

GENERAL AGREEMENT ON  
TARIFFS AND TRADE

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REPORT OF THE COMMITTEE ON BUDGET,  
FINANCE AND ADMINISTRATION

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## INTRODUCTION

1. The Committee on Budget, Finance and Administration, appointed by the Council on 30 April 1973 met at the Villa le Bocage, Geneva, from 15 to 19 October 1973.

2. The Committee was chaired by Mr. R. Moehler of the Federal Republic of Germany and the following fourteen members attended:

Australia	India	Switzerland
Canada	Israel	United Kingdom
Czechoslovakia	Japan	United States
France	Nigeria	Uruguay
Germany, F.R.	Sweden	

Finland and Italy were represented by observers.

3. In accordance with its terms of reference, the Committee considered the Director-General's Financial Reports on the 1972 Accounts of the GATT and the International Trade Centre UNCTAD/GATT and the Reports of the External Auditor thereon (documents L/3904 and ITC/AG/31) and the Budget Estimates for the Financial Year 1974 of the GATT and the International Trade Centre UNCTAD/GATT (documents L/3880 and L/3881). In addition to the documents mentioned, the Committee examined the financial positions of the GATT and the International Trade Centre as at 30 September 1973 on the basis of out-turn figures prepared by the secretariat. The Committee also had before it the following working papers:

Outstanding Contributions as at 30 September 1973

GATT accommodation

Revised 1973 Budget Estimates for the International  
Trade Centre UNCTAD/GATT

Work Programme of the International Trade Centre UNCTAD/GATT  
and its Budgetary Requirements for 1974

Report of the Joint Advisory Group on the International Trade  
Centre UNCTAD/GATT on its Sixth Session

Revised Draft Scale of Contributions for 1974

4. At the beginning of the meeting the Committee heard an introductory statement by the Director-General. Referring to the current financial position he pointed out that due to a number of factors the financial year was expected to close with a surplus. Firstly, since the GATT budget was now expressed in Swiss francs, savings had been made on payments due in dollars such as pension fund payments and the GATT contribution to the International Trade Centre budget. In addition, it had been possible to redeploy available staff resources rather than make use of supplementary temporary assistance. Further, savings on salaries and common staff costs had resulted from the inadequate adjustment of salaries and allowances based on the dollar which had, in many instances, reduced the staff's take-home pay.

5. With regard to the 1974 budget estimates, the Director-General drew the Committee's attention to the fact that, of the total increase of 13.9 per cent over the 1973 budget, more than 10 per cent represented unavoidable inflationary increases, 2.51 per cent was due to additional requirements for the Trade Negotiations, and only just over one per cent resulted from new staff requirements and other small increases. Taking into account the work programme and the tasks ahead, the estimates were modest.

6. The provision of just over 2.7 million Swiss francs in respect of the multilateral Trade Negotiations represented 11 per cent of the total 1974 budget, and the Director-General made special mention of the difficulty in forecasting expenditure for these negotiations. The 1974 estimates provided for the addition of a small number of fixed-term staff to reinforce the secretariat as the actual negotiations commence. In answer to questions, the Director-General informed the Committee that, should it become necessary, transfers could be made from Parts I and II to Part IV of the budget, subject to post facto approval, but it was not possible without prior approval of the Council to make transfers from Part IV. It was normal GATT practice to redeploy staff to deal with heavy periods of workload in order to achieve a high level of efficiency and economy. With regard to the effect of the Trade Negotiations on the overall work programme of the secretariat, there could be a certain braking in some traditional activities. However, other activities would continue unchanged while some would be stimulated by the effects of the negotiations and activity in these areas would be enlarged. Budget estimates were made with due regard to this and the need to avoid possible requests for supplementary funds when credits could not cover the work in hand.

7. The Director-General pointed out that the modest increase in permanent staffing provisions bringing total posts proposed for 1974 to 198 actually represented the consolidation of two general service posts which had previously been provided from temporary assistance credits. These, and the few proposals for regradings which he had as usual very carefully scrutinized, represented the very minimum needed for the implementation of the 1974 work programme.

8. With regard to staff salaries and allowances and pension payments, the Director-General reminded the Committee that, since these were expressed in dollar terms, the exchange rate movements since mid-1971 had had an adverse effect on them. Urgent action was necessary with regard to pensions, where the situation was particularly serious, and real hardship had resulted in many cases from the combined effects of inflation and dollar devaluation which had reduced the purchasing power of pensions by nearly 40 per cent since 1971. The United Nations General Assembly was considering proposals made by the Joint Pension Board which had also set up an Emergency Fund from which small payments had already been made to those, including GATT pensioners, on very low pensions. With this situation in mind, the Director-General had included a provision of SwF 20,000 in the 1974 budget for the Staff Assistance Fund to enable the contracting parties to assist those most seriously affected. As far as 1973 was concerned, the Director-General said that profits on exchange had been made by the organization when paying the staff's own 7 per cent contribution to the Pension Fund, a factor which he asked the Committee to keep in mind when considering his proposal that an amount of SwF 15,000 should be set aside for the purpose of alleviating cases of hardship. These provisions represented very small amounts compared to the total losses incurred by the staff. With regard to payments to be made from the special Staff Assistance Fund, these would be made in cases of real hardship as decided by the administration in consultation with staff representatives.

