

SECOND REPORT OF WORKING PARTY 9

ON THE BUDGET

1. The Working Party considered the question of the scale of contributions of the contracting parties for 1950. After consideration had been given to the following plans:

- a) a per capita division on the basis of equal shares;
- b) a scale based on the United Nations scale of contributions, with a minimum contribution for the contracting parties whose share of the total external trade of the present and prospective contracting parties is less than 1%;
- c) a continuation of the scale applied in 1949;

the Working Party came to the conclusion that the best practical method would be to assess the contributions on the basis of the volume of the foreign trade of the Contracting Parties. This criterion was a simple one and was considered to be appropriate in the case of a group which is concerned with foreign trade. It felt, however, that some adjustments had to be introduced in the scale applied in 1949 in order to conform more closely to that criterion.

2. As was the case for the 1949 scale, the percentages of external trade for individual countries are based on an average of the 1938 and 1946 figures for each country. Some changes in classification have resulted from the inclusion in the total trade figures of the trade of the acceding governments which participated in the Aneey negotiations and from the use of final statistics for 1946. The percentages for Belgium and Luxemburg have been computed on the basis of estimates provided by the Belgian delegation, as the statistics available refer to the Belgo-Luxemburg Economic Union. As regards India and Pakistan,

the breakdown of the aggregate percentage is based on the figures of foreign trade in 1947 and 1948, as the Governments of India and Pakistan have not yet communicated to the Secretary-General of the United Nations the allocation of percentages which they have to make by agreement for the purposes of Annex H to the General Agreement.

3. The categories contained in GATT/CP.2/~~21~~ have been retained with the following changes: Category A (countries whose share of total external trade is 10% or more) has been divided into two categories:

- a) countries whose share is 20% or more,
- b) countries whose share is 10% or more but less than 20%. Furthermore, the fractions in the percentage figures of the definition of the categories have been eliminated so that the percentages which would serve for the computation of the contributions are:

1%, 2%, 5% 7% 10% and 20%

4. As indicated above, the number of units for each category has been adjusted so as to conform more closely to the actual percentage of trade of the countries concerned. The rearrangement of the categories and the new allocation of units have made it possible to maintain at a comparatively low figure the value of the unit of contribution and, therefore, the amount to be paid in 1950 by the countries whose share in trade is less than 1%.

5. The basis for division of expenses proposed by the Working Party represents a compromise which is limited to the year 1950; it does not in any way constitute a precedent for the basis of contributions of governments to international organizations.

6. The Working Party recommends that the contributions of the contracting parties for 1950 be assessed on the basis of the figures contained in Annex A, on the understanding that if some acceding governments do not become contracting parties in 1950, the Chairman will be authorized to increase the value per unit of contribution in order to make up the deficit thus created.

SCALE OF CONTRIBUTION OF THE CONTRACTING PARTIESFOR 1950

Category & Country	No. of Contracting Parties	Units per Contracting Party *	Contributions per Contracting Party	Total Number of Units	Total Contributions
<u>Category A: Countries whose share of total external trade as shown in the attached table is 20% or more.</u>	2	20	\$53,008.60	40	\$106,017.20
United Kingdom and United States.					
<u>Category B: Countries whose share is 10% or more but less than 20%</u>	Nil	10	26,504.30	Nil	Nil
<u>Category C: Countries whose share is 7% or more but less than 10%</u>	1	7	18,553.01	7	18,553.01
France					
<u>Category D: Countries whose share is 5% or more but less than 7%</u>	1	5	13,252.15	5	13,252.15
Canada.					
<u>Category E: Countries whose share is 2% or more but less than 5%</u>	4	4	10,601.72	36	95,415.48
Australia, Belgium, Brazil, China, India, Italy, Netherlands, South Africa and Sweden.					
<u>Category F: Countries whose share is 1% or more but less than 2%</u>	5	2	5,300.06	10	26,504.30
Cuba, Czechoslovakia, Denmark, New Zealand and Norway.					
<u>Category G: Countries whose share is less than 1%</u>	16	1	2,650.43	16	42,406.88
Burma, Ceylon, Chile, Colombia, Dominican Rep. Finland, Greece, Haiti, Lebanon, Liberia, Luxembourg, Nicaragua, Pakistan, S. Rhodesia, Syria and Uruguay.					
TOTAL	34				114 \$302,149.02

* 1 Unit - \$ 2650.43

EXTERNAL TRADE OF PRESENT CONTRACTING PARTIES
AND ACCEEDING GOVERNMENTS

Source: The figures are based on the "International Financial Statistics" for June 1949 (Vol. II No.6) published by the International Monetary Fund. (In millions of dollars).

	<u>1938</u>	<u>1946</u>	<u>Average of 1938 & 1946</u>	<u>% of total</u>	
Australia	1,038	1,300	1,169	2.6	Including Belgian Congo The statistics do not provide separate figures for Belgium & Luxembourg The respective percent- ages have been computed on the basis of esti- mates submitted by the Belgian Delegation.
Belgium)				(3.8	
Luxembourg)	1,574	2,166	1,870	(0.4	
Brazil	592	1,656	1,124.	2.5	1947 figures are used instead of 1946, for which no figures are available.
Burma	117	226	171.5	0.4	
Canada	1,641	4,397	3,019.	6.8	Including Indo-China, Morocco, French West Africa, Madagascar and Tunisia.
Ceylon	181	413	297.	0.7	
Chile	352	315	333.5	0.7	
China	928	878	903.	2.0	
Colombia	170	431	300.5	0.7	
Cuba	261	862	561.5	1.3	
Czechoslovakia	646	714	680.	1.5	
Denmark	689	930	809.5	1.8	
Dominican Rep.	27	96	61.5	0.1	
Finland	364	412	388.	0.9	
France	2,649	4,034	3,341.5	7.5	
Greece	221	361	291.	0.6	
Haiti	15	39	27.	0.1	
India)				(3.2	
Pakistan)	1,518	1,549	1,533.5	(0.5	
Italy	1,133	1,260	1,106.5	2.7	The aggregate percentage for India and Pakistan (3.7%) is divided between the two countries on the basis of the ratio of external trade in 1947 and 1948. The averages for these two years are \$m 2,730 for India and \$m.382 for Pakistan, i.e. 88%:12%
Liberia	4	17	10.5	0.05	
Netherlands	2,385	1,950	2,167.5	4.9	Estimated figures (as per Havana document E/CONF.2/4/Rev.1). Indonesia & Antilles inc
New Zealand	439	563	501.	1.1	
Nicaragua	10	28	19.	0.05	
Norway	480	685	582.5	1.3	
S. Rhodesia	65	161	113.	0.3	
South Africa	636	1,373	1,004.5	2.3	

	<u>1938</u>	<u>1946</u>	<u>Average of</u> <u>1938 & 1946</u>	<u>% of</u> <u>Total</u>	
Lebanon)				0.1	
Syria)	53	137	95.	0.1	
Sweden	986	1,539	1,262.5	2.8	
U.K.	8,420	10,853	9,636.5	21.7	Including: Hongkong Malaya, Kenya & Uganda, Gold Coast, Nigeria, Sierra Leone, Tanganika Jamaica, Northern Rhodesia
U.S.	5,325	15,943	10,634	24.0	
Uruguay	123	300	211.5	0.5	
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				100.0	

Note: The figures for the trade of certain contracting parties do not include the trade of some of their overseas territories which is not shown separately in the statistics of the International Monetary Fund: the inclusion of the trade of those territories would not modify the classification of those contracting parties for the purpose of assessing their contributions.