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GATT INCOME BUDGET: PROPOSED SCALE OF ASSESSMENT FOR 1988

Communication from Jamaica

In 1986, Jamaica was unable to join in the recommendation of the Committee on Budget, Finance and Administration on the applicable scale of assessment to meet the GATT's budgetary expenditure for 1987.

The Council in adopting the Budget and the scale of assessment for 1987 requested the Budget Committee to examine the issues raised by Jamaica and to make recommendations (Annex I - C/M/204, page 25).

Jamaica's concern then and now was that while many contracting parties were assessed on the basis of their shares in total international trade (i.e. imports plus exports), the same method of assessment was not applied to other contracting parties. For example, based on the present scale of assessment, fifty-three contracting parties would be assessed at a level directly commensurate with their respective shares in international trade. On the other hand, forty-three contracting parties would be assessed in each case a minimum of 0.12 per cent of the total contributions, an assessment which, bears no relationship to their respective shares in world trade.

Jamaica believes that the minimum contribution above actual trade shares is an inequitable way to apportion the cost of funding the expenditure of the GATT. Not only does it impose a financial burden which could discourage the evolution of a more broadly based and representative multilateral trading system, but it is a primary cause of the chronic arrears and the cash-flow problems which affect adversely the financial operations of the GATT.

An examination of modalities used for apportioning contributions among the members of the GATT, since the first budget in 1949, shows that several methods have been applied over the years. These have been linked in some way or other to the relative importance of contracting parties in international trade and has since 1957 involved the application of a minimum contribution, the level of which has undergone several changes. Between 1963 and 1966, a minimum contribution of US\$2,500 was applied to contracting parties whose trade shares did not exceed 0.1 per cent. In 1968 a single minimum contribution of 0.12 per cent became applicable to countries whose share in international trade was at or below this level. This is set out in secretariat document Spec(86)9/Rev.1 of 23 March 1987.

Jamaica believes it opportune to repeat now its proposal made in the Council in 1986 and upon which the Council, at the time, requested the Budget Committee to make recommendations. The proposal is intended to make the scale of assessment equitable. Jamaica proposes the abolition of the two-tiered system. This necessitates the elimination of the minimum contribution, which at 0.12 per cent is in Jamaica's case, more than twice actual share in world trade. Even with the elimination of the minimum contribution, there will be a built-in regressivity due to the relatively large share of trade in the gross national product of small open economies.

Jamaica proposes that the Council recommend that the scale of contribution to the GATT budget for 1988 and future years be assessed for all contracting parties on the basis of actual trade shares, using figures for the three most recent years available.

In making its proposal Jamaica is also guided by the correlation between the incidence of arrears and the application of the minimum assessment. Attention is drawn again to the secretariat's document Spec(86)9/Rev.1 of 23 March 1987.

The GATT secretariat has proposed a minimum contribution of 0.3 per cent (document L/6220). The Jamaican delegation, if this proposal were acceptable to contracting parties, is willing to forego its own proposal for contributions based on actual trade shares. In the final analysis the guiding principles for the scale of assessment should, be equity and the potential to reduce arrears and improve GATT's cash flow.

Annexed to this communication is a computation indicating the scale of contribution that would be applicable if the income budget were apportioned on the basis of actual trade shares (Annex II).

ANNEX I

The representative of Jamaica said that his was the delegation which had been unable to join in the recommendation of the Committee regarding the ways and means to meet GATT's expenditure budget for 1987. He said that between 1949 and 1967, GATT had used three different systems for assessing contracting parties' contributions, and that in 1968 it had reverted to a single minimum contribution of 0.12 per cent of the budget. This rate currently applied to 42 countries including Jamaica. His delegation would circulate a note on the historical background and method of calculating the GATT budget. He said that over the most recent 10 years alone, the budget had increased from SwF 36.3 million in 1977 to Sw F 59.6 million in 1986, or some 60 per cent. During that period, Jamaica's contribution had increased from Sw F 42,700 to Sw F 70,440, or roughly 65 per cent. The essential point was that the minimum contribution assessed on contracting parties was often way out of proportion to their share in trade. For 1987, the 42 countries previously cited would contribute 5.04 per cent of GATT's budget, while their cumulative share in total contracting parties' trade amounted to only 1.5 per cent. Based on actual trade figures for 1983-1985, Jamaica's share of the 1987 budget would be 0.0588 per cent; were its 1987 contribution to be assessed on the basis of actual trade share, the amount would be less than half the Sw F 72,120 Jamaica had been assessed for 1987 based on the 0.12 per cent minimum rate. As at 30 September 1986, contracting parties assessed at the minimum rate were responsible for 98 per cent of the contributions in arrears for the period 1973-82, and 66 per cent for 1985 alone; this had no doubt been due in part to the fact that their assessed contributions were often disproportionate to their trade share. In support of this point, Jamaica would circulate a set of tables on the impact on each contracting party of the use of actual trade-share basis to assess all contributions. His delegation proposed that the Council recommend that the scale of contributions to the GATT budget for 1987 and future years be assessed for all contracting parties on the basis of their actual share of total contracting parties' trade, using figures for the three most recent years available, thus eliminating the minimum contribution.

The Council asked the Budget Committee to examine the matter raised by Jamaica and to make recommendations for appropriate action by the Council.

