

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

L/3454

27 October 1970

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

1. The Committee on Budget, Finance and Administration, appointed by the Council on 15 July 1970, met at the Villa Le Bocage, Geneva, from 12-16 and on 22 October 1970.

2. The Committee was chaired by Mr. M.H.E. Moerel of the Netherlands and the following sixteen members attended:

Australia	India
Belgium	Israel
Brazil	Japan
Canada	Poland
France	Sweden
Gabon	Switzerland
Germany, F.R.	United Kingdom
Ghana	United States

Turkey was represented by an observer.

3. In accordance with its terms of reference the Committee considered the Director-General's Financial Report on the 1969 GATT Accounts and the Report of the External Auditor thereon (document L/3430), and the GATT Budget Estimates for the Financial Year 1971 (document L/3410). In addition to the documents mentioned, the Committee examined the financial position of the GATT as at 30 September 1970 on the basis of out-turn figures prepared by the secretariat. The Committee also had before it the Director-General's note on the Disposal of the 1969 Surplus (Annex IV/A) and his note regarding the application of United Nations Staff Rules and Regulations and United Nations Financial Regulations to the GATT (document Spec(70)103). The Committee's report on these items is contained in part A of this document.

4. In addition, the Committee considered the Financial Report of the Director-General of GATT on the 1969 Accounts of the International Trade Centre UNCTAD/GATT and the Report of the External Auditor thereon (document ITC/LG/13) and the 1971 Budget Estimates of the International Trade Centre UNCTAD/GATT (document ITC/LG/12). The report of the Advisory Committee on Administrative and Budgetary Questions (Annex III/B) on these estimates was made available to the Committee. The Committee also examined the financial position of the Centre as at 30 September 1970. The Committee's report on these items is contained in part B of this document.

5. At the beginning of the meeting the Committee expressed its thanks to Mr. A. Schnebli for the guidance he had given the Committee as its Chairman from 1964 to 1969 and wished him well upon his forthcoming retirement. The Committee then heard an introductory statement by the Director-General. He referred to the current financial position and pointed out that the financial year was expected to close with

a budgetary surplus, somewhat greater than the 1969 surplus. The cash surplus depended, of course, on the amount of outstanding contributions to be received before the end of the year. With regard to the 1971 GATT budget, the Director-General emphasized that he had maintained his policy of keeping the budget estimates at an austere level and that he considered his request for 1971 to be modest. He pointed out that, of the increase of 5.6 per cent that the estimated total expenditure for 1971 represented in comparison with the 1970 approved budget, 4.3 per cent arose from unavoidable increases and only 1.3 per cent was due to additional requirements. He drew the Committee's attention, however, to the separate proposals that he had made regarding the revision of the estimates in order to take into account a possible salary increase for professional staff from 1 January 1971 and a small increase in the organization's contribution to the United Nations Sickness Insurance Society which would augment the percentage for unavoidable increases. Regarding staffing provisions, the Director-General pointed out that he had requested no new posts for 1971. He had relied on the redeployment of available staff resources and on the judicious use of temporary assistance on an ad hoc basis, as instruments for meeting the requirements of the implementation of the work programme. He believed the use of temporary assistance to be appropriate in the case of GATT, in view of the lack of a fixed programme, and for that reason, had slightly increased the temporary assistance credit for 1971 thus providing the necessary flexibility in meeting contingencies which continued to arise.

6. The Director-General then drew attention to the difficult working conditions arising from having the secretariat housed in several separate locations and from the unavailability, on many occasions, of adequate and satisfactory accommodation for GATT meetings. In this connexion he informed the Committee of discussions that he had been having with the Fondation des Immeubles pour les Organisations Internationales (FIPOI) regarding a possible transfer of the GATT secretariat from its premises to the present ILO building. He had received an offer from FIPOI regarding the use by GATT of part of the present ILO building when it became vacant in 1973 and he felt that this offer compared very favourably with present rents paid for comparable accommodation. At this stage the Director-General was not in a position to indicate the magnitude of the budgetary implications involved but would report in detail to this Committee at its next session.

7. Referring to the International Trade Centre budget estimates for 1971, the Director-General hoped that account would be taken of the fact that the estimates had been severely pruned by both the Secretary-General of UNCTAD and himself and that, taking into consideration the work programme to be undertaken, they believed the estimates to be modest. He referred to the proposal of ACABQ that a reduction of \$50,000 be made in the expenditure estimates and informed the Committee that both the Secretary-General of UNCTAD and he had difficulty in agreeing with the principle on which the ACABQ had based its recommendations. If overhead contributions for administration of UNDP projects were to be made a ground for reducing budgetary resources required to meet regular servicing costs,

the Centre's capacity to undertake extra-budgetary projects would inevitably be affected. The Secretary-General of UNCTAD and he would endeavour to see how the cut recommended by the ACABQ might be implemented without significantly affecting the work programme for the Centre recommended by the Joint UNCTAD/GATT Advisory Group but it would seem self-evident that the International Trade Centre would have great difficulty in taking on an increased volume of extra-budgetary projects without having the necessary administrative and back-stopping staff to cope with it. He expressed the hope that this consideration would be kept in mind when the Centre budget for 1972 came up for examination. In conclusion, and with regard to the reference in ACABQ's report to stocktaking and appraisal of the results achieved by the Centre, the Director-General drew the attention of the Committee to the report on Evaluation, distributed as documents ITC/AG/10 and Addenda, and to the report of the Joint Advisory Group on this subject which had, he felt, dealt adequately with the question.

8. One member of the Committee enquired if, in view of the close administrative ties between the International Trade Centre and the GATT secretariat, it would not be possible to house both bodies in the ILO building when it became vacant. The Director-General pointed out that an option for accommodation for the Centre had already been taken in the new wing of the Palais des Nations before FIPOI's offer was made but that in view of the Centre's rate of growth its future accommodation requirements were uncertain. The possibility of housing the Centre in the ILO building would be borne in mind if it were not possible to make use of the United Nations accommodation.

9. The Committee paid tribute to the memory of Mr. H.Ph. Sobels, formerly Director of the Administrative and Financial Division of GATT, who had been Secretary of the Committee for many years. His professional skills and personal qualities had been held in the highest esteem and his advice and counsel to the Committee would be sadly missed.

A. GATT

I. REPORT ON THE 1969 ACCOUNTS AND REPORT OF THE  
EXTERNAL AUDITOR THEREON

10. The Committee examined the Report on the 1969 Accounts and Report of the External Auditor thereon and was given additional information and explanations by the representatives of the secretariat.

11. The Committee recommends that the CONTRACTING PARTIES approve the audited accounts for 1969 and convey to the auditor their thanks for the valuable assistance given to the CONTRACTING PARTIES in the audit of the GATT accounts.

II. FINANCING OF THE 1970 BUDGET OF THE GATT

12. The Committee examined the financial position as at 30 September 1970 on the basis of out-turn figures prepared by the secretariat. It noted that, at the close of the current financial year, it was expected that the expenditure allotments would be underspent by some \$67,000. In addition, it was anticipated that approximately \$34,000 would be received in excess of the income budget estimates mostly due to favourable interest rates obtained on short-term deposits.

13. Some delegates observed that certain items on the Expenditure and Commitments Statement showed some degree of excess expenditure and requested that efforts be made to respect individual budgetary ceilings more strictly.

