

GENERAL AGREEMENT ON TARIFFS AND TRADE

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REPORT OF THE COMMITTEE ON BUDGET, FINANCE AND ADMINISTRATION

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INTRODUCTION

1. The Committee on Budget, Finance and Administration, appointed by the Council on 21 June 1974, met at the Villa le Bocage, Geneva, from 7 to 11 October 1974.

2. The Committee was chaired by Mr. J.P. Clark of Canada and the following thirteen members attended:

Australia	India	United Kingdom
Brazil	Ivory Coast	United States
Canada	Japan	Yugoslavia
France	Sweden	
Germany, F.R.	Switzerland	

Czechoslovakia, Italy and the Republic of Korea were represented by observers.

3. In accordance with its terms of reference, the Committee considered the Director-General's Financial Report on the 1973 Accounts of the GATT and the Report of the External Auditor thereon and the Budget Estimates for the Financial Year 1975 of the GATT and the International Trade Centre UNCTAD/GATT. In addition to the documents mentioned, the Committee examined the financial position of the GATT as at 30 September 1974 on the basis of out-turn figures prepared by the secretariat. The Committee also had before it the following working papers:

Outstanding Contributions as at 30 September 1974

Erosion of Salaries and Allowances for Staff in the Professional
Category and Above

Personnel Promotion Policy and Practice of GATT

Staff Assistance Fund

GATT Accommodation - Progress Report

Revised Budget Estimates for the International Trade Centre
UNCTAD/GATT for the Financial Years 1974 and 1975

Proposed Administrative Arrangements for the International Trade
Centre UNCTAD/GATT

Accounts of the International Trade Centre UNCTAD/GATT for the Year
Ended 31 December 1973 and Report of the Board of Auditors to the
General Assembly.

4. The Chairman opened the meeting by outlining the basic tasks of the Committee and pointed out that its work should not be restricted to the purely economic aspects of the secretariat's activities, but should be guided by the objective of ensuring that adequate but not excessive funds and resources were available to carry out the programmes entrusted to the secretariat by the CONTRACTING PARTIES, and that available funds were allocated and spent in a responsible and efficient manner.

5. The Committee then heard an introductory statement by the Director-General. He referred to the current financial situation and pointed out that, due to a number of factors, an appreciable surplus could be expected by the end of the financial year 1974. Savings had been made on the items for salaries and other staff costs as a result of GATT's economical use of staff resources. In particular, recruitment of personnel was made only when a real and urgent need was felt, especially with regard to Trade Negotiations posts in respect of which savings had accrued from the retarded rate of recruitment due to the slower development of the negotiations than was anticipated when the timetable for them and the 1974 budget were established. Another major contributing factor was that income accruing from interest on investments had been considerably higher than originally anticipated, as a result of the very high interest rates offered throughout the year. In addition, as the Committee had already noted at its meeting in July 1974, further savings would be realized in 1974 due to the fact that some staff members had seen their dollar-based take-home-pay reduced again as a result of currency fluctuations.

6. With regard to the 1975 budget estimates, the Director-General drew the Committee's attention to the fact that, of the total increase of 9.75 per cent over the 1974 budget, 8.49 per cent represented unavoidable inflationary increases, 0.16 per cent was due to net additional requirements for the multilateral Trade Negotiations and only 1.10 per cent resulted from all other requirements. Taking into account the work programme ahead, including the important tasks within the framework of the Trade Negotiations, the estimates were modest.

7. In answer to questions, the Director-General pointed out that each item of the budget had been calculated very carefully and, in order to make his own contribution to the fight against inflation, he had adjusted items to take account of inflationary trends only where it was absolutely necessary. This had resulted in the relatively low overall rate of 8.49 per cent for unavoidable increases.

8. He had proposed no increase in the total permanent establishment which remained at the 1974 level of 198 posts. However, after very careful scrutiny, he had made proposals for the regrading of two posts in the professional category and five posts in the general service category, and had requested authority to regrade in 1975 two other posts in the professional category if

circumstances should so warrant. With regard to the desirability of consolidating some temporary assistance into permanent posts, the Director-General pointed out to the Committee that the creation of new posts was not necessarily advantageous. The nature of GATT's work as a negotiating body required great flexibility in staffing and, consequently, a high ratio of temporary assistance to permanent posts to give the necessary adaptability in changing circumstances. This policy permitted keeping the secretariat small and efficient. In this respect he said that the Statistical Section was now making full use of the computer facilities offered by the International Computer Centre.

9. In answer to questions regarding the budget for the Trade Negotiations, the Director-General said that very recent information indicated that the negotiations would be able to achieve full intensity at an early date. As actual requirements were still difficult to anticipate, the budget for the negotiations had been established on a "calculated risk" basis, as the negotiations which were delayed in 1974 were likely to have an impact on the 1975 programme.

