

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

L/3608  
29 October 1971

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## REPORT OF THE COMMITTEE ON BUDGET, FINANCE AND ADMINISTRATION

1. The Committee on Budget, Finance and Administration, appointed by the Council on 2 February 1971 held meetings at the Villa Le Bocage, Geneva, from 5 to 21 October 1971.
2. The Committee was chaired by Mr. M.H.E. Moerel of the Netherlands and the following fourteen members attended:

Australia	Israel
Belgium	Japan
Brazil	Poland
Canada	Sweden
France	Switzerland
Germany, F.R.	United Kingdom
India	United States

Turkey was represented by an observer.

3. In accordance with its terms of reference, the Committee considered the Director-General's Financial Reports on the 1970 Accounts of the GATT and the International Trade Centre UNCTAD/GATT and the Reports of the External Auditor thereon (documents L/3562 and ITC/AG/19) and the GATT Budget Estimates for the Financial Year 1972 (L/3540). In addition to the documents mentioned, the Committee examined the financial positions of the GATT and the International Trade Centre as at 30 September 1971 on the basis of out-turn figures prepared by the secretariat. The Committee also had before it the following working papers:

Effect of the Swiss Franc Revaluation on Budgetary Requirements

Effect of the Change of the Accounting Rate as from 1 October 1971 on Budgetary Requirements for 1971 and 1972

Disposal of the 1970 Surplus of the GATT

Contributions in Arrears

Accommodation

Report of the Advisory Committee on Administrative and Budgetary Questions on the ITC Budget Estimates for 1972

Sale and Free Distribution of GATT and ITC UNCTAD/GATT Publications

4. At the beginning of the meeting the Committee heard an introductory statement by the Director-General. He referred to the current financial position and pointed out that because of changes in monetary parities the financial year 1971 was expected to close with a budgetary deficit in the region of \$55,000, which was the net figure after taking into account the savings resulting from the postponement by six months of the professional category salary scale increase and other savings that were being made. He proposed that this deficit be covered by a transfer from the 1970 surplus thus avoiding the need to assess supplementary contributions on contracting parties. He explained that the recent developments in the international monetary situation also had the effect of reducing the take home pay of the staff in the professional category and above. The 1971 final cash deficit would of course depend on the collection of contributions from now until the end of the year. The Director-General emphasized that the collection position on 30 September 1971 was the worst since 1963 and that, unless a special effort was made by the contracting parties in arrears, serious problems could be posed for the financial management of the secretariat.
5. With regard to the 1972 GATT budget, the Director-General emphasized that he had maintained his policy of keeping the budget estimates at a very low and indeed austere level. He pointed out that, of the increase of 20 per cent that the total revised estimated expenditure for 1972 represented in comparison with the 1971 approved budget, 12 per cent arose from recent monetary developments and general inflationary factors and a further 7 per cent represented the higher cash contribution to the International Trade Centre, leaving only 1 per cent increase due to new requirements. Regarding staffing provisions, the Director-General pointed out that once again for 1972 he had refrained from requesting any new posts. He had again relied on the redeployment of available staff resources and on the judicious use of temporary assistance on an ad hoc basis, as instruments for meeting the requirements of implementation of the work programme.
6. The Director-General drew attention to the contribution to be made in respect of a project which was aimed at establishing a common basic classification system for goods moving in international trade to be undertaken by the Customs Co-operation Council at Brussels in collaboration with other interested bodies. He considered GATT's contribution of \$5,000 towards the cost of this project to be minimal compared to the benefits that the contracting parties would derive from it.
7. Referring to the provision of \$20,000 for a colloquium on special problems in international trade the Director-General said that the need to hold such a colloquium had not arisen in 1971 but nevertheless a provision had been made for 1972 in case circumstances should warrant that a colloquium be held.
8. With regard to the estimates of income, a rather conservative estimate had been made for miscellaneous income in view of the uncertainty of the international monetary situation and in particular the effect that this situation could have on interest rates for short-term investments and losses which might occur for exchange transactions.

9. The Director-General then drew attention to the increasingly difficult working conditions arising from having the secretariat housed in several separate locations and from the fact that the available office space was inadequate. The unavailability, on many occasions, of adequate and satisfactory accommodation for GATT meetings was a very real problem and, in general, administrative efficiency was impaired. The Director-General had pointed out in his note on accommodation that the possibility of rehousing GATT in the present ILO building when that organization moved to its new premises, at present under construction, was by far the most attractive possibility and would give GATT, for the first time, adequate meeting rooms of its own. Constructing an additional annex would be expensive and in addition the Villas Le Bocage and La Fenêtre and their grounds were well within the development zone of the United Nations from whose hospitality GATT had benefited for the past twenty-four years. Although the ILO building was now owned by FIPOI and would be made available for occupancy only by international organizations, competition from these bodies, which included also the many non-intergovernmental organizations established at Geneva, was intense and it was this that made it necessary to give FIPOI a firm indication of GATT's intentions regarding the option which remained open only until the end of the year. The Director-General hoped that the Committee would be able to make a recommendation on this subject so that he could proceed with the drafting of an agreement for the rental of part of the present ILO building for submission to the CONTRACTING PARTIES.

