

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 2 March 1977, met at the Centre William Rappard, Geneva, from 9 to 19 October 1979.

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

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

Italy, Malaysia, Turkey and Yugoslavia were represented by observers.

3. In accordance with its terms of reference, the Committee considered the Director-General's Financial Report on the 1978 Accounts of the GATT and the Budget Estimates for 1980 as well as the Proposed Programme Budget of the International Trade Centre UNCTAD/GATT for the Biennium 1980-1981. In addition, the Committee examined the financial position of the GATT at 30 September 1979 on the basis of outturn figures prepared by the secretariat.

4. The Committee had before it the following documents:

Director-General's Financial Report on the 1978 Accounts
and Report of the External Auditor Thereon (L/4788)

Budget Estimates for the Financial Year 1980 (L/4820 and
explanatory notes)

Outstanding Contributions as at 30 September 1979 (Spec(79)18)

Final Report on the Renovation of the Centre
William Rappard (INT(79)35)

Financial Report and Accounts of the International Trade
Centre UNCTAD/GATT for the Biennium 1976-1977 ended
31 December 1977 and Report of the Board of Auditors (A/33/5)

Final Performance Report on the Programme budget of the ITC
for the Biennium 1978-1979 (ITC/OD/BUD/6/Rev.1)

Proposed Programme Budget of the ITC for the Biennium 1980-1981
(ITC/OD/BUD/7 and Corr.1 and 2, and A/34/6)

ACABQ: First Report on the Proposed Programme Budget of the
ITC for the Biennium 1980-1981 (A/34/7)

5. At the commencement of the meeting the Committee heard an introductory statement by the Director-General. He said that it had not been easy to establish the budget estimates for 1980 due to the impact of the new and additional responsibilities arising from the results of the multilateral trade negotiations. He mentioned the activity that would be generated in the area of the new international instruments or codes, the agreements such as those on dairy products, bovine meat, licensing, standards, customs valuation, subsidies, government procurement, etc. Technical assistance to developing countries was also a very important field where GATT had to be in a position to give full technical support to those governments requesting it on the implementation of the results of the recent negotiations as well as for participation in the forthcoming trade negotiations among developing countries. GATT would also be involved to a greater degree in trade relations both between contracting parties and in the overall framework of international economic relations.

6. All indications regarding the GATT work programme for 1980 and thereafter provided for considerable additional responsibilities without reductions or deletions elsewhere which had made some strengthening of the secretariat's resources inevitable. The 1979 establishment consisted of 312 persons on 238 regular posts and 74 MTN or fixed-term temporary posts plus temporary assistance provisions to cover periods of exceptionally heavy workload. For 1980 he had foreseen a total of 310 persons on 279 regular posts and 31 fixed-term temporary posts, which gave a ratio more in line with the general principle that temporary posts should approximate 10 per cent of the regular establishment. The Director-General had also taken into account that the maintenance of staff for long periods on temporary assistance posts created personnel management problems and a feeling of insecurity among the staff and, in fact, the GATT Staff Council had already expressed its apprehension in this context. The increased provision for short-term temporary assistance in addition to covering periods of exceptionally heavy workload, would have to provide for hiring consultants for new areas such as technical obstacles to trade, government procurement, the trade negotiations among developing countries, etc.

7. After very careful consideration, the Director-General had decided to propose that the two posts of Deputy Director-General be maintained in view of the wider operational field of activities envisaged and of the projected broader involvement of GATT in international economic affairs. Control of the operational divisions was to be shared between the two Deputy Directors-General. He had also proposed the reinstatement of the post of head of the Department of Conference Affairs, Administration and Languages whose functions were temporarily taken over by his office.

8. Two new posts that the Director-General had proposed at the D.1 level were those of Director, Inter-Agency Affairs and Director, Common Systems Affairs. In the field of inter-agency affairs, there was a demonstrated need for a senior officer to keep abreast of developments, especially in view of the move that the United Nations had made in the economic sector in recent years, away from research activities and basic discussions in ECOSOC towards considerable involvement in current problems and longer term development issues. The common systems post, on the other hand, covered work of a more administrative nature and included participation on GATT's behalf in the work of the inter-agency organs and committees whose function was to discuss and formulate common administrative policies for application by all United Nations family organizations. This post had acquired particular importance in the light of what he perceived as an aspect of the constant deterioration of the common system due to the exchange rate problems and its present inability to protect the interests of the staff in certain areas.

9. The Director-General informed the Committee that a further result of the redeployment of the secretariat's staff resources to ensure the efficient undertaking of its new tasks had been the reclassification of a certain number of posts. In the past budget proposals had been established on the basis of complementing the existing staff of divisions or sections by adding one or more posts where specific new tasks called for them and by regrading posts where incumbents were already discharging higher levels of responsibility than foreseen for their posts. However, for 1980, in order to cope with the impact of the results of the most far-reaching negotiations in the history of the GATT, the reverse procedure had had to be adopted. The Director-General had presented a new secretariat structure capable of implementing the tasks entrusted to it by the CONTRACTING PARTIES. The structure that he proposed was a uniform and logical one consonant with the new and additional responsibilities to be faced up to by each department, division or section and the additional posts and the reclassifications were the natural and logical result of the approach that he had adopted. His intention was to fill new posts only as and when the need arose and the full grading level of each post would not be applied to the incumbent until the level of experience and ability to assume fully the relevant responsibilities were beyond question. The Director-General reminded the Committee, however, that continuity of the secretariat's work called for the extension of some trade negotiations posts into 1980. As no trade negotiations funds were provided in the 1980 budget, the credits for new posts would be used initially to cover this cost.

