

GENERAL AGREEMENT ON

RESTRICTED

TARIFFS AND TRADE

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REPORT OF THE COMMITTEE ON BUDGET, FINANCE AND ADMINISTRATION

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INTRODUCTION

1. The Committee on Budget, Finance and Administration met at the Centre William Rappard, Geneva on 26 September, 3, 4 and 7 October 1988 in formal sessions and in an informal session on 21 September 1988.

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

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

3. The agenda of the meetings contained in GATT/AIR/2673 was approved.

4. The Committee had before it the following documents:

GATT Secretariat

- 1988 Expenditure and Commitments Statement as at 31 August 1988 (Spec(88)46)
- Statement of Outstanding Contributions as at 30 September 1988 (Spec(88)50)
- Budget Estimates for the Financial Year 1989 (L/6390)

International Trade Centre UNCTAD/GATT

- Final accounts for 1986-1987 (A/43/5, Supplement No. 5)
- First performance report on the Programme Budget for the Biennium 1988-1989 and GATT contributions to the ITC (ITC/BUD/8)

A. GATT SECRETARIAT

I. FINANCING OF THE 1988 BUDGET

Income and expenditure Budget

5. The Committee examined the 1988 Expenditure and Commitments Statement as at 31 August 1988 (Spec(88)46) presented by the Secretariat. It was emphasized that the figures were estimates prepared four months before the end of the year and should therefore be treated as such. It was noted that, on the basis of these figures, the expenditure budget was expected to close with practically a nil balance. Accordingly, while some individual items would be overspent, overall, the budget would be in balance. Particular attention was drawn to over-expenditure in relation to interpretation and temporary assistance under the Uruguay Round and it was emphasized that this was due primarily to the number of meetings now taking place under the Round. This was an important indication of the increase in workload because it had a direct effect on other parts of the Secretariat's activities, for example, documentation, reproduction, translation, typing, postage and overtime costs. It was noted that, unless some control was exercised in relation to the number of meetings taking place, substantial further financial commitments were anticipated under these headings up to the end of 1988.

6. Some members of the Committee expressed concern at the overspending under certain headings and suggested, in relation to the budget as a whole, that the Secretariat should report to the Committee as the year progresses, on areas of possible over-expenditure. The need for financial discipline and proper control of expenditure was emphasized. The Committee agreed that this was an important issue and decided to examine separately the establishment of a procedure to keep the Committee informed on a regular basis of areas of over-expenditure.

Cash situation and outstanding contributions

7. The Committee noted that, at 30 September 1988, the total outstanding contributions amounted to Sw F 30,951,450. On the assumption that major contributions would be received by the end of 1988 it was expected that there would be sufficient funds available to meet the organization's commitments. Accordingly, it should not be necessary to seek advances from the Working Capital Fund.

8. The Chairman drew attention to the fact that Democratic Kampuchea continues to be listed even though the view had been expressed by the Legal Advisor of the Secretariat that the country concerned had not acceded to the GATT and consequently no assessment should be made on it.

9. Following discussion of the matter the Committee agreed to list Democratic Kampuchea outside the scale of contributions pending further considerations.

II. ESTIMATES OF EXPENDITURE FOR 1989

10. In the absence of the Director-General, the introduction to the 1989 Budget was presented on his behalf by a member of the Secretariat. He drew attention to the Uruguay Round which he indicated was now moving towards a very critical and important stage of its development. It was placing increasing demands on the Secretariat as a whole, demands which, if the Round were to be successful would require the allocation of additional resources in 1989. Despite these demands he emphasized that the Secretariat had exercised restraint to the fullest extent possible in preparing the budget. They had tried to keep expenditure increases to an absolute minimum, and to explore all avenues which would allow them, without adding to costs, to meet the exacting demands which would be placed on the Secretariat in the forthcoming year.

11. The proposed budget contained a provision of Sw F 750,000 for a possible Trade Policy Review Mechanism (TPRM) which would be a subject for decision by the Trade Negotiations Committee at the Montreal Ministerial meeting. The provision was being included at this stage so that in the event of a favourable decision it would not be necessary for the contracting parties to provide supplementary budget contributions. He emphasized however that nothing would be spent unless the principle of establishment of the TPRM was accepted by the Ministers and the detailed budget approved by the Budget Committee and the Council.

12. Excluding the provision for the TPRM the proposed 1989 Budget showed an increase of 4.8 per cent over the 1988 budget. He said that this was a fair increase, given the demands which would arise in 1989. Further justification for the increase was the fact that statutory and other unavoidable increases together with inflation and the changed dollar value accounted for half of the total budget increase.

13. He referred to the two main components of the proposed budget i.e. the GATT regular budget and the Uruguay Round budget. As far as the regular budget was concerned he said that the Secretariat had made a concerted effort to absorb practically all of the inflationary effects, and apart from some increases in respect of common staff costs and common services, had succeeded in doing so. In support of this point he indicated that the regular budget showed an increase of 2.5 per cent at a time when it was estimated that the rate of inflation in Geneva for 1989 would be 3 per cent.

14. Work demands arising under the Uruguay Round indicated a need for an additional five Professional and five General Service temporary assistance posts. He said however, that in order to minimize the overall increase he was requesting only six of these posts (three Professional and three General Service posts). He added that he would find it extremely difficult to make a choice as all ten posts were equally needed.

15. He went on to refer to several indicators which demonstrated a considerable increase in the workload of the Secretariat. In particular he

drew attention to the number of meetings taking place which he said had increased by 32 per cent since 1986. The expected expenditure in 1988 in respect of interpretation under the Uruguay Round budget was estimated to be almost three times higher than the budgeted amount. He said that if the 1989 Budget had been prepared on the basis of these trends then the Secretariat would have been requesting much larger increases. However, while the requests had been kept to an absolute minimum he put it to the Committee that the situation was no longer under control. He asked whether there ought to be a limit on the budgetary provision and therefore, the number of meetings which could take place or ought the Committee make provision for meetings without regard to the financial implications. He said that solutions to these questions would have to be found without delay.

16. Turning to some other highlights of the 1989 budget he outlined the importance of Electronic Data Processing (EDP) in the GATT. He felt very strongly that GATT could not afford to be left behind in relation to information technology, especially in areas where it offered scope for improvement in efficiency and cost effectiveness. He mentioned the need to identify the present and future EDP requirements of the Secretariat. He added that the needs of the contracting parties who wished to have access to the GATT computer systems and data banks which would be created were also important. Side by side with existing EDP commitments there was a need to develop more far-reaching and comprehensive EDP plans for the Secretariat and a provision of Sw F 80,000 had been included in the proposed budget to fund two consultancy studies to allow an orderly development of office automation within the Secretariat.

17. He outlined the details of the proposed allocation for EDP and he said that with the increased work commitments under the Uruguay Round it was not surprising to find that the Round accounted for the largest proportion of the increased EDP provision.