14. The Director-General's representative pointed out that the statement under review was furnished to the members of the Committee mainly in order to provide them with a means of comparison when they considered the budget estimates for 1971, and that, in accordance with the Resolution approved by the CONTRACTING PARTIES on 1 December 1969, the Director-General will submit the report on the status of the budgetary expenditure for the first nine months of 1970 to the Council as an information paper.

15. The representative of the secretariat reminded the members of the Committee that, in accordance with the Financial Regulations and Rules of the United Nations which are applied to the GATT in this respect, the Director-General had authority to make transfers within budgetary Sections. With regard to over-expenditure on Sections, it was the GATT's practice that the Council, having been informed of the budgetary situation, approve retroactively transfers between Sections.

16. As regards outstanding contributions, it was recognized that the percentage of collections was high and that the number of countries in arrears for two years and more was small but these arrears created a problem of financial management, especially in view of the small size of the budget. In examining the Director-General's separate report on contributions in arrears

(document Spec(70)99), the Committee noted with satisfaction the effort that the Government of the Dominican Republic was making to reduce its arrears and welcomed the recent information concerning a further payment of \$8,000 to be made within a few days. The Committee also noted the information received from Peru concerning a further payment and that Upper Volta had made a payment in August 1970 but also noted that no recent communication had been received in respect of the arrears of contributions of Haiti, Nicaragua and Rhodesia.

17. A number of suggestions were made concerning the collection of arrears but no conclusions were reached and the Committee requested the secretariat to look into the question of the possibility of setting up general rules to govern action the CONTRACTING PARTIES might take with regard to contracting parties whose contributions were in arrears and to report to the Committee next year.

### III. ESTIMATES OF EXPENDITURE FOR 1971

18. Before proceeding to an item-by-item examination of the estimates, the Committee reviewed the Director-General's proposal with respect to the revision of the budget estimates (Annex IV/A) to take account of additional expenditure arising from a salary scale adjustment for the professional and higher category, a new class of post adjustment for Geneva and an increase of contribution to the Staff Mutual Insurance Society against Sickness and Accident. The Committee was informed that, since the estimates were prepared, the Secretary-General of the United Nations had submitted a recommendation to the General Assembly regarding the revision of the salary scales for professional and higher category staff. The estimate cost with respect to the CATT staff amounted to \$136,800 and with respect to the Centre staff \$54,400. The Committee agreed to the Director-General's proposal and further agreed that the expenditure estimates for 1971 be amended to indicate the upward revision of the amounts of the relevant budget items.

#### Meetings

19. In response to questions from the Committee with regard to the proposed increase of the temporary assistance credit from \$35,000 in 1970 to \$60,000, the representative of the secretariat pointed out that the provision included in the 1970 budget was unrealistically low and that the requested credit had been established in the light of recent years' expenditure figures and expected expenditure for 1970.

20. One member of the Committee pointed out that, while the number of meetings held had consistently increased over the last three years, the volume of temporary assistance required had remained at broadly the same level but, since it seemed unlikely that the number of meetings would in future fall below the level of 1963 (after the conclusion of the Kennedy Round), it might now be advisable to consider the consolidation of some of these staff requirements into permanent posts.

21. The provision for a colloquium on special problems in international trade to be held in 1971 was discussed at length and some members of the Committee expressed the opinion that, in view of the fact that no decision had yet been taken by the Council regarding such a colloquium, the provision should be deleted and recourse should be made to the credit for unforeseen expenditure if necessary. Other members felt that the provision was reasonable and that the Director-General should be given the latitude to convene the conference should he feel it warranted. After additional information on the subject had been given by the representative of the Director-General, it was agreed that the provision should stand and that the Director-General would, at an appropriate time, make a proposal for the approval of the Council concerning the utilization of the funds provided under the item concerned.

#### Regradings

22. The Committee recognized that the regradings proposed by the Director-General were justified and were acceptable particularly in view of the absence of any request for new posts, which further limited the opportunities for promotion in a small secretariat with a low turnover of staff.

#### Temporary assistance

23. One delegate pointed out that no decision had yet been taken regarding the nature of the continuation of the Tariff Study programme into 1971 but that provision had been made under various budget headings (Part II, section 1(ii), section 3(ix) and section 4) for a programme which included both routine work in revising and up-dating existing data and also new analysis of the data. He did not suggest that the estimates should be revised; but, if savings should result from any policy decisions taken on the Tariff Study subsequent to the meeting of the Committee, he hoped that these would be reflected in a surplus in 1971.

#### Common services

24. In response to questions from members of the Committee, the representatives of the secretariat gave further details of increases under the headings for insurance premiums and for other services and miscellaneous expenditure. It was noted that the major part of the increase for other services and miscellaneous expenditure reflected the estimated costs of the Tariff Study in 1971.

#### Public information

25. A member of the Committee recalled that the inclusion of a provision for a programme of public information had been approved for the first time in the 1970 budget. He had found useful the Director-General's remarks concerning the use of these funds to invite representative groups of journalists to Geneva in order to make GATT's aims and activities more widely known through closer contacts with the press but hoped that next year's Committee could be provided with an information paper, setting out details of the public information activities that had taken place in 1970 and 1971, and which were charged to this section of the budget.

Contribution to the International Trade Centre UNCTAD/GATT

26. In its consideration of the estimate under Part III of the budget, the Committee examined the total budget estimates of the Centre. A full report of the Committee's discussions will be found in part B of this document. The Committee's conclusions with regard to the Centre budget will have the following effect on the proposed estimate of \$686,200 under Part III:

Original estimate		\$686,200
Additional cost arising from the Director-General's proposal contained in paragraph 18 above	\$54,400	
Reduction proposed in paragraphs 11 and 12 of part B of this report	\$50,000	
Total increase of the Centre budget	\$ 4,400	
Less UN share (50%)	\$ 2,200	\$ 2,200
		<u>\$688,400</u>

IV. INCOME BUDGET ESTIMATES FOR 1971

27. In examining the income budget estimates, some members of the Committee felt that the Director-General's proposed estimate for income on investments could be increased, bearing in mind the level of actual receipts of the last few years. The representative of the secretariat pointed out that, to a large extent, income from investments depended upon the degree of promptness with which contributions were paid and drew attention to the trend of interest rates paid on short-term deposits which had peaked at just over 12 per cent at the end of 1969 and had declined to a current level of between 7 and 8 per cent. After consideration of the explanations given, the Committee agreed to maintain the present estimate, particularly as any surplus income would eventually revert to contracting parties.

28. In its consideration of the income budget estimates the Committee had before it the Director-General's proposal concerning the disposal of the 1969 surplus (Annex IV/A) and agreed that the amount of \$100,872 be transferred to the 1971 income budget.

29. The Committee agreed that the budget for 1971 be financed as follows:

(a) contributions assessed on contracting parties	\$3,820,000
(b) miscellaneous income	\$ 103,128
(c) transfer from Surplus Account	\$ 100,872
	<u>\$4,024,000</u>



## V. OTHER MATTERS

### Application of United Nations Staff Rules and Regulations and United Nations Financial Regulations to the GATT

30. The attention of the Committee was drawn, by a note of the Director-General, to the consideration given by the CONTRACTING PARTIES in 1958 to the application to the GATT of the United Nations Staff Rules and Regulations and United Nations Financial Regulations and Rules in the light of a suggestion that special rules might be drawn up and applied. This suggestion was not pursued and the Director-General had continued to apply the United Nations Staff Rules and Regulations and United Nations Financial Regulations and had sought the approval of the CONTRACTING PARTIES to any deviation from the application of these rules and regulations. The Director-General stated that no difficulties had arisen from the present situation and recommended that the position continue unchanged.