10. With regard to his request for authority to regrade three D.1 posts to D.2 should circumstances warrant it, the Director-General pointed out that in several other organizations divisional directors were graded at

D.2. He did not propose this for GATT, but in view of the unknown elements in the future tasks and responsibilities felt it essential to have sufficient flexibility to set some directors' grades at the higher level if circumstances in their areas of responsibilities should warrant it.

11. The Director-General's approach to the provision for unforeseen expenditure had been similar and, in view of the unknown quantities and the fact that much of the ground that would be broken in 1980 would be new ground, he felt it was essential that the secretariat have an adequate provision to fall back on should it prove necessary. In this connexion, he considered the 1979 provision of SwF 200,000 for unforeseen expenditure, representing less than half of one per cent of the overall expenditure budget, to be entirely inadequate for 1980.

12. The Director-General drew the Committee's attention to the provision of SwF 600,000 that he had made to cover the printing of a loose-leaf system for the consolidation of schedules of tariff concessions. As a result of the negotiations, schedules were dispersed at present over 40 legal instruments forming part of the General Agreement, and contracting parties considered their consolidation to be imperative.

13. In connexion with the report of the UN Advisory Committee on Administrative and Budgetary Questions (ACABQ) on the International Trade Centre budget for 1980-1981, the Director-General regretted that ACABQ had not accepted the proposal that he and the Secretary-General of UNCTAD, supported by the Secretary-General of the United Nations, had made with regard to the regrading of the post of Director of the Centre from D.2 to the level of Assistant Secretary-General. It seemed unacceptable in terms of responsible administration that the Director of the Centre who managed a budget of the order of US\$20 million and a staff of some 200 people should be graded at D.2 while nowhere in the UN system was there so large a unit managed by a Director at this level. He hoped that the Committee could agree to recommend to the Fifth Committee that appropriate action be taken now, bearing in mind that if this were not done, action would have to wait until the biennial budget for 1982-1983.

14. With regard to the financing of the 1979 budget, the Director-General drew the Committee's attention to the fact that, on the basis of provisional estimated figures, the current financial year was expected to close with savings of some SwF 750,000. However, the situation regarding outstanding contributions was very bad and, in fact, unless more contributions were received than those he already anticipated being paid before the end of the year, the savings mentioned above, plus an additional amount from the Working Capital Fund, would have to be used to cover outstanding contributions at 31 December 1979. The Director-

General pointed out that healthy financial management was dependent upon regular and timely receipt of contributions and appealed to contracting parties to pay outstanding contributions immediately. He also expressed the hope that the Committee would address itself to this serious issue looking forward to the introduction of appropriate measures to redress the situation.

A. GATT SECRETARIAT

I. REPORT ON THE 1978 ACCOUNTS AND REPORT
OF THE EXTERNAL AUDITOR THEREON

15. The Committee examined the Report on the 1978 Accounts and the Report of the External Auditor Thereon (L/4788) and received additional information and explanations from representatives of the secretariat.

16. The Committee recommends that the CONTRACTING PARTIES approve the audited accounts for 1978 and convey to the External Auditor their thanks for the valuable assistance given to the CONTRACTING PARTIES in the audit of these accounts.

II. FINANCING OF THE 1979 BUDGET

17. The Committee examined the outturn figures prepared by the secretariat and was given additional information and explanations. It was noted that, on the basis of these figures, the 1979 accounts were likely to close with a budgetary year-end surplus of some SwF 750,000. Some members of the Committee were of the opinion that all or part of this surplus could be allocated to the 1980 income budget although others recalled that normal GATT practice called for the application of the final 1979 surplus, if any, to the 1981 budget. The Committee further noted, however, that arrears of contributions at 30 September 1979 stood at some SwF 8.8 million as compared with approximately SwF 7.9 million at the same time last year and that, if payments of contributions over and above those already anticipated were not forthcoming before the end of the year, the anticipated budgetary surplus as well as an additional amount to be withdrawn from the Working Capital Fund would be required to cover outstanding contributions at 31 December 1979.

18. In connexion with the situation regarding the arrears of contributions which was giving rise to great concern, the Committee considered ways and means of persuading governments in arrears to meet their financial obligations and agreed to present a separate document to the Council summarizing possible action to be taken in this regard (L/4853). In view of the cash flow problems which resulted from the high level of outstanding contributions, the Committee requested the secretariat to make a thorough examination of the level of the Working Capital Fund and to report to the Committee at its next session.

III. ESTIMATES OF EXPENDITURE FOR 1980

19. Before the Committee commenced its item-by-item examination of the 1980 expenditure estimates, several members made general comments on the future structure of the GATT secretariat as reflected in the budget document and the information papers provided by the Director-General. They placed great importance on GATT's new rôle resulting from the implementation of the multilateral trade negotiations, the increased attention to be given to development aspects and the need to provide a permanent basis for technical assistance to developing countries. It was important that the secretariat continue to be lean and of high quality although nevertheless adequately staffed. The Committee was in agreement with the principle of flexibility, on which the Director-General had placed great importance in view of the still-existing unknown factors of the 1980 activities. However, it was essential not to assume that the need for flexibility implied a need to pre-empt resources before the need for them had been experienced. They of course recognized that it was important not to compromise the future work of GATT through lack of resources. But they also stressed the financial constraints under which their governments were compelled to consider the budgets of international organizations and it was their intention to examine the estimates in great detail, to look closely at each proposed new post and other increases in order to identify any possible economies. In this connexion, they would request additional information and justifications from the secretariat whenever necessary.

