

GENERAL AGREEMENT ON

TARIFFS AND TRADE

RESTRICTED

L/7198

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REPORT OF THE COMMITTEE ON BUDGET, FINANCE AND ADMINISTRATION

INTRODUCTION

1. The Committee on Budget, Finance and Administration met on 29 March 1993.

2. The Committee was chaired by H.E. Mr. K. Kesavapany of Singapore 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. Austria, Bangladesh, Denmark, Mexico, New Zealand, Pakistan, Romania, the Slovak Republic and Sri Lanka were represented by Observers. When ITC matters were discussed, the meeting was also attended by members of the Secretariat of the International Trade Centre (UNCTAD/GATT).

4. The Agenda in document GATT/AIR/3410 was adopted with the addition under GATT Secretariat, Item 14, Other Business, of World Trade Statistics.

GATT SECRETARIAT

I. DIRECTOR-GENERAL'S FINANCIAL REPORT ON THE 1991 ACCOUNTS
OF THE GENERAL AGREEMENT ON TARIFFS AND TRADE AND
REPORT OF THE EXTERNAL AUDITOR THEREON (L/7187)

5. The Committee examined the Director-General's Financial Report on the 1991 Accounts of the General Agreement on Tariffs and Trade and the Report of the External Auditor thereon and heard explanations from the Secretariat.

6. The report was based on the Final Position of the 1991 Budget of the GATT (document L/7077) examined by the Committee in October 1992 and subsequently approved by the Council at the November 1992 Meeting. It was noted that at the end of 1991, there were budgetary savings of Sw F 4,393. In addition, the Council approved a recommendation of the Budget Committee to transfer savings of Sw F 1,135,620 under some sections to offset excess expenditure recorded under other sections.

7. With regard to the Surplus Account, the accumulated deficit at the end of 1991 reached Sw F 5,035,336, which was higher than the level of the Working Capital Fund of Sw F 4,892,759. This resulted in an uncovered balance of Sw F 142,577 on 31 December 1991, which in accordance with a recommendation of the Budget Committee, was offset by the receipt of contribution in arrears in 1992.

8. It was further noted that all sums advanced by the General Fund of the GATT to the "Trust Fund for the Independent Group to Study the Trading System," and corresponding interest had been refunded. This fund had been created in 1983 and financed by foundations and other private institutions.

9. Having taken note of the report, the Committee decided to recommend to the Council that the CONTRACTING PARTIES approve the audited accounts for 1991 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 AS AT 28 FEBRUARY 1993 (CRP(93)5)

10. The Secretariat noted that at end February, the receipt of current year contributions was higher in 1993 (36.91 per cent) than either 1992 or 1991 at the same date. At the time of the meeting of the Committee, 29 March, almost 45 per cent of 1993 contributions had been received.

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

III. CONTRIBUTION BY OBSERVER COUNTRIES TOWARDS THE COST
OF DOCUMENTATION SERVICES PROVIDED BY THE
SECRETARIAT - PROGRESS REPORT (CRP(93)2)

12. A number of members questioned the continued relevance of the amount of Sw F 1,000 which observers are invited to contribute towards the cost of documentation services provided by the Secretariat. It was explained that the marginal cost for documentation services had been about Sw F 400 per annum when the measure was adopted in 1988. In 1992 the marginal cost was Sw F 800, still below the figure of Sw F 1,000 currently requested.

13. While some members thought that the payment of the amount of Sw F 1,000 could be seen as an indication of the seriousness and discipline which observer countries attached to the GATT, others felt that this correlation could not be explained by factual evidence and thus that payment or non-payment could simply have to do with national administrative procedures. It was agreed that any conclusions to be reached on this matter would be presented to the Council.

14. The Committee took note of the report asked the Secretariat to investigate the real as distinct from marginal cost of servicing the observers.

IV. ADMINISTRATIVE MEASURES: AVOIDANCE OF ARREARS IN THE FUTURE -
PROGRESS REPORT (CRP(93)3)

15. A member of the Secretariat presented document CRP(93)3 and explained the movements between the four categories since the last report was issued in October 1992.

16. The Committee took note of the progress report and an informal working group was established to look at the question of contributions in arrears.

V. INSTALMENT PAYMENTS FOR COUNTRIES WITH CONTRIBUTIONS IN
ARREARS - PROGRESS REPORT (CRP(93)4)

17. A member of the Secretariat introduced document CRP(93)4. Annex I, provided information on the thirty-two contracting parties which were at the minimum in 1988, indicated that two contracting parties had settled all arrears for that period. Since the introduction of the scheme, some 12 per cent (Sw F 1,309,912) of contributions outstanding on 1 January 1989 had been paid.

18. With regard to the six contracting parties assessed above the minimum in 1988, one had cleared its arrears, another had a small amount outstanding and two were under tailor-made repayment schemes. The representative of a major contributor in the list said he expected to be able to announce soon a payment of a magnitude similar to that paid in 1992 and 1991. It was noted that nearly 40 per cent of these arrears have been paid.

