

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

L/7017

5 June 1992

Limited Distribution

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

### INTRODUCTION

1. The Committee on Budget, Finance and Administration met on 26 May 1992.

2. The Committee was chaired by Mr. A. Szepesi of Hungary and the membership of the Committee was as follows:

Australia	India	Singapore
Brazil	Israel	Spain
Canada	Italy	Sweden
Chile	Jamaica	Switzerland
Colombia	Japan	United Kingdom
France	Korea, Rep. of	United States
Germany, Fed. Rep.	Malaysia	Venezuela
Hong Kong	Netherlands	Zaire
Hungary	Nigeria	

3. Bangladesh, Egypt, Indonesia, Ivory Coast, Mexico, Pakistan, Peru, Senegal, Sri Lanka, Tanzania and Turkey were represented by Observers.

#### I. DIRECTOR-GENERAL'S FINANCIAL REPORT ON THE 1990 ACCOUNTS OF THE GENERAL AGREEMENT ON TARIFFS AND TRADE AND REPORT OF THE EXTERNAL AUDITOR THEREON (L/6970)

4. The Committee examined the Director-General's Financial Report on the 1990 Accounts of the General Agreement on Tariffs and Trade and the Report of the External Auditor thereon and heard explanations from the Secretariat on the main points.

5. The Secretariat said that the report was based on the Final Position of the 1990 Budget of the GATT (document L/6860) examined by the Committee in October 1991 and subsequently approved by the Council at the November 1991 Meeting. It was explained that the uncovered balance in 1990 of Sw F 369,827 was financed by the introduction of a provision in the 1991 budget of Sw F 261,327 for the restitution of the 1990 deficit and that the remaining balance of Sw F 108,500 was financed through receipts of prior year contributions.

6. It was also explained that voluntary payments made by observer countries in connection with the documentation services provided by the GATT were credited to Miscellaneous Income and amounted in 1990 to Sw F 23,759; that the Working Capital Fund was raised to SwF 4,000,000 in 1989 and to Sw F 4,644,396 at the end of 1990 by advances from new contracting parties and the interest earned by the Fund. In reply to question raised by a member, the Secretariat said that the only subsidies provided for the Snack-bar were in the form of rent and utilities and that the salaries and staff benefits paid to the employees of the Snack-bar were totally funded from its own revenue. In the light of the observations, the Secretariat said that in the future, schedules of the interest apportioned to contracting parties under the early payment encouragement scheme will indicate the date of payment.

7. Having taken note of the report, the Committee recommends that the CONTRACTING PARTIES approve the audited accounts for 1990 and convey to the External Auditor their thanks for the valuable assistance given to the CONTRACTING PARTIES in the audit of these accounts.

II. CASH SITUATION AND OUTSTANDING CONTRIBUTION  
AS AT 19 MAY 1992 (CRP(92)3)

8. The Secretariat explained that the higher level of current year receipts up to 19 May 1992 compared to the same period in 1991 was because, due to the interim budget of 1991, some contracting parties had opted to wait for the final budget before remitting their contributions last year. It was also a factor that in both 1991 and 1990 major contributors settled at the very beginning of the new year their contribution for the previous year. The Secretariat said that the present level of funds should cover expenditure up to and inclusive of the month of July.

9. The Committee took note of the statement made by the Secretariat on the cash situation of the GATT.

III. CONTRIBUTIONS BY OBSERVER COUNTRIES TOWARDS THE COST  
OF DOCUMENTATION SERVICES PROVIDED BY THE  
SECRETARIAT - PROGRESS REPORT (CRP(92)4)

10. A member expressed concern at the low level of receipt of voluntary contributions toward the cost of documentation services provided by the Secretariat and raised the question of some new form of measures should be considered to encourage these payments.

11. The Secretariat said that, in accordance with usual practice, observer countries not paying their contributions receive only one set of documents, which is sent to their Geneva delegation (or closest mission).

12. Other members stated that countries, regardless of their economic problems, should be encouraged to be associated with GATT's activities. Consequently contributions should be maintained as voluntary.

The Committee took note of the progress report.

IV. AVOIDANCE OF ARREARS IN THE FUTURE: ADMINISTRATIVE MEASURES -  
PROGRESS REPORT (CRP.(92)1)

13. Thirty-one countries were listed in document CRP(92)1, whereas twenty-seven countries had been concerned in October 1991 when the situation had been last reviewed. In line with the Committee's recommendation, a letter from the Chairman of the Council had been sent to the contracting parties in Category IV<sup>1</sup> in September 1991.