Meetings

20. A representative of the secretariat informed the Committee that the estimate for temporary assistance for meetings in 1980 had been made on the basis of approximately 80 per cent of meetings' activity in 1979. Meeting days in 1980 were thus estimated at some 160 days compared with an estimated total of approximately 200 days in 1979, 253 days in 1978 and 161 days in 1977. The increase under this heading was due to the fact that the provision for regular GATT meetings now had to cover all meetings, including those for the implementation of the Codes, whereas in 1979 temporary assistance for meetings had been covered by the credits in this part of the budget as well as the part for Multilateral Trade Negotiations expenditure which had now disappeared. The representative of the secretariat proposed that future budget presentations should show estimates for interpreters only under the temporary assistance headings for Sessions of the CONTRACTING PARTIES and for Meetings of the Council and other meetings. The cost of staff other than interpreters would be provided for under the heading Salaries and Wages and Official Travel-

Temporary Assistance in Part II Section 3(ii). This would facilitate a clearer appreciation of GATT's temporary assistance resources and would provide the secretariat with greater flexibility in the use of these resources as well as simplifying the accounting for them. Full details of the credit would still be given in the budget document. The Committee accepted these proposals and requested the secretariat to examine with contracting parties the possibility of establishing a programme of meetings for several months ahead thereby avoiding simultaneous meetings, and resulting in budgetary savings. A programme of meetings could also generate income by improving the possibility of renting conference space to outside parties.

New posts and regradings

21. The Committee examined the staff structure of the secretariat as proposed for 1980 on the basis of the working papers prepared by the secretariat including an annotated manning table. This provided for 279 established posts against 238 in 1979. The main features of the proposed structure of the secretariat were:

- (a) to maintain 2 Deputy Director-General posts to provide for the necessary overall leadership of, and responsibility for, the operation Divisions and to reinforce the participation of GATT in external activities and meetings of major importance;
- (b) to add a post of D.1 to meet the growing demands of Inter-Agency Affairs caused by the increasing involvement in economic and development matters of all the organizations of the United Nations family; this new post was required because of the proposal to re-establish the post of Head of Department of Conference Affairs, Administration and Languages, a function which had been temporarily taken over by the Director-General's office;
- (c) to add a post of Director of Common System Affairs to enable GATT to meet its responsibilities, as a member of the United Nations Common System, in the increasingly lengthy and intricate activities of the International Civil Service Commission, Pension Board and other relevant bodies dealing with administrative, personnel and budgetary matters;
- (d) to provide three further new posts and consolidations of thirty-six temporary assistance and short-term MTN posts to man the Divisions dealing with the implementation of the results of the Multilateral Trade Negotiations and to face up to the logistic requirements stemming from new or increased activities;

- (e) to regrade thirty-three posts in order to adapt to the level of the new and increased responsibilities, and in particular to regrade three D.1 posts to D.2. This request was made with a view to providing the Director-General with flexibility for coping with the secretariat's new and additional tasks and responsibilities.

22. Some members of the Committee felt that the creation of some of the new posts and the consolidation of some of the temporary and trade negotiations posts was premature since the 1980 activities contained unknown quantities and that this should be done only in the light of experience on the basis of perceived needs. Concern was also expressed with regard to the number of regradings proposed and, at the Committee's request, additional information and justification was provided by the secretariat. It was noted that no new or consolidated post would be filled until the need for it was really felt and the grade level would be applied only when the incumbent's experience and ability to accept fully the relevant responsibilities really warranted it. The Director-General assured the Committee that recruitment for all new and consolidated posts would be on the basis of external vacancy notices.

23. With regard to the proposed new post of Director, Inter-Agency Affairs, some Committee members expressed doubts as to the real need for this post. An explanation was given to the Committee of the functions in question and it was made clear that the Director-General considered the continuation of these functions to be essential. Many members of the Committee agreed with this but continued to have doubts as to the need to re-establish the post of Head of the Department of Conference Affairs, Administration and Languages. The representative of the secretariat explained that although this function had been temporarily assumed by an officer in the Director-General's office this arrangement was not satisfactory in the long term.

24. Several members of the Committee were of the opinion that the functions of the proposed new post of Director, Common Systems Affairs should be performed by the Director of the Administrative and Financial Division and his senior officers. A representative of the secretariat reminded the Committee that this was the case at present but the duties concerned constituted a full-time job that could only be performed at the expense of the officers' other, regular duties and that present developments in the Common System required much closer involvement in meetings of bodies set up to examine possible improvement in certain areas. The Committee noted nonetheless that comparable posts did not exist in most other organizations and did not believe that the workload justified a new post.

25. Some members of the Committee expressed their concern that the needs of developing countries be adequately met particularly in view of the strengthening of the Committee on Trade and Development, the forthcoming trade negotiations among developing countries within the framework of GATT and the need for technical assistance, and that candidates from developing countries be given fullest consideration in connexion with vacancies occurring in the secretariat, including the new posts. Other members felt that in many instances the interests of these countries could most adequately be taken care of within the overall context of GATT and not separately from the totality of GATT activities. With this in mind they felt that there was an imbalance in the permanent establishment, in as much as, the proposed consolidations for the Development Division and the Technical Co-operation Division were disproportionate. A representative of the secretariat said that the fact that any short-term posts would not be consolidated into the permanent establishment of the Development Division and the Technical Co-operation Division did not mean that the provision of technical assistance by the secretariat to developing countries would suffer. The needs of the developing countries were always given high priority by the secretariat.