10. Turning to the question of the erosion of staff salaries and allowances, the Director-General recalled that he had expressed his views on this subject on several occasions and reminded the Committee in particular of the reduction in purchasing power that the pensions received by GATT pensioners had suffered as a result of the combined effects of continuing inflation and of currency movements. With this situation in mind he had for 1975 again proposed a provision of SwF 20,000 to enable the CONTRACTING PARTIES to make a contribution to the GATT Staff Assistance Fund for the purpose of assisting those ex-GATT staff members most seriously affected. Answering questions, the Director-General said that the effect of the present situation on professional staff was unfortunate, especially as measures had been taken to protect the GATT budget from the consequences of currency fluctuations and that one half of the secretariat, namely the general service staff, were already paid in Swiss francs. In his opinion one could perhaps envisage an interim solution to the problem which would be compatible with the common system. For example a fixed accounting rate might be set for a period of, say, one year for the computation of salaries and allowances thereby avoiding fluctuation in remuneration due to changing exchange rates.

11. As regards the question of future accommodation for GATT, the Director-General drew the Committee's attention to the progress report prepared by the secretariat. He said that the Committee might wish to examine the possibility of deleting the provision of SwF 2.5 million made in the 1975 budget and to finance 1975 expenditure for the renovation of the present ILO building from the anticipated 1974 surplus.

12. With regard to the International Trade Centre UNCTAD/GATT, the Director-General had submitted revised budget estimates for 1974 and 1975 for the Committee's consideration. As the provision in the 1974 budget representing GATT's 50 per cent share of the Centre budget, had been made in Swiss francs,

the necessary funds were available to cover the supplementary contribution fixed in US dollars. The Director-General had also proposed that the Committee consider increasing the provision in the 1975 GATT budget to SwF 5,517,000 in order to cover GATT's share of the Centre's additional 1975 requirements. The Director-General drew the Committee's attention to the proposed administrative arrangements for the Centre which had been prepared by the Administrative Management Service of the United Nations in response to the recommendation made by the Joint Advisory Group on the ITC UNCTAD/GATT at its seventh session in January 1974. The Director-General reported that the contents of this report had been noted by the UNCTAD Trade and Development Board at its recent session in Geneva and hoped that the arrangements would meet the requirements of the parties concerned, at least for the immediate future.

A. GATT SECRETARIAT

I. REPORT ON THE 1973 ACCOUNTS AND REPORT
OF THE EXTERNAL AUDITOR THEREON

13. The Committee examined the Report on the 1973 Accounts and the Report of the External Auditor thereon and was given additional information and explanations by representatives of the secretariat.

14. The Committee recommends that the CONTRACTING PARTIES approve the audited accounts for 1973 and convey to the auditor their thanks for the valuable assistance given to the CONTRACTING PARTIES in the audit of these accounts.

II. FINANCING OF THE 1974 BUDGET

15. The Committee examined the financial position as at 30 September 1974 on the basis of out-turn figures prepared by the secretariat. It noted that, as a result of the factors outlined by the Director-General in his introductory statement (paragraph 5), the budget was expected to close with a year-end surplus of some two and a half million Swiss francs. The Committee welcomed the Director-General's proposal with regard to the disposal of this surplus which would have the effect of reducing contracting parties' contributions to the 1975 budget. However, one member of the Committee proposed that an amount of SwF 20,000 be set aside to make a contribution to the Staff Assistance Fund, thus enabling the deletion of the proposed provision in the 1975 budget. The Committee therefore agreed to recommend to the CONTRACTING PARTIES that the anticipated 1974 surplus be disposed of as follows:

- (a) an amount of SwF 20,000 be earmarked for payment in 1975 to the Staff Assistance Fund;
- (b) an amount of SwF 1,250,000 be earmarked towards 1975 income; and
- (c) the balance of the 1974 surplus account be transferred to the Building Fund.

16. The Committee examined the situation with regard to outstanding contributions at 30 September 1974 and noted with satisfaction that the collection of contributions during the first nine months had been good. However, a small number of contracting parties continued to be in arrears. The importance of prompt payment of contributions was stressed since it was in the interest of all contracting parties to avoid financial management problems particularly during the Trade Negotiations. The Director-General was requested to pursue his efforts to obtain payment of outstanding contributions and the Committee agreed to recommend to the Council that governments be urged to pay contributions as early as possible in the year in which they fall due.

III. ESTIMATES OF EXPENDITURE FOR 1975

17. Before the Committee commenced its item-by-item examination of the 1975 expenditure estimates a representative of the Director-General informed the Committee that the General Assembly of the United Nations, at its present session, would be presented with proposals (a) to make an interim adjustment of 6 per cent to salaries for staff in the professional and higher categories, (b) to consolidate two classes of post adjustment into base salary, and (c) to adjust certain allowances for this category of staff. He pointed out that GATT's normal policy was to budget for salary adjustments only when the General Assembly had taken a decision in this respect. However, in view of the fact that a decision would not be taken before December 1974 and the significant financial implications arising from these proposals, he suggested that the Committee examine the possibility of adjusting the budget estimates at this stage. He pointed out that the 1975 estimates already included a provision of SwF 105,000 to cover the proposed higher allowances and informed the Committee that the resulting additional cost to the budget in respect of the adjustment of the salary scales with effect from 1 January 1975 was estimated at SwF 1,088,000. The following budgetary items were affected:

Swiss francs

PART I: MEETINGS

Section 2 - Meetings of the Council and other Meetings

- | | | |
|-----|--|--------|
| (i) | Temporary assistance
(including overtime) | 10,000 |
|-----|--|--------|

PART II: SECRETARIAT

Section 1 - Salaries and Wages and Official Travel

- | | | |
|------|--|---------|
| (i) | Established posts | 495,000 |
| (ii) | Temporary assistance (including
overtime) and consultants | 34,000 |

Section 2 - Common Staff Costs

- | | | |
|------|--|---------|
| (iv) | Contribution to the United Nations
Joint Staff Pension Fund | 180,000 |
| (ix) | Other common staff costs | 10,000 |

Swiss francs

PART IV: TRADE NEGOTIATIONS

Section 1 - Trade Negotiations

(i)	Temporary assistance (including overtime)	146,000
(ii)	Common staff costs	40,000

PART V: INTERNATIONAL TRADE CENTRE UNCTAD/GATT

Section 1 - Contribution to the International
Trade Centre UNCTAD/GATT

173,000

1,088,000

=====

18. One member of the Committee suggested that provision for such expenditure should only be made when a final decision had been taken by the General Assembly and the question of its financing could be considered at a future meeting of the Committee. However, in view of the consequent delay in approving the budget and the difficulties that would be created for governments if supplementary estimates became necessary, the Committee agreed to make provision for this expenditure now, on the understanding that, if the General Assembly did not approve all or part of the proposals, savings would accrue in the 1975 budget. Such savings would, as usual, revert to contracting parties.

Meetings

19. Some members of the Committee, taking into account the experience of recent years, felt that an estimate for a two-week meeting in respect of the 31st Session of the CONTRACTING PARTIES was excessive and were of the opinion that the estimate for this item could be maintained at the 1974 level. It was the Director-General's view that it would be premature to decide on the length of the Session at this stage because circumstances existing at the time the Session was held in 1975 would govern its duration. The Committee agreed to reduce the estimate for the 31st Session of the CONTRACTING PARTIES by SwF 10,000 to SwF 125,000 on the understanding that only the CONTRACTING PARTIES could decide on the length of their Session and that, should it prove necessary, the reduction made could be easily reinstated.

20. With regard to other meetings, one member of the Committee pointed out that some difficulty might be experienced in carrying out a normal programme of meetings in 1975 if the schedule for meetings for the Trade Negotiations was also heavy.

Regradings

21. The Committee accepted the regradings contained in the expenditure estimates for 1975 as proposed by the Director-General. The Committee's discussions on this subject are reflected in paragraph 35. One member stated that he was accepting the regradings on the understanding that the discussion on personnel promotion policy would lead to a recommendation for a new approach with regard to regrading practice.

Temporary assistance

22. Answering questions, a representative of the Director-General informed the Committee that the provision for temporary assistance included an estimate to cover the salaries of the Chairman of the Textiles Surveillance Body and his staff. The Committee noted that, in order to keep the increase of this item to a minimum, the 1974 credit for consultants and other professional assistance had been partially offset against this provision.

Printing

23. During the examination of the item for Printing, the Committee was informed that the provision was based on the expected programme of printing for 1975 and the anticipated number of pages had been taken into consideration. The major reason for the increase over 1974 was the higher number of pages foreseen for 1975 and the expected higher production costs. In this respect, the Committee noted with satisfaction that the secretariat, anticipating price increases, had purchased printing paper in 1974 to partially cover 1975 requirements. Stocks thus enabled a lower provision for paper to be made in the 1975 estimates. The Committee was of the opinion that some reduction could be made in the provision and agreed to delete the estimate for one trade study, thus enabling economies of SwF 15,000.

Public information

24. Some members of the Committee were of the opinion that the provision for Public information could be reduced or eliminated. The Committee was informed that this provision was used for a programme designed to make the aims and activities of the GATT more widely known, mainly through regular contacts with representative journalists. The funds were used primarily to pay travel and subsistence costs involved in inviting selected individual journalists to visit GATT for one day for off-the-record briefings, by senior officials, on GATT and its current activities. For reasons of cost, invitations were confined to European-based journalists, but several had represented newspapers or other periodicals of non-European countries. The selection was not intended to be balanced in itself. A great proportion of the secretariat's contacts with the press was with Geneva-based journalists or with other journalists who visit Geneva on their own initiative. Those invited under the public information programme might be chosen for such reasons as their personal status as particularly influential writers, or the absence of a correspondent of their newspaper in Geneva. In view of these explanations, the Committee agreed to accept the provision as proposed.

Contribution to the staff's assistance fund

25. While recognizing the very difficult situation in which GATT pensioners found themselves as a result of the combined effect that continuing inflation and currency movements had had on their pensions, some members of the Committee stressed that the solution to the problem could come only from a reform of the Pension Fund system. In this respect, the Committee was informed by a representative of the secretariat of a proposal that had been made to the General Assembly of the United Nations intended to alleviate the situation somewhat.

