ACCOMMODATION

Note by the Director-General

Addendum

(a) GATT

1. At its meeting in October 1971 the Committee on Budget, Finance and Administration discussed, on the basis of a Note by the Director-General, the situation with regard to accommodation of the GATT.

2. In considering the offer made by the Fondation des Immeubles pour les Organisations Internationales (FIPOI) in regard to the present ILO building, the Committee expressed the wish to be informed of the alternative possibilities of rehousing the GATT secretariat, either through the construction of an additional annex to the present premises or the renting of other suitable buildings. The alternative of building new premises outside the United Nations grounds was also mentioned.

3. With regard to a third annex to the present premises, the Committee was informed that estimates had been requested for a building which, together with the existing facilities, would provide GATT with approximately the same number of offices as the ILO building, but much less conference and storage space. The figure quoted amounted to Sw F 4,150,000 of which Sw F 3,000,000 would be required for the building itself while Sw F 300,000 would have to be spent for parking facilities and Sw F 850,000 for the air-conditioning and other technical equipment of the conference rooms. It was pointed out, however, that all these figures were estimates based on present labour and equipment costs which, together with other fringe expenditures, might be subject to increases in view of the time lag until actual construction could commence and other inflationary factors. A figure of approximately Sw F 5 million would consequently constitute a more realistic estimate of the cost involved.

4. The disadvantage of the third annex solution consisted mainly in the fact that it implied remaining on United Nations grounds at a time when there were clear indications that the United Nations would require for its own needs both the existing GATT accommodation and the grounds upon which the new annex would have to be erected. Consequently, this alternative carried the danger that all present premises and the additional annex might have to be vacated some time in the mid-1970's to allow for United Nations expansion. There also remained the further problem of securing the necessary funds. In view of the above considerations, the Director-General was inclined to consider this alternative as clearly less suitable than moving to the present ILO building.
5. The possibility of renting premises other than the present ILO building had also been explored. Commercial buildings were clearly too expensive; the present rates per square metre were more than double the figures quoted by FIPOI for the ILO building and, furthermore, rents in such buildings were closely linked to price indexes with consequent regular and substantial incremental increases in rentals. As for other premises owned by FIPOI, the only other building which might possibly become partially vacant in the future was one for which the rental per square metre was substantially higher than that asked in respect of the ILO building. The question of available space also presented a problem since both in terms of conference rooms and number of offices the building in question did not provide accommodation suitable to GATT needs. No other premises owned by international organizations or the Swiss authorities were presently available.

6. There remained the further possibility for GATT to build premises of its own on grounds it would purchase. It was recalled that this possibility had already been explored as far back as 1963, when the CONTRACTING PARTIES had made available an amount of Sw F 15,000 for a feasibility study. The estimate at that time had amounted to $10 million (without land) and the idea was rejected as too expensive. The possibility had again been broached in the Committee during its examination of the 1971 GATT budget and, again, rejected outright as a solution exceeding the monies the CONTRACTING PARTIES were prepared to earmark for this purpose. However, if it were the wish of the Committee to explore further this alternative, it could, of course, suggest that an amount of say Sw F 30,000 in extra-budgetary funds be made available for a new feasibility study.

7. In view of the above, the Director-General felt that, under present circumstances, the most suitable alternative was still to explore further the possibility of housing GATT in the present ILO building, when it became available, probably in late 1974 or even in 1975. Details of the preliminary discussions between the Director-General and FIPOI had already been given in document Spec(71)95 and the terms suggested were clearly the most advantageous compared with other presently available alternatives.

8. The proposal was for GATT to rent the south and central wings of the ILO building which provided one large, two medium and four small size conference rooms and 226 offices, in addition to storage facilities and adequate space for printing, duplication, roneo and other purposes. This compared favourably with the present overcrowded GATT facilities of 166 offices spread over four buildings, one small conference room and storage space dispersed over various
locations inside and outside the United Nations grounds. It was the Director-
General's view that the proposed premises were adequate to meet GATT's probable
1975 and foreseeable requirements.

9. At the time the first contacts had been made, FIPOI had quoted a price of
Sw F 110 per square metre for all usable space, which gave a yearly rental of
Sw F 902,000. The tentative counter-suggestion made by GATT had been to base the
rates according to the end-use of the space. As indicated in document Spec(71)95,
the rates would thus be Sw F 135 per square metre for office space, Sw F 90 per
square metre for conference rooms, and Sw F 40 per square metre for storage and
other space, which would have the effect of reducing the annual rent to
Sw F 803,000. These conditions were, of course, tentative and subject to further
discussion when the agreement was signed.

