

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

L/997

29 May, 1959

Limited Distribution

CONTRACTING PARTIES
Fourteenth Session

FINANCIAL AND ADMINISTRATIVE QUESTIONS

Note by the Executive Secretary

I. BUDGET POSITION

1. Expenditure under various items of the 1959 budget has been adversely affected by events unforeseen at a time when the budget was adopted.
2. Whilst it is not possible at this stage to estimate with complete accuracy expenditure during the remaining months of 1959, the best estimates which can be made indicate excess expenditure under the following items:

(a) Part I, Section 2: Other Intersessional Meetings

The original estimates were based upon the programme of meetings for 1959 as known at the time of the adoption of the budget (see Annex I) and the excess expenditure of \$2,200 is calculated on the basis of the revised meeting programme as shown in Annex II. Should the CONTRACTING PARTIES decide on additional meetings, expenditure will of course further exceed the appropriation.

(b) Part I, Section 1: Temporary Assistance

The excess expenditure of \$11,600 is due to the fact that pending the appointment of staff members recruited on a competitive basis to vacant established posts, some temporary staff were engaged whose salaries for technical reasons had to be charged to this credit (corresponding savings have of course been made under Part II, Section 1: Established Posts). A further important factor has been the greatly increased needs of the Languages Unit due to the additional meetings referred to under (a) above.

(c) Part II, Section 3: Postal Services, Reproduction and Distribution of Documents and Translation

The excess expenditure totalling \$10,900 is due to the increase in postal charges, effective 1 April 1959, and to the considerable increase in the number of documents produced, translated and despatched in connexion with unforeseen meetings of committees, working parties etc.

(d) Part II, Section 3: Other Services and Miscellaneous Expenditure

The anticipated excess expenditure of \$1,000 represents the fee which the organization is requested to pay to the United Nations for the audit of the GATT accounts for 1958.

(e) Part II, Section 4: Printing

The excess expenditure of \$5,100 is mainly caused by the printing of the following documents decided upon since the 1959 budget was adopted:

BISD Vol. III French
" " " English
" " " Spanish
Possible Impact of the EEC
Marks of Origin
9th Protocol of Rectifications and Modifications

3. Savings are anticipated under the following items:

(a) Part I, Section 1: Fourteenth Session

Anticipated savings of \$3,375 are mainly due to the fact that this time it has been possible to recruit locally at reduced cost staff for which non-local recruitment was originally foreseen. In case it should be necessary to retain a certain number of staff after the closure of the current session the anticipated unencumbered balance will be reduced accordingly.

(b) Part II, Section 1: Established Posts

This credit shows an anticipated unencumbered balance in the amount of \$10,000 which is based on actual expenditure incurred and on contractual obligations for the remainder of the year. Savings are due to the fact that several posts have remained vacant during the first four months of the year, while recruitment was in progress (see also 2(b) above).

4. It is hoped that it will prove possible to compensate some of the excess expenditure by aforementioned savings and the following steps are proposed:

- (a) Excess expenditure of \$2,200 under "Other Intersessional Meetings" might be compensated by the anticipated savings on the "fourteenth session". This would entail a transfer between sections on which the approval of the CONTRACTING PARTIES would be required. The Executive Secretary intends to ask for such approval at the fifteenth session when the final cost of the fourteenth session is known.

- (b) As regards the excess expenditure of \$11,600 on "Temporary Assistance", this amount could, in greater part, be compensated by savings on "Established Posts" and the Executive Secretary intends to make the necessary transfer within Part II, Section 1.
- (c) As to the balance of (b) and the anticipated excess expenditure for "Postal Services", "Reproduction and Distribution of Documents", "Translation", "Other Services and Miscellaneous Expenditure" and "Printing", totalling \$18,600, the Executive Secretary requests authorization from the CONTRACTING PARTIES to draw from the unappropriated surplus for 1958, the amount of \$18,600 to increase the allotments under Part II, Sections 1, 3 and 4. Subject to the audit of the 1958 accounts the unappropriated surplus for 1958 amounts to \$18,746.77.