9. The Director-General pointed out that the post adjustment, which now represented a very high proportion of total remuneration, did not fully compensate losses. In particular, the purchasing power of emoluments of professional staff members without dependents had been reduced by some 15 per cent since 1971. Allowances to professional staff, such as children's allowance, unchanged since 1957, had fallen in Swiss franc terms by 30 per cent since 1971, or 50 per cent if the increase in the cost of living were taken into consideration. In answer to questions, he reminded the members of the Committee that although the expression of budgets in Swiss francs protected the organization from the effects of currency fluctuations, it offered no protection to professional staff members whose salaries and allowances were based on the United Nations scales, expressed in dollars.

10. The Director-General recalled that two years ago, on the Committee's recommendation, the Council had instructed him to continue negotiations with FIPOI with a view to drawing up a draft agreement for the rental of part of the present ILO building. This draft was now before the Committee. The Committee's particular attention was drawn to the need for certain renovations to be executed by GATT at a cost estimated to be in the vicinity of SwF 5 million. It would be necessary to secure a loan for this amount. Answering questions, the Director-General assured the Committee that the secretariat would take up residence in the ILO building as soon as it was possible to do so and every effort would be made to ensure that the move did not disturb the work of the Trade Negotiations.

11. As regards the revised budget estimates for 1973 for the International Trade Centre UNCTAD/GATT which were before the Committee, the funds to meet GATT's share were available as provision had been made in Swiss francs. The Director-General was confident that no special difficulties would be encountered by the Committee in recommending the Centre budget for approval.

12. Upon the request of the GATT Staff Council, the Committee agreed to hear the staff's views with regard to the erosion of salaries, allowances and pensions due to recent currency fluctuations. A representative of the staff pointed out that the staff had decided to approach its employer, namely the CONTRACTING PARTIES, directly, through this Committee, in view of the present proportions of the crisis regarding remuneration in the common system.

13. The staff's views were based upon the three following major considerations: (a) the deterioration in conditions of remuneration under the common system; (b) the financial situation of GATT at the end of the financial year 1973; and (c) the particular situation of GATT in the common system.

14. The staff representative said that the common system was based on an assumption of dollar stability that was to insure the equitable application of a universal system of staff remuneration. That assumption was no longer valid today and in fact the system applied in a discriminatory manner to the detriment of staff members serving in duty stations outside the dollar area. He believed that this was confirmed by Mr. Kurt Waldheim, Secretary-General of the United Nations, in his recent statement before the 5th Committee of the United Nations General Assembly in September. He also said that the GATT Budget Committee had recommended to the CONTRACTING PARTIES last autumn the establishment of GATT budgets in Swiss francs in view of fluctuations in the US dollar on whose stability the common system is supposed to

depend. However, the decision to express the budget in Swiss francs had not affected staff salaries, pensions and allowances which continued, under the common system, to be expressed in dollars and thus continued to be subject to losses resulting from the erosion of the dollar's value. Losses sustained by the staff in 1973 alone, if the accounting rate continued at SwF 3.03/US\$1, would be approximately 1 per cent for professional staff members with dependents and approximately 5 per cent for those without dependents, while the loss in respect of family and other allowances fixed in dollars is equivalent to 19 per cent. Contributions to the pension fund expressed in Swiss francs had fallen by 14 per cent.

15. Secondly, the consequences of that same decision on the current financial year would be that the staff's losses would be reflected as savings for the organization. In fact, they represented an important part of total savings, as credits to cover salaries and common staff costs amounted to some 80 per cent of total credits. These credits had not been used in their entirety due to fluctuations in the value of the dollar upon which they were based and the resulting savings were, in his opinion, realized at the staff's expense. For this reason, the staff felt that the Committee would be justified in not following its usual practice of earmarking towards financing a future year's budget these savings which, at a continuing rate of SwF 3.03/US\$1 could amount to SwF 300,000 by the end of the financial year.

16. The third consideration was GATT's unique situation within the common system. It was not until 1958 that GATT entered this system, retaining for the executive head discretion regarding the application of rules and regulations where they might run contrary to the interests of the organization or the staff.

17. On the basis of these considerations, the staff wished to propose that the Committee recommend to the CONTRACTING PARTIES that the amounts which at the end of 1973 had not been expended due to the establishment of the accounting rate at levels below the rate at which the credits for Section 1 and 2 of Part II and Part IV were established, viz. SwF 3.80/US\$1, be utilized as the Committee saw fit, to compensate staff for losses sustained in 1973. Such a decision, in the view of the staff, would not be a deviation from the common system, neither would it create a precedent as it would have an ad hoc character explicitly linked to the 1973 year-end situation, nor would the decision give rise to supplementary financial implications for 1973, but would amount to spending money already appropriated and approved.