31. The Committee recommends that the CONTRACTING PARTIES approve the continued application to the GATT of the United Nations Staff Rules and Regulations and United Nations Financial Regulations and Rules.

### External audit

32. The Committee noted that the Director-General intended to make the necessary arrangements with the External Auditor for the final audit of the 1970 accounts of the GATT, for an interim audit of the 1971 accounts and for the submission to the CONTRACTING PARTIES of the auditor's report for 1970 in accordance with the decision taken by the CONTRACTING PARTIES in 1951.

## VI. CONCLUSION

33. 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 11

Paragraph 31

Paragraph 33

DRAFT RESOLUTION ON THE EXPENDITURE OF THE CONTRACTING PARTIES  
IN 1971 AND THE WAYS AND MEANS TO MEET SUCH EXPENDITURE

The CONTRACTING PARTIES

HAVING CONSIDERED

the estimates of expenditure of the CONTRACTING PARTIES for 1971 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 1971, provided that such repayment does not exceed a total of US\$4,024,000.
2. The repayment referred to in paragraph 1 shall be financed as follows:
  - (a) by contributions from contracting parties in the amount of US\$3,820,000;
  - (b) by miscellaneous income estimated at US\$103,128;
  - (c) by transfer from the Surplus Account of US\$100,872.
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 1971.
4. The contribution 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 1971.

ANNEX I/A  
REVISED ESTIMATES OF EXPENDITURE OF THE GATT  
FOR THE FINANCIAL YEAR 1971

SUMMARY

		<u>Original estimates (L/3410) US\$</u>	<u>Adjustments US\$</u>	<u>Revised estimates US\$</u>
<b>PART I: <u>MEETINGS</u></b>				
<u>Section</u>				
1	Twenty-seventh session of the CONTRACTING PARTIES	17,000	-	17,000
2	Meetings of the Council and other meetings	70,000	-	70,000
3	Colloquium on special problems in international trade	15,000	-	15,000
	Total Part I:	102,000	-	102,000
<b>PART II: <u>SECRETARIAT</u></b>				
<u>Section</u>				
1	Salaries and wages and official travel	2,126,000	94,800	2,220,800
2	Common staff costs	545,000	42,000	587,000
3	Common services	268,800	-	268,800
4	Printing	65,000	-	65,000
5	Representation and hospitality	15,000	-	15,000
6	Public information	3,000	-	3,000
7	Permanent equipment	24,000	-	24,000
	Total Part II:	3,046,800	136,800	3,183,600
<b>PART III: <u>INTERNATIONAL TRADE CENTRE UNCTAD/GATT</u></b>				
<u>Section</u>				
1	Contribution to the International Trade Centre UNCTAD/GATT	686,200	2,200	688,400
<b>PART IV: <u>UNFORESEEN EXPENDITURE</u></b>				
<u>Section</u>				
1	Unforeseen expenditure	50,000	-	50,000
	Grand Total	3,885,000	139,000	4,024,000

ANNEX II/A  
REVISED ESTIMATES OF EXPENDITURE OF THE GATT  
FOR THE FINANCIAL YEAR 1971

DETAILED SCHEDULES

Amount in US dollars

PART I: MEETINGS

Section 1 - Twenty-Seventh Session of the CONTRACTING PARTIES

(i)	Temporary assistance (including overtime)	14,000	
(ii)	Travel and subsistence of temporary staff	750	
(iii)	Rental of meeting rooms and additional office space	2,000	
(iv)	Other services	250	
Total Section 1:			17,000

Section 2 - Meetings of the Council and other Meetings

(i)	Temporary assistance (including overtime)	60,000	
(ii)	Travel and subsistence of temporary staff	3,000	
(iii)	Rental of meeting rooms and additional office space	6,700	
(iv)	Other services	300	
Total Section 2:			70,000

Section 3 - Colloquium on Special Problems in International Trade

(i)	Travel and subsistence	12,000	
(ii)	Other services	3,000	
Total Section 3:			15,000
Total Part I:			102,000

Amount in US dollars

PART II: SECRETARIAT

Section 1 - Salaries and Wages and Official Travel

(i)	Established posts	2,004,800
(ii)	Temporary assistance (including overtime)	136,000
(iii)	Consultants	33,000
(iv)	Travel:	
	(a) Travel on official business	37,000
	(b) Technical assistance travel	10,000
Total Section 1:		2,220,800

Section 2 - Common Staff Costs

(i)	Installation grants	7,000
(ii)	Travel and removal expenses of staff and their dependants	17,000
(iii)	Separation payments	12,000
(iv)	Contributions to the United Nations Joint Staff Pension Fund	345,000
(v)	Repatriation grants	18,000
(vi)	Travel on home leave	32,000
(vii)	Family allowances, education grants and related travel:	
	(a) Family allowances	81,000
	(b) Education grants and related travel	35,000
(viii)	Joint services	10,000
(ix)	Other common staff costs	30,000
Total Section 2:		587,000

Amount in US dollars

**Section 3 - Common Services**

(i)	Cables and telephone <del>communications</del>	3,700
(ii)	Freight and cartage	2,000
(iii)	Books and information material	8,500
(iv)	Rental and maintenance of premises and equipment:	
(a)	Rent	4,700
(b)	Electricity	4,000
(c)	Water supply	800
(d)	Heating	3,200
(e)	Telephone (rental and local calls)	4,300
(f)	Insurance premiums	16,500
(g)	Cleaning materials	800
(h)	Maintenance expenditure	16,600
(i)	Casual labour	28,000
(j)	Maintenance of service cars	1,200
(v)	Postal services	25,000
(vi)	Stationery and office supplies	14,000
(vii)	Reproduction and distribution of documents	99,000
(viii)	External audit	2,500
(ix)	Other services and miscellaneous expenditure	<u>34,000</u>

Total Section 3:

268,800

**Section 4 - Printing**

65,000

	<u>Amount in US dollars</u>
Section 5 - <u>Representation and Hospitality</u>	15,000
Section 6 - <u>Public Information</u>	3,000
Section 7 - <u>Permanent Equipment</u>	24,000
Total Part II:	<u>3,183,600</u>
PART III: <u>INTERNATIONAL TRADE CENTRE UNCTAD/GATT</u>	
Section 1 - <u>Contribution to the International Trade Centre UNCTAD/GATT</u>	688,400
PART IV: <u>UNFORESEEN EXPENDITURE</u>	
Section 1 - <u>Unforeseen Expenditure</u>	<u>50,000</u>
Grand Total	<u>4,024,000</u>

ANNEX III/A

SCALE OF CONTRIBUTIONS FOR 1971

(Scale including a single minimum of 0.12%)

