

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

L/922

20 November 1958

Limited Distribution

CONTRACTING PARTIES
Thirteenth Session

REPORT OF THE BUDGET WORKING PARTY

1. In accordance with its terms of reference the Working Party considered the report on the Audit of the 1957 Accounts (L/835), the Report by the Executive Secretary on the Financing of the 1958 Budget (L/884) as well as the Budget Estimates for 1959 (L/845), together with the proposals concerning the Income Budget for 1959 (L/845/Add.1). In addition the Working Party also considered certain other proposals put to it by delegations and the Executive Secretary.

I. AUDITED ACCOUNTS FOR 1957

2. The Working Party examined the Report on the Audit of the Accounts for 1957 (L/835) as well as the additional information supplied by the Executive Secretary in document L/789. The Working Party noted with satisfaction that the actual expenditure had remained within the budget appropriations and that it had even proved possible to effect some savings. The Working Party wishes to convey to the Auditor its thanks for the valuable assistance given to the CONTRACTING PARTIES in the audit of the GATT accounts.

3. The Working Party recommends that the CONTRACTING PARTIES approve the audited accounts for 1957.

II. REPORT ON THE FINANCING OF THE 1958 BUDGET

4. The Working Party examined the financial administration of the secretariat on the basis of expenditure during the first nine months of 1958 and other data contained in the Executive Secretary's report.

5. The Working Party recommends that the CONTRACTING PARTIES authorize the Executive Secretary to make the following transfer from one Section to another in order to avoid drawing on the Working Capital Fund: from Part II, Section 1 (Established Posts) to Part I, Section 1 (Thirteenth Session of the CONTRACTING PARTIES) of the amount needed up to a maximum of \$5,000.

6. The Executive Secretary informed the Working Party that all arrears of contributions of present contracting parties have now been received. As regards the contributions for 1958 the Working Party noted that since the beginning of the Session contributions from Burma, Nicaragua and Indonesia had been remitted to the secretariat whilst Belgium has indicated that the balance of its 1958 contribution will be paid in January 1959. No indication has so far been received from Chile, Peru and Uruguay.

7. Whilst the Working Party noted with satisfaction that the percentage of total contributions received during the first nine months has been further increased, it recommends that contracting parties arrange as far as possible for contributions to be remitted during the first quarter of the year in order to facilitate the financial management of the secretariat.

8. The Working Party discussed the proposal made by the Executive Secretary to the effect that the Working Capital Fund shall be of such amount as may be voted from time to time by the CONTRACTING PARTIES and recommends that paragraph 4 of the Resolution of 17 November 1956 (Annex II) be superseded by the following: "The Working Capital Fund created by the Resolution of 17 November 1956 shall be of such amount as may be voted from time to time by the CONTRACTING PARTIES. Any government acceding to the General Agreement shall make an advance to the Fund in accordance with the scale of contribution applicable to the Budget of the year of its accession. The original level of \$190,000 set by the CONTRACTING PARTIES in 1956 shall accordingly be increased by the amount of such advances until such time as the CONTRACTING PARTIES may establish a new ceiling". The delegate for the Federal Republic of Germany reserved the position of his Government in regard to the ceiling of the Working Capital Fund.

9. The Working Party examined the position of the Building Fund and the proposal made by the Executive Secretary to the effect that future budgetary savings be earmarked for this Fund. In view of the opinions expressed in the Working Party the Executive Secretary decided to withdraw this proposal. However, the Working Party agreed to recommend to the CONTRACTING PARTIES that the Building Fund remain on the books and that expenditure in respect of alterations and improvements of the existing premises for which the CONTRACTING PARTIES are responsible be charged to this account.

10. The Working Party was informed that whilst in the view of the secretariat the existing accommodation would still suffice in 1959, any further increase of the staff would make the provision of additional accommodation essential. Since the personnel strength in turn would depend on the workload with which the secretariat would be faced in years to come, it would at this stage be difficult to predict with any degree of accuracy what would be needed in the way of future accommodation.

11. The Working Party noted the view expressed by the Executive Secretary that the accommodation problem may become acute before long and that proper arrangements should be made in good time. It is therefore suggested that the Executive Secretary be invited to submit to the CONTRACTING PARTIES in good time such proposals as he considers necessary together with their financial implications so as to enable governments to give them appropriate consideration.