18. In conclusion, the representative of the staff pointed out that the United Nations General Assembly had before it proposals regarding the incorporation of five classes of post adjustment into base salary and adjustments in respect of pensioners. The Staff Associations and Unions of the Geneva-based organizations were unanimous in considering these measures inadequate. A revision of the common system would, however, take some time and for this reason the limited request outlined above had been made. The staff itself had helped the hardest-hit pensioners in 1972, but funds were limited and the Director-General's initiative in requesting credits for a special fund in 1973 and 1974 was applauded. The Staff Council was confident that the proposals it had made were in the interests of the organization as a whole which, at the time that the Trade Negotiations were commencing, might be affected by decisions made at New York in a very different context to that of the budgetary austerity applied by GATT and its Committee.

19. In answer to questions, the staff representative said that he was aware that the action proposed represented only a temporary solution to the problem, but it had been formulated in view of the length of time necessary to achieve a long-term solution.

A. GATT SECRETARIAT

I. REPORT ON THE 1972 ACCOUNTS AND REPORT  
OF THE EXTERNAL AUDITOR THEREON

20. The Committee examined the Report on the 1972 Accounts and the Report of the External Auditor thereon and was given additional information and explanations by representatives of the secretariat.

21. With respect to income from investments, which had been lower in 1972 than in previous years, the Committee was informed that this was due to lower interest rates obtained throughout the year.

22. The Committee recommends that the CONTRACTING PARTIES approve the audited accounts for 1972 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 1973 BUDGET

23. The Committee examined the financial position as at 30 September 1973 on the basis of out-turn figures prepared by the secretariat. It noted that, as a result of the factors outlined by the Director-General in his introductory statement (paragraph 4), the budget was expected to close with a year-end surplus of some 1.6 million Swiss francs. A representative of the Director-General suggested that an amount might be set aside to cover commitments that would arise in 1974 in connexion with the renovations in the ILO building before the secretariat moved there, thus reducing the loan which the organization would have to secure for this purpose.

24. Some members of the Committee were of the opinion that, in view of the special situation that existed this year with regard to the large surplus anticipated, a good part of the amount that was likely to be available should be taken into income in 1974, thus reducing 1974 contributions, rather than being taken into consideration in the 1975 budget as would normally be the case. The Committee, therefore, agreed to recommend to the CONTRACTING PARTIES that an amount of SwF 1,000,000 from the anticipated 1973 surplus be earmarked towards 1974 income.

25. The Committee examined the situation with regard to outstanding contributions at 30 September 1973 and noted that a small number of contracting parties were continuously in arrears. The Director-General was requested to pursue his efforts to obtain payment of outstanding contributions and agreed to recommend to the Council that governments be urged to pay contributions as early as possible in the year in which they fall due.

### III. ESTIMATES OF EXPENDITURE FOR 1974

26. Before the Committee commenced its item-by-item examination of the 1974 expenditure estimates, some members commented that their governments were aware that the greater part of the overall increase of 13.9 per cent in the estimates as compared to 1973 was due to the effects of inflation and to the additional requirements for the multilateral Trade Negotiations. They stated that they were in a position to accept the proposed budget estimates as submitted by the Director-General, but nevertheless felt it necessary to achieve economies should the detailed examination prove it possible. One member suggested that any economies which could be found under Parts I and II should be transferred to Part IV to increase the provision for the Trade Negotiations. Another member expressed concern about the high increase in his own government's contribution over the past two years.

27. Some delegations expressed the view that proposals for changes in the budget should, whenever possible, be made to the Budget Committee and be discussed by the Committee before being made to the Council or the CONTRACTING PARTIES.

#### Meetings

28. Some members of the Committee were of the opinion that the provisions for the thirtieth session of the CONTRACTING PARTIES and for meetings of the Council and other meetings were on the high side in view of the general feeling that increased activity within the framework of the Trade Negotiations would lead to some deceleration in traditional fields of activity. They felt that a proportion of the estimates was based on unpredictable elements which could be provided for under the item for Unforeseen Expenditure. However, one member of the Committee, speaking on behalf of a number of developing countries, expressed concern that the limited provisions in past years did not always allow the secretariat to service certain important meetings which invariably facilitated the decision-making process within the organization. The Committee nevertheless agreed to reduce the provision for the meetings of the Council and other meetings by SwF 30,000.

Colloquium on special problems in international trade

29. With regard to the provision for a colloquium on special problems in international trade, doubt was expressed as to the desirability and even the possibility of holding such a colloquium in 1974. The Committee agreed that the provision should be deleted and recourse made to the Unforeseen Expenditure item should it be found necessary to convene experts for the purpose of considering problems of major importance to contracting parties. Savings of SwF 75,000 would therefore result.

New posts

30. One member of the Committee said that his authorities found it difficult to agree to the two new posts proposed on the basis of the justifications given in the budget document and pointed out that the consolidation of temporary assistance into permanent posts affected future budgets.

