

FIRST REPORT OF WORKING PARTY 9 ON THE BUDGET

1. The Working Party was requested:
 - (a) to report on the financial implications of the Third Session of the Contracting Parties and of the Tariff Negotiations beyond the end of July 1949;
 - (b) to prepare a budget estimate for 1950 and to recommend ways and means for covering the expenditure contemplated for 1950.
1. Financial Implications of the Extension of the Annecy Meeting beyond the end of July 1949.
2. The Working Party noted that the provisions for unforeseen expenditure in the 1949 budget would be largely absorbed by the expenditure up to the end of July 1949, and that, after providing for the secretariat services during the period 15 August until 31 December 1949, and the other routine expenses, there will remain an estimated balance of about \$3,000 to cover the secretariat and conference services until the end of the Annecy meeting, the printing of the Annecy Protocol and Schedules and inter-sessions meetings or inquiries until the end of the year.
3. The Working Party feels that it might be difficult for certain governments to increase their contributions for 1949 after they have secured the necessary authority to remit the contribution fixed at the last session. The Working Party recommends therefore that the budget estimates for the period 16 August 1948-31 December 1949 be increased from \$76,000 to \$91,350 and that the contributions from the acceding governments for 1949 be used to meet the increased expenditure for the current year. To that effect, the ICITO would be asked to advance the necessary amounts to cover such additional expenditure and the contributions from the acceding governments would serve for the repayment of that advance to the ICITO.

4. Annex 1 shows the estimated expenditure and estimated income for the period 1 August 1949-31 December 1949. The expenditure is based on the assumption that the secretariat services as from the 1st of August will be reduced to a minimum.

5. The Working Party was of the opinion that it would be advisable and economical that the Annex Protocols and Schedules be printed by the Secretariat for the use of the Contracting Parties. As the printing of those documents would involve a heavy burden on the budget, it is recommended that each government should pay for the copies furnished to them by the Secretariat. It is estimated that a revenue of \$8,500 will be derived from that source against an estimated expenditure of \$10,000.

6. Before preparing a budget estimate for 1950, the Working Party considered what basis should be adopted for the repayment of the secretariat services provided by the Interim Commission. It noted that the percentages of 10 per cent of the ICITO Personnel budget for periods between sessions and of 50 per cent during sessions did not correspond to the expenditure actually incurred by the ICITO on behalf of the Contracting Parties in 1949 and that it would be impracticable to expect the ICITO to continue to meet a substantial part of the GATT expenditure out of its own budget.

7. The Working Party recommends therefore that the Contracting Parties should undertake to repay to the ICITO all the charges incurred on their behalf during the year 1950. Although it is difficult to foresee at the present time how the work done by the Secretariat for the Contracting Parties will compare with the work done for ICITO, it would seem fair, on the basis of past experience, to ask the contracting parties to contribute 50 per cent of the ICITO personnel charges during the period between sessions and 90 per cent during the sessions. The budget estimates submitted by the Working Party are based on the assumption that the Contracting Parties will accept these percentages, as the basis for repayment in 1950, all the other items of expenditure being charged as heretofore.

It was pointed out that such an arrangement assumed that the ICITO would be in a position to finance the remaining portion of

its personnel charges and other expenditure independently of the contributions of the contracting parties. The ICITO has been financed so far through advances made by the United Nations out of its Working Capital Fund. To finance its expenditure for 1950, the ICITO would have to secure a further advance out of the Working Capital Fund or to obtain from the General Assembly authorization for the Secretary-General to advance in 1950 the balance of the loan of \$344,843 already authorized for the period 1 January to 31 December, 1949, and to extend, if necessary, the two year limitation on the dates of repayment of loans made to the Interim Commission, in 1948, amounting to \$196,490. The Working Party strongly recommends that the contracting parties agree to support the request for a further advance from the United Nations when the request which will be submitted by the Executive Committee of the ICITO is considered by the General Assembly at its September Session.

8. The Working Party also recommends that the "pay as-you-go" arrangement adopted at the last session be continued. As it is necessary for the Contracting Parties to know in advance the amount of their contribution for 1950 and for the Executive Secretary to have authority to approve expenditure up to a definite amount, the Contracting Parties will be required to approve a total budget figure for 1950 which will serve as a basis for the computation of the contributions and will represent the maximum amount of expenditure to be authorized without further reference to them.

