

RESTRICTED

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CZECHOSLOVAK PROPOSAL FOR THE SCALE
OF CONTRIBUTIONS OF THE CONTRACTING PARTIES FOR 1950

The report is based on the correct supposition that the contributions should be fixed on the basis of the volume of the foreign trade. However, the method chosen for the calculation is not consistent; four contracting parties with the largest volume of foreign trade, representing 60.22% of the whole volume of foreign trade of all member countries to the GATT, would pay \$ 137,822.36 as their contributions, i.e. 45.61% of the whole budget, while the other 30 contracting parties would pay 54.39% of contributions for only 39.78% of the whole volume of foreign trade.

This discrepancy is still more obvious if we compare one country with the highest volume of foreign trade with one country with the lowest volume. Thus, for instance, the USA would pay a contribution of \$ 53,008.60, the total volume of the US foreign trade being \$ 10,634 millions, which means that per each \$ 1,000,000 of foreign trade a contribution of \$ 4.98 would be paid by the USA. On the contrary, Liberia with the total volume of \$ 20,500,300 of foreign trade would pay a contribution of \$ 2,650.43, i.e. per each \$ 1,000,600 a contribution of \$ 252.42; therefore a contribution relatively more than fifty times higher than that of the USA.

We admit that there is a certain amount of services and work done by the Secretariat for the benefit of each member country, whether with large or small volume of external trade (circulating of reports, etc.).

Therefore, it would be recommendable to fix for each country a certain basic minimum contribution and to assess the rest of the

NOTE: The above paper was circulated at the meeting of the Contracting Parties on 8 August. It was agreed that it would be kept in the records of the Session for consideration if and when the question of contributions were again raised in the Contracting Parties.

budget according to the shares of the member countries in the total external trade. If, for instance, this basic contribution of each member country is fixed at \$ 500 and if the division into categories according to the suggestion of Working Party 9 is maintained the scale of contributions would be as follows:

Category	Share in total external trade	Contributions based on the share in the total external trade	Contributions plus \$ 500	Number of countries	Total contributions
1	20% or more	\$ 65,349	\$ 65,849	2	\$ 131,698
2	10 - 20%	-	-	-	-
3	7 - 10%	21,545	22,045	1	22,045
4	5 - 7%	19,466	19,966	1	19,966
5	2 - 5%	8,438	8,938	9	80,444
6	1 - 2%	4,042	4,542	5	22,710
7	less than 1%	1,080	1,580	16	25,286
					<u>302,149</u>

The method of the computation of contributions of different categories is very simple, if we introduce the following formula:

- V - total volume of foreign trade,
- v - volume of foreign trade of a category,
- N - number of all member countries
- n - number of countries in one category
- B - the total Budget
- m - basic contribution of each country.

Then the formula for the contribution of a country in any category is the following:

$$C = \frac{B - Nm}{V} \times \frac{v}{n} + m,$$

the coefficient $\frac{B - Nm}{V}$ being the same for the computation of contributions in any category.*

If this method is used, the Chairman would not have the rather disagreeable duty - mentioned in the par. 6 of the Report - to fix the increase of the contribution per unit in case that any of acceding countries does not become a contracting party, since the above method can be used for any number of member countries with any volume of foreign trade.

* This formula was suggested as an alternative, eliminating categories, during the meeting.