5. The above calculations and proposals are based on the assumption that all outstanding contributions to the 1959 budget will be promptly received.

6. It should also be borne in mind that the allotment for the fifteenth session of the CONTRACTING PARTIES does not provide for a ministerial meeting. Should it be decided to hold such a meeting the Executive Secretary will have to seek authorization to advance from the Working Capital Fund such sums as may be necessary to finance the additional expenditure.

7. The Executive Secretary wishes to draw the attention of the CONTRACTING PARTIES to the fact that whilst the measures indicated above may this time still make it possible to absorb excess expenditure without asking for additional contributions, it follows that the income budgets for the years 1960 and 1961 will show the effect of such measures and will consequently influence the rate of contributions for which contracting parties will be assessed. It will also be clear that the more and more frequent ad hoc decisions CONTRACTING PARTIES are taking concerning meetings of committees, panels, working groups etc. after the budget for the current year has been adopted, create a situation whereby the CONTRACTING PARTIES are living beyond their financial means and greatly complicate the financial management of the secretariat, which traditionally has been operating on a strict economy budget.

8. Whilst the Executive Secretary has the authority to draw on the Working Capital Fund in certain circumstances, it is the opinion of the Executive Secretary that such withdrawals, which inevitably have to be reimbursed, should remain the rare exception rather than the rule.

9. Since on the basis of recent experience it would seem unlikely that the tendency referred to in the last sentence of paragraph 5 above will change during 1960, the Executive Secretary intends in the 1960 budget, which will be submitted to the CONTRACTING PARTIES at the fifteenth session, to provide for a greater margin on such budget items as are affected by the ad hoc decisions referred to above. This is reported to the CONTRACTING PARTIES in order to give advance notice of a possible increase in contributions for the 1960 budget to cover such additional expenditure.

II. TRANSFORMATION OF THE BASEMENT OF THE VILLA LE BOGAGE

1. At the thirteenth session the Executive Secretary informed the CONTRACTING PARTIES that whilst it would still be possible in 1959 to house the permanent and temporary staff, experts and trainees, be it with some difficulty, in the premises as they now exist, subsequent staff increases would make further extension and/or transformation necessary.
2. Meanwhile it has become increasingly difficult to house the larger number of temporary supporting staff engaged during sessions of the CONTRACTING PARTIES and during heavy workload periods. This problem has been further aggravated by the fact that the Palais des Nations can no longer provide office space to accommodate any temporary overflow.
3. In order to ensure the necessary accommodation for the staff mentioned in the preceding paragraph, the Executive Secretary proposes that the original Plan C submitted to the CONTRACTING PARTIES in 1956 and providing for four additional offices in the basement of the Villa be put into effect.
4. The four offices thus gained would represent a most useful and necessary addition to the present office accommodation at low cost, pending further transformations or new construction proposals for which would be submitted as and when future staffing requirements can be more clearly ascertained.
5. The total cost of this transformation would amount to approximately \$4,000 and would be charged to the building fund which at present shows a balance of approximately \$5,000. The transformation would be carried out under the supervision of the Technical Services of the European Office of the United Nations.

III. EXTERNAL AUDIT OF THE GATT ACCOUNTS

1. As the CONTRACTING PARTIES are aware, the external audit of the GATT accounts has been carried out by the United Nations Internal Audit Service ever since the secretariat started keeping its own accounts in 1951.
2. The arrangement which has served a useful purpose as a temporary expedient has until now been renewed from year to year.
3. So far the United Nations have provided this service free of charge. However, the Executive Secretary has now been notified that commencing with the 1958 accounts the United Nations will be obliged to charge a fee of \$1,000 per annum.
4. It should further be noted that the draft Financial Regulations, which will be placed before the CONTRACTING PARTIES at the fifteenth session, will provide for an external audit of the GATT accounts to be conducted by an independent auditor in accordance with the principles expressed in United Nations Resolution 347(IV)(Annex III) and the annexes thereto, concerning audit procedures of the United Nations and the specialized agencies and the joint system of external audit.

