REPORT OF THE JOINT WTO/GATT COMMITTEE ON BUDGET, FINANCE AND ADMINISTRATION

INTRODUCTION


2. The Committee was chaired by Mr. J.-M. Metzger of France. The terms of reference and composition of the Committee are set out in documents L/5964/Rev.9 of 20 March 1995 and WT/L/44 of 23 February 1995.

3. The Agenda for the meeting contained in document WTO/AIR/226-GATT/AIR/3709 was adopted.

A. ADMINISTRATIVE UPDATES AND PROGRESS REPORTS

CASH SITUATION AND STATEMENT OF OUTSTANDING CONTRIBUTIONS
AS AT 31 OCTOBER 1995
CRP(95)54

INSTALMENT PAYMENTS FOR COUNTRIES IN ARREARS
(CONTRIBUTIONS FROM 1987 AND EARLIER YEARS) -
PROGRESS REPORT AS AT 31 OCTOBER 1995
CRP(95)55, AND WT/BFA/CONT/10

CONTRIBUTION OF OBSERVER COUNTRIES TOWARDS THE COST OF DOCUMENTATION SERVICES PROVIDED BY THE SECRETARIAT -
PROGRESS REPORT AS AT 31 OCTOBER 1995
CRP(95)56

4. The Committee heard the reports presented by the Secretariat on the cash situation, the statement of outstanding contributions as at 31 October 1995, and the progress report of the instalments for countries in arrears. The funds available as of 31 October 1995 stood at Sw F 16,286,368, while the total contributions received amounted to Sw F 82,889,289, and the Working Capital Fund stood at Sw F 6,555,111. During the course of 1995, the following countries: (i) Trinidad and Tobago, (ii) Guatemala, (iii) Senegal, (iv) Haiti, (v) Zambia and (vi) Kenya have made payments against their respective outstanding contributions and consequently no longer belonged to the list of category IV of countries with arrears.

5. The Committee took note of the reports.
6. The Chairman informed the Committee that, following the recent meeting of the General Council, he had discussions with various delegates of the African group as well as with various Members of the Committee on the subject of administrative measures applicable to Members with contributions in arrears, especially on the question of technical co-operation. In this respect, the Chairman stressed that (i) based on the consensus of the Committee, the decision on the administrative measures applicable to Members with contributions in arrears came into force and has already been applied; as such, it should be annexed to the WTO Financial Regulations with note of its date of adoption; and (ii) the decision in question does not suspend technical assistance to Members in category IV. It only restricted access to training or technical assistance other than that necessary to meet their WTO Article XIV-2 obligations. It was clear that a margin existed in its interpretation and that it was the management responsibility of the Division for Technical Cooperation to act with proper judgement with a view to respect the objectives and interests of all members.

7. One Member observed that the adoption of the administrative measures applicable to Members with contributions in arrears failed to encourage these Members to discharge their financial obligations towards WTO. The Member invited the Committee to reflect on the following: (i) the non-inclusion of the said Annex to the Financial Regulation, and (ii) the question of providing technical assistance to Members with contributions in arrears.

8. The Committee took note of the remarks of the Chairman and the Member.

B. OVERHEAD COSTS ON TRUST FUNDS
CRP(95)57

9. The Secretariat introduced the document on overhead costs for trust funds (CRP(95)57) and indicated that, in view of the increased new responsibilities and fields of activity of the WTO, an increase in volume of trust funds might arise in the future. Consequently, it was desirable to establish guidelines on the matter.

10. While some Members supported the principle that expenditures of the additional activities resulting from the implementation of a trust fund should be born within the trust fund itself, other Members showed hesitation to adopting this principle. Some Members enquired about the basis for calculation of the 13 per cent on overhead costs presently adopted in the United Nations and other international organizations and the possibility of having a case-by-case approach to the issue. In response, the Secretariat informed the Members that the 13 per cent adopted in the UN Common System was an average based on years of experience and that it would be difficult to adopt a case-by-case approach in this respect.

11. The Committee decided to revert to this issue in its next meeting.

C. REPRESENTATIVE ON THE ICITO/GATT STAFF PENSION COMMITTEE

12. The Committee was informed that the three-year term of the member and alternate member (Mr. Jean-Daniel Rey and Mr. Munir Ahmad respectively) of the ICITO/GATT Staff Pension Committee would expire on 31 December 1995. Mr. Munir Ahmad who has served the Committee since 1987, indicated his wish to withdraw from the Committee. Mr. Jean-Daniel Rey had agreed to continue to serve for another term of three years.
13. The Committee extended its appreciation to the precious contribution made by Mr. Munir Ahmad to the Committee of the ICITO/GATT Staff Pension Committee during his terms. Mr. Ole Lundby had indicated that he would be available to serve as alternate member to the Committee.

14. The Committee recommends that the General Council designate Mr. J-D. Rev and Mr. O. Lundby as member and alternate member respectively of the ICITO/GATT Staff Pension Committee for a three-year term from 1 January 1996.

D. TRANSITION OF ICITO/WTO

15. The Committee was reminded that, to-date, two decisions had been taken with regard to the transition of ICITO/WTO: (i) the decision dated 8 December 1994 (PC/9-L/7580), and (ii) the decision dated 30 October 1995 of the General Council. Attention was drawn to paragraph 7 of the decision of 8 December 1994 which stipulated that the Director-General of the WTO was authorized to take, in consultation with the Committee on Budget, Finance and Administration of the WTO, the necessary actions to adjust the contractual arrangements of the ICITO and GATT 1947.

16. The Committee took note of these decisions.

E. OTHER BUSINESS

17. The Chairman proposed the following provisional dates for convening the meetings of the WTO Committee on Budget, Finance and Administration in 1996: 29 February, 26 March, 23 April, 31 May, 27 June, 16 July, 24 September, 8 and 29 October, and 26 November.

18. The Committee noted that a video film on WTO was produced in 1995 and had been put on sale. In this respect, the Committee requested clarification on the reason why the costs of producing another two video films were requested in the original 1996 WTO budget proposal. The Secretariat informed the Committee that the video film produced in 1995 was to replace the old one on GATT. This film was already on sale and could be expected to earn a reasonable portion of the costs of production of the film. The two films that were proposed for 1996 would have dealt with subjects of a specific nature such as trade and environment and dispute settlement. Some Members considered that production of video film was a sensitive matter due to the editorial content question. It was restated that the production of video films requested in 1996 was considered inopportune by the Committee and was therefore not included in the WTO budget for 1996.

19. The Committee took note of the question of the sensitivity of editorial content of video film and recalled the Article 25 of the Financial Regulation which stipulated that, *inter alia*, for items so identified by the Committee on Budget, Finance and Administration at the time of budget finalization, transfer would not be permitted.

**POINT FOR DECISION:** Paragraph 14