18. With regard to office accommodation he said the difficulties the Secretariat was facing could not be over-emphasized. All offices were fully occupied and it was especially difficult to accommodate temporary staff, especially translators, during periods of peak demand.

19. In conclusion he said that a time of expanding work commitments and scarce budgetary resources was a difficult one for any organization but it was especially difficult for GATT in the context of the deadlines which had been set on the Uruguay Round of negotiations. The problem was how best to meet the work requirements of the GATT, within the limit of available budgetary resources.

20. Several members of the Committee said that they were in a position to support the budget proposals in the overall sense. While they would be scrutinizing some individual items they felt that a genuine effort had been made to hold down costs and at the same time be realistic about anticipated expenditure. Other members said that their governments sought a zero growth budget as this was in line with what their own national governments

had been implementing in relation to their own public service organizations. Others said that the increases in respect of the Uruguay Round should be funded from savings on other areas of the budget. Others still expressed concern about the growth of the budget in the past four years and indicated that since 1984, a period of budgetary restraint for governments, it had increased by 25 per cent. For 1989 alone the proposed increase in the Uruguay Round budget was 50 per cent. Some members expressed a need for regular information throughout the year on budgetary expenditure trends and indications of the upper limits to yearly growth in relative terms. The Committee expressed a need for more financial discipline by the Secretariat and that contracting parties should be made aware of the financial implications when requesting meetings, documentation and other resources from the Secretariat.

Forty-fifth session of the CONTRACTING PARTIES

21. With regard to the provision for rental of the meeting rooms and other services for the forty-fifth session of the CONTRACTING PARTIES some members of the Committee queried the proposed provision of Sw F 18,000. A member of the Secretariat explained that the allocation had been set at this level on the basis that the International Conference Centre would not be available. However, as it was now available the allocation could be reduced and a provision of Sw F 10,000 would be sufficient to meet anticipated costs.

Regradings

22. The Committee expressed reservations about the fourteen proposed regradings. Although the cost in 1989 was relatively small there was a recurring cost associated with these proposals. Some members were concerned that the practice of regrading posts would, over the years, lead to grade inflation within the organization. They said that they would need more details to help them reach an informed decision on this matter. Others still said that regradings should be funded through compensatory savings, for example through the abolition of posts, reallocation of tasks or downgrading of other posts and when this was the case the Committee should be provided with the information. They said there was no evidence that this was being proposed in this instance. The Committee was asked every year to approve the upgrading of posts but there was nothing to indicate that posts were also being downgraded.

23. A member of the Secretariat explained that, unlike the situation in other international organizations, the Director-General did not, in fact, have delegated authority to grade posts within an overall salary framework. With regard to downgradings he explained that these were continuously put into effect as part of the ongoing process of reviewing the grading of posts but, as they did not involve increases in expenditure, there was no need to put them before the Budget Committee.

24. One member underlined the need for more transparency in the overall staffing structure. Another member proposed that the question of

delegation of authority should be considered further. He suggested that if the Committee could be assured that there were sufficient controls to monitor the Secretariat's performance, in future it might be more satisfactory if the Committee did not have to consider proposals for regradings as part of the annual budget examination process. He suggested that the Secretariat consider the matter further with a view to the Committee reporting on it to the Council in due course. As far as the regrading proposals in the 1989 budget were concerned, his delegation were prepared to accept them.

Temporary Assistance (including overtime)

25. A representative of the Secretariat explained that all of the inflationary increases in respect of regular budget temporary assistance had been absorbed. As a result, there would be a reduction in staff resources. Some members noted that in any event there was a significant increase in temporary assistance under the Uruguay Round.

Technical Co-operation Missions

26. The Committee noted that no increase was proposed in the provision in regard to technical co-operation missions under either the regular budget or the Uruguay Round budget. In response to questions a member of the Secretariat explained that the number of missions had not yet been established. Missions were organized on the basis of the actual requests received and at this stage it could not be ascertained whether the allocation was sufficient to meet requests which might be received during the course of 1989. However, on the basis of current projections of the 1989 demand it was hoped to meet all requests arising in 1989. He added that no provision was made to meet the higher costs of air-fares which, in effect, meant a reduction in the provision in real terms.

27. One member of the Committee, with the support of several others proposed that the saving of Sw F 8,000 which would result from the revised allocation for rental of meeting rooms and other services for the forty-fifth session of the CONTRACTING PARTIES should be allocated to Technical Co-operation Missions.

28. One member referred to discussions taking place in the Committee on Trade and Development on the establishment of trust funds to aid technical assistance. He said his delegation had reservations about whether trust funds were the best method of funding such missions and indicated that it might be better to fund them in the usual way through a budget allocation. He emphasized his country's commitment to technical co-operation missions but indicated that his country might not be in a position to support the establishment of trust funds in the Committee on Trade and Development.

Contribution to the United Nations Sickness Insurance Society

29. Some members of the Committee expressed concern at the large increase (almost 20 per cent) which had been proposed under this heading. A member

of the Secretariat explained that the additional amount was intended to meet the organization's share of the cost of an increase in the rate of contribution which was payable in equal amounts by the organization and staff members which had come into effect on 1 July 1988 and the cost of a further increase which was anticipated from 1 January 1989 to meet the precarious position of the insurance scheme. One member of the Committee said that increases of this nature posed real difficulties for his country i.e. the anticipation of expenditure which was influenced by decisions of third parties. A member of the Secretariat said that they were in the process of examining the entire question of sickness insurance with a view to identifying alternative ways of meeting the organization's and staff members' needs in this regard.

Printing

30. Some members of the Committee felt that the proposed increase was excessive. They accepted that the Uruguay Round would increase documentation costs but they could not accept that it would also increase publications costs. Others said that they had difficulty in examining the proposed allocation because they did not have sufficient information to allow them to distinguish between annual and one time publications. Still others asked whether printing costs would be lower outside of Geneva. A member of the Secretariat gave a detailed breakdown of the proposed allocation and explained that the Director-General had reduced the requests from Divisional Directors for printing from Sw F 640,000 to Sw F 450,000. He went on to explain the procedure for awarding printing contracts and added that while the pricing structure of a contract was always of major importance, experience had shown that costs outside Geneva were not, in fact, always cheaper. In conclusion he said that the Secretariat was improving the quality and presentation of publications in an effort to generate more income from sales.

Rental of Centre William Rappard (CWR)

31. The Committee noted that the increase in the provision for rental of Centre William Rappard was a contractual increase payable to FIPOI which took account of the running costs of the premises together with necessary basic repairs and improvements. The Secretariat stated that, by Geneva standards, the rental cost was extremely attractive and amounted to less than Sw F 130 per square metre. One member of the Committee noted that the proposed increase in 1989 was 8 per cent which he considered excessive. He noted further that this included capital expenditure and suggested that the Secretariat should contact FIPOI with a view to securing terms which would limit the escalation of costs to contracting parties in light of the fact that the GATT was an intergovernmental organization with headquarters in Geneva and not a commercial entity.

