

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

L/5881

25 October 1985

Limited Distribution

REPORT OF THE COMMITTEE ON BUDGET, FINANCE AND ADMINISTRATION

CONTENTS

	<u>Page</u>
INTRODUCTION	1
A. GATT SECRETARIAT	
I. REPORT ON THE 1984 ACCOUNTS AND REPORT OF THE EXTERNAL AUDITOR THEREON	7
II. FINANCING OF THE 1985 BUDGET	8
Income and expenditure budget	8
Outstanding contributions	10
III. ESTIMATES OF EXPENDITURE FOR 1986	11
Forty-second session of the CONTRACTING PARTIES	11
Meetings of the Council	12
Other meetings	12
Established posts	12
Consolidations and regradings	12
Temporary assistance	14
Missions	15
Contribution to the United Nations Joint Staff Pension Fund	15
Travel on home leave	15
Cables, telex and telephone communications	15
Books and information material	16
Postal services	16
Reproduction of documents	16
External audit	16
Printing	16
Hospitality	17
Public information	17
Permanent equipment	17
Commercial Policy Training Courses	18
Revised expenditure estimates	18
Committee's conclusions	20
IV. INCOME BUDGET ESTIMATES FOR 1986	21
V. OTHER MATTERS	21
Staff Regulations and Rules and Financial Regulations and Rules for GATT	21
Pension Fund matters	21
Underground garage at Centre William Rappard	21
External Audit	22

	<u>Page</u>
VI. CONCLUSION	22
Draft Resolution on the Expenditure of the CONTRACTING PARTIES in 1986 and the Ways and Means to Meet such Expenditure	23
SCHEDULE I - REVISED ESTIMATES OF EXPENDITURE FOR THE FINANCIAL YEAR 1986	24
SCHEDULE II - SCALE OF CONTRIBUTIONS FOR 1986	28
ANNEX I - STATEMENT OF OUTSTANDING CONTRIBUTIONS AS AT 30 SEPTEMBER 1985	31
ANNEX II - REPORT BY MRS. E. MICHAUD, MEMBER REPRESENTING THE CONTRACTING PARTIES ON THE ICITO/GATT PENSION COMMITTEE	34
B. INTERNATIONAL TRADE CENTRE UNCTAD/GATT	
I. INTRODUCTION	37
II. SECOND PERFORMANCE REPORT FOR 1984-1985	37
III. PROPOSED PROGRAMME BUDGET FOR THE BIENNIUM 1986-1987	37

INTRODUCTION

1. The Committee on Budget, Finance and Administration, appointed by the Council on 19 July and 10 October 1985, met at the Centre William Rappard, Geneva, on 3, 11, 17, 18, 24 and 25 October 1985.

2. The agenda approved for the meeting was as follows:

GATT secretariat

1. Audited accounts for 1984:
 - Director-General's Financial Report on the 1984 Accounts and Report of the External Auditor thereon (L/5845)
2. Financing of the 1985 budget:
 - Expenditure and Commitments Statement as at 30 September 1985 (INT(85)38)
 - Outstanding Contributions (Spec(85)40)
3. 1986 Budget Estimates
 - Budget Estimates for the Financial Year 1986 (L/5840)
4. Other matters:
 - Staff Regulations and Rules, etc.
 - Pension Fund matters
 - Underground garage at Centre William Rappard

International Trade Centre UNCTAD/GATT

1. Second Performance Report on the Programme Budget for the Biennium 1984-1985 and GATT Contributions to the ITC (ITC/BUD/4)
2. Proposed Programme Budget for the Biennium 1986-1987 (A/40/6)
3. Report of the Advisory Committee for Administrative and Budgetary Questions on the Proposed Programme Budget for the Biennium 1986-1987

3. The Committee was chaired by H.E. Mr. K.G.A. Hill of Jamaica and the membership of the Committee was as follows:

Australia	Israel	Spain
Canada	Italy	Sweden
Chile	Jamaica	Switzerland
France	Japan	United Kingdom
Germany, Fed. Rep.	Korea, Rep. of	United States
Greece	Malaysia	Zaire
Hungary	Nigeria	
India	Singapore	

At this meeting, Colombia, Indonesia and Yugoslavia were represented by observers.

4. In accordance with its terms of reference, the Committee considered the Director-General's Financial Report on the 1984 Accounts of the GATT and the Budget Estimates for 1986. In addition, the Committee examined the financial position of the GATT at 30 September 1985 on the basis of the Expenditure and Commitments Statement prepared by the secretariat and the situation with regard to outstanding contributions. It also examined the Second Performance Report of the International Trade Centre UNCTAD/GATT on its Budget for the Biennium 1984-1985 and its Proposed Programme Budget for 1986-1987.

5. The Committee had before it the following documents:

Director-General's Financial Report on the 1984 Accounts and Report of the External Auditor thereon (L/5845)

Budget Estimates for the Financial Year 1986 (L/5840)

Expenditure and Commitments Statement as at 30 September 1985 (INT(85)38)

Outstanding Contributions as at 30 September 1985 (Spec(85)40)

Second Performance Report on the Programme Budget of the ITC for the Biennium 1984-1985 (ITC/BUD/4)

Proposed Programme Budget of the ITC for the Biennium 1986-1987 (A/40/6)

ACABQ: First Report on the Proposed Programme Budget for the Biennium 1986-1987 (A/40/7)

6. At the beginning of the meeting the Committee heard an introductory statement by the Director-General. He welcomed the new Chairman and stressed the importance of the Committee's work to the functioning of the GATT and in its assistance to the CONTRACTING PARTIES.

7. With regard to the budget proposals for 1986, the Director-General said that they had been prepared on the basis of continuation of the level

of 1985's activities in 1986. No provision had been made for additional tasks under review by the policy-making bodies of GATT and he, therefore, reserved the right to present supplementary budget proposals if circumstances should make it necessary.

8. He drew the Committee's attention to the fact that almost half of the 1986 budgetary increase compared with 1985 resulted from statutory and other unavoidable increases and practically all of the rest was due to provisions for inflation. The secretariat had no control over either of these elements. With regard to inflation he underlined the fact that although an increase of some 4 per cent was foreseen for 1986, the overall impact on the 1986 GATT budget had been limited to 2.7 per cent. The United Nations budgetary exchange rate of US\$1/Sw F 2.50 had been adopted for dollar-based provisions.

9. Regarding staffing provisions, the Director-General pointed out that no new posts were proposed, merely the consolidation to the permanent establishment of nine Professional and four General Service category temporary posts. This transfer of posts from one part of the budget to another was necessary due to personnel management problems that arose from recruiting permanently required staff on temporary posts. When the duration of a temporary contract exceeded six months the rights and responsibilities of temporary staff were the same as those of permanent staff as far as the Pension Fund and sickness insurance were concerned. Thus a consolidation had no financial implication in this regard.

10. The Director-General, referring to the proposals for regrading, stated that all the proposals made were strictly in respect of posts where responsibilities and workload had increased indisputably, and the evaluations made corresponded to the standards set up by the International Civil Service Commission.

11. Both consolidations and regradings were cornerstones of the personnel policy that he had set up for GATT. They allowed a certain flexibility to be maintained and at the same time tended to improve working conditions and to ensure enhanced motivation. This enabled recruitment to be restricted and, therefore, the progression of salaries to be controlled.

12. The Director-General drew attention to an important element in the increase in the estimate for established posts, representing a provision of Sw F 670,000 in respect of anticipated movement of the post adjustment index for Professional staff. This adjustment was temporarily blocked, pending a decision by the United Nations General Assembly. Similarly, an amount of Sw F 160,000 had been provided in respect of adjustments to the index for Pension Fund contributions, not yet definitely adopted and awaiting a decision by the General Assembly.

13. With regard to the Working Capital Fund, he had made a proposal for the restitution of the part of the accumulated deficit at 31 December 1984 that could not be covered by transfer from the Fund. In view of the fact that the level of outstanding contributions was so high, he proposed that

a possible increase in the Working Capital Fund be discussed when the question of outstanding contributions was examined.

14. The Director-General informed the Committee that the secretariat would be in a position to present proposals regarding the improvement of the contributions receipt situation, based in part on the experience of other organizations. In stressing the seriousness of the present situation, he mentioned that all outstanding contributions at 30 September 1985 amounted to nearly Sw F 22 million, while those for 1985 totalled some Sw F 14 million. Unless substantial amounts were received in the very near future the secretariat would experience serious cash-availability problems and he would have to request authorization to negotiate bank overdraft facilities.