10. The Committee requested further detailed information with regard to the ILO
building- and the terms of the eventual agreement. One member of the Committee
enquired in particular as to whether the lease would be a short-term or a long-
term one, and wished to know whether the rent would be tied to a cost-of-living
index. Following contacts with the FIPOI, the secretariat was able to inform the
Committee that although FIPOI would be agreeable to either type of lease, its
marked preference would go to a long-term one. As to the relationship with the
evolution of the price index, it was understood that although in principle such
a relationship would be sought, its practical implementation would be flexible
and a rise in rent would be introduced only following a substantial and
prolonged inflationary trend.

11. Several Committee members also sought information with regard to the
eventual cost of the move itself. The secretariat indicated that it was difficult
to predict the cost of a move which would occur, at best, only in three or four
years' time. It was, however, pointed out that the operation involved moving a
relatively modest volume of furniture and equipment over a distance of only two
to three kilometres.

12. The Committee also requested information regarding the comparative cost of
upkeep in the present and proposed premises. The secretariat indicated, on the
basis of information provided by the ILO, that the present cost of upkeep for the
whole building amounted to some Sw F 740,000 per year. Since GATT would be
occupying roughly half of the building, the upkeep cost would amount in approximate
figures to Sw F 370,000 - or Sw F 150,000 more than the Sw F 220,000 per annum
disbursed for the present premises.
13. A further question was as to whether the move would entail additional staff. The answer to this query was not a simple one. There would obviously be some savings, particularly in drivers, since the present need for shuttle service would be obviated. Conversely, however, the larger building would necessarily require more huissiers and specialized personnel. On the whole, it was not expected that the move would entail the use of a larger staff.

14. The Committee also requested information regarding other possible sources of savings as a result of the move. One obvious - and substantial - source of savings would result from the fact that GATT would have its own reproduction facilities. The secretariat indicated that at present payments to the United Nations, which now handled reproduction of GATT documents, exceeded $100,000 per annum.

15. One Committee member stressed the fact that GATT's difficulties stemmed particularly from the lack of conference facilities, and enquired as to whether new conference space which GATT could tap while remaining in its present premises, was under construction or would be started in the foreseeable future. The secretariat indicated, on the basis of information secured from FIPOI, that planned new conference space was limited and that a shortfall was to be expected even after the completion of the new Palais wing and the new International Conference Centre.

16. The Committee enquired as to whether occupancy of only the north and central wings of the building by GATT would result in communication problems between the various floors. Such difficulties were not expected to occur since in the course of the substantial renovation of the building the FIPOI was expected to obviate such structural problems.

17. Following the above exchange of views, the Director-General reiterated his belief that the move to the ILO building was both the most economical and the most appropriate solution to GATT's accommodation problems. GATT had been squatting on United Nations property now for over twenty years, and since the present GATT buildings were squarely in the United Nations expansion zone, some more permanent solution was obviously required. The proposals by FIPOI outlined above were, by far, the most advantageous for the CONTRACTING PARTIES. Because of heavy competition the option granted to GATT by FIPOI would lapse at the end of 1971. The matter was therefore one of urgency and it was hoped that the Committee would be able to agree on a recommendation in due time. Should the Committee opt in favour of this alternative - and this would be the strong personal recommendation of the Director-General - the secretariat would immediately initiate discussions with the FIPOI looking toward the drawing up of a detailed agreement to be submitted through the Committee to the consideration of the CONTRACTING PARTIES.
(b) International Trade Centre UNCTAD/GATT

18. In respect to Centre accommodation, the Committee took note of the fact that the Secretary-General of UNCTAD was pursuing his efforts to secure adequate accommodation for the Trade Centre in the new wing of the Palais. It also discussed the alternative proposal put forward by the United Nations office in Geneva to locate the Centre in United Nations annexes in rue de Lausanne and rue du Valais.

19. The Committee noted that these new premises now offered would meet the needs of the Centre during the years 1972 to 1974 inclusive and that the proposed arrangement with the United Nations would provide for sufficient flexibility so that space would be made available pari passu with the growing needs of the Centre. These arrangements would be provisional and subject to review at the time when GATT would move to its new premises.

20. The Committee also took cognizance of the financial implications of the proposed move, as outlined in paragraphs 18 and 19 of document Spec(71)95, and agreed that the Director-General should, in consultation with the Secretary-General of UNCTAD, pursue his negotiations with the United Nations Office in Geneva with a view to finalizing the interim solution proposed for Centre accommodation.