(ii) Withdrawals

No withdrawals were made in 1967. The amount of US\$85,913 withdrawn in 1966 was repaid to the Fund in 1968.

(Signed)
O. Long
Director-General

(Signed)
H.Ph. Sobels,
Director,
Administrative and Financial Division

CERTIFICATE OF THE EXTERNAL AUDITOR ON THE ACCOUNTS OF THE GENERAL
AGREEMENT ON TARIFFS AND TRADE FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 1968

The appended Statements, numbered 1 to 3, have been examined in accordance with my directions. I have obtained all the information and explanations that I have required, and I certify, as a result of the audit, that, in my opinion, these Statements are correct.

(Signed)

B.D. Fraser
(Comptroller and Auditor General, Great Britain)
External Auditor

GENERAL AGREEMENT ON TARIFFS AND TRADE
Income and Expenditure Account for the Year ended 31 December 1968
(in US dollars)

Statement 1

<u>EXPENDITURE</u>		<u>INCOME</u>	
1968 budget expenditure	3,269,690	Contributions assessed on contracting parties	3,158,000
Excess of income over expenditure	119,551	Additional contributions assessed on countries subsequent to adoption of scale of contributions	15,790
		Contribution from the United Nations to the International Trade Centre UNCTAD/GATT	90,000
		Miscellaneous:	
		Sale of publications	22,439
		Income from investments	76,436
		Savings on unliquidated obligations 1967	1,155
		Funds received towards administrative and operational support services costs relating to projects financed under Trust Funds	17,171
		Reimbursement of staff costs for services rendered	1,276
		Other income	9,554
			128,031
		Less: Loss on exchange	2,580
	<u>3,389,241</u>		125,451
			<u>3,389,241</u>

(Signed)
O. Long
Director-General

(Signed)
E. Ph. Sobels
Director, Administrative and Financial Division

GENERAL AGREEMENT ON TARIFFS AND TRADE
Statement of Budgetary Expenditure 1968
(in US dollars)

Statement 2

	Original Appropriations	Supplementary Appropriations	Authorized Transfers	Revised Appropriations	Expenditure Incurred	Obligations Unliquidated as at 31 December 1968	Total Expenditure	Balances
<u>PART I - MEETINGS</u>								
Section 1. Twenty-fifth session of the CONTRACTING PARTIES	23,000	--	697	23,697	23,697	--	23,697	--
2. Meetings of the Council and other meetings	50,000	--	15,568	65,568	64,628	940	65,568	--
Total PART I	73,000	--	16,265	89,265	88,325	940	89,265	--
<u>PART II - SECRETARIAT</u>								
Section 1. Salaries and wages and official travel	2,036,200	65,000	(43,188)	2,058,012	2,046,006	12,006	2,058,012	--
2. Common staff costs	543,700	--	(6,832)	536,868	525,607	11,261	536,868	--
3. Common services	230,990	3,000	10,216	244,206	207,492	36,714	244,206	--
4. Printing	119,500	17,000	(4,730)	131,770	93,465	38,305	131,770	--
5. Representation and hospitality	8,500	--	1,907	10,407	9,720	687	10,407	--
6. Permanent equipment	25,000	5,000	28,056	58,056	34,135	23,921	58,056	--
Total PART II	2,963,890	90,000	(14,571)	3,039,319	2,916,425	122,894	3,039,319	--
<u>PART III - BUILDINGS</u>								
Section 1. Annuity to Canton of Geneva in respect of First Annex	23,150	--	(2)	23,148	23,148	--	23,148	--
2. Annuity to FIPOI in respect of Second Annex	32,045	--	--	32,045	32,045	--	32,045	--
Total PART III	55,195	--	(2)	55,193	55,193	--	55,193	--
<u>PART IV - WORKING CAPITAL FUND</u>								
Section 1. Reimbursement of withdrawals	85,915	--	(2)	85,913	85,913	--	85,913	--
<u>PART V - UNFORESEEN EXPENDITURE</u>								
Section 1. Unforeseen expenditure	50,000	--	(1,690)	48,310	--	--	--	48,310
GRAND TOTAL	3,228,000	90,000	--	3,318,000	3,145,856	123,834	3,269,690	48,310

(Signed)
O. Long
Director-General

(Signed)
H.Ph. Sobels
Director, Administrative and Financial Division

Statement of Assets and Liabilities as at 31 December 1968
(in US dollars)

(Signed)

(Signed)

H.Ph. Sobels
Director, Administrative and Financial Division

Schedule A

GENERAL AGREEMENT ON TARIFFS AND TRADE

GENERAL FUND

Investments held on 31 December 1968 (at cost)