31. A representative of the Director-General pointed out that both the posts concerned had been financed from temporary assistance for a number of years and they would continue to be required in the future. On management grounds and taking into account the utility of retaining the highly trained staff concerned, it was highly desirable that the two posts should be consolidated into the permanent establishment.

Regradings

32. The Committee examined the proposed upgradings. While most delegations were prepared to accept the proposals in document L/3880, they observed that there was a special problem in a small international secretariat such as GATT, in which upgradings were sometimes used as a means of promotion. Certain delegations held the view that upgradings should only be accepted if they were justified by new or increased responsibilities and that the justifications for regrading given in document L/3880 were not in all cases sufficient from this point of view. These delegations were prepared to accept the proposed upgradings for 1974 on the understanding that the Committee at its next meeting would make a detailed examination of the problems involved in regrading, bearing in mind that the GATT had a small staff which had remained practically unchanged for many years. It was decided that the secretariat should prepare a paper for the Committee's further discussions on this point, describing inter alia the systems of promotion and regrading used in other organizations.

Temporary assistance

33. The Committee noted the substantial increase in the provisions for temporary assistance throughout the budget, and in view of the decelerating effect that the Trade Negotiations were likely to have on the regular meeting programme, it agreed that the overall estimates for temporary assistance could be reduced by SwF 30,000. It was agreed that the situation be carefully examined at the next meeting of the Committee, taking into account the workload with respect to the regular meeting programme.

Contribution to the United Nations Joint Staff Pension Fund

34. On being informed by a representative of the Director-General that it was now apparent that the level of pensionable remuneration of staff members in the professional category and above was to be set at 25 per cent above gross salary with effect from 1 January 1974, instead of at 20 per cent as had been anticipated at the time that the budget estimates were established, the Committee decided to increase the provision for this item by SwF 40,000 to SwF 1,590,000.

Family allowances

35. The Committee noted that the estimate in respect of family allowances for professional staff had been kept at the 1973 budget level calculated at SwF 3.80/US\$1 instead of at the present rate of SwF 3.03/US\$1. This had been done in view of indications at the time that the budget estimates were established of a possible adjustment in order to offset the loss incurred by the professional staff with respect to these allowances as a result of currency fluctuations. However, as no formal proposal had yet been put before the General Assembly of the United Nations with regard to the adjustment of these allowances, the Committee decided to delete the relevant provision, thus reducing the estimate by SwF 46,000 to SwF 302,000.

Public information

36. One member of the Committee suggested that the estimate for public information could be reduced during the period of the Trade Negotiations as the negotiations would attract journalists to Geneva and the aims and activities of the GATT would receive more widespread publicity than usual, thus reducing the need for a programme designed to make these aims and activities more widely known. Taking into consideration the level of expenditure incurred so far, the Committee agreed to reduce the provision from SwF 10,000 to SwF 5,000. The Committee wished to be informed with regard to the use of these funds.

Permanent equipment

37. Upon the request of a member of the Committee, a representative of the Director-General gave details of those items included in the provision for permanent equipment that represented purchases of new equipment as opposed to the replacement of old and obsolete equipment. It was requested that this information be given in all future budget documents.

Contribution to the Staff Assistance Fund

38. After considerable discussion, the Committee came to the conclusion that it would be appropriate to make a special ad hoc contribution to the Staff Assistance Fund for the purpose of alleviating cases of real hardship arising for present and former GATT officials or the survivors of former GATT officials. The funds provided would be administered by the staff association which would inform the Director-General with regard to the use to which they were put. The Director-General would present the staff association's report, with his comments, to the Committee next year. The Committee approved a one-time contribution of SwF 35,000 in two instalments, SwF 15,000 to be paid in 1973, and SwF 20,000 to be paid in 1974.

39. The Committee recommends to the CONTRACTING PARTIES that an amount of SwF 15,000 be contributed to the Staff Assistance Fund from the 1973 budget.

Unforeseen expenditure

40. In view of its decision to reduce some estimates under Parts I and II of the budget, the Committee felt it wise to increase the provision for Unforeseen Expenditure by SwF 40,000 to SwF 230,000 in order to increase the safety margin of the budget. This decision should not prejudice the level of this item in 1975.

IV. INCOME BUDGET ESTIMATES FOR 1974

41. The Committee agreed that the budget for 1974 be financed as follows:

	<u>Swiss francs</u>
(a) contributions assessed on contracting parties	23,130,000
(b) transfer of part of the anticipated surplus in 1973	1,000,000
(c) miscellaneous income	<u>284,000</u>
	24,414,000 =====

V. OTHER MATTERS

Erosion of staff salaries, allowances and pensions

42. The Committee welcomed the opportunity of hearing from the staff and took note of the Staff Council's request set out in paragraphs 12-19 above, and expressed its full understanding of and sympathy with the position adopted. It joined the Director-General in recognizing that there was a problem. However, as GATT operated within the common system, it was not possible to take a decision on a matter of this kind without taking into account its effects on other Geneva-based international organizations within the system.