19. The Committee took note of the report.

VI. ACTIVITIES OF THE COMMON SYSTEM BODIES IN 1992 (Spec(93)5)

20. The Committee took note of the report on the activities in 1992 of the International Civil Service Commission and the United Nations Joint Staff Pension Board and their recommendations to the General Assembly.

VII. URUGUAY ROUND STAFF (Spec(93)11 & CRP(93)1)

21. The Committee considered the proposal of the Secretariat to approve in principle the inclusion of budgetary provisions in the 1994 budget such as to allow the extension of the Uruguay Round Staff contracts to 31 December 1994. Members considered that the human dimension of the question was important and, for that reason, a decision should be taken as soon as possible. Some members pointed out that it was important for GATT to keep expertise which had been built up over the years. Other members felt that they could no longer deal with this question as a block of fifty posts, noting that GATT needs today are not what they had been at the start of the Uruguay Round. Furthermore it was essential to distinguish between Uruguay Round needs and those which could be caused by a structural shortage in the Secretariat, especially as it regards General Service positions.

22. In view of the complexity and implications, the Committee felt it was not then in a position to take a final decision on the matter. However, in view of the urgency, the Committee would meet again with a view to taking a decision in a formal meeting by the end of April.

VIII. CONTRIBUTION TO THE GATT BUDGET: MALI (L/7184)

23. Consequent to the accession to the GATT of the Government of Mali (document L/7166), the Committee decided to recommend to the Council that a contribution to the 1993 budget amounting to Sw F 26,280 be assessed on this Government. This assessment is based on an annual contribution of 0.03 per cent, which is the minimum contribution, taking into account Mali's foreign trade for the years 1987-1989. Further, on the basis of the level of the Working Capital Fund of Sw F 5,361,326 on 1 January 1993, the Committee recommended to the Council to assess an amount of Sw F 26,807 on the Government of Mali as an advance to the Fund.

IX. CONTRIBUTION TO THE GATT BUDGET: SWAZILAND (L/7185)

24. Consequent to the accession to the GATT of the Government of Swaziland (document L/7179), the Committee decided to recommend to the Council that a contribution to the 1993 budget amounting to Sw F 26,280 be assessed on this Government. This assessment is based on an annual contribution of 0.03 per cent, which is the minimum contribution, taking into account Swaziland's foreign trade for the years 1987-1989. Further, on the basis of the level of the Working Capital Fund of Sw F 5,361,326 on 1 January 1993, the Committee recommended to the Council to assess an amount of Sw F 26,807 on the Government of Swaziland as an advance to the Fund.

X. ACCESSION TO THE GATT OF THE CZECH REPUBLIC AND THE SLOVAK REPUBLIC:
ADVANCES TO THE WORKING CAPITAL FUND (L/7193)

25. In light of the forthcoming accession to the GATT on 15 April 1993 of the Governments of the Czech Republic and the Slovak Republic and on the basis of the level of the Working Capital Fund of Sw F 5,361,326 on 1 January 1993, the Committee decided to recommend to the Council that a sum of Sw F 26,807 be assessed on the Government of the Czech Republic and Sw F 26,807 on the Government of the Slovak Republic as advances to the Fund.

XI. CONTRACTING PARTIES REPRESENTATIVE ON THE ICITO/GATT
STAFF PENSION COMMITTEE

26. It was recalled that in December 1992, the Committee recommended that the Council designate Mr. John Clarke as member representing the CONTRACTING PARTIES on the ICITO/GATT Staff Pension Committee for a three-year term from 1 January 1993. Mr. Clarke subsequently informed the Secretariat that he would unfortunately be unable to serve out his term.

27. The Committee decided to recommend to the Council that Mr. Peter Cheung be designated to fill out the three-year term beginning 1 January 1993 as the CONTRACTING PARTIES' representative on the ICITO/GATT Staff Pension Committee.

XII. QUALITY OF AIR ON GATT PREMISES

28. After discussing the question of the quality of air on GATT premises, the Committee decided to recommend that the Council approve the following policy:

A. Stage I

- (i) with immediate effect, smoking is prohibited in Rooms A, B, C, D, E, F, 64 and in other rooms designated as general meeting rooms;
- (ii) with immediate effect, smoking is prohibited in the Council Room when used for meetings other than sessions of the Council. At the commencement of each GATT Council, the Chairman would request all delegations/staff to observe a "best endeavours" restraint on smoking.

B. Stage II

The above policy to be reviewed in 6 months' time by the Committee on Budget, Finance and Administration, in consultation with the Chairman of the Council and the Director-General.

C. Other than general meeting rooms

The Director-General is invited to review the policy on smoking in other than general meeting rooms.

XIII. OTHER BUSINESS

A. WORLD TRADE STATISTICS

29. Further to the publication of the Press release (GATT/1570) of 22 March 1993 a member drew attention to the statement that "...the international community [was] closer to the point at which a decision may be taken to no longer count intra-EC trade as part of the world trade." With regard to the calculation of the contributions to the GATT budget this might have far reaching implications for both the EC member states and the other contracting parties.