III. ESTIMATES OF EXPENDITURE FOR 1959

12. The Working Party examined the budget estimates for 1959 on the basis of the Note by the Executive Secretary (L/845) and in the light of the proposals made at the Thirteenth Session. The Working Party further examined the supplementary estimates on the basis of which the original estimates contained in document L/845 were revised (details of the supplementary estimates are to be found in the Note by the Secretariat, annexed to this report - Annex I).

The Working Party considered that the assumptions on which the Executive Secretary's proposals were based were reasonable and that the increase of 5.7 per cent over the 1958 estimates as amended was in fact modest. The Working Party decided to recommend to the CONTRACTING PARTIES that the revised estimates amounting to \$607,910 be accepted.

13. The Working Party further noted that the increase in actual contributions for 1959 was not in proportion to the increase in estimated expenditure, because the 1959 Budget had to cover the repayment of advances drawn from the Working Capital Fund during 1958 in the amount of \$31,950.

14. The Working Party noted that the Manning Table as submitted for 1959 showed a 20 per cent increase in staff and agreed that this was necessitated by the expanding scope of the operation of the General Agreement and the resulting increased duties and responsibilities which the CONTRACTING PARTIES assigned to the secretariat. The Working Party further noted that practically all proposals for new posts were based on recommendations made by the Review Board, whilst some posts hitherto charged to the appropriation for Temporary Assistance had now been incorporated in the Manning Table. It also noted that it had proved possible to suppress certain other posts.

15. The Working Party recommends that in order to facilitate examination of these matters by the Government Departments concerned, the Executive Secretary should, in future, include in his note on the budget estimates, a brief explanation concerning each new professional post which it is proposed to add to the Manning Table.

16. The Working Party also agreed that in order to simplify financial management the appropriations under Part I, Section 1(iv) would be merged with the appropriations under Part II, Section 3(vii), since it had become virtually impossible to distinguish between the costs for reproduction and distribution of documents relating to various meetings scheduled during the year and requirements during the rest of the year.

IV. INCOME BUDGET

17. The Working Party examined proposals made by the Executive Secretary concerning the Income Budget (L/845/Add.1). It agreed on the suggestion made concerning the disposal of the unappropriated surplus at 31 December 1957 for the financing of the 1959 Budget. It further concurred with the proposal of earmarking the anticipated budgetary savings over 1958 for the financing of the 1959 Budget as well as to use the outstanding contributions for 1957 which have been received in 1958 and the anticipated excess over estimated Miscellaneous Income for 1958 for this purpose.

18. The Working Party recommends to the CONTRACTING PARTIES that they approve the above suggestions made for the Income Budget 1959 and that the Budget for 1959 as revised be financed as follows:

<u>Income Budget 1959</u>	<u>US Dollars</u>
1. Contributions.....	560,900.-
2. Miscellaneous Income.....	13,000.-
3. Other Income estimated at.....	34,010.-
(The unappropriated surplus at 31 December 1957, receipt of 1957 contributions, anticipated budgetary savings and contemplated excess over estimated Miscellaneous Income on 1958 Budget).	
	<hr/> 607,910.- =====

V. SCALE OF CONTRIBUTIONS

19. The Working Party recommends to the CONTRACTING PARTIES that they approve a draft scale of contributions for 1959 based on the foreign trade figures of the last three available years (1955, 1956 and 1957), as reproduced in Annex C to the draft Resolution. This draft scale includes contributions from Switzerland and Cambodia on the assumption that the accession or provisional accession of these two countries will have become effective during 1959. The advances payable to the Working Capital Fund would amount to \$3,490 in the case of Switzerland and \$960 in the case of Cambodia.

VI. ADMINISTRATIVE QUESTIONS

20. The Working Party was informed that since the second report of the Review Board was exclusively concerned with recommendations about the suitability or otherwise for permanent appointment of individual staff members, the Executive Secretary had decided not to circulate the report. The Working Party agreed that this was a question of personnel management falling exclusively within the discretion of the Executive Secretary and that the decision was in keeping with accepted personnel practice. The Working Party was also informed that the Review Board hopes to finish its tasks early in 1959. Its last report, which will deal with the structure of the secretariat and the question of fixed-term posts, will be communicated to contracting parties as soon as it is available.

21. The Working Party was informed that the Executive Secretary will submit to the Fifteenth Session of the CONTRACTING PARTIES in 1959 draft staff and financial rules and regulations which, for reasons of staffing and workload it had not proved possible to prepare in time for the Thirteenth Session.