43. The Committee invited the Director-General to use his influence within the competent bodies to ensure that all necessary steps were taken to resolve the situation with the utmost dispatch so as to avoid further detrimental effects.

GATT Accommodation

44. The Committee proceeded with a first examination with regard to the current situation concerning negotiations which had taken place with FIPOI with a view to drawing up a draft agreement for the rental of part of the present ILO building on the basis of a note by the Director-General to which a draft agreement was annexed. A member of the Committee stated that the preliminary information given in this note was too limited to enable a position to be adopted. He proposed that all data available, and particularly those regarding the renovation of the premises, be carefully examined on the basis of estimates and requested that a special meeting be arranged for this purpose.

45. After extensive discussion, the Committee requested the secretariat to prepare a revised paper setting out the financial and other implications of moving to the ILO building, to be examined with earlier documents by the Committee, with such technical assistance as may be necessary, at a meeting to be held in the near future so that a recommendation could be made to the CONTRACTING PARTIES in November.

External audit

46. The Committee noted that the Director-General intended to make the necessary arrangements with the External Auditor for the final audit of the 1973 accounts of the GAFF, for an interim audit of the 1974 accounts and for the submission to the CONTRACTING PARTIES of the auditor's report for 1973 in accordance with the decision taken by the CONTRACTING PARTIES in 1951.

VI. CONCLUSION

47. 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 22
- Paragraph 24
- Paragraph 25
- Paragraph 39
- Paragraph 47

DRAFT RESOLUTION OF THE EXPENDITURE OF THE CONTRACTING PARTIES  
IN 1974 AND THE WAYS AND MEANS TO MEET SUCH EXPENDITURE

The CONTRACTING PARTIES

HAVING CONSIDERED

the estimates of expenditure of the CONTRACTING PARTIES for 1974 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 1974, provided that such repayment does not exceed a total of 24,414,000 Swiss francs;
2. The repayment referred to in paragraph 1 shall be financed as follows:
  - (a) by contributions from contracting parties in the amount of 23,130,000 Swiss francs;
  - (b) by transfer of part of the anticipated surplus in 1973 in the amount of 1,000,000 Swiss francs;
  - (c) by miscellaneous income estimated at 284,000 Swiss francs;
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 1974;
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 1974.

SCHEDULE I

REVISED ESTIMATES OF EXPENDITURE FOR THE FINANCIAL YEAR 1974

SUMMARY

	<u>Original Estimates (L/3880) SwF</u>	<u>Increases/ (Reductions) SwF</u>	<u>Revised Estimates SwF</u>	
<b>PART I: <u>MEETINGS</u></b>				
<u>Section</u>				
1	Thirtieth session of the CONTRACTING PARTIES	125,000	-	125,000
2	Meetings of the Council and other meetings	390,000	(30,000)	360,000
3	Colloquium on special problems in inter- national trade	<u>75,000</u>	<u>(75,000)</u>	<u>-</u>
	Total Part I:	<u>590,000</u>	<u>(105,000)</u>	<u>485,000</u>
<b>PART II: <u>SECRETARIAT</u></b>				
<u>Section</u>				
1	Salaries and wages and official travel	11,442,700	(30,000)	11,412,700
2	Common staff costs	2,756,000	(6,000)	2,750,000
3	Common services	1,441,000	-	1,441,000
4	Printing	289,700	-	289,700
5	Representation and hospitality	63,300	-	63,300
6	Public information	10,000	(5,000)	5,000
7	Permanent equipment	165,000	-	165,000
8	Special projects	20,000	-	20,000
9	Contribution to a Staff Assistance Fund	<u>20,000</u>	<u>-</u>	<u>20,000</u>
	Total Part II:	<u>16,207,700</u>	<u>(41,000)</u>	<u>16,166,700</u>

	<u>Original Estimates (L/3980) SwF</u>	<u>Increases/ (Reductions) SwF</u>	<u>Revised Estimates SwF</u>
<b>PART III: <u>UNFORESEEN EXPENDITURE</u></b>			
<u>Section</u>			
1	Unforeseen expenditure	<u>190,000</u>	<u>40,000</u>
			<u>230,000</u>
<b>PART IV: <u>TRADE NEGOTIATIONS</u></b>			
<u>Section</u>			
1	Trade Negotiations	<u>2,712,300</u>	<u>-</u>
			<u>2,712,300</u>
<b>PART V: <u>INTERNATIONAL TRADE CENTRE UNCTAD/GATT</u></b>			
<u>Section</u>			
1	Contribution to the Inter- national Trade Centre UNCTAD/GATT	<u>4,820,000</u>	<u>-</u>
			<u>4,820,000</u>
	Grand Total:	<u><u>24,520,000</u></u>	<u><u>(106,000)</u></u>
			<u><u>24,414,000</u></u>

SCHEDULE II  
REVISED ESTIMATES OF EXPENDITURE  
FOR THE FINANCIAL YEAR 1974  
DETAILED SCHEDULES

Swiss francs

PART I: MEETINGS

Section 1 - Thirtieth Session of  
the CONTRACTING PARTIES

(i)	Temporary assistance (including overtime)	95,000
(ii)	Travel and subsistence of temporary staff	8,000
(iii)	Rental of meeting rooms and additional office space	20,000
(iv)	Other services	<u>2,000</u>
	Total Section 1:	125,000

