

GENERAL AGREEMENT ON

RESTRICTED

L/6668

26 April 1990

TARIFFS AND TRADE

Limited Distribution

ADMINISTRATIVE AND FINANCIAL QUESTIONS

Final Position of the 1989 Budget of the GATT

1. In accordance with the CONTRACTING PARTIES' standing instructions regarding reporting on the results at the end of the financial period, the Director-General's proposals for dealing with any savings or deficits, 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 appropriated Sw F 64,861,000 for the financial year 1989. Total obligations incurred in 1989 amounted to Sw F 65,186,802 and the originally approved budget was therefore exceeded by Sw F 325,802. It will be recalled that within the appropriations of Sw F 64,861,000, an amount of Sw F 500,000 for the Trade Policy Review Mechanism was frozen at the time of the approval of the 1989 budget pending acceptance of a detailed proposal for utilization of these funds (L/6408). From the Sw F 500,000, Sw F 474,000 were subsequently approved by the Council (C/M/234), upon recommendation of the Budget Committee (L/6522), leaving an unappropriated balance of Sw F 26,000.

3. The Budget Committee reported to the Council (L/6577) on anticipated unavoidable over-expenditures which were then estimated at Sw F 620,000. They were due to (i) adjustments within the United Nations Common System with regard to salaries and contributions to the United Nations Joint Staff Pension Fund (see paragraph 11), and (ii) the meeting in April 1989 of the Trade Negotiations Committee. These were all factors which were unknown and could not be anticipated at the time the 1989 budget estimates were presented to the Budget Committee and thus entailed extraordinary expenditure. Furthermore, it was decided that the additional expenditure, pursuant to the decision that health insurance for GATT staff and retirees would be provided by the Caisse Maladie Suisse d'Entreprises with effect from 1 July 1989, would be met by a withdrawal from the Working Capital Fund if savings in other budgetary sections could not cover the over-expenditure (L/6497 and C/M/232).

4. Taking into account savings which occurred under other budgetary items, the net result of all of these factors is an overall excess of expenditure amounting to Sw F 325,802 mentioned in paragraph 2 above. In order to cover

this amount, authority is hereby sought to increase the original appropriation and to utilize the unappropriated balance of Sw F 26,000 under the Trade Policy Review Mechanism as follows:

	<u>Sw F</u>
Section 3 - Salaries	200,729
Section 6 - Common staff costs:	
Contribution to United Nations	
Joint Staff Pension Fund	151,073
Section 15 - Trade Policy Review Mechanism	<u>(26,000)</u>
	325,802

5. The amount of Sw F 325,802 needs to be withdrawn from the Working Capital Fund. Authority is sought to consider these expenditures under paragraph iii(b) of the rules governing the use of the Fund (Spec(86)6)/Rev.1, Annex II). Accordingly, the corresponding advances are to be reimbursed to the Fund by including an appropriate credit in the 1991 Budget.

6. Excess expenditure of Sw F 1,487,432 over approved appropriations outlined in paragraph 10 below was partially offset by savings of Sw F 1,161,630, detailed in paragraph 7 below. It should be noted that, on the basis of criteria such as number of meetings and number of pages reproduced, expenditures were more accurately allocated between the regular budget and the Uruguay Round, resulting in savings under one part and over-expenditure under another.

7. Savings occurred on the following sections:	<u>Sw F</u>
Section 1 - Forty-fifth Session of the CONTRACTING PARTIES	6,870
Section 2 - Meetings of the Council and other meetings	1,834
Section 4 - Dispute Settlement Panels	20,514
Section 7 - Common Services	107,711
Section 9 - Representation and Hospitality	11,110
Section 14 - International Trade Centre UNCTAD/GATT	<u>987,591</u>
	1,135,630
Section 15 - Trade Policy Review Mechanism (unappropriated balance)	<u>26,000</u>
	1,161,630

8. The savings which arose on Section 1 (Forty-fifth Session of the CONTRACTING PARTIES) were due to the fact that the session was held in the International Conference Centre (CICG) in Geneva for which rental cost is lower than that at the International Labour Office (ILO) on the basis of which the estimates were made. Savings arose on Section 4 (Dispute Settlement Panels) because there were nine fewer panels than anticipated and panelists from outside Geneva were paid for 124 days, whereas some 180 had been anticipated. With regard to Common Services, costs for electricity and heating proved to be less than had been foreseen. Savings were also noted under telephone rental when relevant costs were apportioned between the regular budget and that of the Uruguay Round.