Country	Contributions (US dollars)
<u>Contracting parties:</u>	
Argentina	24,830
Australia	72,200
Austria	41,260
Barbados	4,580
Belgium	139,430
Brazil	31,710
Burma	4,580
Burundi	4,580
Cameroon	4,580
Canada	228,440
Central African Republic	4,580
Ceylon	6,500
Chad	4,580
Chile	14,900
Congo (Brazzaville)	4,580
Cuba	14,140
Cyprus	4,580
Czechoslovakia	53,870
Dahomey	4,580
Denmark	55,390
Dominican Republic	4,580
Finland	31,330
France	255,180
Gabon	4,580
Gambia	4,580
Germany, Federal Republic of	413,330
Ghana	5,350
Greece	17,190
Guyana	4,580
Haiti	4,580
Iceland	4,580
India	37,440
Indonesia	12,230
Ireland	18,340
Israel	15,280
Italy	188,710
Ivory Coast	6,500
Jamaica	5,730
Japan	236,840
Kenya	5,350



Country	Contributions (US dollars)
<u>Contracting parties (cont'd):</u>	
Korea	17,190
Kuwait	16,810
Luxemburg	12,230
Madagascar	4,580
Malawi	4,580
Malaysia	22,920
Malta	4,580
Mauritania	4,580
Mauritius	4,580
Netherlands, Kingdom of the	175,720
New Zealand	18,340
Nicaragua	4,580
Niger	4,580
Nigeria	12,230
Norway	42,790
Pakistan	15,280
Peru	13,750
Poland	53,480
Portugal	25,600
Rhodesia	4,970
Rwanda	4,580
Senegal	4,580
Sierra Leone	4,580
South Africa	46,220
Spain	48,520
Sweden	92,450
Switzerland	77,930
Tanzania	4,580
Togo	4,580
Trinidad and Tobago	8,020
Turkey	11,080
Uganda	4,580
United Arab Republic	13,370
United Kingdom of Great Britain and Northern Ireland	360,610
United States of America	623,810
Upper Volta	4,580
Uruguay	4,580
Yugoslavia	28,650
<u>Associated Governments:</u>	
Cambodia	4,580
Tunisia	4,580
	<u>3,820,000</u>

ANNEX IV/ADISPOSAL OF THE 1969 SURPLUS<sup>1/</sup>Note by the Director-General

1. In document L/3393 the CONTRACTING PARTIES were informed that an unappropriated surplus of \$100,872 remained on the Surplus Account at 31 December 1969. The Director-General indicated that he intended to put proposals for the disposal of this surplus to the Committee on Budget, Finance and Administration, at a later date, for consideration and appropriate recommendations to the CONTRACTING PARTIES.
2. The members of the Committee will be aware that the common salary scales for professional and higher category were reviewed in detail by the International Civil Service Advisory Board in 1965, resulting in revised salary scales with effect from 1 January 1966. A further 5 per cent interim adjustment on gross scales was approved with effect from 1 January 1969, pending the completion of ICSAB's detailed examination of the salary system. As five years had elapsed since the 1965 review, the Administrative Committee on Co-ordination made further studies, as a result of which it informed ICSAB in July 1970 that an increase in the salary scales would be justified. After considering these matters ICSAB has recommended that an increase of 8 per cent be applied to the gross salary scales after consolidation of two classes of post adjustment with effect from 1 January 1971. The Secretary-General of the United Nations intends to submit this recommendation to the twenty-fifth session of the General Assembly with his strong endorsement that it be approved. If the proposals were accepted by the United Nations General Assembly, the Director-General would, in application of the United Nations rules to GATT staff, implement the changes also as from the same date. The cost of the increase to the GATT budget for 1971 would be \$124,000.
3. In addition, on the basis of the projection of the trend of the cost of living index, the establishment of a new Class 1 post adjustment scale for Geneva is anticipated with effect from 1 January 1971 and an upward revision to Class 2 by November 1971. The additional cost to the GATT budget for 1971 would be \$7,800.
4. A further cost of \$5,000 to the 1971 budget is now anticipated as a result of the recent decision of the United Nations Office at Geneva, in consultation with participating agencies, in respect of the organizations' contribution to the Staff Medical Insurance Society Against Sickness and Accident. In fact, in accordance with the formula agreed by the United Nations General Assembly for the financing of premiums for staff medical insurance plans equally between organizations and staff, it has been decided to raise the organizations' contribution to the same level as that made by the staff.
5. The additional cost to the International Trade Centre budget for 1971 would amount to \$49,000 for the salary increase (paragraph 2), \$3,200 for the anticipated move in the Geneva post adjustment classification (paragraph 3) and \$2,200 for the increased insurance premium (paragraph 4).

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<sup>1/</sup> Originally issued as document Spec(70)100 dated 2 October 1970.

6. At the time that the 1971 budget estimates were prepared, the magnitude of the financial implications of the above-mentioned changes was not known. For this reason, the Director-General did not include provision for such an increase in the budget estimates for 1971. The Director-General now proposes to the Committee on Budget, Finance and Administration that the expenditure estimates he has presented in document L/3410 should be amended to indicate the consequent upward revision of the amounts of the budget items concerned. The Director-General further proposes that the entire balance of \$100,872 on the surplus account be transferred to 1971 income to provide in part for the above-mentioned additional expenditure.

7. The relevant items of the GATT expenditure budget estimates would be amended as follows:

Part II Section 1 - Salaries and Wages and Official Travel

(i) Established posts	\$2,004,800
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Section 2 - Common Staff Costs

(iv) Contributions to the UN Joint Staff Pension Fund	\$ 345,000
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(ix) Other common staff costs	\$ 30,000
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Part III Section 1 - Contribution to the International Trade Centre UNCTAD/GATT	\$ 713,400
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3. INTERNATIONAL TRADE CENTRE UNCTAD/GATT

1. REPORT ON THE 1969 ACCOUNTS OF THE INTERNATIONAL  
TRADE CENTRE UNCTAD/GATT AND REPORT OF THE EXTERNAL AUDITOR THEREON

1. The Committee examined the Report on the 1969 Accounts of the International Trade Centre UNCTAD/GATT and the Report of the External Auditor thereon.
2. The Committee recommends that the CONTRACTING PARTIES approve the audited accounts for 1969 and convey to the auditor their thanks for the valuable assistance given to the CONTRACTING PARTIES in the audit of the International Trade Centre accounts.

II. FINANCING OF THE 1970 BUDGET OF THE  
INTERNATIONAL TRADE CENTRE UNCTAD/GATT

3. The Committee examined the financial position as at 30 September 1970 on the basis of out-turn figures prepared by the secretariat. The Committee noted that a shortfall of some \$22,000 was expected on income for overhead costs due to the non-receipt of contributions towards overhead costs relating to extra-budgetary projects but that this would be balanced by certain savings on the expenditure account, which would result in an unencumbered balance of \$680 by 31 December 1970. The representative of the Director-General explained that this shortfall was due to a delay in the execution of extra-budgetary projects caused by the lack of adequate backstopping staff to handle these projects. Some delegates observed that certain items on the Expenditure and Commitments Statement showed a considerable degree of excess expenditure and requested that efforts be made to respect individual budgetary ceilings more strictly. The Director-General's representative gave the explanations set out in paragraphs 14 and 15 of part A of this report.