Section 2 - Meetings of the Council  
and other Meetings

(i)	Temporary assistance (including overtime)	280,000
(ii)	Travel and subsistence of temporary staff	8,000
(iii)	Rental of meeting rooms and additional office space	70,000
(iv)	Other services	<u>2,000</u>
	Total Section 2:	<u>360,000</u>
	Total PART I:	<u>485,000</u> =====

PART II: SECRETARIAT

Swiss francs

Section 1 - Salaries and Wages and Official Travel

(i)	Established posts	10,563,700
(ii)	Temporary assistance (including overtime) and consultants	634,000
(iii)	Travel on official business	<u>215,000</u>

Total Section 1: 11,412,700

Section 2 - Common Staff Costs

(i)	Installation grants	27,000
(ii)	Travel and removal expenses of staff and their dependants	85,000
(iii)	Separation payments	76,000
(iv)	Contributions to the United Nations Joint Staff Pension Fund	1,590,000
(v)	Repatriation grants	85,000
(vi)	Travel on home leave	150,000
(vii)	Family allowance, education grants and related travel	
	(a) Family allowances	302,000
	(b) Education grants and related travel	190,000
(viii)	Joint services	70,000
(ix)	Other common staff costs	<u>175,000</u>

Total Section 2: 2,750,000

<u>Section 3 - Common Services</u>	<u>Swiss francs</u>
(i) Cables and telephone communications	19,000
(ii) Freight and cartage	9,000
(iii) Books and information material	49,000
(iv) Rental and maintenance of premises and equipment:	
(a) Rent	15,000
(b) Electricity	23,000
(c) Water supply	3,700
(d) Heating	26,500
(e) Telephone (rental and local calls)	28,000
(f) Insurance premiums	85,100
(g) Cleaning materials	3,700
(h) Maintenance expenditure	115,000
(i) Casual labour	160,000
(j) Maintenance of service cars	9,000
(v) Postal services	174,000
(vi) Stationery and office supplies	78,000
(vii) Reproduction and distribution of documents	425,000
(viii) External audit	18,000
(ix) Other services and miscellaneous expenditure	<u>200,000</u>
Total Section 3:	1,441,000
Section 4 - <u>Printing</u>	289,700
Section 5 - <u>Representation and Hospitality</u>	63,300
Section 6 - <u>Public Information</u>	5,000
Section 7 - <u>Permanent Equipment</u>	165,000
Section 8 - <u>Special Projects</u>	20,000
Section 9 - <u>Contribution to the Staff Assistance Fund</u>	<u>20,000</u>
Total PART II:	<u>16,166,700</u> =====

Swiss francs

PART III: UNFORESEEN EXPENDITURE

Section 1 - Unforeseen Expenditure 230,000  
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PART IV: TRADE NEGOTIATIONS

Section 1 - Trade Negotiations

(i)	Temporary assistance (including overtime)	1,891,000
(ii)	Common staff costs	333,000
(iii)	Travel	45,000
(iv)	Rental of meeting rooms and additional office space	250,000
(v)	General expenses	180,000
(vi)	Hospitality	<u>13,300</u>

Total Section 1: 2,712,300

Total PART IV: 2,712,300  
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PART V: INTERNATIONAL TRADE CENTRE UNCTAD/GATT

Section 1 - Contribution to the International Trade Centre UNCTAD/GATT 4,820,000  
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Grand Total: 24,414,000  
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SCHEDULE III

SCALE OF CONTRIBUTIONS FOR 1974

(Scale including a single minimum of 0.12%)

Country	Contributions in Swiss francs
<u>Contracting parties</u>	
Argentina. . . . .	122,600
Australia. . . . .	377,000
Austria. . . . .	270,600
Bangladesh . . . . .	27,800
Barbados . . . . .	27,800
Belgium. . . . .	876,600
Brazil . . . . .	198,900
Burma. . . . .	27,800
Burundi. . . . .	27,800
Cameroon . . . . .	27,800
Canada . . . . .	1,279,100
Central African Republic . . . . .	27,800
Chad . . . . .	27,800
Chile. . . . .	71,700
Congo, People's Republic of the. . . . .	27,800
Cuba . . . . .	69,400
Cyprus . . . . .	27,800
Czechoslovakia . . . . .	314,500
Dahomey. . . . .	27,800
Denmark. . . . .	305,300
Dominican Republic . . . . .	27,800
Egypt, Arab Republic of. . . . .	57,800
Finland. . . . .	191,900
France . . . . .	1,614,400
Gabon. . . . .	27,800
Gambia . . . . .	27,800
Germany, Federal Republic of . . . . .	2,657,600
Ghana. . . . .	27,800
Greece . . . . .	101,700
Guyana . . . . .	27,800
Haiti. . . . .	27,800
Hungary. . . . .	198,900
Iceland. . . . .	27,800
India. . . . .	157,200

