

**GENERAL AGREEMENT
ON TARIFFS AND TRADE**

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

INTRODUCTION

1. The Committee on Budget, Finance and Administration met on 1 June 1994.
2. The Committee was chaired by Mr. P. Gosselin of Canada 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, Paraguay, Qatar, Tunisia and Turkey attended as Observers.
4. The Agenda in document GATT/AIR/3588 was adopted with the addition, under Other Business at the request of Bangladesh, of an item on the contribution of Bangladesh to the GATT budget.

I. FINAL POSITION OF THE 1993 BUDGET OF THE GATT (L/7456)

5. The Secretariat introduced document L/7456 and noted that the originally approved budget had been exceeded by some Sw F 810,000. He recalled that the Committee had been informed in July 1993 that an overall overspending of some Sw F 400,000 was anticipated in connection with the appointment of a new Director-General, taking into account a then eventual overspending of Sw F 1,000,000 for the GATT Contribution to the International Trade Centre UNCTAD/GATT (ITC). In the event, the ITC exceeded by some Sw F 1.4 million the budgetary provision, which was the result of budgetary revisions undertaken in New York. Therefore, the Secretariat had been able to absorb some Sw F 600,000 of the overexpenditure on the ITC. With regard to the financing of the deficit, the Secretariat proposed that a charge be made to the Surplus Account.

6. Members raised questions concerning expenditure incurred for Missions, the Uruguay Round (rental of office space outside Centre William Rappard), and Dispute Settlement Panels. One member suggested that efforts be made to recruit panellists from missions in Geneva while other members expressed the view that the increased costs be simply related to the increased use of the Dispute Settlement Panels and that nothing be said that could prejudice the choice of panellists. The Secretariat took note of the comment.

7. In response to a question from a Member, the Secretariat said that proposals for the use of the surplus of Sw F 556,143 in the Surplus Account would be presented to the Committee at a future meeting.

8. With regard to the budgetary shortfall of Sw F 810,075, the Committee recommends to the Council that the original appropriation under the Contribution to the International Trade Centre UNCTAD/GATT be increased by Sw F 810,075 and that this amount be covered by a charge to the Surplus Account.

9. The Committee further recommends that the Council approve transfers between sections of Sw F 1,462,958, which are necessary in order to cover the excess expenditure over approved appropriations on the sections mentioned in paragraph 20 of document L/7456 by savings on other sections.

II. CASH SITUATION AND STATEMENT OF OUTSTANDING CONTRIBUTIONS AS AT 30 APRIL 1994 (CRP(94)4 and Spec(94)15)

10. The Secretariat presented a statement on the cash situation as at 30 April 1994, 1993 and 1992 and a statement of outstanding contributions as at 30 April 1994.

11. The Committee took note of the reports.

III. CONTRIBUTIONS BY OBSERVER COUNTRIES TOWARDS THE COST OF SERVICES PROVIDED BY THE SECRETARIAT - PROGRESS REPORT AS AT 30 APRIL 1994 (CRP(94)2)

12. The Secretariat presented a statement on the contributions of observer countries. The Chairman urged all observer countries to pay their assessments in a timely fashion. He also drew attention to those observers in the process of acceding to the GATT and suggested that they had a special responsibility to meet their financial obligations.

13. The Committee took note of the report.

IV. ADMINISTRATIVE MEASURES: AVOIDANCE OF ARREARS IN THE FUTURE -
PROGRESS REPORT AS AT 30 APRIL 1994 (CRP(94)3)

14. The Secretariat presented a statement on payment of arrears and the Chairman said that the informal working group established to look at the question of contributions in arrears would report to the Committee at the current meeting.

15. The Chairman undertook to carry out informal consultations and to discuss how to address the problem of arrears in the future with the Chairman of the Sub-Committee on Budget, Finance and Administration of the Preparatory Committee for the World Trade Organization.

16. The Committee took note of the progress report.

V. INSTALMENT PAYMENTS FOR COUNTRIES WITH CONTRIBUTIONS IN ARREARS -
PROGRESS REPORT AS AT 30 APRIL 1994 (CRP(94)1)

17. The Secretariat presented a statement on the payment of arrears by the thirty-two contracting parties assessed at the minimum and the six contracting parties assessed above the minimum in 1988.