III. ESTIMATES OF EXPENDITURE FOR 1971

4. The Committee had before it the Budget Estimates for the Financial Year 1971 of the International Trade Centre UNCTAD/GATT contained in the Report of the Secretary-General of UNCTAD and the Director-General of GATT (document ITC/AG/12) and the Report of the United Nations Advisory Committee on Administrative and Budgetary Questions thereon (Annex III/B). It also had before it the Work Programme of the International Trade Centre UNCTAD/GATT and its Budgetary Requirements for 1971 and Planning Estimates for 1972 (ITC/AG/9), Evaluation of the Services of the International Trade Centre UNCTAD/GATT for the Developing Countries (ITC/AG/10 and Add.), Report of the Joint UNCTAD/GATT Advisory Group on the International Trade Centre UNCTAD/GATT on its Third Session (ITC/AG/11) and an information paper on the sale and the free distribution of publications.
5. In accordance with paragraph 18 of Part A of this document, the Committee agreed to the upward revision of the 1971 budget estimates of the Centre to take account of the additional cost of \$54,400 for a salary scale adjustment for the professional and higher category, a new class of post adjustment for Geneva and an increase of contribution to the Staff Mutual Insurance Society against Sickness and Accident.

6. The Committee noted the ACABQ's report and in particular its suggestions for reduction in the Centre's budget estimates for 1971. In the Committee's consideration of these estimates considerable discussion took place regarding the way in which these suggestions might be implemented with the least possible effect on the Centre's work programme. The Committee felt that lengthy discussions of this kind in future years could be avoided if ACABQ were to make available more detailed information on the reasons for its suggestions, particularly in the area of staffing, although the Committee recognized that it was the practice of ACABQ to leave latitude to UN bodies in this respect. The Committee felt that the position of the Centre was unique in that the responsibilities for examination of the Centre's budget were shared between the GATT and the United Nations, and that in these circumstances some more detailed information from the ACABQ would be helpful to the Committee in carrying out its responsibilities in advising the CONTRACTING PARTIES.
7. Further, the Committee had found itself in a difficult position for the last three years as a result of meeting in October when the ACABQ's recommendations on the Centre's budget had already been submitted to the Fifth Committee of the General Assembly. Certain problems would arise in practice, therefore, if it were decided not to accept the ACABQ recommendations at this late stage. Various possibilities for improving co-ordination between ACABQ and the GATT Committee were discussed. Several members favoured meeting before ACABQ met in order to be able to make available to ACABQ the Committee's comments on the Centre's budgetary and administrative problems. It was felt that this would be desirable in view of the Committee's close contacts with the Centre in Geneva. Another member pointed out, however, that this procedure would deprive the Committee of the ACABQ's expert advice in reaching its conclusions. As a number of members were without instructions on this matter, the Committee did not reach a final conclusion but decided that, in any event, it should meet earlier in the year to consider the Centre budget.
8. Considerable discussion ensued regarding the implementation of the reduction of \$50,000 recommended by ACABQ. There were differences of opinion in the Committee regarding the advisability of effecting this reduction in the budget. Several members considered that this reduction in the proposed budgetary increase was justified. In their opinion it would assist the Centre to be selective in the implementation of its work programme so as to avoid low priority tasks. While applauding the Centre's recent emphasis on training and trade promotion services, they felt that a lower rate of budgetary growth would permit the secretariat to consolidate its new programme and avoid possible diseconomies resulting from rapid expansion. One member stated that in the circumstances it was difficult to judge whether the reduction was justified or not but there was little practical alternative to accepting it.
9. Several other members were convinced that the suggested reduction of US\$50,000 would directly and negatively affect the work programme as the budget had no margin for this type of cut. It was felt that the field of export promotion was one of increasing priority, especially considering the implementation

of the generalized scheme of non-discriminatory preferences. In particular the least developed of the developing countries would require assistance in export promotion in order to benefit from the preferences available. Furthermore, it seemed self-evident that the Centre would have great difficulties in taking on an increased volume of extra-budgetary projects without having the necessary administrative and backstopping staff to cope with it and they very much agreed with the Director-General that this consideration should be kept in mind when the Centre's budget for 1972 came up for examination. These members felt that the proposed cut would seriously curtail the ability of the Centre to help the developing countries to assess and re-formulate assistance programmes requested by them for which voluntary contributions and UNDP funds would be available.

10. The Committee noted that during the year 1970, the Trade Centre had not been able to prepare a number of projects for which funds would have been made available by extra-budgetary contributions and consequently the execution of projects was delayed and these funds remained unspent. In this connexion the Committee was of the opinion that the availability of extra-budgetary resources ought not to be accepted as a reason for reducing the regular budget of the Centre. On the other hand, some members observed that availability of extra-budgetary contributions could not in itself be considered adequate justification for corresponding increases in the regular budget.

11. The members of the Committee who were opposed to the proposed reduction of \$50,000 in the budget of the Centre nevertheless agreed to consider such a reduction in view of the administrative and procedural difficulties, outlined in paragraph 7 above, that would be created if the Committee disagreed with the recommendation of the ACABQ. The Committee, therefore, went on to examine the budget in the light of various suggestions made by the secretariat with a view to determine the savings that could be made while respecting to the largest extent possible the priority work programme of the Centre. After lengthy discussion the Committee finally agreed to the deletion of the proposed new posts of Chief, Market Research Service, P.5 Administrative Assistant (Documentation Service), G.6, Research Clerk (Documentation Service), G.4/G.5, and Clerk-typist (Documentation Service), G.2/G.3, representing savings of \$31,500<sup>1</sup>. Alternative internal measures would be taken to strengthen the Documentation Service.

12. Although ACABQ had suggested that further economies were possible as regards the estimate for travel, the Committee was of the opinion that the Centre's priority work would be less affected by reduction in other areas. The representatives of the Director-General explained that, as a result of the shortfall of overhead contributions in 1970, a travel backlog would have to be carried forward from 1970 to 1971 and the 1971 travel estimate could not, therefore, support reduction without seriously affecting the work programme. Instead of the ACABQ's suggestion to decrease the travel provision, the Committee agreed to a reduction of \$18,500 to be achieved by reducing the number of issues of International Trade FORUM from six to four in 1971.

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<sup>1</sup>The accepted retardation factor has been taken into consideration.

13. The Committee heard a statement by the representative of the Director-General, that further consultations were taking place as a consequence of the comments of the ACABQ on the proposal to regrade the post of the Deputy Director of the Centre. Although this proposal had only negligible budgetary implications, the Committee agreed not to pursue the matter further at the present meeting.

14. As regards overhead contributions the Committee was informed that, although UNDP technical assistance projects to the value of \$726,000 had been executed in 1970, no contribution for overhead costs had been made available to the Centre from United Nations funds. The lump sum of \$50,000 from the United Nations referred to by the ACABQ in its report as additional resources for the Centre (paragraph 304) related to 1971, and was intended to offset the lack of overhead contributions for the administration by the Centre of UNDP technical assistance projects in that year. Some members of the Committee pointed out that since these funds were earmarked for this specific purpose they could not be regarded as additional resources available to be substituted for any item in the regular budget. They recalled the Director-General's introductory remarks (paragraph 7, page 2) that "...both the Secretary-General of UNCTAD and he had difficulty in agreeing with the principle on which the ACABQ had based its recommendations. If overhead contributions for administration of UNDP projects were to be made a ground for reducing budgetary resources required to meet regular servicing costs, the Centre's capacity to undertake extra-budgetary projects would inevitably be affected."