10. Concerning the International Trade Centre, he informed the Committee that the accommodation problem was becoming more and more acute. Although no space had yet been allocated in the new wing of the Palais des Nations, premises in the Annexes of the Palais des Nations located at rue de Lausanne and rue du Valais would be available to the Centre early in 1972. He said that this would solve the Centre's short and medium-term requirements and requested authority to continue negotiations in consultation with the Secretary General of UNCTAD.

11. In conclusion the Director-General referred to a recommendation made in paragraph 24.7 of the ACABQ's report on the 1972 budget estimates of the Centre with regard to supporting staff. He had sent a letter to the Chairman of ACABQ pointing out that the Committee's recommendation had been based on a misunderstanding of the situation with regard to the Centre's administration.

I. REPORTS ON THE 1970 ACCOUNTS AND REPORTS OF THE  
EXTERNAL AUDITOR THEREON

12. The Committee examined the Reports on the 1970 Accounts of the GATT and of the International Trade Centre UNCTAD/GATT and the Reports of the External Auditor thereon and was given additional information and explanations by the representatives of the secretariat.

13. The Committee recommends that the CONTRACTING PARTIES approve the audited 1970 accounts of the GATT and the International Trade Centre UNCTAD/GATT and convey to the auditor their thanks for the valuable assistance given to the CONTRACTING PARTIES in the audit of these accounts.

## II. FINANCING OF THE 1971 BUDGETS

### (a) GATT

14. The Committee examined the financial position as at 30 September 1971 on the basis of out-turn figures prepared by the secretariat. It noted that, mainly as a result of the revaluation of the Swiss franc in May 1971 and of the change in the internal accounting rate from Sw F 4.08 to Sw F 3.95 per United States dollar effective 1 October 1971, it was expected that the expenditure allotments would be overspent by some \$50,000. In addition it was anticipated that there would be a shortfall of income of approximately \$5,000 bringing the total anticipated deficit to \$55,000.

15. The Committee further noted that the deficit due to United States dollar/Swiss franc parity changes would have been in the region of \$205,000, including \$35,000 with respect to the International Trade Centre UNCTAD/GATT, if funds had not been available from savings within the 1971 budget and the unforeseen expenditure item and agreed to recommend that the CONTRACTING PARTIES approve the financing of the additional cost to the 1971 GATT budget as follows:

	US\$
(a) utilization of the savings resulting from the postponement of the professional salary scale increase from 1 January to 1 July 1971.	80,000
(b) utilization of the appropriation for unforeseen expenditure	50,000
(c) expected savings within the budget	20,000
(d) earmarking from the 1970 surplus account	55,000
	205,000

16. With regard to outstanding contributions, a representative of the secretariat informed the Committee that what had been on 30 September 1971 the worst collection record since 1967 had been somewhat alleviated by the receipt of a substantial amount since that date. The Committee agreed to recommend to the Council that governments be urged to pay contributions as early as possible in the financial year in which they fall due in order to avoid liquidity problems.

17. The Committee examined the Director-General's paper on contributions in arrears and noted with concern that certain governments were consistently in arrears. The Committee was informed that the Governments of the Dominican Republic and Chad were making further efforts to reduce their arrears and that the Government of Peru was in the process of settling part of its outstanding contributions. Upper Volta had made a partial payment in April 1971. However, no contribution had been received recently from Haiti, Nicaragua and Rhodesia.

18. It was recognized that the scope with regard to action that might be taken with a view to collecting arrears of contributions was very limited. Nevertheless, the Committee was of the opinion that some action should be taken and an extensive review was made of the various possibilities. Some members suggested that whatever measure was decided upon it should take into consideration the individual circumstances of each government in arrears. Representatives of the secretariat gave details of the action that is currently being taken in an effort to reduce arrears of contributions. The Committee agreed that the measures to be adopted should not be of a punitive nature and a proposal was made that, in order to keep other contracting parties' expenditure to a minimum, economies could be achieved by cutting back the supply of documents to such governments. One member pointed out that, while he was not opposed to taking action, he was opposed to any reduction in the number of documents supplied to contracting parties. Other members requested that before deciding upon sanctions all possible alternative steps should be taken.

19. The Committee agreed to recommend to the Council that the secretariat be authorized to invite governments whose payment of contributions were two or more years in arrears to present a schedule to the Director-General by 31 December 1971, and further to inform those governments that, if such a schedule were not forthcoming, the supply of documents to them would be reduced to one. The Committee further agreed to place this matter on its agenda for its spring meeting.

(b) International Trade Centre UNCTAD/GATT

20. The Committee examined the financial position of the International Trade Centre as at 30 September 1971 on the basis of out-turn figures prepared by the secretariat and noted that, mainly as a result of the revaluation of the Swiss franc in May 1971 and of the change in the internal accounting rate from Sw F 4.08 to Sw F 3.95 per United States dollar effective 1 October 1971, it was expected that the financial year would close with a deficit of approximately \$70,000 under Parts I and II of the budget. GATT's 50 per cent share of this deficit amounting to \$35,000 is included in the figure of \$205,000, representing the additional cost to the 1971 GATT budget, and the Committee's recommendation on its financing has been made in paragraph 15 above.

