Establishment of Trade Information Services
In the Framework of GATT

Note by the Secretariat

1. Point (iii) of the terms of reference requires the Expert Group "to assess the financial implications of establishing and operating a trade information centre, account being taken of various alternative schemes".

2. Obviously, the cost of establishing and operating a trade information service in the framework of GATT will depend on the scope of the service which the Contracting Parties may wish to adopt. Account should also be taken of the complementarity of such services and services in the field of export promotion in respect of which a number of proposals have been submitted by contracting parties.

3. Taking account of the views of governments on the proposed establishment of trade information services (COM.III/115 and Addendum 1) and of the discussions in Committee III, the secretariat has undertaken a first assessment of the likely cost of establishing in the framework of GATT trade information and trade promotion advisory services, based on what would appear to be an acceptable compromise between the various proposals which have been advanced.

4. The proposals set out below for establishing and operating the centre have been made with a view to providing the maximum service with a minimum of outlay. They are based on the assumption that certain costs such as office accommodation and use of common facilities and services\(^1\) could temporarily be absorbed in the general budget. The proposals assume further that publications of the centre would be in English, French and Spanish and that they would relate primarily to subjects and commodities specifically selected for coverage by the centre.\(^2\) The proposal assumes further that procedures for the notification by governments

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\(^1\)Administrative services, professional assistance generally from the different services of the secretariat, typing pool, use and maintenance of equipment and material except cost of additional publications.

\(^2\)Staffing requirements and costs are based on the assumption of an initial number of subscribers of in between 1,000 and 2,000. As regards the subject coverage it is assumed that, to start out with, information would be provided for products specifically selected (for example Committee III products).
of changes in commercial policy measures would in future be implemented more effectively and that they be expanded in certain respects so that the centre could operate primarily on the basis of official notifications. The estimates for staffing requirements and operating costs of a trade information and trade promotion service set out below, were made with these considerations in mind. It should be pointed out that the cost and income assumptions should only be taken as indications of the order of magnitudes involved.

5. A trade information service which could render some useful assistance to less-developed countries and would also be useful to industrialized countries, though obviously to a lesser degree, might take the following form, a distinction being made between the services being rendered during the first year and the second year of operations:

(i) First year

(a) Establishment of a "documents centre". The centre would collect information on all relevant subjects (see particularly COM.III/126, paragraph 12), keep it up-to-date and, to a limited extent pending the coming into operation of the correspondence facility, supply on request information on specific subjects.

(b) Revival of the publication "International Trade News Bulletin" in a form specially designed to meet the trade needs of less-developed countries. This publication would eventually be issued on a monthly basis but might appear in the first instance only bi-monthly.

(c) Publication of a register of all sources of trade information (in co-operation with governments and such organizations as the International Chamber of Commerce), provision of assistance to exporters in locating fruitful sources of trade information.

(d) Preparation (but not yet publication) of the material which will be included in the "exporters handbook" and the supplementary booklet. As work proceeds, the centre might however make available those data whose timely notification would be particularly useful to less-developed countries.

(ii) Second year

(a) Establishment of the correspondence facility on the basis of the data built up by the centre.

(b) Publication of a (loose-leaf) exporters handbook containing, information in regard to a selection of subjects and commodities to be more closely defined. (Publication in the second year assumes that the number of subjects and the number of commodities can be kept to a useful minimum.)

(c) Publication of the International Trade News Bulletin on a monthly basis and partial conversion in its form (possibly containing loose-leaf inserts) to serve as a means for keeping the handbook up to date.

(d) Preparation and possibly publication of some of the supplementary booklets referred to in the Brazilian proposal.
6. If it were to be agreed to establish also a trade promotion advisory service, provision should be made for the correspondence facility to be extended to this field and to envisage the possibility of holding training courses relating to trade promotion in Geneva.

7. To finance the above mentioned services the following minimum outlays would have to be envisaged:

(i) For the first year of operations of the centre approximately $60,000, if trade information services only are to be provided, or $70,000 if trade information services and trade promotion advisory services are to be rendered.

The amount of approximately $60,000 for the trade information services would cover the cost of recruiting and employing four professional and two general category staff ($48,000)\(^1\). Materials, printing and equipment ($7,000) and promotional costs of ($8,000 including travel) for establishing the service.

The amount of $70,000 for the establishment and operation of trade information and trade promotion advisory services would seem necessary to permit the recruitment of a high calibre expert in the field of trade promotion as chief of the service, or alternatively the use of consultants, plus extra expenses for organizing and conducting training courses in Geneva.\(^2\)

(ii) For the second year of operations of the centre, in addition to the costs incurred in the first year, provision will have to be made for three additional professional posts, including a second translator and two economic affairs officers and two general category posts to cope with the increased amount of work as the operations of the centre expand as envisaged in paragraph 5(ii) above.

The minimum cost of recruiting and employing the additional staff could be estimated at $32,500. Furthermore, printing costs would be considerably higher, particularly as the result of the publication of the "handbook" but also because of the necessary changes which will have to be made in the form and content of the International Trade News Bulletin. A conservative estimate of the additional printing costs in the second year is $10,000 to $14,000 thus raising total printing costs to between $15,000 and $19,000.\(^3\)

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\(^1\) One chief of service, one translator French/English into Spanish, two economic affairs officers and two general category staff. Of this cost $4,000 (installation cost, household removal etc.,) would be of a non-recurring nature.

\(^2\) The cost of providing such services would be higher if the training course were to be held outside Geneva. In this context, financing possibilities through the United Nations Technical Assistance Board funds might be explored however.

\(^3\) Assumes that the centre would serve in between 1,000 to 2,000 subscribers. Total cost would increase with the number of subscribers but income would increase more rapidly.
These additions would bring the total cost of providing trade information services in the second year of operations (of the nature set out above) to approximately $105,000.

Should trade promotion advisory services also be provided the cost would be approximately $115,000.

8. It will be recalled that the proposal by Brazil envisages that the centre would be financed at the outset through contributions from governments but that eventually it would be self-supporting through income from subscriptions. Obviously, the number of subscriptions and the cost per subscription will bear an inverse relationship. A priori, it is not possible to determine a subscription rate which would maximize income, especially as account has to be taken of differences in costs of similar services available in different countries. To arrive at a realistic assessment of the likely demand for a well defined type of service further examination will be necessary.

9. As a point of departure for discussing the financing of the centre it might be assumed that the centre could sell a minimum of 1,200 subscriptions (approximately twenty subscriptions per contracting party) covering, as a "package deal", all its services at a price of $5 per month, with a quantity discount of 20 per cent on half of the total number of subscriptions, or at an average cost of $4.50. This would bring total income to $64,800. Since the total cost of trade information services in the second year of operation would be $105,000 a deficit of approximately $40,000 would have to be met.

1During the first years of operations it might be assumed that the income from subscriptions might have to be guaranteed by governments. A realistic estimate of income from subscriptions offered on a commercial basis would bring this income closer to $20,000 in the second year, at which time the services of the centre will still not have been fully established.

2This figure does not take into account the cost of trade promotion advisory services and does not take into account the possible lags in expenditure, for example as a result of delays in the recruitment of staff.

3To cover this deficit of $40,000 through income from subscriptions alone it would be necessary to sell approximately a further 1,000 copies thus bringing income to approximately $118,800 (assuming that the ratio of subscriptions sold at a discount of 20 per cent remains unchanged).