9. Under the heading of the International Trade Centre UNCTAD/GATT (ITC), savings in the context of the revised estimates for the biennium 1988-89, were effected mainly due to the revised rate of exchange, partially offset by an increase in the revised rates of inflation. Other savings were made under salaries and common staff costs, temporary assistance, contractual translation and printing, general operating expenses and communications costs.

10. Excess expenditure over appropriations of Sw F 1,487,432 was incurred under the following sections:

	<u>Sw F</u>
Section 3 - Salaries	200,729
Section 5 - Missions	45,143
Section 6 - Common Staff Costs	754,656
Section 8 - Printing	57,682
Section 10 - Permanent equipment	116
Section 12 - Trade Policy Training Courses	3,708
Section 13 - Uruguay Round	360,869
Section 15 - Trade Policy Review Mechanism	<u>64,529</u>
	1,487,432

11. The excess expenditure in respect of Salaries (Section 3) was primarily the result of an increase of a partial class of post-adjustment representing approximately 5 multiplier points with effect from 1 June 1989, and which was unforeseen at the time of the approval of the 1989 budget. In addition, General Service category salaries were increased by 2.89 per cent whereas only 2 per cent had been foreseen. The main reason for the excess expenditure on Missions (Section 5) was due to unforeseen travel by staff members, especially at the higher levels, prior to the Trade Negotiations Committee meeting in April 1989. Under Common Staff Costs (Section 6), the two most significant factors for the over-expenditure were the contribution to the United Nations Joint Staff Pension Fund and the cost of health insurance for GATT staff and retirees. The first was affected by the increase of 5.7 per cent in the level of pensionable remuneration for staff in the Professional category and above as of 1 May 1989, as well as the higher than anticipated increase in General Service category salaries. The Director-General was authorized to overspend the second after the decision to join the Caisse Maladie Suisse d'Entreprises with effect from 1 July 1989 (see paragraph 3).

12. The main reason for the excess expenditure under the allocation for Printing (Section 8) was a 58 per cent increase in the number of pages (313 in 1988; 492 in 1989) of the 35th Supplement of the Basic Instruments and Selected Documents.

13. The allocation for the Uruguay Round (Section 13) was overspent as a result of the intensive pace of activities related to the Round. It is reflected mainly in such areas as interpretation for meetings (790 work days in 1989 as opposed to 753 in 1988), missions, overtime, and postal services. The provision for salaries was overspent for the same reasons outlined in paragraph 10 above. Additionally, the assignment of part of the telephone rental costs to the Uruguay Round, while resulting in savings under the regular budget (see paragraph 7), resulted in an overspending under the Round. Finally, the cost of the meeting of the Trade Negotiations Committee in April 1989, for which no provision was made, amounted to Sw F 115,516 (see paragraph 3).

14. The Trade Policy Review Mechanism (Section 15) was overspent in such areas as salaries (see paragraph 11), missions (three missions for two staff members each were foreseen while four missions for a total of eleven staff members were necessary), travel and removal expenses for newly-recruited staff, and costs for reproducing the first set of Trade Policy Reviews.

15. In addition to the use of the unappropriated balance of Sw F 26,000 under Section 15 - Trade Policy Review Mechanism (see paragraph 4), transfers between budgetary sections of Sw F 1,135,630 are necessary in order to cover excess expenditure over approved appropriations on the sections mentioned in paragraph 10 above by savings on other sections. Authority is sought to increase these appropriations accordingly as follows:

	<u>Sw F</u>
<u>Transfers from:</u>	
<u>Part I: MEETINGS</u>	
Section 1 - Forty-fifth Session of the CONTRACTING PARTIES	6,870
Section 2 - Meetings of the Council and other meetings	1,834
<u>Part II: SECRETARIAT</u>	
Section 4 - Dispute Settlement Panels	20,514
Section 7 - Common Services	107,711
Section 9 - Representation and Hospitality	11,110
<u>Part V: INTERNATIONAL TRADE CENTRE UNCTAD/GATT</u>	
Section 14 - Contribution to the International Trade Centre UNCTAD/GATT	<u>987,591</u>
	1,135,630

	<u>Sw F</u>
<u>Transfers to:</u>	
<u>Part II: SECRETARIAT</u>	
Section 5 - Missions	45,143
Section 6 - Common Staff Costs	603,583
Section 8 - Printing	57,682
Section 10 - Permanent Equipment	116
<u>Part III: TRADE POLICY TRAINING COURSES</u>	
Section 12 - Trade Policy Training Courses	3,708
<u>Part IV: URUGUAY ROUND</u>	
Section 13 - Uruguay Round	360,869
<u>Part VI: TRADE POLICY REVIEW MECHANISM</u>	
Section 15 - Trade Policy Review Mechanism	<u>64,529</u>
	1,135,630

II. INCOME BUDGET

16. Amounts totalling Sw F 64,894,888 were credited as budgetary income in 1989, which exceeded the approved estimates by Sw F 33,888.

