INTERIM REPORT OF THE COMMITTEE ON BUDGET, FINANCE AND ADMINISTRATION

1. The Committee on Budget, Finance and Administration, appointed by the Council on 17 February 1986, met at the Centre William Rappard, Geneva, on 24 February, 12 May, 30 June, 2 and 3 July 1986 in formal sessions and has had informal sessions on 16 and 18 May 1986.

2. A full report covering the entire discussions at the various sessions will be submitted in due course. However, this interim report has been prepared in order to allow urgent recommendations to be made to the Council.

3. The Committee was chaired by H.E. Mr. K.G.A. Hill of Jamaica and the membership of the Committee was as follows:

Australia
Canada
Chile
France
Greece
Hungary
India
Israel
Italy
Jamaica
Japan
Korea. Rep. of
Malaysia
Nigeria
Singapore
Spain
Sweden
Switzerland
United Kingdom
United States
Zaire

4. The agendas of the meetings held on 24 February (GATT/AIR/2244) and 12 May 1986 (GATT/AIR/2268) are annexed while the following agenda, as presented in GATT/AIR/2292/Rev.1, was adopted for the meeting of 30 June, 2 and 3 July 1986.

1. External Audit of GATT's Accounts
2. Personnel Promotion Policy and Practice of GATT
3. United Nations Joint Staff Pension Fund
4. Floor Rate for Salary and Allowance Payments to Staff in the Professional and Higher Category
5. Budgetary Transfers
7. Measures to Encourage Payment of Outstanding Contributions
8. Calculation of Contributions to the GATT Budget
9. Meetings, including Simultaneous Meetings
10. Documentation and Distribution
11. GATT and the Common System
12. Other Business
5. The Committee decided to make recommendations to the Council on Item 1, External Audit of GATT's Accounts, Item 6, Supplementary Budget Estimates for the Financial Year 1986 to Meet Additional Requirements due to the Preparation of the Proposed New Round of Multilateral Trade Negotiations and Item 12, Other Business regarding Assessment of Additional Contribution to the 1986 Budget and Advance to the Working Capital Fund.

External Audit of GATT's Accounts

6. At its meeting of October 1985 the Committee expressed the desire that the cost of the external audit of GATT's accounts be reduced to a budgetary level more in line with that of other organizations and requested that the Director-General make a call for competitive tenders in this connection.

7. On 12 May 1986 the Committee was informed that a call for competitive tenders had been requested from ten governmental auditors as well as two commercial auditing firms. Six governmental auditors and the two commercial auditing firms expressed their willingness to audit the GATT accounts and submitted tenders.

8. The Committee examined the proposals received, which ranged from Sw F 11,200 to Sw F 150,000. It decided to select the lowest tender, that of the Austrian Court of Audit.

9. The Committee decided to recommend to the Council that the external audit of GATT's accounts be entrusted to the Austrian Court of Audit with effect from the audit of 1986 accounts. The Committee further agreed to recommend to the Council that the thanks of the CONTRACTING PARTIES, and appreciation for the most valuable services rendered since 1959, be extended to the Comptroller and Auditor General of United Kingdom.


10. The Director-General presented the Supplementary Budget Estimates for the Financial Year 1986 to Meet Additional Requirements due to the Preparation of the Proposed New Round of Multilateral Trade Negotiations in documents Spec(86)18 dated 6 May 1986 and CRP/86.6/2 of 11 June 1986 amounting to Sw F 1,336,000. At the request of the Committee revised estimates were presented in document CRP/86.6./4 of 24 June 1986 setting out priorities between the different proposals and embodying reductions of Sw F 136,000 to the original estimates.

11. The Director-General stressed that he had made the maximum possible effort to redeploy staff to meet the requirements due to the preparation of the proposed new round of Multilateral Trade Negotiations. The estimates which could be covered within the 1986 Budget represented 13 staff members to replace essential redeployed staff and respond to the
unavoidable work-load. They also include the cost for additional office space of which the secretariat is in urgent need. In addition requests were made for the cost for the Ministerial Meeting, electronic data processing and summary records for the Preparatory Committee.

12. In considering the requests made by the Director-General, the Committee recognized that some of the proposals for additional temporary assistance posts corresponded to urgent, present needs that should be met now and which were in respect of the positions for the Translation and Documentation Division, namely:

- 1 Translator/Reviser P4
- 1 Stenographer G4
- 1 Stenographer G3.

It was stressed, however, that the corresponding temporary recruitment should only be made for 1986 and a possible need for 1987 of such temporary staff should be examined in conjunction with the 1987 Budget estimates.