ANNEX II

**DRAFT SCALE OF CONTRIBUTIONS
BASED ON TOTAL ASSESSMENTS OF Sw F 60,300,000**

(Without minimum contribution)

Contracting parties/Parties contractantes/ Partes contratantes:	Contributions	
	Z	Sw F
Antigua and Barbuda/Antigua et Barbuda.....	0.0046	2,774
Argentina/Argentine.....	0.3582	215,995
Australia/Australie.....	1.4074	848,662
Austria/Autriche.....	1.1825	713,048
Bangladesh.....	0.1002	60,421
Barbados/Barbade.....	0.0284	17,125
Belgium/Belgique/Béligica.....	3.1380	1,892,214
Belize/Bélize/Belice.....	0.0061	3,678
Benin/Bénin.....	0.0140	8,442
Botswana.....	0.0406	24,482
Brazil/Brésil/Brasil.....	1.1674	703,942
Burkina Faso.....	0.0100	6,030
Burma/Birmanie/Birmania.....	0.0178	10,733
Burundi.....	0.0082	4,945
Cameroon/Cameroun/Camerún.....	0.0621	37,446
Canada/Canadá.....	4.9562	2,988,589
Central African Republic/République centrafricaine/República Centroafricana.....	0.0066	3,980
Chad/Tchad.....	0.0065	3,920
Chile/Chili.....	0.1976	119,153
Colombia/Colombie.....	0.2368	142,790
Congo.....	0.0508	30,632
Côte d'Ivoire.....	0.1236	74,531
Cuba.....	0.4339	261,642
Cyprus/Chypre/Chipre.....	0.0517	31,175
Czechoslovakia/Tchécoslovaquie/Checoslovaquia...	1.1089	668,667
Denmark/Danemark/Dinamarca.....	1.0896	657,029
Dominican Republic/République Dominicaine República Dominicana.....	0.0653	39,376
Egypt/Egypte/Egipto.....	0.3950	238,185
Finland/Finlande/Finlandia.....	0.8124	489,877
France/Francia.....	6.5255	3,934,877
Gabon/Gabón.....	0.0823	49,627
Gambia/Gambie.....	0.0043	2,593
Germany (FR) /Allemagne (RF) /Alemania (RF)....	10.5940	6,388,182
Ghana.....	0.0398	23,999
Greece/Grèce/Grecia.....	0.4416	266,285
Guyana.....	0.0151	9,105
Haiti/Haïti/Haití.....	0.0156	9,407
Hong Kong.....	1.8040	1,087,812
Hungary/Hongrie/Hungría.....	0.5018	302,585
Iceland/Islande/Islandia.....	0.0502	30,271
India/Inde.....	0.6790	409,437
Indonesia/Indonésie.....	0.9823	592,327
Ireland/Irlande/Irlanda.....	0.6152	370,966
Israel/Israël.....	0.4689	282,747
Italy/Italie/Italia.....	5.0527	3,046,778
Jamaica/Jamaïca.....	0.0483	29,426
Japan/Japon/Japón.....	9.1542	5,519,983
Kampuchea.....	0.0060	3,618
Kenya.....	0.0756	45,587
Korea/Corée/Corea.....	1.8042	1,087,933
Kuwait/Koweït.....	0.5226	315,128

Contracting parties/Parties contractantes/ Partes contratantes:	%	Contributions
Luxembourg/Luxemburgo.....	0.2729	164,559
Madagascar.....	0.0200	12,060
Malawi.....	0.0160	9,648
Malaysia/Malaisie/Malasia.....	0.7981	481,254
Maldives/Maldivas.....	0.0021	1,266
Malta/Malte.....	0.0324	19,537
Mauritania/Mauritanie.....	0.0154	9,286
Mauritius/Maurice/Mauricio.....	0.0302	18,211
Mexico/Mexique/México.....	0.9286	559,946
Morocco/Maroc/Marruecos.....	0.1702	102,631
Netherlands/Pays-Bas/Paises Bajos.....	4.2851	2,583,915
New Zealand/Nouvelle-Zélande/Nueva Zelandia.....	0.3402	205,141
Nicaragua.....	0.0343	20,683
Niger/Níger.....	0.0289	17,427
Nigeria/Nigéria.....	0.6276	378,443
Norway/Norvège/Noruega.....	1.0277	619,703
Pakistan/Pakistán.....	0.2481	149,604
Peru/Pérou/Perú.....	0.1468	88,520
Philippines/Filipinas.....	0.3071	185,181
Poland/Pologne/Polonia.....	0.6733	406,000
Portugal.....	0.4548	274,244
Romania/Roumanie/Rumania.....	0.5498	331,529
Rwanda.....	0.0119	7,176
Senegal/Sénégal.....	0.0448	27,014
Sierra Leone/Sierra Leona.....	0.0082	4,945
Singapore/Singapour/Singapur.....	0.9973	601,372
South Africa/Afrique du Sud/Subáfrica.....	0.8946	539,444
Spain/Espagne/España.....	1.6239	979,212
Sri Lanka.....	0.0932	56,200
Suriname.....	0.0237	14,291
Sweden/Suède/Suecia.....	1.7769	1,071,471
Switzerland/Suisse/Suiza.....	1.8469	1,113,681
Tanzania/Tanzanie/Tanzania.....	0.0333	20,080
Thailand/Thaïlande/Tailandia.....	0.5013	302,284
Togo.....	0.0130	7,839
Trinidad and Tobago/Trinité-et-Tobago/ Trinidad y Tabago.....	0.1020	61,506
Tunisia/Tunisie/Túnez.....	0.1357	81,827
Turkey/Turquie/Turquia.....	0.4986	300,656
Uganda/Ouganda.....	0.0209	12,603
United Kingdom/Royaume Uni/Reino Unido.....	6.1963	3,736,369
United States of America/Etats-Unis d'Amérique/ Estados Unidos de América.....	16.7320	10,089,396
Uruguay.....	0.0498	30,029
Yugoslavia/Yougoslavie.....	0.6469	390,081
Zaire/Zaire.....	0.0517	31,175
Zambia/Zambie.....	0.0512	30,874
Zimbabwe.....	0.0722	43,537
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	100.0000	60,300,000
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