

GENERAL AGREEMENT ON

RESTRICTED

L/6482

18 April 1989

TARIFFS AND TRADE

Limited Distribution

ADMINISTRATIVE AND FINANCIAL QUESTIONS

Final Position of the 1988 Budget of the GATT

1. In accordance with the CONTRACTING PARTIES' standing instructions regarding the reporting of any savings accrued at the end of the financial period, the Director-General's proposals for the appropriation of such savings, the financial position concerning the transfer of credits between sections of the budget, and any advances made from the Working Capital Fund, the Director-General submits the following information.

I. EXPENDITURE BUDGET

2. The CONTRACTING PARTIES originally appropriated Sw F 61,549,000 for the financial year 1988. This amount was subsequently reduced to Sw F 61,439,000 as the United Nations General Assembly did not approve the increase in the contribution to the United Nations Joint Staff Pension Fund as was anticipated (Document L/6384).

3. Total obligations incurred in 1988 amounted to Sw F 61,437,819 leaving an unencumbered balance of Sw F 1,181. This surplus is due to a saving of Sw F 700,052 as detailed in paragraphs 4 to 6, partially offset by excess expenditure amounting to Sw F 698,871 referred to in paragraphs 7 to 9 below.

4. Savings occurred on the following sections:

	<u>Sw F</u>
Section 1 - Forty-fourth session of the CONTRACTING PARTIES	13,732
Section 3 - Salaries	6,068
Section 4 - Dispute Settlement Panels	48,650
Section 5 - Missions	3,413
Section 6 - Common staff costs	130,437
Section 9 - Representation and hospitality	9,627
Section 13 - Trade Policy Training Courses	93,021
Section 15 - Integrated Data Base	81,399
Section 16 - International Trade Centre UNCTAD/GATT	<u>313,705</u>
	700,052

5. The savings which arose on Section 1 (Forty-fourth session of the CONTRACTING PARTIES) were due to the fact that the session was held in the International Conference Centre in Geneva for which rental cost is lower than that in the International Labour Office (ILO) where the session was originally to take place. Savings arose on Section 4 (Dispute Settlement Panels) because there were less panels than anticipated and moreover panellists from outside Geneva were paid for 91 days in 1988 whereas in 1987 the corresponding figure was 182. The savings on Section 6 (Common Staff costs) were mainly due to a lower than expected contribution to the United Nations Joint Staff Pension Fund resulting from the decline of the US dollar vis-à-vis the Swiss franc; the appropriation was calculated on the basis of a US\$/Sw F exchange rate of 1.55 whereas the average rate had been 1.45. This saving was partially offset by higher than anticipated spending on separation payments, due to the death of a staff member and by higher than expected spending on sickness insurance, due to an increase in the rate of contribution payable by the organization.

6. The savings on Section 13 (Trade Policy Training Courses) were due to the fact that there was one trainee less than expected and because it had been possible to purchase air tickets under most favourable conditions. The savings which arose in relation to the Integrated Data Base (Section 15) were due to the fact that there was a delay in recruiting staff in this connection in 1988. Under the heading of International Trade Centre UNCTAD/GATT (ITC), savings occurred mainly because of the dollar's decline against the Swiss franc; the ITC budget was based on an exchange rate of US\$/Sw F 1.68 while the actual average had been only US\$/Sw F 1.45.

7. Excess expenditure over appropriations of Sw F 698,871 was incurred under the following sections:

	<u>Sw F</u>
Section 2 - Meetings of the Council and other meetings	85,726
Section 7 - Common Services	77,463
Section 8 - Printing	50,640
Section 10 - Permanent equipment	11,646
Section 14 - Uruguay Round	<u>473,396</u>
	698,871
	<small>-----</small>

8. The excess expenditure in respect of meetings of the Council and other meetings (Section 2) was primarily the result of a greater number of interpreters than foreseen needed as a consequence of the increase in the number of simultaneous meetings. The main reasons for the excess expenditure on common services (Section 7) were higher than anticipated

postal costs and reproduction expenditure. The total number of pages reproduced was almost 47 million in 1988 as against some 42 million in 1987. Under Section 8 (Printing) the excess expenditure arose from the needs generated by expanded GATT activities and, in particular, from the decision to publish International Trade in two separate volumes with better quality covers which should lead to a higher volume of sales. In relation to excess expenditure on permanent equipment (Section 10), because of the breakdown of one official car it was necessary to purchase two official vehicles in 1988 instead of one as originally foreseen.

