

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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## REPORT OF THE COMMITTEE ON BUDGET, FINANCE AND ADMINISTRATION

### CONTENTS

	<u>Page</u>
INTRODUCTION . . . . .	1
A. GATT SECRETARIAT . . . . .	5
I. REPORT ON THE 1981 ACCOUNTS AND REPORT OF THE EXTERNAL AUDITOR THEREON . . . . .	5
II. FINANCING OF THE 1982 BUDGET . . . . .	5
III. ESTIMATES OF EXPENDITURE FOR 1983 . . . . .	7
Consolidation of Temporary Assistance Posts . . . . .	8
Regradings . . . . .	8
Rent . . . . .	9
Reproduction of Documents . . . . .	9
Permanent Equipment . . . . .	9
Staff Assistance Fund . . . . .	10
Commercial Policy Training Courses . . . . .	10
IV. INCOME BUDGET ESTIMATES FOR 1983 . . . . .	10
V. OTHER MATTERS . . . . .	10
Financing of the Ministerial Meeting . . . . .	10
Rental of GATT Accommodation at Centre William Rappard . . . . .	11
Staff Regulations and Rules and Financial Regulations and Rules for GATT . . . . .	11
Pension Fund Matters . . . . .	11
External Audit . . . . .	11
VI. CONCLUSION . . . . .	11
Draft Resolution on the Expenditure of the CONTRACTING PARTIES in 1983 and the Ways and Means to Meet such Expenditure . . . . .	12
SCHEDULE I - REVISED ESTIMATES OF EXPENDITURE FOR THE FINANCIAL YEAR 1983 . . . . .	13
SCHEDULE II - SCALE OF CONTRIBUTIONS FOR 1983 . . . . .	17
ANNEX I - STATEMENT OF OUTSTANDING CONTRIBUTIONS AS AT 30 SEPTEMBER 1982 . . . . .	20
ANNEX II - REPORT BY MRS. E. MICHAUD, MEMBER REPRESENTING THE CONTRACTING PARTIES ON THE ICITO/GATT PENSION COMMITTEE . . . . .	22
B. INTERNATIONAL TRADE CENTRE UNCTAD/GATT . . . . .	24
I. FINAL ACCOUNTS FOR 1980-1981 . . . . .	24
II. PERFORMANCE REPORT FOR 1982-1983 . . . . .	24

INTRODUCTION

1. The Committee on Budget, Finance and Administration, appointed by the Council on 31 March 1982, met at the Centre William Rappard, Geneva, on 11, 12 and 18 October 1982.

2. The Committee was chaired by Mr. P.K. Williams of the United Kingdom and the following nineteen members attended:

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

Romania was represented by an observer.

3. In accordance with its terms of reference, the Committee considered the Director-General's Financial Report on the 1981 Accounts of the GATT and the Budget Estimates for 1983. In addition, the Committee examined the financial position of the GATT at 30 September 1982 on the basis of outturn figures prepared by the secretariat, the situation with regard to outstanding contributions and the question of the rental of GATT accommodation at the Centre William Rappard. The Committee also heard oral progress reports on the financing of the 1982 Session of the CONTRACTING PARTIES at ministerial level and on the question of staff and financial regulations and rules for GATT. In addition, it examined the International Trade Centre UNCTAD/GATT performance report on its budget for the biennium 1982-1983.

4. The Committee had before it the following documents:

Director-General's Financial Report on the 1981 Accounts  
and Report of the External Auditor thereon (L/5325)

Budget Estimates for the Financial Year 1983 (L/5350)

Outstanding Contributions as at 30 September 1982 (Spec(82)63)

Rental of GATT Accommodation at the Centre William Rappard  
(Spec(82)47 and Spec(82)51).

Financial Report and Audited Financial Statements of the ITC  
for the biennium ended 31 December 1981 and Report of the  
Board of Auditors (A/37/5)

Performance Report on the Programme Budget of the ITC for the  
biennium 1982-1983.

5. At the beginning of the meeting, the Committee heard an introductory statement by the Director-General. He stated that, in his conception, the examination of the budget estimates was rather a collaboration between the Committee and the secretariat in which the secretariat gave explanations, than some sort of negotiation. In presenting the budget estimates for 1983 he assured the members that they had been prepared after profound reflexion, and a very thorough examination of all indispensable financial and human resources for the adequate provision of the services expected from the secretariat by the CONTRACTING PARTIES. As a result the estimates were even more austere than those for 1982. He pointed out that the 1983 budget provided for zero growth in real terms, the increase of 5.49 per cent (excluding the International Trade Centre) covered not only inflationary increases but also statutory increases in staff salaries and allowances, the adverse impact of exchange rate fluctuations, etc., over which the secretariat had no control whatsoever. This result had only been possible by the intensification of the established policy of seeking optimum efficiency by the most rational and economical use of staff resources, including their redeployment, to meet a steadily increasing volume of work without impact on the overall workforce.

6. In this connexion, the Director-General pointed out that no new posts nor an increase in temporary assistance resources had been requested. It was proposed, however, to consolidate into the permanent establishment some temporary assistance posts, the permanent need for which had already been evident for some considerable time. This represented no more than a transfer of resources from one part of the budget to another, without financial implications.

7. With regard to regradings, the Director-General had retained only those proposals made by divisional directors which he considered absolutely justified beyond any doubt. The very thorough examination of the responsibilities accruing to the secretariat's staff reflected his own personnel policy, based upon austerity, efficiency and justice.

8. In connexion with the contribution payable from the GATT budget to the International Trade Centre UNCTAD/GATT, the Director-General informed the Committee that the Centre had just recalculated its budget for the 1982-1983 biennium at the exchange rate of US\$1/SwF 2.16, taking into account also actual current costs. This represented an appreciable increase in GATT's contribution for 1983.

9. The Director-General also referred to the question of the rental payable in respect of the premises occupied by GATT. He continued to be of the opinion that the terms of the lease were favourable and that the increase requested by FIPOI took into account only partially the cost

increases since the basis of the rental was first set. He expressed the sincere hope that the Committee would, at this meeting, be able to reach agreement on this matter so as to enable him to sign the amendment to the lease.