26. After a thorough examination of the staffing proposals and taking into account the arguments put forward by the Director-General, the Committee agreed to the following provisions:

- (a) to maintain two Deputy Director-General posts;
- (b) to add one D.1 post of Director, Inter-Agency Affairs and to re-establish the post of Head of Department of Conference Affairs, Administration and Languages;
- (c) to provide two further new professional (one P.4; one P.3) and one new general service category posts (G.6) and the consolidation of nine professional (three P.5; two P.4; four P.3) and eleven general service category temporary assistance and short-term multilateral trade negotiations' posts (one G.6; one G.5; nine G.4); and
- (d) to regrade twenty professional (one to D.1; two to P.5; nine to P.4; eight to P.3), and ten general service category posts (one to G.7; one to G.6; eight to G.5).

27. In consultation with the representative of the Director-General, the Committee agreed to reduce the estimate for established posts by deleting the provision for the regrading of three D.1 posts to D.2 and by deferring other regradings until later in 1980. It was also agreed to

delete the provision for the proposed new post of Director, Common System Affairs (D.1). Economies of SwF 190,000 could thus be made in the estimates for established posts and common staff costs. In addition, the Committee decided to propose the deferment of the consolidation into permanent posts of five professional (five P.3) and eleven general service category (one G.6; four G.5; six G.3) temporary assistance posts pending further information regarding future activities. The provision for established posts was thus reduced by SwF 716,000 against a corresponding increase in the provision for temporary assistance. The total permanent establishment for 1980 was thus at a level of 262 posts plus forty-seven fixed-term temporary assistance posts.

Temporary assistance

28. The Committee noted that the Director-General had included in the 1980 budget estimates additional provision of 2,120 man/days for consultants. A representative of the secretariat informed the Committee that these experts and consultants were required to advise in new fields, such as non-tariff barriers, which the secretariat was called upon to enter and of which the staff had as yet little experience. Technical consultants were also required to carry out short-term technical assistance missions, upon the request of developing countries, with regard to the MTN results and the negotiations among developing countries.

29. One member pointed out that last year the Committee had already expressed concern at the level of temporary assistance credits and he proposed that some reduction be made in the 1980 estimate while preserving the necessary flexibility requested by the Director-General.

30. In consultation with the representative of the Director-General, the Committee agreed to decrease the provision for temporary assistance by SwF 150,000 by deleting the provision for one consultant and by realignment elsewhere within the estimate for temporary assistance.

Cables, telex and telephone communications

31. In answer to questions, a representative of the secretariat informed the Committee that the additional provision of SwF 100,000 to cover telex notifications to capitals under some of the multilateral agreement notification requirements had been proposed in response to requests from the Sub-Group on Technical Barriers to Trade. The Committee expressed its concern as to the high cost of this procedure and feared that a precedent could be created for other committees. After consultation with the Chairman of the Sub-Group, the Committee agreed to reduce the estimate by SwF 90,000 in the hope that the Committee on Technical Barriers to Trade would adopt a more economical procedure.

Maintenance expenditure

32. Some members of the Committee felt that a high level of maintenance expenditure had been understandable during the past three years when the secretariat had been moving to and adapting itself into its new headquarters building but now that this adaptation period was over the time had come to adopt a more stringent attitude towards this type of expenditure. After a thorough examination of the estimate the Committee agreed, in consultation with the representative of the Director-General, to reduce the estimate by SwF 40,000 but, in view of the deletion of the provision for the replacement of sound recorders under permanent equipment (see paragraph 34 below) decided to set the reduction at SwF 30,000 in order to allow for additional maintenance of the existing recorders.

Printing

33. The Committee examined the budget proposal for printing expenditure in 1980 and was concerned with the high increase over 1979. Some members felt that reductions could be made by deleting certain items such as the Comparative Tabulations resulting from the Tariff Study, List of Publications, Statistical Textile Bulletin or the GATT Bulletin. Other members proposed reductions by producing some of the publications by more economical means. While accepting the principle of a provision for the loose-leaf system for the consolidation of schedules of tariff concessions, which represented the greater part of the increase in the estimate for printing in 1980, the Committee was nevertheless of the opinion that part of the cost could be deferred. They also felt that economies would result from reducing the printing run by limiting to one copy the number of free copies to be supplied to contracting parties. Furthermore, the sales price of this publication and others should be set taking into account production cost, thereby increasing income from sales of publications. Similarly economies could be made by producing the GATT Bulletin and the Comparative Tabulations resulting from the Tariff Study in a simpler and more economical form. After a thorough examination of this question the Committee, in consultation with the representative of the Director-General, agreed to reduce the provision for the loose-leaf system by SwF 300,000, for the GATT Bulletin by SwF 40,000 and for the Comparative Tabulations by SwF 30,000. The total reduction under the heading for printing thus amounted to SwF 370,000.

Permanent equipment

34. With regard to the provision for permanent equipment some members of the Committee were convinced that there was some scope for economy by adopting a more stringent approach. It was felt that the provision of

SwF 140,000 for the replacement of some 140 sound recorders could be reduced by deferring the replacement of some of these machines to next year. A representative of the secretariat explained that for the purposes of standardization, efficiency of maintenance and economy in obtaining replacement parts it was important to replace all machines at the same time. After a thorough examination of the estimate the Committee, in consultation with the representative of the Director-General, agreed to delete the provision of SwF 140,000 for the sound recorders by deferring their purchase until 1981. However, in view of the fact that the existing recorders would require additional maintenance as they had been in service for more than seven years, an amount of SwF 10,000 was to be provided under maintenance expenditure for this purpose.