15. The budgetary situation at 30 September 1985 suggested that actual expenditure would be substantially less than the estimates in 1985. This illustrated the rigour with which funds were managed by the secretariat.

16. The Director-General recalled that, at its last meeting, the Committee had expressed the wish to examine in further detail the questions of meetings, including simultaneous meetings, the Commercial Policy Training Courses and the increase in the volume of documentation. He, personally, had participated in consultations on the first two subjects. He could report that better co-ordination was leading to a lower proposed budgetary provision for meetings in 1986 than the level of actual expenditure in 1984 and that estimated for 1985.

17. With regard to the Commercial Policy Training Courses, contacts were continuing and proposals regarding the number and size of the courses were in preparation. There would be no budgetary implications for 1986.

18. The Director-General recalled that difficulties in obtaining adequate accommodation for training course participants affected the proper functioning of the courses, and had an adverse effect on the quality of the participants' work. The secretariat planned to make proposals in this connection to the Committee and to the Council.

19. In conclusion, the Director-General informed the Committee that the results of his first reflections on the increase in the volume of documentation would be made available shortly.

20. In answer to questions concerning the secretariat's recruitment policy, the Director-General said that vacancies for both permanent and temporary posts were advertised on the basis of free and open competition. Candidates for both types of vacancies were examined by GATT's Appointments and Promotions Board, and preference was given to an internal candidate only when equality existed with the outside candidate. He informed the Committee that it was becoming more and more difficult to offer competitive conditions to prospective candidates and a certain number of present staff members were in a less comfortable situation than they had been before joining GATT.

21. He stressed that it was important to be able to encourage good quality staff to remain with the secretariat by offering a certain degree of stability. For this reason, the consolidation of temporary posts to the permanent establishment was proposed when the work, for which high quality temporary staff had been recruited, proved to be of an essential and permanent nature. Proposals for consolidations were of the greatest importance in the management of the secretariat staff. Many factors had to be taken into account, particularly with regard to the changing nature of burdens, resulting in a shifting of responsibilities and sometimes leading to insufficient manpower in some areas and a surplus in others.

22. The Director-General said that he felt strongly that the management of the secretariat's staff was his prerogative as well as his responsibility and retained the final decision in this domain. He agreed with the Committee's interpretation of its mandate to the effect that the Committee should intervene in this field only to the extent that budgetary implications existed. The secretariat always adhered fully to the principle of transparency in its presentation of personnel proposals as well as of budgetary proposals in general.

23. The Committee thanked the Director-General for his statement and comments.

24. The Committee noted that, on many occasions, the United Nations had taken decisions that had budgetary implications for GATT (Pension Fund, post adjustment, etc.), and expressed the wish to examine at a future meeting the whole question of the implications of GATT's application of the United Nations common system.

25. The Committee expressed its great concern at the level of outstanding contributions, the late receipt of current year contributions and the adverse effect they had on the GATT budget and its administration. They felt that the situation was sufficiently serious to warrant a thorough review particularly in the light of the over-expenditure of Sw F 263,000 on the 1984 budget and the non-receipt of contributions which led to the transfer from the Working Capital Fund of its entire principal amounting to Sw F 2,925,531 and leaving an additional amount of Sw F 512,722 uncovered. This situation prevailed notwithstanding the fact that contributions for 1985 amounting to Sw F 1,009,416 were paid in advance thus avoiding the need for a bank overdraft.

26. The Committee requested the Secretariat to exercise the greatest caution in incurring expenditure up to the end of 1985 so as to limit the overall deficit which could not be covered by contributions received at the end of 1985.

27. The Committee noted that the Director-General had reserved his right to present supplementary budget proposals for 1986 taking account of decisions that might be taken by the CONTRACTING PARTIES.

28. The Committee welcomed the efforts made by the Director-General and staff in keeping the financial requirements of the GATT within the limits in which their own governments had been forced to operate, and urged that even greater efforts should be made.

GATT SECRETARIAT

I. REPORT ON THE 1984 ACCOUNTS AND REPORT OF
THE EXTERNAL AUDITOR THEREON

29. The Committee examined the Report on the 1984 Accounts and Report of the External Auditor thereon (L/5845) and heard further explanations from representatives of the secretariat.

30. In this connection, the Committee noted that the Final Position of the 1984 Budget of the GATT (L/5793) was not examined by the Committee prior to its presentation to the GATT Council in July 1985 at which time the Council took the decision to authorize an amount of Sw F 263,963 to cover over-expenditure, and to authorize transfers between budgetary sections of Sw F 594,412. A representative of the secretariat recalled that the Committee was informed, at its meeting in October 1984, that there would be excess expenditure of some Sw F 950,000, due to decisions of the UN General Assembly and the movement of the US\$/Sw F exchange rate which could not be anticipated. The Committee recommended to the CONTRACTING PARTIES, through the Council, that the Director-General be authorized to overspend the budget and that the excess expenditure be financed, to the extent possible, by savings within the appropriate sections of the 1984 budget or by transfers from other sections. If this were not possible, the Director-General was authorized to utilize the unforeseen expenditure item or to have recourse to the Working Capital Fund if necessary. The procedure whereby transfers between budgetary sections are approved retroactively by the CONTRACTING PARTIES was established by Decision of the CONTRACTING PARTIES in November 1959.

31. In the course of the examination of the report the following points were of general interest to members of the Committee:

(i) Expenditure

They noted that the unavoidable additional expenditure arising from the increase in the US\$/Sw F exchange rate was Sw F 535,000 and the amount arising from decisions of the United Nations General Assembly was Sw F 207,000.

(ii) Uncovered balance

The Committee noted that the uncovered balance of Sw F 512,722 was not explained in the Auditor's report on the final accounts for 1984. It was noted however that in the 1986 Budget Estimates it was proposed that this amount be covered by contributions from governments. The Committee intended to look at this question and the level of the Working Capital Fund on the basis of proposals from the secretariat.

(iii) Trust Fund for the Independent Group to Study the Trading System

The Committee took note of the information provided by the secretariat and noted that Sw F 253,295 had been advanced from the General Fund at 31 December 1984. The amount was not covered by payments to the Trust Fund in the course of 1984 and the remaining outstanding balance at the time of consideration of the 1986 budget was Sw F 170,000. In this respect a representative of the secretariat informed the Committee that interest was accruing to the General Fund in respect of amounts advanced to the Trust Fund for the Independent Group to Study the Trading System, pending receipt of donations.

(iv) Contributions paid in advance

The Committee noted that contributions for 1985 which were paid in advance were used to cover commitments made in 1984.

32. The Committee recommends that the CONTRACTING PARTIES approve the audited accounts for 1984 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 1985 BUDGET

Income and expenditure budget

33. 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, anticipated savings of approximately Sw F 1,750,000 on some sections would be offset by expected excess expenditure of some Sw F 250,000 on other sections. The expenditure budget would thus close with savings of some Sw F 1,500,000. It was anticipated that miscellaneous income would exceed the estimate by approximately Sw F 169,000. In this connection, it was noted that total appropriations for 1985 amounted to Sw F 57,540,000.

34. Budgetary savings were anticipated mainly on Section 3 - Salaries and wages and official missions (Sw F 972,000), Section 6 - Printing (Sw F 62,000), Section 12 - Commercial Policy Training Courses (Sw F 51,000) and Section 13 - Contribution to the International Trade Centre UNCTAD/GATT (Sw F 469,000), to which the unforeseen expenditure item (Sw F 200,000) was to be added.

35. The budgetary savings were principally due to the fact that certain posts were vacant for significant periods during the year and to the effect that the fluctuation of the US dollar exchange rate had on reduced staff take-home-pay. In addition, savings would be made on the item for printing due to the postponement of the printing of certain publications that had been scheduled for 1985. The revision of the 1985 budget of the

International Trade Centre UNCTAD/GATT would also result in a substantial reduction in the contribution payable by GATT in 1985.

36. The budgetary savings would be offset by anticipated excess expenditure on Section 1 - Forty-first session of the CONTRACTING PARTIES (Sw F 23,000), Section 2 - Meetings of the Council and other meetings (Sw F 78,000), Section 4 - Common staff costs (Sw F 108,000) and Section 5 - Common services (Sw F 41,000).

37. The excess expenditure for the Forty-first session of the CONTRACTING PARTIES would be due to the fact that there would be two meetings of that body in 1985 rather than one. In addition, the 1985 budget provision had been based on the assumption that the Forty-first session would be held at the International Conference Centre, whereas the insistence of some delegations led to the adoption of the ILO headquarters building for such meetings. Concern was expressed that a decision, implying additional financial implications to a budgetary provision reviewed by the Committee and approved by the CONTRACTING PARTIES, should have been taken without reference back to the Committee. One member regretted that voluntary contributions from countries which had initiated such a change had not been proposed to cover the additional costs involved.