21. During the examination of the financial position of the Centre as at 30 September 1971, the Committee noted that a shortfall of \$69,000 was expected by the end of the financial year on income from contributions towards overheads relating to extra-budgetary projects under Part III of the budget. This expected shortfall was due in part to slower implementation of projects financed from voluntary country contributions than had been anticipated, and which had resulted in a reduced accrual of overhead contributions (\$45,000). It was pointed out that the shortfall of \$45,000 had the effect of reducing expenditure under Part III by the same amount in accordance with the established rule governing such expenditure. In addition, UNCTAD had provided \$24,000 in staff services rather

than in cash as had been assumed at the time that the estimates were prepared. In fact, of \$35,000 representing the contribution towards overhead costs relating to Special Fund projects, only \$11,000 were paid in cash. The Committee was informed that this was a provisional arrangement for 1971 and it had no real effect on the functioning of the Centre. However, the provision of cash was to be preferred from an administrative point of view.

### III. ESTIMATES OF EXPENDITURE OF THE GATT FOR 1972

22. Before proceeding to an item-by-item examination of the 1972 expenditure estimates, the Committee was informed that the total expenditure estimate of \$4,681,800 (document L/3540) had been based on the then existing accounting rate of Sw F 4.08 per United States dollar. The change in the accounting rate to Sw F 3.95 on 1 October 1971 had the effect of increasing total requirements and the Director-General proposed that an overall increase of 3.3 per cent representing the shortfall of available funds should be applied to the original budget estimates. As a result, 1972 expenditure was now estimated at \$4,842,200. This amount included provision for possible adjustments to salaries and allowances for staff whose take-home-pay in Swiss francs had been reduced as a result of the changes in the accounting rate.

23. Some members of the Committee noted with satisfaction that the Director-General had, once again, presented a budget which their governments could accept, particularly in view of the fact that only 1 per cent of the increase in the level of requirements was due to factors other than the effects of inflation and to the international monetary situation. Other members agreed with this view although they felt that close scrutiny of the proposals might make it possible to achieve economies. Others, however, expressed their concern with respect to the substantial increase in the level of the 1972 estimates compared with the 1971 appropriations and pointed out that recent increases in the budget level created difficulties for their governments due to the fact that national budgets had already been established and, in some cases, had reached the stage of having been approved by national legislatures. For this reason, some felt it necessary to propose reductions in the estimates.

24. Most members regretted that, because of the existence of national ceilings, the budget would be examined with a view to achieving reductions to meet the requirements of these governments rather than solely on the merits of the individual proposals and urged the delegations of those governments to consider the possibility of modifying their position with regard to the level of economies to be achieved.

25. In view of the fact that some 90 per cent of GATT's expenditure was in Swiss francs and because of recent developments in the international monetary situation and possible future changes in United States dollar/Swiss franc parity, the Committee briefly considered the possibility of expressing GATT budgets in Swiss francs rather than in United States dollars but felt that further examination

of such a far-reaching step was not opportune under the present circumstances. However, the Committee agreed that the matter should be studied in much greater detail at a later date on the basis of a secretariat paper if circumstances warranted it.

26. The Committee reviewed the introduction to the Budget Estimates for 1972 and one member expressed his government's appreciation for the analysis of the 1972 estimates by comparison with the 1971 appropriations. He requested that, for future years, increases resulting from the effects of inflation should be shown separately from increases resulting from new programmes or from the amplification of existing programmes.

27. The Committee subsequently examined Annex C of the budget document in detail and in particular the following items.

Colloquium on special problems in international trade

28. The provision of \$20,000 to provide for a colloquium on special problems in international trade to be held in 1972 was discussed at some length. A representative of the secretariat pointed out that the provision had been increased by \$5,000 over the 1971 level in order to provide adequately for printing. Some members of the Committee observed that it now appeared that a colloquium would not take place in 1971 and that with regard to 1972, as it was not yet possible to foresee whether circumstances would warrant convening a conference of experts to consider problems of major importance to contracting parties, the provision should be deleted and recourse should be made to the credit for unforeseen expenditure if necessary.

29. The Committee felt that the provision should remain in the budget on the understanding that the Director-General would, at an appropriate time, make a proposal for the approval of the Council concerning the utilization of the funds provided. Should the funds not be utilized they would revert to contracting parties in the form of savings.

30. The Director-General indicated that this was his intention. He pointed out that in his opinion the new world trading situation made it necessary for contracting parties to look to the future on major issues facing trading nations and he felt that in 1972 at least one of such major issues could usefully be examined in a colloquium.

Established posts

31. In reply to questions concerning a possible reduction in the item for established posts to take account of possible savings for turnover of staff, the Committee was informed by a representative of the secretariat that this factor was no longer taken into account in GATT budgets as posts were filled on a temporary basis when vacant.

Temporary assistance

32. Some members of the Committee felt that some reduction could be made in the provision for temporary assistance. They were of the opinion that the provision of twelve man-months for a senior economist for the tariff study could be deleted, thus achieving savings of \$16,000. In view of the fact that a decision had not yet been taken with regard to the programme for 1972 of the tariff study, uncertainty still existed with regard to the necessity for such an economist, and it was proposed that recourse should be made to the credit for unforeseen expenditure should the need arise.