9. As the ICITO cannot rely on any cash surplus at the end of 1949 and has no working capital fund to meet expenditure pending the receipt of current contributions, it is imperative that the contracting parties should take necessary arrangements for sending their 1950 contributions as early as possible in 1950. It is therefore recommended that the contributions should be paid if possible in January 1950 and, in any case, not later than the 1st April, 1950. It has been pointed out, however, that it might be difficult for some contracting parties to secure the necessary authority before the 1st April, 1950; in such case, it is recommended that those contracting parties should send their contributions as soon as they have obtained such authority. As in 1949 contributions would be sent to the Finance Officer at the European Office of the United Nations for the account of the

Contracting Parties. Payment may be made in U.S. dollars or Swiss francs at the option of each contracting party.

10. The Working Party has examined the tentative estimates contained in Annex I of document Budget/1; it noted that estimates for meetings were based on the optimistic assumption that the Fourth Session would last only one month and the Tariff Negotiations four months and that the other items (including unforeseen expenditure) did not afford sufficient elasticity to meet the additional expenditure which would be incurred if the meetings were to last longer than contemplated. It has therefore increased the provision for the Fourth Session from \$22,500 to \$33,750 to cover the expenditure of a session lasting six weeks. As regards the Tariff Negotiations, the Working Party was reluctant to increase the estimate but thought it advisable to raise the unforeseen expenditure from \$24,868 to \$39,405 (i.e. from 10 per cent to 15 per cent) of the budget. Moreover, the Working Party hopes that if it is found impracticable to hold the Tariff Negotiations in Geneva, arrangements could be made with an inviting government or authority which would avoid charging the Contracting Parties budget with the cost of per diem allowances; if such a saving of about \$23,000 could be effected, the Working Party feels that the financing of the Tariff Negotiations would be reasonably secure.

11. As regards printing, the Working Party feels that it would be advisable to ask the Secretariat not only to print Schedules resulting from the third round of Negotiations, but also to publish consolidated Schedules, embodying the Geneva Schedules, the rectifications thereof, the Annecy Schedules and the New Schedules. The net expenditure would not be unduly large if the contracting parties were ready to pay for all the copies delivered to them by the Secretariat. If this arrangement is accepted, an amount of \$7,500 would be sufficient to cover the cost of printing less the income derived from the sales to governments. The estimates for the cost of printing are as follows:

| | |
|----------------------------------------------------------------------------|-----------------|
| a) printing of the Schedules resulting from the 1950 Tariff Negotiations - | \$ 7,500 |
| b) printing of the consolidated Schedules - | <u>19,500</u> |
| Total | \$ 27,000 |
| Less income derived from the sales to the contracting parties | <u>19,500</u> |
| Net Expenditure | <u>\$ 7,500</u> |

12. The budget estimates contained in Annex II provide for the services of two consultants being employed for four months. The Contracting Parties may decide to prepare the report contemplated in Article XIV of the GATT and to secure the services of an expert to provide the assistance envisaged with regard to applications under Article XVIII between sessions. If the Contracting Parties were to decide that this work should not be undertaken in 1950, a saving of \$10,000 will be effected on the item "experts and consultants" and a saving of \$3,000 on the item "travel on official business", reducing the total budget estimate to \$287,054.64.

III. Scale of Contributions for 1950.

13. The Working Party will submit a further report on this question.

ANNEX I

a) Estimate of Expenditure 1st August to 31st December 1949

(Contracting Parties 1st - 13th August 1949
(Tariff Negotiations 1st August - 10th September 1949

| | |
|---------------------|--------------|
| Conference Services | \$ 4,588 |
| Documentation | 2,660 |
| TOTAL | <u>7,248</u> |

Inter-Session Secretariat Services : 15th August 1949 to
31st December 1949.

| | |
|-----------------------------------------------|---------------|
| Secretariat Services | \$ 4,393 |
| Preparatory Documentation | 1,209 |
| Inter-Session Meetings and Enquiries | 10,000 |
| Printing of Annecy Protocols and Schedules | 10,000 |
| TOTAL | <u>25,602</u> |

Total Estimated Expenditure for period 1st August to
31st December 1949 -- \$ 32,850

b) Estimated Income for the period 1st August - 31st December 1949

| | |
|-----------------------------------------------------------------------------|---------------|
| Estimated balance on 1.8.49 | 9,000 |
| Contributions from Acceding Governments | 15,350 |
| Estimated Income derived from sales of Annecy Protocols and Schedules | 8,500 |
| TOTAL | <u>32,850</u> |

ANNEX IIa.