38. The anticipated excess expenditure in respect of "Meetings of the Council and other meetings" was a result of the cost of providing interpretation services for simultaneous meetings, other than Council meetings. "Common staff costs" in 1985 would exceed the provision due principally to greater than anticipated staff movements and to the high rise in education costs. Anticipated excess expenditure for Common services, would occur with respect to postal services, due to the increased volume of documentation and to more frequent dispatches, and for reproduction of documents, due to the increase in volume of documentation from 21.8 million pages in 1979 to 33.4 million pages in 1984 and a comparable amount in 1985.

39. With regard to the anticipated budgetary surplus, a representative of the secretariat explained to the Committee that an overall deficit of some Sw F 4,100,000 could be expected at the end of the year in view of the non-receipt of assessed contributions. It was assumed that contributions totalling Sw F 12,000,000 would be outstanding at the end of the year. The normal practice was to allot end-of-year surpluses to the budget of the second year after the year in which the surplus occurred thus reducing CONTRACTING PARTIES' contributions. However, the Committee had the possibility also of earmarking available funds, if any, to cover a possible supplementary budget in respect of decisions taken with regard to a proposed new round of trade negotiations or of transferring all or part of the surplus to the Working Capital Fund.

40. The Committee noted the financial situation likely to obtain in 1985 in which there would be as in 1984 an overall deficit on the surplus account due to the non-receipt of contributions. The entire balance of the Working Capital Fund, reconstituted in 1985 on the receipt of

contributions, would have to be transferred to the surplus account at 31 December 1985.

41. The Chairman of the Committee called for reflection with respect to the degree to which the secretariat could be permitted to exceed the level of individual budget provisions that had been set by the Committee and approved by the CONTRACTING PARTIES. The Committee was aware that GATT followed, whenever appropriate, the United Nations Financial Regulations and Rules and relevant practice whereby transfers could be made within budgetary sections but that the Council's approval was necessary for transfers between sections. Following the decision of the CONTRACTING PARTIES on 20 November 1959, the Director-General reported after the close of the financial year any overspending on sections which were approved retroactively by the CONTRACTING PARTIES. The Committee expressed the wish to re-examine this procedure at a later date.

Outstanding contributions

42. A representative of the secretariat, introducing the statement of outstanding contributions at 30 September 1985, drew the Committee's attention to the fact that, at that date, nearly Sw F 22 million were outstanding, including nearly Sw F 14 million in respect of the 1985 assessment. The secretariat was once again in the situation that, unless substantial amounts were to be received within the very near future, serious cash difficulties would be experienced. However, the payment of a substantial amount of contribution was received on 21 October, thus avoiding the need for a bank overdraft.

43. With regard to the question of long-outstanding contributions, it had been possible to set up instalment payment arrangements, or such arrangements were being discussed, with the Governments of the Central African Republic, Chad, the Dominican Republic, Haiti and Nicaragua.

44. The Committee expressed its concern with the gravity of the contribution receipts situation and the adverse effects that it had had on the secretariat's ability to meet current, undeferrable cash commitments. It was noted that the External Auditor in his report on the 1984 Accounts had similarly expressed concern in this regard. The Committee would be examining, at a special session, proposals from the Director-General concerning methods of inducing contracting parties to pay their contributions promptly and regularly, the possible increase of the Working Capital Fund, etc.

45. The Committee recalled, in this connection, that an assessed contribution became due and payable in full on 1 January of the year to which it referred and that each contracting party was expected to comply with these requirements.

46. The Committee recommends to the Council that a special plea be reiterated to governments, through the CONTRACTING PARTIES, to meet their financial obligations fully and promptly by settling pending contributions immediately and by paying each year's contribution as soon as it becomes

due, on 1 January, so as to avoid cash availability problems and possible budgetary implications with regard to the cost of bank overdraft facilities.

47. The Committee further recommends to the Council that governments with arrears of contributions be encouraged to enter into instalment payment arrangements with the secretariat, similar to those made with the Governments of the Central African Republic, Chad, Haiti and Nicaragua.

III. ESTIMATES OF EXPENDITURE FOR 1986

48. Before the Committee began its item-by-item examination of the 1986 expenditure estimates, several members made general statements regarding the estimates and their presentation.

49. There was general appreciation for the Director-General's efforts in producing a zero real growth budget. Some members stated that the estimates were clear and well-balanced and were, in general, acceptable. But, as most governments continued to be committed to principles of strict economy in preparing their own budgets, the members of the Committee would examine the individual expenditure estimates of GATT in this spirit and would seek reductions wherever possible.

50. In view of the present market rates some members expressed reservations with regard to the exchange rate of US\$1/Sw F 2.50 that had been used in establishing US dollar-based provisions in the budget. Other members cautioned against changing the rate at this stage as it provided a necessary degree of flexibility in the budget. Furthermore, any savings accruing in respect of a lower actual exchange rate than the budget rate would revert to the Surplus Account and their utilization would be decided upon by the Committee (e.g. to cover non-payment of contributions, reduction of future years' contributions, transfer to Working Capital Fund, etc.).

51. In answer to questions, a representative of the secretariat indicated that the movement of Sw F 0.01 in the US dollar/Swiss franc exchange rate corresponded to Sw F 27,000 for the entire budget, without taking into account GATT's contribution to the International Trade Centre.

52. The Committee noted that the expenditure estimates did not contain any provisions for new activities in 1986, particularly with regard to proposed new multilateral trade negotiations for which policy decisions had not yet been taken.

Forty-second session of the CONTRACTING PARTIES

53. A representative of the secretariat informed the Committee that the increase in the provision for the cost of the rental of meeting rooms and additional office space for the Session, from Sw F 4,000 in the 1985 budget to Sw F 15,000 in 1986, represented the difference in cost between

holding the Session of the CONTRACTING PARTIES at the International Conference Centre and at the International Labour Office. The Committee asked for a reduction of Sw F 11,000 on the assumption that, in the interests of economy, the 1986 Session would be held at the International Conference Centre.

Meetings of the Council

54. With regard to meetings of the Council, a representative of the secretariat informed the Committee that the cost of these meetings could be separated from the cost of other meetings. No other meetings were held simultaneously with the Council, and thus the estimated cost of Council meetings in 1986 was Sw F 5,000.

Other meetings

55. In replying to questions regarding the increase of Sw F 55,000 in the provision for interpretation services for meetings other than Council meetings, a representative of the secretariat pointed out that the increased provision for 1986 did not even reach the level of actual expenditure in 1984 or anticipated expenditure in 1985. The overspending in 1984 and 1985 was related to an increased number of meetings.

56. In this connection the Committee noted that, each time two meetings were held simultaneously it was necessary to recruit six additional interpreters at a cost of Sw F 2,772 per day, whether the meeting lasted the whole day or only part. Furthermore, it was requested that meetings be arranged in such a way as to be able to make fullest use of GATT's own team of interpreters.

Established posts

57. The Committee noted that the application of the post adjustment index to Professional category staff salaries had been frozen by the United Nations General Assembly, pending further decision, and requested the deletion of the provision of Sw F 670,000 to cover movements of the index in 1986. A representative of the secretariat informed the Committee that, should the General Assembly decide to apply again the index, it would then be necessary for the Director-General to present supplementary budget estimates. In connection with such General Assembly decisions, the Committee decided to make a provision for an increase in the secretariat's contribution to the United Nations Joint Staff Pension Fund (see paragraph 69 below).

Consolidations and regradings

58. With regard to the proposals in the 1986 budget estimates, to regrade eleven Professional and seven General Service category posts, and to consolidate nine Professional and four General Service category temporary posts into the permanent establishment, the Committee was given additional information and explanations.

59. The Committee was concerned at the large number of consolidations proposed and recommended maintenance of the status quo pending an urgent review of the policy by the Committee. It was felt that policy decisions were being taken that affected the future permanent establishment of the secretariat, and that more attention should be given to the possible long-term effects of personnel policy decisions.

60. A representative of the secretariat explained that the consolidations had no budgetary effects. This contention was challenged by some members of the Committee who considered that the consolidation of temporary posts into the permanent establishment did have an effect, particularly in the long run as future budgets would increase due to the permanent obligation to pay salaries as well as to annual salary increments and subsequent promotions of the incumbents of the posts concerned.