Unforeseen expenditure

35. The Committee was of the opinion that an increase in the item for unforeseen expenditure was not called for and some members were of the opinion that the item could be deleted altogether as past experience showed that unforeseen expenditure provisions were not used. They felt that the level of the provision had no relationship to the overall expenditure budget level and usually individual budget items contained some provision for unforeseen elements. A representative of the secretariat pointed out that the provision had been increased in view of the unknown factors in the secretariat's new responsibilities in 1980 with regard to the implementation of the new Codes resulting from the trade negotiations. After consultations with the representative of the Director-General, the Committee decided to delete the increase of SwF 200,000 that had been proposed, leaving the estimate at the 1979 level.

Commercial Policy Training Courses

36. The Committee noted that, as it had not proved possible to procure funds from UNDP in an acceptable form for the financing of the GATT Commercial Policy Training Courses, such financing should continue through the GATT budget.

37. The Committee further noted that, in addition to the regular courses provided for in the 1980 budget estimates, Finland, Norway and Sweden were to provide financial sponsorship for two special courses to be organized by the GATT secretariat to help the least-developed countries assess the benefits stemming from the Tokyo Round of multilateral trade negotiations. Each course, with which the International Trade Centre would be associated, would be of three weeks duration and would accommodate from twenty-five to thirty government officials. Total cost

of the two courses, which was to be covered by the Nordic countries, would be some SwF 600,000 and the Committee noted in this respect that SwF 70,000 would accrue to the GATT income budget in 1980 to cover overhead costs. The Committee expressed its appreciation for the support that the Nordic countries were thus providing to GATT's training activities.

Contribution to the International Trade Centre UNCTAD/GATT

38. The Committee noted that, as a result of the revised estimates for the International Trade Centre UNCTAD/GATT for the biennium 1980/1981, presented in document ITC/OD/BUD/7 and Corr.1 and 2, the contribution to be made to the Centre from the 1980 GATT budget was reduced by SwF 30,000 to SwF 7,240,000. Discussions on this matter are reflected in Part B of this Report.

39. The Committee hoped that the secretariat would take into account its suggestions and remarks on the expenditure estimates that had not necessarily resulted in budgetary economies. Similarly, the secretariat should not feel precluded from reformulating some of its proposals in future budgets when they could be re-examined in the light of further post-MTN experience.

IV. INCOME BUDGET ESTIMATES FOR 1980

40. The Committee agreed that the budget for 1980 be financed as follows:

	<u>SwF</u>
(a) Contributions assessed on contracting parties	39,000,000
(b) Miscellaneous income	830,000
	<u>39,830,000</u>

V. OTHER MATTERS

GATT accommodation

41. The Committee took note of the Final Report on the Renovation of the Centre William Rappard, contained in document INT(79)35, in which details of expenditures and of sources of financing were set out.

Pension Fund matters

42. The Committee heard a report on current Pension Fund developments from Mrs. E. Michaud (France), member representing the CONTRACTING PARTIES on the ICITO/GATT Pension Committee. The text of Mrs. Michaud's statement is annexed hereto.

43. The Committee noted with regret the departure from Geneva of Mr. L. Stalberg (Sweden), the alternate member representing the CONTRACTING PARTIES on the ICITO/GATT Pension Committee, and expressed its appreciation for Mr. Stalberg's services as well as those of the continuing member, Mrs. Michaud.

External audit

44. The Committee noted that the Director-General intended to make the necessary arrangements with the External Auditor for the final audit of the 1979 accounts of the GATT, for the interim audit of the 1980 accounts and for the submission to the CONTRACTING PARTIES of the Auditor's report for 1979 in accordance with the decision taken by the CONTRACTING PARTIES in 1951.

VI. CONCLUSION

45. 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 16
Paragraph 45

DRAFT RESOLUTION ON THE EXPENDITURE OF THE CONTRACTING PARTIES
IN 1980 AND THE WAYS AND MEANS TO MEET SUCH EXPENDITURE

The CONTRACTING PARTIES

HAVING CONSIDERED

the estimates of expenditure of the CONTRACTING PARTIES for 1980 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 1980, provided that such repayment does not exceed a total of 39,830,000 Swiss francs.
2. The repayment referred to in paragraph 1 shall be financed as follows:
 - (a) by contribution from contracting parties in the amount of 39,000,000 Swiss francs;
 - (b) by miscellaneous income estimated at 830,000 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 1980.
4. The contribution 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 1980.