Consultants

33. The Committee discussed the provision of \$53,000 for consultants' fees in great detail and representatives of the secretariat gave additional information including an outline of activity in this field, the number of consultants employed, recruitment methods used, types of projects on which consultants are employed, including special projects, etc. Some members were of the opinion that reductions were possible and that the estimate could be kept at the 1971 level of \$33,000. Some confusion existed as to the practical difference for budgetary purposes of the headings for temporary assistance and consultants and there was a general feeling that it would be useful to combine the two headings in the future thus improving the Director-General's flexibility for responding to country requests for technical assistance while continuing to give a detailed indicative breakdown of the total in the budget's explanatory notes. In this connexion, some members of the Committee stressed that they attached great value to technical assistance in the GATT field given in response to country requests. They also felt that contracting parties should be better informed on the secretariat's activities in this important field.

Travel

34. Some members of the Committee proposed that the estimate be reduced by \$5,000 as the policy of airline companies did seem to tend towards reductions in air fares. It was pointed out, however, that air fares and subsistence allowances which are charged to this item had increased recently and it would be unwise to reduce the provision on the basis of possible future fare reductions as developments in the field of commercial air fares were still very uncertain. In fact any reduction in the estimate would mean cutting back activity in 1972 as compared to 1971. The Committee therefore agreed to leave the estimate for travel at \$52,000, but, in the interests of flexibility, recommended that in future budgets the secretariat combine the sub-sections for travel on official business and for technical assistance travel into one global estimate while continuing to give detailed indicative breakdown of the total in the budget's explanatory notes.

Public information

35. In accordance with the Committee's request in the report of its October 1970 meeting, representatives of the secretariat gave details of public information activity that had taken place in 1970 and 1971. Twenty-one specially selected journalists had visited GATT during that period and their visits had led to useful reporting on GATT activities in leading international newspapers. The Committee expressed its support for the programme but felt that much still remained to be done. Some newspaper articles still showed a degree of misunderstanding with regard to what GATT is and what it does. It was pointed out that in view of the small credit involved it had not been possible to invite and pay the fares of journalists from developing countries although the Europe-based representatives of some developing country newspapers had been invited. In future it might be possible to make arrangements with developing country missions at Geneva to inform the secretariat when journalists from their countries were in Geneva in order to arrange visits to GATT.

Permanent equipment

36. The credit of \$30,000 for an accounting machine, forming part of the estimate of \$50,000 for permanent equipment, was discussed at great length by the Committee. A representative of the Director-General pointed out that it was essential to replace the present accounting machine which was in an almost continual state of breakdown and that the new machine would enable the secretariat's financial and budgetary services to handle the steadily increasing volume of work without having recourse to additional staff. It was considered to be absolutely necessary for the continued efficient working of the secretariat. The resale value of the old machine was virtually nil. The Committee was informed that, at the time that the estimate had been prepared, three models of accounting machine were under consideration. Further investigation and expert advice had indicated that a model at \$25,000 with slightly reduced capacity but capable of performing the functions required was available and it was therefore possible to reduce this item by \$5,000.

Contribution to the International Trade Centre UNCTAD/GATT

37. The Committee noted that the additional requirements in 1972 for the International Trade Centre UNCTAD/GATT due to the application of the new accounting rate of Sw F 3.95 per US dollar amounted to \$73,220. This amount included provision for possible adjustments to salaries and allowances for staff whose take-home pay in Swiss francs had been reduced as a result of the changes in the accounting rate. It further included an amount of \$11,000 to provide for the additional cost resulting from the higher international postal rates agreed at the Universal Postal Congress at Tokyo in 1969, which had not been taken into account in the original budget estimates.

38. The Committee examined the proposal to rehouse the International Trade Centre in the United Nations annexes at rue de Lausanne and rue du Valais and agreed to revise the Centre budget to take into account the increased rental of \$22,000 payable in 1972. The Committee's discussion in this respect is recorded in paragraphs 50-52 of this report.

39. The 1972 revised Centre budget totalling \$2,319,620 of which GATT's cash contribution amounts to \$980,110 is appended to this report as Annex IV.

40. The Committee then examined the report of the Advisory Committee on Administrative and Budgetary Questions on the 1972 budget estimates of the Centre. The Committee was informed that the situation with regard to the level of overheads that would accrue to the Centre in respect of UNDP projects in the field of export promotion for which the Centre provided programming and substantive support, was still very uncertain in regard to 1972. The UNDP Governing Council had decided that a uniform 12 per cent and a further 1 per cent for the interim years 1972 and 1973 would be paid as overheads to executing agencies, but the United Nations in its capacity as an executing agency had not yet decided how the overheads accruing to the organization would be accounted. This would be decided by the fifth Committee of the General Assembly at its current session. The amount to be made available to the Centre out of the total 13 per cent paid by the UNDP to the United Nations still had to be negotiated with the United Nations Secretariat. The Committee urged that every effort be made to ensure that the Centre receive a substantially larger share of the overheads accruing to the United Nations than the amounts received by it in 1971 and expressed its continuing concern over the uncertainty in this area. It further expressed the hope that the procedure which would ultimately emerge in respect of the handling of overhead cost reimbursements from the UNDP for projects entrusted to ITC through UNCTAD as an executing agency, should be one which would allow the ITC to benefit to the fullest possible extent from such cash reimbursements, and decided to review the matter again at its next meeting when it examined the 1973 budget estimates of the Centre. The Committee requested that a detailed description be provided regarding the functions performed by the United Nations, UNCTAD and ITC in backstopping of UNDP projects carried out by the Centre.