Rental of offices outside CWR

32. The Committee queried the need to rent offices outside CWR. Some members were concerned about the apparently very high costs of rental for

80, rue de Lausanne and asked why the offices at ch. des Mines had been vacated. A member of the Secretariat traced the background to the Director-General's decision to rent office space at 80, rue de Lausanne. He said that in 1986 GATT was obliged to rent offices outside CWR as a result of the increased staffing levels due to the Uruguay Round. 553 m² of office space in close proximity to CWR was found at 2, chemin des Mines but by the end of 1987 this office space proved to be insufficient. GATT was obliged to convert the Recreation Room in CWR into make-shift offices and to rent office space on a temporary basis on the premises of the Palais des Nations. In the 1988 provision for offices outside CWR the Budget Committee approved an increase of Sw F 160,000 for additional offices. He explained that as no more space was available at Chemin des Mines the Secretariat had to look elsewhere. 628 m² were found at 80, rue de Lausanne comprising twenty-three offices where forty-six staff members could be accommodated. This solution allowed the Secretariat to give up seventeen offices at chemin des Mines and to retain just 101 m² as training rooms. He said that one of the considerations influencing the decision to rent these offices was the desirability of having all staff outside CWR accommodated in the same location. As a matter of fact, the rental costs at 80, rue de Lausanne, although high in absolute terms, on a per capita basis were equal to the rental cost at ch. des Mines. It was noted that the parking spaces were an integral part of the letting agreement for 80, rue de Lausanne and had to be rented with the office space. He told the Committee that the additional 170 m² of office space which it was proposed to rent was intended to cover not only the six new temporary assistance posts proposed under the Uruguay Round budget but also temporary translators. On the suggestion of one member of the Committee the Secretariat undertook to investigate the possibility of renting alternative accommodation at 72, rue de Lausanne. Some members emphasized that rental was a significant component of budgetary increases and the GATT Secretariat should increase efforts to rationalize the rental and use of office space. The Secretariat should keep the Committee informed on a timely basis of actual and projected developments in this area. It was suggested that the Secretariat should undertake an urgent review and report to the Committee on its policy with regard to rental.

Electronic Data Processing

33. A member of the Secretariat outlined the details of the proposed provision of Sw F 1,380,000 in respect of Electronic Data Processing as follows: Sw F 995,000 in respect of GATT regular activities of which Sw F 80,000 was proposed for two consultancy studies of the future development of office automation in the Secretariat; Sw F 295,000 in respect of the Uruguay Round Budget and Sw F 90,000 for machine time associated with the Integrated Data Base. He explained that the breakdown of the proposed provision between the regular activities and the Uruguay Round budget was, of necessity, somewhat artificial. In accordance with the Committee's decision in 1988, separate costings were being shown for the Uruguay Round provisions. In practice, it was often difficult to make the distinction between the Uruguay Round and GATT regular activities.

34. Some members of the Committee queried the proposed provision of Sw F 80,000 for two studies of the office automation needs of the Secretariat. A member considered that one of these studies might be proposed for 1990. The Secretariat recalled that the Director-General attached a high priority to EDP and considered it important that the organization should be able to keep abreast of the latest EDP developments as well as ensuring maximum efficiency and cost effectiveness. It was important therefore to undertake these studies as soon as possible in order to ensure that money for EDP needs was being well spent.

35. One member of the Committee said that an increase in expenditure on EDP might lead to savings in the years ahead. However he stressed that the future development of EDP in the Secretariat should take account of the contracting parties needs as well. He had raised this matter before and he said that they wanted mission delegates to be given access to terminal equipment and data banks. These views had been considered as important and in fact were part of the draft terms of reference for the proposed studies. He added that the use of EDP had contributed to an increase in efficiency and without it, further staffing increases would have occurred. Some members emphasized that it was important to be kept informed of output and usage resulting from the significant increases in expenditure on Electronic Data Processing so that contracting parties could assess the benefits derived therefrom. Further, they wished to be kept informed on an ongoing basis of the studies to be carried out.

URUGUAY ROUND

Temporary Assistance (including overtime)

36. It was noted that the Director-General had put forward a justification for ten additional temporary assistance posts but in order to reduce expenditure had decided to request only six of these. Some members of the Committee felt that the Director-General should identify the six posts before any decisions were taken in the Budget Committee. One member felt that the creation of six unidentified new posts was contrary to common budgetary practice, e.g. the clarity of the budget, and reserved his position. Other members said they could readily see a need for some of the proposed posts but that they did not have sufficient information to decide if all were needed. With regard to the translator post a member of the Secretariat explained that it was often the practice when a new post was authorized to recruit several translators for various short periods of the year subject to the total number of workdays not exceeding the corresponding number of work days for a full time post. A member of the Secretariat said that the selection process would be extremely difficult since in fact all of the ten posts were needed and he was not in a position at this stage to identify the six positions which would be selected. There would have to be consultation with the appropriate divisional directors with the aim of identifying areas of most pressing need. Additional information regarding the five professional posts was made available to the Committee.

37. The Committee agreed to the financing of six additional posts (three Professional and three General Service) noting that in doing so it was not taking a position regarding the need for or justification of ten posts. The Committee would wish that in the future the Secretariat identify and submit to it only those posts for which financing was requested.

Books and information material

38. Some members of the Committee noted that the provision for books and information material was Sw F 50,000 under the Uruguay Round budget and Sw F 140,000 under the regular budget and questioned the need for this increase in total resources for the library. A member of the Secretariat explained that the proposed provision took account of the fact that the library stock of publications was not sufficiently comprehensive. The amount of funds allocated to the library over the years had not taken account of inflation and extra resources were now required to bring it up to an acceptable standard. He added that if steps were not taken at this time to improve the situation, the future viability of the library was in question.

Stationery and office supplies

39. Some members of the Committee noted that the proposed provision for stationery and office supplies under the Uruguay Round was the same as in 1988 and under the regular budget the provision was almost the same as in 1988. A member of the Secretariat explained that following a decision of the Budget Committee in 1988 costs under this and other headings were apportioned between the regular and Uruguay Round budgets. In practice, the Uruguay Round budget reflected only the additional costs of the Round.

Permanent Equipment

40. Some members pointed out the permanent equipment purchased in connection with the Uruguay Round should be transferred to the regular budget when the Round had finished. They said that expenditure under this heading should be viewed as capital expenditure and that the equipment should be transferred to the regular budget in due course. In light of this, they urged that the Secretariat exercise restraint in acquiring permanent equipment to meet regular budgetary requirements so as to avoid duplication or excess when the Uruguay Round had ended.

