

GENERAL AGREEMENT ON TARIFFS AND TRADE

MEETING BETWEEN REPRESENTATIVES OF THE STAFF AND THE CONTRACTING PARTIES

1. The second meeting, under the chairmanship of the Director-General, was held on 12 June 1986, between representatives of the Staff and the CONTRACTING PARTIES.
2. The spokesman for the Staff, Mr. J.-M. Lucq, was accompanied by Mr. Thorn, President of the Staff Council and Mr. Villa-Martin.
3. The spokesman for the CONTRACTING PARTIES, Ambassador Chiba (Japan), Chairman of the CONTRACTING PARTIES was assisted by Ambassador Hill (Jamaica), Chairman of the Budget Committee. Ambassador Chiba undertook to keep Ambassador Park (Korea), Chairman of the Council, informed of developments as the latter could not be present due to a prior commitment.
4. Mr. Lucq recalled that, following the first meeting held on 10 March 1986, two concrete requests from the GATT staff representatives had been sent to Ambassador Chiba, through the Director-General, for favourable consideration by the CONTRACTING PARTIES. These were aimed at preventing a further erosion of staff employment conditions rather than at improving them. They pertained to the maintenance of purchasing power of the professional staff and the proposal for a supplementary pension scheme designed to protect the level of professional pensions. Mr. Lucq reiterated that urgent action was needed to remedy the deteriorating situation. He asked whether it was possible for Ambassador Chiba to indicate any reactions at this stage.
5. Ambassador Chiba indicated that he continued to be sympathetic to the position as expressed by the Staff representatives and that he also saw the need for finding urgent solutions. To this end, he intended to hold a series

of consultations with contracting parties. (The first of these was held under Ambassador Chiba's chairmanship on 18 June 1986.) He recalled that apart from the two proposals submitted by Mr. Lucq, there existed a third proposal, made by the Director-General to the Budget Committee, concerning a floor rate for salary and allowance payments to staff in the professional category and above (Spec(86)36). He had no objection to all these proposals being taken together either in these discussions or elsewhere. However, it was clear that some of these were likely to prove more complicated than others; for example, the question of pensionable remuneration was an especially thorny one, tied to fundamental policy questions relating to GATT's personnel policy, and would require specially delicate handling. He suggested that the Staff representatives might consider indicating their priorities.

6. The Director-General, while appreciating this view, felt that all the problems posed were in need of urgent attention. In fact, it was this sense of urgency which had persuaded the Director-General to raise these matters in the Council and the Budget Committee. It was clear that there were several tracks open to the CONTRACTING PARTIES and the staff for conducting the discussions. The Director-General stressed the need for a coordinated approach to these problems aimed at identifying immediate solutions while simultaneously looking for durable, long-term remedies. The objective was to ensure that the CONTRACTING PARTIES continued to receive the best possible service from the secretariat. Practical, down-to-earth solutions could be found and these would go a long way in raising the morale of staff.

7. Regarding the problem of fluctuations in the rate of the U.S. dollar against the Swiss Franc, the Director-General suggested that the Budget Committee take an immediate decision on his proposal for floor rate and also begin a thorough examination of the general question of exchange rate effects on salaries and allowances with a view to evolving guidelines and principles to be applied for seeking a permanent solution.

8. Regarding pensions, the Director-General felt that a solution would have to be evolved in harmony with other organizations in GENEVA, members of the common system. He stated that even this problem was urgent as he understood other organizations had been similarly affected. Moreover, the matter was

presently being considered by the United Nations Joint Staff Pensions Board in Copenhagen and the International Civil Service Commission (ICSC), and concrete proposals, likely to have serious adverse effects, could well be submitted to the United Nations General Assembly in New York in the near future.

9. Mr. Lucq pointed out that the proposals submitted by the Staff representatives did not go against the common system but rather beyond it. In this sense, they were conceived along lines similar to steps taken by other organizations similarly affected; for example, the World Intellectual Property Organization, the World Health Organization and the International Labour Office. He stressed that the ideas behind the proposals were merely to remedy the special problems with which staff of international organizations in Geneva had been confronted due to decisions taken in New York. He hoped that the proposals could be developed and elaborated in these meetings to enable the Chairman of the CONTRACTING PARTIES to ultimately invite the Council to decide on these matters in the fullest knowledge of the details involved.

10. Mr. Thorn stated that the problems of salaries and pensions had both the same two aspects; i.e. the aspect of the fluctuating rate of the U.S. dollar and the aspect of the impact of decisions taken by the UNGA in New York. As regards salaries and allowances, the depreciation of the U.S. dollar had been only partially offset by the post adjustment allowance and the freeze of the cost-of-living compensation resulting from the UNGA decisions had made for further losses. Similarly for pensions, both the aspect of the U.S. dollar depreciation and losses resulting from the decisions taken in New York had to be considered.

11. Ambassador Hill stated that he had taken note of the points put forward on the proposal for a floor rate for salaries and allowances. He undertook to work towards the objective of the finalization of a recommendation by the Budget Committee for consideration by the Council at its July session. He stressed that even though interim solutions may be possible for the current financial year, it was not certain what could be done in the next year as the applicable exchange rate was not yet certain. While in favour of finding some immediate remedies in view of the urgency of the problems, he also felt

that decisions for any immediate relief should be based on some generally agreed criteria and principles which could also be used in determining more permanent solutions. He stated that though a great deal of information had been supplied to the Budget Committee more was needed by members; for example, the extent of compensation provided by the post adjustment system in order to determine the gap in real terms which was required to be met.

12. Ambassador Chiba felt that while it was entirely appropriate for the Budget Committee to discuss these matters, he would continue informal consultations with individual contracting parties from a larger policy point of view to hasten the process. He agreed with the Director-General on the need for a coordinated approach. He felt that on these matters, and principally in the case of pensions, the GATT should proceed together with the other organizations in Geneva. Agreeing also with the Director-General's observation regarding the need to distinguish with immediate and longer term solutions, Ambassador Chiba said that his consultations with contracting parties would be conducted with this objective in view.

13. It was agreed that the next meeting would be held on Friday, 27 June 1986 at 9.00 a.m. It was further agreed that the two proposals put forward by Staff representatives would be taken up in greater detail with the help of relevant data furnished by the secretariat to help decisions where necessary.