(in US dollars)

SF.	27,000	4%	Bonds, Union of South Africa 1954, due 1 March 1969	6,188
US\$	10,000	3 5/8%	Bonds, City of Montreal 1955, due 1 October 1973	9,974
Can\$	20,000	3 1/2%	Bonds, International Bank for Reconstruction and Development 1954, due 1 June 1969	20,285
US\$	70,000	6 3/8%	Deposit Account with the International Credit Bank, Geneva	70,000
US\$	9,025.32	7 1/8%	Deposit Account with the International Credit Bank, Geneva	9,025
US\$	60,000	7 5/16%	Deposit Account with the Lloyds Bank Europe Ltd., Geneva	60,000
US\$	160,000	7 3/8%	Deposit Account with the Bankers Trust Co., London	160,000
US\$	100,000	6 13/16%	Deposit Account with the Bankers Trust Co., London	100,000
				<u>435,472</u>
			Market value as at 31 December 1968	432,223

Schedule B

GENERAL AGREEMENT ON TARIFFS AND TRADE

WORKING CAPITAL FUND

Investments held on 31 December 1968 (at cost)

(in US dollars)

SF.	5,000	4%	Bonds, Congo Belge 1953, due 15 November 1978	1,157
SF.	13,000	4%	Bonds, Union of South Africa 1954, due 1 March 1969	2,979
SF.	30,000	4%	Bonds, Union of South Africa 1952, due 15 September 1970	6,975
US\$	20,000	4%	Bonds, City of Montreal 1954, due 1 October 1970/71/72	20,020
Can\$	40,000	3 1/2%	Bonds, International Bank for Reconstruction and Development 1954, due 1 June 1969	40,569
US\$	13,000	3 5/8%	Bonds, City of Montreal 1955, due 1 October 1973	12,967
US\$	2,000	3%	Bonds, Republic of Peru 1953, Extension Loan, due 1 January 1997	1,174
US\$	80,000	7 1/8%	Deposit Account with the International Credit Bank, Geneva	80,000
US\$	205,000	6 1/2%	Deposit Account with the Lloyds Bank Europe Ltd., Geneva	205,000
				<u>370,841</u> =====
Market value as at 31 December 1968				363,985

GENERAL AGREEMENT ON TARIFFS AND TRADE
Statement of Contributions as at 31 December 1968
(in US dollars)

Schedule C

	<u>1948/1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>	<u>Total</u>
Amounts assessed	<u>5,518,065</u>	<u>1,124,750</u>	<u>1,187,040</u>	<u>1,341,601</u>	<u>1,755,421</u>	<u>2,329,521</u>	<u>3,009,386</u>	<u>3,173,790</u>	<u>19,439,574</u>
<u>Collections:</u>									
1949	70,831								70,831
1950	284,395								284,395
1951	322,052								322,052
1952	336,181								336,181
1953	321,367								321,367
1954	361,410								361,410
1955	332,851								332,851
1956	398,201								398,201
1957	384,369								384,369
1958	426,810								426,810
1959	555,051								555,051
1960	686,898								686,898
1961	974,528	704							975,232
1962	16,912	1,070,490	805						1,088,207
1963	20,521	31,311	1,115,214	805					1,167,851
1964		12,606	51,271	1,261,007	21				1,324,905
1965	19,870	4,015	5,758	59,979	1,676,485				1,766,107
1966			5,750	10,710	65,042	2,208,073	100,836		2,390,411
1967						57,778	2,779,704	60,475	2,897,957
1968	5,338					23,750	86,346	2,969,961	3,085,395
	<u>5,518,065</u>	<u>1,119,126</u>	<u>1,178,798</u>	<u>1,332,501</u>	<u>1,741,548</u>	<u>2,289,601</u>	<u>2,966,886</u>	<u>3,030,436</u>	<u>19,176,961</u>
Percentage	100%	99.50%	99.31%	99.32%	99.21%	98.29%	98.59%	95.48%	98.65%
Outstanding on 31 December 1968		5,624	8,242	9,100	13,873	39,920	42,500	143,354	262,613
Percentage		0.50%	0.69%	0.68%	0.79%	1.71%	1.41%	4.52%	1.35%

GENERAL AGREEMENT ON TARIFFS AND TRADE
Trust Funds for Projects of the International Trade Centre UNCTAD/GATT
(in US dollars)

