

# GENERAL AGREEMENT ON TARIFFS AND TRADE

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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 March 1977, met on 1 and 6 June 1977 to examine, in accordance with its terms of reference, the proposed programme budget of the International Trade Centre. The Committee was also given a report on the progress of renovations at the Centre William Reppard prior to occupancy by GATT and on the survey of general service salaries undertaken by the International Civil Service Commission.

2. The Committee was chaired by Mr. J.N.Feij of the Netherlands and the following fourteen members attended:

Australia	India	Switzerland
Canada	Israel	United Kingdom
France	Japan	United States
Germany, Fed. Rep.	Nigeria	Zaire
Hungary	Sweden	

3. At the commencement of the meeting the Committee heard an introductory statement, on behalf of the Director-General. The representative of the Director-General referred to the fact that the International Trade Centre budget was established on a biennial basis and to the need to examine both years 1978 and 1979. He pointed out that the Committee's report on the Centre budget would be made available to ACABQ for its own consideration of the Centre budget later in June. At its regular meeting in October, the GATT Committee would make the appropriate provision for the Centre in the 1978 GATT Budget.

4. With regard to the question of accommodation for the Centre, the Committee was informed that, since the Centre budget was prepared, negotiations with FIPOI had led to an offer by FIPOI to construct and finance a building to be let to the Centre under very advantageous conditions. This would enable a reduction of \$606,000 in the originally proposed budgetary level.

5. The representative of the Director-General reminded the Committee that housing arrangements for the Centre had been most unsatisfactory for some years and that the situation was becoming steadily intolerable. No adequate alternative accommodation had been offered to the Centre and it would be unwise to let such an opportunity escape especially in view of the lower cost per square metre than at the presently occupied premises. Prompt steps needed to be taken to establish a lease agreement with FIPOI to enable construction of the building to commence.

6. With regard to the contribution to be paid to the Centre for the 1978 GATT budget, this represented an increase over 1977 of 3.4 per cent only, whereas the 1979 contribution would be 7.8 per cent over 1978. The representative of the Director-General recommended that the budget, as proposed by the Director of the Centre, be approved.

Proposed ITC programme budget for the biennium 1978-1979

7. In presenting the budget document (ITC/CD/BUD/4, Add.1, Add.2 and Rev.1), the Director of the Centre pointed out that, apart from the provisions for four new professional posts and one new general service post and for the proposed new accommodation for the Centre the budget represented only maintenance of the programme at the 1977 level. He said that the Centre's estimates had been prepared bearing well in mind the budgetary ceilings established for the UN secretariat. However, such ceilings were set for organizations of the size - in terms of both number of staff and programme coverage - of the United Nations; in small organizations, such as the Centre, where the opportunity for redeployment of staff between different activities was extremely limited, it was almost impossible to respect them entirely. In assessing its future staff requirements, the Centre had in fact taken into account (a) the possibility of moving staff from activities that would come to an end early in the biennium 1978/79 and (b) the possibility of financing certain activities through overheads and trust funds. He hoped that the Committee, which was close to the Centre and its operations would examine the budget proposals on their merits, taking into account the programme approved by the Joint Advisory Group, and would not look simply to keeping the estimates within predetermined limits.

8. The representative of UNCTAD stated that budgetary guidelines laid down by the Secretary General of the United Nations did not permit a growth factor as high as that shown in the Centre's estimates for 1978-1979 which, according to United Nations methodology, was 4.1 per cent for the biennium. For this reason the reduction of new posts by one P4 post was proposed by UN headquarters.

9. Some members said that their delegations could accept the budget estimates, as presented, and pointed out that it was reasonable in relation to the programme that had already been approved by the Joint Advisory Group; it would be inconsistent not to approve the funds necessary for the implementation of agreed priorities.

10. Several members of the Committee stressed the special rôle of the Centre in the field of international trade promotion and its unique situation with regard to its growth. Trust funds were becoming an ever increasing source of financing the Centre activities and now even considerably surpassed the regular budget level. They considered that the implications of the imbalance between the amount of the regular budget and the resources for technical assistance should be examined at a future meeting of the Committee, before the Centre's budget estimates for the 1980-1981 biennium were presented. One member had noted that there was no provision in the regular budget for evaluation activities that were at present financed from trust funds. Governments at the Joint Advisory Group had been of the opinion that evaluation was a priority and a normal part of the responsibilities of the Office of the Director of the Centre and that it was inappropriate to continue financing this activity from trust funds.

11. A number of members underlined their view that the UN Secretary-General's guidelines in regard to permitted percentages for real growth should be generally respected. One member suggested that the Director of the Centre might propose other possible areas where savings might be made, without detriment to the programme, as an alternative to the suppression of one of the proposed new posts.

12. The Director of the Centre explained that the real increase in the regular budget could result from either additional new posts or from a higher level of expenditure on such things as additional meetings or additional publications. In formulating its budget for the biennium 1978-1979, the Centre had maintained the same level of expenditure on the latter elements as in 1976-1977 and had requested an increase only in posts in order to meet additional specific priority work recommended by the Joint Advisory Group. He therefore attached high priority to the new posts since the additional work involved could not be carried out without them. If the Committee wished to make economies elsewhere, to bring the growth of the Centre budget close to the guidelines established for the growth of the

United Nations secretariat, he would propose a reduction in the publications programme below the 1976-1977 level. Despite some difficulties the Centre might face vis-à-vis the needs of the developing countries, some savings could, if absolutely necessary, be made through a reduction in the length of publications and curtailment of the publication runs in three languages. He anticipated therefore that savings of \$46,000 could in this way be achieved in the biennium 1978-1979.