22. Audit of 1958 Accounts. The Working Party noted that the Executive Secretary intends to make arrangements with the Secretary-General of the United Nations for the auditing of the 1958 and 1959 accounts by the United Nations Internal Audit Service, and for the submission to the CONTRACTING PARTIES of the audited report in accordance with the decision taken by the CONTRACTING PARTIES in 1951.

VII. OTHER PROPOSALS AND QUESTIONS

23. One member proposed that the possibility of bringing the Analytical Index of the General Agreement up to date during 1959 be examined by the secretariat together with any budgetary implications. The Working Party was informed that for some time the Executive Secretary had intended to tackle this job which had, however, been crowded out by other tasks in respect of which the secretariat had specific instructions. It was hoped that provided no unforeseen demands were made on the secretariat the job could be done during 1959. The budgetary implications in respect of a roneoed document were negligible, whilst for a printed document some small extra costs would be involved.

24. The Working Party expressing unanimous support for the proposal recommends that the CONTRACTING PARTIES request the Executive Secretary to take the necessary steps to have the Analytical Index brought up to date and published in roneoed form in 1959. It is suggested that the desirability of having the Analytical Index printed be examined by a subsequent session of the CONTRACTING PARTIES.

25. In reply to a question by one of its members the Working Party was informed that the report on Trends in International Trade will be translated into Spanish and that it is hoped to publish the Spanish edition by the end of 1958.

26. Trade News Bulletin. At the request of the Executive Secretary the Working Party examined the question of the usefulness or otherwise to the CONTRACTING PARTIES of the Trade News Bulletin in its present form and in relation to its production costs, both in time and money.

27. In order to enable the Working Party to discuss the matter intelligently its Chairman addressed a note to leaders of delegations requesting their views and observations on the subject. Sixteen delegations responded to this request of which ten sent written replies.

The replies received show the following:

- (a) Four countries recommend that the issuance of the TNB be discontinued. They base this view on a variety of reasons of which the principal are: the Bulletin is useful but not useful enough to warrant the considerable expenditure of time and money; the information is available to the governments concerned from other sources.
- (b) Some other countries and amongst those, particularly the "less developed" countries would like to see the Bulletin continued and have found it to be of great value, particularly since these countries have few trade missions and/or representatives outside their own territories from which information could be obtained.

- (c) Some delegations feel that the cost of producing the TNB can be reduced by curtailing its length and/or omitting certain parts, for instance, that dealing with trade agreements, while other delegations would oppose any shortening of the Bulletin.
- (d) In view of the very limited French circulation most delegations would not object to suppressing the French edition while one delegation would.
- (e) Practically all delegations recommend that the free distribution should be limited or suppressed altogether and replaced by subscriptions, and most delegations would be willing to pay Sw.frs. 2.- per copy for those copies needed by their governments.

28. It will be seen from the above that the replies are not conclusive, particularly since out of thirty-eight delegations approached only sixteen replied.

29. On the basis of the replies received the Working Party recommends that the Trade News Bulletin be continued, its free distribution limited and its subscription rate increased to Sw.frs. 2.- per copy.

VIII. CONCLUSIONS

30. The Working Party submits to the CONTRACTING PARTIES for consideration and approval a draft Resolution on the expenditure of the CONTRACTING PARTIES and the Ways and Means to meet such expenditure.

<u>Points for Decision:</u>	Paragraph 3	Paragraph 18
	Paragraph 5	Paragraph 19
	Paragraph 8	Paragraph 24
	Paragraph 9	Paragraph 29
	Paragraph 12	Paragraph 30

Note by the Secretariat on the Revised Estimates of
Expenditure for the Financial Year 1959

1. It is proposed that the estimates of expenditure contained in document L/845 be revised as per Annex A attached.
2. The supplementary estimates mentioned under Part III and amounting to \$15,000 results from the following:
 - (a) Organization of business (two sessions of three weeks plus eight working days for meetings of the Intersessional Committee) \$30,400 (original estimate \$27,900).
 - (b) Other intersessional meetings based on the revised 1959 meeting schedule \$6,500 (original estimate \$4,000).
 - (c) One additional General Service post for the General Section of the Trade Policy Division \$2,560.
 - (d) Travel and removal expenses and installation allowance for the D.1 post \$3,625.
 - (e) Increased printing costs resulting from the printing of the Spanish edition of Trends in International Trade, the Report on Restrictive Business Practices and certain other publications \$19,315 (original estimate \$15,500).
3. The Budget Working Party recommends to the CONTRACTING PARTIES that a lump sum appropriation of \$15,000 be allocated by the Executive Secretary to those parts of the Budget affected by the additional expenditure.