61. The Committee also felt that the regrading of eleven Professional and seven General Service category posts was excessive and consequently proposed that these regradings be limited in 1986. Some members proposed that this limit be set at eight. Members were of the opinion that policies were being applied to GATT staff that were incompatible with their own governments' policies, whereby drastic measures were imposed upon their national administrations in respect of regradings. A representative of the secretariat stated that the regradings had relatively minor budgetary impact, and reiterated what the Director-General had said with respect to the importance of being able to offer competitive working conditions and to maintain staff morale.

62. It was stressed that the consolidation of posts and the regrading of posts were of major concern to the members of the Committee. More Committee time had been devoted to these matters than any other budget item and during the discussion ways had been suggested to control budget growth in the future. The Committee agreed, therefore, that at a future meeting the secretariat's policy on consolidations and regradings would be examined. The following table shows movements of established posts since 1980:

		<u>D</u>	<u>P</u>	<u>GS</u>	<u>Total</u>
New posts:	1980	1	2	1	4
	1981	1	1	1	3
	1982	-	-	1	1
	1983	-	-	-	-
	1984	-	-	-	-
	1985	-	-	-	-
Consolidations:	1980	-	9	11	20
	1981	-	6	9	15
	1982	-	-	6	6
	1983	-	2	7	9
	1984	-	-	-	-
	1985	-	1	3	4

Regradings:	1980	1	19	10	30
	1981	1	6	10	17
	1982	-	3	3	6
	1983	2	8	5	15
	1984	-	8	8	16
	1985	2	8	10	20

Temporary assistance

63. In view of the fact that staff levels were frozen in governments' budgets, some members of the Committee were of the opinion that the provision for temporary assistance be reduced by Sw F 330,000 and therefore should be set at Sw F 3,910,000, representing the approved 1985 level, after taking into account the consolidations to the permanent establishment proposed in the 1986 budget estimates. The technological improvements that had been budgeted for over the past few years should lead to the possibility of reducing staff levels and allow the present staff to take on more responsibilities. Growth by stealth should be avoided. Also it was better to retain temporary posts which could be expected to eventually disappear rather than create new permanent posts. It was also felt that the secretariat's policy of redeploying existing staff, rather than recruiting additional staff to perform new tasks, should be continued.

64. The Committee found it difficult to distinguish between purely short-term temporary assistance requirements and those relating to temporary staff needed on a more permanent basis. The secretariat provided a breakdown of the temporary assistance provisions, distinguishing between these two categories.

65. In answer to questions posed by members of the Committee, a representative of the secretariat reminded them that the 1986 temporary assistance provisions had been based on the assumption that the 1985 workload would continue in 1986 and the increase reflected only statutory and other unavoidable elements emanating from the United Nations General Assembly decisions and movements in the US\$/Sw F exchange rate. It was recalled that no provision had been made for the cost of possible new trade negotiations. In these circumstances, any significant reduction in the estimates would entail a corresponding reduction in the programme of work.

66. Referring to the provision for statutory increases, a representative of the secretariat confirmed that an amount of Sw F 60,000 had been provided in respect of anticipated movements in 1986 of the post adjustment index for staff in the Professional and higher categories. The Committee requested the deletion of this provision in view of the fact that the post adjustment index was frozen, pending further decision by the United Nations General Assembly.

67. With regard to the effects on staff requirements in the past, as well as for 1986, of the acquisition of improved equipment, a representative of the secretariat pointed out that the work undertaken by GATT could not otherwise have been performed by the present workforce.

Missions

68. The secretariat provided the breakdown of missions. Several members were of the opinion that a reduction of Sw F 50,000 could be made in respect of official missions, especially those concerning attendance at meetings of other organizations and bodies.

Contribution to the United Nations Joint Staff Pension Fund

69. In answer to a question, a representative of the secretariat informed the Committee that no provision had been made in the 1986 Budget Estimates to cover a possible increase in the Organization's rate of contribution to the United Nations Joint Staff Pension Fund from 14.5 per cent to 15 per cent. The non-inclusion in the budget of the additional cost of some Sw F 206,000, that would result if this measure were to be adopted, followed GATT practice as the United Nations General Assembly had not yet taken a decision on the matter. Some members were of the opinion that provision should be made for this purpose. If this remained unused, its attribution would be the subject of a recommendation by the Committee.

70. The Committee was given a breakdown of the contributions to the Pension Fund and of other common staff costs attributable respectively to permanent staff members, to temporary staff on longer term contracts and to short-term temporary staff.

Travel on home leave

71. One member requested a reduction in the provision for travel on home leave in view of the fact that anticipated expenditure would fall short of the appropriation by nearly Sw F 70,000 in 1985. A representative of the secretariat pointed out that it was not possible to compare 1986 with 1985. Eligible staff had the right to home leave every two years although the right was not always exercised in the year foreseen because of the demands of their service. The level of the provision to be made depended upon the number of staff eligible in the year, the place of home leave, the number of dependents, etc.

Cables, telex and telephone communications

72. A representative of the secretariat explained that use was made of letters and of the telex rather than the telephone, whenever possible, for economy reasons. Automatic telephone access was limited to a local zone around Geneva. Telephone calls to other parts of Switzerland and abroad had to be authorized in advance, pass through the telephone switchboard and be recorded.

Books and information material

73. It was felt that the increase in the provision for books and information material was substantial and the Committee requested a reduction in the estimate of Sw F 10,000.

Postal services

74. A member of the Committee was of the opinion that the provision could be reduced by Sw F 10,000. However, another member pointed out that it should be borne in mind that an increase in postage rates had been announced by the Swiss authorities. A representative of the secretariat confirmed that the proposed increase in this item took account of recent trends of expenditure. However, the secretariat had just been informed that the Swiss postal authority were in process of introducing a new system of calculating postage rates according to weight for parcels, printed matter, etc. The consequence of this would be to increase total postage by some 40 per cent, or Sw F 120,000. The Committee decided that the question of the use of postal services would be taken up in the Committee's examination of documentation and its distribution.

Reproduction of documents

75. There was a general feeling in the Committee that a tight control should be kept on the use of photocopies in order to avoid abuses. Delegates sometimes made photocopies at GATT's expense rather than at their own missions. A breakdown of the budgetary provision between photocopies and reproduction of documents within the total reproduction cost was given by the secretariat.

76. It was decided that the subject of reproduction of documents would be discussed at a special session of the Committee to be held in the near future. Nevertheless, pending this examination, it was proposed that the 1986 estimates be reduced by Sw F 65,000 to the 1985 budget level.

External audit

77. Members of the Committee pointed out that the cost of the external audit of GATT's accounts had increased constantly over the past few years. Details of the costs in other organizations and of the exchange rates used for budgeting were made available. They requested that the Director-General make a call for competitive tenders which they were confident would lead to a budgetary level more in line with that of other organizations. Relevant information would be given to the Committee in due course.

Printing

78. A member of the Committee requested a reduction in the printing estimate for 1986 in view of the fact that expenditure in 1985 would fall short of the appropriation by some Sw F 62,000. A representative of the secretariat explained that it had not been possible to publish some of the

publications scheduled for 1985 as the texts were not ready for printing but it was now foreseen that they would be issued in 1986. It was not possible, therefore, to reduce the 1986 estimate. The whole question of printing would be taken up by the Committee at a later date.

79. An assessment of the effectiveness of the newsletter "FOCUS" was given by the secretariat to the effect that it was serving the purpose for which it was intended.

Hospitality

80. Concern was expressed by some members of the Committee that the representation allowance for Deputy Directors-General had remained at the same level since 1973. The Committee was informed that on rare occasions and in special circumstances the applicable Rules allowed access to the general hospitality funds.

Public information

81. A representative of the secretariat informed the Committee that the funds provided for public information were used principally in connection with hospitality offered to journalists, visiting Geneva, for the purpose of better informing them on the aims and activities of GATT. The Committee had established this budget item in 1969 in view of the fact that press descriptions of the work of the CONTRACTING PARTIES were not always presented in an objective manner, and that many key editors were not well enough informed regarding GATT's activities. Some members were of the opinion that the provision of Sw F 5,000 for public information could be deleted.

Permanent equipment

82. Members of the Committee were of the opinion that furniture and equipment should be made to last as long as possible. It seemed that in the past savings made on the item for equipment had been used to cover overspending elsewhere in the budget.

83. In reply, a representative of the secretariat recalled that, in October 1984 at the request of the Committee, the Director-General undertook to reduce anticipated unavoidable additional expenditure by making savings within the budget by, wherever possible, postponing the acquisition or replacement of a number of items (see paragraph 5, L/5793). With regard to expected further expenditure of Sw F 75,000 in 1985, orders were in the process of being placed. The representative stressed that some staff were still using typewriters purchased more than thirty years ago and that a very strict control was made with regard to the acquisition of equipment. The Director-General had reduced the estimate for 1986 to approximately half of the requests for furniture and equipment that had been made by divisional directors.

