

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

L/4941

29 February 1980

Limited Distribution

## ADMINISTRATIVE AND FINANCIAL QUESTIONS

### Final Position of the 1979 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 38,747,000 for the financial year 1979. Obligations incurred in 1979 totalled SwF 38,363,382, leaving an unencumbered balance of SwF 383,618. This surplus is due to savings of SwF 569,328, 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 385,710 referred to in paragraphs 6 and 7 below.

3. Savings were made on the following sections:

	<u>Swiss francs</u>
PART I - Section 1 - Thirty-fifth session of the CONTRACTING PARTIES	50,814
Section 2 - Meetings of the Council and other meetings	6,506
PART II - Section 3 - Salaries and wages and official travel	217,739
- Section 4 - Common staff costs	198,895
- Section 6 - Printing	19,371
- Section 8 - Public information	2,815
- Section 9 - Permanent equipment	383
PART V - Section 13 - Commercial Policy Training Courses	<u>72,705</u>
	569,328
	=====

4. The savings reported above are due to a number of factors. Those which were made on the section for the Thirty-fifth Session of the CONTRACTING PARTIES were due principally to the fact the Session lasted for four days only, whereas provision was made in the 1979 budget for two weeks of sessions. With regard to salaries and wages and official travel, savings were made in respect of established posts due principally to the fact that some posts were vacant for part of the year and also to the effect of currency fluctuations on dollar-based salaries and post adjustments. Savings accrued under the heading for common staff costs on such items as contributions to the UN Joint Staff Pension Fund, education grants, etc., as a result of the effect of the vacant posts mentioned above. Expenditure on such items as installation grants, travel and removal and separation payments was also lower than had been anticipated. With regard to printing, the savings realized resulted principally from the non-utilization of the credits for the Comparative Tabulations resulting from the Tariff Study, for the Status of Legal Instruments and for the pamphlet "GATT, What it is". With regard to the GATT Commercial Policy Training Courses, financed for the first time entirely from the GATT budget, savings were realized in respect of subsistence allowances and travel of participants partly due to lower than anticipated rates for subsistence and travel and also to a candidate's inability to attend one of the courses.

5. Further savings of SwF 92,456 on Sections 3, 4 and 12 of the 1979 budget, resulting from the lower pension fund contributions payable in respect of professional and higher category staff due to exchange rate changes, were transferred to a special temporary account established by the Council (C/104).

6. Excess expenditure over approved appropriations was incurred on some items of the budget mainly due to the very heavy workload of the secretariat in the second half of the financial year in connexion with the finalization of the Tokyo Round of multilateral trade negotiations. As a result excess expenditure was incurred on items for temporary assistance, reproduction and distribution of documents, postal services, for cables, telephone and telex services. Further, excess expenditure was incurred on the item for heating, due to increased fuel cost and for casual labour, due principally to an increase in contractual cleaning services. The authority to cover excess expenditure on Section 7, Representation and Hospitality, up to an amount of SwF 2,000, by transfer from Section 12, Trade Negotiations (paragraph 32 of L/4708) was not utilized as funds were available from savings within Part II. With regard to expenditure for GATT's contribution to the International Trade Centre UNCTAD/GATT, the Centre's US dollar requirements for the 1978/1979 biennium were increased mainly as a result of movements in the rate of exchange between the US dollar and the Swiss franc. The over-expenditure in 1979

resulted from the fact that the Centre's requirements were adjusted in 1979 only and savings on GATT's contribution for the first year of the biennium of SwF 166,349 had been transferred to the Surplus Account. Some of these over-expenditures have been offset by transfers of savings within budgetary sections.

7. Transfers between budgetary sections of SwF 385,710 are necessary in order to cover excess expenditure over approved appropriations and authority is sought to increase these appropriations accordingly as follows:

<u>FROM:</u>	<u>SwF</u>	<u>TO:</u>	<u>SwF</u>
<u>PART II: SECRETARIAT</u>		<u>PART II: SECRETARIAT</u>	
<u>Section 3 - Salaries</u> wages and official travel		<u>Section 5 - Common</u> services	
Established posts	<u>164,246</u>	Reproduction and distribution of documents	<u>51,858</u>
<u>Section 4 - Common</u> staff costs		<u>Section 7 - Representation</u> and hospitality	<u>1,553</u>
Installation grants	38,000		
Travel and removal	29,341	<u>PART IV: TRADE NEGOTIATIONS</u>	
Contribution to UN Joint Staff Pension Fund	82,846	<u>Section 12 - Trade</u> Negotiations	
Joint services	<u>48,708</u>	Temporary assistance	<u>153,460</u>
	<u>198,895</u>		
<u>Section 6 - Printing</u>	<u>19,371</u>	<u>PART VI: INTERNATIONAL</u> <u>TRADE CENTRE UNCTAD/GATT</u>	
<u>Section 8 - Public</u> Information	<u>2,815</u>	<u>Section 14 - Contribution</u> to the International Trade Centre UNCTAD/GATT	<u>178,839</u>
<u>Section 9 - Permanent</u> equipment	<u>383</u>		
	<u>385,710</u> =====		<u>385,710</u> =====