10. The Director-General drew specific attention to another problem that was giving rise to great concern, namely the secretariat's cash situation. In fact, at this moment when the CONTRACTING PARTIES were about to meet at ministerial level, the secretariat was faced with a need to seek a temporary bank overdraft in order to enable it to meet its monthly salary bill and other undeferrable commitments. The Director-General urged in this connexion, that the members of the Committee use all possible influence with those governments whose payments of contributions were still outstanding.

11. He explained that, with regard to the possible financial implications of any decisions to be taken at the meeting of Ministers in November, no provisions had been made in the proposals before the Committee; it might therefore be necessary to present additional budget proposals in due course.

12. Finally, the Director-General stressed that the rules and procedures applicable to the examination of GATT budgets, as well as the annual accounts, provided the Committee with full control over the use of approved financial resources. He requested the Committee to bear in mind during its deliberations that the estimates presented were honest and transparent and any attempt to reduce them even further than they had already been reduced by him would prejudice the efficient operation of the secretariat.

A. GATT SECRETARIAT

I. REPORT ON THE 1981 ACCOUNTS AND  
REPORT OF THE EXTERNAL AUDITOR THEREON

13. The Committee examined the Report on the 1981 Accounts and the Report of the External Auditor thereon (L/5325).

14. In answer to questions, a representative of the secretariat informed the Committee that video equipment had been bought in 1980 and 1981 for the purpose of making sound recordings, at a central point, of the proceedings of GATT meetings simultaneously in all languages used. Technical difficulties had delayed the installation of the system. Following a reorganization of the services concerned proper control over purchases of equipment was ensured.

15. The Committee recommends that the CONTRACTING PARTIES approve the audited accounts for 1981 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 1982 BUDGET

16. 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 expenditure budget was expected to close with savings of slightly more than SwF 400,000. This could be expected to be partially offset, however, by a shortfall of miscellaneous income of some SwF 87,000. The savings resulted principally from economies that had been made by the Director-General with respect to established posts and temporary assistance, principally by delaying recruitment for vacant posts. The situation took into account the fact that the appropriation for GATT's contribution to the International Trade Centre UNCTAD/GATT in 1982 would be overspent by some SwF 376,000, based upon the revised budget figures set out in the Centre's performance report for 1982. Discussion on the Centre's budgets is reflected in Part B of this Report.

17. A representative of the secretariat, introducing the question of outstanding contributions, referred to what the Director-General had said with regard to the fact that, unless very substantial payments of outstanding contributions were to be made within the very near future, it would be necessary to request a temporary bank overdraft in order to cover essential, imperative current expenses. This would necessarily give rise to the need to pay interest at commercial rates.

18. The Committee noted with very great concern that the level of outstanding contributions at 30 September 1982 amounted to more than SwF 15 million, representing a 50 per cent increase over the level at the same date in previous years. Contributions totalling nearly SwF 800,000 had been received since that date but the situation continued to be alarming. Several members of the Committee pointed out that there were two

main categories of governments with arrears of contributions. In the first place there were some developing countries with perennial economic problems which had long-term difficulties in meeting their financial commitments. Secondly, there were a few larger contributors which had delayed the payment of their current contributions. A member of the Committee pointed out that the immediate cash flow problem would be largely alleviated if the two largest outstanding debtors, both members of the Committee, were to pay their 1982 contribution. He invited these members to explain to the Committee the reasons for their non-payment to date.

19. In response to the above question, one member of the Committee stated the intention of his government to pay the bulk of his country's outstanding contribution by the end of the month and the balance shortly thereafter. Another member referred the Committee to the previously announced policy of his government of retarding payment of contributions to all international organizations by three months per year until payment was being made in the final quarter of the year. Unforeseen difficulties had further delayed payments during 1982. In view of the special financial difficulties of the GATT, his government was closely examining the situation and hoped to be in a position to pay the outstanding balance shortly.

20. With regard to immediate measures to be taken to reduce the level of outstanding contributions, some members of the Committee proposed that, in addition to the efforts already made by the secretariat in taking every opportunity to remind governments of their financial obligations, the Director-General, at his own discretion, make direct contact with the permanent representatives in Geneva of the countries concerned. Governments which had been in arrears over a long period should be encouraged to set up instalment payment arrangements similar to those already in operation with two countries with arrears of contributions. It was also decided that a statement of outstanding contributions should be presented to the Council at its next meeting as an annex to this report. (Annex I).

21. In connexion with the arrears of contributions due from the Government of Nicaragua, a representative of the secretariat recalled that in June 1981 (document C/M/148), the Council had accepted a proposal from the Nicaraguan authorities to settle its arrears at December 1981 by means of ten equal annual payments commencing in 1982. In June 1982, the Nicaraguan authorities had proposed that, in view of the further financial difficulties they were experiencing, the commencement date for the repayment schedule be delayed for one year, to 1983.

22. The Committee expressed its appreciation of action by any contracting party in arrears with a view to the settlement of such arrears and recommends that the Council accept the proposal of the Government of Nicaragua to settle its arrears of contributions at 31 December 1982 by ten equal instalments commencing in 1983, noting that, also as from 1983, Nicaragua would pay its current contribution in full in the year in which it was due.

23. As regards the present cash situation of the secretariat, several members of the Committee pointed out that governments which pay each year's contribution early in the year in which it fell due were penalized vis-à-vis those contracting parties that did not. Firstly, they were obliged to pay a higher share of GATT's expenditure budget due to the fact that income from investments was lost if other governments paid their contribution at a later date. Secondly, they could be required to pay a share of commercial interest payable on loans that might become necessary as a result of late or non-payment of contributions by others. In reply to a question in this connexion, a representative of the secretariat informed the Committee that additional income from interest on investments of some SwF 1.5 million would have been generated if it were assumed that all contracting parties had paid their contributions in full at the beginning of January. Several members suggested that charging interest on outstanding contributions might be a solution to the problem.

24. In discussing whether an overdraft facility with a commercial bank could be taken to cover cash flow problems arising from the level of outstanding contributions, one member asked whether the U.N. Financial Regulations and Rules gave any guidance in the matter. In response, the secretariat stated that no explicit provisions for commercial borrowing were made.

