

# GENERAL AGREEMENT ON TARIFFS AND TRADE

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## AFFILIATION OF THE STAFF TO THE UNITED NATIONS JOINT STAFF PENSION FUND

### Note by the Executive Secretary

1. At its last meeting the Intersessional Committee considered the note by the Executive Secretary on the question of the affiliation of the members of the secretariat to the Joint Staff Pension Fund. The members of the Committee agreed to recommend to their governments that they should give urgent and sympathetic consideration to the problem raised in that note and in particular that they consider the proposal contained in paragraph 7 of that note. This is to the effect that the delegations to the United Nations' General Assembly of the governments parties to GATT should concert their action with a view to obtaining from the General Assembly an interpretation of the present Pension Fund regulations which would guarantee that the ICITO staff members would continue in the Pension Fund until such time as the successor organization to the ICITO would become a member of that Fund. The Executive Secretary was asked to supplement and clarify some points in his note in order to enable the members of the Intersessional Committee to document their recommendation to their own governments.

2. Since 1948, the governments as well as the staff members have paid into a Staff Benefit Fund contributions equal to those provided for by the United Nations' Joint Staff Pension Fund. However the benefits offered to the staff are substantially less advantageous than those of the United Nations' Pension Fund. Moreover the risks of death and invalidity are not covered by the present scheme but would be covered by the Pension Fund of the United Nations. The CONTRACTING PARTIES, in the case of death or invalidity, would therefore have to make additional contributions to meet the liability to the staff under the staff regulations. In other words the governments and the staff have been making, during the last eight years, contributions which do not correspond to the benefits which would normally ensue from such contributions.

3. At their last session, the CONTRACTING PARTIES approved the following scheme; the ICITO would join the United Nations' Joint Staff Pension Fund, paying to the Fund the 21 per cent contributions for past services. The balance of the Staff Benefit Fund should be retained in order to meet the liability which would arise if the successor organization to the ICITO, i.e. the Organization for Trade Cooperation, was not admitted to participate in the United Nations' Pension Fund immediately after the ICITO had ceased to exist. As explained in

document L/509, this scheme did not materialize because the United Nations' Pension Board required the payment of interest on the 21 per cent contribution for past services. This request, if accepted, would absorb a large part of the amount earmarked to meet the contingent liability referred to above. The Executive Secretary discussed the matter again with the Heads of specialized agencies at the last meeting of the Administrative Committee on Co-ordination. He explained the difficulties which this unexpected request created for the CONTRACTING PARTIES to GATT and asked the Heads of the agencies to reconsider the matter and if possible to give new instructions to their representatives on the Pensions Board. It seems unlikely that this initiative will achieve any favourable result.

4. The Executive Secretary is continuing to study the possibility of joining another pension fund or of concluding a special agreement with a private company. On the basis of his present examination it appears that this alternative solution would either involve increased contributions by the CONTRACTING PARTIES in order to obtain the same kind of benefits as may be expected from the United Nations' Pension Fund or to reduce substantially the benefits to the staff. Another complication is that in the two pension funds which have been taken into consideration so far, the normal retiring age is sixty-five instead of sixty, as provided for in the staff regulations. It would therefore be necessary if it were decided to join either of these funds, to modify the retiring age for staff members. It appears clearly that this alternative solution would be less advantageous than joining the United Nations' Pension Fund.

5. On the other hand, all difficulties would disappear if the CONTRACTING PARTIES were to give effect to the recommendation which was approved by the CONTRACTING PARTIES at their last session and is repeated in the suggestion contained in paragraph 7 of the Executive Secretary's note (L/509). If it were clearly understood by the General Assembly of the United Nations and the Pensions Board that when the ICITO is replaced by another organization the staff members transferred to that organization would continue as members of the Fund until such time as the successor organization would become member of that Fund, the risk of a residual liability to the staff and the need for a reserve to meet it would disappear.

6. If the solution proposed commends itself to the contracting parties it would be desirable that it be acted upon in the forthcoming General Assembly. Otherwise there will be further substantial delays before a satisfactory settlement of this long outstanding question can be reached. The best procedure would be for the representatives of the contracting parties at the General Assembly to agree on a common line of action with a view to obtaining from the General Assembly a decision or an agreed interpretation which would place beyond doubt that the ICITO staff members transferred to the successor organization would continue in the United Nations' Joint Staff Pension Fund until such time as that organization had become a member of the Fund. Once a decision in this sense had been made by the General Assembly the Executive Secretary would conclude the agreement with the Secretary-General on the terms now proposed by the Pensions Board.