## II. INCOME BUDGET

8. Amounts totalling SwF 38,877,798 were credited as income in 1979 and exceeded the approved estimates by SwF 130,798 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 assessed on contracting parties	37,798,000	37,798,000	-
(b) Miscellaneous income	758,122	888,920	130,798
(c) Transfer from Surplus Account	190,878	190,878	-
	<u>38,747,000</u>	<u>38,877,798</u>	<u>130,798</u>

9. The excess of miscellaneous income of SwF 130,798 as compared with the approved estimate is mainly due to a higher level of actual income than anticipated from the sale of GATT publications (SwF 53,793), a higher level than anticipated of savings on previous year's outstanding obligations (SwF 154,622) and excess income for miscellaneous items (SwF 30,550). This surplus is partially offset by a shortfall of income on investments (SwF 54,460), losses on exchange accrued during the financial year (SwF 24,884), a lower refund than anticipated of the GATT contribution to the Pension Fund in respect of participant withdrawals (SwF 10,111), a lower level than anticipated of refund of staff costs for staff employed at the Centre William Rappard on behalf of other occupants (SwF 9,762) and a lower level than anticipated of income from rental of meeting rooms and office space (SwF 8,950).

10. At 31 December 1979 contributions in arrears from contracting parties amounted to US\$71,262 for the financial years 1966-1972 and SwF 4,570,164 for the financial years 1973-1979 (Annex A).

## III. SURPLUS ACCOUNT

11. The Surplus Account reproduced in Annex B shows an unencumbered balance of SwF 449,327. Of the excess of 1979 income over budgetary expenditure amounting to SwF 514,416, SwF 3,665 were repaid to the Working Capital Fund in respect of the advance made in 1978, SwF 11,911 were used to write off further exchange losses arising from the revaluation of dollar contributions outstanding, and SwF 6,173 were used to write off irrecoverable debts. The increase in the level of contracting parties' contributions in arrears at 31 December 1979 amounted to SwF 43,340.

12. The Director-General intends to put proposals for the disposal of the unencumbered balance of SwF 449,327 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

13. As mentioned in paragraph 11 above an amount of SwF 3,665 was repaid to the Working Capital Fund from the General Fund in 1979 in respect of the advance made in 1978.

POINT FOR DECISION:

Paragraph 7.

ANNEX A

OUTSTANDING CONTRIBUTIONS AS AT 31 DECEMBER 1979

Country	US dollars 1966/1972	Swiss francs							Total 1973/1979
		1973	1974	1975	1976	1977	1978	1979	
Benin							44,772	45,400	90,172
Burundi							45,400	45,400	116,695
Central African Republic									
Chad	1969/1972	15,815		23,143	40,300	42,700	45,400	45,400	196,943
Chile		25,500	27,800	31,600	40,300	42,700	45,400	45,400	258,700
Congo, People's Republic of the									6,558
Dominican Republic	1971/1972	6,497	13,958	31,600	40,300	42,700	45,400	45,400	219,358
Gambia		25,500	27,800	31,600	40,300	42,700	45,400	45,400	258,700
Ghana						21,473	45,400	45,400	112,273
Guyana								45,400	45,400
Haiti						4,836	45,400	45,400	95,636
Ivory Coast				1,581	40,300	42,700	45,400	45,400	175,381
Kampuchea							11,473	52,900	64,373
Democratic Kenya		12,106	27,800	31,600	40,300	42,700	45,400	45,400	245,306
Madagascar								26,109	26,109
Mauritania					25,219			510	510
Nicaragua			18,938	31,600	40,300	42,700	45,400	45,400	158,719
Nigeria						160,684	362,800	347,700	224,338
Peru								75,600	871,184
Philippines								55,466	75,600
Rhodesia <sup>1/</sup>	1966/1972	48,950	27,800	31,600	40,300	42,700	45,400	45,400	55,466
Rwanda		25,500						22,700	258,700
Senegal								22,700	22,700
Sierra Leone							21,816	45,400	67,216
Sri Lanka				31,600	40,300	42,700	45,400	45,400	205,400
Tanzania								16,648	16,648
Togo								9,039	54,439
Tunisia						11,716	45,400	45,400	102,516
Turkey						74,445	151,200	151,100	376,745
Uganda						3,870	45,400	45,400	94,670
Upper Volta								21,609	67,009
Total		88,606	144,096	245,924	387,919	729,719	1,303,709	1,670,191	4,570,164

1966 to 1972: US\$71,262 at SwF 1.60 to US\$1.-

114,019

4,684,183

<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 1979		190,878
<u>Less:</u> transfer to 1979 income (L/4708)		<u>190,878</u>
		-
Excess of 1979 miscellaneous income over estimated income	130,798	
Unencumbered balance on the 1979 expenditure budget	<u>383,618</u>	514,416
<u>Add:</u>		
Transfer from provision for contributions in arrears in respect of receipts of arrears in 1979	1,614,939	
Adjustment to provision for contributions in arrears in respect of contributions due in US dollars	<u>11,911</u>	<u>1,626,850</u>
		2,141,266
<u>Deduct:</u>		
Repayment to Working Capital Fund		3,665
Transfer to provision for contributions in arrears in respect of 1979 contributions in arrears		1,670,190
Write-off of unrealized exchange loss on outstanding contributions assessed in dollars		11,911
Transfer to accounts receivable to write off irrecoverable debts		<u>6,173</u>
		<u>1,691,939</u>
Balance as at 31 December 1979		<u><u>449,327</u></u>