

GENERAL AGREEMENT ON TARIFFS AND TRADE

ADMINISTRATIVE AND FINANCIAL QUESTIONS

Supplementary Budget Estimates for the Financial Year 1986 To Meet Additional Requirements due to the Preparation of the Proposed New Round of Multilateral Trade Negotiations

Note by the Director-General

I. Introduction

1. In virtually every aspect, the workload of the secretariat has increased substantially in recent years. It seems certain to rise further in the future. This trend, combined with the proposed launching of a new round of multilateral trade negotiations, is bringing GATT to a point at which the CONTRACTING PARTIES will soon have to carry out a thorough review of the needs to which the secretariat must be equipped to respond. Such a review, however, is not likely to be productive at least until the end of 1986: that is, after the results and implications of the Ministerial meeting have been assessed. At that time, the Director-General will put forward appropriate proposals. In the meantime, the present limited proposals have been prepared in order to permit the secretariat to carry the workload which it can with certainty expect in the present year.

2. The preparations for the proposed new round of multilateral trade negotiations represent a large net addition to the work in progress in GATT. The existing activities of the secretariat continue at a high level, with heavy demands arising from the current negotiations on the future of the Multifibre Arrangement, from tariff negotiations arising out of the introduction of the Harmonized System of tariff nomenclature, from the examination under Article XXIV and other provisions of the GATT of new customs union and free trade area agreements or preferential arrangements, from the accession of new members, from requests for technical assistance and training, from the growth of surveillance activities, and from work on code administration, etc. As a result, the additional workload connected with the preparations for the proposed new multilateral negotiations, has repercussions throughout the secretariat, and affects not only the operational divisions but also the supporting services such as translation, personnel and administration.

3. For some years, it has been found possible to handle this increase in activities through rationalization and through redistribution of staff. However, the limits to which this process can be taken have now been reached. In order to provide fully experienced personnel for the preparations of the proposed new round of multilateral trade negotiations, it has been necessary to transfer a number of staff members from their existing posts to new duties. There is a need, through temporary assistance funds, to replace in existing posts the staff members who have been redeployed.

4. As a direct response to the requirements of the preparations for new negotiations, the Director-General introduced certain changes into the secretariat with effect from 1 January 1986. The Office for the Multilateral Trade Negotiations has been established to provide full secretariat services in support of the decision of the CONTRACTING PARTIES to meet at Ministerial level to consider the recommendations of the Preparatory Committee on the objectives, subject matter, modalities for and participation in a new round of Multilateral Trade Negotiations. The Director-General has also filled the vacant post of Head of the Department of Coordination and Administration.

5. In addition to the changes already made, some reinforcement of the Information Service is also proving necessary. The growing attention given to the GATT, as well as to the preparations for the Ministerial meeting in September have already resulted in a sharp increase of interest in the GATT by the media, as well as from business and academic circles.

6. Immediate steps to strengthen the Economic Research and Analysis Unit are also required. Extensive use is being made of various data bases created and maintained by the GATT secretariat in connection with work on the Harmonized System, the tariff study, the data on quantitative restrictions and the inventory of non-tariff measures.

7. The Director-General herewith submits his supplementary budget proposals for the financial year 1986 which, in the light of what has been stated above, he views as essential for the preparation of the new round of Multilateral Trade Negotiations.

8. In drawing up these proposals, the Director-General had a number of points specifically in mind.

a) The present estimates are an assessment of what in his view will be the basic minimum requirements.

b) The estimates have been closely scrutinized taking fully into account the possibilities of redeploying existing staff resources within the secretariat.

c) Even though staff replacements are being requested for the divisions from which staff members have been transferred to work on preparation of the new round of the Multilateral Trade Negotiations, the Director-General would still need to retain full flexibility so as to enable him to deploy staff as and when needed.

d) It is to be noted that the staff resources requested would be covered by recruitment on a temporary basis for one year. On the assumption that most of the temporary staff would be recruited by the end of June, allocation for the six months after 31 December 1986 would be taken into account in the 1987 budget, and the possible continuance of the posts thereafter in the comprehensive review referred to in paragraph 1 of this note.

II - Additional requirements

9. Ministerial meeting

The Preparatory Committee has decided that the Ministerial meeting will be held in Uruguay, during the week beginning 15 September 1986. The expenses incurred by GATT, beyond those which would fall on the GATT budget for a meeting in Geneva, will be borne by the host government. Provision has therefore to be made only for an amount of Sw F 20,000, equivalent to the rental of meeting rooms and the related costs for interpretation necessary for a Ministerial meeting if held in Geneva.