84. Some members continued to believe that economies were possible and recommended that the estimate be reduced by Sw F 70,000.

Commercial Policy Training Courses

85. Some members of the Committee were of the opinion that travel expenses for trainees from the home country to Geneva and return, and interpretation expenses for the Spanish-speaking Commercial Policy Training Courses could be reduced in total by some Sw F 40,000 without impairing the quality of the courses.

Revised expenditure estimates

86. In the light of the comments made, and in an attempt to meet the concerns expressed by the Committee, the Director-General put forward revised expenditure estimates, entailing a net reduction of Sw F 1,365,000. These revisions assumed the acceptance by the Committee of the consolidation of eight temporary assistance posts to the permanent establishment (5 professional and 3 general service category posts) and the regrading of 12 posts (7 professional and 5 general service category posts). With regard to the consolidations, the Director-General explained that for reasons of equity he felt that he could not discriminate between staff recruited against permanent posts and those recruited against temporary posts. The thirteen posts he had originally proposed for consolidation were occupied by proven staff members who were needed now and in the future for the efficient work of the GATT secretariat. The question of consolidating the remaining five posts would have to be considered within the 1987 budget proposals. Concerning the eighteen regradings that he had originally proposed in line with his on-going policy and practice in this connection, he now would have to explain to the staff that, in view of the current economic situation, and changing times, there would need to be a reduction in the number of posts to be regraded. With regard to the exchange rate, the revised expenditure estimate was based on a lower rate of US\$/Sw F 2.30 and it assumed that if this rate should prove to be too low the Director-General would request the Committee for an appropriate adjustment in the budget.

Swiss francs

Reduction in the estimate as proposed by the Committee for the rental of meeting room space for the Forty-second session of the CONTRACTING PARTIES (the meeting to be held at the CIGC building rather than at the ILO headquarters building)		11,000
Reduction in the estimate by deletion of the provisions for movements in 1986 of the index governing the post adjustment system for the Professional staff (pending decision by the United Nation General Assembly):		
Permanent staff	670,000	
Temporary assistance staff	<u>60,000</u>	730,000

Swiss Francs

Reduction in the estimates for salaries and Common staff costs in respect of the adjustment of the budgetary exchange rate from US\$1/Sw F 2.50 to US\$1/Sw F 2.30:		
Salaries and wages	200,000	
Common staff costs	<u>340,000</u>	540,000
Reduction in respect of regradings		40,000
Reduction in the estimate for temporary assistance requirements		40,000
Reduction in respect of official missions to meetings of other organizations		25,000
Reduction in the estimate for books and information material		10,000
Reduction in the estimate for the reproduction of documents on the assumption that the Committee's examination of the question of the increase in the flow of documentation will lead to economies		65,000
Reduction in the estimate for the external audit of GATT's accounts pending a call for competitive tenders		25,000
Deletion of the estimate for public information covering expenditure arising from the programme designed to make the aims and activities of GATT more widely known		5,000
Reduction in the estimate for permanent equipment		7,000
Reduction in the estimate for the contribution to the International Trade Centre UNCTAD/GATT resulting from revisions contained in the ACABQ report		<u>73,000</u>
Total reduction		1,571,000

Swiss francs

The Committee decided to increase the estimate for contributions to the Joint Staff Pension Fund in respect of an increase in the rate of contribution payable from 14.5 to 15 per cent with effect from 1 January 1986, pending decision by the United Nations General Assembly	(206,000)
<u>Net reduction</u>	1,365,000 =====

Committee's conclusions

87. While most members of the Committee could accept the package proposals made by the Director-General, in response to the Committee's requests for reductions on a number of budgetary items, others expressed disappointment with regard to the level of the reductions made on some items, particularly regarding consolidations and regradings, the provision for permanent equipment and the Commercial Policy Training Courses, where they felt that there was room for more substantial economies. However, in a spirit of constructive compromise they did not wish to block a consensus and therefore the Committee agreed to accept the Director-General's proposals.

88. The Committee decided to recommend to the Council a net reduction of the proposed 1986 budget estimates of Sw F 1,365,000 as detailed above.

89. The Committee decided to study a number of questions in greater detail at meetings to be convened in the near future. These questions are the following:

- Meetings, including simultaneous meetings (paragraph 16)
- Commercial Policy Training Courses (paragraphs 16, 17 and 18)
- Increase in the volume of documentation and distribution (paragraphs 16, 19, 74, 75 and 76)
- Application of the UN Common System to GATT (paragraph 24)
- Level of Working Capital Fund (paragraph 31(ii))
- Budgetary transfers (paragraph 41)
- Outstanding contributions (paragraphs 25 and 44)
- Consolidations and regradings (paragraph 62)
- External audit (paragraph 77)
- Printing (paragraph 78)
- Scale of contributions to GATT budgets (paragraph 91)
- Staff Regulations and Rules and Financial Regulations and Rules (paragraph 92)
- United Nations Joint Staff Pension Fund (paragraph 93, Annex II)
- Underground garage (paragraph 96)
- GATT contributions to the International Trade Centre UNCTAD/GATT (paragraph 106)

IV. INCOME BUDGET ESTIMATES FOR 1986

90. The Committee agreed that the budget for 1986 be financed as follows:

	<u>Swiss francs</u>
(a) Contributions assessed on contracting parties	58,700,000
(b) Miscellaneous income	<u>892,580</u>
	59,592,580 =====

91. The Committee noted the information provided by the secretariat regarding the scale of contributions to the GATT budget. It was noted that several contracting parties made contributions in excess of their real shares in world trade. The last review was made by the CONTRACTING PARTIES in 1968. It was agreed that this matter would be taken up in the course of subsequent meetings of the Committee.

V. OTHER MATTERS

Staff Regulations and Rules and Financial Regulations and Rules for GATT

92. A representative of the secretariat informed the Committee that work on draft staff regulations and rules and financial regulations and rules for GATT was still in progress. Some delays had occurred due to the complexities of the tasks involved and the limited availability of staff to perform the work but it was hoped to be able to present drafts for consideration by the Committee in 1986.

Pension Fund matters

93. The Committee received 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 report is annexed hereto (Annex II). The Committee noted the contents of the report and agreed to review the implications at a later date.

Underground garage at Centre William Rappard

94. A representative of the secretariat informed the Committee that some 360 parking spaces existed in the grounds of the Centre William Rappard and there were a further 300 spaces at Chemin des Mines. These facilities were shared between the Office of the High Commissioner for Refugees and the GATT secretariat.

95. From June 1987 the parking spaces at Chemin des Mines would no longer be available and the Fondation des Immeubles pour les Organisations Internationales (FIPOI) would commence in early 1986 the construction of an underground garage between the GATT headquarters building and the lake in order to overcome the serious parking problems which would otherwise result. The Director-General wished the Committee to have advance warning of the discomfort that would result to all and of the possible repercussions on future GATT budgets.

96. In this connection, members of the Committee requested the secretariat to provide a document covering the legal and other obligations of all parties concerned as well as the practice in other organizations with regard to rental fees for parking spaces, etc., to form the basis for a further examination of this question by the Committee.

External Audit

97. The Committee noted that the Director-General intended to make the necessary arrangements with the External Auditor for the final audit of the 1985 accounts of the GATT for submission to the CONTRACTING PARTIES. With regard to the interim audit of the 1986 accounts, the Committee recommends to the Council that, with regard to the future auditing of the GATT accounts, the Director-General make a call for competitive tenders (see paragraph 77 above).

VI. CONCLUSION

98. 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 DECISIONS:

- Paragraph 32
- Paragraph 46
- Paragraph 47
- Paragraph 88
- Paragraph 97
- Paragraph 98

DRAFT RESOLUTION ON THE EXPENDITURE OF THE CONTRACTING PARTIES
IN 1986 AND THE WAYS AND MEANS TO MEET SUCH EXPENDITURE

The CONTRACTING PARTIES

HAVING CONSIDERED

the estimates of expenditure of the CONTRACTING PARTIES for 1986 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 1986, provided that such repayment does not exceed a total of 59,592,580 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 58,700,000 Swiss francs;
 - (b) by miscellaneous income estimated at 892,580 Swiss francs.
3. The Director-General shall report to the Council on the status of budgetary expenditure over the first nine months of 1986.
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 1986.