9. Under the Uruguay Round (Section 14) the excess expenditure was due principally (i) to the greater number of meetings than anticipated; as a matter of comparison 252 meetings pertaining to the Uruguay Round took place in 1988 but only 159 were held in 1987, (ii) to the overexpenditure which occurred in respect of reproduction and postal charges as a consequence of the above-mentioned larger number of meetings, (iii) to the missions which had to be undertaken in connection with the evolution of the Round mainly in the developing countries; 60 were anticipated, 82 took place. Conversely, savings arose on the contribution to the UNJSPF for the reasons mentioned above in paragraph 5. This resulted in an overall overspending of Sw F 473,396 vis-à-vis the Uruguay Round provision.

10. Transfers between budgetary sections of Sw F 698,871 are necessary in order to cover excess expenditure over approved appropriations on the sections mentioned in paragraph 7 above by savings on other sections. Authority is sought to increase these appropriations accordingly as follows:

<u>Transfers from:</u>	<u>Sw F</u>
<u>Part I: MEETINGS</u>	
Section 1 - Forty-fourth session of the CONTRACTING PARTIES	12,551
<u>Part II: SECRETARIAT</u>	
Section 3 - Salaries	6,068
Section 4 - Dispute Settlement Panels	48,650
Section 5 - Missions	3,413
Section 6 - Common staff costs	130,437
Section 9 - Representation and hospitality	9,627
<u>Part IV: TRADE POLICY TRAINING COURSES</u>	
Section 13 - Trade Policy Training Courses	93,021

<u>Part VI: INTEGRATED DATA BASE</u>	<u>Sw F</u>
Section 15 - Integrated Data Base	81,399
<u>Part VII: INTERNATIONAL TRADE CENTRE - UNCTAD/GATT</u>	
Section 16 - International Trade Centre - UNCTAD/GATT	<u>313,705</u>
	<u>698,871</u>

<u>Transfers to:</u>	
<u>Part I: MEETINGS</u>	
Section 2 - Meetings of the Council and other meetings	85,726
<u>Part II: SECRETARIAT</u>	
Section 7 - Common Services	77,463
Section 8 - Printing	50,640
Section 10 - Permanent equipment	11,646
<u>Part V: URUGUAY ROUND</u>	
Section 14 - Uruguay Round	<u>473,396</u>
	<u>698,871</u>

II. INCOME BUDGET

11. Amounts totalling Sw F 61,262,239 were credited as budgetary income in 1988, which fell short of the approved estimates by Sw F 176,761.

	<u>Approved estimates Sw F</u>	<u>Income credited Sw F</u>	<u>Shortfall Sw F</u>
Contributions assessed on contracting parties	60,190,000	60,190,000	-
Miscellaneous income	<u>1,249,000</u>	<u>1,072,239</u>	<u>(176,761)</u>
	<u>61,439,000</u>	<u>61,262,239</u>	<u>(176,761)</u>
	-----	-----	-----

12. The net deficit of miscellaneous income, amounting to Sw F 176,761 resulted from a number of items as follows:

	<u>1988</u> <u>Budget</u> <u>Sw F</u>	<u>1988</u> <u>Actual</u> <u>Sw F</u>	<u>Balance</u> <u>Sw F</u>
Interest on investments	200,000	200,954	954
Sale of publications	130,000	179,728	49,728
Profit or (loss) on exchange resulting from the difference between the UN accounting rate and the market rate	50,000	(51,006)	(101,006)
Savings or (loss) on previous year's outstanding obligations	110,000	4,796	(105,204)
Refund of staff costs for staff employed at Centre William Rappard on behalf of other occupants	670,000	681,905	11,905
Rental of meeting rooms and office space at Centre William Rappard to others	20,000	17,850	(2,150)
Overhead for seminars on Uruguay Round	8,000	12,067	4,067
Others	<u>61,000</u>	<u>25,945</u>	<u>(35,055)</u>
	<u>1,249,000</u>	<u>1,072,239</u>	<u>(176,761)</u>

III. SURPLUS ACCOUNT

13. The Surplus Account, reproduced in Annex B, showed a deficit at 31 December 1988 of Sw F 272,065. This deficit occurred primarily because of the repayment of the 1987 deficit of Sw F 3,125,514 to the Working Capital Fund. However, it was almost compensated by the decrease in the total provision for contributions in arrears due to the increased rate of receipt of contributions for 1988 and earlier. The deficit was entirely covered by a transfer from the Working Capital Fund.

