

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

C/W/337  
22 January 1980

Limited Distribution

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COUNCIL

## EXCHANGE RATE PROBLEMS

### Note by the Director-General

At its meeting on 22 December 1978 the Council had a discussion on the problems resulting from exchange rate fluctuations, in particular, on the adverse effects of such fluctuations on the pensions and remunerations of the Professional staff (C/M/131).

The Council adopted a decision in this regard (C/104), which provided inter alia, with relation to pension matters, for certain conservative measures and the transfer to a special and temporary account of surpluses resulting in 1978 and 1979 from the depreciation of the United States dollar with relation to the accounting rate used in preparing the budgets. These conservative measures were taken in the expectation that the 34th General Assembly would adopt proposals correcting the anomalies that exist in the UN pension system brought about by the current economic and monetary circumstances.

On 20 December 1979, the General Assembly did not adopt any such proposals but referred the matter again to the International Civil Service Commission and the United Nations Joint Staff Pension Board with a view to submitting proposals to the General Assembly at its thirty-fifth session. In terms of the Council's decision of 22 December 1978 the Council would now be required to re-examine the situation and discuss the use to be made of the surpluses in the light of the proposals which the Informal Contact Group made at that time (C/W/314) and taking into account the views expressed during prior consultations with representatives of the staff and the secretariat.

Rather, however, than entering into a discussion as provided for in the Council's decision on the use now to be made of the surpluses and since it is expected that the UN General Assembly would take corrective action by the end of 1980, it is proposed that the Council decide to defer its further consideration of this matter until the results of the 35th General Assembly are known. It is also proposed that in case the Council agrees to such a deferral, the temporary and special account would be maintained until the Council takes a decision in this regard and that the Decision by the Council relating to 1979 be also extended to any such surpluses that might occur during 1980.

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