25. The Committee expressed concern that the secretariat could shortly reach the stage where immediate, current financial obligations could not be met. The secretariat was requested to keep members of the Committee informed on a continuing basis of developments in the situation. On the basis of this information, members of the Committee would be able, if they so desired, to request a meeting of the Committee to consider the situation.

26. The Committee recognized that, in the short term, it might become necessary for the secretariat to have recourse to special measures (e.g. bank overdraft facilities) at very short notice in order to meet its payroll and other undeferrable commitments. Eventually the possibility of longer-term measures, such as a request for an increase in the level of the Working Capital Fund or of charging interest on outstanding contributions might be reconsidered. In view of the present, critically high level of outstanding contributions and its effects on the cash flow position and the financial management of the secretariat, the Committee recommends to the Council that a special plea be made to governments to meet their financial obligations fully and promptly by paying their pending contributions immediately and to pay each year's contribution as early as possible in the year in which it falls due.

### III. ESTIMATES OF EXPENDITURE FOR 1983

27. Before the Committee began its item-by-item examination of the 1983 expenditure estimates, several members of the Committee made general comments on the estimates and on their presentation.

28. There was general appreciation in the Committee with regard to the approach adopted by the Director-General in establishing the estimates on a zero real-growth basis, including the maintenance of the staffing provisions at the 1982 level. The principles of austerity and transparency that had been applied to the budget, as well as the spirit of collaboration that existed between the Committee and the secretariat, were particularly appreciated. However, all governments were taking a very stringent approach to their own spending and this would be kept in mind when the individual expenditure estimates were examined.

29. Regarding possible financial implications to the 1983 budget of eventual decisions taken at the Session of the CONTRACTING PARTIES to be held at ministerial level in November 1982, the Committee agreed to meet again, at an early date, to review the situation in the light of further developments.

#### Consolidation of Temporary Assistance Posts

30. With regard to the proposals for the consolidation of two professional and seven general service category posts from temporary assistance credits to the permanent establishment, one member of the Committee expressed his concern with regard to whether or not the need for these posts was permanent. In addition, he felt that the process of consolidating temporary assistance posts without open competition was detrimental to the interests of countries which were under-represented in the secretariat staff.

31. A representative of the secretariat informed the Committee that the posts concerned had been filled for some considerable time on the basis of temporary assistance and the permanent need for them had already been fully evident for a long time. The consolidation of posts consisted of a transfer from one part of the budget to the other and there were no financial implications.

#### Regradings

32. One member of the Committee felt that the two regradings from D1 to D2, the two regradings from G6 to P2 and the regrading of a reviser (French) from P4 to P5 were not justified. He noted that the regradings from D1 to D2 represented "ad personam" promotions and felt it necessary to reserve his position with regard to these and the foregoing proposals. He enquired whether the regradings were in accordance with the standards recommended by the International Civil Service Commission (ICSC). He also pointed out that no justifications were given in respect of the general service category regradings. Other members, while not in favour of an upward drift in grading, felt that it was necessary to allow the Director-General a degree of latitude in personnel management, particularly in view of his adherence to realistic, zero budget growth principles and of the limited opportunity for promoting well-qualified and meritorious staff in a small secretariat. In addition, the relatively minor financial impact of these regradings was recognized.

33. A representative of the secretariat informed the Committee that ICSC standards were applied to all GATT regradings and that both G6 posts should be graded at the P2 level according to those standards. Posts in other organizations equivalent to the D1 posts proposed for regrading were at the D2 level or higher. Both D1 staff members had served for about 15 years at their present grade and function. With regard to translation services staff, the recent introduction by the United Nations of practices, based on Joint Inspection Unit (JIU) recommendations on "self-revision", had also been taken into account and GATT languages staff was not graded higher than in other agencies. In the case of regradings within the general service category, all of which conformed to established standards, it was not the practice in GATT and other agencies to publish written justifications.

34. In the light of the explanations given and having taken note of the observations made, the Committee accepted the regradings as proposed.

#### Rent

35. Several members of the Committee expressed reservations with regard to the increase of 20 per cent in the rent payable in respect of the premises occupied by GATT at the Centre William Rappard and were disappointed that discussions between the Director-General and the Fondation des Immeubles pour les Organisations Internationales (FIPOI) had not produced a reduction in this increase. It was recognized that the new rent reflected increased costs over the five-year period since the lease was originally signed but it was felt that the impact on the budget of an increase of 20 per cent at one time was heavy. In this connexion some members were tempted by the possibility of negotiating annual increases which would be smaller and easier to accept but recognized that, in the long term, annual increases would result in higher expenditure. Taking into account the reservations expressed, the Committee agreed to the increase in the rental and accepted the inclusion of the provision in the 1983 budget.

#### Reproduction of Documents

36. One member of the Committee drew attention to the persistent delay in the distribution of documents in Spanish. He expressed the hope that the additional machinery provided for under this heading would speed-up the distribution of these documents to the level of those in English and French.

#### Permanent Equipment

37. Several delegates, noting that it was proposed to increase the estimate for permanent equipment by SwF 75,000 to SwF 250,000, suggested that the increase be reduced by postponing the replacement of some items of furniture and equipment, leaving the actual application of the reduction to the discretion of the Director-General.

38. After consultation, a representative of the secretariat informed the Committee that a detailed study of the estimate had made possible a proposal to defer the acquisition or replacement of equipment totalling SwF 41,000. The Committee accepted this proposal and agreed to a revised estimate of SwF 209,000, thus reducing the overall expenditure budget to SwF 48,559,000.

#### Staff Assistance Fund

39. Replying to comments on the note provided to the Committee by the Chairman of the Staff Assistance Fund Board, a representative of the secretariat informed the Committee that contributions were made to the Fund by individual staff members. Next year's note would reflect such contributions as well as the application of those made by the CONTRACTING PARTIES. He stated also that the distribution of the funds was made on the basis of need, regardless of such considerations as geographical location, etc.

#### Commercial Policy Training Courses

40. One member of the Committee expressed his government's appreciation with regard to the special Spanish-language training course that had been financed by the Government of Switzerland and organized by GATT in 1982. He stressed the importance and usefulness of such courses for the Spanish-speaking developing countries and expressed the hope that similar courses could be organized on a regular and continuing basis.