SCHEDULE 1

Revised Estimates of Expenditure for the Financial Year 1980

	Original Estimates (L/4820)	Reductions	Re-allocation of temporary assistance provisions	Transfer of 16 posts to temporary assistance	Revised Estimates
	SwF	SwF	SwF	SwF	SwF
PART I: MEETINGS					
Section 1 - <u>Thirty-sixth session of the CONTRACTING PARTIES</u>					
(i) Temporary assistance (interpreters)	43,000	-	(30,000)	-	13,000
(ii) Travel and subsistence of temporary staff	2,000	-	-	-	2,000
(iii) Rental of meeting rooms and additional office space	4,000	-	-	-	4,000
(iv) Other services	1,000	-	-	-	1,000
Total Section 1	50,000	-	(30,000)	-	20,000
Section 2 - <u>Meetings of the Council and other meetings</u>					
(i) Temporary assistance (interpreters)	700,000	-	(500,000)	-	200,000
(ii) Travel and subsistence of temporary staff	10,000	-	-	-	10,000
(iii) Rental of meeting rooms and additional office space	-	-	-	-	-
(iv) Other services	4,000	-	-	-	4,000
Total Section 2	714,000	-	(500,000)	-	214,000
Total PART I	764,000	-	(530,000)	-	234,000

	Original Estimates (L/4820) SwF	Reductions SwF	Re-allocation of temporary assistance provisions SwF	Transfer of 16 posts to temporary assistance SwF	Revised Estimates SwF
PART II: SECRETARIAT					
Section 3 - Salaries and wages and official travel					
(i) Established posts	18,600,000	(170,000)	-	(716,000)	17,714,000
(ii) Temporary assistance (including overtime) and consultants	2,590,000	(150,000)	530,000	716,000	3,686,000
(iii) Travel on official business	300,000	-	-	-	300,000
Total Section 3	21,490,000	(320,000)	530,000	-	21,700,000
Section 4 - Common staff costs					
(i) Installation grants	40,000	-	-	-	40,000
(ii) Travel and removal expenses of staff and their dependants	100,000	-	-	-	100,000
(iii) Separation payments	60,000	-	-	-	60,000
(iv) Contribution to the United Nations Joint Staff Pension Fund	3,004,000	(15,000)	-	-	2,989,000
(v) Repatriation grants	80,000	-	-	-	80,000
(vi) Travel on home leave	240,000	-	-	-	240,000
(vii) Family allowances, education grants and related travel:					
(a) Family allowances	450,000	(2,000)	-	-	448,000
(b) Education grants and related travel	280,000	-	-	-	280,000
(viii) Joint services	130,000	-	-	-	130,000
(ix) Other common staff costs	350,000	(3,000)	-	-	347,000
Total Section 4	4,734,000	(20,000)	-	-	4,714,000

	Original Estimates (L/4820) SwF	Reductions SwF	Re-allocation of temporary assistance provisions SwF	Transfer of 16 posts to temporary assistance SwF	Revised Estimates SwF
Section 5 - Common services					
(i) Cables, telex and telephone communications	160,000	(90,000)	-	-	70,000
(ii) Freight and cartage	7,000	-	-	-	7,000
(iii) Books and information material	83,000	-	-	-	83,000
(iv) Rental and maintenance of premises and equipment:					
(a) Rent	1,300,000	-	-	-	1,300,000
(b) Electricity	120,000	-	-	-	120,000
(c) Water supply	12,000	-	-	-	12,000
(d) Heating	160,000	-	-	-	160,000
(e) Telephone and telex (rental)	125,000	-	-	-	125,000
(f) Insurance premiums	120,000	-	-	-	120,000
(g) Cleaning materials	3,000	-	-	-	3,000
(h) Maintenance expenditure	364,000	(30,000)	-	-	334,000
(i) Casual labour	500,000	-	-	-	500,000
(j) Maintenance of service cars	13,000	-	-	-	13,000
(v) Postal services	300,000	-	-	-	300,000
(vi) Stationery and office supplies	110,000	-	-	-	110,000
(vii) Reproduction and distribution of documents	405,000	-	-	-	405,000
(viii) External audit	35,000	-	-	-	35,000
(ix) Other services and miscellaneous expenditure	480,000	-	-	-	480,000
Total Section 5	4,297,000	(120,000)	-	-	4,177,000
Section 6 - Printing	1,040,000	(370,000)	-	-	670,000
Section 7 - Representation and hospitality	90,000	-	-	-	90,000

	Original Estimates (L/4820) SwF	Reductions SwF	Re-allocation of temporary assistance provisions SwF	Transfer of 16 posts to temporary assistance SwF	Revised Estimates SwF
Section 8 - <u>Public information</u>	5,000	-	-	-	5,000
Section 9 - <u>Permanent equipment</u>	320,000	(140,000)	-	-	180,000
Section 10 - <u>Contribution to a Staff Assistance Fund</u>	20,000	-	-	-	20,000
Total PART II	31,996,000	(970,000)	530,000	-	31,556,000
PART III: <u>UNFORESEEN EXPENDITURE</u>					
Section 11 - <u>Unforeseen expenditure</u>	400,000	(200,000)	-	-	200,000
PART IV: <u>COMMERCIAL POLICY TRAINING COURSES</u>					
Section 12 - <u>Commercial Policy Training Courses</u>	600,000	-	-	-	600,000
PART V: <u>INTERNATIONAL TRADE CENTRE UNCTAD/GATT</u>					
Section 13 - <u>Contribution to the International Trade Centre UNCTAD/GATT</u>	7,270,000	(30,000)	-	-	7,240,000
GRAND TOTAL	41,030,000	(1,200,000)	-	-	39,830,000

SCHEDULE II

SCALE OF CONTRIBUTIONS FOR 1980

(Scale including a single minimum of 0.12%)

Country	Contributions in Swiss francs
<u>Contracting parties:</u>	
Argentina	156,000
Australia	546,000
Austria	479,700
Bangladesh	46,800
Barbados	46,800
Belgium	1,454,700
Benin	46,800
Brazil	507,000
Burma	46,800
Burundi	46,800
Cameroon	46,800
Canada	1,716,000
Central African Republic	46,800
Chad	46,800
Chile	93,600
Congo, People's Republic of the	46,800
Cuba	152,100
Cyprus	46,800
Czechoslovakia	452,400
Denmark	475,800
Dominican Republic	46,800
Egypt, Arab Republic of	132,600
Finland	300,300
France	2,811,900
Gabon	46,800
Gambia	46,800
Germany, Federal Republic of	4,449,900
Ghana	46,800
Greece	195,000
Guyana	46,800
Haiti	46,800
Hungary	245,700
Iceland	46,800
India	249,600