15. Further, the Committee felt that this lump-sum provision of \$50,000 was insufficient in view of the \$1 million volume of UNDP projects which the Centre is expected to administer in 1971. Although the exact level of actual costs incurred by the Centre for the preparation and execution of projects financed from extra-budgetary resources was still to be determined, the Committee felt that the provision of \$50,000 had not been calculated on a basis which adequately reflected the Centre's likely share in the work connected with the UNDP technical assistance projects to be undertaken by the Centre in 1971. The Committee expressed concern regarding the resulting burden which is placed upon the regular budget of the Centre in providing adequate administration and backstopping services to such projects and the delays which would arise in their formulation and execution if, as in 1970, contributions were not forthcoming, or were inadequate. It was pointed out particularly that, once UNDP had agreed to finance a project, it was not possible or desirable for the executing agency to withdraw from its commitment on it. As it was understood that the entire overhead problem was under review by the United Nations, the Committee requested the secretariat to continue its efforts in consultation with the secretariat of UNCTAD and other competent United Nations authorities to find an equitable solution for future years. The Committee further requested the secretariat to report to the CONTRACTING PARTIES on the results of this effort.

16. The Committee agreed that in 1971 the contribution of \$50,000 towards overhead costs relating to technical assistance projects be shown under Part III of the revised budget estimates of the Centre.



17. The Committee noted that amongst the difficulties being encountered in the examination of the budget estimates there was the problem of knowing accurately in advance the number of projects to be executed and financed through trust funds donated by certain governments, and through programmes likely to be entrusted to the Centre by UNDP. There was also the difficulty that the real cost of the general administration overheads involved in the preparation and implementation of projects financed from extra-budgetary resources was not known. The Committee also noted that, in the light of this uncertainty, a burden might fall upon the regular budget of the Centre in relation to overhead costs for certain projects financed by unilateral contributions where the contribution provided towards overhead costs was fixed at ten per cent. Some members pointed out that extra-budgetary contributions were available in co-operative supporting arrangements between the Centre and various countries which had found it generally advantageous to co-operate with the Centre rather than to operate bilateral programmes. The contributions provided for backstopping were broadly in line with contributions provided by UNDP to other executing agencies.

#### IV. OTHER MATTERS

##### Additional supporting services provided to the Centre without charge to the Centre budget

18. The Committee noted that it was the intention of the secretariat, in consultation with UNCTAD, to add further posts under Part II of the Centre's budget in 1972 to reflect the additional supporting services at present provided by GATT which were valued at approximately \$200,000 (Annex B of document ITC/AG/12). At the same time any such supporting services provided by UNCTAD would be treated in the same way. Some members of the Committee stressed the importance of such a budgetary adjustment and said that, taking the growth of the Trade Centre into consideration, the present arrangements seemed to have become unsatisfactory. However, they drew attention to the need of having this change clearly explained, preferably in a separate document. The total budget and the total establishment of the Centre would be increased, but this was in fact just a transfer of charges and posts now included in the GATT and UNCTAD budgets.

##### Stocktaking and evaluation

19. The Committee noted that the Centre had, prior to the formulation of the budget for 1971, carried out a major stocktaking of its staff and office resources, as a result of which it had redeployed its resources, especially its staff, to meet the reorientation of the Centre's services from research and information activities to the provision of assistance to the developing countries to build up their export promotion services and to train the specialized personnel needed for these services. This stocktaking and re-appraisal of the Centre's overall aims and objectives was reflected in document ITC/AG/9, which contained the work programme of the Centre for 1971. Furthermore, the publications of the Centre had been subject to a special investigation in 1969 and the Joint Advisory Group on the Centre had earlier this year carried out an examination in depth of this sector and made recommendations to improve the efficacy of the publications.

20. The Committee also noted that in each future year, one of the main services of the Centre would be subject to detailed investigations by the Advisory Group; in January 1971 the Advisory Group would examine the Training Programme of the Centre.

21. The Committee expressed satisfaction with these actions, considered that continued vigilance was necessary, and felt that action in the future should be in line with the recommendations of the Joint Advisory Group at its 1970 meeting.

#### Sale and free distribution of publications

22. The Committee welcomed the secretariat's paper on sale and free distribution of publications and agreed that the policy regarding distribution should be further examined at next year's meeting.

#### External audit

23. The Committee noted that the Director-General intended to make the necessary arrangements with the External Auditor for the final audit of the 1970 accounts of the International Trade Centre UNCTAD/GATT, for an interim audit of the 1971 accounts and for the submission to the CONTRACTING PARTIES and the United Nations General Assembly of the auditor's report for 1970 in accordance with the decision taken by the CONTRACTING PARTIES in 1967.

### V. CONCLUSIONS

24. The Committee recommends that the CONTRACTING PARTIES approve the revised estimates of expenditure of the International Trade Centre UNCTAD/GATT for the financial year 1971 in the amount of \$1,390,800 as detailed in Annex I/B. An amount of \$688,400 is included under Part III in the budget estimates of GATT on the assumption that \$688,400 will be borne by the United Nations and \$14,000 will be forthcoming as miscellaneous income. The Committee further recommends that the CONTRACTING PARTIES approve the estimates of expenditure in Part III of the Centre budget in the amount of \$210,000, on the assumption that \$50,000 will be borne by the United Nations as contribution towards overhead costs relating to UNDP Technical Assistance projects, and \$160,000 will be forthcoming as contributions towards overhead costs relating to UNDP Special Fund projects and extra-budgetary projects financed by voluntary country contributions. In view of the contingent nature of the estimates under overheads, which are dependent upon the level of extra-budgetary projects under execution, it is understood that the expenditure estimates under Part III may be exceeded in parallel with any increase of actual receipts of overhead contributions to ensure effective backstopping of such projects.

25. The Committee recommends to the CONTRACTING PARTIES that the 1971 budget of the International Trade Centre UNCTAD/GATT be financed as follows:

(a)	GATT contribution	\$688,400	
(b)	United Nations contribution	\$688,400	
(c)	miscellaneous income	<u>\$ 14,000</u>	\$1,390,800
(d)	contributions towards overhead costs relating to extra-budgetary projects	\$160,000	
(e)	United Nations contribution towards overhead cost relating to technical assistance projects	<u>\$ 50,000</u>	<u>\$ 210,000</u>
	Total		<u><u>\$1,600,800</u></u>

POINTS FOR DECISION: Paragraph 2  
Paragraph 24  
Paragraph 25

ANNEX I/B

REVISED ESTIMATES OF EXPENDITURE OF THE INTERNATIONAL TRADE CENTRE  
UNCTAD/GATT FOR THE FINANCIAL YEAR 1971

SUMMARY

		<u>Original estimates (ITC/AG/12) US\$</u>	<u>Adjustments US\$</u>	<u>Revised estimates US\$</u>
<b>PART I: <u>DIRECT COST OF THE CENTRE</u></b>				
<u>Section</u>				
1	Salaries and wages	664,000	4,200 <sup>1/</sup>	668,200
2	Common staff costs	219,900	9,600 <sup>1/</sup>	229,500
3	Travel on official business	40,000	-	40,000
4	Hospitality	1,000	-	1,000
5	Permanent equipment	8,000	-	8,000
6	General expenses	114,400	-	114,400
7	Printing	93,500	(18,500)	75,000
	Total Part I:	<u>1,140,800</u>	<u>(4,700)</u>	<u>1,136,100</u>
<b>PART II: <u>SERVICES PROVIDED THROUGH UNCTAD AND GATT SECRETARIATS</u></b>				
<u>Section</u>				
8	Salaries of staff providing services to the Centre	195,700	6,000 <sup>1/</sup>	201,700
9	Common staff costs for posts under Section 8	49,900	3,100 <sup>1/</sup>	53,000
	Total Part II:	<u>245,600</u>	<u>9,100</u>	<u>254,700</u>
	Sub-total:	<u>1,386,400</u>	<u>4,400</u>	<u>1,390,800</u>
<b>PART III: <u>OVERHEAD COSTS RELATING TO EXTRA-BUDGETARY PROJECTS</u></b>				
<u>Section</u>				
10	Salaries and wages	153,000 <sup>2/</sup>	-	158,000
11	Travel on official business	40,000	-	40,000
12	General expenses	12,000	-	12,000
	Total Part III:	<u>210,000</u>	<u>-</u>	<u>210,000</u>
	Grand Total	<u>1,596,400</u>	<u>4,400</u>	<u>1,600,800</u>

<sup>1/</sup> Upward revision in accordance with paragraph 5 of Part B of this report and reduction of four posts.