#### Proposed revision of expenditure estimates

41. During the discussion of the estimates it became apparent that some members of the Committee, because of certain national considerations, could not accept the budget without substantial cuts. They felt, however, that these could be made without impairing basic GATT programmes. As a consequence of this situation, and following discussion in the Committee, the secretariat put forward revised estimates which entailed the following reductions:

	<u>US\$</u>
(a) Temporary assistance:	
Reduction of meeting days	10,000
Glossary	11,000
General	14,000
Tariff study (senior economist)	16,000
(b) Consultants	20,000
(c) Colloquium (reduction for printing of report)	5,000
(d) Tariff study (miscellaneous and printing)	4,000
(e) Accounting machine (other model than foreseen in original budget)	5,000
(f) Unforeseen expenditure	5,000
(g) Postal services (distribution to delegations through pigeon holes and liaison offices)	10,000
(h) 20 per cent reduction of documents and reduction to one copy of free publications to contracting parties	15,000
(i) Marginal items for which no exchange adjustment is proposed	5,000
	<u>120,000</u>

42. Many members recalled that their authorities were able to accept the budgetary estimates as proposed together with adjustments arising out of the change in the book-rate of 3.3 per cent, subject, in some cases, to suggestions for certain economies. These members noted that only 1 per cent of the increase (which under the revised figures would be reduced to 0.3 per cent) was due to an increase in actual activities and expressed reservations that cuts of the above-mentioned magnitude could be accomplished without a serious reduction in GATT activities - a reduction which their authorities would deplore. In this respect, these members noted the secretariat's statement that while cuts of this magnitude would certainly have an impact, those proposed could be accomplished without seriously impairing the basic work of GATT, it being understood that some reduction of meetings and services will be necessary.

43. As regards the reduction of \$20,000 proposed under Consultants, the Committee took note of the Director-General's assurances that in any event priority would be given to technical assistance requests from developing countries so that this activity would not be impaired by the proposed cut.

44. After extensive discussion of the revised estimates the Committee agreed on the reductions proposed by the Director-General with the exception of items (g) and (h) listed in paragraph 41 above.

45. Extensive discussion took place with regard to these two items covering the proposed reductions to be achieved by reorganizing the distribution system for documents by making bulk distribution to missions (\$10,000) and by reducing the number of documents and saleable publications supplied free of charge (\$15,000). Some members felt that immediate savings, especially as regards the distribution system, might prove counterproductive to the work of the GATT as it was likely to lead to delay in receipt of documents in capitals. Other members also expressed doubts about reductions in the number of documents or free publications. Nevertheless, the Committee was of the opinion that savings of \$8,700 could be achieved on the items postal services, reproduction and distribution of documents and printing, rather than \$25,000.

46. Apart from the question of budgetary savings for 1972 a member felt that the document distribution system should be revised to eliminate the present inequities in treatment between contracting parties. The Committee agreed that at its spring session in 1972 it would examine the situation regarding distribution of documents and publications in greater depth and in this connexion invited the secretariat, after consultation with delegations, to prepare a study as a basis for the Committee's work.

47. The Committee also examined the possibility of acquiring the accounting machine on a hire-purchase basis and noted that the total cost of the machine would be increased by 13 per cent if payment was spread over 1972 and 1973. Some members expressed doubts as to the wisdom of an international organization of GATT's standing acquiring the accounting machine on this basis but nevertheless the Committee decided to do so in order to achieve the required level of economies. The resulting additional reduction to the item for permanent equipment amounted to \$11,300.

48. Total reductions of \$115,000 could thus be achieved and the Committee agreed to a revised level of total expenditure of \$4,738,200.

#### IV. INCOME BUDGET ESTIMATES FOR 1972

49. In its consideration of the 1972 income budget estimates, the Committee had before it the Director-General's proposal concerning the disposal of the 1970 surplus. After allocating an amount of \$55,000 to the 1971 budget, it agreed that the amount of \$45,678 be appropriated towards the financing of the 1972 expenditure budget which amounted to \$4,738,200 after taking into account the increase due to the change in the accounting rate to Sw F 3.95 per US dollar and reductions on various budget items. The Committee agreed that the budget for 1972 be financed as follows:

	<u>US\$</u>
(a) contributions assessed on contracting parties	4,443,700
(b) additional supporting services provided to the Centre	154,950
(c) transfer from Surplus Account	45,678
(d) miscellaneous income	93,872
	<hr/> <u>4,738,200</u> <hr/> <hr/>

#### V. OTHER MATTERS

##### International Trade Centre UNCTAD/GATT accommodation

50. The Committee recognized the urgency of finding adequate accommodation for the Centre since it had not yet been possible to obtain space in the new wing of the Palais des Nations. The Committee agreed to recommend that the United Nations' proposal to rehouse the International Trade Centre at their annexes at rue de Lausanne and rue du Valais outlined in the Director-General's note on accommodation be accepted as a short-term solution to the problem. It further recommended that the Director-General be authorized to continue his negotiations in consultation with the Secretary-General of UNCTAD with a view to making definite arrangements for the rehousing of the Centre in the United Nations' annexes at rue de Lausanne and rue du Valais.