SCHEDULE I

REVISED ESTIMATES OF EXPENDITURE FOR THE FINANCIAL YEAR 1986

	<u>Original</u> <u>Estimates</u> <u>(L/5840)</u> <u>Sw F</u>	<u>Increases</u> <u>(Decreases)</u> <u>Sw F</u>	<u>Revised</u> <u>Estimates</u> <u>Sw F</u>	
PART I: <u>MEETINGS</u>				
Section 1 - <u>Forty-second session of the</u> <u>CONTRACTING PARTIES</u>				
(i)	Interpretation	13,000	-	13,000
(ii)	Rental of meeting rooms and additional office space	15,000	(11,000)	4,000
(iii)	Other services	1,000	-	1,000
	Total Section 1:	<u>29,000</u> =====	<u>(11,000)</u> =====	<u>18,000</u> =====
Section 2 - <u>Meetings of the Council</u> <u>and other Meetings</u>				
(i)	Interpretation			
	a) Meetings of the Council	5,000	-	5,000
	b) Other meetings	240,000	-	240,000
(ii)	Other services	4,000	-	4,000
	Total Section 2:	<u>249,000</u> =====	<u>-</u> =====	<u>249,000</u> =====
	Total Part I:	<u>278,000</u> =====	<u>(11,000)</u> =====	<u>267,000</u> =====

	<u>Original Estimates (L/5840)</u> <u>Sw F</u>	<u>Increases (Decreases)</u> <u>Sw F</u>	<u>Revised Estimates</u> <u>Sw F</u>
PART II: <u>SECRETARIAT</u>			
Section 3 - <u>Salaries and Wages</u>			
(i) Established posts	29,077,000	(670,000) (433,000) (200,000) (34,000)	
		<u>(1,337,000)</u>	27,740,000
(ii) Temporary assistance (including overtime) and consultants			
(a) Long-term	3,121,000	433,000 (60,000)	
		<u>373,000</u>	3,494,000
(b) Short-term	1,119,000	(40,000)	1,079,000
Total Section 3:	<u>33,317,000</u>	<u>(1,004,000)</u>	<u>32,313,000</u>
Section 4 - <u>Dispute Settlement Panels</u>	<u>100,000</u>	-	<u>100,000</u>
Section 5 - <u>Missions</u>			
(a) Official missions	450,000	(25,000)	425,000
(b) Technical co-operation missions	285,000	-	285,000
Total Section 5:	<u>735,000</u>	<u>(25,000)</u>	<u>710,000</u>
Section 6 - <u>Common Staff Costs</u>			
(i) Installation grants	100,000	-	100,000
(ii) Travel and removal expenses of staff and their dependants	200,000	-	200,000
(iii) Separation payments	60,000	-	60,000
(iv) Contribution to the United Nations Joint Staff Pension Fund	6,145,000	206,000 (320,000) (6,000)	
		<u>(120,000)</u>	6,025,000

	<u>Original Estimates (L/5840)</u>	<u>Increases (Decreases)</u>	<u>Revised Estimates</u>	
	<u>Sw F</u>	<u>Sw F</u>	<u>Sw F</u>	
Section 6 - <u>Common Staff Costs</u> (cont'd)				
(v)	Repatriation grants	180,000	-	180,000
(vi)	Travel on home leave	400,000	-	400,000
(vii)	Family allowances, education grants and related travel:			
	(a) Family allowances	747,000	(10,000)	737,000
	(b) Education grants and related travel	605,000	(10,000)	595,000
(viii)	Joint services	265,000	-	265,000
(ix)	Other common staff costs	<u>664,000</u>	<u>-</u>	<u>664,000</u>
	Total Section 6:	<u>9,366,000</u>	<u>(140,000)</u>	<u>9,226,000</u>
Section 7 - <u>Common Services</u>				
(i)	Cables, telex and telephone communications	110,000	-	110,000
(ii)	Freight and cartage	14,000	-	14,000
(iii)	Books and information material	125,000	(10,000)	115,000
(iv)	Rental and maintenance of premises and equipment:			
	(a) Rent	1,552,000	-	1,552,000
	(b) Electricity	120,000	-	120,000
	(c) Water supply	18,000	-	18,000
	(d) Heating	90,000	-	90,000
	(e) Telephone and telex (rental)	140,000	-	140,000
	(f) Insurance premiums	146,000	-	146,000
	(g) Maintenance expenditure	300,000	-	300,000
	(h) Contractual cleaning	410,000	-	410,000
	(i) Maintenance of service cars	18,000	-	18,000
(v)	Postal services	300,000	-	300,000
(vi)	Stationery and office supplies	130,000	-	130,000
(vii)	Reproduction of documents	710,000	(65,000)	645,000
(viii)	External audit	77,000	(25,000)	52,000
(ix)	Other services and miscellaneous expenditure	<u>795,000</u>	<u>-</u>	<u>795,000</u>
	Total Section 7:	<u>5,055,000</u>	<u>(100,000)</u>	<u>4,955,000</u>

	<u>Original Estimates (L/5840)</u> Sw F	<u>Increases (Decreases)</u> Sw F	<u>Revised Estimates</u> Sw F
Section 8 - <u>Printing</u>	350,000 =====	- =====	350,000 =====
Section 9 - <u>Representation and Hospitality</u>	110,000 =====	- =====	110,000 =====
<u>Public Information</u>	5,000 =====	(5,000) =====	- =====
Section 10 - <u>Permanent Equipment</u>	170,000 =====	(7,000) =====	163,000 =====
Section 11 - <u>Contribution to the Staff Assistance Fund</u>	20,000 =====	- =====	20,000 =====
Total Part II:	49,228,000 =====	(1,281,000) =====	47,947,000 =====
 PART III: <u>UNFORESEEN EXPENDITURE</u>			
Section 12 - <u>Unforeseen Expenditure</u>	200,000 =====	- =====	200,000 =====
 PART IV: <u>COMMERCIAL POLICY TRAINING COURSES</u>			
Section 13 - <u>Commercial Policy Training Courses</u>	1,049,000 =====	- =====	1,049,000 =====
<u>Sub-Total</u>	50,755,000 =====	(1,292,000) =====	49,463,000 =====
 PART V: <u>INTERNATIONAL TRADE CENTRE UNCTAD/GATT</u>			
Section 14 - <u>Contribution to the International Trade Centre UNCTAD/GATT</u>	9,641,000 =====	(73,000) =====	9,568,000 =====
 PART VI: <u>1984 DEFICIT</u>			
Section 15 - <u>Restitution of 1984 deficit and refund to the Working Capital Fund</u>	561,580 =====	- =====	561,580 =====
<u>TOTAL</u>	60,957,580 =====	(1,365,000) =====	59,592,580 =====

SCHEDULE II/ETAT NO II/ESTADO II

SCALE OF CONTRIBUTIONS FOR 1986
BAREME DES CONTRIBUTIONS POUR 1986
ESCALA DE CONTRIBUCIONES PARA 1986

(Scale including a single minimum of 0.12%)/
(Contribution minimale: 0,12%)/(Contribución mínima: 0,12 por ciento)

Country/Pays/País	%	Sw F/FS
<u>Contracting parties/Parties contractantes/</u> <u>Partes contratantes:</u>		
Argentina/Argentine	0.45	264,150
Australia/Australie	1.46	857,020
Austria/Autriche	1.09	639,830
Bangladesh	0.12	70,440
Barbados/Barbade	0.12	70,440
Belgium/Belgique/Bélgica	3.08	1,807,960
Belize/Belice	0.12	70,440
Benin/Bénin	0.12	70,440
Brazil/Brésil/Brasil	1.26	739,620
Burkina Faso	0.12	70,440
Burma/Birmanie/Birmania	0.12	70,440
Burundi	0.12	70,440
Cameroon/Cameroun/Camerún	0.12	70,440
Canada/Canadá	4.54	2,664,980
Central African Republic/République centrafricaine/República Centrafricana	0.12	70,440
Chad/Tchad	0.12	70,440
Chile/Chili	0.22	129,140
Colombia/Colombie	0.26	152,620
Congo, People's Republic/Congo, République populaire/Congo, República Popular	0.12	70,440
Cuba	0.32	187,840
Cyprus/Chypre/Chipre	0.12	70,440
Czechoslovakia/Tchécoslovaquie/Checoslovaquia	1.06	622,220
Denmark/Danemark/Dinamarca	1.01	592,870
Dominican Republic/République Dominicaine/ República Dominicana	0.12	70,440
Egypt, Arab Republic/Egypte, République arabe/ Egipto, República Árabe	0.39	228,930
Finland/Finlande/Finlandia	0.80	469,600
France/Francia	6.47	3,797,890
Gabon/Gabón	0.12	70,440
Gambia/Gambie	0.12	70,440
Germany, Federal Republic/Allemagne, République fédérale/Alemania, República Federal	10.11	5,934,570
Ghana	0.12	70,440
Greece/Grèce/Grecia	0.43	252,410
Guyana/Guyane	0.12	70,440

