

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

L/4853

26 October 1979

Limited Distribution

REPORT OF THE COMMITTEE ON BUDGET, FINANCE AND ADMINISTRATION

Arrears of Contributions

1. At its meeting from 9 to 19 October 1979 the Committee on Budget, Finance and Administration again examined in detail the question of arrears of contributions to the budgets of the CONTRACTING PARTIES which was giving rise to a great deal of concern both to the secretariat and the Committee. The Committee had before it a statement of the situation at 30 September 1979 (Annex).

2. The Committee noted that the development of the arrears situation over the last five years was as follows:

	<u>Total outstanding contributions</u> SwF	<u>Percentage</u> ^{1/}
31 December 1975	2,279,197	8.06
31 December 1976	3,428,332	10.03
31 December 1977	3,333,375	9.18
31 December 1978	4,640,843	12.03

At 30 September 1979, a total amount of SwF 8,808,686 was outstanding in respect of arrears of contributions, representing 22.73 per cent of the overall 1979 expenditure budget. A considerable proportion of these arrears would have to be received before 31 December 1979, to avoid serious cash difficulties.

3. There had been a steady deterioration over the past five years both in apparent and real terms and the members of the Committee were in agreement that all possibilities should be considered with a view to adopting measures to ensure the regular and timely payment of contributions by contracting parties as a matter of urgency.

^{1/}Percentage of total of outstanding contributions to relevant year's overall expenditure budget.

4. The Committee had considered possible courses of action in previous years without reaching definitive conclusions although it had regularly recommended to the Council that governments be urged to pay pending contributions and to pay each year's contribution as early as possible in the year in which it falls due. In 1979, following a proposal by the Committee, a statement of arrears was examined by the Council in the hope that governments would be encouraged to pay their contributions in due time but the effect of this step had not yet been perceptible.

5. The Committee was aware that other international organizations were in a similar or worse situation. It reviewed measures that had been considered or adopted by these organizations as well as those that had been discussed in CCAQ as early as 1950.

Publicity

6. The publicizing of lists of member governments in arrears of contributions had been envisaged through press releases or by the issue of periodical lists to all member governments.

Loss of voting rights

7. Most organizations had statutory provisions for withholding the right to vote from member countries whose contributions were in arrears for a certain period (e.g. two years).

Charging interest

8. The Committee noted that, in one organization, contributions were payable by 1 January of the year to which they related and interest was payable from that date at an annual rate of 3 per cent for the first six months thereafter and at 6 per cent as from the seventh month.

Suspension of activities and services

9. The suspension of activities and of services provided to member countries in arrears of contributions included the non-acceptance of participants from such countries for training courses, the suspension of the supply of documentation, etc.

Instalment payments

10. A measure which had had a limited success in GATT was the encouragement of contracting parties to arrange with the secretariat to pay off arrears of contributions in regular instalment payments. One

country in particular had undertaken to make regular payments until the entire balance of arrears had been liquidated. Eleven payments, totalling US\$75,000, had been received since April 1978 and the arrears had thus been considerably reduced. No response had been received from other countries in this connexion.

Personal contacts/correspondance

11. The Director-General has continued to take every opportunity, either in writing or by personal contacts, to remind governments of the importance of prompt payment of their contributions and of total settlement of arrears.

Conclusions

12. The Committee was aware that each of the measures described above had advantages and disadvantages, some of which might give rise to questions of principle. It felt therefore unable to make any specific recommendation at this stage but requests guidance from governments as to possible measures to be taken with a view to ensuring the regular and timely payment of contributions by contracting parties and the liquidation of arrears. In the light of such comments the Committee would then be in a position to make proposals to the Council in order that a decision may be taken in this regard in 1980. In view of the gravity of the situation which is worsening from year to year, the Committee agreed to recommend to the Council that governments be urged to pay pending contributions as soon as possible and to pay each year's contribution as early as possible in the year in which it falls due.

ANNEX

STATEMENT OF OUTSTANDING CONTRIBUTIONS AS AT 30 SEPTEMBER 1979

Country	Swiss francs										Total 1973/1979	
	1966/1972	1973	1974	1975	1976	1977	1978	1979				
Bangladesh											45,400	45,400
Benin											45,400	45,400
Burundi											45,400	45,400
Cameroon											45,400	45,400
Central African Republic											45,400	45,400
Chad 1/	15,815	25,500	27,800	31,600	40,300	42,700	45,400	45,400	45,400	45,400	44,772	258,700
Chile 1/											61,560	61,560
Colombia					6,043	71,200					75,600	220,843
Congo, People's Republic of the				23,143							45,400	196,943
Dominican Republic				31,600	40,300	42,700	45,400	45,400	45,400	45,400	45,400	258,700
Egypt 2/	33,101	25,500	27,800	31,600	40,300	42,700	45,400	45,400	45,400	45,400	124,700	258,700
Gabon											42,836	42,836
Gambia											45,400	45,400
Ghana						21,473	45,400	45,400	45,400	45,400	45,400	45,400
Guyana											45,400	45,400
Haiti				18,006	40,300	42,700	45,400	45,400	45,400	45,400	45,400	95,636
Ivory Coast											45,400	191,806
Kampuchea											52,900	64,373
Kenya		12,106	27,800	31,600	40,300	42,700	45,400	45,400	45,400	45,400	26,109	245,306
Madagascar											2,295	2,295
Mauritania					25,219	42,700	45,400	45,400	45,400	45,400	45,400	158,719
Nicaragua			18,938	31,600	40,300	42,700	45,400	45,400	45,400	45,400	347,700	224,338
Nigeria						160,684	362,800	362,800	362,800	362,800	75,600	871,184
Peru											91,366	91,366
Philippines											45,400	45,400
Rhodesia											22,700	22,700
Rwanda											45,400	45,400
Senegal											21,816	21,816
Sierra Leone											45,400	45,400
Spain											574,500	574,500
Sri Lanka											16,648	16,648
Tanzania											54,439	54,439
Togo											45,400	45,400
Tunisia											6,900	6,900
Turkey											151,100	151,100
Uganda											45,400	45,400
United States 2/											2,725,200	2,725,200
Upper Volta											45,400	45,400
Uruguay 2/											45,400	45,400
Yugoslavia 2/											142,900	142,900
Total	97,866	88,606	144,096	262,349	393,962	800,919	1,379,309	5,576,987	8,646,228	162,458	8,808,686	8,808,686

1966 to 1972: US\$97,866 at Sfr 1.66 to US\$1.-

1/ Partial payment received since 30 September 1979.

2/ Payment received since 30 September 1979.