

GENERAL AGREEMENT ON

TARIFFS AND TRADE

RESTRICTED

Spec(89)13
18 April 1989

ADMINISTRATIVE AND FINANCIAL QUESTIONS

Transfers between Budgetary Sections

Note by the Secretariat

1. In the report of the Committee on Budget, Finance and Administration (L/6408), the Committee drew the attention of the Council to a number of issues which were putting a severe strain on budgetary resources and making it increasingly difficult to keep within the approved annual appropriations. The need for financial discipline and proper control of expenditure was emphasized and it was in this context that the Committee decided to examine further the question of budgetary transfers between sections of the budget.

2. The question of budgetary transfers has come up many times in the past. When it arose in 1959 the CONTRACTING PARTIES decided that the Director-General had authority to make such transfers without obtaining prior approval, thereby recognizing the need for flexibility. In 1986 the matter arose again, at which time the Budget Committee focused attention on the Director-General's authority to make such transfers. The matter was examined in detail and was outlined to the Committee in the following terms:

"Transfers between budgetary sections are approved by the CONTRACTING PARTIES in accordance with a recommendation of the Budget Working Party contained in document L/1111 of 19 November 1959 and approved by the CONTRACTING PARTIES on 20 November 1959 (SR.15/18) which reads as follows:

The Working Party therefore recommends that any savings accrued at the end of the financial year be reported as soon as possible to the CONTRACTING PARTIES together with the Executive Secretary's proposals for appropriation of such savings, for consideration at the next regular session. The final position concerning the transfer of credits between sections of the budget and advances from the Working Capital Fund made under the provisions of the Resolution of 17 November 1956 in respect of a preceding financial year, will be reported at the same time".

3. Consequently, and according to the present practice, the Director-General reports on any major difference between actual expenditure and budget estimates (both over and under-expenditures) that have occurred or that could be anticipated as of 30 September. He further reports after the close of the financial year any overspending which is approved retroactively by the CONTRACTING PARTIES.

4. In response to the Committee's requirements, the Secretariat intends to provide information each month on the budgetary situation as from the end of May with details on items where transfers are likely to take place.