

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

L/2235

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COMMITTEE ON BUDGET, FINANCE AND ADMINISTRATION

Report by the Chairman

1. As instructed by the Council at its meeting on 27 May 1964 the Committee on Budget, Finance and Administration met on 23 June 1964 to consider proposals for additional accommodation for the secretariat under Point 2 of the Committee's terms of reference.
2. The Committee had before it documents L/2223 and L/2223/Add.1, bearing directly on the above question, and in addition document L/2233, concerning the question of permanent conference and secretariat accommodation, which was submitted for information only.
3. The Committee first examined the bases on which the construction of a second temporary building had been proposed by the Executive Secretary and reached the unanimous conclusion that in the circumstances as they exist at present the construction of such a building would be the most acceptable solution to the problem in securing rapidly the necessary accommodation for the secretariat whilst at the same time providing a modest margin for the future.
4. The Committee was also satisfied that the choice of the building firm, i.e. Messrs. Durisol, who had constructed the first annex, was judicious in view of the excellent experience gained with the first building.
5. The Committee was informed that the question of comparative costs had been fully discussed with the Building Management and Engineering Division of the United Nations and that, taking account of the quality of the construction, the offer made by Messrs. Durisol was in every respect the most attractive.
6. The Committee therefore proposes that the Council should recommend to the CONTRACTING PARTIES that the Executive Secretary be authorized to enter into firm commitments regarding the construction of a second temporary office building.
7. The Committee then turned to the question of the financing of the project and examined the various solutions contained in documents L/2223 and L/2223/Add.1. In this connexion the Committee was informed by the representative of the Executive Secretary of the outcome of the discussions which had taken place during the two weeks preceding the meeting between the secretariat and the cantonal and federal authorities and the Caisse Hypothécaire du Canton de Genève.

8. The Committee learnt that, after the Executive Secretary had been informed by the Geneva cantonal authorities that they would be unable to grant a further loan to the CONTRACTING PARTIES, the Executive Secretary had approached the federal authorities in the matter. These had informed him of their willingness to study this question within the framework of an overall plan regarding the construction of buildings in Geneva to serve international organizations. Owing, however, to procedural and legislative requirements governing matters of this kind no formal assurance could be given by the Federal Government at this stage. A decision could be expected at the earliest in the autumn of this year. It was therefore clear that, assuming the Swiss Government would reach a favourable decision, the GATT could not dispose of the necessary funds until the end of the current year.

9. As the construction of a second annex was urgent the Executive Secretary had approached the Caisse Hypothécaire du Canton de Genève with a view to obtaining a building credit to which the necessary expenditure could be charged during the period July 1964 to January 1965.

10. The Caisse Hypothécaire had agreed to grant this credit at an interest rate of $4\frac{1}{2}$ per cent per annum plus $1/4$ per cent quarterly commission and on condition that the credit would be guaranteed by the Swiss federal authorities and taken over by the Confederation not later than January 1965.

11. The Committee considered the matter in the light of this additional information and after a full discussion of the various possibilities reached the following unanimous conclusions:

- (a) In order to reduce the amount which might have to be borrowed, the entire Surplus Account, standing at present at \$92,058.61, should be put towards the financing of the project.
- (b) A withdrawal, not exceeding \$60,000, should be made from the Working Capital Fund, subject to reimbursement.

12. This would leave a balance of approximately \$145,000.

13. The United States member of the Committee proposed that the balance should be provided for in toto in the 1965 budget. This solution, which would make any outside loan unnecessary and consequently would avoid interest and amortization payments over a protracted period which could overlap with a further much more considerable financial transaction in connexion with a permanent building, was supported by several members of the Committee.

14. The remainder favoured a solution whereby the balance would be covered by a low-interest loan to be repaid over a period of five years in the hope that such a loan would be granted by the Federal Government. These members, having no precise instructions with regard to the proposal mentioned in the previous paragraph, did not exclude their governments' agreement to that solution.

15. The Annex to this document shows the approximate increases in the contributions for the contracting parties and associated governments under both proposals based on membership as of 1 July 1964 (these increases would be exclusive of any further budgetary increases in other sections of the 1965 budget).