### IV. INCOME BUDGET ESTIMATES FOR 1983

41. The Committee agreed that the budget for 1983 be financed as follows:

	<u>Swiss francs</u>
a) Contribution assessed on contracting parties	47,460,000
b) Miscellaneous income	<u>1,099,000</u>
	48,559,000 =====

### V. OTHER MATTERS

#### Financing of the Ministerial Meeting

42. A representative of the secretariat informed the Committee that the expected additional cost of holding the 1982 Session of the CONTRACTING PARTIES at ministerial level in November 1982 remained at present unchanged at the level of SwF 35,650 already noted by the Committee at its meeting in May 1982. The Director-General remained confident that this extra cost could be covered within the approved 1982 budget.

Rental of GATT Accommodation at Centre William Rappard

43. Discussions on the budgetary provision for rental are reflected in paragraph 35 above.

44. The Committee noted the intention of the Director-General to sign an addendum to the present text of the lease with FIPOI, accepting the modified level of rental with effect from 1 January 1983.

Staff Regulations and Rules and Financial Regulations and Rules for GATT

45. A representative of the secretariat informed the Committee that work on draft Staff Regulations and Rules and Financial Regulations and Rules for GATT was progressing. A text would be submitted to the Committee at its meeting in October 1983.

46. He also referred to a suggestion made at the Committee's meeting in May 1982 (L/5324, paragraph 17) concerning the alleviation of the situation of career staff members who were blocked at the maximum step of their grade for a number of years, by granting additional steps for long service and merit, as in ILO and WHO. The Director-General would submit a proposal in this respect to the Committee before its October 1983 meeting.

Pension Fund Matters

47. The Committee received a report on current Pension Fund developments from Mrs. E. Michaud (France), member representing the CONTRACTING PARTIES on the Joint Staff Pension Board, the text of which is annexed hereto. (Annex II).

External Audit

48. The Committee noted that the Director-General intended to make the necessary arrangements with the External Auditor for the final audit of the 1982 accounts of the GATT, for the interim audit of the 1983 accounts and for the submission to the CONTRACTING PARTIES of the Auditor's report for 1982 in accordance with the decision taken by the CONTRACTING PARTIES in 1951.

VI. CONCLUSION

49. 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 15  
Paragraph 22  
Paragraph 26  
Paragraph 49

DRAFT RESOLUTION ON THE EXPENDITURE OF THE CONTRACTING PARTIES  
IN 1983 AND THE WAYS AND MEANS TO MEET SUCH EXPENDITURE

The CONTRACTING PARTIES

HAVING CONSIDERED

the estimates of expenditure of the CONTRACTING PARTIES for 1983 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 1983, provided that such repayment does not exceed a total of 48,559,000 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 47,460,000 Swiss francs;
  - (b) by miscellaneous income estimated at 1,099,000 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 1983.
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 1983.

SCHEDULE IREVISED ESTIMATES OF EXPENDITURE FOR THE FINANCIAL YEAR 1983

	<u>Original</u> <u>Estimates</u> <u>(L/5350)</u> <u>SwF</u>	<u>Decreases</u>  <u>SwF</u>	<u>Revised</u> <u>Estimates</u>  <u>SwF</u>
<b>PART I: <u>MEETINGS</u></b>			
<b>Section 1 - <u>Thirty-Ninth Session of the</u></b> <b><u>CONTRACTING PARTIES</u></b>			
(i)	Temporary assistance (interpreters)	-	13,000
(ii)	Travel and subsistence of temporary staff	-	2,000
(iii)	Rental of meeting rooms and additional office space	-	4,000
(iv)	Other services	-	1,000
	Total Section 1:	-	20,000
	=====	=====	=====
<b>Section 2 - <u>Meetings of the Council</u></b> <b><u>and other Meetings</u></b>			
(i)	Temporary assistance (interpreters)	-	190,000
(ii)	Travel and subsistence of temporary staff	-	2,000
(iii)	Other services	-	4,000
	Total Section 2:	-	196,000
	=====	=====	=====
	Total Part I:	-	216,000
	=====	=====	=====

	<u>Original Estimates (L/5350) SwF</u>	<u>Decreases  SwF</u>	<u>Revised Estimates  SwF</u>
<b>PART II: <u>SECRETARIAT</u></b>			
<b>Section 3 - <u>Salaries and Wages and Official Missions</u></b>			
(i)	Established posts	-	22,666,000
(ii)	Temporary assistance (including overtime) and consultants	-	3,459,000
(iii)	<u>Missions</u>		
	(a) Official missions	-	400,000
	(b) Technical co-operation missions	-	175,000
	Total Section 3:	-	26,700,000
<b>Section 4 - <u>Common Staff Costs</u></b>			
(i)	Installation grants	-	50,000
(ii)	Travel and removal expenses of staff and their dependants	-	120,000
(iii)	Separation payments	-	60,000
(iv)	Contribution to the United Nations Joint Staff Pension Fund	-	4,555,000
(v)	Repatriation grants	-	100,000
(vi)	Travel on home leave	-	315,000
(vii)	Family allowances, education grants and related travel:		
	(a) Family allowances	-	565,000
	(b) Education grants and related travel	-	500,000
(viii)	Joint services	-	205,000
(ix)	Other common staff costs	-	514,000
	Total Section 4:	-	6,984,000

	<u>Original Estimates (L/5350) SwF</u>	<u>Decreases SwF</u>	<u>Revised Estimates SwF</u>	
<b>Section 5 - <u>Common Services</u></b>				
(i)	Cables, telex and telephone communications	100,000	-	100,000
(ii)	Freight and cartage	14,000	-	14,000
(iii)	Books and information material	95,000	-	95,000
(iv)	Rental and maintenance of premises and equipment:			
	(a) Rent	1,513,000	-	1,513,000
	(b) Electricity	120,000	-	120,000
	(c) Water supply	8,000	-	8,000
	(d) Heating	100,000	-	100,000
	(e) Telephone and telex (rental)	135,000	-	135,000
	(f) Insurance premiums	120,000	-	120,000
	(g) Maintenance expenditure	300,000	-	300,000
	(h) Contractual cleaning	420,000	-	420,000
	(i) Maintenance of service cars	13,000	-	13,000
(v)	Postal services	300,000	-	300,000
(vi)	Stationery and office supplies	125,000	-	125,000
(vii)	Reproduction of documents	630,000	-	630,000
(viii)	External audit	62,000	-	62,000
(ix)	Other services and miscellaneous expenditure	550,000	-	550,000
	Total Section 5:	<u>4,605,000</u>	<u>-</u>	<u>4,605,000</u>
<b>Section 6 - <u>Printing</u></b>				
		<u>410,000</u>	<u>-</u>	<u>410,000</u>
<b>Section 7 - <u>Representation and Hospitality</u></b>				
		<u>125,000</u>	<u>-</u>	<u>125,000</u>
<b>Section 8 - <u>Public Information</u></b>				
		<u>5,000</u>	<u>-</u>	<u>5,000</u>

