

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

L/4017

17 April 1974

Limited Distribution

ADMINISTRATIVE AND FINANCIAL QUESTIONS

Final Position of the 1973 Budget of the GATT

1. In accordance with the CONTRACTING PARTIES' standing instructions regarding the reporting of any savings accrued at the end of the financial year, the Director-General's proposals for appropriation of such savings, the financial position concerning the transfer of credits between sections of the budget, and any advances made from the Working Capital Fund, the Director-General herewith submits the following information for consideration by the Council.

I. EXPENDITURE BUDGET

2. The CONTRACTING PARTIES appropriated SwF 21,527,000 for the financial year 1973. Total obligations incurred in 1973 amounted to SwF 19,704,183, leaving an unencumbered balance of SwF 1,822,817. This surplus is due to savings of SwF 1,709,513 and the non-utilization of the provision for unforeseen expenditure of SwF 190,000, reduced by the excess expenditure of SwF 76,696 referred to in paragraph 5 below.

3. Savings were made on the following sections:

			<u>Swiss francs</u>
PART I	- Section 1 - Twenty-ninth Session of the CONTRACTING PARTIES		77,000
	- Section 2 - Meetings of the Council and other meetings		72,451
PART II	- Section 1 - Salaries, wages and official travel		516,974
	- Section 2 - Common staff costs		153,237

	- Section 4 - Printing	20,687
	- Section 6 - Public information	10,791
	- Section 7 - Permanent equipment	106
PART IV	- Section 1 - Trade Negotiations and their preparation	646,588
PART V	- Section 1 - Contribution to the Inter- national Trade Centre UNCTAD/GATT	<u>211,679</u>
		1,709,513
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4. The savings reported above are due to a number of factors. Firstly, it will be noted that a large part of these savings arose on the section for Trade Negotiations and their preparation due to the fact that in 1973 the level of these activities was much below that anticipated when the budget was approved. Secondly, since the 1973 GATT budget was expressed in Swiss francs, savings were made on payments based on or due in dollars, such as salaries and allowances, pension fund contributions and the GATT contribution to the International Trade Centre budget. In fact, provision was made in the budget for such payments at a conversion rate of SwF 3.80 to US\$1, whereas during the financial year the rates at which payments were made were consistently considerably lower. In the case of salaries, the resulting savings were reduced through the application of the post adjustment system which partially compensated loss in take-home pay for staff in the professional category and above. Thirdly, in addition to savings made on salaries due to the fact that a certain number of established posts remained unfilled during various periods of the financial year, it was possible to redeploy available staff resources rather than make use of supplementary temporary assistance. Further, savings were made on the section for the 29th Session of the CONTRACTING PARTIES since the meeting lasted three days only, whereas provision was made for a two-week session. Savings were also realized on items for travel on official business, postal services, printing and public information.

5. Transfers of SwF 76,696 are necessary in order to cover excess expenditure over approved appropriations incurred in Part II - Section 3 - Common services (SwF 69,751) and Section 5 - Representation and hospitality (SwF 6,945). The excess expenditure on the common services is mainly due to the greater volume of reproduction and distribution of documents during 1973 as compared with original estimates. The excess expenditure incurred on the item for representation and hospitality is

the result of adjustments of the representation allowance for ungraded posts decided by the Council subsequent to the approval of the budget. Authority is sought to increase the appropriations accordingly by the following transfers between budgetary sections of Part II:

<u>FROM:</u>		<u>TO:</u>	
<u>Section 1 - Salaries, wages and official travel</u>		<u>Section 3 - Common services</u>	
	<u>SwF</u>		<u>SwF</u>
Established posts	76,696	Reproduction and distribution of documents	69,595
		External audit	156
			<u>69,751</u>
		<u>Section 5 - Representation and hospitality</u>	
			<u>6,945</u>
	<u>76,696</u>		<u>76,696</u>
	<u>=====</u>		<u>=====</u>

II. INCOME BUDGET

6. Amounts totalling SwF 22,069,203 were credited as income in 1973 and exceeded the approved original estimates by SwF 542,203 as follows:

	<u>Approved original estimates</u>	<u>Income credited</u>	<u>Excess of income</u>
	(in Swiss francs)		
(a) Contributions assessed on contracting parties	21,261,000	21,261,000	-
(b) Contributions assessed on contracting parties subsequent to the adoption of the scale of contributions	-	246,280	246,280
(c) Miscellaneous income	<u>266,000</u>	<u>561,923</u>	<u>295,923</u>
	<u>21,527,000</u>	<u>22,069,203</u>	<u>542,203</u>
	<u>=====</u>	<u>=====</u>	<u>=====</u>

7. The excess of Miscellaneous income over the approved estimate is mainly due to the increased income on investments (SwF 150,037) as a consequence of unusually high interest rates obtained on short-term Swiss franc investments which, at the end of the financial year, reached 15 per cent per annum against rates of from 1 to 4 per cent per annum offered by banks at the time when the estimates were approved. In addition, the excess is due to a higher refund than anticipated of the GATT contribution to the Pension Fund in respect of participant withdrawals (SwF 73,158), the profit on exchange earned during the financial year (SwF 32,326) and other miscellaneous items (SwF 40,402).

