

GENERAL AGREEMENT ON TARIFFS AND TRADE

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REPORT OF THE COMMITTEE ON BUDGET, FINANCE AND ADMINISTRATION

Addendum

GATT accommodation

1. At its meetings in October 1971 the Committee on Budget, Finance and Administration discussed the situation with regard to accommodation of the GATT.
2. In considering the offer made by the Fondation des Immeubles pour les Organisations Internationales (FIPOI) in regard to the present ILO building, the Committee expressed the wish to be informed of the alternative possibilities of rehousing the GATT secretariat, either through the construction of an additional annex to the present premises or the renting of other suitable buildings. The alternative of building new premises outside the United Nations grounds was also mentioned.
3. With regard to a third annex to the present premises, the Committee was informed that estimates had been requested for a building which, together with the existing facilities, would provide GATT with approximately the same number of offices as the ILO building, but much less conference and storage space. The figure quoted amounted to Sw F 4,150,000 of which Sw F 3,000,000 would be required for the building itself while Sw F 300,000 would have to be spent for parking facilities and Sw F 850,000 for the air-conditioning and other technical equipment of the conference rooms. It was pointed out, however, that all these figures were estimates based on present labour and equipment costs which, together with other fringe expenditures, might be subject to increases in view of the time lag until actual construction could commence and other inflationary factors. A figure of approximately Sw F 5 million would consequently constitute a more realistic estimate of the cost involved.
4. The disadvantage of the third annex solution consisted mainly in the fact that it implied remaining on United Nations grounds at a time when there were clear indications that the United Nations would require for its own needs both the existing GATT accommodation and the grounds upon which the new annex would have to be erected. Consequently, this alternative carried the danger that all present premises and the additional annex might have to be vacated some time in the mid-1970's to allow for United Nations expansion. There also remained the further problem of securing the necessary funds. In view of the above considerations, the Director-General was inclined to consider this alternative as clearly less suitable than moving to the present ILO building.

5. The possibility of renting premises other than the present ILO building had also been explored. Commercial buildings were clearly too expensive; the present rates per square metre were more than double the figures quoted by FIPOI for the ILO building and, furthermore, rents in such buildings were closely linked to price indexes with consequent regular and substantial incremental increases in rentals. As for other premises owned by FIPOI, the only other building which might possibly become partially vacant in the future was one for which the rental per square metre was substantially higher than that asked in respect of the ILO building. The question of available space also presented a problem since both in terms of meeting rooms and number of offices the building in question did not provide accommodation suitable to GATT needs. No other premises owned by international organizations or the Swiss authorities were presently available.

6. There remained the further possibility for GATT to build premises of its own on grounds it would purchase. It was recalled that this possibility had already been explored as far back as 1963, when the CONTRACTING PARTIES had made available an amount of Sw F 15,000 for a feasibility study. The estimate at that time had amounted to \$10 million (without land) and the idea was rejected as too expensive. The possibility had again been broached in the Committee during its examination of the 1971 GATT budget and, again, rejected outright as a solution exceeding the monies the CONTRACTING PARTIES were prepared to earmark for this purpose.

7. In view of the above, the Director-General felt that, under present circumstances, the most suitable alternative was still to explore further the possibility of housing GATT in the present ILO building, when it became available, probably in late 1974 or even in 1975. Preliminary discussions between the Director-General and FIPOI had already taken place and the terms suggested were clearly the most advantageous compared with other presently available alternatives.

8. The proposal was for GATT to rent the south and central wings of the ILO building which provided one large, two medium and four small size conference rooms and 226 offices, in addition to storage facilities and adequate space for printing, duplication, roneo and other purposes. This compared favourably with the present overcrowded GATT facilities of 166 offices spread over four buildings, one small conference room and storage space dispersed over various locations inside and outside the United Nations grounds. It was the Director-General's view that the proposed premises were adequate to meet GATT's probable 1975 and foreseeable requirements.