	<u>Original Estimates (L/5350) SwF</u>	<u>Decreases  SwF</u>	<u>Revised Estimates  SwF</u>
Section 9 - <u>Permanent Equipment</u>	250,000 =====	(41,000) =====	209,000 =====
Section 10 - <u>Contribution to the Staff Assistance Fund</u>	20,000 =====	- =====	20,000 =====
Total Part II:	39,099,000 =====	(41,000) =====	39,058,000 =====
PART III: <u>UNFORESEEN EXPENDITURE</u>			
Section 11 - <u>Unforeseen Expenditure</u>	200,000 =====	- =====	200,000 =====
PART IV: <u>COMMERCIAL POLICY TRAINING COURSES</u>			
Section 12 - <u>Commercial Policy Training Courses</u>	600,000 =====	- =====	600,000 =====
<u>Sub-Total</u>	40,115,000 =====	(41,000) =====	40,074,000 =====
PART V: <u>INTERNATIONAL TRADE CENTRE UNCTAD/GATT</u>			
Section 13 - <u>Contribution to the International Trade Centre UNCTAD/GATT</u>	8,485,000 =====	- =====	8,485,000 =====
<u>GRAND TOTAL</u>	48,600,000 =====	(41,000) =====	48,559,000 =====

SCHEDULE II/ETAT No II/ESTADO IISCALE OF CONTRIBUTIONS FOR 1983/  
BAREME DES CONTRIBUTIONS POUR 1983/  
ESCALA DE CONTRIBUCIONES PARA 1983(Scale including a single minimum of 0.12%)/  
(Contribution minimale: 0,12%)/(Contribución mínima: 0,12 por ciento)

Country/Pays/País	%	SwF/FS
<u>Contracting parties/Parties contractantes/</u> <u>Partes contratantes:</u>		
Argentina/Argentine . . . . .	0.45	213,570
Australia/Australie . . . . .	1.35	640,710
Austria/Autriche . . . . .	1.20	569,520
Bangladesh . . . . .	0.12	56,950
Barbados/Barbade . . . . .	0.12	56,950
Belgium/Belgique/Bélgica . . . . .	3.57	1,694,320
Benin/Bénin . . . . .	0.12	56,950
Brazil/Brésil/Brasil . . . . .	1.33	631,220
Burma/Birmanie/Birmania . . . . .	0.12	56,950
Burundi . . . . .	0.12	56,950
Cameroon/Cameroun/Camerún . . . . .	0.12	56,950
Canada/Canadá . . . . .	4.05	1,922,130
Central African Republic/République centrafricaine/República Centroafricana . . . . .	0.12	56,950
Chad/Tchad . . . . .	0.12	56,950
Chile/Chili . . . . .	0.30	142,380
Colombia/Colombie . . . . .	0.24	113,910
Congo, People's Republic/République populaire du Congo/Congo, República Popular . . . . .	0.12	56,950
Cuba . . . . .	0.32	151,870
Cyprus/Chypre/Chipre . . . . .	0.12	56,950
Czechoslovakia/Tchécoslovaquie/Checoslovaquia . . . . .	0.95	450,870
Denmark/Danemark/Dinamarca . . . . .	1.09	517,320
Dominican Republic/République Dominicaine/ República Dominicana . . . . .	0.12	56,950
Egypt, Arab Republic/République arabe d'Egypte/ Egipto, República Arabe . . . . .	0.27	128,140
Finland/Finlande/Finlandia . . . . .	0.84	398,670
France/Francia . . . . .	7.28	3,455,090
Gabon/Gabón . . . . .	0.12	56,950
Gambia/Gambie . . . . .	0.12	56,950
Germany, Federal Republic/République fédérale d'Allemagne/Alemania, República . . . . .	10.98	5,211,110
Ghana . . . . .	0.12	56,950
Greece/Grèce/Grecia . . . . .	0.44	208,830
Guyana/Guyane . . . . .	0.12	56,950

Country/Pays/País	%	SwF/FS
<u>Contracting parties/Parties contractantes</u>		
<u>Partes contratantes: (cont'd)/(suite)/(cont.)</u>		
Haiti/Haïti/Haití . . . . .	0.12	56,950
Hungary/Hongrie/Hungría . . . . .	0.55	261,030
Iceland/Islande/Islandia . . . . .	0.12	56,950
India/Inde . . . . .	0.64	303,750
Indonesia/Indonésie . . . . .	0.95	450,870
Ireland/Irlande/Irlanda . . . . .	0.58	275,270
Israel/Israël . . . . .	0.43	204,080
Italy/Italie/Italia . . . . .	5.15	2,444,190
Ivory Coast/Côte d'Ivoire/Costa de Marfil . . . . .	0.14	66,440
Jamaica/Jamaïque . . . . .	0.12	56,950
Japan/Japon/Japón . . . . .	8.12	3,853,750
Kenya . . . . .	0.12	56,950
Korea, Republic/République de Corée/ Corea, República . . . . .	1.28	607,490
Kuwait/Koweït . . . . .	0.79	374,940
Luxembourg/Luxemburgo . . . . .	0.31	147,130
Madagascar . . . . .	0.12	56,950
Malawi . . . . .	0.12	56,950
Malaysia/Malaisie/Malasia . . . . .	0.68	322,730
Malta/Malte . . . . .	0.12	56,950
Mauritania/Mauritanie . . . . .	0.12	56,950
Mauritius/Maurice/Mauricio . . . . .	0.12	56,950
Netherlands/Pays Bas/Países Bajos, Reino de los . . . . .	4.56	2,164,180
New Zealand/Nouvelle-Zélande/Nueva Zelandia . . . . .	0.33	156,620
Nicaragua . . . . .	0.12	56,950
Niger/Níger . . . . .	0.12	56,950
Nigeria/Nigéria . . . . .	1.14	541,050
Norway/Norvège/Noruega . . . . .	1.01	479,350
Pakistan/Pakistán . . . . .	0.23	109,160
Peru/Pérou/Perú . . . . .	0.19	90,180
Philippines/Filipinas . . . . .	0.41	194,590
Poland/Pologne/Polonia . . . . .	1.07	507,820
Portugal . . . . .	0.42	199,330
Romania/Roumanie/Rumania . . . . .	0.76	360,700
Rwanda . . . . .	0.12	56,950
Senegal/Sénégal . . . . .	0.12	56,950
Sierra Leone/Sierra Leona . . . . .	0.12	56,950
Singapore/Singapour/Singapur . . . . .	0.92	436,630
South Africa/Afrique du Sud/Sudáfrica . . . . .	1.02	484,090
Spain/Espagne/España . . . . .	1.58	749,870
Sri Lanka . . . . .	0.12	56,950
Suriname . . . . .	0.12	56,950
Sweden/Suède/Suecia . . . . .	1.86	882,760
Switzerland/Suisse/Suiza . . . . .	1.88	892,250