INTEGRATED DATA BASE

41. The Committee noted that a proposed provision of Sw F 90,000 had been included in respect of computer processing time of information relating to the Integrated Data Base. This provision formed part of the total allocation for Electronic Data Processing. Following discussion of the activities associated with the Integrated Data Base, the Committee decided that the provisions for staff costs and for related EDP should be transferred to the relevant items of the budget for GATT regular activities. The proposed staffing schedules for both the regular budget and Uruguay Round would thus be revised to reflect this.

TRADE POLICY REVIEW MECHANISM

42. Some members of the Committee fully supported the inclusion of the provision for a possible Trade Policy Review Mechanism as outlined in the original budget proposals. Other members, although favourable to the establishment of a TPRM, expressed doubts about the inclusion of an advance provision in 1989. They pointed out that the TPRM, would be subject to a decision by the Trade Negotiations Committee at the Montreal Ministers' meeting and that therefore it might be premature to make provision in the budget at this stage. Other members felt that some provision should be included although they did not have definite views in relation to the amount outlined in the budget proposals. They added that it would be better to include a provision at this stage so that in the event of a decision to set up a TPRM it would not be necessary to request supplementary contributions. Still other members suggested that part of the costs of the TPRM, if it were to be established, could be met in the first instance from savings in the budget for regular activities.

43. A member of the Secretariat emphasized that the amount which had been provided in respect of the TPRM in the budget proposals was meant to be a contingency provision because it was difficult to estimate the precise cost. The Committee noted that, in the event of the TPRM not being established, the allocated amount would be refunded to contracting parties through a reduction in the scale of contributions.

44. One member reserved his delegation's position on the inclusion of a provision for the Trade Policy Review Mechanism. His delegation did not support the inclusion at this stage of a financial provision for this mechanism since in its opinion the best information available at this time did not suggest that expenditure for this purpose could reasonably be anticipated during 1989. He regretted that there had not been consultations on whether to include this item before placing it in the draft budget. In his delegation's views if an amount were to be included in the budget, it should not specifically be for a TPRM, but a contingency amount for implementation of any decision made by the Trade Negotiations Committee at the Montreal Ministerial meeting, which required implementation in 1989.

III. REVISED EXPENDITURE ESTIMATES

45. Taking into account the various comments made by members of the Committee, a Deputy Director-General submitted revised expenditure estimates which entailed a reduction of Sw F 302,000.

46. In introducing the revised estimates the Deputy Director-General said that the budget as presented was extremely tight and that it would be difficult to stay within it in the coming year. He said that it had been reduced substantially during its preparation and that the budget document before the Committee represented the Secretariat's best judgement of the minimum resources required for the year ahead. However, in order to meet the concerns which some delegates had expressed he said he was proposing the following reductions:

(i) Regradings

47. He said that he was in favour of the proposal put forward by one member of the Committee and supported by others that the Secretariat should prepare for consideration an alternative method of handling the regradings issue, which would allow the Committee to dispense with consideration of specific regradings each year subject only to a system of overall monitoring and control. However, he said that as the proposed regradings were the result of the application of classification standards applicable throughout the Common System any decrease in the number of regradings would mean that purely budgetary considerations had been allowed to overturn these conclusions. He said he hoped that the whole regrading issue could be put on a much sounder basis in the future. In the meantime however, he said he was prepared to agree to ten instead of fourteen regradings; that is, six Professional positions instead of eight and four General Service positions instead of six. The proposed reduction would produce a saving of Sw F 15,000.

(ii) Library

48. He proposed that the increase under the heading of Books and Information Material in respect of the Uruguay Round be reduced to Sw F 30,000 from Sw F 50,000 i.e. a saving of Sw F 20,000. He hoped that this would not be too detrimental to the proper functioning of the library.

(iii) Permanent Equipment

49. Solely as a compromise he proposed to reduce the allocation for permanent equipment under the Uruguay Round from Sw F 87,000 to Sw F 70,000 i.e. a saving of Sw F 17,000.

(iv) Trade Policy Review Mechanism

50. He proposed a revised allocation of Sw F 500,000 which represented a cut of Sw F 250,000. In making this adjustment he was assuming that, in the event of a decision by Ministers in Montreal to set up a TPRM, the work could be started later than originally foreseen and that some of the preparatory work could be done using existing staff resources.

(v) Rental of meeting rooms and other services for the forty-fifth session of the Contracting Parties

51. He said a revised allocation of Sw F 10,000 was proposed which represented a reduction of Sw F 8,000. In accordance with a proposal made by Committee members he suggested that the saving of Sw F 8,000 could be transferred to the allocation for technical co-operation missions under the Uruguay Round budget.

52. In the light of these reductions the revised budget total would be Sw F 64,861,000 as against the original proposal of Sw F 65,163,000.

53. He emphasized that the above proposals were put forward in a spirit of compromise and as a gesture towards reaching agreement on the 1989 budget. He said that it would not be possible to make further reductions and added that with the greatest trade negotiations in the history of the world now under way, the Director-General and other senior members of the Secretariat had the responsibility to make sure that GATT resources were adequate to the task.

54. Turning to the future he referred to the general concern expressed by Committee members about the approval of new posts and the way the organization's staffing strategy was planned. He also referred to the other matters of concern to the Committee i.e. the proposed allocation for EDF, rental of offices outside CWR, the proposed regradings and additional posts. In particular he referred to the number of meetings taking place and their effect on documentation costs and other aspects of the budget. He said that he was informed of the proposals put forward by the members of the Committee and that he strongly supported them and agreed that the Council should be made aware of them.

55. In closing, he assured the Committee of the Secretariat's willingness and eagerness to conduct all of their administrative and financial operations in the best and most professional way possible and that they were always open to suggestions, studies and recommendations from the Committee as to how to improve their budgetary and financial procedures.

56. Members of the Committee thanked the Deputy Director-General for his proposals which entailed a total reduction of Sw F 302,000. Some members said that the reductions fell short of expectations for zero-growth in the budget. Some members noted that even with the reductions, growth in the overall budget would be 5.5 per cent and in the Uruguay Round allocation, 49 per cent. This still seemed excessive, especially given the financial constraints that still faced governments. One member felt that it was particularly so in the case of small, less developed contracting parties. Nevertheless, he did not wish to delay the adoption of the budget and would agree reluctantly to recommending the budget to Council for adoption, taking into account that the Committee had recommended a new scale of contributions for the income budget. Other members noted that they had agreed to work on the hypothesis of a 0.03 per cent minimum contribution pending finalization of this matter by the Council.

57. The Committee in light of the proposal made by the Deputy Director-General, which is set out in paragraph 47 agreed to ten regradings instead of fourteen and requested the Secretariat to provide for its consideration an alternative method for dealing with regradings in the future.