9. At the time the first contacts had been made, FIPOI had quoted a price of Sw F 110 per square metre for all usable space, which gave a yearly rental of Sw F 902,000. The tentative counter-suggestion made by GATT had been to base the rates according to the end-use of the space. The rates would be Sw F 135 per square metre for office space, Sw F 30 per square metre for conference rooms, and

Sw F 40 per square metre for storage and other space, which would have the effect of reducing the annual rent to Sw F 803,000. These conditions were, of course, tentative and subject to further discussion when the agreement was signed.

10. The Committee requested further detailed information with regard to the ILO building and the terms of the eventual agreement. One member of the Committee enquired in particular as to whether the lease would be a short-term or a long-term one, and wished to know whether the rent would be tied to a cost-of-living index. Following contacts with the FIPOI, the secretariat was able to inform the Committee that although FIPOI would be agreeable to either type of lease, its marked preference would go to a long-term one. As to the relationship with the evolution of the price index, it was understood that although in principle such a relationship would be sought, its practical implementation would be flexible and a rise in rent would be introduced only following a substantial and prolonged inflationary trend.

11. Several Committee members also sought information with regard to the eventual cost of the move itself. The secretariat indicated that it was difficult to predict the cost of a move which would occur, at best, only in three or four years' time. It was, however, pointed out that the operation involved moving a relatively modest volume of furniture and equipment over a distance of only two to three kilometres.

12. The Committee also requested information regarding the comparative cost of upkeep in the present and proposed premises. The secretariat indicated, on the basis of information provided by the ILO, that the present cost of upkeep for the whole building amounted to some Sw F 740,000 per year. Since GATT would be occupying roughly half of the building, the upkeep cost would amount in approximate figures to Sw F 370,000 - or Sw F 150,000 more than the Sw F 220,000 per annum disbursed for the present premises.

13. A further question was as to whether the move would entail additional staff. The answer to this query was not a simple one. There would obviously be some savings, particularly in drivers, since the present need for shuttle service would be obviated. Conversely, however, the larger building would necessarily require more huissiers and specialized personnel. On the whole, it was not expected that the move would entail the use of a larger staff.

14. The Committee also requested information regarding other possible sources of savings as a result of the move. One obvious - and substantial - source of savings would result from the fact that GATT would have its own reproduction facilities. The secretariat indicated that at present payments to the United Nations, which now handled reproduction of GATT documents, exceeded \$100,000 per annum.

15. In addition, the Committee was informed that, in accordance with arrangements made with the United Nations at the time when the two Annexes were constructed, the United Nations could acquire the two buildings, if they wished to do so, at the time that GATT vacated them. In 1974 the expected sale price would be approximately \$180,000 and in 1975 approximately \$150,000.

16. One Committee member stressed the fact that GATT's difficulties stemmed particularly from the lack of meeting facilities, and enquired as to whether new conference space which GATT could tap while remaining in its present premises, was under construction or would be started in the foreseeable future. The secretariat indicated, on the basis of information secured from FIPOI, that planned new conference space was limited and that a shortfall was to be expected even after the completion of the new Palais wing and the new International Conference Centre.

17. The Committee enquired as to whether occupancy of only the north and central wings of the building by GATT would result in communication problems between the various floors. Such difficulties were not expected to occur since in the course of the substantial renovation of the building the FIPOI was expected to obviate such structural problems.

18. Following the above exchange of views, the Director-General reiterated his belief that the move to the ILO building was both the most economical and the most appropriate solution to GATT's accommodation problems. GATT had been squatting on United Nations property now for over twenty years, and since the present GATT buildings were squarely in the United Nations expansion zone, some more permanent solution was obviously required. The proposals by FIPOI outlined above were, by far, the most advantageous for the CONTRACTING PARTIES. Because of heavy competition the option granted to GATT by FIPOI would lapse at the end of 1971.

19. After full consideration of the Director-General's proposal the Committee¹ agreed to recommend to the Council that the Director-General be authorized to continue negotiations with FIPOI along the lines he had indicated with a view to drawing up a draft agreement for the rental of part of the present ILO building to be submitted through the Committee for approval by the CONTRACTING PARTIES.

POINT FOR DECISION: Paragraph 19

¹One member reserved his position pending receipt of instructions.