51. The Committee noted that, as a consequence of the above, additional cost of approximately \$22,000 would result for 1972, the GATT's share of which amounted to \$11,000.

52. Some members believed that if GATT were to be transferred to the present ILO building the Centre should find its permanent accommodation there also. They considered that joint GATT/Centre occupancy of the ILO building would facilitate the Centre's administration and prove more economical. The Committee requested that the Director-General, in consultation with the Secretary-General of UNCTAD, endeavour to keep this possibility open so that the Centre's parent bodies could make a decision at the appropriate time.

##### External audit

53. The Committee noted that the Director-General had recently been informed by Sir Bruce Fraser that he would have to relinquish the position of External Auditor to GATT, on retirement at the end of October 1971. He was to be succeeded as Comptroller and Auditor of the United Kingdom by Sir David Pitblado, K.C.B., C.V.O., who was also willing to succeed Sir Bruce as External Auditor. The Director-General proposed to the Committee that Sir David be appointed as External Auditor to GATT and consequently also to the International Trade Centre UNCTAD/GATT.

54. The Committee agreed and proposes that the Council recommend this appointment with effect from 1 November 1971. The Committee further proposes that the Council invite the CONTRACTING PARTIES to express their thanks and appreciation to Sir Bruce Fraser for the most valuable services rendered during his term as External Auditor since 1966.

55. The Committee noted that the Director-General intended to make the necessary arrangements with the External Auditor for the final audit of the 1971 accounts of the GATT, for an interim audit of the 1972 accounts and for the submission to the CONTRACTING PARTIES of the auditor's report for 1971 in accordance with the decision taken by the CONTRACTING PARTIES in 1951.

#### VI. CONCLUSION

56. The Committee submits to the CONTRACTING PARTIES for consideration and approval a draft resolution on the expenditure of the CONTRACTING PARTIES and ways and means to meet such expenditure.

POINTS FOR DECISION:      Paragraph 13  
                                 Paragraph 15  
                                 Paragraph 16  
                                 Paragraph 19  
                                 Paragraph 50  
                                 Paragraph 54  
                                 Paragraph 56

DRAFT RESOLUTION ON THE EXPENDITURE OF THE CONTRACTING PARTIES  
IN 1972 AND THE WAYS AND MEANS TO MEET SUCH EXPENDITURE

The CONTRACTING PARTIES

HAVING CONSIDERED

the estimates of expenditure of the CONTRACTING PARTIES for 1972 as set forth in schedules annexed to this Resolution,

RESOLVE that:

1. The Director-General is authorized to repay promptly ICITO for the services rendered during the year 1972, provided that such repayment does not exceed a total of US\$4,738,200.
2. The repayment referred to in paragraph 1 shall be financed as follows:
  - (a) by contributions from contracting parties in the amount of US\$4,443,700;
  - (b) by additional supporting services provided to the Centre of US\$154,950;
  - (c) by transfer from the Surplus Account of US\$45,678;
  - (d) by miscellaneous income estimated at US\$93,872.
3. The Director-General shall report to the CONTRACTING PARTIES or to the Council on the status of budgetary expenditure over the first nine months of 1972.
4. The contributions of the contracting parties shall be assessed in accordance with the attached scale of contributions. Contributions from contracting parties are considered as due and payable in full as from 1 January 1972.

ANNEX I  
REVISED ESTIMATES OF EXPENDITURE OF THE GATT FOR THE FINANCIAL YEAR 1972

SUMMARY

	<u>Original estimates</u> <u>(L/3540)</u>	<u>Additional require-</u> <u>ments due to changes</u> <u>of accounting rate</u> <u>effective 1/10/71</u>	<u>Reductions</u>	<u>Revised estimates</u>	
	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>	
<b>PART I: <u>MEETINGS</u></b>					
<u>Section</u>					
1	Twenty-eighth session of the CONTRACTING PARTIES	18,200	601	(31)	18,770
2	Meetings of the Council and other meetings	76,400	2,521	(10,321)	68,600
3	Colloquium on special problems in international trade	20,000	660	(5,660)	15,000
	Total Part I:	<u>114,600</u>	<u>3,782</u>	<u>(16,012)</u>	<u>102,370</u>
<b>PART II: <u>SECRETARIAT</u></b>					
<u>Section</u>					
1	Salaries and wages and official travel	2,490,000	82,170	(62,450)	2,509,720
2	Common staff costs	631,000	20,823	(2,123)	649,700
3	Common services	318,700	10,465	(7,865)	321,300
4	Printing	69,000	2,300	(5,000)	66,300
5	Representation and hospitality	15,000	500	-	15,500
6	Public information	3,000	100	(100)	3,000
7	Permanent equipment	50,000	1,500	(16,300)	35,200
8	Special projects	5,000	150	(150)	5,000
	Total Part II:	<u>3,581,700</u>	<u>118,008</u>	<u>(93,988)</u>	<u>3,605,720</u>
<b>PART III: <u>INTERNATIONAL TRADE CENTRE</u> <u>UNCTAD/GATT</u></b>					
<u>Section</u>					
1	Contribution to the International Trade Centre UNCTAD/GATT	932,500	47,610 <sup>1/</sup>	-	980,110
<b>PART IV: <u>UNFORESEEN EXPENDITURE</u></b>					
<u>Section</u>					
1	Unforeseen expenditure	53,000	2,000	(5,000)	50,000
	Grand Total	<u>4,681,800</u>	<u>171,400</u>	<u>(115,000)</u>	<u>4,738,200</u>