Country/Pays/País	%	SwF/FS
<u>Contracting parties/Parties contractantes</u>		
<u>Partes contratantes: (cont'd)/(suite)/(cont.)</u>		
Tanzania/Tanzanie/Tanzanía . . . . .	0.12	56,950
Thailand/Thailande/Tailandia . . . . .	0.47	223,060
Togo . . . . .	0.12	56,950
Trinidad and Tobago/Trinité-et-Tobago/ Trinidad y Tabago . . . . .	0.17	80,680
Turkey/Turquie/Turquía . . . . .	0.33	156,620
Uganda/Ouganda . . . . .	0.12	56,950
United Kingdom of Great Britain and Northern Ireland/Royaume-Uni de Grande-Bretagne et d'Irlande du Nord/Reino Unido de Gran Bretaña e Irlanda del Norte . . . . .	7.15	3,393,390
United States of America/Etats-Unis d'Amérique/ Estados Unidos de América . . . . .	14.51	6,886,450
Upper Volta/Haute-Volta/Alto Volta . . . . .	0.12	56,950
Uruguay . . . . .	0.12	56,950
Yugoslavia/Yougoslavie . . . . .	0.73	346,460
Zaire/Zaire . . . . .	0.12	56,950
Zambia/Zambie . . . . .	0.12	56,950
Zimbabwe . . . . .	0.12	56,950
<u>Associated Governments/Gouvernements associés/ Gobiernos asociados:</u>		
Democratic Kampuchea/Kampuchea démocratique/ Kampuchea democrática . . . . .	0.12	56,950
Tunisia/Tunisie/Túnez . . . . .	0.18	85,430
	<u>100.00</u>	<u>47,460,000</u>

ANNEX I

STATEMENT OF OUTSTANDING CONTRIBUTIONS AS AT 30 SEPTEMBER 1982/ETAT DES ARRIERES DE CONTRIBUTIONS AU 30 SEPTEMBRE 1982/  
 CONTRIBUCIONES PENDIENTES AL 30 DE SEPTIEMBRE DE 1982

Country/Pays/País	US dollars/Dollars des Etats-Unis/Dólares EEUU		Swiss francs/Francia suisses/Francos suizos					Total 1973/1982
	1969/1972	1971/1972	1973/1978	1979	1980	1981	1982	
Argentina/Argentine	..	..	..	..	..	..	181,670	181,670
Bangladesh	..	..	..	..	..	..	53,170	53,170
Barbados/Barbade	..	..	..	..	..	..	8,379	8,379
Belgium/Belgique/Bélgica	..	..	..	..	..	..	90,181	90,181
Benin/Bénin	..	..	..	..	3,258	48,480	53,170	104,908 1/
Brazil/Brésil/Brasil	..	..	..	45,400	46,800	48,480	562,740	562,740
Burundi	..	..	..	..	..	..	53,170	264,945
Central African Republic/République centrafricaine/República Centroafricana	..	..	..	45,400	46,800	48,480	53,170	345,393 2/
Chad/Tchad	1969/1972	15,815	..	45,400	46,800	48,480	53,170	407,150
Congo, People's Republic of the/ République populaire du Congo/ República Popular del Congo	..	..	..	45,400	46,800	48,480	53,170	231,712
Dominican Republic/République Dominicaine/ República Dominicana	1971/1972	6,497	..	45,400	46,800	48,480	53,170	407,150
Gabon	..	..	..	45,400	46,800	48,480	53,170	53,170
Gambia/Gambie	..	..	..	45,400	46,800	48,480	53,170	260,723
Ghana	..	..	..	41,232	41,232	48,480	53,170	142,882 2/
Greece/Grece/Grecia	..	..	..	..	..	..	181,584	181,584
Guyana/Guyane	..	..	..	45,400	46,800	48,480	53,170	214,212
Haiti/Haïti	..	..	..	45,400	46,800	48,480	53,170	233,322
Italy/Italie/Italia	..	..	..	..	..	..	2,304,120	2,304,120
Ivory Coast/Côte d'Ivoire/ Côte de Marfil	..	..	..	..	..	..	44,355	44,355
Kampuchea, Democratic/Kampuchea démocratique Kampuchea Democrática	..	..	..	45,400	46,800	48,480	53,170	393,756 1/
Kenya	..	..	..	..	..	..	53,170	53,170
Madagascar	..	..	..	..	10,119	48,480	53,170	111,769
Malawi	..	..	..	..	..	..	53,170	53,170
Mauritania/Mauritanie	..	..	..	45,400	46,800	48,480	53,170	307,169
Mauritius/Maurice/Mauricio	..	..	..	..	..	..	12,753	12,753