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Annex II

RESOLUTION OF 17 NOVEMBER 1956

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- "4. The Reserve set up on 27 November 1950 shall be replaced by a Working Capital Fund which shall be maintained at a level of US \$ 190,000. Governments which were contracting parties before the Eleventh Session shall make advances to the Working Capital Fund in accordance with Annex D to this Resolution. Such advances shall be transferred from the Reserve Fund. Any government acceding to the General Agreement on Tariffs and Trade shall make an advance to that Fund in accordance with the scale of contributions applicable to the budget of the year of its accession."

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DRAFT RESOLUTION ON THE EXPENDITURE OF THE CONTRACTING PARTIES
IN 1959 AND THE WAYS AND MEANS TO MEET SUCH EXPENDITURE

The CONTRACTING PARTIES

HAVING CONSIDERED the estimates of expenditure of the CONTRACTING PARTIES during 1959, as set forth in the Schedules annexed to this Resolution,

RESOLVE that:

1. The Executive Secretary is authorized to repay promptly ICITO for the services rendered during the year 1959, provided that such repayment does not exceed a total of US \$575,960.
2. The Executive Secretary shall repay the Working Capital Fund the advances drawn during 1958 in the amount of US \$31,950.
3. The repayment referred to in paragraphs 1 and 2 shall be financed as follows:
 - (a) by contributions from contracting parties in the amount of US \$560,900;
 - (b) by miscellaneous income estimated at US \$13,000;
 - (c) by other income estimates at US \$34,010 (the unappropriated surplus at 31 December 1957, receipt of 1957 contributions, anticipated budgetary savings and contemplated excess over estimated Miscellaneous Income on 1958 Budget).
4. Paragraph 4 of the Resolution of 17 November 1956 be superseded by the following: The Working Capital Fund created by the Resolution of 17 November 1956 shall be of such amount as may be voted from time to time by the CONTRACTING PARTIES. Any government acceding to the General Agreement shall make an advance to the Fund in accordance with the scale of contributions applicable to the Budget of the year of its accession. The original level of \$190,000 set by the CONTRACTING PARTIES in 1956 shall accordingly be increased by the amount of such advances until such time as the CONTRACTING PARTIES may establish a new ceiling.
5. The Executive Secretary shall report to the CONTRACTING PARTIES at the Fifteenth Session on the status of budgetary expenditure including all advances made from the Working Capital Fund under sub-paragraphs (b) and (c) of paragraph 5 of the Resolution of 17 November 1956. He shall also report on any transfers of credits made between sections of the budget in accordance with paragraph 3 of the said Resolution.
6. The contributions of the contracting parties in 1959 shall be assessed in accordance with the scale of contributions set forth in Annex C to this Resolution. Contributions from contracting parties are considered as due and payable in full as from 1 January 1959.

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ANNEX A

REVISED ESTIMATES OF EXPENDITURE FOR THE FINANCIAL YEAR 1959

Part I	: <u>Meetings</u>		<u>Amount in US Dollars</u>
<u>Section</u>			
1	Fourteenth and Fifteenth Session of the CONTRACTING PARTIES and Meetings of the Intersessional Committee	27,900.-	
2	Other Intersessional Meetings	<u>4,000.-</u>	
Total : Part I			31,900.-
Part II	: <u>Secretariat</u>		
<u>Section</u>			
1	Salaries and Wages and Official Travel	349,000.-	
2	Common Staff Costs	101,200.-	
3	Common Services	55,860.-	
4	Printing	15,500.-	
5	Hospitality	1,000.-	
6	Permanent Equipment	<u>6,500.-</u>	
Total : Part II			529,060.-
Part III	: <u>Supplementary Estimates</u>		15,000.-
Part IV	: <u>Reimbursement of Working Capital Fund</u>		<u>31,950.-</u>
Grand Total			<u>607,910.-</u> -----