26. The Committee recognized that a serious problem existed meanwhile. In view of the exceptional, transient nature of the situation, the Committee agreed to delete the provision of SwF 20,000 in the 1975 budget and to contribute an equal amount on an ad hoc basis and without prejudice to the forthcoming year from the anticipated 1974 surplus. This agreement was reached on the understanding that the funds be administered following the same principles as had been applied to the contributions made in 1973 and 1974. Some members of the Committee were of the view that the GATT staff should demonstrate solidarity with GATT pensioners by also making a substantial contribution.

Unforeseen expenditure

27. Some members of the Committee were of the opinion that the estimate for unforeseen expenditure was excessive and could be reduced. This was particularly true in view of the fact that, in recent years, recourse had been made to the item for unforeseen expenditure only as a result of currency fluctuations from which the budget was now protected. Further, the level of budgetary savings in recent years precluded the need for recourse to the item. Others felt, however, that in a year when activity would be intense due to the compressed schedule for Trade Negotiations meetings it would be unwise to make any reduction in this item. After considerable discussion it was agreed that a reduction of SwF 30,000 could be made without jeopardizing either regular or Trade Negotiations activities in 1975.

Contribution to the International Trade Centre UNCTAD/GATT

28. The Committee examined the revised estimate of SwF 5,690,000 representing GATT's contribution to the International Trade Centre UNCTAD/GATT in 1975, as reflected in Part B of this report.

Contribution to the Building Fund

29. Following the Director-General's recommendation, the Committee agreed to delete the provision of SwF 2.5 million for a contribution to the building fund in 1975 and to finance 1975 expenditure from the anticipated 1974 surplus. Discussion of this item is reflected in paragraph 34.

IV. INCOME BUDGET ESTIMATES FOR 1975

30. One member of the Committee was of the opinion that the estimate for miscellaneous income in 1975 was too conservative, especially when the expected results for 1974 were taken into consideration. A representative of the Director-General pointed out that 1974 had been a very exceptional year both from the point of view of high interest rates obtained in respect of short term Swiss franc investments and for the volume of contributions received early in the year. The large surplus that had been accruing during the year and which was invested had also helped to augment interest income.

The Committee agreed that the budget for 1975 be financed as follows:

	<u>Swiss francs</u>
(a) contributions assessed on contracting parties	26,335,000
(b) transfer of part of the anticipated surplus for 1974	1,250,000
(c) miscellaneous income	<u>682,000</u>
	28,267,000
	<u>=====</u>

V. OTHER MATTERS

Erosion of salaries and allowances for staff in the professional category and above

31. The Committee took note of the Director-General's proposals with regard to the erosion of salaries and allowances for staff in the professional category and above. In this connexion, the Chairman read to the Committee a note he had received from the President of the GATT Staff Council indicating the support of the staff for the putting forward of these proposals. While in the view of the staff they did not fully meet the needs that had been brought to the Committee's attention at previous meetings, the Committee was urged to take prompt and affirmative action, with effect from 1 January 1974. While expressing sympathy for the situation in which some GATT staff members found themselves, the Committee did not feel itself able to advance significantly from the position that it had adopted at its meeting in July, and repeated that deviation from the common system should be avoided at all costs. It felt, however, that the formation of an informal contact group, composed of members of the Committee, representatives of the staff and representatives

of the secretariat could be useful. The group should have available to it the results of the United Nations General Assembly's consideration of the proposals to be examined at its present session in this respect and should be provided with further technical information by the secretariat in order to enable it to make a thorough review of the situation, including whether there are possible steps that could be taken which do not contradict the common system. Steps to be examined in this light might include the implications of establishing professional salaries and allowances in Swiss francs and of setting a yearly fixed accounting rate for salaries and allowances. The Committee would meet again in the not-too-distant future to consider the group's findings.

32. A representative of the secretariat informed the Committee of GATT practice with regard to the payment of education grants. He pointed out that since GATT's accounts were now kept in Swiss francs, advances paid in respect of education grants were not converted into dollars. Further, in a few cases, where the maximum reimbursement level was applicable, reimbursement was made at an exchange rate which would not be less than the rate prevailing at the beginning of the school year. The Committee also noted that the financial implications of this practice were insignificant.

Staff Assistance Fund

33. The Committee took note of the report of the Chairman of the GATT Staff Council, submitted through the Director-General, with disbursements made to GATT pensioners. Discussion of this item is reflected in paragraphs 25-26.

GATT Accommodation - Progress Report

34. The Committee was informed by a representative of the Director-General that the removal of the ILO from its present building to its new premises had been delayed by several months and consequently the tentative dates for the transfer of the GATT secretariat to the present ILO building were also set back. Renovation work would be retarded by several months and, therefore, incidence of approximately half of the requirements for 1975 would be delayed until 1976. The Committee noted with concern that additional cost would eventually accrue to GATT from this delay, due to inflation. One member of the Committee suggested that the possibility of installing a closed-circuit television system coupled with simultaneous interpretation might be considered before requirements for meeting rooms were finalized. In view of rising meeting room costs, this could perhaps be an economical way of accommodating meetings such as the annual Session of the CONTRACTING PARTIES and the Textiles Committee, too large to be held in the main conference room of the ILO building, thus avoiding payment of outside rental cost.