IV. INCOME BUDGET ESTIMATES FOR 1989

58. The Committee noted that the Income Budget Estimates for 1989 took account of the fact that the proposed scale of contributions to be assessed on contracting parties was based on a minimum contribution of 0.03 per cent

instead of 0.12 per cent as approved by the CONTRACTING PARTIES. This was one of a set of interrelated proposals which had been put to the Council by the Committee following its examination of ways to improve the cash situation of the GATT (Document L/6384). Some members stated that their acceptance of the proposed minimum contribution of 0.03 per cent to finance the 1989 budget was contingent on acceptance of the set of proposals recommended to the Council. Other members while supporting acceptance of these proposals stated that the contributions of contracting parties for 1989 should be assessed based on a minimum contribution of 0.03 per cent.

59. In its examination of these proposals of ways to improve the cash situation the Committee had also made a recommendation to institute an early payment encouragement scheme of contributions whereby interest earned on current year's contributions would be refunded to contracting parties on the basis of calculations which took account of the date of payment, of the amount of the contribution and of the interest earned on investments made. As a result, there was no provision in the estimates for income on investments which, in turn, meant that it was expected that there would be a decrease in miscellaneous income in 1989 as compared to 1988.

60. In relation to the expected increase in sale of publications due to the improved presentation it was considered that the provision could be increased by Sw F 10,000.

61. The Committee agreed that the budget for 1989 be financed as follows:

	<u>Sw F</u>
a) contributions assessed on contracting parties	63,790,000
b) miscellaneous income	1,071,000
	<hr/>
	64,861,000

V. CONCLUSIONS

62. The Committee wished to draw the attention of the Council to a number of issues which had emerged in the course of its discussions, and which were putting a severe strain on budgetary resources, thus making it increasingly difficult to keep within the approved annual appropriations. The Committee considered that action would be required to contain these costs and that proposals would be invited to this end.

The issues included:

- the number of meetings taking place;
- the soaring increase in the volume of documentation and the effect which these have on reproduction, translation, typing, postage and overtime costs;

- rental of offices;
- electronic data processing;
- discipline on expenditures including transfers between sections of the budget;
- financial early warning systems to provide members with information on studies and trends in expenditure;
- the staffing policy of the GATT for future years, including a strategic view, which would cover issues relating to regradings, consolidations, new posts, temporary assistance and other relevant matters;
- an alternative method of examining regrading proposals through exploring the possibility of the Director-General being given authority to establish the grading of posts within an overall salary structure.

Accordingly, the Committee decided that it would review all these items early in 1989 with a view to proposing certain changes in the organization of GATT financial management intended to ensure that the Budget Committee became more involved in the allocation of resources. These proposals will be presented to the Council as appropriate by the end of June 1989.

63. Arising out of the discussion on a provision for a possible Trade Policy Review Mechanism the Committee recommends to the Council that the amount of Sw F 500,000 be frozen until the Council, based upon a recommendation of the Committee has duly approved the detailed expenditure of these funds for financing exclusively TPRM activities. Any part of the Sw F 500,000 which was not needed to finance the activities of the TPRM would be refunded to contracting parties through a reduction in their contributions. Likewise, in the event no decision is taken to set up a TPRM the total amount would be refunded to contracting parties in 1989.

64. The Committee submits to the CONTRACTING PARTIES for consideration and approval a draft Resolution on the expenditure of the CONTRACTING PARTIES and the ways and means to meet such expenditure, drawing the attention of the CONTRACTING PARTIES to paragraph 58 of this report.

POINTS FOR DECISION: Paragraph 63
Paragraph 64

DRAFT RESOLUTION ON THE EXPENDITURE OF THE CONTRACTING PARTIES
IN 1989 AND THE WAYS AND MEANS TO MEET SUCH EXPENDITURE

The CONTRACTING PARTIES

HAVING CONSIDERED

the estimates of expenditure of the CONTRACTING PARTIES for 1989 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 1989, provided that such repayment does not exceed a total of 64,861,000 Swiss francs.
2. The repayment referred to in paragraph 1 shall be financed as follows:
 - (a) by contributions from contracting parties in the amount of 63,790,000 Swiss francs;
 - (b) by miscellaneous income estimated at 1,071,000 Swiss francs.
3. The Director-General shall report to the Council on the status of budgetary expenditure over the first nine months of 1989.
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 at 1 January 1989.

SCHEDULE I

REVISED ESTIMATES OF EXPENDITURE FOR THE FINANCIAL YEAR 1989

		Original Estimates L/6390 Sw F ----	Increases (Decreases) Sw F ----	Transfers Sw F ----	Revised Estimates Sw F ----
PART I: MEETINGS					
Section 1 -	Forty-fifth session of the CONTRACTING PARTIES				
(i)	Temporary assistance (interpreters)	3,000	-	-	3,000
(ii)	Rental of meeting rooms and other services	18,000	-	(8,000)	10,000
	Total Section 1:	<u>21,000</u>	<u>-</u>	<u>(8,000)</u>	<u>13,000</u>
Section 2 -	Meetings of the Council and other meetings				
(i)	Interpretation				
	a) Council	5,000	-	-	5,000
	b) Other meetings	155,000	-	-	155,000
(ii)	Other services	10,000	-	-	10,000
	Total Section 2:	<u>170,000</u>	<u>-</u>	<u>-</u>	<u>170,000</u>
	Total Part I:	<u>191,000</u>	<u>-</u>	<u>(8,000)</u>	<u>183,000</u>
PART II: SECRETARIAT					
Section 3 -	Salaries				
(i)	Established posts	27,271,000	(12,000)	-	27,259,000
(ii)	Temporary assistance (including overtime)	4,586,000	-	339,000	4,925,000
	Total Section 3:	<u>31,857,000</u>	<u>(12,000)</u>	<u>339,000 *</u>	<u>32,184,000</u>
Section 4 -	Dispute settlement panels	<u>170,000</u>	<u>-</u>	<u>-</u>	<u>170,000</u>
Section 5 -	Missions				
	a) Official missions	298,000	-	-	298,000
	b) Technical co-operation missions	88,000	-	-	88,000
	Total Section 5:	<u>386,000</u>	<u>-</u>	<u>-</u>	<u>386,000</u>