5. In view of the above, the Executive Secretary has come to the conclusion that timely arrangements should be made with one of the present members of the Joint Panel of Auditors appointed under the above-mentioned United Nations Resolution or with such other person as would qualify for membership of the Panel. This would bring GATT procedures in line with the common system of external audit as adopted by the United Nations and most of the specialized agencies. The fee payable is unlikely to exceed \$1,000, i.e. the amount at present charged by the United Nations.

6. The Executive Secretary therefore seeks authority to proceed on this basis and undertakes to submit to the fifteenth session for approval by the CONTRACTING PARTIES, the name of the person proposed for appointment.

ANNEX I

Programme of Meetings for 1959

| | | |
|------------|------------------------------------|---------|
| February | W/P on Yugoslavia | 1 week |
| | W/P on Agricultural Protectionism | 2 weeks |
| March | B.O.P.'s Committee | 2 weeks |
| | Panel on Subsidies & State-Trading | 10 days |
| | Panel on Anti-Dumping Duties | 10 days |
| | CONTRACTING PARTIES | 3 weeks |
| April | W/P on Agricultural Protectionism | 1 week |
| June | B.O.P.'s Committee | 2 weeks |
| early July | Group of Exports Res.Bus.Pract. | 10 days |
| September | B.O.P.'s Committee | 2 weeks |
| October | W/P on Commodities | 1 week |
| | CONTRACTING PARTIES | 3 weeks |

ANNEX II

Other Intersessional Meetings

(Revised Programme)

| | |
|-------------------|--|
| 13-31 January | Consultations with the Federal Republic of Germany |
| 9-13 February | Committee I on Expansion of Trade |
| 16-28 February | Consultation under Article XXII |
| 2-10 March | Committee II on Expansion of Trade |
| 11-13 March | Committee III on Expansion of Trade |
| 16-20 March | Working Party on Relations with Yugoslavia |
| 23-26 March | Consultation under Article XXII |
| 6-10 April | Panel on Subsidies and State-Trading |
| 13-17 April | Panel on Anti-Dumping Duties |
| 5-9 May | Committee I on Expansion of Trade |
| 11-23 May | Committee on Balance-of-Payments Restrictions |
| 15-24 June | Expert Group on Restrictive Business Practices |
| 29 June - 11 July | Committee on Balance-of-Payments Restrictions |
| 12-24 October | Committee on Balance-of-Payments Restrictions |

Other Proposed Meetings

Committee I on Expansion of Trade - 1 week
Committee II on Expansion of Trade - 2 weeks

ANNEX III

347 - (IV). Audit procedures of the United Nations
and the specialized agencies

The General Assembly,

Having taken note of the set of common principles to govern audit procedures of the United Nations and the specialized agencies as agreed by the Administrative Committee on Co-ordination, and of the recommendation¹ of the Co-ordination Committee of the Economic and Social Council in this respect,

1. Declares that the audit principles contained in Annex A to the present resolution shall constitute the instructions of the General Assembly relative to the conduct of the audit of the United Nations accounts as referred to in paragraph (f) of provisional financial regulation 34,² and that resolution 74 (I)³ adopted by the General Assembly on 7 December 1946 shall be considered as amended accordingly;
2. Approves the principles regarding a joint panel of auditors for the United Nations and the specialized agencies as set out in Annex B to the present resolution;
3. Requests the Secretary-General and the Administrative Committee on Co-ordination to conclude arrangements for the establishment of the joint panel of auditors under the provisions of Annex B to the present resolution;
4. Resolves that members of the Board of Auditors of the United Nations be nominated to the joint panel of auditors;
5. Expresses the hope that such of the specialized agencies as have not yet agreed to the common system of external audit will do so in the near future.

255th plenary meeting,
24 November 1949.