13. In connection with additional office space (see paragraph 15 below), the creation in 1986 of a temporary assistance post of messenger G2 in the Administrative and Financial Division was accepted by the Committee. This temporary position will also be included in the 1987 Budget proposals.

14. With regard to the other staff proposals in the draft supplementary estimates, many members expressed the view that it would be premature to approve provisions for the recruitment of such staff until the outcome of the Ministerial Meeting to be in held in September 1986 was known. At that time a more realistic assessment of actual requirements could be made. They felt that the redeployment of staff that had already taken place in order to ensure the adequate preparation of the Ministerial Meeting did not automatically call for the immediate filling of the positions that had thus been left vacant.

15. In view of the need for additional office space that was already being felt in order to provide adequate office facilities for the present secretariat staff, training courses' participants, etc., the Committee was of the opinion that advantage should be taken of an attractive offer that was currently available at Chemin des Mines, in the vicinity of the Centre William Rappard. Difficulties would no doubt be experienced in finding suitable premises at an economic price at a later date and the Committee felt that an opportunity for a five-year lease, indexed to the Geneva cost-of-living, should not be allowed to go by. It was noted that the 1986 expenses included one time payments such as electrical and telephone instalments, furniture, equipment, etc.

16. With regard to the provisions to cover the cost of producing summary records for the Preparatory Committee, the increased need for electronic data processing facilities due to the preparation of the proposed new round of Multilateral Trade Negotiations and the part of the cost of the Ministerial Meeting to be covered by the secretariat, the Committee agreed that the appropriate provisions should be made.
17. The Committee agreed to recommend that the Council adopt the Supplementary Budget Estimates in respect of the Financial Year 1986 as stated in paragraphs 12 to 16 above amounting to Sw F 854,000.

18. The financing of this amount is to be made by savings within the approved 1986 appropriations and consequently the following transfers between budgetary sections will be made:

<table>
<thead>
<tr>
<th>From</th>
<th>To</th>
</tr>
</thead>
<tbody>
<tr>
<td>Part II - SECRETARIAT</td>
<td>Part I - MEETINGS</td>
</tr>
<tr>
<td>Section 3 - Salaries and wages</td>
<td>Section 1 - Ministerial Meeting</td>
</tr>
<tr>
<td>210,000</td>
<td>20,000</td>
</tr>
<tr>
<td>Section 6 - Common staff costs</td>
<td>Section 3 - Salaries and wages</td>
</tr>
<tr>
<td>644,000</td>
<td>232,000</td>
</tr>
<tr>
<td></td>
<td>Section 6 - Common staff costs</td>
</tr>
<tr>
<td></td>
<td>26,000</td>
</tr>
<tr>
<td></td>
<td>Section 7 - Common services</td>
</tr>
<tr>
<td></td>
<td>486,000</td>
</tr>
<tr>
<td></td>
<td>Section 10 - Permanent equipment</td>
</tr>
<tr>
<td></td>
<td>90,000</td>
</tr>
<tr>
<td></td>
<td>854,000</td>
</tr>
</tbody>
</table>

Other Business

Assessment of Additional Contribution to the 1986 Budget and Advance to the Working Capital Fund

19. Consequent to Hong Kong's being deemed to be a contracting party to the GATT with effect from 23 April 1986 (document L/5986), the Committee recommends to the Council that a contribution to the 1986 budget amounting to Sw F 618,460 be assessed on Hong Kong. This assessment, calculated on a pro rata basis as from 23 April 1986, represents a contribution of 1.52 per cent and is based on the International Monetary Fund's figures for Hong Kong's foreign trade in 1982, 1983 and 1984.

20. Moreover, as the United Kingdom contribution to the 1986 budget approved by the CONTRACTING PARTIES at their Forty-first session included a contribution on behalf of Hong Kong of Sw F 618,460 for the period 23 April through 31 December 1986, it is proposed to adjust the United Kingdom contribution from Sw F 4,461,200 to Sw F 3,842,740.

21. In conformity with the Rules governing the use of the Working Capital Fund, a country admitted to the General Agreement shall make an advance to
the Working Capital Fund in accordance with the scale of contributions applicable to the budget of the year of its admission. Such advances shall be carried to the credit of the contracting parties which have made them.

22. On the basis of the level of the Working Capital Fund of Sw F 3,044,290 on 23 April 1986, the Committee recommends to the Council to assess an amount of Sw F 46,300 on Hong Kong as an advance to the Fund.

