GATT ACCOMMODATION

Note by the Director-General

At its meeting on 9 November 1971 the Council adopted a recommendation by the Committee on Budget, Finance and Administration that the Director-General be authorized to continue negotiations with FIPOI (Fondation des immeubles pour les organisations internationales) with a view to drawing up a draft agreement for the rental of part of the present ILO building, to be submitted through the Committee for approval by the CONTRACTING PARTIES.

Negotiations with FIPOI have continued during the past two years and a draft lease has now been prepared and is annexed for the consideration of the Committee on Budget, Finance and Administration. These negotiations have involved a very careful analysis of the secretariat's needs and the modifications required in the ILO building to meet them.

FIPOI has agreed to provide funds to cover essential renovation of the building such as:

- establishment of a new telephone switchboard;
- replacement of boilers and partial modification of the heating system;
- general painting of the interior walls and ceilings;
- refitting of toilets and washrooms;
- replacement of all flooring.

However, FIPOI has excluded from the above certain renovations, including the following:

- refitting and modifying the conference rooms;
- modernizing and improving the air conditioning system;
- modification of the lighting fixtures;
- painting of doors, windows and woodwork;
- painting or cleaning of the exterior of the building.

The architects have advised that the cost of the above would be in the vicinity of Sw F 5,000,000.

Even though it is not yet possible to provide firm estimates for this work, it will be necessary to secure a loan to cover the expenditure involved. It is also not possible at this stage to indicate what the cost of such a loan would be in terms of interest and amortization rates.

On the other hand, the rent (which would be fixed for the first five years) will amount to approximately Sw F 1,080,000 per annum. This amount has been calculated on the basis of estimated capital expenditure made by FIP0I, but it can only be firmly established upon termination of the renovation of the building.

Furthermore, savings will be possible as follows:

(i) Rent of meeting rooms allowed for in 1974 budget will not be necessary in future budgets Sw F 335,000

(ii) It will be possible for GATT to sell to the United Nations its two annexes to the Villa Le Bocage for about Sw F 511,000

As will be seen from its terms, the lease will run for twenty-five years, although a provision is included for breaking the lease in exceptional circumstances. At the end of that period the lease will be renewable at five yearly intervals. Provision is made for possible adjustment of the rent at the end of every five years. This is a reasonable provision.

Provided the CONTRACTING PARTIES on the one side and the Board of FIP0I on the other agree on the principles indicated above and detailed in the draft lease, the following action will take place:

- End of 1973 - early part of 1974: finalization of the technical studies on GATT's requirements, calls for tenders for furniture and equipment; arrangement of a loan; placing of orders and first instalments on material and equipment required.

- Summer 1974 - through 1975: building progressively vacated by ILO; start of refurbishing activity.

- Spring 1976: completion of the work and occupation of the building by GATT.
Annex

DRAFT LEASE

The undersigned:

FONDATION DES IMMEUBLES POUR LES ORGANISATIONS INTERNATIONALES (FIPOI), hereinafter referred to as the "lessor", represented by its Chairman and Vice-Chairman,

and

the INTERIM COMMISSION FOR THE INTERNATIONAL TRADE ORGANIZATION (ICITO-GATT), hereinafter referred to as the "lessee", represented by

have hereby agreed as follows:

Article 1 - The Fondation des Immeubles pour les Organisations internationales (FIPOI) leases unfurnished to the Interim Commission for the International Trade Organization (ICITO-GATT) the whole of the north wing and of the central part of the present building of the International Labour Office, together with the offices shown on the plan annexed hereto and covering an area of 1,144 square metres in the south wing of that building.

Article 2 - The lessee declares that he is well acquainted with the premises to be leased, that he accepts them in the condition in which he will receive them as set forth in the statement on the condition of the premises to be drawn up jointly as at the date of commencement of the lease and that he intends, without reservations, to use them for the purposes for which they are designed.

Article 3 - The lease is for a term of 25 years beginning on 1 July 1976 and ending on 30 June 2001.

Article 4 - The rent is set at Fr. a year, payable quarterly in advance to the CAISSE D'EPARGNE DE LA REPUBLIQUE ET CANTON DE GENEVE, account No. U7.755.506. The lessor reserves the right to change the rent every five years after consultation with the lessee.

The lessee may not set off any claim against the rent; only a financial obligation recognized by a decision of the Board of Arbitrators provided for in article 14 may be set off against rent.