BUDGET ESTIMATES FOR 1950

| <u>Part I: Meetings</u> | \$ | \$ | \$ |
|---------------------------------------------------------------|--------------|--------------|-------------------|
| GATT 4th Session | 33,750 | | |
| Tariff Negotiations | 70,000 | | |
| Other Meetings | <u>7,000</u> | 110,750 | |
| TOTAL OF PART I | | | 110,750 |
| <u>Part II: Secretariat</u> | | | |
| <u>Common Staff Costs</u> | | | |
| GATT 4th Session | 18,133.75 | | |
| Tariff Negotiations | 48,362.00 | | |
| Remainder of 1950 | 43,652.89 | 110,148.64 | |
| <u>Other Pay Items</u> | | | |
| Experts and Consultants | 10,000 | 10,000 | |
| <u>Travel</u> | | | |
| Travel on official business | 5,000 | 5,000 | |
| <u>Communications</u> | | | |
| | | 2,500 | |
| <u>Printing</u> (cost less income derived from sales) | | | |
| | | 7,500 | |
| <u>Freight</u> | | | |
| | | 1,500 | |
| <u>Common Services</u> | | | |
| Office Rooms | 2,920 | | |
| Documents Reproduction | 6,075 | | |
| Reimbursement to UN for Administrative and Financial Services | 2,601 | | |
| Other Services | <u>3,750</u> | 15,346 | |
| TOTAL OF PART II | | | <u>151,994.64</u> |
| Total of Parts I and II | | | 262,744.64 |
| <u>PART III: Unforeseen</u> | | | |
| 15% of foregoing | 39,405.00 | | <u>39,405.00</u> |
| | | <u>TOTAL</u> | <u>302,149.64</u> |

BUDGETARY JUSTIFICATIONS

PART I MEETINGS

See Appendix II of Budget/1
for Charges
The Estimates are based on:

The other budgetary justifica-
tions are contained in Budget/1
pages 5, 7 and 8.

GATT 4th Session lasting 6 weeks
and held in Geneva
Tariff Negotiations lasting 4 months
and held away from Geneva.

| ITEM | GATT 4th SESSION | | TARIFF NEGOTIATIONS | |
|------------------------------------------------------------|--------------------------------------------------------------------------------------------|---------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|
| | Basis of Estimate | Cost | Basis of Estimate | Cost |
| Temporary Assistance (gross international salary rates) | Approx. 6 Gde. 2 Distribution staff 4 Secretaries Gde.4 2 precis Writers - Gde.10 | 5,069 | 5 Secretaries Gde.4 1 Documents Officer - Gde.7 1 Messenger Distribution Clerk - Gde.2 1 Research Assistant Gde.15 2 Precise Writers - Gde.10 | 14,877 |
| Meeting Rooms | Conference - 60 Meet. Sub-Committee - 75 Meetings Office - 36 Rooms | 3,510 | 1 Conference-96 Meet. 4 Sub-Committee - 384 Meetings (total) Office - 40 Rms. | 9,408 |
| Documents Reproduction | 1,500 pages English 1,500 pages French | 12,150 | 1,300 pages English 1,200 pages French | 10,000 |
| Translation | 1,500 pages E/F | 7,500 | 1,200 pages E/F | 6,000 |
| Interpretation | 135 Meetings (1 addit,Interpreter) | 2,902 | 96 Meetings (1 addit,Interpreter) | 2,016 |
| Per Diem | - | - | All regular staff | 23,644 |
| Travel | - | - | Can be estimated when it is known where the Tariff Negotiations are to be held | pro memoria |
| Hotel Reservations | 72 Delegates | 36 | | - |
| Stationery | Based on 1948 cost | 690 | Based on Annecy Cost (UN supplies only) for 1st 4 months | 642 |
| Communications Freight | Nominal figure - no estimate possible | 375 | Based on Annecy Cost for 1st 4 months | 1,230 |
| Other Expenditure | To cover miscellaneous expenditure | 1,518 | To cover miscellaneous expenditure | 2,183 |
| TOTAL | | <u>33,750</u> | | <u>70,000</u> |