IV. WORKING CAPITAL FUND

14. In 1988, a total amount of Sw F 3,125,514 was repaid to the Working Capital Fund in respect of an advance made to cover a 1987 deficit in the Surplus Account. Transfers to the Working Capital Fund are made in accordance with the authority contained in document L/756, paragraph 10, of 27 November 1957, which stipulates that subsequent receipts of outstanding contributions are to be credited to the Working Capital Fund to the extent necessary to reimburse the advance made.

15. Taking into account the interest of Sw F 77,323 credited to it, the principal of the Fund amounted to Sw F 3,460,131 at 31 December 1988. From this amount, Sw F 272,065 had been transferred to offset the 1988 deficit. Thus on 31 December 1988 the Working Capital Fund was reduced to Sw F 3,188,066.

POINT FOR DECISION: Paragraph 10

ANNEX A/ANNEXE A/ANEXO A

STATEMENT OF OUTSTANDING CONTRIBUTIONS AS AT 31 DECEMBER 1988/ETAT DES ARRIERES DE CONTRIBUTIONS AU 31 DECEMBRE 1988
CONTRIBUCIONES PENDIENTES AL 31 DE DICIEMBRE DE 1988

Contracting Parties and Associated Governments/ Parties Contractantes et Gouvernements associés/ Partes Contratantes y Gobiernos asociados	Swiss francs/Francs suisses/Francos suizos					Total 1969/1988
	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.....					108	108
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.....	254,172	67,800	70,440	72,120	-	464,532
Burundi.....	384,035	67,800	70,440	72,120	72,228	666,623
Cameroon/Cameroun/Camerún.....				70,273	435	70,708
Central African Republic/République centrafricaine/República Centrafricana.....	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.....			174,308	240,400	78,490	493,198
Dominican Republic/République Dominicaine República Dominicana.....	463,028	67,800	70,440	72,120	-	673,388
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
Kenya.....			652	72,120	72,228	145,000
Madagascar.....	20,209	67,800	70,440	72,120	72,228	302,797
Malawi.....			47,436	72,120	60,013	179,569
Maldives/Maldivas.....				72,120	108	72,228
Mauritania/Mauritanie.....	426,259	67,800	70,440	72,120	72,228	708,847

Contracting Parties and Associated Governments/ Parties Contractantes et Gouvernements associés/ Partes Contratantes y Gobiernos asociados	Swiss francs/Francs suisses/Francos suizos					Total 1969/1988
	1969/1984	1985	1986	1987	1988	
Nicaragua	260,952	8,624	70,440	72,120	72,228	484,364
Niger/Níger.....	66,451	67,800	70,440	72,120	72,228	349,039
Peru/Pérou/Perú.....	84,266	113,000	105,660	96,160	-	399,086
Philippines/Filipinas			178,749	204,340	64,494	447,583
Romania/Roumanie/Rumania.....			422,640	336,560	319,007	1,078,207
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	53,091	490,150
Togo.....		39,001	70,440	72,120	-	181,561
Trinidad and Tobago/Trinité-et-Tobago/ Trinidad y Tabago.....				2,739	72,228	74,967
Turkey/Turquie/Turquía.....					288,912	288,912
Uganda/Ouganda.....	296,418	67,800	70,440	72,120	72,228	579,006
United States of America/Etats-Unis d'Amérique/ Estados Unidos de América.....				2,953,890	-	2,953,890
Zaire/Zaire.....	220,540	67,800	70,440	72,120	72,228	503,128
Zambia/Zambia.....			4,410	72,120	-	76,530
	5,298,136	1,606,281	2,664,415	6,350,738	2,899,080	18,818,650

ANNEX B

SURPLUS ACCOUNT
(in Swiss Francs)

Balance at 1 January 1988		NIL
Shortfall of 1988 miscellaneous income over estimated income	(176,761)	
Unencumbered balance on the 1988 expenditure budget	<u>1,181</u>	(175,580)
Transfer from provision for contributions in arrears in respect of receipts of arrears in 1988	<u>5,929,836</u>	5,754,256
Repayment to Working Capital Fund	(3,125,514)	
Transfer to provision for contribution in arrears in respect of 1988 contributions in arrears	(2,899,080)	
Write-off of irrecoverable invoices	<u>(1,727)</u>	(6,098,549)
Accumulated deficit at 31 December 1988		(272,065)
Covered by transfer from Working Capital Fund		<u>272,065</u>
Balance at 31 December 1988		NIL ---