18. The Committee took note of the report.

VI. REPORT OF THE WORKING GROUP ON ARREARS (Spec(94)21)

19. The Chairman of the Working Group on Arrears, Mr. A. Ahnliid, reported to the Committee that the Working Group had met a number of times to discuss the problem of arrears of contributions to the GATT. The Group had considered various incentives and disincentives. It had noted that the reduction of the minimum contribution from 0.12 per cent to 0.03 per cent in 1988 had been reasonably successful, but that the instalment payment scheme had been less so. He noted that the scheme being proposed by the Working Group would have the effect of helping the less developed contracting parties by retroactively applying a 0.03 per cent minimum contribution to assessments which had originally been set at the 0.12 per cent minimum. The Working Group was also suggesting that those least developed contracting parties which had no or minimal arrears be given an opportunity to pay reduced contributions for a limited period in the future in recognition of the effort they had made.

20. Members considered the implications of the proposed scheme. Points were raised with regard to what would be the status of outstanding contributions when the World Trade Organization comes into being. It was noted that this question was outside the competence of the GATT Budget Committee, and would be dealt with by the Preparatory Committee for the World Trade Organization. Some members thought that the proposed scheme should not be open-ended, but rather should have a definite time limit.

21. The Committee agreed that it would be preferable that the scheme deal with arrears only up to and including assessments for 1994. Therefore, the Committee recommends to the Council that for each full payment of an annual contribution between 1988 and 1994, any contracting party with pre-1988 arrears may cancel an equal number of assessments for 1987 and earlier years upon payment of the 1989 minimum contribution of Sw F 19,137. The difference between a pre-1988 assessment and the payment of Sw F 19,137 would be funded by the Miscellaneous Income of the GATT.

VII. CONTRIBUTION TO THE GATT BUDGET: ACCESSION OF FIJI (L/7357)

22. Consequent to the accession to the GATT of the Government of Fiji (document L/7325), the Committee recommends to the Council that contributions to the 1993 budget amounting to Sw F 26,280 and to the 1994 budget amounting to Sw F 27,870 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 Fiji's foreign trade figures for the years 1988-1990 (for the 1993 contribution) and 1989-1991 (for the 1994 contribution). Further, on the basis of the level of the Working Capital Fund of Sw F 5,449, 576 on 16 November 1993, the Committee recommends to the Council to assess an amount of Sw F 27,248 on the Government of Fiji as an advance to the Fund.

VIII. CONTRIBUTION TO THE GATT BUDGET: ACCESSION OF BRUNEI DARUSSALAM (L/7396)

23. Consequent to the accession to the GATT of the Government of Brunei Darussalam (document L/7358), the Committee recommends to the Council that contributions to the 1993 budget amounting to Sw F 43,800 and to the 1994 budget amounting to Sw F 46,450 be assessed on this Government. This assessment is based on an annual contribution of 0.05 per cent, taking into account the foreign trade figures of Brunei Darussalam for the years 1988-1990 (for the 1993 contribution) and 1989-1991 (for the 1994 contribution). Further, on the basis of the level of the Working Capital Fund of Sw F 5,530,918 on 9 December 1993, the Committee recommends to the Council to assess an amount of Sw F 27,655 on the Government of Brunei Darussalam as an advance to the Fund.

IX. CONTRIBUTION TO THE GATT BUDGET: ACCESSION OF BAHRAIN (L/7395)

24. Consequent to the accession to the GATT of the Government of Bahrain (document L/7359), the Committee recommends to the Council that contributions to the 1993 budget amounting to Sw F 87,600 and to the 1994 budget amounting to Sw F 102,190 be assessed on this Government. This assessment is based on an annual contribution of 0.10 per cent for 1993 and 0.11 per cent for 1994, taking into account Bahrain's foreign trade figures for the years 1988-1990 (for the 1993 contribution) and 1989-1991 (for the 1994 contribution). Further, on the basis of the level of the Working Capital Fund of Sw F 5,530,918 on 13 December 1993, the Committee recommends to the Council to assess an amount of Sw F 27,655 on the Government of Bahrain as an advance to the Fund.