Country	Contributions in Swiss francs
<u>Contracting parties: (cont'd)</u>	
Indonesia	327,600
Ireland	198,900
Israel	175,500
Italy	1,891,500
Ivory Coast	58,500
Jamaica	46,800
Japan	3,053,700
Kenya	46,800
Korea, Republic of	429,000
Kuwait	284,700
Luxembourg	124,800
Madagascar	46,800
Malawi	46,800
Malaysia	218,400
Malta	46,800
Mauritania	46,800
Mauritius	46,800
Netherlands, Kingdom of the	1,926,600
New Zealand	132,600
Nicaragua	46,800
Niger	46,800
Nigeria, Federal Republic of	417,300
Norway	409,500
Pakistan	78,000
Peru	70,200
Poland	553,800
Portugal	144,300
Rhodesia	46,800
Romania	253,500
Rwanda	46,800
Senegal	46,800
Sierra Leone	46,800
Singapore	265,200
South Africa	241,800
Spain	569,400
Sri Lanka	46,800
Suriname	46,800
Sweden	787,800
Switzerland	741,000

Country	Contributions in Swiss francs
<u>Contracting parties: (cont'd)</u>	
Tanzania	46,800
Togo	46,800
Trinidad and Tobago.	78,000
Turkey	140,400
Uganda	46,800
United Kingdom of Great Britain and Northern Ireland	2,936,700
United States of America	5,674,500
Upper Volta.	46,800
Uruguay.	46,800
Yugoslavia	280,800
Zaire.	46,800
<u>Associated Governments:</u>	
Colombia	89,700
Kampuchea, Democratic.	46,800
Philippines.	148,200
Tunisia.	54,600
	<u>39,000,000</u>

ANNEX

Statement by Mrs. E. Michaud, Member Representing the
CONTRACTING PARTIES on the ICITO/GATT Pension Committee

The measures adopted by the General Assembly in December 1978 have improved to some extent the level of pensions paid in Swiss francs or strong currencies. The pension in dollars is converted at the average rate of exchange for the thirty-six months preceding retirement or the spot rate at the date of retirement, whichever is the more favourable. Nevertheless, those measures have not afforded any remedy to the anomalies of the existing system. Pensions currently vary between 40 and 120 per cent of total net remuneration in local currency of a Professional staff member, depending on whether he lives in a strong- or a weak-currency country. This is because Pension Fund contributions and pensions paid by the Pension Fund are calculated without taking into account the share of income that post adjustments represent. In Geneva, which this month is in Class 19.3, for a staff member with dependents post adjustments represent 57.81 of net remuneration at grade P.3, step 6, and 57.56 per cent at grade P.4, step 6.

The International Civil Service Commission (ICSC) was instructed by the General Assembly to make, in co-operation with the Joint Staff Pension Board, an examination of the pension system and in particular pensionable remuneration with a view to submitting proposals to the General Assembly at its thirty-fourth session. The main task of the session of the Joint Staff Pension Board, held at Manila in July, was to examine the ICSC proposals and study their financial implications as well as any necessary amendments to the rules and procedures of the Pension Fund. Examination of the financial implications was not feasible in the absence of actuarial data, so that this year the ICSC has not been able to recommend a comprehensive solution.

In its report to the General Assembly the ICSC:

- (1) states that most of its members prefer a solution based on equality of pensions in terms of real value; the pension ought to represent a pre-determined percentage of the total net remuneration (net salary plus post adjustment) of a staff member at the same grade servicing in the same country;
- (2) states that it intends to continue its work with a view to reaching a definitive solution in 1980;

- (3) recommends the freezing of the mechanism for adjustment of pensionable remuneration on the basis of the weighted average of post adjustments (WAPA);
- (4) Supports the adoption of an interim measure in the form of a floor, so that after thirty years of service the pension in terms of local currency cannot be less than a certain percentage of the total net remuneration of a staff member at the same grade serving in the same country;
- (5) Suggests that wherever the floor is in operation, Pension Fund contributions should be calculated on the basis of total net remuneration.

The solution recommended by the ICSC is in the sense of the positions adopted by GATT and by many other international organizations - not only those based in Geneva, but also the International Civil Aviation Organization in Montreal, the International Atomic Energy Agency in Vienna and the Inter-Governmental Maritime Consultative Organization in London.

In its report to the General Assembly, the Joint Staff Pension Board recommends the adoption of an interim measure limited to 1980 pending a definitive solution. The pension of Professional staff members retiring in 1980 would be not less than 60 per cent of the total net remuneration in local currency of a staff member at the same grade serving in the same country. Many organizations, of which GATT is one, would like the floor to be set at 66 per cent of total net remuneration, but in order not to present divergent views to the General Assembly they finally agreed to support the proposal put forward by the Secretary of the Joint Staff Pension Board.

Although the numerous meetings held this year have not led to any agreement for reform of the system, they have nevertheless had some positive results. The report of the ICSC, which is an independent body set up by the General Assembly, recognizes that the requests put forward by international organizations based in strong-currency countries are well-founded. The establishment of a floor, if approved by the General Assembly, will be the first step toward establishment of an equitable system and I hope that the representatives of our governments at the General Assembly will support the proposals of the Joint Staff Pension Board.