The cost of upkeep and repairs borne by the lessor under the rules and practices governing tenancies in force at Geneva shall not give rise to any increase in rent.
The lessee, on the other hand, shall be responsible for the following costs, in so far as they relate to the leased premises as described in article 1; *inter alia*

- the upkeep of special equipment installed by the lessee
- the rental of the telephone switchboard
- electricity supply
- heating costs
- the cost of cleaning offices and furnishings
- the upkeep of that part of the grounds on which a surface right (droit de superficie) has been granted to the lessor by the Canton of Geneva and which has been placed at the disposal of the lessee.

It being the intention of the lessor to lease the south wing to other international organizations, the costs described above shall be distributed between the undersigned lessee and the tenant or tenants of the south wing in accordance with an agreement, to which the lessor will be a party, to be concluded before occupancy of the south wing by other tenants.

**Article 5** - To be valid, notice of termination of the tenancy must be given by either party by registered letter at least one year before expiry of the present lease, failing which the tenancy shall be renewed on the same terms and conditions for a further period of five years and so on every five years.

Should international events oblige the lessee to cease or suspend his activities in Geneva, the lease may be terminated before its expiry, without compensation, as from the end of a month by giving thirty days' notice.

It is stipulated that the establishment elsewhere than at Geneva of the Office of the United Nations or of any public international Organization which may replace it constitutes an international event authorizing the lessee to terminate the present lease.

There shall be the same option to terminate the lease if the lessee's freedom to carry on his activities is ended or curtailed, or if the lessee discontinues his activities at Geneva.

**Article 6** - The lessee may not change the disposition of the premises rented or the purposes for which they are used. He may not assign the said premises in whole or in part without the lessor's written permission, it being understood, however, that he may sub-let part of them to the United Nations or to one of its Agencies. He shall notify the lessor.

The lessor shall not be required to give reasons for refusing to allow the premises to be sub-let.
**Article 7** - Before the expiry of the lease, the lessee shall restore the premises to their original condition, as described in the statement on the condition of the premises to be drawn up in accordance with article 2.

The lessor may agree at any time that the leased premises be handed over to him in the condition resulting from fittings and alterations, without payment of compensation to either party, or may require them to be handed over to him in that condition subject to the payment of fair compensation to the outgoing lessee.

If, by arrangement with the outgoing lessee, the new lessee replacing him has agreed to take over the premises in the condition in which he finds them, either without payment or subject to the payment of fair compensation, the two preceding paragraphs shall not apply, but the rights and obligations of the parties on the termination of the new lessee's lease shall be the same as though he himself had been responsible for the fittings and alterations.

**Article 8** - The lessee shall not object to the carrying out, without compensation, of all necessary repairs. Except in cases of urgency, the timing of the repairs shall be settled by mutual agreement between lessor and lessee.

**Article 9** - The lessor shall not be responsible for injury to persons or damage to property caused by water, gas or electricity nor for the consequences of explosions, gas leakages, fire or losses resulting from theft, if such incidents are not due to his fault.

**Article 10** - The lessee shall take all precautions against frost. He shall be responsible for the replacement of cracked or broken window panes.

**Article 11** - The external installation of signs, insignia, emblems, shields, flag poles and mounts, signboards, plates and radio-electrical transmitting or receiving aerials shall be subject to the lessor's written permission. The lessor shall not object to the installation of such objects in so far as they are consistent with the practices of international organizations established at Geneva.

**Article 12** - The lessee undertakes to use the rented premises with the greatest care, to keep them in a state of perfect cleanliness and not to inconvenience his neighbours. He is required to report without delay to the lessor any damage suffered by the premises which he occupies.

**Article 13** - The lessee undertakes to comply with the regulations for the building annexed hereto.

**Article 14** -

(a) Any dispute concerning the implementation or interpretation of the present contract which it has not been possible to settle by direct negotiation between the parties may be submitted by either party to a Board of Arbitrators composed of three members for its opinion.
(b) The lessor and the lessee shall each designate one member of the Board of Arbitrators.

(c) The Arbitrators so appointed shall choose a third Arbitrator who shall preside.

(d) In the event of disagreement between the arbitrators on the choice of the third arbitrator, he shall be appointed by the President of the International Court of Justice at the request of either party.

(e) Disputes shall be referred to the Board of Arbitrators by petition from either party.

(f) The Board shall determine its own procedure and its decisions shall be final and enforceable.

(g) The present lease shall be interpreted in accordance with the general principles of law supplemented, if necessary, by the Swiss law applicable in similar matters.

Done and signed in four copies, of which two for each party, at Geneva on