X. CONTRIBUTION TO THE GATT BUDGET: ACCESSION OF PARAGUAY (L/7417)

25. Consequent to the accession to the GATT of the Government of Paraguay (documents L/7252, L/7260 and GLI/300), the Committee recommends to the Council that a pro rata contribution to the 1994 budget amounting to Sw F 27,412 be assessed on this Government. This assessment, calculated as from 6 January 1994, is based on an annual contribution of 0.03 per cent, which is the minimum contribution, taking into account Paraguay's foreign trade figures for the years 1990-1992. Further, on the basis of the level of the Working Capital Fund of Sw F 5,892,193 on 6 January 1994, the Committee recommends to the Council to assess an amount of Sw F 29,461 on the Government of Paraguay as an advance to the Fund.

XI. CONTRIBUTION TO THE GATT BUDGET: ACCESSION OF GRENADA (L/7418)

26. Consequent to the accession to the GATT of the Government of Grenada (document L/7412), the Committee recommends to the Council that a contribution to the 1994 budget amounting to Sw F 27,870 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 Grenada's foreign trade figures for the years 1990-1992. Further, on the basis of the level of the Working Capital Fund of Sw F 5,921,654 on 9 February 1994, the Committee recommends to the Council to assess an amount of Sw F 29,608 on the Government of Grenada as an advance to the Fund.

XII. CONTRIBUTION TO THE GATT BUDGET: ACCESSION OF THE UNITED ARAB EMIRATES (L/7431)

27. Consequent to the accession to the GATT of the Government of the United Arab Emirates (document L/7422), the Committee recommends to the Council that a contribution to the 1994 budget amounting to Sw F 445,920 be assessed on this Government. This assessment is based on an annual contribution of 0.48 per cent, taking into account the foreign trade figures of the United Arab Emirates for the years 1989-1991. Further, on the basis of the level of the Working Capital Fund of Sw F 5,951,262 on 8 March 1994, the Committee recommends to the Council to assess an amount of Sw F 29,756 on the Government of the United Arab Emirates as an advance to the Fund.

XIII. CONTRIBUTION TO THE GATT BUDGET: ACCESSION OF GUINEA-BISSAU (L/7438)

28. Consequent to the accession to the GATT of the Government of Guinea-Bissau (document L/7432), the Committee recommends to the Council that a contribution to the 1994 budget amounting to Sw F 27,870 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 the foreign trade figures of Guinea-Bissau for the years 1990-1992. Further, on the basis of the level of the Working Capital Fund of Sw F 5,951,262 on 17 March 1994, the Committee recommends to the Council to assess an amount of Sw F 29,756 on the Government of Guinea-Bissau as an advance to the Fund.

XIV. CONTRIBUTION TO THE GATT BUDGET: ACCESSION OF SAINT KITTS AND NEVIS (L/7439)

29. Consequent to the accession to the GATT of the Government of Saint Kitts and Nevis (document L/7434), the Committee recommends to the Council that a contribution to the 1994 budget amounting to Sw F 27,870 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 the foreign trade figures of Saint Kitts and Nevis for the years 1990-1992. Further, on the basis of the level of the Working Capital Fund of Sw F 5,951,262 on 24 March 1994, the Committee recommends to the Council to assess an amount of Sw F 29,756 on the Government of Saint Kitts and Nevis as an advance to the Fund.

XV. CONTRIBUTION TO THE GATT BUDGET: ACCESSION OF LIECHTENSTEIN
(L/7455)

30. Consequent to the accession to the GATT of the Government of Liechtenstein (document L/7440), the Committee recommends to the Council that a pro rata contribution to the 1994 budget amounting to Sw F 21,151 be assessed on this Government. This assessment, calculated as from 29 March 1994, is based on an annual contribution of 0.03 per cent, which is the minimum contribution, taking into account the foreign trade figures of Liechtenstein for the years 1990-1992. Further, on the basis of the level of the Working Capital Fund of Sw F 6,040,530 on 29 March 1994, the Committee recommends to the Council to assess an amount of Sw F 30,203 on the Government of Liechtenstein as an advance to the Fund.