Personnel promotion policy and practice of GATT

35. The Committee reviewed the secretariat's working paper on personnel promotion policy and practice of GATT. One member was of the opinion that GATT's policy could, in the long term, lead to an escalation of grades and, consequently, to a changed grading infrastructure, especially since, in his opinion, GATT posts when originally established had been graded at a relatively high level in order to compensate for limited opportunities for promotion. The Committee examined various suggestions and came to the conclusion that the Director-General should be requested, when making regrading proposals in future budgets, to consider linking the requested grade to the incumbent. If posts were so regraded they would revert to the original level when vacated by the incumbent. When it was not possible to regrade a post in this manner, the system of combined grades might be applied where appropriate.

External audit

36. The Committee noted that the Director-General intended to make the necessary arrangements with the External Auditor for the final audit of the 1974 accounts of the GATT, for an interim audit of the 1975 accounts and for the submission to the CONTRACTING PARTIES of the auditor's report for 1974 in accordance with the decision taken by the CONTRACTING PARTIES in 1951.

VI. CONCLUSION

37. 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 14
Paragraph 15
Paragraph 16
Paragraph 37

DRAFT RESOLUTION ON THE EXPENDITURE OF THE CONTRACTING PARTIES
IN 1975 AND THE WAYS AND MEANS TO MEET SUCH EXPENDITURE

The CONTRACTING PARTIES

HAVING CONSIDERED

the estimates of expenditure of the CONTRACTING PARTIES for 1975 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 1975, provided that such repayment does not exceed a total of 28,267,000 Swiss francs;
2. The repayment referred to in paragraph 1 shall be financed as follows:
 - (a) by contributions from contracting parties in the amount of 26,335,000 Swiss francs;
 - (b) by transfer of part of the anticipated surplus in 1974 in the amount of 1,250,000 Swiss francs;
 - (c) by miscellaneous income estimated at 682,000 Swiss francs;
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 1975;
4. The contributions of the contracting parties shall be assessed in accordance with the attached scale of contributions. Contributions from contracting parties are considered as due and payable in full as from 1 January 1975.

SCHEDULE I

REVISED ESTIMATES OF EXPENDITURE FOR THE FINANCIAL YEAR 1975

SUMMARY

	<u>Original</u> <u>Estimates</u> <u>(L/4040)</u> <u>SwF</u>	<u>Increases</u> <u>SwF</u>	<u>Decreases</u> <u>SwF</u>	<u>Revised</u> <u>Estimates</u> <u>SwF</u>	
PART I: <u>MEETINGS</u>					
<u>Section</u>					
1	Thirty-first session of the CONTRACTING PARTIES	135,000	-	10,000	125,000
2	Meetings of the Council and other meetings	<u>370,000</u>	<u>10,000</u>	-	<u>380,000</u>
	Total Part I:	<u>505,000</u>	<u>10,000</u>	<u>10,000</u>	<u>505,000</u>
PART II: <u>SECRETARIAT</u>					
<u>Section</u>					
1	Salaries and wages and official travel	12,621,000	529,000	-	13,150,000
2	Common staff costs	2,985,000	190,000	-	3,175,000
3	Common services	1,610,700	-	-	1,610,700
4	Printing	400,000	-	15,000	385,000
5	Representation and hospitality	78,000	-	-	78,000
6	Public information	5,000	-	-	5,000
7	Permanent equipment	150,000	-	-	150,000
8	Special projects	20,000	-	-	20,000
9	Contribution to a Staff Assistance Fund	<u>20,000</u>	-	<u>20,000</u>	-
	Total Part II	<u>17,889,700</u>	<u>719,000</u>	<u>35,000</u>	<u>18,573,700</u>

		<u>Original</u> <u>Estimates</u> <u>(L/4040)</u> <u>SwF</u>	<u>Increases</u> <u>SwF</u>	<u>Decreases</u> <u>SwF</u>	<u>Revised</u> <u>Estimates</u> <u>SwF</u>
PART III: <u>UNFORESEEN EXPENDITURE</u>					
<u>Section</u>					
1	Unforeseen expenditure	230,000	-	30,000	200,000
PART IV: <u>TRADE NEGOTIATIONS</u>					
<u>Section</u>					
1	Trade Negotiations	3,112,300	186,000	-	3,298,300
PART V: <u>INTERNATIONAL TRADE CENTRE</u> <u>UNCTAD/GATT</u>					
<u>Section</u>					
1	Contribution to the Inter- national Trade Centre UNCTAD/GATT	5,235,000	455,000	-	5,690,000
PART VI: <u>ACCOMMODATION</u>					
<u>Section</u>					
1	Contribution to the Building Fund	2,500,000	-	2,500,000	-
	Grand Total	<u>29,472,000</u>	<u>1,370,000</u>	<u>2,575,000</u>	<u>28,267,000</u>