Country/Pays/Pafs	US dollars/Dollars des Etats-Unis/Dólares EEUU		Swiss francs/Francis/Francos suizos					Total 1973/1982
	1969/1972		1973/1978	1979	1980	1981	1982	
Nicaragua			178,938	45,400	46,800	48,480	53,170	372,788
Niger						3,709	53,170	56,879
Peru/Pérou/Perú				75,600	70,200	76,760	66,470	289,030
Poland/Pologne/Polonia							545,020	545,020
Portugal							137,360	137,360
Romania/Roumanie/Rumania							283,590	283,590
Senegal/Sénégal			21,816	45,400	46,800	48,480	53,170	215,666
Sierra Leone/Sierra Leona			160,000	45,400	46,800	48,480	53,170	353,850
Tanzania/Tanzanie/Tanzania					5,959	48,480	53,170	107,609
Togo					18,653	48,480	53,170	120,303
Tunisia/Tunisie/Túnez							13,144	13,144
Uganda/Ouganda			49,270	45,400	46,800	48,480	53,170	243,120
United States/Etats-Unis/Estados Unidos								4,670,422 <sup>2/</sup>
Upper Volta/Haute-Volta/Alto Volta		22,312						4,670,422
Uruguay			21,609	45,400	46,800	48,480	53,170	215,459
Yugoslavia/Yougoslavie							310,170	53,170
Zaire/Zaire						48,280	53,170	310,170
Zambia							53,170	101,450
Total			1,558,665	756,600	851,421	1,098,349	10,900,718	15,165,753

US\$22,312 at SwF 2.12 to US\$1.- equivalent to / 22.312 dollars EU à 2,12 FS par dollar EU, équivalent à / 22.312 dólares EE.UU a 2,12 FS por dolar, que equivalen a . . . . . 47,301  
=====

1/ Full payment received since 30.9.82/paiement intégral reçu depuis le 30.9.82/pago total recibido después del 30.9.82.  
2/ Partial payment received since 30.9.82/paiement partiel reçu depuis le 30.9.82/pago parcial recibido después del 30.9.82

Comparative Figures for the Preceding Years  
Tableau comparatif pour les années précédentes  
Cifras comparativas para los años precedentes

Assessment for Contributions pour Contribuciones de	Amount outstanding as at 30 September Montant non encore payé au 30 septembre Saldo pendiente al 30 de septiembre	Percentage Pourcentage Porcentaje
1982 44,310,000 + 53,170	10,900,718	24.57
1981 40,400,000	6,586,526	16.30
1980 39,000,000	6,583,449	16.88
1979 37,798,000	5,576,987	14.75

ANNEX II

REPORT BY MRS. E. MICHAUD, MEMBER REPRESENTING  
THE CONTRACTING PARTIES ON THE ICITO/GATT  
PENSION COMMITTEE

This year, the work of the United Nations Joint Staff Pension Board was devoted mainly to the study of measures to eliminate the actuarial deficit of the Fund. Last year's actuarial valuation had shown a deficit of US\$722 million, one which would inevitably have very unfortunate consequences for pensions payable in about twenty years. It is apparent that the Pension Fund cannot continue to function if contributions remain at their present level of 21 per cent (one third paid by the participant and two thirds by the employing organization). The simplest solution, immediately suggested by all representatives of participants, was to invoke Article 27 of the regulations of the Fund, which stipulates that "in the event that an actuarial valuation of the Fund shows that its assets may not be sufficient to meet its liabilities ... there shall be paid into the Fund by each member organization the sum necessary to make good the deficiency".

The United Nations General Assembly decided that the actuarial deficit should not be made good by increasing the contributions of governments, and the Secretariat of the Board was instructed to prepare proposals for consideration by the General Assembly at its 1982 session.

The measures agreed to this summer at Geneva, if approved by the General Assembly, will reduce the actuarial deficit by approximately 50 per cent. Those measures are as follows:

- (a) raising the mandatory age of retirement to 62 years but with no reduction of pension entitlement at age 60;
- (b) the condition of affiliation to the Fund of one year reduced to six months;
- (c) the 2 per cent rate of accumulation for pension calculation to be reduced for new participants to 1.5 per cent for the first five years, 1.75 per cent for the next five years and 2 per cent thereafter;
- (d) lump-sum benefits to be reduced slightly by using the higher rate of interest of 4.5 per cent in calculating commutations in respect of service after 1982;
- (e) changes to be made in the system of pensions adjustment consisting of: for adjustment of pensions in payment, substitution of a 5 per cent movement (trigger point) in the relevant cost-of-living index instead of the current 3 per cent movement; twice-yearly instead of quarterly adjustment of

pensions in payment for cost-of-living changes but maintenance of the quarterly adjustments on account of currency changes; abolition of adjustment for deferred pensions during the period of deferral prior to the official's attaining fifty years of age but, after age fifty and until the deferred pension goes into payment, adjustment by reference to the United States consumer price index and thereafter normal adjustment in accordance with the two-track adjustment system;

- (f) elimination of refunds of contributions to the employing organization if the official separates with less than five years' service; and
- (g) abolition of the right to repay benefits received and so restore periods of prior service on reaffiliation to the Fund, except for officials whose previous service was for less than five years.

As can be seen, the measures are mainly centred on reduction of benefits. Only the elimination of the refund to the organizations of half of the contribution they have paid in respect of staff leaving with less than five years' service would be at the expense of the organizations and hence mean an increased cost to the governments. The effect on GATT is estimated at approximately Sw F 30,000 for 1983. It goes without saying that any new measure to make good the actuarial deficit will have to be accompanied by an increase in contributions.

Work on the special index for pensioners made relatively little progress this year. The International Civil Service Commission proposed that the index should be introduced in stages, the first being to take into account the levels of taxation applied by the countries of retirement. The ICSC proposal to reduce the adjustment for no-tax or low-tax countries was endorsed by the Board. This proposal would be applicable as from 1 January 1983.

When fully applied, the special index will reduce the benefits of the Washington Compromise for staff retiring in countries having a strong currency and relatively moderate direct taxation. At the present time, the Washington Compromise does not apply to Geneva, since the pension paid in dollars at the rate of Sw F 2.12 is more favourable. The pension being paid represents, before tax, more than 65 per cent of the last salary (base salary, plus post adjustment). This shows that the Washington Compromise, so long as it is not impaired by the special index, fully achieves its purpose, which is to compensate the negative effects of any sudden drop in the value of the dollar.

