

GENERAL AGREEMENT ON

TARIFFS AND TRADE

RESTRICTED

Spec(90)21
21 May 1990

COMMITTEE ON BUDGET, FINANCE AND ADMINISTRATION

Note by the Chairman

Preparation of the 1991 Budget Estimates of the GATT

1. In the normal course, the Director-General's Budget Proposals for 1991 would be examined by the Budget Committee in September 1990 and the Committee's recommendations would then be considered by the Council, and thereafter by the forty-sixth session of the CONTRACTING PARTIES in November.
2. This year the Secretariat would have to prepare the budget estimates for 1991 without knowing the outcome of the Trade Negotiations Committee meeting in December 1990, which could have a crucial influence on them.
3. At its meeting on 11 May 1990, the Budget Committee discussed this situation generally and there was agreement that it would not be possible to present a final budget for 1991 until early in that year and that therefore an interim budget would be required.

Basis for 1991 interim budget

4. It was suggested that the 1990 budget could be used as a basis for the interim budget. As there are no major items of non-recurrent expenditure contained in the 1990 budget, and as any modification in part of this budget would inevitably have implications elsewhere in the budget, it is suggested that 100 per cent of the 1990 budget be accepted as the interim budget for 1991. An alternative is to take 90 per cent of the 1990 budget as the 1991 interim budget.

Control mechanism

5. In order to monitor expenditure prior to approval of the 1991 final budget, a sub-committee of the Committee on Budget, Finance and Administration, under the Chairman of the Committee, would be established.

Assessments on contracting parties for 1991

6. The postponement of the budget approval process does not dispense with the need for the Director-General to have funds at his disposal to meet the running costs of the Secretariat as from 1 January 1991.

7. With a 100 per cent carry-over of the 1990 approved budget to 1991, no adjustment would be made on account of factors such as inflation, staff costs and level of activities and initial contributions for 1991 would be assessed at the same level as the 1990 contribution. It is also relevant that the contracts of staff recruited specifically for the Uruguay Round have been extended to 31 July 1991 (document L/6577 paragraph 24).

8. Should it be decided to take 90 per cent of the 1990 budget as the interim budget, initial contributions assessed on contracting parties would be at 90 per cent of the 1990 assessment.

9. Any adjustment that may be necessary concerning the level of the budget and possible changes in trade shares, on which assessments are based, would be made following the Committee's examination of the final 1991 budget proposals by the end of March 1991 and subsequent approval by the Council and the CONTRACTING PARTIES.

10. Annex I sets out a possible time-frame for the approval of the 1991 interim and final budgets. Annex II outlines draft recommendations which may be considered by the Budget Committee.

ANNEX I

TIME FRAME FOR APPROVAL OF 1991 INTERIM AND FINAL BUDGETS

Phase 1: Approval of 1991 interim budget:

The Committee on Budget, Finance and Administration would approve the 1991 interim budget. The Committee's report and draft resolution on the expenditure of the CONTRACTING PARTIES in 1991 and the ways and means to meet such expenditure would be considered by the Council and the forty-sixth session of the CONTRACTING PARTIES in November. Corresponding 1991 assessments would be issued to contracting parties.

Phase 2: Final budget proposals for 1991:

After the Trade Negotiations Committee meeting in December, the Secretariat would prepare the final budget proposals for 1991. Following the Director-General's presentation of the definitive proposals to the Committee on Budget, Finance and Administration, the Committee would report and make recommendations to the Council by the end of March 1991 for further consideration by the CONTRACTING PARTIES (possibly by mail ballot). In the light of the approved 1991 budget, contribution assessments on contracting parties would be adjusted as appropriate. Should the final assessment on a contracting party be lower than the interim assessment, the difference would be credited to the contracting party's account.

ANNEX II

Draft recommendations:

[A: INTERIM BUDGET AT 100 PER CENT OF 1990 BUDGET

The Committee recommends to the Council that the Director-General's budget proposals for 1991 be presented as soon as possible after the Ministerial Meeting of December 1990. The Budget Committee will make recommendations to the Council before 31 March 1991 with regard to a draft resolution of the expenditure of the CONTRACTING PARTIES in 1991 and the ways and means to meet such expenditure.

Pending the approval of the final 1991 Budget, The Director-General is authorized to make budgetary expenditures not exceeding the allotments approved for 1990, i.e. 74,571,000 Swiss francs. This expenditure should be financed as follows:

- a) by contributions from contracting parties in the amount of 73,600,00 Swiss francs, assessed in accordance with the scale of contributions for 1990; contributions from contracting parties are considered as due and payable in full as at 1 January 1991;
- b) by miscellaneous income estimated at 971,000 Swiss francs.

In order to monitor expenditure prior to approval of the 1991 final budget a sub-committee of the Committee on Budget, Finance and Administration, under the Chairman of the Committee, would be established.

In the light of the approved 1991 budget, contribution assessments on contracting parties would be adjusted as appropriate. Should the final assessment on a contracting party be lower than the amount assessed in accordance with paragraph a) above, the difference would be credited to the contracting party's account.]

[B: INTERIM BUDGET AT 90 PER CENT OF 1990 BUDGET

The Committee recommends to the Council that the Director-General's budget proposals for 1991 be presented as soon as possible after the Ministerial Meeting of December 1990. The Budget Committee will make recommendations to the Council before 31 March 1991 with regard to a draft resolution of the expenditure of the CONTRACTING PARTIES in 1991 and the ways and means to meet such expenditure.

Pending the approval of the final 1991 Budget, The Director-General is authorized to make budgetary expenditures not exceeding 90 per cent of allotments approved for 1990, i.e. 67,113,900 Swiss francs. This expenditure should be financed as follows:

a) by contributions from contracting parties in the amount of 66,240,000 Swiss francs, assessed at 90 per cent of the scale of contributions for 1990; contributions from contracting parties are considered as due and payable in full as at 1 January 1991;

b) by miscellaneous income estimated at 873,900 Swiss francs.

In order to monitor expenditure prior to approval of the 1991 final budget a sub-committee of the Committee on Budget, Finance and Administration, under the Chairman of the Committee, would be established.

In the light of the approved 1991 budget, contribution assessments on contracting parties would be adjusted as appropriate. Should the final assessment on a contracting party be lower than the amount assessed in accordance with paragraph a) above, the difference would be credited to the contracting party's account.]