Sw F 20,000

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10. Staff resources

a) In all, nine temporary assistance posts should be created to replace in existing posts the staff members who have been redeployed under the recent changes in the secretariat described in the Introduction. While some of the questions with which the officers in the substantive divisions are concerned may in the future be dealt with in the context of the proposed new round of multilateral trade negotiations, the basic inputs for this work will still have to be provided by the Divisions concerned.

- Non-Tariff Measures Division

Economic Affairs Officer P3/Counsellor P4

The duties of this post include questions related, inter alia, to safeguards, structural adjustment, quantitative restrictions and other non-tariff measures, including the code on customs valuation. The incumbent participates in the preparation of meetings and working papers and also maintains contacts with delegations.

- Development Division

Economic Affairs Officer P3

The main responsibilities of this post concern activities in the fields of international trade policy with specific reference to trade relations between developed and developing countries. Work in this field covers all aspects of trade policy, including tariff and

non-tariff measures, GATT provisions governing trade relations and economic factors affecting such trade.

- Tariff Division

Economic Affairs Officer P3

The main responsibilities of this post concern activities of the GATT secretariat dealing with problems relating to subsidies, countervailing duties and anti-dumping, including the attendance at meetings of the GATT committees and/or panels established to deal with these matters, the preparation of analyses and working papers, etc.

- Technical and Other Barriers to Trade Division

Economic Affairs Officer P3

The functions of this post relate to the implementation of GATT Agreements in the areas of technical and other barriers to trade, to the application of GATT provisions relating to safeguard measures for balance-of-payments purposes, and to other trade and trade-related measures taken by governments which have a bearing on their GATT obligations.

- Trade Policies Division

Administrative Assistant G6

The duties of this post include assisting the Director of the Division in his administrative duties, maintaining liaison with other divisions, convening of, and attendance at meetings, reviewing incoming and outgoing correspondence, etc.

- Translation and Documentation Division

Stenographers G3 and G4

The duties of these two posts comprise taking shorthand and copy typing in English, and using a text-processing machine.

- Training Division

Clerk G2

The tasks of this post are to take shorthand in English and in Spanish, to type in these languages and use a text-processing machine, and filing and other clerical and secretarial duties as required.

b) Four additional Professional temporary assistance posts are required immediately to respond to needs already being experienced.

- Information Service

Information Officer P3

This Service needs an additional Information Officer of English mother tongue. The incumbent will deal mainly with all aspects of liaison with the Press (see introduction paragraph 5).

- Economic Research and Analysis Unit (EDP)

2 programme Analysts P2

New programmes have to be established to meet the present needs of delegations for the negotiations (see introduction paragraph 6).

- Translation and Documentation Division

Reviser/Translator P4

This post is to take into account the global increase in substantive activities and the acceleration in operations which is normal in intensive conference periods.

c) Due to the rental of additional office space outside Centre William Rappard (see paragraph 11.a) an additional post of messenger will be required to ensure links between the main building and the new premises.

- Administrative and Financial Division

Internal Services and Security Section

1 Messenger G2

d) The total cost of these additional staff resources would amount to Sw F 1,180,000 for one year. Because recruitment will take place well after the beginning of the year the 1986 budgetary charges are expected to correspond to:

Sw F 590,000

11. Miscellaneous expenditures

a) Office space

The establishment of the Office for Multilateral Trade Negotiations has made even more serious the office space problem which faces the secretariat. The Training Division, for instance, is in a very difficult situation: four trainees share an office meant only for two persons. In other Divisions, Professional staff members share offices. When staff

members are absent (on annual leave, sick leave or official missions) their offices are regularly used by temporary staff who are often moved several times during the period of their contract. This situation is already very unsatisfactory, as the inconvenience involved leads to a loss of efficiency. Recruitment of additional temporary assistance as proposed above will impose new office requirements which cannot be met from the space at present available to the secretariat. Since it appears that there is virtually no chance of obtaining extra office space within the Centre William Rappard, it will be necessary to seek to rent offices nearby. For one year's rental of 20 additional offices an amount of Sw F 480,000, at the current market rate, should be foreseen, which includes rent, electricity, water supply, heating, insurance, maintenance, etc. For a six-month period in 1986 the cost would be Sw F 240,000. To this amount Sw F 80,000 should be added for office furniture.