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Country	Contributions in Swiss francs
<u>Contracting parties (cont'd)</u>	
Indonesia . . . . .	71,700
Ireland . . . . .	113,300
Israel . . . . .	94,800
Italy . . . . .	1,151,800
Ivory Coast . . . . .	32,300
Jamaica . . . . .	30,000
Japan . . . . .	1,589,000
Kenya . . . . .	27,800
Korea, Republic of . . . . .	122,600
Kuwait . . . . .	87,900
Luxembourg . . . . .	76,300
Madagascar . . . . .	27,800
Malawi . . . . .	27,800
Malaysia . . . . .	113,300
Malta . . . . .	27,800
Mauritania . . . . .	27,800
Mauritius . . . . .	27,800
Netherlands, Kingdom of the . . . . .	1,110,200
New Zealand . . . . .	101,700
Nicaragua . . . . .	27,800
Niger . . . . .	27,800
Nigeria, Federal Republic of . . . . .	94,800
Norway . . . . .	240,500
Pakistan . . . . .	39,300
Peru . . . . .	60,100
Poland . . . . .	312,200
Portugal . . . . .	154,900
Rhodesia . . . . .	27,800
Romania . . . . .	141,100
Rwanda . . . . .	27,800
Senegal . . . . .	27,800
Sierra Leone . . . . .	27,800
Singapore . . . . .	168,800
South Africa . . . . .	231,300
Spain . . . . .	305,300
Sri Lanka (Ceylon) . . . . .	27,800
Sweden . . . . .	536,600
Switzerland . . . . .	471,800

Country	Contributions in Swiss francs
<u>Contracting parties (cont'd)</u>	
Tanzania . . . . .	27,800
Togo . . . . .	27,800
Trinidad and Tobago . . . . .	37,000
Turkey . . . . .	69,400
Uganda . . . . .	27,800
United Kingdom of Great Britain and Northern Ireland . . . . .	1,931,300
United States of America . . . . .	3,432,500
Upper Volta. . . . .	27,800
Uruguay. . . . .	27,800
Yugoslavia . . . . .	191,900
Zaire. . . . .	37,000
 <u>Associated Governments:</u>	
Khmer Republic . . . . .	27,800
Philippines. . . . .	85,500
Tunisia. . . . .	27,800
	<hr/> 23,130,000 =====

B. INTERNATIONAL TRADE CENTRE UNCTAD/GATT

I. REPORT ON THE 1972 ACCOUNTS OF THE INTERNATIONAL  
TRADE CENTRE UNCTAD/GATT AND REPORT OF THE EXTERNAL AUDITOR THEREON

48. The Committee examined the Report of the Director-General of GATT on the 1972 Accounts and the Report of the External Auditor thereon and was given additional information and explanations by representatives of the secretariat.

49. In answer to questions, a representative of the Director-General told the Committee that the problem of the proportion of overhead to be allotted to the Centre in respect of the execution of UNDP projects referred to by the External Auditor in paragraph 15 of his Report was not yet settled. The whole question of overhead was at present being studied by CCAQ. Further, the Administrative and Management Service of the United Nations was at present studying the possibility of setting up in Geneva a service which would provide technical assistance support to all Geneva-based international organizations providing technical assistance to developing countries. At present, some of the support services were provided to the Centre by offices in New York and Geneva. The establishment of such a service in Geneva would affect the level of overhead granted to the Centre. The Committee was informed that the ratio of overhead income to programme implementation in 1972 was 10.1 per cent.

50. With regard to future audits of the International Trade Centre accounts, the Committee took note of the fact that, under the new administrative arrangements for the Centre, responsibility for the external audit of the Centre's accounts passed to the United Nations Board of Auditors with effect from 1 January 1973.

51. The Committee recommends that the CONTRACTING PARTIES approve the audited accounts of the International Trade Centre UNCTAD/GATT for 1972 and convey to the auditor their appreciation and thanks for the most valuable advice and assistance given to the CONTRACTING PARTIES during his term as External Auditor of the International Trade Centre UNCTAD/GATT.

## II. FINANCING OF THE 1973 BUDGET

52. The Committee examined the financial position of the International Trade Centre as at 30 September 1973 on the basis of out-turn figures prepared by the Centre secretariat. It noted that it was anticipated that the expenditure estimates under Part I of the budget were expected to be over-rpent by \$318,000 by 31 December 1973, and for this reason revised estimates had been presented in document ITC/AG/24/Add.1 (Spec(73)46), which was before the Committee. The additional requirements of \$318,000 were attributable in their entirety to currency realignments as the estimates for 1973 as set out in document ITC/AG/24 had been prepared on the basis of an exchange rate of SwF 3.80/US\$1 whereas the present official accounting rate was SwF 3.03/US\$1.