	<u>Approved estimates Sw F</u>	<u>Income credited Sw F</u>	<u>Excess of income Sw F</u>
Contributions assessed on contracting parties	63,790,000	63,790,000	-
Miscellaneous income	<u>1,071,000</u>	<u>1,104,888</u>	<u>33,888</u>
	64,861,000	64,894,888	33,888
	*****	*****	*****

17. The net excess of miscellaneous income, amounting to Sw F 33,888 resulted from a number of items as follows:

	<u>1989</u> <u>Budget</u> <u>Sw F</u>	<u>1989</u> <u>Actual</u> <u>Sw F</u>	<u>Balance</u> <u>Sw F</u>
Sale of publications	160,000	164,224	4,224
Profit or (loss) on exchange	50,000	(79,581)	(129,581)
Savings or (loss) on previous year's outstanding obligations	98,000	79,323	(18,677)
Refund of staff costs for staff employed at Centre William Rappard on behalf of other occupants	690,000	736,179	46,179
Overhead on Trust Funds	12,000	9,381	(2,619)
Rental of meeting rooms and office space at "Centre William Rappard" to others	20,000	20,950	950
Contributions of Observer countries	-	19,000	19,000
Others	<u>41,000</u>	<u>155,412</u>	<u>114,412</u>
	<u>1,071,000</u> =====	<u>1,104,888</u> =====	<u>33,888</u> =====

III. EARLY PAYMENT ENCOURAGEMENT SCHEME

18. No provision was included for income on investments pursuant to the Council's approval (C/M/226) of the Budget Committee's recommendation (L/6384) to introduce a system to encourage payment of contributions whereby interest earned on the current year's contributions would be refunded to contracting parties on the basis of calculations which take account of the amount and date of payment. Annex C shows the apportionment of the amount of Sw F 456,901 earned as interest in 1989. The apportioned amounts will be deducted from the relevant contracting parties' assessed contributions for 1991.

IV. SURPLUS ACCOUNT

19. The Surplus Account, reproduced in Annex B, showed a deficit at 31 December 1989 of Sw F 1,949,571. Receipts in respect of arrears in 1989 amounted to Sw F 1,989,586; from this amount, Sw F 539,869 was assigned in order to increase the level of the Fund to Sw F 4 million, in accordance with the decision of the Council (L/6384 and C/M/226). In addition, Sw F 272,065, representing the 1988 deficit, were repaid to the Working Capital Fund. The 1989 deficit was entirely covered by a transfer from the Working Capital Fund.

V. WORKING CAPITAL FUND

20. The above-mentioned transfer of Sw F 272,065 was made to the Working Capital Fund to cover a 1988 deficit in the Surplus Account. This was 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. In addition, the Fund was increased by Sw F 539,869 in accordance with the decision of the Council mentioned in paragraph 19 above.

21. Taking into account the interest of Sw F 182,397 credited to the Fund and the above-mentioned increase, the principal of the Fund amounted to Sw F 4,182,397 at 31 December 1989. From this amount, Sw F 1,949,571 had been transferred to offset the 1989 deficit. Thus on 31 December 1989 the Working Capital Fund stood at Sw F 2,232,826.

22. Of the Sw F 1,949,571 withdrawn from the Working Capital Fund, Sw F 325,802 will be reimbursed to the Fund by a credit in the 1991 budget and Sw F 1,623,769 from contributions in arrears received in 1990.