30. A member of the Secretariat said that in the present GATT, the individual Member States were the contracting parties and not the European Community. As such it was the Member States which will continue to be assessed for contributions to the budget. He said that the relevant statistics would be available either through the European Community Statistical Office or through some other channel.

31. The Committee requested the Secretariat to look into this matter.

B. TRANSLATION OF DOCUMENTATION

32. Some members and an observer raised the question of delays in the distribution of documents which need to be translated from an original in Spanish into French and English. They understood that this was the result of insufficient numbers of translators from Spanish to English and French, as opposed to translators for other languages. A member of the Secretariat said that about 90 per cent of documents were issued simultaneously in all three languages. He said that the Secretariat would do its best to reduce the number of documents which were not issued simultaneously. In some members' view, statistics do not reflect the problem which could be better understood by looking at current policies and practices, regarding translation of documentation.

33. It was agreed that the matter would be kept under review.

POINTS FOR DECISION: Paragraph 9
Paragraph 23
Paragraph 24
Paragraph 25
Paragraph 27
Paragraph 28

INTERNATIONAL TRADE CENTRE UNCTAD/GATT

I. FIRST PERFORMANCE REPORT FOR THE BIENNIUM 1992-1993
(ITC/BUD/14 & CRP(93)7)

34. The Officer-in-Charge of the ITC presented the First Performance Report for the Biennium 1992-1993 and explained that it adjusted the original approved budget to the extent necessary by the effect of inflation and exchange rate movements based on parameters set by the United Nations New York. Thus, for example, the exchange rate for 1993 was adjusted from US\$1/Sw F 1.40 to US\$1/Sw F 1.44. As a result of these revisions, the ITC biennial budget for 1992-1993 was increased by US\$1,157,000 resulting in an increase of the GATT contribution for the biennium of US\$573,600. It was noted that the Second Performance Report will again adjust the UN and GATT contributions and will take into account the 1990-1991 surplus of US\$433,985.

35. A member of the Committee raised the question of the status of the recommendations and conclusions of the Board of Auditors report. The Officer-in-Charge responded that the matter was being followed up. The member requested that the Committee return to this issue at a future meeting.

36. Another member of the Committee asked whether the ITC could not absorb some of the increases resulting from the revised parameters. Other members indicated that the Second Performance Report would be issued too late in the biennium for the Committee to have any impact on expenditures for the biennium.

37. A representative of the ITC explained that the First Performance Report is a strictly technical exercise where the budget is adjusted to take account of the revised parameters. The Second Performance Report will take into account actual expenditure for eighteen months and make a forecast for the six remaining months of the biennium. He said that a review of the budgetary situation by the GATT Budget Committee before the Second Performance Report would represent a new step in the existing procedure.

38. After discussion of the issue, the Committee took note of the Revised Budget for the ITC for the Biennium 1992-1993.

II. PROPOSED REGULAR PROGRAMME BUDGET FOR THE BIENNIUM 1994-1995
OF THE INTERNATIONAL TRADE CENTRE UNCTAD/GATT
(INITIAL ESTIMATES) (ITC/BUD/15)

39. The Officer-in-Charge of the ITC introduced the document ITC/BUD/15 and said that the initial budget estimates for the biennium 1994-1995 had been prepared on the basis of instructions and parameters issued by the UN and were currently being examined by the UN Secretariat in New York.

40. He underlined that the proposed estimates showed a real growth of 0.63 per cent, corresponding to one P.4 post of Trade Promotion Officer to deal with Central and Eastern Europe and CIS countries eligible to receive technical cooperation services from the ITC. He also indicated that, as part of a UN integrated management information system, the ITC had included a provision in the budget estimates to meet mandatory needs for this purpose, the total amount of which could be met by re-deployment of existing resources.

41. Members of the Committee expressed appreciation at being able to have an early input in the next biennium budget process. Some members were of the opinion that the additional needs for a P.4 should be met by re-deployment of existing staff positions in view of the fact that most governments insisted upon a zero-growth approach to budgets. In reply, the Officer-in-Charge said that the Centre had originally requested three additional posts, twelve work months of consultants and two GS posts in an UNCTAD/GATT Liaison Officers' meeting; however it had been decided to request only one post, with a view to minimizing the overall budgetary increase.

42. In response to a query, it was noted that the budget estimates were prepared on the basis of the current staffing table, including the post of Executive-Director at the ASG level, as the ITC had received no instructions to the contrary.

43. Members of the Committee emphasized the importance they attached to greater involvement in the budget preparation process of the ITC. The Officer-in-Charge of the ITC said that they were currently following procedures agreed upon between the GATT and the UN in 1973. ITC will happily follow any new procedures which are agreed between the two parent organizations.

44. After further discussion, the Committee adopted the initial estimates of the proposed ITC budget for the biennium 1994-1995 on the understanding that the cost of the additional post at the P.4 level would be met from existing budgetary resources.