	Original Estimates L/6390 Sw F ----	Increases (Decreases) Sw F ----	Transfers Sw F ----	Revised Estimates Sw F ----	
Section 6 - Common staff costs					
(i)	Installation grants	100,000	-	8,000	108,000
(ii)	Travel and removal expenses of staff and their dependants	200,000	-	20,000	220,000
(iii)	Separation payments	160,000	-	-	160,000
(iv)	Contribution to the United Nations Joint Staff Pension Fund	4,937,000	(3,000)	51,000	4,985,000
(v)	Repatriation grants	180,000	-	-	180,000
(vi)	Travel on home leave	340,000	-	-	340,000
(vii)	Family allowances, education grants and related travel:				
	a) Family allowances	758,000	-	6,000	764,000
	b) Education grants and related travel	710,000	-	-	710,000
(viii)	Joint services	265,000	-	-	265,000
(ix)	Other common staff costs	842,000	-	11,000	853,000
	Total Section 6:	<u>8,492,000</u>	<u>(3,000)</u>	<u>96,000 *</u>	<u>8,585,000</u>
Section 7 - Common services					
(i)	Cables, telex, telefax and telephone communications	98,000	-	-	98,000
(ii)	Rental of communication equipment (telex, telefax and telephone)	216,000	-	-	216,000
(iii)	Freight and cartage	14,000	-	-	14,000
(iv)	Books and information material	140,000	-	-	140,000
(v)	Rental and maintenance of premises and equipment:				
	a) Rental of CWR	1,784,000	-	-	1,784,000
	b) Rental of offices outside CWR	230,000	-	-	230,000
	c) Rental of car parks	53,000	-	-	53,000
	d) Electricity	134,000	-	-	134,000
	e) Water supply	19,000	-	-	19,000
	f) Heating	75,000	-	-	75,000
	g) Insurance premiums	130,000	-	-	130,000
	h) Maintenance expenditure	373,000	-	-	373,000
	i) Contractual cleaning	471,000	-	-	471,000
	j) Maintenance of service cars	15,000	-	-	15,000

	Original Estimates L/6390 Sw F ----	Increases (Decreases) Sw F ----	Transfers Sw F ----	Revised Estimates Sw F ----	
(vi)	Postal services	330,000	-	-	330,000
(vii)	Stationery and office supplies	100,000	-	-	100,000
(viii)	Reproduction of documents	555,000	-	-	555,000
(ix)	External audit	9,000	-	-	9,000
(x)	Electronic Data Processing	995,000	-	90,000	1,085,000
(xi)	Other services and miscellaneous expenditure	40,000	-	-	40,000
	Total Section 7:	<u>5,781,000</u>	<u>-</u>	<u>90,000 *</u>	<u>5,871,000</u>
Section 8 -	Printing	<u>450,000</u>	<u>-</u>	<u>-</u>	<u>450,000</u>
Section 9 -	Representation and hospitality	<u>145,000</u>	<u>-</u>	<u>-</u>	<u>145,000</u>
Section 10 -	Permanent equipment	<u>105,000</u>	<u>-</u>	<u>-</u>	<u>105,000</u>
Section 11 -	Contribution to the Staff Assistance Fund	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>20,000</u>
	Total Part II:	<u>47,406,000</u>	<u>(15,000)</u>	<u>525,000</u>	<u>47,916,000</u>
PART III:	TRADE POLICY TRAINING COURSES				
Section 12 -	Trade Policy Training Courses	<u>990,000</u>	<u>-</u>	<u>-</u>	<u>990,000</u>
	Sub-total Parts I-III:	<u>48,587,000</u>	<u>(15,000)</u>	<u>517,000</u>	<u>49,089,000</u>
PART IV:	URUGUAY ROUND				
Section 13 -	Uruguay Round				
(i)	Interpretation	270,000	-	-	270,000
(ii)	Temporary assistance (including overtime)	2,613,000	-	-	2,613,000
(iii)	Missions	332,000	-	8,000	340,000
(iv)	Common staff costs	629,000	-	-	629,000

* Integrated Data Base

	Original Estimates L/6390 Sw F ----	Increases (Decreases) Sw F ----	Transfers Sw F ----	Revised Estimates Sw F ----	
(v)	Common services				
	a) Cables, telex, telefax and telephone communications	35,000	-	-	35,000
	b) Book and information material	50,000	(20,000)	-	30,000
	c) Rental of offices outside CWR	460,000	-	-	460,000
	d) Electricity	4,000	-	-	4,000
	e) Heating	6,000	-	-	6,000
	f) Contractual cleaning	7,000	-	-	7,000
	g) Postal services	110,000	-	-	110,000
	h) Stationery and office supplies	33,000	-	-	33,000
	i) Reproduction of documents	240,000	-	-	240,000
	j) Electronic Data Processing	295,000	-	-	295,000
(vi)	Permanent equipment	87,000	(17,000)	-	70,000
	Total Part IV:	<u>5,171,000</u>	<u>(37,000)</u>	<u>8,000</u>	<u>5,142,000</u>
	INTEGRATED DATA BASE				
	Integrated Data Base	<u>525,000</u>	<u>-</u>	<u>(525,000)</u>	<u>-</u>
PART V:	INTERNATIONAL TRADE CENTRE UNCTAD/GATT				
Section 14 -	Contribution to the International Trade Centre UNCTAD/GATT	<u>10,130,000</u>	<u>-</u>	<u>-</u>	<u>10,130,000</u>
PART VI: -	TRADE POLICY REVIEW MECHANISM				
Section 15 -	Trade Policy Review Mechanism	750,000	(250,000)	-	500,000
	TOTAL	<u>65,163,000</u>	<u>(302,000)</u>	<u>-</u>	<u>64,861,000</u>

SCHEDULE II/ETAT NO II/ESTADO II

SCALE OF CONTRIBUTIONS FOR 1989
BAREME DES CONTRIBUTIONS POUR 1989
ESCALA DE CONTRIBUCIONES PARA 1989

(Minimum contribution of 0.03%/
Contribution minimale de 0,03% / Contribución mínima de 0,03%)

1989		
Contracting parties/Parties contractantes/ Partes contratantes	Contributions/ Contribuciones	

	%	Sw F/FS

Antigua and Barbuda/Antigua et Barbuda.....		
Antigua y Barbuda.....	0.03	19,137
Argentina/Argentine.....	0.31	197,749
Australia/Australie.....	1.33	848,407
Austria/Autriche.....	1.28	816,512
Bangladesh.....	0.09	57,411
Barbados/Barbade.....	0.03	19,137
Belgium/Belgique/Bélgica.....	3.31	2,111,449
Belize/Bélize/Belice.....	0.03	19,137
Benin/Bénin.....	0.03	19,137
Botswana.....	0.05	31,895
Brazil/Brésil/Brasil.....	1.05	669,795
Burkina Faso.....	0.03	19,137
Burma/Birmanie/Birmania.....	0.03	19,137
Burundi.....	0.03	19,137
Cameroon/Cameroun/Camerún.....	0.10	63,790
Canada/Canadá.....	4.66	2,972,614
Central African Republic/République centrafricaine/República Centroafricana.....	0.03	19,137
Chad/Tchad.....	0.03	19,137
Chile/Chili.....	0.20	127,580
Colombia/Colombie.....	0.22	140,338
Congo.....	0.04	25,516
Côte d'Ivoire.....	0.13	82,927
Cuba.....	0.39	248,781
Cyprus/Chypre/Chipre.....	0.05	31,895
Czechoslovakia/Tchécoslovaquie/Checoslovaquia...	1.11	708,069
Denmark/Danemark/Dinamarca.....	1.15	733,585
Dominican Republic/République Dominicaine República Dominicana.....	0.06	38,274
Egypt/Egypte/Egipto.....	0.42	267,918
Finland/Finlande/Finlandia.....	0.85	542,215
France/Francia.....	6.82	4,350,478
Gabon/Gabón.....	0.06	38,274
Gambia/Gambie.....	0.03	19,137
Germany (FR) /Allemagne (RF) /Alemania (RF).....	11.26	7,182,754
Ghana.....	0.04	25,516
Greece/Grèce/Grecia.....	0.44	280,676
Guyana.....	0.03	19,137
Haiti/Haïti/Haití.....	0.03	19,137
Hong Kong.....	1.97	1,256,663