Budgetary Transfers

23. The Committee was informed by the secretariat that an overspending of some Sw F 6,000 to Sw F 8,000 was foreseen on Section 9, Representation and Hospitality for working dinners with delegates in connection with the ongoing Preparatory Committee and Textiles Negotiations.

POINTS FOR DECISION : Paragraphs 9, 17, 18, 19, 20, 22
SUBJECT: COMMITTEE ON BUDGET, FINANCE AND ADMINISTRATION

THE COMMITTEE ON BUDGET, FINANCE AND ADMINISTRATION WILL MEET AT THE CENTRE WILLIAM RAPPARD ON 24 FEBRUARY 1986 AT 3 P.M.


THE FOLLOWING ITEMS ARE PROPOSED FOR THE AGENDA:

1. BUDGETARY CONSEQUENCES OF PREPARATIONS FOR NEW MULTILATERAL TRADE NEGOTIATIONS
2. WORKING CAPITAL FUND
3. MEASURES TO ENCOURAGE PAYMENT OF OUTSTANDING CONTRIBUTIONS
4. BUDGETARY TRANSFERS
5. BUDGETARY CONSEQUENCES OF MOVEMENTS IN THE US DOLLAR/SWISS FRANC EXCHANGE RATE
6. MEETINGS, INCLUDING SIMULTANEOUS MEETINGS
7. UNDERGROUND CAR PARK
8. CONSOLIDATIONS AND REGRADINGS IMPLEMENTED UNDER THE REVISED 1986 BUDGET ESTIMATES

DOCUMENTS CONCERNING THE FOLLOWING SUBJECTS ARE BEING CIRCULATED FOR DISCUSSION AT A LATER DATE:

9. CALCULATION OF CONTRIBUTIONS TO THE GATT BUDGET
10. GATT AND THE COMMON SYSTEM

MEMBERS OF THE COMMITTEE AND OBSERVERS ARE REQUESTED TO INFORM ME BY 21 FEBRUARY 1986 OF THE NAMES OF THEIR REPRESENTATIVES.

A. DUNKEL
SUBJECT: COMMITTEE ON BUDGET, FINANCE AND ADMINISTRATION

THE COMMITTEE ON BUDGET, FINANCE AND ADMINISTRATION WILL MEET AT THE CENTRE WILLIAM RAPPARD ON 12 MAY 1986 AT 10 A.M. AND 3 P.M.


THE FOLLOWING ITEMS ARE PROPOSED FOR THE AGENDA:

1. EXTERNAL AUDIT OF GATT'S ACCOUNTS
2. STAFFING:
   - PERSONNEL PROMOTION POLICY AND PRACTICE OF GATT
   - CONSOLIDATIONS AND REGRADINGS IMPLEMENTED UNDER THE REVISED 1986 BUDGET ESTIMATES
3. UNITED NATIONS JOINT STAFF PENSION FUND
4. BUDGETARY TRANSFERS
5. BUDGETARY CONSEQUENCES OF THE US DOLLAR/SWISS FRANC EXCHANGE RATE MOVEMENTS
6. SUPPLEMENTARY BUDGET ESTIMATES FOR THE FINANCIAL YEAR 1986 TO MEET ADDITIONAL REQUIREMENTS DUE TO THE PREPARATION OF THE NEW ROUND OF MULTILATERAL TRADE NEGOTIATIONS
7. MEASURES TO ENCOURAGE PAYMENT OF OUTSTANDING CONTRIBUTIONS
8. WORKING CAPITAL FUND
9. CALCULATION OF CONTRIBUTIONS TO THE GATT BUDGET
10. MEETINGS, INCLUDING SIMULTANEOUS MEETINGS
11. UNDERGROUND CAR PARK
12. DOCUMENTATION AND DISTRIBUTION
13. PRINTING
14. COMMERCIAL POLICY TRAINING COURSES
15. STAFF REGULATIONS AND RULES
16. FINANCIAL REGULATIONS AND RULES
17. TRUST FUND FOR THE INDEPENDENT GROUP TO STUDY THE TRADING SYSTEM
18. PREPARATION, REVIEW AND APPROVAL OF THE PROGRAMME BUDGET OF THE INTERNATIONAL TRADE CENTRE UNCTAD/GATT
19. GATT AND THE COMMON SYSTEM
20. OTHER BUSINESS

MEMBERS OF THE COMMITTEE AND OBSERVERS ARE REQUESTED TO INFORM ME BY 7 MAY 1986 OF THE NAMES OF THEIR REPRESENTATIVES.

A. DUNKEL