

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

L/4631

24 February 1978

Limited Distribution

## ADMINISTRATIVE AND FINANCIAL QUESTIONS

### Final Position of the 1977 Budget of the GATT

1. In accordance with the CONTRACTING PARTIES' standing instructions regarding the reporting of any savings accrued at the end of the financial year, the Director-General's proposals for appropriation of such savings, the financial position concerning the transfer of credits between sections of the budget, and any advances made from the Working Capital Fund, the Director-General herewith submits the following information for consideration by the Council.

#### I. EXPENDITURE BUDGET

2. The CONTRACTING PARTIES appropriated SwF 36,320,000 for the financial year 1977. Obligations incurred in 1977 totalled SwF 35,346,007, leaving an unencumbered balance of SwF 973,993. This surplus is due to savings of SwF 1,458,120, detailed in paragraphs 3 and 4, and the non-utilization of the provision for unforeseen expenditure of SwF 200,000, reduced by the excess expenditure of SwF 684,127 referred to in paragraph 5 below. In addition, in accordance with paragraph 37 of document L/4413, the proceeds of the sale to the United Nations of the two Annexes of Villa Le Bocage and certain fixtures and equipment, amounting to SwF 453,526, were used in 1977 to meet the cost of furniture for some conference rooms, for the Salle des Pas Perdus and for some other facilities at the Centre William Rappard.

3. Savings were made on the following sections:

	<u>Swiss francs</u>
PART I - Section 1 - Thirty-third Session of the CONTRACTING PARTIES	41,487
- Section 2 - Meetings of the Council and other meetings	12,510
PART II - Section 2 - Common staff costs	39,593
- Section 3 - Common services	480,718
- Section 4 - Printing	127,930
- Section 5 - Representation and hospitality	613
- Section 6 - Public information	3,685
- Section 7 - Permanent equipment	27

PART IV	- Section 1 - Trade negotiations	492,498
PART V	- Section 1 - GATT contribution to the International Trade Centre UNCTAD/GATT	199,061
PART VII	- Section 1 - Commercial Policy Training Courses	<u>60,000</u>
		<u>1,458,120</u> =====

4. The savings reported above are due to a number of factors. Those which were made on the section for the 33rd Session of the CONTRACTING PARTIES were due principally to the fact that the meeting lasted for two days only, whereas provision was made in the 1977 budget for a one-week session. With regard to common staff costs, expenditure on items such as installation, repatriation and education grants and joint services was lower than had been anticipated. The savings which accrued under the heading for common services were mainly a result of the liability to pay rent and complementary charges such as electricity, cleaning, insurance, etc. for the new premises at the Centre William Rappard with effect from July 1977 only, rather than from April 1977 as had been foreseen when the 1977 budget was approved. The savings realized on the item for printing were mainly due to the non-utilization of the credits for the Comparative Tabulations resulting from the Tariff Study, for the Certification of Changes to Schedules and for the Status of Legal Instruments of the GATT. Economies were also realized with respect to the cost of printing International Trade 1976/77 and the pamphlet "Gatt, What it is". Savings were made in respect of the Multilateral Trade Negotiations due to the fact that requirements, particularly for staff, were less heavy than had been originally anticipated. Savings were also made on payments of the GATT contribution to the International Trade Centre as a result of the reduction of the average inflation rate used for budgetary purposes and due to the fact that contributions were made from the GATT budget, expressed in Swiss francs, whereas the Centre budget was based in US dollars. The credit with respect to the GATT Commercial Policy Training Courses, which was provided in view of the uncertainty with regard to the financing of the courses by UNDP in 1977, remained unutilized as 1977 costs did not exceed the relevant UNDP budgetary provisions.

5. Transfers of SwF 684,127, as set out below, are necessary in order to cover excess expenditure over approved appropriations incurred in Part II - Section 1 -Salaries and wages and official travel. This excess expenditure was due to the need to recruit additional temporary staff in 1977 in order to meet the individual essential requirements of each Division, particularly for translation and revision services, for typists, secretaries, clerks, sound operators and messengers. Urgently needed ad hoc support had to be provided in respect of these services in various areas of the secretariat notwithstanding the Director-General's efforts to maintain temporary assistance requirements at an absolute minimum. In addition, overtime payments substantially exceeded the provision made.