Projects	Source of financing	Available balance at 1.1.68	Contributions received in 1968	Other income/Profit or loss on exchange	Total available	Project expenditure ²	Administrative overhead cost	Total expenditure	Available balance at 31.12.68
Market Survey on Carpets and Rugs	Afghanistan Sweden - SIDA	-	54,384 ¹	(220)	54,164	24,295	2,430	26,725	27,439
Survey of Indian Engineering Products	Sweden - SIDA	-	-	-	-	7,676	768	8,444	(8,444)
Publications Programme	Sweden - SIDA	-	76,062	(223)	75,839	38,658	3,819	42,477	33,362
Seminars on Commodity Trading	Sweden - SIDA	-	13,566	(85)	13,481	5,794	579	6,373	7,108
Training Course in Export Promotion in 1967	Sweden - Dag Hammarskjöld Foundation	9,149	-	-	9,149	5,001	-	5,001	4,148
Training Course in Export Promotion in 1968	Sweden - Dag Hammarskjöld Foundation	-	61,580	1,638	63,218	55,487	7,731	63,218	-
Export Promotion in Tanzania	Sweden - SIDA	-	31,395	(197)	31,198	18,439	1,844	20,283	10,915
		9,149	236,987	913	247,049	155,350	17,171	172,521	74,528

¹ Contribution Afghanistan: \$19,500; Contribution Sweden - SIDA: \$34,884.

² Includes \$7,466 unliquidated obligations.

REPORT OF THE EXTERNAL AUDITOR ON THE ACCOUNTS
OF THE GENERAL AGREEMENT ON TARIFFS AND TRADE
FOR THE YEAR ENDED 31 DECEMBER 1968

GENERAL

1. In accordance with the Decision of the CONTRACTING PARTIES, the Financial Regulations and Rules of the United Nations are, as far as appropriate and for the time being, applied to the financial administration of the secretariat to the General Agreement on Tariffs and Trade. My examination has been carried out in accordance with those regulations and rules and with the financial Resolutions and Decisions of the CONTRACTING PARTIES.

OUTTURN

2. Appropriations originally authorized by the CONTRACTING PARTIES for 1968 were US\$3,228,000, but these were subsequently increased to US\$3,318,000 to provide for additional expenditure as a result of a contribution of US\$90,000 from the United Nations towards the cost of converting the International Trade Centre into a joint centre UNCTAD/GATT. During the year the CONTRACTING PARTIES also, without increasing appropriations, authorized additional expenditure estimated at US\$74,500 to be found from savings elsewhere in the budget. Total expenditure amounted to US\$3,269,690 (Statement 2). Excess expenditure totalling US\$56,444 under certain Sections of Parts I to IV of the Budget was met by the authorized transfers of savings of US\$54,754 from other Sections under those Parts and US\$1,690 from Part V, Unforeseen Expenditure, leaving an unencumbered balance of US\$48,310, representing the residue of the appropriation of US\$50,000 for Unforeseen Expenditure which was not required. The reasons for the more important excesses and savings on Sections are given in paragraph 3(ii) of the Director-General's Report.

3. In 1968 a contribution of US\$15,790 was assessed on a new member and miscellaneous income exceeded the estimate by US\$55,451. This additional income, with the saving of US\$48,310 on budgetary expenditure, resulted in a total excess of income over expenditure of US\$119,551 (Statement 1). Of this surplus US\$36 were used to write off invoices irrecoverable and a net amount of US\$27,920 was transferred to the provision for contributions in arrears to meet the increase in contributions outstanding (referred to in paragraph 4 below). The Director-General intends to put forward proposals for disposing of the unappropriated surplus of US\$91,595 for the Committee on Budget, Finance and Administration to consider and make recommendations to the CONTRACTING PARTIES. By decision of the CONTRACTING PARTIES the 1967 surplus of US\$114,843 has been transferred to the 1969 income budget (Statement 3).

CONTRIBUTIONS OUTSTANDING
(Statement 3 and Schedule C)

4. Total contributions outstanding increased by US\$27,920 from US\$234,693 at 31 December 1967 to US\$262,613 at 31 December 1968. The amount of contributions for 1968 unpaid at the end of the year was US\$143,354 representing 4.52 per cent of the assessed contributions for that year; the corresponding figure for the previous year was US\$128,846 (4.28 per cent). Details of the contributions in arrear are given in paragraph 4 of the Director-General's Financial Report.

SUPPLIES, EQUIPMENT AND STOCK RECORDS

5. Test examinations of the supplies, equipment and stock records maintained by the Organization have been carried out by my officers with satisfactory results.

6. I wish to record my appreciation of the willing co-operation given by the officers of the Organization during my audit.

(Signed)
B.D. Fraser
(Comptroller and Auditor General, Great Britain)
External Auditor

12 June 1969