31. In addition, as the contribution of Switzerland to the 1994 budget approved by the Council, acting on behalf of the CONTRACTING PARTIES, was based on trade statistics which included those of Liechtenstein, the Committee recommends to the Council to adjust the contribution of Switzerland accordingly from Sw F 1,876,580 to Sw F 1,855,429.

XVI. CONTRIBUTION TO THE GATT BUDGET: ACCESSION OF QATAR (L/7452)

32. Consequent to the accession to the GATT of the Government of Qatar (document L/7441), the Committee recommends to the Council that a contribution to the 1994 budget amounting to Sw F 74,320 be assessed on this Government. This assessment is based on an annual contribution of 0.08 per cent, taking into account the foreign trade figures of Qatar for the years 1990-1992. Further, on the basis of the level of the Working Capital Fund of Sw F 6,040,530 on 7 April 1994, the Committee recommends to the Council to assess an amount of Sw F 30,203 on the Government of Qatar as an advance to the Fund.

XVII. CONTRIBUTION TO THE GATT BUDGET: ACCESSION OF ANGOLA (L/7453)

33. Consequent to the accession to the GATT of the Government of Angola (document L/7442), the Committee recommends to the Council that a contribution to the 1994 budget amounting to Sw F 74,320 be assessed on this Government. This assessment is based on an annual contribution of 0.08 per cent, taking into account the foreign trade figures of Angola for the years 1990-1992. Further, on the basis of the level of the Working Capital Fund of Sw F 6,040,530 on 8 April 1994, the Committee recommends to the Council to assess an amount of Sw F 30,203 on the Government of Angola as an advance to the Fund.

XVIII. CONTRIBUTION TO THE GATT BUDGET: ACCESSION OF HONDURAS (L/7454)

34. Consequent to the accession to the GATT of the Government of Honduras (documents L/7424, L/7419 and L/et/1878), the Committee recommends to the Council that a pro rata contribution to the 1994 budget amounting to Sw F 20,234 be assessed on this Government. This assessment, calculated as from 10 April 1994, is based on an annual contribution of 0.03 per cent, which is the minimum contribution, taking into account the foreign trade figures of Honduras for the years 1990-1992. Further, on the basis of the level of the Working Capital Fund of Sw F 6,040,530 on 10 April 1994, the Committee recommends to the Council to assess an amount of Sw F 30,203 on the Government of Honduras as an advance to the Fund.

**XIX. NORDIC COUNTRIES' MEMBERSHIP IN THE BUDGET COMMITTEE:
COMMUNICATIONS FROM FINLAND AND SWEDEN (L/7459 and L/7460)**

35. The Committee took note that, in the context of Nordic cooperation, Sweden and Finland wished respectively to withdraw from and to become a member of the Budget Committee.

XX. ACTIVITIES OF THE COMMON SYSTEM BODIES IN 1993 (Spec(94)13)

36. The Committee took note of the report on the activities in 1993 of the International Civil Service Commission and the United Nations Joint Staff Pension Board and their recommendations to the General Assembly.

XXI. OTHER BUSINESS

37. The Observer from Bangladesh recalled previous requests to review his country's assessed contribution to the GATT budget. He noted that, among all least developed countries, Bangladesh was the only one which was assessed above the minimum contribution in the GATT. In addition, the imports of Bangladesh were heavily weighted with international aid and therefore did not accurately reflect the economic strength of the country.

38. The Chairman suggested that the Committee take note of the position of Bangladesh. He also said that he would inform the Chairman of the Preparatory Committee for the World Trade Organization which would be dealing with the question of assessments.

39. One member of the Committee requested that a Performance Against Budget Report be prepared for the next meeting. Another member requested an up-date of the situation with regard to the South Wing of the Centre William Rappard.

POINTS FOR DECISION:

- Paragraph 8**
- Paragraph 9**
- Paragraph 21**
- Paragraph 22**
- Paragraph 23**
- Paragraph 24**
- Paragraph 25**
- Paragraph 26**
- Paragraph 27**
- Paragraph 28**
- Paragraph 29**
- Paragraph 30**
- Paragraph 31**
- Paragraph 32**
- Paragraph 33**
- Paragraph 34**