<u>FROM:</u>	<u>SwF</u>	<u>TO:</u>	<u>SwF</u>
<u>PART I: MEETINGS</u>		<u>PART II: MEETINGS</u>	
<u>Section 1 - Thirty-third Session of the CONTRACTING PARTIES</u>		<u>Section 1 - Salaries and Wages and Official Travel</u>	
Temporary assistance (including overtime)	35,367	Temporary assistance (including overtime)	<u>684,127</u>
Travel and subsistence allowance	5,000		
Rental of meeting rooms	<u>1,120</u>		
	<u>41,487</u>		
<u>Section 2 - Meetings of the Council and other meetings</u>			
Temporary assistance (including overtime)	<u>12,510</u>		
<u>PART II: SECRETARIAT</u>			
<u>Section 2 - Common Staff Costs</u>			
Education grants	<u>39,593</u>		
<u>Section 3 - Common Services</u>			
Rent	422,174		
Casual labour	<u>58,544</u>		
	<u>480,718</u>		
<u>Section 4 - Printing</u>	<u>109,819</u>		
Total	684,127 =====		684,127 =====

II. INCOME BUDGET

6. Amounts totalling SwF 36,381,035 were credited as income in 1977 and exceeded the approved estimates by SwF 61,035 as follows:

	<u>Approved estimates</u>	<u>Income credited</u>	<u>Excess of income</u>
	<u>SwF</u>	<u>SwF</u>	<u>SwF</u>
(a) Contributions on contracting	35,600,000	35,600,000	-
(b) Transfer from surplus account	262,468	262,468	-
(c) Miscellaneous income	<u>457,532</u>	<u>518,567</u>	<u>61,035</u>
	<u>36,320,000</u>	<u>36,381,035</u>	<u>61,035</u>
	=====	=====	=====

7. The excess of miscellaneous income as compared to the approved estimate is mainly due to a higher level of savings than anticipated in respect of the previous year's outstanding obligations (SwF 71,822), a higher refund than anticipated of the GATT contribution to the Pension Fund in respect of participant withdrawals (SwF 11,966), profits on exchange accrued during the financial year (SwF 43,142) and excess income for miscellaneous items (SwF 3,587). This excess is partially offset by a shortfall of income on investments (SwF 47,841) as a consequence of lower than anticipated interest rates obtained on short-term Swiss franc investments, a lower level than anticipated of income from rental of meeting rooms and office space (SwF 14,450) and a short-fall of income from the sale of GATT publications (SwF 7,191).

8. At 31 December 1977 contributions in arrears from contracting parties amounted to US\$139,943 for the financial years 1963-1972 and SwF 3,029,699 for the financial years 1973-1977 (Annex A).

III. SURPLUS ACCOUNT

9. The Surplus Account, reproduced in Annex B, shows an unappropriated balance of SwF 190,878 as at 31 December 1977.

10. The Director-General intends to put proposals for the disposal of this surplus to the Committee on Budget, Finance and Administration at a later date for consideration and appropriate recommendation to the CONTRACTING PARTIES.

IV. WORKING CAPITAL FUND

11. The principal of the Working Capital Fund was SwF 1,431,124 at 31 December 1977. In addition, amounts of SwF 54,546 (US\$14,354) resulting from the revised assessment in 1965 of advances to the Fund (document L/2482) and SwF 2,354 (US\$620) resulting from the dissolution of the former Federation of Rhodesia and Nyasaland (document L/2324) remained to the credit of the Governments' accounts.

12. An amount of SwF 1,439 representing advances assessed on two contracting parties was still outstanding at 31 December 1977.

13. The amount of SwF 679,531, required to cover a deficit on the General Fund due to the increased level of contracting parties' contributions in arrears at 31 December 1976, was repaid to the Working Capital Fund during 1977 upon receipt of outstanding contributions.

POINT FOR DECISION: Paragraph 5.