Country/Pays/País	%	Sw F/FS
<u>Contracting parties/Parties contractantes/ Partes contratantes: (cont'd)/(suite)/(cont.)</u>		
Haiti/Haïti/Haití	0.12	70,440
Hungary/Hongrie/Hungría	0.53	311,110
Iceland/Islande/Islandia	0.12	70,440
India/Inde	0.72	422,640
Indonesia/Indonésie	1.16	680,920
Ireland/Irlande/Irlanda	0.56	328,720
Israel/Israël	0.47	275,890
Italy/Italie/Italia	4.86	2,852,820
Ivory Coast/Côte d'Ivoire/Costa de Marfil	0.14	82,180
Jamaica/Jamaïque	0.12	70,440
Japan/Japon/Japón	8.75	5,136,250
Kenya	0.12	70,440
Korea, Republic/Corée, République/ Corea, República	1.62	950,940
Kuwait/Koweït	0.56	328,720
Luxembourg/Luxemburgo	0.27	158,490
Madagascar	0.12	70,440
Malawi	0.12	70,440
Malaysia/Malaisie/Malasia	0.85	498,950
Maldives/Maldivas	0.12	70,440
Malta/Malte	0.12	70,440
Mauritania/Mauritanie	0.12	70,440
Mauritius/Maurice/Mauricio	0.12	70,440
Netherlands, Kingdom of/Pays Bas, Royaume des/ Países Bajos, Reino de los	4.26	2,500,620
New Zealand/Nouvelle-Zélande/Nueva Zelandia	0.35	205,450
Nicaragua	0.12	70,440
Niger/Niger	0.12	70,440
Nigeria/Nigéria	0.96	563,520
Norway/Norvège/Noruega	1.00	587,000
Pakistan/Pakistán	0.25	146,750
Peru/Pérou/Perú	0.18	105,660
Philippines/Filipinas	0.39	228,930
Poland/Pologne/Polonia	0.69	405,030
Portugal	0.45	264,150
Romania/Roumanie/Rumania	0.72	422,640
Rwanda	0.12	70,440
Senegal/Sénégal	0.12	70,440
Sierra Leone/Sierra Leona	0.12	70,440
Singapore/Singapour/Singapur	1.11	651,570
South Africa/Afrique du Sud/Sudáfrica	1.08	633,960
Spain/Espagne/España	1.58	927,460
Sri Lanka	0.12	70,440
Suriname	0.12	70,440
Sweden/Suède/Suecia	1.69	992,030
Switzerland/Suisse/Suiza	1.70	997,900

Country/Pays/País	%	Sw F/FS
<u>Contracting parties/Parties contractantes/ Partes contratantes: (cont'd)/(suite)/(cont.)</u>		
Tanzania/Tanzanie/Tanzanía	0.12	70,440
Thailand/Thaïlande/Tailandia	0.52	305,240
Togo	0.12	70,440
Trinidad and Tobago/Trinité-et-Tobago/ Trinidad y Tabago	0.17	99,790
Turkey/Turquie/Turquía	0.49	287,630
Uganda/Ouganda	0.12	70,440
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	7.60	4,461,200
United States of America/États-Unis d'Amérique/ Estados Unidos de América	15.47	9,080,890
Uruguay	0.12	70,440
Yugoslavia/Yougoslavie	0.70	410,900
Zaire/Zaire	0.12	70,440
Zambia/Zambie	0.12	70,440
Zimbabwe	0.12	70,440
<u>Associated Governments/Gouvernements associés/ Gobiernos asociados:</u>		
Democratic Kampuchea/Kampuchea démocratique/ Kampuchea democrática	0.12	70,440
Tunisia/Tunisie/Túnez	0.16	93,920
	100.00	58,700,000

STATEMENT OF OUTSTANDING CONTRIBUTIONS AS AT 30 SEPTEMBER 1985/ETAT DES ARRIERES DE CONTRIBUTIONS AU 30 SEPTEMBRE 1985
CONTRIBUCIONES PENDIENTES AL 30 DE SEPTIEMBRE DE 1985

Country/Pays/País	US dollars/Dollars des États-Unis/Dólares EEUU 1969/1972	Swiss francs/Francis suisses/Francos suizos						Total 1973/1985
		1973/1981	1982	1983	1984	1985		
Argentina/Argentine	•••••	•••••	•••••	•••••	•••••	•••••	293,800	557,440
Bangladesh I/	•••••	•••••	•••••	•••••	•••••	•••••	67,800	67,800
Belize/Bélize/Belice	•••••	•••••	•••••	•••••	•••••	•••••	67,800	186,890
Benin/Bénin	•••••	•••••	•••••	•••••	•••••	•••••	67,800	180,378
Brazil/Brésil/Brasil	•••••	•••••	•••••	•••••	•••••	•••••	785,350	785,350
Burkina Faso	•••••	•••••	•••••	•••••	•••••	•••••	67,800	402,349
Burundi	•••••	•••••	•••••	•••••	•••••	•••••	67,800	451,835
Cameroun/Camerún	•••••	•••••	•••••	•••••	•••••	•••••	57,751	57,751
Central African Republic/République centrafricaine/República Centroafricana	•••••	•••••	•••••	•••••	•••••	•••••	67,800	398,936
Chad/Tchad	1969/1972 15,815	•••••	•••••	•••••	•••••	•••••	67,800	594,040
Congo	•••••	•••••	•••••	•••••	•••••	•••••	67,800	361,666
Cuba	•••••	•••••	•••••	•••••	•••••	•••••	180,800	296,642
Cyprus/Cypre/Chipre	•••••	•••••	•••••	•••••	•••••	•••••	67,800	67,800
Dominican Republic/République Dominicaine/ República Dominicana	1971/1972 6,497	•••••	•••••	•••••	•••••	•••••	67,800	594,040
Gabon/Gabón	•••••	•••••	•••••	•••••	•••••	•••••	49,920	49,920
Gambia/Gambia	•••••	•••••	•••••	•••••	•••••	•••••	67,800	447,613
Ghana	•••••	•••••	•••••	•••••	•••••	•••••	67,800	267,567
Greece/Grèce/Grecia	•••••	•••••	•••••	•••••	•••••	•••••	242,950	251,638
Guyana/Guyane	•••••	•••••	•••••	•••••	•••••	•••••	67,800	186,890
Haiti/Haïti/Haití	•••••	•••••	•••••	•••••	•••••	•••••	67,800	344,531
Ivory Coast/Côte d'Ivoire/Costa de Marfil	•••••	•••••	•••••	•••••	•••••	•••••	90,400	116,453
Kampuchea	•••••	•••••	•••••	•••••	•••••	•••••	67,800	580,646
Kenya	•••••	•••••	•••••	•••••	•••••	•••••	62,849	62,849
Madagascar	•••••	•••••	•••••	•••••	•••••	•••••	67,800	220,603
Malawi	•••••	•••••	•••••	•••••	•••••	•••••	15,354	15,354
Maldives/Maldivas	•••••	•••••	•••••	•••••	•••••	•••••	67,800	67,800

Country/Pays/País	US dollars/Dollars des Etats-Unis/Dólares EEUU 1969/1972	Swiss francs/francs suisses/Francos suízos						Total 1973/1985
		1973/1981	1982	1983	1984	1985		
Mauritania/Mauritanie	.	253,999	53,170	58,250	60,840	67,800	494,059	
Nicaragua	.	224,937	53,170	2/	2/	67,800	345,907	
Niger/Níger	.	.	11,788	58,250	60,840	67,800	198,678	
Nigeria/Nigéria	388,100	581,950	970,050	
Pakistan/Pakistán	149	149	
Peru/Pérou/Perú	.	6,760	66,470	92,220	101,400	113,000	449,850	
Philippines/Filipinas	223,477	223,477	
Poland/Pologne/Polonia	440,700	440,700	
Romania/Roumanie/Rumania	406,800	406,800	
Senegal/Sénégal	.	61,208	53,170	58,250	60,840	67,800	301,268	
Sierra Leone/Sierra Leona	.	300,680	53,170	58,250	60,840	67,800	540,740	
Suriname	67,800	67,800	
Tanzania/Tanzanie/Tanzanía	.	54,439	53,170	58,250	60,840	67,800	294,499	
Togo	.	.	21,970	58,250	60,840	67,800	208,860	
Trinidad and Tobago/Trinité-et-Tobago/	42,557	42,557	
Trinidad y Tabago	68,710	68,710	
Turkey/Turquie/Turquía	67,800	67,800	
Uganda/Ouganda	.	124,158	53,170	58,250	60,840	67,800	364,218	
United States of America/Etats-Unis d'Amérique/ Estados Unidos de América	8,407,200	8,407,200	
Uruguay	67,800	67,800	
Zaire/Zaire	.	48,280	53,170	58,250	60,840	67,800	288,340	
Zambia/Zambie	32,707	32,707	
TOTAL	22,312	3,187,084	1,037,831	1,367,208	2,242,203	13,994,824	21,829,150	

US\$22,312 at Sw F 2.30 to US\$1.- equivalent to / 22.312 dollars EU à 2,30 FS par dollar EU, équivalent à /

22.312 dólares EE.UU a 2,30 FS por dólar, que equivalen a 51,318
21,880,468

1/ Payment announced / Paiement annoncé / Se ha anunciado el pago.