53. The Committee noted that the United Nations budgetary organs had not yet considered the revised 1973 estimates.

54. The Committee recommends that the CONTRACTING PARTIES approve revised estimates of expenditure of the International Trade Centre UNCTAD/GATT for the financial year 1973 in the amount of \$2,623,500. The additional GATT contribution of \$159,000, i.e., a 50 per cent share of the supplementary requirements of \$318,000 would be paid to the Centre from Part V, Section 1, of the GATT budget, on the assumption that \$159,000 will be borne by the United Nations.

## III. ESTIMATES OF EXPENDITURE FOR 1974

55. Before proceeding to an item-by-item examination of the estimates of expenditure for 1974, the Committee heard explanatory statements by representatives of the Director-General, of the Centre and of UNCTAD. It was informed that although the Committee would have the possibility of examining biennial budgets for the Centre in future, it was proposed that only the 1974 estimates be examined now. A better idea would have been formed next year of how the biennial budget system was working and the Committee could choose then whether to examine the Centre estimates in future on a biennial basis. The Committee considered the format of the Centre budget and agreed to accept in future the UN form of presentation, it being understood that the GATT secretariat would provide a cover note which would refer to any points of particular concern to the CONTRACTING PARTIES.

56. One member reminded the Committee that, with their contributions to the International Trade Centre, the contracting parties were demonstrating their responsibility with regard to the economic aspirations of the developing countries.

New posts :

57. Some members of the Committee pointed out that the proposed new posts and regradings were important factors in the high overall increase and were of the opinion that some reduction was possible. They recognized that the workload had increased but did not feel that the new posts proposed were an inevitable result of this.

58. Other members could support the proposals without reservation provided that no cuts were recommended when ACABQ reviewed the Centre's 1974 estimates.

59. After hearing additional justification given by a representative of the Centre especially with regard to the need for reinforcement of the Centre's two important functional services, the Trade Promotion Advisory Service and the Training Service, the Committee agreed to accept the new posts as proposed.

Regradings

60. The Committee agreed to accept the proposals for regradings after hearing additional justifications from a representative of the secretariat.

61. One member of the Committee held the view that upgradings should only be accepted if they were justified by new or increased responsibilities. The justifications given in document L/3881 were, in his view, not sufficient. He was, however, prepared to accept the proposed upgradings as exceptional cases of promotion.

Travel on official business

62. In response to a question, a representative of the secretariat pointed out that the increased estimate for travel on official business included the higher commercial cost of travel and increased subsistence allowance payable, as well as additional travel.

Permanent equipment

63. A representative of the secretariat explained that equipment loaned to the Centre by GATT when the Centre had moved to the rue de Lausanne would be recovered gradually by GATT throughout 1974 and 1975 as and when it was needed to replace unserviceable equipment in GATT, and the provision for its replacement by the Centre accounted for the greater part of the increased estimate for permanent equipment.

64. A member of the Committee requested that, in future budgets, estimates for new equipment and those for replacements of old and unserviceable equipment be separated.

#### Overhead costs

65. A representative of UNCTAD informed the Committee that in accordance with the Committee's request last year (document L/3747, page 29, paragraph 54) the question of the Centre's entitlement to a larger percentage of the total overhead payments on UNDP projects had been referred back to United Nations' headquarters at New York. A team from the Administrative and Management Service of the United Nations, New York, had been sent to Geneva this summer and its conclusions had been that backstopping services provided at present from New York in respect of the execution of UNDP projects by UNCTAD and other Geneva-based organizations providing technical assistance to developing countries should be established at Geneva. No final agreement had yet been reached with regard to the apparatus to be set up and the consequent distribution of overhead among services was therefore not yet known. A level of overhead of 10 per cent was expected for the Centre in 1973 and the income estimate for 1974 had been set at that level.

#### IV. CONCLUSION

66. The Committee could accept the 1974 budget estimates of the Centre as proposed. However, it was informed that the report of ACABQ's examination of the estimates would not come to hand until later this month and decided, therefore, to review its decision if ACABQ's findings differed substantially from its own.

67. The Committee recommends that the CONTRACTING PARTIES approve the estimates of expenditure of the International Trade Centre UNCTAD/GATT for the financial year 1974 in the amount of \$3,022,000 as detailed in document L/3881. An amount of \$1,492,000 is included under Part V in the budget estimates of GATT on the assumption that \$1,492,000 will be borne by the United Nations, \$11,754 will be transferred from the Surplus Account and \$26,246 will be forthcoming as miscellaneous income. The Committee further recommends that the CONTRACTING PARTIES approve the estimates of expenditure in Part II of the Centre budget in the amount of \$580,000, on the assumption that this sum will be available from the overhead contributions for extra-budgetary projects financed by UNDP and voluntary contributions. In view of the contingent nature of the estimates under overheads, which are dependent upon the level of extra-budgetary projects under execution and the percentage of overhead contribution allocated to the Centre, it is understood that the expenditure estimates under Part II may be exceeded in parallel with any increase of actual receipts of such contributions to ensure effective backstopping of such projects.

POINTS FOR DECISION:      Paragraph 51  
                                 Paragraph 54  
                                 Paragraph 67