SCHEDULE II

REVISED ESTIMATES OF EXPENDITURE
FOR THE FINANCIAL YEAR 1975

DETAILED SCHEDULES

Swiss francs

PART I: MEETINGS

Section 1 - Thirty-first Session of
the CONTRACTING PARTIES

(i)	Temporary assistance (including overtime)	95,000
(ii)	Travel and subsistence of temporary staff	8,000
(iii)	Rental of meeting rooms and additional office space	20,000
(iv)	Other services	<u>2,000</u>

Total Section 1: 125,000

Section 2 - Meetings of the Council
and other Meetings

(i)	Temporary assistance (including overtime)	300,000
(ii)	Travel and subsistence of temporary staff	8,000
(iii)	Rental of meeting rooms and additional office space	70,000
(iv)	Other services	<u>2,000</u>

Total Section 2: 380,000

Total PART I: 505,000
=====

Swiss francs

PART II: SECRETARIAT

Section 1 - Salaries and Wages and Official Travel

(i)	Established posts	12,065,000	
(ii)	Temporary assistance (including overtime) and consultants	850,000	
(iii)	Travel on official business	<u>215,000</u>	
	Total Section 1:		13,150,000

Section 2 - Common Staff Costs

(i)	Installation grants	30,000	
(ii)	Travel and removal expenses of staff and their dependants	105,000	
(iii)	Separation payments	85,000	
(iv)	Contributions to the United Nations Joint Staff Pension Fund	1,870,000	
(v)	Repatriation grants	100,000	
(vi)	Travel on home leave	150,000	
(vii)	Family allowance, education grants and related travel		
	(a) Family allowances	370,000	
	(b) Education grants and related travel	200,000	
(viii)	Joint services	75,000	
(ix)	Other common staff costs	<u>190,000</u>	
	Total Section 2:		3,175,000

		<u>Swiss francs</u>
<u>Section 3 - Common Services</u>		
(i)	Cables and telephone communications	19,000
(ii)	Freight and cartage	9,000
(iii)	Books and information material	55,000
(iv)	Rental and maintenance of premises and equipment:	
	(a) Rent	15,000
	(b) Electricity	25,000
	(c) Water supply	4,000
	(d) Heating	47,000
	(e) Telephone (rental and local calls)	28,000
	(f) Insurance premiums	90,000
	(g) Cleaning materials	3,700
	(h) Maintenance expenditure	130,000
	(i) Casual labour	185,000
	(j) Maintenance of service cars	11,000
(v)	Postal services	190,000
(vi)	Stationery and office supplies	80,000
(vii)	Reproduction and distribution of documents	425,000
(viii)	External audit	19,000
(ix)	Other services and miscellaneous expenditure	<u>275,000</u>
Total Section 3:		1,610,700
Section 4 - <u>Printing</u>		385,000
Section 5 - <u>Representation and Hospitality</u>		78,000
Section 6 - <u>Public Information</u>		5,000
Section 7 - <u>Permanent Equipment</u>		150,000
Section 8 - <u>Special Projects</u>		<u>20,000</u>
Total PART II:		<u>18,573,700</u> =====

Swiss francs

PART III: UNFORESEEN EXPENDITURE

Section 1 - <u>Unforeseen Expenditure</u>	200,000
	=====

PART IV: TRADE NEGOTIATIONS

Section 1 - Trade Negotiations

(i)	Temporary assistance (including overtime)	2,284,000
(ii)	Common staff costs	501,000
(iii)	Travel	50,000
(iv)	Rental of meeting rooms and additional office space	250,000
(v)	General expenses	200,000
(vi)	Hospitality	<u>13,300</u>

Total PART IV:	3,298,300
	=====

PART V: INTERNATIONAL TRADE CENTRE UNCTAD/GATT

Section 1 - <u>Contribution to the International Trade Centre UNCTAD/GATT</u>	5,690,000
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Grand Total:	28,267,000
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SCHEDULE III

SCALE OF CONTRIBUTIONS FOR 1975

(Scale including a single minimum of 0.12%)

Country	Contributions in Swiss francs
<u>Contracting parties</u>	
Argentina.	118,500
Australia.	429,300
Austria.	316,000
Bangladesh	36,900
Barbados	31,600
Belgium.	1,021,800
Brazil	310,800
Burma.	31,600
Burundi.	31,600
Cameroon	31,600
Canada	1,390,500
Central African Republic	31,600
Chad	31,600
Chile.	63,200
Congo, People's Republic of the.	31,600
Cuba	73,700
Cyprus	31,600
Czechoslovakia	350,300
Dahomey.	31,600
Denmark.	347,600
Dominican Republic	31,600
Egypt, Arab Republic of.	57,900
Finland.	210,700
France	1,898,800
Gabon.	31,600
Gambia	31,600
Germany, Federal Republic of	3,081,200
Ghana.	31,600
Greece	115,900
Guyana	31,600
Haiti.	31,600
Hungary.	221,200
Iceland.	31,600
India.	165,900

