

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

C/108

18 December 1979

Limited Distribution

COUNCIL

EXCHANGE RATE PROBLEMS

Note by Chairman of the Council

In my capacity as Chairman of the Council of Representatives I would like to draw attention to the decision taken by the Council on 22 December 1978 to transfer to a suspense account part of the 1978 and 1979 surpluses which resulted from exchange rate fluctuations (C/M/131). The Council also agreed in this connexion that

- in the event that the thirty-fourth General Assembly did adopt proposals correcting the anomalies that exist in the pension system brought about by the current economic and monetary circumstances the amounts transferred to that special and temporary account would revert to the Surplus Account on 1 January 1980, unless the CONTRACTING PARTIES decided to take other action, and that
- in the event that the thirty-fourth General Assembly did not adopt proposals correcting the anomalies in the United Nations pension system, it would re-examine the situation and discuss the use to be made of these surpluses.

In the course of the year 1979 the developments in this regard were the following. The International Civil Service Commission (ICSC) and the United Nations Joint Staff Pension Board (UNJSPB) held two sessions concerning, among other things, the anomalies that exist in the pension system. The ICSC was unable to make a concrete recommendation for a final solution to the United Nations General Assembly and, according to its own words (paragraph 84, A/34/30), it "has no alternative but to continue in 1980 the search for a solution ... in co-operation with the Pension Board with a view to the elaboration of a long-term solution to enter into effect no later than January 1981".

The Commission had proposed interim measures to be applicable in 1980 and the UNJSPB has worked out recommendations along the lines proposed by the ICSC. These recommendations were submitted to the United Nations General Assembly and have been discussed in the Fifth Committee. The General Assembly, however, is not likely to take a decision on this matter before some time in the week beginning 17 December.

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In these circumstances it will not be possible for the Council to take a decision before the end of the year on whether the anomalies have been corrected, in which case the amount on the special and temporary account would revert to the Surplus Account on 1 January 1980, unless any other action were decided, or whether the anomalies have not been corrected, in which case the use to be made of these funds is to be discussed.

In the light of the above, it is my intention to place this matter on the agenda of the Council at its first meeting early in 1980 to be discussed on the basis of the General Assembly's decision and any proposals the Director-General may make in this regard. In the meantime, the amount on the special and temporary account would not revert to the Surplus Account.