ANNEX A  
OUTSTANDING CONTRIBUTIONS AS AT 31 DECEMBER 1977

Country	US dollars 1963/1972	Swiss francs						Total 1973/1977
		1973	1974	1975	1976	1977	78	
Argentina	..	..	..	..	..	..	78	78
Burundi	..	..	..	..	..	21,877	42,700	64,577
Central African Empire	1972 5,330	27,800	31,600	40,300	42,700	167,900	167,900	167,900
Chad	1969/1972 17,890	27,800	31,600	40,300	42,700	167,900	167,900	167,900
Chile	..	..	..	5,437	92,600	98,037	98,037	98,037
Colombia	..	..	..	6,043	71,200	77,242	77,242	77,242
Congo, People's Republic of the	..	13,958	31,600	40,300	42,700	128,558	128,558	128,558
Dominican Republic	1966/1972 33,101	27,800	31,600	40,300	42,700	167,900	167,900	167,900
Gabon	..	..	..	..	19,603	19,603	19,603	19,603
Gambia	..	..	..	..	21,473	21,473	21,473	21,473
Ghana	..	..	..	..	5,265	5,265	5,265	5,265
Guyana	..	..	..	..	4,836	4,836	4,836	4,836
Haiti	1963/1972 34,672	27,800	31,600	40,300	42,700	167,900	167,900	167,900
Indonesia	..	..	..	..	56,075	56,075	56,075	56,075
Ivory Coast	..	..	..	..	53,400	53,400	53,400	53,400
Jamaica	..	..	..	4,778	12,991	12,991	12,991	12,991
Kampuchea	..	..	..	..	..	..	..	..
Democratic Kenya	..	12,106	31,600	40,300	42,700	154,506	154,506	154,506
Kenya	..	..	..	..	10,469	10,469	10,469	10,469
Kuwait	..	..	..	..	249,200	249,200	249,200	249,200
Mauritania	..	..	..	38,986	42,700	81,686	81,686	81,686
Vicaragua	..	18,938	31,600	40,300	42,700	133,538	133,538	133,538
Nigeria, Fed.	..	..	7,907	221,500	245,700	475,107	475,107	475,107

ANNEX A (Cont'd)

OUTSTANDING CONTRIBUTIONS AS AT 31 DECEMBER 1977

Country	US dollars 1966/1972	Swiss francs					Total 1973/1977
		1973	1974	1975	1976	1977	
Peru	..	..	..	..	..	..	60,500
Philippines	..	..	..	..	..	..	20,316
Russia <sup>2</sup>	48,950	..	..	..	..	..	167,900
Senegal	..	27,800	31,600	..	40,300	..	2,361
Sierra Leone	..	..	..	..	..	..	114,600
Togo	..	..	31,600	..	40,300	..	44,757
Tunisia	..	..	..	..	2,057	..	11,756
Turkey	..	..	..	..	..	..	131,700
Uganda	..	..	..	..	..	..	3,870
Zaire	..	..	..	..	..	..	148,919
		13,519	42,100	..	47,000	..	
<b>Total</b>	<b>139,943</b>	<b>139,606</b>	<b>213,215</b>	<b>334,407</b>	<b>710,378</b>	<b>1,632,093</b>	<b>3,029,699</b>

1963 to 1972: US\$139,943 at SwF 2.17 to US\$1 =

303,676

SwF 3,333,375  
=====

<sup>1</sup>SwF 56 also due in respect of Working Capital Fund assessment.

<sup>2</sup>SwF 1,383 also due in respect of Working Capital Fund assessment..

ANNEX B

SURPLUS ACCOUNT  
(in Swiss francs)

Balance at 1 January 1977		262,468
Deduct: transfer to 1977 income (L/4413)		<u>262,468</u>
Excess of 1977 income over estimated income	61,935	-
Unencumbered balance on the 1977 expenditure budget	<u>973,993</u>	1,035,028
Add:		
Transfer from provision for contri- butions in arrears in respect of receipts of arrears in 1977	1,689,407	
Adjustment to provision for contri- butions in arrears in respect of contributions due in US dollars	<u>37,643</u>	
		<u>1,727,050</u>
		2,762,078
Deduct:		
Repayment to the Working Capital Fund	679,531	
Transfer to the Building Fund (L/4583)	221,858	
Transfer to provision for contributions in arrears in respect of 1977 contri- butions in arrears	1,632,093	
Write-off of unrealized exchange loss on outstanding contributions assessed in dollars	37,643	
Transfer to accounts receivable to write off irrecoverable debts	<u>75</u>	
		<u>2,571,200</u>
Balance as at 31 December 1977		<u>190,878</u> =====