

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

L/4350  
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## REPORT OF THE COMMITTEE ON

### BUDGET, FINANCE AND ADMINISTRATION

1. The Committee on Budget, Finance and Administration met on 24 and 25 May 1976 to examine the final position of the 1975 GATT budget (document L/4336) and the financial implications arising from the revision of the scales for salaries and family allowances for General Service category staff (document L/4341).
2. The Committee was chaired by Mr. K.I. Gates of Australia and the following eleven members attended:

Australia	Germany, F.R.	Switzerland
Brazil	Israel	United Kingdom
Canada	Japan	United States
France	Sweden	

Italy was represented by an observer.

3. At the commencement of the meeting the Committee heard an introductory statement by the Director-General. He referred to the new salary scales for general service category staff which had been issued by the Secretary-General of the United Nations resulting from the recent study which had been carried out in Geneva and the subsequent negotiations between the staff representatives and the personal representative of the Secretary-General. He pointed out that, as GATT operated within the common system, these scales were applicable to the GATT staff and as a result, additional cost accrued to the GATT budget amounting to approximately Sw F 435,000<sup>1</sup> for 1975 and approximately Sw F 1,230,000<sup>1</sup> for 1976. The Director-General has proposed in document L/4341 that the additional cost in respect of 1975 be met by transfer from the 1975 surplus account which amounted to Sw F 689,070. With regard to the additional expenditure to the 1976 budget he had

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<sup>1</sup>The amounts with respect to the International Trade Centre UNCTAD/GATT, which are included in these figures, are subject to confirmation.

proposed that it be financed from savings within the appropriate sections of the budget or by transfers from other sections. If it should not prove possible to finance the full amount of the additional expenditure in this way, the Director-General requested authority to transfer the necessary funds from Part III - Unforeseen expenditure and to have recourse to the Working Capital Fund if necessary. He would see to it that a maximum level of economies was achieved but he pointed out that this would be particularly difficult in view of the fact that the 1976 budget had been calculated very closely.

4. With regard to the balance of the 1975 surplus account, the Director-General recalled that he had informed the Council in February of difficulties which had been encountered by UNDP in the financing of the 1976 GATT Commercial Policy Courses. He had stated that an amount of Sw F 150,000 had to be found in order to avoid the cancellation of the 1976 course for French-speaking participants. He informed the Committee that he was seeking voluntary contributions from governments in order to avoid using the 1975 surplus account but the final result of his efforts could only be known later this year. At its October meeting the Committee should therefore be in possession of precise figures in this respect when considering how to allocate the balance of the 1975 surplus account.

5. In considering the question of financing additional expenditure in 1975 and 1976, the Committee noted that GATT was an efficient and well-run organization which operated on the basis of lean budgeting.

6. The Committee felt strongly that the system for establishing salaries for staff in the general service category was unsatisfactory. Several members of the Committee indicated that in their view the way in which the situation with regard to the General Service salary question had been allowed to develop, and the way in which the dispute was resolved, had harmed the common system. They indicated that their authorities would be pressing for action in the Fifth Committee to prevent this situation from arising again. In particular they hoped that the International Civil Service Commission would consider this question as a matter of priority and wished this view to be communicated to the ICSC.

7. Some governments, in view of their own national budgetary difficulties, could not envisage supplementary contributions for 1976 nor the authorization of the use of the Working Capital Fund. The Committee therefore requested the Director-General to finance additional expenditure in 1976 by making savings within the budget and, if necessary, by using the item for unforeseen expenditure. The policy of austerity should also be applied in the preparation of the 1977 budget estimates.

8. The Director-General pointed out that the areas in which significant economies could be made were limited. However, at this stage, he could propose economies by deferring the printing of certain publications but this procedure merely moved expenditure into the following budgetary period. In his opinion real economies could be achieved by reducing the number of meeting days since it

was estimated that the cost of one meeting day was in the region of Sw F 5,000. Some members of the Committee stated that only contracting parties themselves could decide whether meetings could be reduced in number or length. Some said it would be most useful if representatives of the secretariat could remind participants at each GATT meeting of the financial implications when setting dates for future meetings. However, some members cautioned that delegations should not use budgetary considerations as a means of avoiding meetings which did not suit their substantive objectives. The Bocage meeting room should be used in preference to outside meeting rooms.

9. A representative of the secretariat stated that, in view of the fact that the 1976 budget had been calculated very closely, it was not possible to foresee at this stage the final budgetary position with any accuracy, when the figures for only four months of the year were to hand, especially in view of the effect that fluctuating exchange rates and the development of the Trade Negotiations had on the budget.

10. The Committee agreed to recommend to the Council that the additional cost for 1975 of approximately Sw F 435,000 arising from the new salary scales and the increased rates of dependency allowances for staff in the general service category be met by transfer from the 1975 surplus account.

11. The Committee further recommends that the Council approve the transfers between budgetary sections set out in paragraph 4 of document L/4336 to cover excess expenditure over approved appropriations of the 1975 budget.

12. The Committee agreed to reconsider the allocation of the balance of the 1975 surplus account at its October meeting.

13. The Committee further agreed to recommend to the Council that the additional expenditure to the 1976 budget be financed from savings within the appropriate sections of the budget or by transfer from other sections. Should it not prove possible to finance the full amount of additional expenditure in this way, the Director-General be authorized to transfer the necessary funds from Part III - Unforeseen expenditure.

14. Two delegations said that they had serious reservations about the decisions relating to the general service category salary settlement but did not wish to block a consensus on the Committee's recommendations.

15. The Committee agreed that a detailed schedule of savings that could possibly be achieved within the 1976 budget should be prepared by the secretariat before the Committee's meeting in October, and that this schedule, together with all other feasible means of meeting the additional 1976 expenditure should be examined by the Committee at its October meeting.