ANNEX B

REVISED ESTIMATES OF EXPENDITURE FOR THE FINANCIAL YEAR 1959

Detailed Schedules

Amount in US Dollars

<p>Part I : Section 1. <u>Fourteenth and Fifteenth Session of the CONTRACTING PARTIES and Meetings of the Intersessional Committee</u></p> <p>(i) Temporary Assistance (including Overtime)</p> <p>(ii) Travel and Subsistence of Temporary Staff</p> <p>(iii) Rental of Meeting Rooms and Additional Office Space</p> <p>(iv) Translation</p> <p>(v) Communications, Office Supplies and other services</p>	<p>19,700.-</p> <p>1,000.-</p> <p>5,000.-</p> <p>1,000.-</p> <p><u>1,200.-</u></p> <p>27,900.-</p> <p>*****</p>
<p>Part I : Section 2. <u>Other Intersessional Meetings</u></p>	<p>4,000.-</p> <p>*****</p>
<p>Part II : Section 1. <u>Salaries and Wages and Official Travel</u></p> <p>(i) Established Posts</p> <p>(ii) Temporary Assistance (including overtime)</p> <p>(iii) Travel on Official Business</p>	<p>324,000.-</p> <p>10,000.-</p> <p>15,000.-</p> <p><u>349,000.-</u></p> <p>*****</p>

Amount in US DollarsPart II : Section 2. Common Staff Costs

(i)	Installation Allowances		4,500.-
(ii)	Travel and Removal Expenses of Staff and Dependents		7,600.-
(iii)	Separation Payments		2,000.-
(iv)	Contributions to the United Nations Joint Staff Pension Fund		44,100.-
(v)	Service Benefits		500.-
(vi)	Representation Grants		7,000.-
(vii)	Travel on Home Leave		8,000.-
(viii)	Family Allowances, Education Grants and Related Travel		
	a) Family Allowances	19,900.-	
	b) Education Grants & Related Travel	<u>5,600.-</u>	25,500.-
(ix)	Other Staff Benefits		2,000.-
			<u>101,200.-</u>
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Part II : Section 3. Common Services

(i)	Cable and Long Distance Telephone Communications		1,500.-
(ii)	Freight and Cartage		600.-
(iii)	Books and Information Material		1,000.-
(iv)	Rental and Maintenance of Premises and Equipment		15,760.-
(v)	Postal Services		5,500.-
(vi)	Stationery and Office Supplies		5,500.-
(vii)	Reproduction and Distribution of Documents		24,500.-
(viii)	Translation		500.-
(ix)	Other Services and Miscellaneous Expenditure		1,000.-
			<u>55,860</u>
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Amount in US Dollars

Part II : Section 4. <u>Printing</u>	15,500.- =====
Part II : Section 5. <u>Hospitality</u>	1,000.- =====
Part II : Section 6. <u>Permanent Equipment</u>	6,500.- =====
Part III: <u>Supplementary Estimates</u>	15,000.- =====
To be allocated by the Executive Secretary in accordance with the recommendation contained in the Note by the Secretariat annexed to the Report of the Budget Working Party. (Annex I)	
Part IV : <u>Reimbursement of Working Capital Fund</u>	31,950.- =====

ANNEX CSCALE OF CONTRIBUTIONS FOR 1959

COUNTRY	Per cent of total trade of the CONTRACTING PARTIES in 1955-1957	CONTRIBUTION (in US\$)
Australia	2.265	12,704
Austria	1.050	5,889
Belgium	3.923	22,004
Brazil	1.585	8,890
Burma	0.500	2,805
Canada	6.343	35,578
Ceylon	0.500	2,805
Chile	0.502	2,815
Cuba	0.823	4,616
Czechoslovakia	1.436	8,054
Denmark	1.369	7,578
Dominican Republic	0.500	2,805
Finland	0.943	5,289
France	7.026	42,774
Germany, Federal Rep. of	7.993	44,832
Ghana	0.500	2,805
Greece	0.500	2,805
Haiti	0.500	2,805
India	1.748	9,804
Indonesia	0.971	5,446

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ANNEX C (cont'd)

COUNTRY	Per cent of total trade of the CONTRACTING PARTIES in 1955-1957	CONTRIBUTION (in US\$)
Italy	3.056	17,141
Japan	3.304	18,532
Luxembourg	0.500	2,805
Malaya, Federation of	0.741	4,156
The Netherlands, Kingdom of	4.877	27,355
New Zealand	0.886	4,970
Nicaragua	0.500	2,805
Norway	1.105	6,198
Pakistan	0.500	2,805
Peru	0.500	2,805
Rhodesia & Nyasaland, Fed. of	0.559	3,135
Sweden	2.368	13,282
Turkey	0.500	2,805
Union of South Africa	1.570	8,806
United Kingdom	16.408	92,032
United States of America	18.235	102,280
Uruguay	0.500	2,805
Switzerland	1.814	10,175
Cambodia	0.500	2,805
TOTAL 39 countries	100.000	560,900