<sup>2/</sup> Adjusted in accordance with paragraphs 296 and 304 of the ACABQ report.

ANNEX II/B

REVISED ESTIMATES OF EXPENDITURE OF THE  
INTERNATIONAL TRADE CENTRE UNCTAD/GATT  
FOR THE FINANCIAL YEAR 1971

DETAILED SCHEDULES

	<u>Amount in US dollars</u>
<b>PART I: <u>DIRECT COST OF THE CENTRE</u></b>	
<b>Section 1 - <u>Salaries and Wages</u></b>	
(i) Established posts	657,200
(ii) Consultants and temporary assistance	10,000
(iii) Overtime and night differential	<u>1,000</u>
Total Section 1:	668,200
<b>Section 2 - <u>Common Staff Costs</u></b>	
(i) Dependency allowance	33,900
(ii) Education grants and related travel	16,000
(iii) Contributions to the United Nations Joint Staff Pension Fund	116,800
(iv) Travel and removal expenses on appointment and separation	7,000
(v) Installation grants	6,000
(vi) Travel on home leave	29,500
(vii) Separation payments	6,500
(viii) Other common staff costs	<u>13,800</u>
Total Section 2:	229,500

	<u>Amount in US dollars</u>
Section 3 - <u>Travel on Official Business</u>	40,000
Section 4 - <u>Hospitality</u>	1,000
Section 5 - <u>Permanent Equipment</u>	8,000
Section 6 - <u>General Expenses</u>	
(i) Rental of premises and related expenses	51,000
(ii) Maintenance of equipment and cars	4,000
(iii) Cables and long-distance calls	7,800
(iv) Telephone (rental and local calls)	3,000
(v) Postage and freight	20,000
(vi) Stationery and office supplies	12,000
(vii) Books and information material	9,000
(viii) Insurance premiums	1,200
(ix) External audit	1,500
(x) Miscellaneous supplies and services	<u>4,900</u>
Total Section 6:	114,400
Section 7 - <u>Printing</u>	<u>75,000</u>
Total Part I:	<u>1,136,100</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	168,000
(ii) Temporary assistance	32,700
(iii) Overtime and night differential	<u>1,000</u>
Total Section 8:	201,700

Amount in US dollars

Section 9 - Common Staff Costs for Posts under  
Section 8

(i)	Dependency allowance	10,300
(ii)	Education grants and related travel	4,000
(iii)	Contributions to the United Nations Joint Staff Pension Fund	30,200
(iv)	Travel and removal expenses on appointment and separation	1,000
(v)	Installation grants	1,000
(vi)	Travel on home leave	2,200
(vii)	Separation payments	1,500
(viii)	Other common staff costs	<u>2,800</u>

Total Section 9: 53,000

Total Part II: 254,700

Sub-total: 1,390,800

PART III: OVERHEAD COSTS RELATING TO  
EXTRA-BUDGETARY PROJECTS

Section 10 - Salaries and Wages 158,000

Section 11 - Travel on official business 40,000

Section 12 - General expenses 12,000

Total Part III: 210,000

Grand Total 1,600,800

ANNEX III/B

EXTRACT FROM THE REPORT OF THE ADVISORY COMMITTEE ON  
ADMINISTRATIVE AND BUDGETARY QUESTIONS TO THE GENERAL  
ASSEMBLY ON THE BUDGET ESTIMATES FOR 1971<sup>1/</sup>

D. International Trade Centre

298. The estimate for chapter XII makes provision for the United Nations share of the expenses of the International Trade Centre, which was established with effect from 1 January 1968, under the terms of resolution 2297 (XXII) of 12 December 1967 whereby the General Assembly approved the relevant accord between UNCTAD and GATT. The accord stipulated that the Centre was to be operated and financed jointly by the United Nations and GATT.

299. The estimate for 1971 amounts to \$686,200 an increase of \$185,300 over the 1970 appropriation of \$500,400. The total estimate for the Centre, including GATT's contribution, and the contributions towards overhead costs relating to extra-budgetary projects, amounts to \$1,546,400. Table 20 provides a detailed breakdown of the 1971 estimates, compared with appropriations for 1970 and actual expenses in 1969, and a breakdown of the contributions towards the operating costs of the Centre.

Table 20

INTERNATIONAL TRADE CENTRE

	1971 estimates	1970 appro- priations	1969 expenses	Increase or (decrease) between 1970 and 1971
	\$	\$	\$	\$
<u>Direct cost of the Centre</u>				
Salaries and wages	564,000	557,800	451,506	106,200
Common staff costs	219,900	176,900	127,743	49,000
Travel on official business	40,000	40,000	57,090	-
Hospitality	1,000	1,000	731	-
Permanent equipment	8,000	5,500	19,169	2,500
General expenses	114,400	72,000	97,261	42,400
Printing	93,500	91,600	72,379	(100)
TOTAL	1,140,800	745,800	826,379	194,000

<sup>1/</sup> Official Records of the General Assembly: Twenty-Fifth Session,  
Supplement No 8 (A/8008).



Table 20 (cont'd)

	1971 estimates	1970 appro- priations	1969 expenses	Increase or (decrease) between 1970 and 1971
	\$	\$	\$	\$
<u>Services provided through UNCTAD and GATT Secretariats</u>				
Salaries	195,700	185,900	153,093	9,800
Common staff costs	<u>49,900</u>	<u>47,300</u>	<u>36,639</u>	<u>2,600</u>
TOTAL	<u>245,600</u>	<u>233,200</u>	<u>189,732</u>	<u>12,400</u>
<u>Overhead costs relating to extra-budgetary projects</u>				
Salaries and wages	108,000	84,000	-	24,000
Travel on official business	40,000	35,000	-	5,000
General expenses	<u>12,000</u>	<u>31,000</u>	-	<u>(19,000)</u>
TOTAL	<u>160,000</u>	<u>150,000</u>	-	<u>10,000</u>
GRAND TOTAL	<u>1,546,400</u>	<u>1,330,000</u>	<u>1,016,111</u>	<u>216,400</u>
<u>Financed by:</u>				
United Nations contribution	686,200	500,400	345,400	185,800
GATT contribution	636,200	671,600	670,711 <sup>1/</sup>	14,600
Miscellaneous income	14,000	8,000	-	6,000
Contributions toward over- head costs relating to extra-budgetary projects	<u>160,000</u>	<u>150,000</u>	- <sup>2/</sup>	<u>10,000</u>
	<u>1,546,400</u>	<u>1,330,000</u>	<u>1,016,111</u>	<u>216,400</u>

<sup>1/</sup>1969 miscellaneous income is to be shared between the two organizations

<sup>2/</sup>Expected income of \$56,000 in 1969 transferred to income for overhead cost relating to extra-budgetary projects in 1970.

