

**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 19 and 21 September 1994.
2. The Committee was chaired by Mr. P. Gosselin of Canada and the membership of the Committee was as follows:

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

3. Austria, Denmark, Egypt, Indonesia, Mexico, Pakistan, Romania, Slovak Republic and Turkey attended as Observers.
4. The Agenda in document GATT/AIR/3624 was adopted.

**A. DIRECTOR-GENERAL'S FINANCIAL REPORT ON THE 1992 ACCOUNTS OF THE
GENERAL AGREEMENT ON TARIFFS AND TRADE AND REPORT OF THE
EXTERNAL AUDITOR THEREON (L/7361)**

5. The Committee examined the Director-General's Financial Report on the 1992 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 1992 Budget of the GATT (document L/7258) examined by the Committee in July 1993 and subsequently approved by the Council at the September 1993 Meeting. It was noted that at the end of 1992, there were budgetary savings of Sw F 2,520,708 and that transfers amounting to Sw F 501,219 were made to offset excess expenditure recorded under some sections by savings under other sections.
7. Having taken note of the report, **the Committee decided to recommend to the Council that the CONTRACTING PARTIES approve the audited accounts for 1992 and convey to the External Auditor their thanks for the valuable assistance given to the CONTRACTING PARTIES in the audit of these accounts.**

B. 1994 SUPPLEMENTARY BUDGET (SPEC(94)29)¹

8. The Secretariat introduced document Spec(94)29 and indicated that the estimates for the Supplementary Budget had been prepared in July 1994 in the hope that they would be able to be examined before the summer break. As this had not proved possible, they were being presented at the current meeting but since last July some estimates had changed.

9. In introducing the proposal for a supplementary budget for 1994, a member of the Secretariat made clear that all requests were stand-alone items with no possibility of transfers between line items. Further, the individual amounts requested represented the maximum amount that could be spent on these items in 1994 and that any funds not expended in the current year would not be withdrawn from the Working Capital Fund.

10. The Committee examined in depth the various elements of the Supplementary Budget contained in the document. With regard to the first point relating to additional posts, it was noted that the cost was Sw F 1,631,000, an increase of Sw F 300,000 from the original proposal, as the number and the geographical distribution of the candidates to be interviewed rendered the estimated cost for this particular item higher than initially foreseen. On the second point, additional funds for temporary assistance and overtime, it was decided that it would be possible to reduce the proposed provision by Sw F 100,000 to Sw F 300,000. The third point, concerning additional funds for Marrakesh and Implementation Meetings, was reduced to Sw F 75,000 due to the fact that the exact cost of the Marrakesh Meeting for the Secretariat, amounting to Sw F 125,000, was known only after finalization of the supplementary budget proposals.

11. Concerning the development of a WTO logo, the Secretariat explained that certain preparatory work had been initiated in view of the time constraints and the necessity to have an identifiable image upon the entry into force of the WTO on 1 January 1995. For this reason, it had been decided to go forward with a limited competition and the Secretariat, based on the Information and Media Division's knowledge of the industry, had contacted eight well known international design companies with a view to facilitating the process.

12. While the Committee fully recognized the necessity and importance of developing a logo for the WTO by the entry into force, a number of members were critical of the process that had been followed. They felt that the Committee should have been consulted earlier and that it would have been preferable to conduct an open competition for the development of a logo. The Committee also recommended that the Secretariat explore the possible problems that could arise with respect to intellectual property rights associated with the logo and take all precautions.

13. The Secretariat explained the reasons why a limited competition had been initiated which included both the time factor as well as the fact that an open international competition could well have proven more expensive than the more limited approach. It was agreed that the information provided to the companies selected for the competition would be given to members of the Committee. The Secretariat further stated that, with additional information available since June, the estimates could be reduced from Sw F 150,000 to Sw F 120,000: Sw F 70,000 for the prizes and Sw F 50,000 for the development work.

14. The Chairman suggested that a selection committee drawn from the membership of the Budget Committee, assisted by the Secretariat, be created to make an initial selection from the various

¹Document was issued in English as Rev.1.

proposals already received and, following further developments of those ideas, to present a number of options to the WTO Preparatory Committee which would make the selection.

15. With regard to the seventh point, printing and audiovisual material, the Committee decided to drop the proposal for a film on the Marrakesh Meeting and to reduce the number of booklets to be produced this year. On the last point concerning four proposals for credits for consultants, the Committee decided to retain only the provisions for the external management review at Sw F 120,000 and for the adjustments to the accounting system at Sw F 50,000. The Committee further stated that the later amount should be put under E.D.P.. Members of the Committee felt that credits for the job classification exercise and a new payroll system should be considered in the context of the 1995 budget proposals and in the light of the results of the management review and the policy debate on salaries and pensions. Any actuarial studies for the possible creation of a WTO pension fund should be financed out of the 1994 regular budget.

16. Given the members' desire to ensure that individual budget items represent as precise a picture of possible expenditures as possible, it was recommended that the amount of unforeseen expenditure in the annual budget should be reviewed to provide needed flexibility.

17. **The Committee recommends to the Council that the following Supplementary Budget for 1994 be approved:**

	<u>Sw F</u>
1. Additional Posts (1 D; 16 P; 4 GS for 2 months)	1,631,000
2. Additional funds for temporary assistance and overtime	300,000
3. Marrakesh and Implementation Meetings	75,000
4. Reproduction of documents	140,000
5. Translation	620,000
6. Development of a WTO logo	120,000
7. Printing	500,000
8. E.D.P.	200,000
9. Consultancy fees	<u>120,000</u>
	<u>3,706,000</u>

18. **The Committee further recommends to the Council that the financial implications in 1994 resulting from the decision to create the World Trade Organization and which should not exceed Sw F 3,706,000 be financed by using:**

- a. **first, any overall budgetary savings which might be realized on the original 1994 budget and which have been estimated at Sw F 80,000 as at 31 August 1994;**
- b. **second, the credit of Sw F 100,000 for Unforeseen Expenditure in the 1994 original budget;**
- c. **third, the amount of Sw F 556,146 available under the 1993 Surplus Account;**
- d. **and fourth, by withdrawing the balance of approximately Sw F 2,970,000 which might be necessary from the Working Capital Fund in application of paragraph (iii)(b) of the Rules Governing the Use of the Fund.**

It was further noted that the final amount to be withdrawn from the Working Capital Fund would depend on the actual expenditure as well as budgetary savings at the end of the financial year.

C. PERFORMANCE AGAINST BUDGET AS AT 31 AUGUST 1994 (CRP(94)9)

19. The Committee examined document CRP(94)9 and heard an explanation of the budgetary situation as at 31 August 1994 from a member of the Secretariat. He mentioned that the table showed a budgetary surplus of some Sw F 178,000 which included the Sw F 100,000 under Unforeseen Expenditure. As it had just been decided to use this amount in order to partially fund the 1994 supplementary budget, the effective savings foreseen would be reduced to some Sw F 78,000.

20. Several members of the Committee said that they found the performance against budget reports quite useful and expressed the desire that such reports be provided earlier in the year. Both the Secretariat and the Chairman indicated that the earlier in the year that such reports were produced, the less dependable they became as indicators of a final budget situation as various unknowns, such as the evolution of the rates of exchange, could produce major differences from one month to the next.

21. The Committee took note of the report.

22. As it was not possible to examine all the points of the agenda listed in the GATT/AIR/3624, it was decided that another meeting of the Committee on Budget, Finance and Administration would be reconvened in the very near future.

POINTS FOR DECISION: **Paragraph 7**
 Paragraph 17
 Paragraph 18