

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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CONTRACTING PARTIES
Fifteenth Session

BUDGET OF THE CONTRACTING PARTIES

Note by the Executive Secretary for consideration at a Meeting of Heads of Delegations

1. In his note of 29 May 1959 (document L/997) the Executive Secretary had occasion to draw attention to the difficult situation which has been created during the current year as a result of the frequent ad hoc decisions contracting parties are required to make concerning meetings of committees, working groups etc. In the same document the Executive Secretary also served notice of his intention to provide in the 1960 budget for a greater margin on the items affected by such ad hoc decisions.
2. So far the budget estimates for 1960 provide for 150 days for meetings of committees, working groups etc., and, as indicated in the note accompanying the estimates, any decision taken by the CONTRACTING PARTIES at the fifteenth session leading to the scheduling of further meetings, would necessitate the submission of supplementary estimates.
3. However, even at the coming session, and this goes for most sessions, it will not be possible accurately to forecast for the next budgetary period all such contingencies which may require the CONTRACTING PARTIES to take prompt action, and consequently may lead to an increase in the workload and expenditure of the secretariat. The Executive Secretary believes this to be particularly true during the present times of frequent developments which directly affect the interests and responsibilities of the CONTRACTING PARTIES.
4. Under the present rules governing the use of the Working Capital Fund the Executive Secretary is authorized to advance:
 - (a) Such sums as may be necessary to finance budgetary appropriations pending receipt of contributions; sums so advanced shall be reimbursed as soon as receipts from contributions are available for the purpose.
 - (b) Such sums as may be necessary to finance commitments which may be entered into in connexion with unforeseen expenses which arise in connexion with the carrying out of approved programmes provided for in the budget appropriations; such advances shall not exceed a total of US \$20,000.

- (c) Such sums as may be necessary to finance commitments relating to extraordinary expenditure as approved by the CONTRACTING PARTIES.

5. Of those three possibilities the one mentioned under (a) should be considered the primary and most important function of the Working Capital Fund. Those mentioned under (b) and (c) should only be used infrequently and on an exceptional basis. They should never be treated as normal financial practice.

6. The Executive Secretary has therefore reached the conclusion that in the present circumstances as referred to in paragraph 3 above, the restricted use of a relatively small working capital fund no longer fully meets the situation with which the CONTRACTING PARTIES may be faced during the coming years.

7. The CONTRACTING PARTIES may therefore wish to consider including in the budget an appropriation covering expenditure on special sessions of the CONTRACTING PARTIES and other unscheduled meetings of committees and working groups, which may have to be called at short notice.

8. Such an appropriation which could take the form of a lump sum credit included in the regular budget and might be in the nature of 5 per cent of the total budget, would avoid recourse to supplementary credits which complicate budgeting both at the secretariat and government ends. The Working Capital Fund would thus be available primarily for the purpose indicated under paragraph 4(a) above, which will become all the more important as the budget expands, whilst its uses under (b) and (c) would be confined to most exceptional circumstances.

9. The Executive Secretary proposes to raise this matter at an early stage during the fifteenth session. In view of the budgetary implications delegates may wish to consult the government departments concerned prior to their departure for Tokyo.