

2 August 1955

BUDGET ESTIMATES FOR 1956Statement by the Executive Secretary

1. I had hoped that the 1956 budget of the CONTRACTING PARTIES would also have been the first budget of the Organization for Trade Cooperation. In that case, I should have placed before the CONTRACTING PARTIES proposals for a modest expansion of the secretariat. This is a question of measures which are in fact overdue but which I have refrained from putting forward until the CONTRACTING PARTIES were ready to place the administration of the Agreement on a more definite footing. It is now certain that the OTC will not be ratified at an early date. Nevertheless, the Review discussions have shown that the contracting parties wish to have the Agreement administered effectively and on a permanent basis. Accordingly, I feel that the CONTRACTING PARTIES should consider certain proposals for strengthening the secretariat at this time. I have accordingly prepared the budget proposals in the form of two alternatives: Budget A and Budget B. Budget A is more or less of a stopgap budget designed to continue the present hand-to-mouth basis for the secretariat. Budget B constitutes what I consider would be a reasonable and justifiable reinforcement of the secretariat to handle the increasing workload, and to prepare the way for a more effective administration of the General Agreement.

BUDGET A

2. As indicated above, Budget A has been based on the assumption that the workload will remain substantially the same as in 1955 and that it would prove possible to maintain with the same success as in past years a strict control over all items of expenditure. The workload in 1955 has been greater than could have been foreseen when the budget was approved: this increase has been met by the recruiting of temporary staff, by an abnormal burden for a number of officers, and by extensive overtime in the general services. On the basis of the experience of the first half of the year, it appears probable that the workload next year will be at least as heavy as this year. From a financial and administrative point of view, it would be desirable to increase slightly the permanent staff and not to resort extensively to overtime or temporary assistance. It is therefore suggested that the following additional posts be created in the technical services:

in the Languages Unit:	1 translator	P.2
in the Administrative Unit:	1 assistant	
	administrative officer	P.1
	1 clerk	G.2

in the Documents Control and
Stenographic Unit:

2 stenographers
(1 English and 1 French) G.4

in the Maintenance Service:

1 Messenger G.1

It is also proposed that a new post of Assistant Officer be added to the Establishment of the Operations Unit (P.1). Apart from his normal functions during the intersessional period, this Assistant Officer would take charge, with the Assistant Officer appointed this year, of the preparation of the minutes of the meetings, and thus reduce the need for temporary assistance of *précis*-writers.

3. As regards the meetings, the Budget provides for a three-month Conference on tariffs, the Eleventh Session of the CONTRACTING PARTIES and Intersessional Meetings; the estimates for the Session and the Intersessional Meetings are of the same order of magnitude as for 1955, on the assumption that the proposed additions to the permanent staff, in paragraph 2 above, would be approved by the CONTRACTING PARTIES.

4. The other sections of the Budget are slightly higher than the estimates for 1955; the proposals take into account the actual trend of expenditure in the course of 1955.

5. The preliminary total estimates for Budget A (see Annex A) would amount to \$441,500, a figure about 5 per cent higher than the 1955 Budget estimates as originally approved but slightly lower than the Budget estimate as revised in March 1955.

BUDGET B

6. The following paragraphs contain the specific proposals which I consider indispensable to an effective administration of the Agreement on a permanent basis. These proposals are to be considered as additions to the Budget A as outlined above.

7. Office of the Executive Secretary

The size and importance and frequency of the meetings of the CONTRACTING PARTIES and subsidiary bodies have thrown an increasing strain on the Office of the Executive Secretary in dealing with conference arrangements, liaison with delegations, etc. Secondly, there has been a considerable increase in the amount of work involved in ensuring proper liaison with other international organizations which are concerned with trade matters. Thirdly, the amount of legal business which has to be dealt with by the Office has been increasing steadily, and has further been increased by the decision to invest the Executive Secretary with the functions of depository of the legal instruments drawn up by the CONTRACTING PARTIES. It is therefore proposed to create a post of Special Assistant to the Executive Secretary to assist in the carrying out of these functions.

8. Operations Unit

The increase in complexity and number of meetings of the CONTRACTING PARTIES and of subsidiary bodies has considerably added to the work of the Operations Unit, with the result that it has been practically impossible for the secretariat to carry out effectively the continuous task of following and studying commercial policy developments without which it is difficult for the secretariat to make a full contribution to the work of the CONTRACTING PARTIES. It is therefore proposed to establish, in addition to the Operations Unit which will in future concentrate on the servicing of meetings, the preparation and documentation for such meetings, and follow-up action, a Commercial Policy Unit which, in addition to the continuing functions which are outlined above, would provide a reserve to assist the Operations Unit during sessions of the CONTRACTING PARTIES. This involves the appointment of a head of unit of a grade equivalent to the head of the Operations Unit (P.5), and of two junior posts (P.1). The complement of the new unit is made up by transferring one P.3 post from the present Operations Unit.