POINTS FOR DECISION: Paragraph 4
Paragraph 5
Paragraph 15

ANNEX A/ANNEXE A/ANEXO A

STATEMENT OF OUTSTANDING CONTRIBUTIONS AS AT 31 DECEMBER 1989/ETAT DES ARRIERES DE CONTRIBUTION
AU 31 DECEMBRE 1989/CONTRIBUCIONES PENDIENTES AL 31 DE DICIEMBRE 1989

Contracting Parties and Associated Governments/ Parties Contractantes et Gouvernements associés/ Partes Contratantes y Gobiernos asociados	Swiss francs/Francs suisses/Francos suizos			
	1969/1987	1988	1989	Total 1969/1989
Antigua and Barbuda/Antigua et Barbuda/ Antigua y Barbuda.....	72,120	72,228	19,137	163,485
Argentina/Argentine.....			197,749	197,749
Bangladesh.....			108	108
Belize/Bélize/Belice.....	271,091	-	15,365	286,456
Benin/Bénin.....	322,938	72,228	19,137	414,303
Botswana.....	72,120	72,228	31,895	176,243
Burkina Faso.....	314,514	-	-	314,514
Burundi.....	594,395	72,228	19,137	685,760
Cameroon/Cameroun/Camerún.....	63,790	-	-	63,790
Central African Republic/République centrafricaine/República Centroafricana.....	477,900	72,228	19,137	569,265
Chad/Tchad.....	760,481	59,578	19,137	838,996
Chile/Chili.....			40,044	40,044
Congo.....	504,227	72,228	25,516	601,971
Côte d'Ivoire.....	98,793	-	-	98,793
Cuba.....	400,000	-	-	400,000
Dominican Republic/République Dominicaine República Dominicana.....	673,388	-	38,274	711,662
Gabon/Gabón.....	192,480	22,953	38,274	253,707
Gambia/Gambie.....	590,173	72,228	19,137	681,538
Ghana.....	182,296	72,228	25,516	280,040
Guyana.....	329,450	72,228	19,137	420,815
Haiti/Haïti/Haití.....	200,200	-	19,137	219,337
Kenya.....	72,772	72,228	44,653	189,653
Lesotho.....			19,137	19,137
Madagascar.....	188,535	-	-	188,535
Malawi.....	79,947	-	-	79,947
Maldives/Maldives.....	72,120	108	19,137	91,365
Mauritania/Mauritanie.....	636,619	72,228	19,137	727,984
Nicaragua.....	412,136	53,353	-	465,489
Niger/Níger.....	276,811	72,228	19,137	368,176
Nigeria/Nigéria.....			274,297	274,297
Peru/Pérou/Perú.....	399,086	-	89,306	488,392
Philippines/Filipinas.....	383,089	64,494	184,991	632,574

Contracting Parties and Associated Governments/ Parties Contractantes et Gouvernements associés/ Partes Contratantes y Gobiernos asociados	Swiss francs/Francs suisses/Francos suizos			
	1969/1987	1988	1989	Total 1969/1989
Romania/Roumanie/Rumania.....	759,200	319,007	338,087	1,416,294
Rwanda.....			19,137	19,137
Senegal/Sénégal.....	324,202	-	-	324,202
Sierra Leone/Sierra Leona.....	683,300	72,228	19,137	774,665
Suriname.....	210,360	72,228	19,137	301,725
Tanzania/Tanzanie/Tanzania.....	437,059	2,259	25,516	464,834
Togo.....	128,174	-	-	128,174
Trinidad and Tobago/Trinité-et-Tobago/ Trinidad y Tabago.....			49,352	49,352
Turkey/Turquie/Turquie.....			108	108
Uganda/Ouganda.....	506,778	72,228	19,137	598,143
United States of America/Etats-Unis d'Amérique/ Estados Unidos de América.....	2,953,890	-	1,059,901	4,013,791
Uruguay.....			806	806
Zaire/Zaire.....	430,900	72,228	51,032	554,160
Zambia/Zambia.....	76,530	-	-	76,530
	15,151,864	1,677,200	2,836,982	19,666,046

ANNEX B

SURPLUS ACCOUNT
(in Swiss Francs)

Balance at 1 January 1989		NIL
Excess of 1989 miscellaneous income over estimated income	33,888	
Excess of 1989 expenditure over estimated expenditure	<u>(325,802)</u>	(291,914)
Transfer from provision for contributions in arrears in respect of receipts of arrears in 1989		1,989,586
Contributions in arrears received and assigned to increase Working Capital Fund	<u>(539,869)</u>	1,157,803
Repayment to Working Capital Fund	(272,065)	
Transfer to provision for contributions in arrears in respect of 1989 contributions in arrears	(2,836,982)	
Write-off of irrecoverable invoices	(48)	
Receipt in respect of 1988 write-off	<u>1,721</u>	
		<u>(3,107,374)</u>
Accumulated deficit at 31 December 1989		(1,949,571)
Covered by transfer from Working Capital Fund:		
- to be reimbursed to Working Capital Fund by a credit in 1991 budget	325,802	
- to be reimbursed to Working Capital Fund from contributions in arrears received in 1990	<u>1,623,769</u>	<u>1,949,571</u>
Balance at 31 December 1989		NIL