8. At 31 December 1973 contributions in arrears from contracting parties amounted to US\$227,733 for the financial years 1963-1972, and SwF 842,435 for 1973 (Annex A).

III. SURPLUS ACCOUNT

9. The Surplus account, reproduced in Annex B, shows a surplus of SwF 1,782,532 as at 31 December 1973. The Council decided the disposal of this amount as follow:

	<u>Swiss francs</u>
Transfer towards 1974 income (L/3944, paragraph 24)	1,000,000
Transfer towards 1974 income to cover cost of a training course on the multilateral trade nego- tiations for senior officials from developing countries (L/3986, paragraph 11)	160,000
Transfer to a Building Fund to cover initial expenditure of modifications and renovations of the present ILO building (L/3986, paragraph 9)	<u>622,532</u>
	1,782,532
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IV. WORKING CAPITAL FUND

10. Following the decision taken by the CONTRACTING PARTIES to express the GATT budget in Swiss francs with effect from 1 January 1973, all Working Capital Fund dollar investments were converted into Swiss francs. The principal of the Working Capital Fund, which on 31 December 1972 stood at US\$367,052, converted on 1 January 1973 at the accounting rate of SwF 3.80 to US\$1, was SwF 1,394,799. During 1973 advances totalling SwF 29,205 were assessed on three contracting parties, raising the principal of the Fund to SwF 1,424,004 as at 31 December 1973. In addition, an amount of SwF 54,546 (US\$14,354) resulting from the revised assessment in 1965 of advances to the Fund (L/2482) and SwF 2,354 (US\$620) resulting from the dissolution of the former Federation of Rhodesia and Nyasaland (L/2324) remained to the credit of the Governments' accounts.

11. An amount of SwF 8,379, representing advances assessed on three contracting parties, was still outstanding on 31 December 1973.

12. The amount of US\$46,599 required to cover a deficit on the General Fund due to the increased level of contracting parties' contributions in arrears as at 31 December 1972 was repaid to the Working Capital Fund during 1973 upon receipt of outstanding contributions.

POINT FOR DECISION: Paragraph 5

ANNEX ACONTRIBUTIONS IN ARREARS AS AT 31 DECEMBER 1973

Countries	US dollars					Total 1963/1972	Swiss Francs 1973
	1963/69	1970	1971	1972			
Argentina							38,600
Bangladesh				270		270	25,500
Burundi				5,330		5,330	25,500
Central African Rep.				5,330		5,330	25,500
Chad	(1969) 3,810	4,170	4,580	5,330		17,890	25,500
Chile				920		920	74,400
Congo			4,580	5,330		9,910	25,500
Dominican Republic	(1966) 2,421						
	(1967) 9,000						
	(1968) 3,790						
	(1969) <u>3,810</u>	19,021	4,170	4,580	5,330	33,101	25,500 ^{1/}
France							6,948 ^{2/}
Gabon							6,610 ^{2/}
Gambia							1,474 ^{1/}
Ghana							14,181 ^{2/}
Greece							962
Haiti	(1963) 2,492						
	(1964) 2,500						
	(1965) 2,500						
	(1966) 2,500						
	(1967) 3,000						
	(1968) 3,790						
	(1969) <u>3,810</u>	20,592	4,170	4,580	5,330	34,672	25,500
Indonesia							8,453
Italy							137,051 ^{1/}
Khmer Republic					119 ^{1/}	119 ^{1/}	25,500 ^{2/}
Korea							112,700 ^{1/}
Madagascar							2,068
Mauritania							19,555 ^{2/}
Nicaragua	(1969) 955 ^{1/}	4,170 ^{1/}	4,580 ^{2/}	5,330		15,035	25,500
Niger							1,720
Peru		8,771 ^{1/}	13,750 ^{1/}	13,780 ^{2/}		36,301	59,600
Philippines							5,624
Rhodesia	(1966) 11,640						
	(1967) 9,000						
	(1968) 6,630						
	(1969) <u>5,710</u>	32,980	5,220	4,970	5,780	48,950	25,500
Rwanda				3,790	5,330	9,120	25,500
Senegal							4,135
Tunisia							1,676 ^{1/}
Upper Volta							2,110 ^{1/}
Uruguay		875	4,580	5,330		10,785	25,500
Zaire							38,568 ^{2/}
	<u>77,358</u>	<u>31,546</u>	<u>49,990</u>	<u>68,839</u>	<u>227,733</u>		842,435
	US\$227,733 at the rate of SwF 3.20 to US\$1						<u>728,744</u>
	Total: SwF 1,571,179						

^{1/} Received since 1.1.1974.^{2/} Partially received since 1.1.1974.

ANNEX B

SURPLUS ACCOUNT

(in Swiss francs)

Excess of 1973 income over estimated income		542,203
Unencumbered balance on the 1973 expenditure budget		<u>1,822,817</u>
		2,365,020
Transfer from provision for contributions in arrears in respect of receipts of arrears in 1973		<u>409,259</u>
		2,774,279
Deduct:		
Repayment to the Working Capital Fund	149,116	
Transfer to provision for contributions in arrears in respect of 1973 contri- butions in arrears	842,435	
Transfer to accounts receivable to write off debts irrecoverable	<u>196</u>	<u>991,747</u>
Balance as at 31 December 1973		<u>1,782,532</u> =====