1989		
Contracting parties/Parties contractantes/ Partes contratantes	Contributions/ Contribuciones	

	%	Sw F/FS

Hungary/Hongrie/Hungría.....	0.48	306,192
Iceland/Islande/Islandia.....	0.06	38,274
India/Inde	0.68	433,772
Indonesia/Indonésie.....	0.67	427,393
Ireland/Irlande/Irlanda.....	0.64	408,256
Israel/Israël.....	0.50	318,950
Italy/Italie/Italia.....	5.23	3,336,217
Jamaica/Jamaïque.....	0.04	25,516
Japan/Japon/Japón.....	8.91	5,683,689
Kenya.....	0.07	44,653
Korea, Republic of/Corée, République de/ Corea, República de.....	1.87	1,192,873
Kuwait/Koweït.....	0.37	236,023
Luxembourg/Luxemburgo.....	0.29	184,991
Lesotho.....	0.03	19,137
Madagascar.....	0.03	19,137
Malawi.....	0.03	19,137
Malaysia/Malaisie/Malasia.....	0.72	459,288
Maldives/Maldivas.....	0.03	19,137
Malta/Malte.....	0.04	25,516
Mauritania/Mauritanie.....	0.03	19,137
Mauritius/Maurice/Mauricio.....	0.04	25,516
Mexico/Mexique/México.....	0.85	542,215
Morocco/Maroc/Marruecos.....	0.17	108,443
Netherlands, Kingdom of/Pays-Bas, Royaume des/ Países Bajos, Reino de los.....	4.19	2,672,801
New Zealand/Nouvelle-Zélande/Nueva Zelandia.....	0.33	210,507
Nicaragua.....	0.03	19,137
Niger/Niger.....	0.03	19,137
Nigeria/Nigéria.....	0.43	274,297
Norway/Norvège/Noruega.....	1.02	650,658
Pakistan/Pakistán.....	0.24	153,096
Peru/Pérou/Perú.....	0.14	89,306
Philippines/Filipinas.....	0.29	184,991
Poland/Pologne/Polonia.....	0.61	389,119
Portugal.....	0.51	325,329
Romania/Roumanie/Rumania.....	0.53	338,087
Rwanda.....	0.03	19,137
Senegal/Sénégal.....	0.04	25,516
Sierra Leone/Sierra Leone.....	0.03	19,137
Singapore/Singapour/Singapur.....	0.92	586,868
South Africa/Afrique du Sud/Sudáfrica.....	0.83	529,457
Spain/Espagne/España.....	1.73	1,103,567
Sri Lanka.....	0.08	51,032
Suriname.....	0.03	19,137
Sweden/Suède/Suecia.....	1.86	1,186,494

1989		
Contracting parties/Parties contractantes/ Partes contratantes	Contributions/ Contribuciones	

	%	Sw F/FS

Switzerland/Suisse/Suiza.....	2.02	1,288,558
Tanzania/Tanzanie/Tanzania.....	0.04	25,516
Thailand/Thaïlande/Tailandia.....	0.51	325,329
Togo.....	0.03	19,137
Trinidad and Tobago/Trinité-et-Tobago/ Trinidad y Tobago.....	0.08	51,032
Turkey/Turquie/Turquía.....	0.53	338,087
Uganda/Ouganda.....	0.03	19,137
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.....	6.36	4,057,044
United States of America/Etats-Unis d'Amérique/ Estados Unidos de América.....	16.08	10,257,432
Uruguay.....	0.05	31,895
Yugoslavia/Yougoslavie.....	0.54	344,466
Zaire/Zaire.....	0.08	51,032
Zambia/Zambia.....	0.04	25,516
Zimbabwe.....	0.06	38,274
Associated Governments/Gouvernements associés/ Gobiernos asociados:		
Tunisia/Tunisie/Túnez.....	0.12	76,548
	-----	-----
	100.00	63,790,000
	-----	-----
Democratic Kampuchea/Kampuchea démocratique/ Kampuchea democrática.....	0.03	19,137

SCHEDULE III

MISCELLANEOUS INCOME BUDGET ESTIMATES FOR 1989

	<u>Sw F</u>
(a) Sale of publications	160,000
(b) Profit or (loss) on exchange	50,000
(c) Savings on previous year's outstanding obligations	98,000
(d) Refund of staff costs for staff employed at Centre William Rappard on behalf of UNHCR	690,000
(e) Overhead for Regional Trade Policy Seminars	12,000
(f) Rental of meeting rooms and office space at Centre William Rappard to others	20,000
(g) Others	<u>41,000</u>
	1,071,000
	=====

ANNEX I/ANNEXE I/ANEXO I

STATEMENT OF OUTSTANDING CONTRIBUTIONS AS AT 30 SEPTEMBER 1988/ETAT DES ARRIERES DE CONTRIBUTIONS AU 30 SEPTEMBRE 1988
CONTRIBUCIONES PENDIENTES AL 30 DE SEPTIEMBRE DE 1988