B. INTERNATIONAL TRADE CENTRE UNCTAD/GATT

I. AUDITED ACCOUNTS FOR 1976-1977

46. The Committee took note of the Financial Report and Accounts for the Biennium 1976-1977 ended 31 December 1977 and Report of the Board of Auditors, contained in document A/33/5 which, under the agreed administrative arrangements for the International Trade Centre, had been submitted to the United Nations General Assembly for approval.

II. FINAL PERFORMANCE REPORT FOR 1978-1979

47. The Committee examined the Final Performance Report on the Programme Budget of the International Trade Centre for the Biennium 1978-1979 (document ITC/OD/BUD/6/Rev.1), and noted that, mainly as a result of movements in the rate of exchange between the US dollar and the Swiss franc, the Centre's requirements for the biennium were increased to US\$16,396,600. The net amount to be provided in contributions by GATT for the biennium was US\$8,134,300 and as a result, contributions to the Centre budget to be made in 1979 by GATT were estimated at SwF 7,196,000, or SwF 166,000 more than the amount provided for this purpose in the 1979 GATT budget. In this connexion the Committee recalled that savings of SwF 166,349 on contributions to the Centre budget in 1978 were transferred to the GATT Surplus Account at 31 December 1978.

48. 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 (document ITC/OD/BUD/6/Rev.1), in the amount of US\$16,396,600. The net amount to be provided in contributions by GATT for the biennium is US\$8,134,300 on the understanding that like amounts will be forthcoming from the United Nations and that US\$128,000 will be forthcoming as miscellaneous income.

III. 1980-1981 ITC BUDGET ESTIMATES

49. The Committee examined the proposed Programme Budget of the ITC for the Biennium 1980-1981 (document ITC/OD/BUD/7 and Corr.1 and 2 and A/34/6, page 10 et seq.). The Committee also had before it the First Report of the United Nations Advisory Committee on Administrative and Budgetary Questions (ACABQ) thereon (document A/34/7, page 78 et seq.).

50. The Director of the Centre informed the Committee that the 1980-1981 biennium represented the second and third years of the three-year

programme approved for the Centre by the Joint Advisory Group in 1979. He outlined technical co-operation activities over the past 15 years and gave special emphasis to the last 7 years during which there had been a major trend of growth in response to the emerging needs of developing countries resulting from developing awareness and sense of urgency in these countries. The Centre was greatly widening its spectrum of activities in the field of technical co-operation and was now active in many new areas, including special programmes for the least developed countries.

51. The Director of the Centre informed the Committee that work was progressing satisfactorily at the new headquarters building for the Centre at rue de Montbrillant, Geneva. The Committee noted that available floor space at the new building would amount to some 7,900 square metres, but that negotiations were being finalized to sub-let one floor to the International Computing Centre which would bring the space to be occupied by the Centre itself down to the level of 7,000 square metres originally approved by the Committee. Further floor space would be sub-let to a bank and a travel agency.

52. The budget estimates for the Centre for 1980-1981 amounted to US\$17,148,200 as compared with the revised appropriations for 1978-1979 of US\$16,396,600 set out in document ITC/OD/BUD/6/Rev.1 (see paragraph 47 above). The accounting rate used for the preparation of the 1980-1981 budget was US\$1/SwF 1.73. The major part of the resource growth over 1978-1979 was represented by cost in relation to the move of the Centre into its new accommodation and to staffing proposals for the establishment of three new P.5 posts as well as two new general service category posts and the reclassification of the post of Director of the Centre to the level of Assistant Secretary-General.

53. The Committee noted that the Secretary-General of the United Nations had proposed reductions of US\$79,200 by the deletion of the provision for two of the proposed new professional posts, including the post of Chief, Evaluation Section, which had been financed from trust funds, and for one of the proposed new general service category posts. The Committee concurred with these reductions.

54. The Committee noted that ACABQ was unable to support the proposed reclassification of the post of Director of the Centre to Assistant Secretary-General and accordingly had recommended a further reduction of US\$28,200 in the ITC estimates. The Director-General expressed the view that it was unacceptable that the Director of the Centre, who managed a budget of the order of US\$20 million per annum and a staff of some 200 people in headquarters alone, should continue to be graded at the D.2

level, and that nowhere in the United Nations system was there so large a unit managed by a Director at the D.2 level and the regrading of this post was well overdue. The Committee took note of these views. For its part it could agree to the proposal and expressed the hope that the matter would be pursued further in the appropriate fora.

55. The Committee recommends that the CONTRACTING PARTIES approve the revised estimates of expenditure of the International Trade Centre UNCTAD/GATT for the biennium 1980-1981 in the amount of US\$17,069,000 (1980: US\$8,506,600; 1981: US\$8,562,400). A contribution of US\$8,370,500 will be made to the Centre for the biennium from 1980 and 1981 GATT budgets (1980: US\$4,185,250; 1981: US\$4,185,250) on the assumption that a like amount will be borne by the United Nations, that US\$270,400 (1980: US\$83,800; 1981: US\$186,600) will be forthcoming as miscellaneous income and that a transfer of US\$57,600 will be made to the 1980 budget from surplus. At the rate of US\$1/SwF 1.73 the GATT budget provisions amount to SwF 7,240,000 for 1980 and a like amount for 1981.

POINTS FOR DECISION:

Paragraph 48
Paragraph 55