Sw F 320,000
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b) Summary records

It will be recalled that the over-expenditure due to the preparation of summary records prepared for the meetings of the Group of Senior Officials in October/November 1985 amounted to some Sw F 125,000. Summary records for the more numerous meetings of the Preparatory Committee will be comparatively less costly, since the need for such reports has been made known in advance. Nevertheless, and although part of the workload is being spread over the divisions, there will be extra costs such as short-term temporary assistance for translation and secretarial work (Sw F 110,000). There is also need for additional recording equipment (Sw F 10,000) and for the reproduction of the large number of pages involved (Sw F 30,000). The total extra cost can be evaluated at a minimum of:

Sw F 150,000
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c) Electronic Data Processing

As stated in the Preparatory Committee meeting of 27 and 28 January 1986, "effective negotiations would require the use of adequate statistical and documentary tools permitting measurement and comparison of concessions and their effects. This complete, up-to-date and comparable data would have to be supplied on an appropriate computerized basis." (Prep.Com.(86)SR/1). The extra work resulting from these requests even in the preparatory period will lead to an increased use of the ICC facilities. The cost is evaluated at some Sw F 250,000 for six months. The purchase of two Personal Computers (P.C.) on a leasing basis to be used as terminals and for processing small amounts of data should also be foreseen and would cost some Sw F 6,000 for six months. The total would represent:

Sw F 256,000
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12. The total additional requirements for 1986 therefore amount to:

Sw F 1,336,000
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III - Financing

13. US\$/Sw F exchange rate

a) The 1986 Budget Estimates (for the part which is US\$ based) have been made on the basis of a rate of US\$1/Sw F 2.30. If there is no major change for the rest of 1986, it can be assumed that the average rate for the year could be close to US\$1/Sw F 2.00. Should this assumption be confirmed (as each centime corresponds to savings of Sw F 27,000), it would lead to savings on the GATT budget itself of:

Sw F 810,000
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b) An exchange rate of US\$1/Sw F 2.00 instead of the US\$1/Sw F 2.50 used for the International Trade Centre budget would imply further savings of about:

Sw F 250,000
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14. United Nations Joint Staff Pension Fund

a) The original estimates for the 1986 contribution to the United Nations Joint Staff Pension Fund were based on payment of 14.5 per cent of pensionable remuneration in accordance with the decision taken by the United Nations General Assembly at its Thirty-eighth session. The revised estimates approved by the CONTRACTING PARTIES included an additional amount of Sw F 206,000 which corresponded to an increase from 14.5 to 15.0 per cent in the Organization's rate of contribution. As the General Assembly finally decided to maintain the 14.5 per cent rate the provision of Sw F 206,000 will remain unused.

Sw F 206,000
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b) Furthermore, the United Nations General Assembly decided to keep the Weighted Average of Post Adjustment (WAPA) at UN Headquarters and main Regional Offices frozen. Consequently, the corresponding provision made with regard to Pension Fund contributions for staff in the Professional and higher categories will become available.

Sw F 160,000
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c) In addition, savings of some Sw F 130,000 will result from the decision of the United Nations General Assembly not to freeze the level of pensionable remuneration for staff in the Professional and higher categories at its December 1984 level.

Sw F 130,000
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15. The total budgetary savings would therefore amount to:

Sw F 1,556,000

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IV - Conclusions

16. On the basis of the assumptions made, especially if the US\$/Sw F exchange rate is confirmed, it would appear that all the additional requirements for 1986 (Sw F 1,336,000) presented by the Director-General could be financed by using savings, not anticipated earlier, which would occur on different budgetary items (Sw F 1,556,000) and therefore no extra contribution would have to be asked from the CONTRACTING PARTIES.

17. In the light of the foregoing, the Director-General requests that he be authorized to effect the appropriate budgetary transfers to enable the coverage of the additional requirements from savings on other budgetary sections.

ANNEX: Detailed estimates

		<u>Supplementary Budget</u>
		<u>Estimates</u>
		<u>Sw F</u>
PART I:	<u>MEETINGS</u>	
Section 1 -	<u>Ministerial Meeting</u>	
(i)	Interpretation)	
)	20,000
(ii)	Rental of meeting rooms and)	
	additional office space)	
	Total Section 1:	<u>20,000</u> =====
PART II:	<u>SECRETARIAT</u>	
Section 3 -	<u>Salaries and Wages</u>	
(ii)	Temporary assistance)	
	(including overtime))	
	and consultants)	
	(a) Long-term	490,000
	(b) Short term	110,000
		<u>600,000</u> =====
	Total Section 3:	
Section 6 -	<u>Common Staff Costs</u>	
(iv)	Contribution to the United Nations)	
	Joint Staff Pension Fund)	78,000
(vii)	Family allowances, education)	
	grants and related travel:)	11,000
(ix)	Other common staff costs)	11,000
		<u>100,000</u> =====
	Total Section 6:	

Supplementary B
Estimates
Sw F

Section 7 - Common Services

(iv)	Rental and maintenance of premises and equipment:	
	(a) Rent	200,000
	(b) Electricity	7,000
	(c) Water supply	2,000
	(d) Heating	4,000
	(f) Insurance premiums	3,000
	(g) Maintenance expenditure	24,000
(vii)	Reproduction of documents	30,000
(ix)	Other services (EDP...)	256,000
	Total Section 7:	526,000

Section 10 - Permanent Equipment 90,000

TOTAL 1,336,000