300. In its consideration of the estimate for chapter XII the Advisory Committee reviewed the total budget estimates of the Centre, as contained in document LDC/AG/12 dated 19 May 1970. The 1971 estimates for the direct costs of the Centre and the services provided through UNCTAD and GATT Secretariats are \$206,400 higher than the corresponding appropriations for 1970; an analysis of those increases is given below:

	\$	\$	%
(a) <u>Increased cost of maintaining existing staff provisions:</u>			
(i) Direct cost of the Centre Established posts	74,000		
(ii) Services provided through the UNCTAD and GATT secretariats Established posts	<u>7,800</u>	81,800	6.9
(b) <u>Cost of new staff requirements 1971:</u>			
(i) Direct cost of the Centre Five professional and five general service posts	75,200		
(ii) Services provided through the UNCTAD and GATT secretariats One general service post	<u>4,600</u>	79,800	6.8
(c) <u>Other increases:</u>			
(i) Permanent equipment	2,500		
(ii) General expenses	42,400		
(iii) Printing	<u>(100)</u>	44,800	3.8
TOTAL 1971 INCREASE		<u>206,400</u>	<u>17.5</u>

301. Table 21 shows the growth of the regular-budget staff of the Centre since 1968:

Table 21

MANNING TABLE OF THE INTERNATIONAL TRADE CENTRE

Grade	1968	1969	1970	1971
A. <u>Staff of the Centre</u>				
D-2	1	1	1	2
D-1	1	1	1	1
P-5	-	2	4	5
P-4	7	9	10	12
P-3	5	7	7	7
P-2/P-1	<u>4</u>	<u>7</u>	<u>9</u>	<u>10</u>
SUB-TOTAL	18	27	32	37
General Service	<u>16</u>	<u>33</u>	<u>32</u>	<u>37</u>
TOTAL	34	60	64	74

Table 21 (cont'd)

Grade	1968	1969	1970	1971
<u>B. GATT and UNCTAD supporting staff</u>				
P-4	1	1	1	1
P-3	2	2	2	2
SUB-TOTAL	4	6	6	6
General Service	<u>7</u>	<u>13</u>	<u>14</u>	<u>15</u>
TOTAL	<u>11</u>	<u>19</u>	<u>20</u>	<u>21</u>
GRAND TOTAL	45	79	84	95

302. The five new professional posts proposed for 1971 include one post at the D-1 level, for a Director of Integrated Programmes in the Office of the Director of the Centre, and one at the P-5 level for the Chief of the Market Research Service. Additionally, the Centre proposes three upgradings, including that of the post of the Deputy Director of the Centre (from D-1 to D-2). In considering the reasons adduced by the Centre in support of the latter proposal, the Advisory Committee did not accept that the fact that an official has to assume the duties of his immediate supervisor during the temporary absence of the latter should constitute grounds for upgrading to the supervisor's level, in the specific case under consideration, the upgrading would lead to both the Director and the Deputy Director posts being graded D-2. In the Advisory Committee's opinion the post of the Director of the Centre, which can be equated with that of the Director of a major division is wrongly graded D-2. For the above reasons the Committee cannot concur in the proposed up-grading of the post of the Deputy Director.

303. In its consideration of the staffing requirements of the Centre in 1971 the Advisory Committee received the following information concerning the number of staff expected to be working for the Centre during that year:

	<u>Professional</u>	<u>General Service</u>	<u>Total</u>
Staff of the Centre	37	37	74
GATT and UNCTAD supporting staff	6	15	21
Staff charged to overhead costs	3	6	9
Staff seconded to Centre without charge	13	-	13
Average number of staff working for short periods in connexion with projects financed by trust funds or special accounts	<u>19</u>	<u>14</u>	<u>33</u>
	<u>78</u>	<u>72</u>	<u>150</u>

304. The Advisory Committee recalled that in its comments on the budget estimates of the Centre for 1970<sup>1</sup> it reiterated its view that after the very rapid growth of the Centre in recent years there was need for stock-taking and an appraisal of the results achieved by the Centre. The Committee noted that the proposed manning table of the Centre for 1971 is more than double the 1968 establishment. Moreover, the 1971 figures leave out of account the \$50,000 in additional resources which will be made available to the Centre by UNCTAD in accordance with the arrangements described in paragraph 296 above. The Committee believes that the proposed rate of increase in staffing resources may lead the Centre to undertake work of lower priority. It is convinced that the essential work of the Centre can proceed with a smaller establishment and accordingly recommends that the extra staff requested for 1971 be reduced by at least two or perhaps three professional posts and a similar number of general service posts.

305. As regards expenditure on travel, the Committee notes that it is estimated at \$40,000 under the direct cost of the Centre and \$40,000 out of overhead costs, or a total of \$80,000. The Advisory Committee is convinced that economies are possible under this item through better organization.

306. General expenses, at \$114,400, show an increase of \$42,400 over the appropriation for 1970. Of this increase \$26,000 relates to higher rental costs.

307. For the reasons indicated in paragraphs 302, 304 and 305 above, the Advisory Committee is of the opinion that the budget of the Centre can be reduced by \$50,000, from \$1,546,400 to \$1,496,400. Even after such a reduction the 1971 total would be more than 10 per cent above the 1970 appropriation. Bearing in mind inter alia that the extra-budgetary resources likely to be available to the Centre in 1971 are estimated at twice the size of its regular budget, the Committee is convinced that the reduction it is recommending would not be detrimental to the work of the Centre. If the Committee on Budget, Finance and Administration of GATT reaches the same conclusion, and on the assumption that the contribution of GATT for 1971 would remain at its 1970 level, the United Nations share under chapter XII of section 15 would be reduced by \$35,400, and would amount to \$650,800, as against \$500,400 in 1970 and \$345,400 in 1969.

#### Section 15 as a whole

308. The recommendations made by the Advisory Committee in paragraphs 278, 287 to 289, 293 and 295 above on chapters II, III, IV, V, VII-IX, and X(ii), add up to a reduction of \$219,000. Moreover, as stated in paragraph 307, the Advisory Committee has recommended a reduction in chapter XII, on which there will have to be agreement with the Committee on Budget, Finance and Administration of GATT. Subject to this reservation, the Advisory Committee recommends an appropriation of \$10,431,800 under Section 15, representing a reduction of \$254,400 in the estimate submitted by the Secretary-General.

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<sup>1</sup>Official Records of the General Assembly. Twenty-fourth session, Supplement No. 3 (A/7603), paragraph 333.

Recapitulation of reductions recommended

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Section 15. United Nations Conference on Trade  
and Development

Chapter II.	Sessions of expert and advisory bodies	7,000
Chapter III.	Salaries and wages of UNCTAD Secretariat	114,000
Chapter IV.	Common staff costs of UNCTAD Secretariat	18,000
Chapter V.	Travel of staff	}
Chapter VII.	Permanent equipment	
Chapter VIII.	General expenses	
Chapter IX.	Printing	
Chapter X (ii).	Temporary assistance	40,000
Chapter XII.	International Trade Centre	35,400
		<u>254,400</u>