13. There was general acceptance in the Committee of the Director of the Centre's view that the creation of the new posts requested warranted priority and the Committee was, therefore, for its part, prepared to accept the proposed reduction in the allocation for printing as a means of still keeping the rate of budget increase close to the guidelines referred to earlier.

#### ITC accommodation

14. One member of the Committee expressed his delegation's regret that the Centre was not to be housed at the Centre William Rappard. The best place for the Centre was with either or both parent bodies where the full range of mutual interaction could take place. In view of the GATT secretariat's pending move to its new quarters, it would seem most appropriate to house the Centre with GATT at the Centre William Rappard, where savings could be derived from a sharing of services and facilities by the two organizations.

15. Another member reminded the Committee that a United Nations General Assembly resolution of last year stipulated that there should be no increases in accommodation space in Geneva until after the removal of certain United Nations offices to Vienna, over the next five years, was completed. He understood that some space would become available at the Palais des Nations as these offices moved to Vienna.

16. A representative of the United Nations office at Geneva informed the Committee that the United Nations was also experiencing severe accommodation problems. It had been decided to move the office of the United Nations High Commissioner for Refugees into the part of the Centre William Rappard on which the United Nations had an option in order to make urgently needed space available to UNCTAD at the Palais des Nations. This process was now irreversible and it would not be possible for the United Nations to offer accommodation at the Centre William Rappard to the Centre. With regard to the removal of certain United Nations offices to Vienna, only about 100 offices would become available during the removal period and all were already earmarked.

17. In answer to questions, a representative of the Director of the Centre pointed out that, although the price per square metre would be lower in the new premises than at the present premises, some 2,000 additional square metres of floor space would be available and therefore total rental cost would be slightly higher. The additional floor space was urgently needed as many services of the Centre were seriously overcrowded, no space was available for visiting consultants, and storage space was significantly lacking. In particular the Training Service was most inadequately housed and the lecture room facilities for the trainees were most unsatisfactory.

18. The Director of the Centre pointed out that the proposal with respect to the premises at rue de Montbrillant was on a straight rental basis. What was involved was the rental of one set of accommodation in place of another, and this could not be considered as the acquisition of additional office space in Geneva.

19. The representative of the United Nations Office at Geneva, in answer to a question on the UNOG's space situation over the next five years, informed the Committee that provision of adequate accommodation for the current secretariat services to relieve overcrowding, expected growth of these units over the next five years and provision of reserve would account for almost all space to become available as a result of the proposed move of various services to Vienna. He further stated that UNOG had no intention of continuing the rental of the rue de Lausanne and rue du Valais facilities once vacated by ITC due to the high cost involved and the poor standard of the accommodation.

20. The Committee was of the opinion that it was inevitable and urgent that proper housing arrangements should be made for the Centre. Since there was no existing alternative offering suitable accommodation for the Centre, the Committee came to the conclusion that the opportunity now offered by FIPOI should be taken advantage of, thus guaranteeing the Centre suitable and very reasonably priced accommodation for many years to come.

### Conclusion

21. The Committee recommends that the CONTRACTING PARTIES approve the revised estimates of expenditure of the International Trade Centre UNCTAD/GATT for the biennium 1978-1979 in the amount of \$11,336,000 (1978 \$5,456,000; 1979 \$5,882,000). A contribution of \$5,661,000 will be made to the Centre from the 1978 GATT budget (\$2,724,000) and the 1979 GATT budget (\$2,937,000) on the assumption that a like amount will be borne by the United Nations and \$16,000 (1978 \$8,000; 1979 \$8,000) will be forthcoming as miscellaneous income. Provisions of SwF 6,836,000 and SwF 7,372,000 will be made in the 1978 and 1979 GATT budgets respectively.

GATT accommodation - progress report

22. A representative of the Director-General informed the Committee that, according to the latest estimates, total GATT expenditure on renovations at the Centre William Rappard, was now estimated at about SwF 5,950,000. The increase over the original estimate of SwF 5 million, which represented about 19 per cent, was mainly due to the effects of: (a) inflation, particularly from the time that the original estimates were established in 1972 until contracts were placed and to price increases after the award of contracts; (b) to several adaptations which were not originally foreseen, the main one of which concerned the unification of two conference rooms; (c) to further renovations which had been seen to be necessary as work at the building had progressed, and (d) to technical improvements that had become available recently, often at a higher cost. The Committee had been informed at its meeting in October 1976 that although it was hoped that it might be possible not to exceed excessively the original estimates, some supplementary work had had to be undertaken in the interests of efficiency, such as the conversion of two small meeting rooms into one larger one at a cost of some SwF 300,000. A full report would be given to the Committee at its next meeting in October. With regard to the actual removal, some services of the secretariat were taking up residence in their new quarters in June and the removal of all remaining services would have been completed by the end of August.

23. Some members of the Committee pointed out that, although additional funds were available in the Building Fund as a result of transfers from year-end surpluses, the budgetary ceiling that had been set for renovations at the Centre William Rappard was still SwF 5 million.

24. The representative of the Director-General informed the Committee that the formal approval of the CONTRACTING PARTIES to an increase in the level of the Building Fund would be sought through the Committee, at its October meeting when final expenditure figures would be available. The full report to be made to the Committee would contain detailed justifications for the increased level of expenditure. The Director-General would also seek approval at that time for an appropriate provision in the 1978 GATT budget in respect of the final balance of funds required to finance the expenditure for renovation of the Centre William Rappard.

25. The Committee noted the total level of expenditure now anticipated in respect of the renovation of the Centre William Rappard prior to GATT's occupancy. The Committee further noted that a provision for a final contribution to the Building Fund was proposed for inclusion in Part VI of the 1978 GATT budget.

ICSC survey of general service staff salaries

26. The Committee took note that the International Civil Service Commission's survey of general service staff salaries at Geneva was in progress and that its conclusions could be anticipated by September.