Country	Contributions in Swiss francs
<u>Contracting parties (cont'd)</u>	
Indonesia.	81,600
Ireland.	129,000
Israel	113,200
Italy.	1,298,300
Ivory Coast.	36,900
Jamaica.	31,600
Japan.	1,869,800
Kenya.	31,600
Korea, Republic of	163,300
Kuwait	129,000
Luxembourg	89,500
Madagascar	31,600
Malawi	31,600
Malaysia	129,000
Malta.	31,600
Mauritania	31,600
Mauritius.	31,600
Netherlands, Kingdom of the.	1,287,800
New Zealand.	118,500
Nicaragua.	31,600
Niger.	31,600
Nigeria, Federal Republic of	134,300
Norway	279,200
Pakistan	42,100
Peru	55,300
Poland	368,700
Portugal	173,800
Rhodesia	31,600
Romania.	150,100
Rwanda	31,600
Senegal.	31,600
Sierra Leone	31,600
Singapore.	205,400
South Africa	223,900
Spain.	366,100
Sri Lanka.	31,600
Sweden	592,500
Switzerland.	539,900

Country	Contributions in Swiss francs
<u>Contracting parties (cont'd)</u>	
Tanzania	31,600
Togo	31,600
Trinidad and Tobago.	39,500
Turkey	84,300
Uganda	31,600
United Kingdom of Great Britain and Northern Ireland	2,120,000
United States of America	3,805,400
Upper Volta.	31,600
Uruguay.	31,600
Yugoslavia	194,900
Zaire.	42,100
<u>Associated Governments:</u>	
Khmer Republic	31,600
Philippines.	92,200
Tunisia.	31,600
	<u>26,335,000</u>

B. INTERNATIONAL TRADE CENTRE UNCTAD/GATT

I. ACCOUNTS OF THE INTERNATIONAL TRADE CENTRE UNCTAD/GATT
FOR THE YEAR ENDED 31 DECEMBER 1973 AND REPORT OF THE
BOARD OF AUDITORS TO THE GENERAL ASSEMBLY

38. The Committee had before it, for information, the 1973 Accounts of the Centre and the Report of the Board of Auditors to the General Assembly thereon.

39. The Committee took note of the fact that, under the new administrative arrangements for the Centre approved by the Council on 19 December 1972, responsibility for the external audit of the Centre's accounts passed to the United Nations Board of Auditors with effect from 1 January 1973. It also noted that the actual transfer of responsibility for administrative and financial matters from GATT to the International Trade Centre and the Office of the United Nations at Geneva took place on 1 March 1973. All amounts held by GATT on behalf of the Centre were transferred at that date to the Office of the United Nations at Geneva, together with details of Centre transactions handled by GATT during January and February, for incorporation into the Centre's accounts for 1973.

40. The Committee also noted that, although GATT had relinquished responsibility for financial management of the Centre, it still retained general policy responsibilities for which no reimbursement was claimed. However, for practical and economic reasons, GATT and the Centre had pooled their translation and typing services, and compensation was obtained from the Centre if Centre work exceeded the capacity of the staff provided for this purpose.

II. REVISED BUDGET ESTIMATES FOR THE INTERNATIONAL TRADE CENTRE
UNCTAD/GATT FOR THE FINANCIAL YEAR 1974

41. The Committee noted that, due to the effects of inflation and currency fluctuations since its preparation, the regular Centre budget for 1974 had to be revised to \$3,204,000, of which the GATT share amounted to \$1,583,000. The GATT share originally approved by the CONTRACTING PARTIES amounted to \$1,492,000 based on an accounting rate of US\$1/SwF 3.23. The revised estimates had been established at US\$1/SwF 2.98. As at 30 September 1974 an amount of SwF 1,566,824.25 was still available on Part V of the 1974 GATT budget. On the assumption that the dollar rate remained at approximately SwF 3 to \$1 until the end of the financial year, this amount would be adequate to cover the additional contribution resulting from the revised budget.

42. The Committee recommends that the CONTRACTING PARTIES approve the revised estimates of expenditure of the International Trade Centre UNCTAD/GATT for the financial year 1974 in the amount of \$3,204,000. The additional GATT contribution of \$91,000, i.e. a 50 per cent share of the supplementary requirements of \$182,000, will be paid to the Centre from Part V, Section 1, of the GATT budget, on the assumption that the United Nations will contribute a total amount of \$1,583,000 to the 1974 Centre budget.

III. BUDGET ESTIMATES FOR THE FINANCIAL YEAR 1975

43. The Committee had before it document L/3881 containing the International Trade Centre biennial budget estimates 1974-1975, prepared in accordance with United Nations practice. These estimates had been presented in July 1973 and the accounting rate used for their preparation was US\$1/SwF 3.23. It was noted that the GATT provision of SwF 5,235,000 for a contribution of \$1,620,000 to the 1975 Centre budget was based on these estimates on the understanding that revised estimates might need to be submitted.

44. The Committee also noted that the United Nations General Assembly at its 28th Session in 1973 approved a contribution of \$1,546,000 to the total regular Centre budget of \$3,120,000. This figure was based on an accounting rate of US\$1/SwF 3.41.