16. The Committee suggests that the Council recommends to the CONTRACTING PARTIES that:

- (a) In order to reduce the amount which might have to be borrowed, the entire Surplus Account, standing at present at \$92,058.61, should be put towards the financing of the project.
- (b) A withdrawal, not exceeding \$60,000, should be made from the Working Capital Fund, subject to reimbursement.

17. The Committee further suggests that the Council recommends to the CONTRACTING PARTIES the adoption of either one of the following proposals:

- (a) that the balance of approximately \$145,000 be included in toto in the 1965 budget;
- (b) that the balance be covered by a low-interest loan to be repaid over a period of five years, providing such a loan would be granted by the Federal Government, it being understood that if the loan were not granted the proposal contained in (a) above would automatically apply.

Points for decision:

Paragraph 6
Paragraph 16
Paragraph 17.

ANNEXApproximate Increases in the Contributions
for Contracting Parties and Associated Governments

Country	I \$145,000 increase in 1965	II \$31,210 increase from 1965 to 1969	III \$60,000 increase in 1966
CONTRACTING PARTIES			
Australia	2,900	625	1,200
Austria	1,632	352	675
Belgium	4,624	996	1,913
Brazil	1,682	362	696
Burma	725	156	300
Cameroon	-	-	-
Canada	7,487	1,612	3,098
Central African Republic	-	-	-
Ceylon	725	156	300
Chad	-	-	-
Chile	725	156	300
Congo (Brazzaville)	-	-	-
Cuba	768	165	318
Cyprus	-	-	-
Czechoslovakia	2,548	548	1,054
Dahomey	-	-	-
Denmark	2,154	464	891
Dominican Republic	725	156	300
Finland	1,338	288	554
France	8,769	1,887	3,629
Gabon	-	-	-
Federal Republic of Germany	14,354	3,090	5,939
Ghana	725	156	300
Greece	725	156	300
Haiti	-	-	-
India	2,240	482	927
Indonesia	875	188	362
Israel	725	156	300
Italy	5,786	1,245	2,394
Ivory Coast	725	156	300
Jamaica	725	156	300
Japan	5,916	1,273	2,448
Kenya	725	156	300
Kuwait	795	171	329
Luxemburg	725	156	300

Country	I \$145,000 increase in 1965	II \$31,210 increase from 1965 to 1969	III \$60,000 increase in 1966
CONTRACTING PARTIES (Cont'd)			
Madagascar	-	-	-
Malaysia	1,956	421	809
Mauritania	-	-	-
Kingdom of the Netherlands	6,597	1,420	2,730
New Zealand	992	214	411
Nicaragua	-	-	-
Niger	-	-	-
Federation of Nigeria	725	156	300
Norway	1,525	328	631
Pakistan	725	156	300
Peru	725	156	300
Portugal	917	197	379
Southern Rhodesia	725	156	300
Senegal	725	156	300
Sierra Leone	-	-	-
South Africa	1,788	385	740
Spain	1,127	243	466
Sweden	3,484	750	1,442
Tanganyika	725	156	300
Togo	-	-	-
Trinidad and Tobago	725	156	300
Turkey	725	156	300
Uganda	-	-	-
United Kingdom of Great Britain and Northern Ireland	16,552	3,563	6,849
United States of America	23,055	4,962	9,540
Upper Volta	-	-	-
Uruguay	725	156	300
ASSOCIATED GOVERNMENTS			
Argentina	1,487	320	615
Cambodia	-	-	-
Iceland	-	-	-
Poland	1,936	417	801

Country	I \$145,000 increase in 1965	II \$31,210 increase from 1965 to 1969	III \$60,000 increase in 1966
ASSOCIATED GOVERNMENTS (Cont'd)			
Switzerland	2,863	616	1,186
Tunisia	725	156	300
United Arab Republic	725	156	300
Yugoslavia	903	194	374
Total	145,000	31,210	60,000

- NOTE:
- I \$145,000 increase of contributions in 1965 under the proposal contained in paragraph 13.
 - II \$32,210 increase of contributions from 1965 to 1969 under the proposal contained in paragraph 14. The amount represents the amortization plus interest of a loan of \$145,000 at an interest rate of $2\frac{1}{2}$ per cent assuming the loan to be reimbursed over a period of five years.
 - III \$60,000 increase of contributions in 1966. The amount represents the reimbursement to the Working Capital Fund (paragraph 11(b)).

The contributions of countries paying a fixed minimum are not affected.