2/ In conformity with the payment proposal approved by the CONTRACTING PARTIES in November 1982.
En conformité avec la proposition de paiement approuvée par les PARTIES CONTRACTANTES en novembre 1982.
En conformidad con la propuesta de pago aprobada por las PARTES CONTRATANTES en noviembre de 1982.

N.B. The following payments were received between 1 and 25 October 1985: / Les paiements suivants ont été reçus entre le 1er et le 25 octobre 1985. / Se han recibido los siguientes pagos entre el 1º y el 25 de octubre de 1985:

	<u>\$/ F/ Fr. s. / FS</u>
Argentina/Argentine	15,750
Cyprus/Cyprus/Chypre	67,800
Philippines/Filipinas	109,527
Romania/Roumanie/Rumania	406,800
United States of America/Etats-Unis d'Amérique/ Estados Unidos de América	8,149,656

ANNEX II

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

At the last meeting of the Joint Staff Pension Board the discussion focussed on two points: the actuarial valuation of the pension fund, and the pensionable remuneration of Professional staff and above.

I. Actuarial valuation of the Pension Fund as at 31 December 1984

The actuarial balance of the Pension Fund has improved, and the current deficit is now 3.01 per cent. The actuaries consider that if contributions were raised to 24 per cent, as had been decided in 1983, the deficit would be virtually wiped out. The Pension Board decided unanimously to recommend to the United Nations General Assembly an increase in contributions by 0.75 per cent as from 1 January next (0.5 per cent to be paid by the Organization, and 0.25 per cent by participants). Ensuing increases are to take effect on 1 January 1988 and 1 January 1990.

The 0.5 per cent increase in the GATT contribution on pensionable remuneration will imply additional budgetary expenditure of some Sw F 200,000 for which provision has been made in the budget estimates we are now examining.

II. Pensionable remuneration

Contrary to the recommendations made by the Pension Board last year, the United Nations General Assembly suspended the automatic adjustment of pensionable remuneration and adopted a new scale applicable as from 1 January 1985. For staff in service at 31 December 1984, this has meant a sharp decline in their pensionable remuneration from one day to the next. Accordingly GATT, like most other Europe-based international organizations (with the exception of the United Nations), decided to place on a suspense account the amount of the difference between contributions under the old scale and contributions under the new scale applicable as from 1 January 1985. This suspense account would be used to finance transitional measures to take account of acquired rights of staff already in service.

At its August 1985 session, the Pension Board reaffirmed the need for automatic adjustment of pensionable remuneration. It also reiterated the recommendation it had made last year, which was not adopted by the General Assembly, that for staff in service on 31 December 1984, the level of pensionable remuneration applicable on that day should be maintained until overtaken by future adjustments of the scale applicable as from 1 January 1985.

The discussion on this agenda item was particularly stormy, and for the first time in a number of years, decisions were put to the vote. The

Pension Board proposed to the General Assembly, as a fall-back solution in the event that the General Assembly could not adopt the above-mentioned recommendation, that in calculating individual benefits the highest final average pensionable remuneration, taking account of scales prior to 1985, should be considered as the minimum until such time as it is overtaken by the final average pensionable remuneration based on any future scale higher than the current one.

Another problem considered was that of setting a ceiling on highest pensions and on the lump sum which participants can opt to take.

The Pension Board concluded that it would not be appropriate:

1. to set a ceiling on pensions, such a measure being neither necessary nor justified since it would be discriminatory and would not improve the Fund's actuarial balance;

2. to set a ceiling on the amount that can be taken as a lump sum, since such a measure would be of a punitive character and would have a negative effect on the actuarial situation of the Pension Fund.

INTERNATIONAL TRADE CENTRE UNCTAD/GATT

INTRODUCTION

99. Before turning to the Centre's Second Performance Report for 1984-1985 and the Proposed Programme Budget for 1986-1987, the Committee heard an introductory statement by the Director of the Centre's Division of Programme, Finance and External Relations, on behalf of the Executive Director of the Centre, absent on official mission. He referred to the general support for an increase in voluntary contributions to the Centre notably to enable it to develop its activities related to the marketing and distribution of processed and unprocessed commodities. He hoped that this would enable the Centre to return to the higher levels of trust fund contributions enjoyed a few years ago.

100. Although the value of technical co-operation projects in trade promotion implemented in 1984-1985 had declined slightly in monetary terms, services provided had actually increased. While the implementation of trust fund financed projects had been maintained at the 1984 level in US dollar terms, UNDP financed projects had continued to register steady growth.

101. With regard to the Second Performance Report for 1984-1985, the revision of the Regular Programme Budget resulted in a decrease of US\$251,700 in the contributions of GATT and the United Nations.

102. Concerning the Regular Programme Budget for 1986-1987, this had been elaborated in late 1984 in accordance with related United Nations instructions, and issued in March 1985. The proposals were reviewed by the Advisory Committee on Administrative and Budgetary Questions (ACABQ) in May 1985. Although the estimates called for a resource growth of 2.7 per cent, the growth of the United Nations and GATT shares amounted to only 0.2 per cent as a result of an increase in miscellaneous income for the period.

103. In its report, which was before the Committee, ACABQ recommended reductions totalling US\$118,800.

II. SECOND PERFORMANCE REPORT FOR 1984-1985

104. The Committee noted from the Centre's Performance Report and from an information paper provided by the GATT secretariat that the revision of the Centre's 1984-1985 budget would result in a reduction of some Sw F 469,000 in GATT's contribution to the Centre for 1985.

III. PROPOSED PROGRAMME BUDGET FOR THE BIENNIUM 1986-1987

105. In taking note of the recommendation made by ACABQ to reduce the Centre's budget for 1986-1987 by US\$118,800, some members of the Committee supported the initial proposal of the Centre and several expressed dissatisfaction with the system of approval of Centre budgets. The process and its timing made the initiation of any changes by GATT difficult.

106. In this connection, the Committee requested the secretariat, in collaboration with representatives of the Centre, to provide a paper setting out ways in which the CONTRACTING PARTIES could exercise greater control over the size of GATT's contribution to the Centre's budget.

107. A representative of the secretariat informed the Committee that ACABQ's reduction would result in a corresponding reduction of Sw F 73,000 in the provision for GATT's contribution to the Centre in 1986.

108. The Committee noted that the rate of US\$1/Sw F 2.50 had been maintained for the calculation of the Centre budget although the Committee had adopted a rate of US\$1/Sw F 2.30 for the GATT budget. The rate used for the Centre budget would be adjusted by the United Nations, in December 1985, to the rate in force at that time. An exchange rate lower than US\$1/Sw F 2.50 would result in savings on the GATT budget.

109. The Committee recommends to the Council that the estimates of expenditure of the International Trade Centre UNCTAD/GATT for the biennium 1986-1987 be approved in the amount of US\$17,111,600 (1986: US\$8,492,700; 1987: US\$8,618,900). Miscellaneous income is estimated at US\$379,000 (1986: US\$189,000; 1987: US\$190,000) and transfer of US\$650,000 will be made to the 1986 budget from surplus. The net amount to be provided to the Centre from the 1986 GATT budget is US\$3,826,850, equal to the contribution to be made by the United Nations, representing Sw F 9,568,000 at the rate of US\$1/Sw F 2.50. The contribution will be paid in Swiss francs in twelve equal monthly instalments.

POINT FOR DECISION: Paragraph 109