45. The revised estimates, which had been presented by the Centre in September 1974 and were now before the Committee, amounted to \$3,706,000, based on an accounting rate of US\$1/SwF 2.98. They had been established to take account of the effects of inflation and currency shifts and urgent additional office space requirements. Actual computation with respect to these items had not been possible at the time that the original estimates were prepared at the beginning of 1973.

46. In addition, pending approval by the General Assembly of the United Nations, the Committee had agreed to make provision for a possible 6 per cent salary increase for staff in the professional category and above, effective 1 January 1975, the incorporation of two classes of post adjustment with effect from the same date and adjustment of certain allowances for this category of staff. These adjustments would result in additional requirements for the 1975 Centre budget of US\$115,000. The total revised Centre regular budget estimates for 1975 would thus amount to \$3,821,000.

47. The Committee noted that GATT's share of the revised Centre budget estimates for 1975 amounted to \$1,896,500 and agreed that a provision of SwF 5,690,000, based on a rate of US\$1/SwF 3, be made under Part V of the GATT budget for 1975.

IV. PROPOSED ADMINISTRATIVE ARRANGEMENTS FOR THE INTERNATIONAL TRADE CENTRE UNCTAD/GATT

48. The Committee took note of the report which had been prepared by the Administrative Management Service (AMS) of the United Nations, had been considered by the UNCTAD Trade and Development Board and would be submitted for approval to the appropriate organs of the General Assembly.

49. In answer to questions, a representative of the International Trade Centre informed the Committee that the Centre had accepted the proposed administrative arrangements as a compromise solution in the hope that they would be reviewed after a period of, say, one to two years.

50. The Committee expressed concern about the financial impact of the administrative arrangements which had already been made. Many members of the Committee, in referring to document Spec(74)45, stated that the \$170,000 cost for new posts came as a surprise. These members stated that when initial discussions had been held between United Nations officials and interested governments, there was an understanding that new administrative arrangements would involve the creation of no new posts. They now understood these new costs would be borne by UNDP overheads and not by the regular Centre budget, but they strongly objected to the practice - beyond the Centre's control - of not having been informed of these surprising new costs.

51. A representative of UNCTAD drew the attention of the Committee to the fact that, as noted in paragraphs 2 and 3 of document Spec(74)45, all costs of administrative arrangements, which it was proposed should become effective on 1 January 1975, concerned the administrative support for technical assistance and would, therefore, be borne by overhead funds which were available for this purpose. The proposed transfer of responsibilities involved a redistribution of expenditures between the organizational units concerned, i.e. United Nations New York, United Nations Office at Geneva, UNCTAD and the International Trade Centre UNCTAD/GATT. However, it did not generate new expenditure in the overall context of administrative support for technical assistance. Consequently, no additional funds were requested, but the available overhead funds would be redistributed according to the new allocation of responsibilities.

52. The members raising the matter stated that they were already aware of this explanation, but felt that in the light of the fact that the arrangements had first been promoted on the basis that they would involve no new posts, the governments should have been informed of the new posts in advance. They also said that, whenever new posts were created, the governments ultimately paid the added cost through some budgetary channel.

53. The Committee recommends to the CONTRACTING PARTIES that a report should be prepared for submission to the appropriate governing bodies of UNCTAD and GATT and for final submission to ACABQ and the General Assembly summarizing the remaining actions to be taken relative to the administrative arrangements for ITC, together with certain affirmations of the legal status of ITC and its staff, including:

- (a) Confirmation that ITC is a subsidiary organ of both the United Nations and of GATT and that its regular staff, though limited in service to ITC, have the same rights and benefits as other staff members of the United Nations;

- (b) Affirmation of the legal authority of ITC to continue to exercise the responsibilities it has assumed relative to the acceptance and use of trust funds, together with authority to approve payments from trust funds;
- (c) Confirmation that the arrangements for the administration by ITC of its project staff paid from trust funds, including appointment authority for such staff, be as set forth in the Annex to document Spec(74)45.

V. CONCLUSION

54. The Committee recommends that the CONTRACTING PARTIES approve the estimates of expenditure of the International Trade Centre UNCTAD/GATT for the financial year 1975 in the amount of \$3,821,000. A contribution of \$1,896,500 will be made to the Centre from Part V of the 1975 GATT budget on the assumption that \$1,896,500 will be borne by the United Nations and \$28,000 will be forthcoming as miscellaneous income. The Committee further recommends that the CONTRACTING PARTIES approve the estimates of expenditure in Part II of the Centre budget in the amount of \$610,000, on the assumption that this sum will be available from the overhead contributions for extra-budgetary projects financed by UNDP and voluntary contributions. In view of the contingent nature of the estimates under overheads, which are dependent upon the level of extra-budgetary projects under execution and the percentage of overhead contribution allocated to the Centre, it is understood that the expenditure estimates under Part II may be exceeded in parallel with any increase of actual receipts of such contributions to ensure effective back-stopping of such projects.

POINTS FOR DECISION: Paragraph 42
 Paragraph 53
 Paragraph 54