The Board also proceeded to appoint a new Secretary (Mr. Mango) and a new Deputy Secretary (Mr. Chaw).

B. INTERNATIONAL TRADE CENTRE UNCTAD/GATT

I. AUDITED ACCOUNTS FOR 1980-1981

50. The Committee took note of the Financial Report and Accounts for the Biennium 1980-1981 ended 31 December 1981 and Report of the Board of Auditors, contained in document A/37/5 which, under the agreed administrative arrangements for the International Trade Centre, was submitted to the United Nations General Assembly for approval.

II. PERFORMANCE REPORT FOR 1982-1983

51. Before turning to the Performance Report of the Centre for the biennium 1982-1983, the Committee heard an introductory statement by the Executive Director of the Centre. He was pleased to report that, although at the beginning of 1982 he had been faced with a difficult situation due to a zero-growth regular budget coupled with a declining projection of extra-budgetary funded technical assistance activities, 1982 technical assistance delivery was now estimated at a level not much below that of 1981.

52. He had noted with regret that the adverse effect of currency fluctuations, as well as additional unforeseen inflationary and statutory increases, which had called for the revision of the Centre's estimates for 1982-1983, would result in an increase in GATT's contribution to the Centre in Swiss franc terms.

53. The Committee noted from an information paper provided by the GATT secretariat that the revision of the Centre's 1982-1983 budget would result in increases in GATT's contributions as follows:

	<u>Swiss francs</u>		<u>US\$/SwF</u>
	<u>1982</u>	<u>1983</u>	<u>rate</u>
Approved by GATT (L/5196)	7,886,000	8,238,000	1.71
ITC performance report	<u>8,261,900</u>	<u>9,109,800</u>	2.16
Increase in GATT contributions	375,900	871,800	
	=====	=====	
Increase over provision of SwF 8,485,000 in 1983 GATT budget (L/5350)		624,800	
		=====	

54. A representative of the secretariat informed the Committee that the additional requirements for the Centre in respect of 1982 could be covered by savings within the 1982 GATT budget, by utilization of the Unforeseen Expenditure item or by transfer from the Working Capital Fund. As regards 1983, an increased provision of SwF 8,485,000 (equivalent to an exchange

rate of about US\$1/SwF 2.03) had been proposed in the 1983 GATT budget. The provision takes into account the proportion of expenditure to be made by the Centre in Swiss francs and the effect of the progression of the Swiss franc/US dollar exchange rate. The revised requirements of SwF 9,109,800 over the 1983 GATT budget provision of SwF 8,485,000 result in a further increase of SwF 624,800. The total increase over the amount approved by the Council in 1981 (L/5196) would thus be SwF 871,800.

55. A representative of the Centre gave detailed explanations on the budgetary implications of the increase in the dollar exchange rate. He pointed out that, in addition, it had been necessary to take into account the effects of unbudgeted statutory increases and such factors as, for example, the vacancy/turnover reduction factor of 5 per cent, stipulated by the United Nations Office, New York, which was not in accordance with reality as all posts on the Centre's establishment were filled.

56. The members of the Committee all stressed the importance attached to the valuable technical assistance work performed by the Centre. They recognized that certain difficulties were created by the fact that the Centre's budget estimates were established in US dollars while some 85 per cent of the Centre's actual expenditures were in Swiss francs. However, GATT's contributions to the Centre were made monthly in Swiss francs which avoided exchange losses on resale of dollars by the Centre in order to pay Swiss franc expenses and, therefore, the effect of exchange rate fluctuations should be small.

57. A representative of the secretariat recalled that, after the Committee's examination of the Centre budget last year, the UN, New York, office had been approached with a view to modifying the practices with regard to the establishment of exchange and inflation rates applicable to Centre budgets or of readapting the modalities for the payment of contributions to the Centre. The reaction of the United Nations secretariat to GATT's proposals was that the established accounting practices could not be changed (documents Spec(81)56 and Spec(82)45).

58. After the Committee had considered various possibilities, including the expression of future Centre budgets in Swiss francs which the representative of the Centre informed was contrary to the applicable financial regulations and rules, the members of the Committee agreed to accept the increased requirements in respect of 1982 which were based to a large extent on actual expenditures. However, with regard to 1983 the Committee was of the opinion that the Centre's revised budget should not be adopted but that the already increased provision of SwF 8,485,000 foreseen in the 1983 GATT budget should be approved without modification and that it should be paid to the Centre in Swiss francs.

59. A representative of the Centre expressed the view that such a decision by the appropriate GATT bodies might not satisfy the terms of the present agreement between GATT and the United Nations which stipulated that the two organizations should contribute to the Centre's budget on an equal-sharing basis.

60. With regard to 1982, the Committee recommends that the Council approve the revised estimates of expenditure of the International Trade Centre UNCTAD/GATT for 1982 in the amount of US\$8,358,400. A contribution of US\$4,076,150 will be made to the Centre from the 1982 GATT budget on the assumption that a like amount will be borne by the United Nations, that US\$183,900 will be forthcoming as miscellaneous income and that a transfer of US\$22,200 will be made from surplus. This revision of the Centre budget had the effect that, on the basis of present estimates, the provision of SwF 7,886,000 in the 1982 GATT budget would be exceeded by SwF 375,900.

61. With regard to 1983, the Committee recommends to the Council that the amount of SwF 8,485,000 provided in the 1983 GATT budget for a contribution to the International Trade Centre UNCTAD/GATT, be paid to the Centre in 1983 in twelve monthly instalments, in Swiss francs.

62. The Committee requested the secretariat to renew discussions with representatives of the Centre and the United Nations secretariat with a view to protecting the Centre budget from the effects of exchange rate fluctuations and fully maintaining the principle of equal partnership by stabilizing the Swiss franc value of the Centre's requirements. The Committee considered it important that these discussions should resolve the difficulties encountered and, pending their outcome, felt that GATT contributions to budgets of the International Trade Centre should be made on the basis of the assumptions with regard to the exchange rate and the inflation rate that were prevailing at the time that the original budget submissions were approved by the Committee in order to avoid supplementary assessments.

POINTS FOR DECISION:            Paragraph 60  
   Paragraph 61