

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

L/4787

7 March 1979

Limited Distribution

## ADMINISTRATIVE AND FINANCIAL QUESTIONS

### Final Position of the 1978 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 38,585,000 for the financial year 1978. Obligations incurred in 1978 totalled SwF 36,855,142, leaving an unencumbered balance of SwF 1,729,858. This surplus is due to savings of SwF 1,537,965, 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 8,107 referred to in paragraph 5 below.

3. Savings were made on the following sections:

	<u>Swiss francs</u>
PART I - Section 1 - Thirty-fourth Session of the CONTRACTING PARTIES	28,707
PART II - Section 3 - Salaries and wages and official travel	153,575
- Section 4 - Common staff costs	494,008
- Section 5 - Common services	62,889
- Section 6 - Printing	105,604
- Section 7 - Representation and hospitality	549
- Section 8 - Public information	3,662
- Section 9 - Permanent equipment	48

PART IV	-	Section 12 - Trade Negotiations	480,574
PART V	-	Section 13 - GATT Contribution to the International Trade Centre UNCTAD/GATT	166,349
PART VII	-	Section 15 - Commercial Policy Training Courses	42,000
			<u>1,537,965</u>

4. The savings reported above are due to a number of factors. Those which were made on the section for the Thirty-fourth 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 1978 budget for a one-week session. With regard to salaries and wages and official travel, savings were made in respect of established posts due principally to the effect of currency fluctuations on dollar-based salaries and post adjustments and to a lower level of travel than anticipated. The savings that accrued under the heading for common staff costs were mainly due to the lower pension fund contributions payable in respect of professional and higher category staff as a result of exchange rate changes. Expenditure on such items as installation grants, separation payments, repatriation grants, travel on home leave, education grants and joint services was lower than had been anticipated. The savings made under the heading for common services result from an adjustment of the rent payable in respect of the Centre William Rappard and to a lower level of expenditure than anticipated on electricity, water supply, heating, insurance premiums, other services, etc., partially offset by over-expenditure on maintenance, postal services, stationery and office supplies, reproduction and distribution of documents, etc. With regard to printing, the savings realized resulted from 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 pamphlet "GATT, What it is". The savings made in respect of the Multilateral Trade Negotiations resulted principally from the fact that requirements, particularly for staff, were less heavy than was originally anticipated as the final stages of the negotiations were postponed until 1979. Further savings were realized under this heading as a result of the effect of exchange rate fluctuations. Savings were also made on payments of the GATT contribution to the International Trade Centre 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 these courses by UNDP in 1978, was only partially utilized to the extent that 1978 costs exceeded the relevant UNDP budgetary provisions.

5. Transfers of SwF 8,107, as set out below, are necessary in order to cover excess expenditure over approved appropriations incurred in Part I - Section 2 - Meetings of the Council and other meetings.

<u>FROM:</u>	<u>SwF</u>	<u>TO:</u>	<u>SwF</u>
<u>PART I: MEETINGS</u>		<u>PART I: MEETINGS</u>	
<u>Section 1 - Thirty-fourth Session of the CONTRACTING PARTIES</u>		<u>Section 2 - Meetings of the Council and other meetings</u>	
Temporary assistance (including overtime)	2,900	Other services	8,107
Travel and subsistence allowance	3,000		
Rental of meeting rooms	1,500		
Other services	707		
Total	<u>8,107</u>		<u>8,107</u>

## II. INCOME BUDGET

6. Amounts totalling SwF 38,603,889 were credited as income in 1978 and exceeded the approved estimates by SwF 18,889 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) Contribution assessed on contracting parties	37,800,000	37,800,000	-
(b) Contribution assessed on Suriname	-	45,400	45,400
(c) Miscellaneous income	785,000	758,489	(26,511)
	<u>38,585,000</u>	<u>38,603,889</u>	<u>18,889</u>

7. The shortfall of miscellaneous income of SwF 26,511 as compared with the approved estimate is mainly due to a shortfall of income on investments (SwF 162,778) as a consequence of lower than anticipated interest rates obtained on short-term Swiss franc investments, losses on exchange accrued during the financial year (SwF 80,307), a lower level than anticipated of income from rental of meeting rooms and office space (SwF 28,850) and a lower refund than anticipated of the GATT contribution to the Pension Fund in respect of participant withdrawals (SwF 13,922). This shortfall is partially offset by a higher level of savings than anticipated in respect of the previous year's outstanding obligations (SwF 134,659), a higher level than anticipated of refund of staff costs for staff employed at the Centre William Rappard on behalf of other occupants (SwF 53,214), excess income from the sale of GATT publications (SwF 12,978) and excess income for miscellaneous items (SwF 58,495).