<sup>1</sup> Including additional provision for postage and rent

ANNEX II

REVISED ESTIMATES OF EXPENDITURE OF THE GATT  
FOR THE FINANCIAL YEAR 1972

DETAILED SCHEDULES

Amount in US dollars

PART I: MEETINGS

Section 1 - Twenty-Eighth Session of the CONTRACTING  
PARTIES

(i)	Temporary assistance (including overtime)	15,500
(ii)	Travel and subsistence of temporary staff	750
(iii)	Rental of meeting rooms and additional office space	2,270
(iv)	Other services	250

Total Section 1: 18,770

Section 2 - Meetings of the Council and other  
Meetings

(i)	Temporary assistance (including overtime)	63,000
(ii)	Travel and subsistence of temporary staff	2,000
(iii)	Rental of meeting rooms and additional office space	3,300
(iv)	Other services	300

Total Section 2: 68,600

Section 3 - Colloquium on Special Problems in  
International Trade

(i)	Travel and subsistence	12,000
(ii)	Other services	3,000

Total Section 3: 15,000

Total Part I: 102,370

Amount in US dollars

PART II: SECRETARIAT

Section 1 - Salaries and Wages and Official Travel

(i)	Established posts	2,309,070
(ii)	Temporary assistance (including overtime)	113,950
(iii)	Consultants	33,000
(iv)	Travel:	
	(a) Travel on official business	43,400
	(b) Technical assistance travel	10,300
		<hr/>
	Total Section 1:	2,509,720

Section 2 - Common Staff Costs

(i)	Installation grants	7,000
(ii)	Travel and removal expenses of staff and their dependants	17,000
(iii)	Separation payments	20,000
(iv)	Contributions to the United Nations Joint Staff Pension Fund	367,750
(v)	Repatriation grants	20,000
(vi)	Travel on home leave	41,300
(vii)	Family allowances, education grants and related travel:	
	(a) Family allowances	86,800
	(b) Education grants and related travel	41,300
(viii)	Joint services	12,400
(ix)	Other common staff costs	36,150
		<hr/>
	Total Section 2:	649,700

Amount in US dollars

Section 3 - Common Services

(i)	Cables and telephone communications	4,650
(ii)	Freight and cartage	2,300
(iii)	Books and information material	9,800
(iv)	Rental and maintenance of premises and equipment:	
	(a) Rent	4,700
	(b) Electricity	5,700
	(c) Water supply	950
	(d) Heating	6,200
	(e) Telephone (rental and local calls)	4,950
	(f) Insurance premiums	17,150
	(g) Cleaning materials	950
	(h) Maintenance expenditure	19,600
	(i) Casual labour	35,100
	(j) Maintenance of service cars	2,050
(v)	Postal services	43,450
(vi)	Stationery and office supplies	18,600
(vii)	Reproduction and distribution of documents	105,750
(viii)	External audit	2,700
(ix)	Other services and miscellaneous expenditure	36,700

Total Section 3: 321,300

Section 4 - Printing

66,300

	<u>Amount in US dollars</u>
Section 5 - <u>Representation and Hospitality</u>	15,500
Section 6 - <u>Public Information</u>	3,000
Section 7 - <u>Permanent Equipment</u>	35,200
Section 8 - <u>Special Projects</u>	5,000
Total Part II:	<u>3,605,720</u>
 PART III: <u>INTERNATIONAL TRADE CENTRE UNCTAD/GATT</u>	
Section 1 - <u>Contribution to the International Trade Centre UNCTAD/GATT</u>	980,110
 PART IV: <u>UNFORESEEN EXPENDITURE</u>	
Section 1 - <u>Unforeseen Expenditure</u>	50,000
Grand Total	<u>4,738,200</u>

ANNEX III

SCALE OF CONTRIBUTIONS FOR 1972

(Scale including a single minimum of 0.12%)

Country	Contributions (US dollars)
<u>Contracting parties:</u>	
Argentina	28,000
Australia	80,430
Austria	48,880
Barbados	5,330
Belgium	165,750
Brazil	43,110
Burma	5,330
Burundi	5,330
Cameroon	5,330
Canada	259,510
Central African Republic	5,330
Ceylon	6,670
Chad	5,330
Chile	16,890
Congo, Democratic Republic of the	8,440
Congo, People's Republic of the	5,330
Cuba	15,110
Cyprus	5,330
Czechoslovakia	63,550
Dominica	5,330
Denmark	62,210
Dominican Republic	5,330
Egypt, Arab Republic of	12,890
Finland	36,880
France	299,510
Gabon	5,330
Gambia	5,330
Germany, Federal Republic of	493,250
Ghana	6,220
Greece	19,550
Guyana	5,330
Haiti	5,330
Iceland	5,330
India	37,330
Indonesia	14,220
Ireland	20,890
Israel	18,220
Italy	220,410
Ivory Coast	7,110
Jamaica	6,220