14. Some members expressed their concern at the increase in the number of contracting parties failing to meet their financial obligations to the GATT and called for a review of the system governing the administrative measures, although it was noted that the Council had agreed that this would be done at the end of the Uruguay Round. Other members were of the opinion that such a review was not appropriate now.

15. An observer stated that his country had honoured their financial commitments to the GATT from 1988 onward, but that they could not make any payments on outstanding contributions for earlier years. He suggested that arrears of least developed countries for 1987 and earlier should be reviewed, and that the Director-General's report on the review of administrative measures specifically include proposals for those who had honoured their financial commitments since 1988.

16. The Committee took note of the progress report and asked the Chairman to undertake informal consultations with members of the Committee to assess whether a basis existed for reviewing the administrative measures currently in force in order to be ready for any further action at the conclusion of the Uruguay Round.

V. INSTALMENT PAYMENTS FOR COUNTRIES WITH CONTRIBUTIONS IN  
APREARS - PROGRESS REPORT (CRP(92)2)

17. The Committee noted that of the thirty-one contracting parties assessed in 1988 at the minimum contribution level of 0.12 per cent and with arrears outstanding for 1987 and earlier, eleven had paid a total amount of Sw F 1,055,451 in respect of these arrears. In addition, of the six contracting parties assessed in 1988 above the minimum contribution level and with arrears outstanding for 1987 and earlier, five had paid a total amount of Sw F 991,079 in respect of these arrears.

---

<sup>1</sup>Category IV includes contracting parties for which assessed contributions remain outstanding after three full years at the end of GATT's financial year.

18. The delegate from the United States said that a payment of approximately Sw F 551,000 could be expected very soon as the second instalment to be set against the arrears of 1987 and earlier years, and explained in response to concern expressed by one delegation that the instalment plan currently projected by the United States would clear their arrears for 1987 in five roughly equal annual instalments.

19. The Committee took note of the progress report.

VI. ACTIVITIES OF THE COMMON SYSTEM BODIES IN 1991 (Spec(92)13)

20. The Committee took note of the report on the activities in 1991 of the International Civil Service Commission and the United Nations Joint Staff Pensions Board and their recommendations to the General Assembly.

VII. URUGUAY ROUND STAFF (Spec(92)15 & CRP(92)5)

21. The Committee considered the proposal of the Secretariat contained in the report on the extension of the Uruguay Round Staff contracts to 31 December 1993, expressing their support for the proposals outlined. It was noted that the estimate provided by the Secretariat of Sw F 5.9 million was an indicative amount and that support was without prejudice to the assumptions on which the 1993 budget proposals would be based. One member of the Committee added that no transfer of any eventual savings under this item should be possible without prior agreement of the Committee. It was also noted that the recommendation should not prejudice any debate on the future requirements of the Secretariat staffing levels after the conclusion of the Uruguay Round.

22. In reply to a question the Secretariat said that all contracts of employment issued by GATT for six months or longer obliged the staff member to participate in the UNJSP system and contributions made by the employer for this category of staff were non-refundable.

23. The Committee recommends to the Council that budgetary provision be made for the extension of Uruguay Round positions for a further twelve months period to 31 December 1993.

VIII. SITUATION WITH REGARD TO THE INTERNATIONAL TRADE CENTRE UNCTAD/GATT

24. The Chairman noted that informal discussions had been started by the Chairman of the contracting parties with regard to problems in the co-operation which had arisen between GATT and the UN. As these informal consultations at the level of heads of delegations would continue in the near future, the Chairman suggested that the Committee should not have a substantive debate on this item; rather it should consider the brief summing up of the present situation as background information. He reminded the Committee that as the candidate jointly chosen by the GATT and UNCTAD for the post of Executive Director of the Centre withdrew, interim arrangements had to be worked out. It was also mentioned that these uncertainties might affect the relationship between ITC and some major donor countries.

25. A number of members and observers expressed their support for the work carried out by the Centre and their concern about its future should the present interim management arrangements be extended. Several said that the uncertainty with regard to the ITC was a danger which might lead to delaying their financial contributions to the Centre. Other delegations urged these principal donors to continue their financial support to the Centre which is carrying out an important task in developing countries.

26. The Committee took note of the views expressed and the Secretariat was asked to work out the costing of any new arrangements which might be proposed at a later stage by the Council. It was decided to keep the matter under review, reverting to it at a future date in the light of the ongoing consultations of the Chairman of the Council.

POINTS FOR DECISIONS: Paragraphs: 7  
23