Contracting Parties and Associated Governments/ Parties Contractantes et Gouvernements associés/ Partes Contratantes y Gobiernos asociados	Swiss francs/Francs suisses/Francos suizos					Total
	1969/1984	1985	1986	1987	1988	
Antigua and Barbuda/Antigua et Barbuda/ Antigua y Barbuda.....				72,120	72,228	144,348
Argentina/Argentine.....					204,646	204,646
Bangladesh.....					72,228	72,228
Belize/Bélize/Belice.....	60,731	67,800	70,440	72,120	72,228	343,319
Benin/Bénin.....	112,578	67,800	70,440	72,120	72,228	395,166
Botswana.....				72,120	72,228	144,348
Burkina Faso.....	181,944	67,800	70,440	72,120	72,228	464,532
Burundi.....	384,035	67,800	70,440	72,120	72,228	666,623
Cameroon/Cameroun/Camerún.....					70,708	70,708
Central African Republic/République centrafricaine/República Centroafricana.....	267,540	67,800	70,440	72,120	72,228	550,128
Chad/Tchad.....	550,121	67,800	70,440	72,120	72,228	832,709
Congo.....	293,867	67,800	70,440	72,120	72,228	576,455
Côte d'Ivoire.....			40,000	78,130	72,228	190,358
Cuba.....				240,400	252,798	493,198
Dominican Republic/République Dominicaine República Dominicana.....	536,050	67,800	70,440	72,120	72,228	818,638
Egypt/Egypte/Egipto.....					228,722	228,722
Gabon/Gabón.....		49,920	70,440	72,120	72,228	264,708
Gambia/Gambie.....	379,813	67,800	70,440	72,120	72,228	662,401
Ghana.....		39,736	70,440	72,120	72,228	254,524
Guyana.....	119,090	67,800	70,440	72,120	72,228	401,678
Haiti/Haïti/Haití.....	104,959	67,800	70,440	72,120	72,228	387,547
India/Inde.....					391,235	391,235
Israel/Israël.....					270,855	270,855
Kampuchea.....	512,846	67,800	70,440	72,120	72,228	795,434
Kenya.....			652	72,120	72,228	145,000
Madagascar.....	20,209	67,800	70,440	72,120	72,228	302,797
Malawi.....			35,221	72,120	72,228	179,569
Maldives/Maldives.....					72,228	72,228
Mauritania/Mauritanie.....	426,259	67,800	70,440	72,120	72,228	708,847
Mexico/Mexique/México.....					535,691	535,691
Nicaragua.....	260,952	8,624	70,440	72,120	72,228	484,364
Niger/Niger.....	66,451	67,800	70,440	72,120	72,228	349,039
Peru/Pérou/Perú.....		113,000	105,660	96,160	84,266	399,086
Philippines/Filipinas.....			62,673	204,340	180,570	447,583
Romania/Roumanie/Rumania.....			422,640	336,560	319,007	1,078,207
Rwanda.....					72,228	72,228

Contracting Parties and Associated Governments/ Parties Contractantes et Gouvernements associés/ Partes Contratantes y Gobiernos asociados	Swiss francs/Francis suisses/Francos sulzos					
	1969/1984	1985	1986	1987	1988	Total
Senegal/Sénégal.....	233,468	67,800	70,440	72,120	72,228	516,056
Sierra Leone/Sierra Leona.....	472,940	67,800	70,440	72,120	72,228	755,528
Suriname.....		67,800	70,440	72,120	72,228	282,588
Tanzania/Tanzanie/Tanzania.....	226,699	67,800	70,440	72,120	72,228	509,287
Togo.....			37,213	72,120	72,228	181,561
Trinidad and Tobago/Trinité-et-Tobago/ Trinidad y Tabago.....				2,739	72,228	74,967
Turkey/Turquie/Turquia.....					288,912	288,912
Uganda/Ouganda.....	296,418	67,800	70,440	72,120	72,228	579,006
United States of America/États-Unis d'Amérique/ Estados Unidos de América.....				2,953,890	9,678,552	12,632,442
Uruguay.....					72,228	72,228
Zaire/Zaire.....	220,540	67,800	70,440	72,120	72,228	503,128
Zambia/Zambia.....			12,252	72,120	72,228	156,600
	5,727,510	1,635,080	2,406,871	6,075,819	15,106,170	30,951,450

B. INTERNATIONAL TRADE CENTRE UNCTAD/GATT

I. INTRODUCTION

65. The Executive Director of the International Trade Centre (ITC) mentioned that both developed countries, traditional donors to the Centre, as well as developing countries had made positive statements with regard to the activities financed by voluntary contributions. He hoped that increased contributions would enable the ITC to increase even further the levels of trust fund activities.

66. It was noted that the value of projects in trade promotion that would be implemented in 1988 had been estimated at some US\$28,000,000, an increase of some 30 per cent over 1987. Trust fund contributions amounted to some 50 per cent of this total but the significant increase in projected programme activities was due mainly to increased UNDP funded activities.

II. AUDITED FINANCIAL STATEMENT FOR THE BIENNIUM 1986-1987

67. The Executive Director said that the ITC had ended the biennium with a surplus of US\$330,233 on a revised appropriation of US\$23,268,000 and an actual excess income of US\$47,123.

68. The Regular Programme Budget expenditure was US\$22,985,690. He explained that the major part of the surplus was due to delayed recruitment of staff for vacant posts.

69. The Committee took note of Document A/43/5, Supplement No. 5 which was submitted to the General Assembly for approval.

III. FIRST PERFORMANCE REPORT ON THE REGULAR PROGRAMME BUDGET FOR THE BIENNIUM 1988-1989

70. In presenting document ITC/BUD/8, the First Performance Report on the Regular Programme Budget for the Biennium 1988-1989, the Executive Director explained that, in previous years, the practice had been to report actual expenditures up to the month of July in the first year of the biennium and estimated requirements to the end of the biennium. This practice was discontinued on the advice of the United Nations, New York in order to conform with standard UN procedures. Thus, the First Performance Report reflected only the impact of inflation, variation in exchange rates, and changes in common staff costs as a percentage of total net salary costs.

71. As a result, additional requirements amounted to US\$1,783,400 in 1988 and US\$931,300 in 1989 on the basis of estimated average exchange rates of 1.45 in 1988 and 1.54 in 1989. The Executive Director emphasized, however, that the total requirements for the biennium represented a reduction when expressed in Swiss francs.

72. Several members expressed concern about the fact that the ITC budget was denominated in dollars while the GATT contribution was paid in Swiss francs. They said that it appeared to them that unfavourable movements of both currencies could have an adverse impact on the GATT contribution. The ITC representatives stated that the ITC budget was denominated in US dollars because it was also part of the overall UN budget and that it had been an agreed practice to proceed in this manner. A member of the

Secretariat explained that the impact on the GATT contribution of the movement of US\$ vis-à-vis the Swiss franc would be relatively small as an estimated 15 per cent only of the ITC expenses were made in US\$ with some 85 per cent in Swiss francs.

73. The Committee recommends to the Council that the revised estimates of expenditure for the International Trade Centre UNCTAD/GATT for the biennium 1988-1989 be approved in the amount of US\$27,709,300 (1988: US\$14,279,500; 1989: 13,429,800). The GATT contributions for 1988 and 1989 amount to US\$13,409,100 (1988: US\$6,830,900; 1989: US\$6,578,200) on the assumption that a like amount will be borne by the United Nations, that US\$560,900 (1988: US\$287,500; 1989: US\$273,400) will be forthcoming as miscellaneous income and a transfer of (US\$330,200) will be made from surplus in 1988. This revision of the Centre budget had the effect that, on the basis of present estimates, the GATT contributions in 1988 would amount to Sw F 9,870,000.

74. With regard to 1989, the Committee recommends to the Council that an amount of Sw F 10,130,000 provided in the 1989 GATT budget for a contribution to the International Trade Centre UNCTAD/GATT, be paid to the Centre in 1989 in twelve equal monthly instalments, in Swiss francs.

POINTS FOR DECISION: Paragraph 73
Paragraph 74