ANNEX C/ANNEXE C/ANEXO C
-----EARLY PAYMENT ENCOURAGEMENT SCHEME: INTEREST DISTRIBUTED/PLAN VISANT A ENCOURAGER LE PAIEMENT RAPIDE
DES CONTRIBUTIONS: INTERETS RISTOURNES/PLAN DE INCENTIVOS PARA EL PRONTO PAGO
DE CONTRIBUCIONES: INTERESES REEMBOLSADOS

Contracting Parties and Associated Governments/ Parties Contractantes et Gouvernements associés/ Partes Contratantes y Gobiernos asociados	Sw F/FS
Australia/Australie.....	9,937
Austria/Autriche.....	7,674
Bangladesh.....	18
Barbados/Barbade.....	154
Belgium/Belgique/Bélgica.....	21,146
Belize/Bélize/Belice.....	28
Brazil/Brésil/Brasil.....	2,662
Burkina Faso.....	205
Cameroon/Cameroun/Camerún.....	407
Canada/Canadá.....	34,818
Chile/Chili.....	174
Colombia/Colombie.....	1,194
Côte d'Ivoire.....	101
Cuba.....	782
Cyprus/Chypre/Chipre.....	243
Czechoslovakia/Tchécoslovaquie/Checoslovaquia.....	568
Denmark/Danemark/Dinamarca.....	7,888
Egypt/Egypte/Egipto.....	748
Finland/Finlande/Finlandia.....	6,264
France/Francia.....	42,037
Germany (FR) /Allemagne (RF) /Alemania (RF).....	56,934
Greece/Grèce/Grecia.....	1,866
Hong Kong.....	14,558
Hungary/Hongrie/Hungria.....	3,135
Iceland/Islande/Islandia.....	439
India/Inde.....	2,965
Indonesia/Indonésie.....	5,006
Ireland/Irlande/Irlanda.....	3,841
Israel/Israël.....	519
Italy/Italie/Italia.....	31,165
Jamaica/Jamaïque.....	272
Japan/Japon/Japón.....	34,290
Korea, Republic of/Corée, République de/ Corea, República de.....	13,017
Kuwait/Koweït.....	879
Luxembourg/Luxemburgo.....	1,728
Madagascar.....	73
Malawi.....	103
Malaysia/Malaisie/Malasia.....	4,321
Malta/Malte.....	258
Mauritius/Maurice/Mauricio.....	298
Mexico/Mexique/México.....	3,410
Morocco/Maroc/Marruecos.....	728

Contracting Parties and Associated Governments/ Parties Contractantes et Gouvernements associés/ Partes Contratantes y Gobiernos asociados	Sw F/FS
Myanmar, Union of/Myanmar, Union du/ Unión de.....	220
Netherlands, Kingdom of/Pays-Bas, Royaume des/ Países Bajos, Reino de los.....	28,224
New Zealand/Nouvelle-Zélande/Nueva Zelanda.....	2,465
Nicaragua.....	115
Norway/Norvège/Noruega.....	7,455
Pakistan/Pakistán.....	861
Poland/Pologne/Polonia.....	2,974
Portugal.....	1,862
Senegal/Sénégal.....	220
Singapore/Singapour/Singapur.....	4,463
South Africa/Afrique du Sud/Sudáfrica.....	6,015
Spain/Espagne/España.....	9,107
Sri Lanka.....	242
Sweden/Suède/Suecia.....	13,745
Switzerland/Suisse/Suiza.....	14,267
Thailand/Thaïlande/Tailandia.....	3,341
Togo.....	79
Trinidad and Tobago/Trinité-et-Tobago/ Trinidad y Tobago.....	7
Turkey/Turquie/Turquía.....	2,078
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.....	33,483
United States of America/États-Unis d'Amérique/ Estados Unidos de América.....	5,541
Uruguay.....	152
Yugoslavia/Yougoslavie.....	1,890
Zambia/Zambia.....	51
Zimbabwe.....	417
Associated Government/Gouvernement associé/ Gobierno asociado:	
Tunisia/Tunisie/Túnez.....	774
	456,901