9. Liaison Officers

Both during the Review discussion and in the course of journeys which the Deputy Executive Secretary and I have undertaken in recent years, we have been much impressed by the importance and value of maintaining close and continuous contacts with the member governments. We have therefore come to the conclusion that it is essential to the effective working of the secretariat - and indeed of the General Agreement - that there should be continuous contact with the countries in the various regions, and a continuing liaison with the Regional Economic Commissions of the United Nations. It is therefore proposed that there should be established posts of Liaison Officers at Bangkok and Santiago. These officers would be expected, not only to maintain a continuous liaison with ECAFE and ECLA, but also to keep in close touch with the governments of contracting parties in the two regions. Finally, in view of the importance of close working relationships with the International Monetary Fund, provision is also made for an officer to be stationed in Washington whose primary function would be liaison with the IMF. This officer would, however, also be in a position to provide liaison with the United Nations Headquarters, and, to some extent, act as a regional officer for North America.

10. Training Scheme

As an addition to the proposals for liaison officers as outlined above, I consider that it would be desirable to give effect to the suggestion put forward at the Ninth Session towards the setting up of a small trainee scheme which would enable a limited number of junior officials from countries in the early stages of development to stay at the secretariat for a period of about six months to get experience in the practical problems of commercial policy, and to learn the methods of administration and intelligence work which are applied in the GATT secretariat. I suggest a very modest scheme limited to four trainees for a period of six months each.

11. Administrative Unit

Over the last few years, an increasing strain has been placed on the Finance and Administrative staff, and it would be very difficult to continue on the present very limited basis for very long. It should be realized that the economical administration of the secretariat has only been possible by reason of a continuous and close supervision of all expenditures. This has borne very heavily, on the limited administrative staff, and has also involved very heavy burdens upon the Deputy Executive Secretary. It is therefore proposed to appoint a Finance and Administrative Officer of middle grade, who would be in a position to deal with a number of routine matters which at present have to be dealt with by the Deputy Executive Secretary, and at the same time relieve the strain upon the existing Administration and Finance Officers.

12. Other Units

These changes outlined in paragraphs 7-11 above would involve some increase in the technical and clerical staff as well as in the overheads.

13. The total estimates of Budget B would reach a figure of about \$596,000 (see Annex B).

INCOME BUDGET

14. In view of the drawings made on the Cash Reserve to meet the additional expenditure in 1955, it is probable that the Cash Reserve at the end of this year will be barely sufficient to fulfil its function of financing expenditure pending the receipt of contributions. It would clearly be undesirable to reduce the Reserve below that level. Apart from miscellaneous income (derived from the sale of publications, interest on investments, the grant in aid from the Geneva Authorities, etc.) which could be estimated at about \$4,900, the 1956 expenditure will have to be covered by the contributions of the contracting parties plus the contribution of Japan. Accordingly, the unit of contribution will have to be increased from \$3,000 to \$3,700 if Budget A is approved, and to \$5,010 if the CONTRACTING PARTIES accept Budget B.

16. The Income Budget could be estimated as follows:

	<u>Budget A</u> (US dollars)	<u>Budget B</u> (US dollars)
1. 1956 contributions 114 units at A: \$3,700 - B \$5,010)	421,800	571,140
2. Contribution of Japan: 4 units	14,800	20,040
3. Other Income	4,900	4,900
Total	441,500	596,080

ANNEX ABUDGET AAmount in US dollarsPart I: MeetingsSection

1	Tariff Conference	20,000.--
2	Eleventh Session	30,000.--
3	Intersessional Meetings	<u>6,500.--</u>

56,500.--

Part II: SecretariatSection

1	Salaries and Wages and Official Travel	240,000.--
2	Common Staff Costs	65,000.--
3	Common Services	42,000.--
4	Printing	10,000.--
5	Hospitality	1,000.--
6	Permanent Equipment	<u>7,000.--</u>

365,000.--

Total Parts I and II

421,500.--

Part III: Unforeseen20,000.--

Grand Total

441,500.--

ANNEX BBUDGET BAmount in US dPart I: MeetingsSection

1	Tariff Conference	20,000.--
2	Eleventh Session	30,000.--
3	Intersessional Meetings	6,500.--

Total Part I 56

Part II: SecretariatSection

1	Salaries and Wages and Official Travel	295,000.--
2	Training Scheme	7,000.--
3	Liaison Officers	
	a) Washington	22,500.--
	b) Santiago	12,000.--
	c) Bangkok	12,000.--
		46,500.--
4	Common Staff Costs	80,000.--
5	Common Services	60,000.--
6	Printing	10,000.--
7	Hospitality	1,000.--
8	Permanent Equipment	10,000.--

Total Part II 509,500

Total Parts I and II 566,000

Part III: Unforeseen

30,000

Grand Total 596,000