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Country	Contributions (US dollars)
<u>Contracting parties (cont'd):</u>	
Japan	288,400
Kenya	6,220
Korea, Republic of	21,780
Kuwait	19,110
Luxemburg	14,220
Madagascar	5,330
Malawi	5,330
Malaysia	25,330
Malta	5,330
Mauritania	5,330
Mauritius	5,330
Netherlands, Kingdom of the	207,080
New Zealand	20,890
Nicaragua	5,330
Niger	5,330
Nigeria	15,110
Norway	48,440
Pakistan	16,000
Peru	13,780
Poland	60,440
Portugal	31,110
Rhodesia	5,780
Romania	32,440
Rwanda	5,330
Senegal	5,330
Sierra Leone	5,330
South Africa	49,770
Spain	55,990
Sweden	107,090
Switzerland	91,100
Tanzania	5,330
Togo	5,330
Trinidad and Tobago	8,890
Turkey	12,440
Uganda	5,330
United Kingdom of Great Britain and Northern Ireland	390,160
United States of America	706,550
Upper Volta	5,330
Uruguay	5,330
Yugoslavia	33,770

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Country	Contributions (US dollars)
<u>Associated Governments:</u>	
Cambodia	5,330
Tunisia	5,330
	<hr/> 4,443,700 <hr/> <hr/>

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ANNEX IV

REVISED ESTIMATES OF THE INTERNATIONAL  
TRADE CENTRE UNCTAD/GATT FOR THE  
FINANCIAL YEAR 1972

(a) ESTIMATES OF EXPENDITURE

Amount in US dollars

PART I: DIRECT COST OF THE CENTRE

Section 1 - Salaries and Wages

(i)	Established posts	881,100	
(ii)	Consultants and temporary assistance	10,800	
(iii)	Overtime and night differential	2,700	
	Total Section 1:		894,600

Section 2 - Common Staff Costs

(i)	Dependency allowance	38,600	
(ii)	Education grants and related travel	16,500	
(iii)	Contributions to the United Nations Joint Staff Pension Fund	146,000	
(iv)	Travel and removal expenses on appointment and separation	7,200	
(v)	Installation grants	6,200	
(vi)	Travel on home leave	21,200	
(vii)	Separation payments	6,700	
(viii)	Other common staff costs	17,600	
	Total Section 2:		260,000

	<u>Amount in US dollars</u>
Section 3 - <u>Travel on Official Business</u>	36,200
Section 4 - <u>Hospitality</u>	1,000
Section 5 - <u>Permanent Equipment</u>	10,300
Section 6 - <u>General Expenses</u>	
(i) Rental of premises and related expenses	113,900
(ii) Maintenance of equipment and cars	6,500
(iii) Cables and long-distance calls	10,300
(iv) Telephone (rental and local calls)	5,400
(v) Postage and freight	42,700
(vi) Stationery and office supplies	18,600
(vii) Books and information material	9,300
(viii) Insurance premiums	5,100
(ix) External audit	2,600
(x) Miscellaneous supplies and services	<u>7,000</u>
Total Section 6:	221,400
Section 7 - <u>Printing</u>	<u>78,000</u>
Total Part I:	<u>1,501,500</u>
PART II: <u>SERVICES PROVIDED THROUGH UNCTAD AND GATT SECRETARIATS</u>	
Section 8 - <u>Salaries of staff providing services to the Centre</u>	
(i) Established posts	207,900
(ii) Temporary assistance	74,400
(iii) Overtime and night differential	<u>4,100</u>
Total Section 8:	286,400

Amount in US dollars

<u>Section 9 - Common Staff Costs for Posts under Section 8</u>		
(i)	Dependency allowance	11,570
(ii)	Education grants and related travel	4,100
(iii)	Contributions to the United Nations Joint Staff Pension Fund	34,200
(iv)	Travel and removal expenses on appointment and separation	1,000
(v)	Installation grants	1,000
(vi)	Travel on home leave	2,000
(vii)	Separation payments	1,500
(viii)	Other common staff costs	<u>3,400</u>
	Total Section 9:	58,770
<u>Section 10 - Supporting services provided to the Centre by the GATT secretariat</u>		<u>154,950</u>
	Total Part II:	<u>500,120</u>
	Sub-total:	<u>2,001,620</u>
<u>PART III: OVERHEAD COSTS RELATING TO EXTRA-BUDGETARY PROJECTS</u>		
<u>Section 11 - Salaries and Wages</u>		261,000
<u>Section 12 - Travel on official business</u>		45,000
<u>Section 13 - General expenses</u>		<u>12,000</u>
	Total Part III:	<u>318,000</u>
	Grand Total	<u>2,319,620</u>

(b) ESTIMATES OF INCOME

	<u>Amount in US dollars</u>
GATT contribution	980,110
United Nations contribution	980,110
Transfer from Surplus Account	16,364
Miscellaneous income	25,036
Contribution towards overhead cost relating to extra-budgetary projects	318,000
	<u>2,319,620</u>
	<u><u>2,319,620</u></u>