8. At 31 December 1978 contributions in arrears from contracting parties amounted to US\$107,553 for the financial years 1966-1972 and SwF 4,454,776 for the financial years 1973-1978 (Annex A).

### III. SURPLUS ACCOUNT

9. The Surplus Account reproduced in Annex B shows a balance of SwF 190,878 representing the 1977 surplus earmarked by the CONTRACTING PARTIES for transfer to 1979 income. Of the excess of 1978 income over budgetary expenditure amounting to SwF 1,748,747, SwF 59,565 were used to write off further exchange losses arising from the revaluation of dollar contributions outstanding, SwF 1,349 were used to write off irrecoverable debts and, in accordance with a decision of the CONTRACTING PARTIES, SwF 384,030 were transferred to a special temporary account (C/104). The increase in the level of contracting parties' contributions in arrears at 31 December 1978 amounted to SwF 1,307,468 and the balance of the 1978 surplus of SwF 1,303,803, together with a transfer from the Working Capital Fund of SwF 3,665, was required to increase the provision for contributions in arrears.

### IV. WORKING CAPITAL FUND

10. As mentioned in paragraph 9 above an amount of SwF 3,665 was required to cover a deficit on the General Fund due to the increased level of contracting parties' contributions in arrears at 31 December 1978. The authority contained in document L/756, paragraph 10, dated 27 November 1957, stipulates that subsequent receipts of outstanding contributions are to be credited to the Working Capital Fund to the extent necessary to reimburse the advance made.

POINT FOR DECISION: Paragraph 5.

## OUTSTANDING CONTRIBUTIONS AS AT 31 DECEMBER 1978

Country	US dollars 1966/1972	Swiss francs					Total 1973/1978
		1973	1974	1975	1976	1977	
Argentina							34,120
Bangladesh							45,400
Benin							44,772
Brazil							18,134
Burundi						25,595	45,400
Central African Empire							45,400
Chad	1969/1972 15,815	25,500	27,800	23,143	40,300	42,700	45,400
Chile				31,600	40,300	42,700	22,630
Colombia					6,043	71,200	75,600
Congo, People's Republic of the							45,400
Cuba			13,958	31,600	40,300	42,700	128,500
Dominican Republic	1966/1972 33,101	25,500	27,800	31,600	40,300	42,700	45,400
Gabon							19,603
Gambia							45,400
Guyana							21,473
Haiti	1971/1972 9,687	25,500	27,800	31,600	40,300	42,700	45,400
Indonesia							45,400
Ivory Coast							151,200
Kampuchea							52,500
Democratic Kenya		12,106	27,800	31,600	40,300	42,700	45,400
Madagascar							37,624
Mauritania							395
Nicaragua			18,938	31,600	25,219	42,700	45,400
Nigeria,					40,300	42,700	45,400
Peru						160,684	362,800
Philippines						60,500	71,800
Portugal <sup>1/</sup>							83,644
Rhodesia <sup>1/</sup>	1966/1972 48,950	25,500	27,800	31,600	40,300	42,700	158,700
Senegal							45,400
Sierra Leone							47,761
Sri Lanka				31,600	40,300	42,700	45,400
Tanzania							2,700
Togo							9,039
Turkey					2,057	42,700	45,400
Uganda						74,445	225,645
Upper Volta						3,870	49,270
Yugoslavia							21,609
Zaire							287,200
Total	107,553	114,106	171,896	275,943	396,019	919,645	2,577,167

1966 to 1972: US\$107,553 at SwF 1.73 to US\$1.-

186,067

SwF 4,640,843

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

ANNEX B

SURPLUS ACCOUNT

(in Swiss francs)

Balance at 1 January 1978		190,878
Shortfall of 1978 miscellaneous income over estimated income	(26,511)	
Contribution assessed on Suriname subsequent to the adoption of the scale of contributions (L/4665)	45,400	
Unencumbered balance on the 1978 expenditure budget	<u>1,729,858</u>	
		1,748,747
Add:		
Transfer from provision for contributions in arrears in respect of receipts of arrears in 1978	1,210,134	
Adjustment to provision for contributions in arrears in respect of contributions due in US dollars	<u>59,565</u>	
		1,269,699
		<u>3,018,446</u>
Deduct:		
Transfer to special temporary account (C/M/131)	384,030	
Transfer to provision for contributions in arrears in respect of 1978 contributions in arrears	2,577,167	
Write-off of unrealized exchange loss on outstanding contributions assessed in dollars	59,565	
Transfer to accounts receivable to write off irrecoverable debts	<u>1,349</u>	
		3,022,111
Deficit		(3,665)
Transfer from Working Capital Fund		<u>3,665</u>
		NIL
Balance as at 31 December 1978 earmarked for transfer to 1979 income		<u><u>190,878</u></u>