

PRELIMINARYDRAFT REPORT OF THE BUDGET WORKING PARTY

1. In accordance with its terms of reference the Working Party considered the Report on the Audit of the 1957 Accounts (document No. L/835), the Report by the Executive Secretary on the Financing of the 1958 Budget (document No. L/884) as well as the Budget Estimates for 1959 (document No. L/845), together with the proposals concerning the Income Budget for 1959 (document No. L/845/Add.1). At the request of the Executive Secretary the Budget Working Party also considered the question of the usefulness or otherwise to the CONTRACTING PARTIES of the Trade News Bulletin in its present form; in addition the Working Party considered certain other proposals put to it by delegations.

I. AUDITED ACCOUNTS FOR 1957

2. The Working Party examined the Report on the Audit of the Accounts for 1957 (document No. L/835) as well as the additional information supplied by the Executive Secretary in document L/789. The Working Party noted with satisfaction that the actual expenditure had remained within the budget appropriations and that it had even proved possible to effect some savings. The Working Party wishes to convey to the Auditor its thanks for the valuable assistance given to the CONTRACTING PARTIES and for the care and devotion with which the audit of the GATT accounts was conducted.



3. The Working Party recommends that the CONTRACTING PARTIES approve the audited accounts for 1957.

## II. REPORT ON THE FINANCING OF THE 1958 BUDGET

4. The Working Party examined the financial administration of the secretariat on the basis of expenditure during the first nine months of 1958 and other data contained in the Executive Secretary's report.
5. The Working Party recommends that the CONTRACTING PARTIES authorize the Executive Secretary to make the following transfer from one Section to another in order to avoid drawing on the Working Capital Fund: from Part II, Section 1 (Established Posts) to Part I, Section 1 (Thirteenth Session of the CONTRACTING PARTIES) of the amount needed up to a maximum of \$5,000.
6. The Executive Secretary informed the Working Party that all arrears of contributions of present contracting parties have now been received. As regards the contributions for 1958 the Working Party noted that since the beginning of the Session contributions from Burma and Nicaragua had been remitted to the secretariat whilst Belgium has indicated that the balance of its 1958 contribution will be paid in January 1959. Indonesia has informed that its contribution will be paid in the near future whilst no indication has so far been received from Chile, Peru and Uruguay.
7. Whilst the Working Party noted with satisfaction that the percentage of total contributions received during the first nine months has been further increased, it recommends that contracting parties arrange as much as possible for contributions to be remitted during the first quarter of the year in order to facilitate the financial management of the secretariat.



8. The Working Party discussed the proposal made by the Executive Secretary to the effect that the "Working Capital Fund shall be of such amount as may be voted from time to time by the CONTRACTING PARTIES", and recommends that the CONTRACTING PARTIES accept this proposal. In so doing the Working Party points out that this wording should not be taken as carrying the implication that the Working Capital Fund should, at this stage, be reduced below its present level or enlarged by more than the amount of advances due by newly acceding contracting parties.

9. The Working Party examined the position of the Building Fund and the proposal made by the Executive Secretary to the effect that future budgetary savings be earmarked for this Fund. In view of the opinions expressed in the Working Party the Executive Secretary decided to withdraw this proposal. However, the Working Party agreed to recommend to the CONTRACTING PARTIES that the Building Fund remains on the books and that expenditure in respect of maintenance and repairs of the existing premises for which the CONTRACTING PARTIES are responsible be charged to this account.

10. The Working Party was informed that whilst the existing accommodation would still suffice in 1959 any further increase of the staff would make the provision of additional accommodation essential. Since the personnel strength in turn would depend on the workload with which the secretariat would be faced in years to come, it would at this stage, be difficult to predict with any degree of accuracy what would be needed in the way of future accommodation.



11. The Working Party recognizes that the accommodation problem may become acute before long and that proper arrangements should be made in good time. It therefore recommends that the Executive Secretary be invited to submit to the CONTRACTING PARTIES as soon as he is in a position to do so the necessary proposals together with their financial implications.

### III. BUDGET ESTIMATES FOR 1959

12. The Working Party examined the budget estimates for 1959 on the basis of the note by the Executive Secretary (document No. L/845) and in the light of the proposals made at the Thirteenth Session. The Working Party considered that the assumptions on which the Executive Secretary's proposals were based were reasonable and that the increase of 2.95 per cent over the 1958 estimates was in fact modest.

13. The Working Party further noted that if the increase in actual contributions for 1959 was not in proportion to the increase in estimated expenditure, this was due to the fact that the 1959 Budget had to cover the repayment of advances drawn from the Working Capital Fund during 1958 in the amount of \$31,950.

14. The Working Party noted that the Manning Table as submitted for 1959 showed a 20 per cent increase in staff necessitated by the ever-widening scope of the operation of the General Agreement and the resulting increased duties and responsibilities which the CONTRACTING PARTIES assigned to the secretariat. The Working Party further noted that practically all proposals for new posts were based on recommendations made by the Review Board, whilst some posts



hitherto charged to the appropriation for Temporary Assistance had now been incorporated in the Manning Table. It also noted that it had proved possible to suppress certain other posts.

15. The Working Party recommends that in order to facilitate examination of these matters by the Government Departments concerned, the Executive Secretary should, in future, include in his note on the budget estimates, a brief explanation concerning each new professional post which it is proposed to add to the Manning Table.

16. The Working Party also agreed to recommend to the CONTRACTING PARTIES that in order to simplify financial management the appropriations under Part I, Section 1(iv) should be merged with the appropriations under Part II, Section 3(vii), since it had become virtually impossible to distinguish between the costs for reproduction and distribution of documents relating to various meetings scheduled during the year and requirements during the rest of the year.

#### IV. INCOME BUDGET

17. The Working Party examined proposals made by the Executive Secretary concerning the Income Budget (document No. L/845/Add.1). It agreed on the suggestion made concerning the disposal of the unappropriated surplus at 31 December 1957 for the financing of the 1959 Budget. It further concurred with the proposal of earmarking the anticipated budgetary savings over 1958 for the financing of the 1959 Budget as well as to use the outstanding contributions for 1957 which have been received in 1958 and the anticipated excess over estimated Miscellaneous Income for 1958 for this purpose.



18. The Working Party recommends to the CONTRACTING PARTIES that they approve the above suggestions made for the Income Budget 1959 and that the Budget for 1959 will be financed as follows:

<u>Income Budget 1959</u>	<u>US Dollars</u>
1. Contributions.....	548,900.-
2. Miscellaneous Income.....	13,000.-
3. Other Income estimated at.....	31,010.-
(The unappropriated surplus at 31 December 1956, receipt of 1957 contributions, anticipated budgetary savings and contemplated excess over estimated Miscellaneous Income on 1958 Budget).	
	<u>592,910.-</u>

#### V. SCALE OF CONTRIBUTIONS

19. The Working Party recommends to the CONTRACTING PARTIES that they approve a draft scale of contributions for 1959 based on the foreign trade figures of the last three available years (1955, 1956 and 1957), as produced in Annex C to the draft resolution. This draft scale includes a contribution from Switzerland and the Working Party recommends that provided the de jure accession of Switzerland to the General Agreement takes place during 1959 the contribution for Switzerland should be in the amount of \$9,880, whilst Switzerland's advance to the Working Capital Fund should be \$3,465.

#### VI. ADMINISTRATIVE QUESTIONS

20. The Working Party was informed that since the second report of the Review Board was exclusively concerned with recommendations about the suitability or otherwise for permanent appointment of individual staff members,



the Executive Secretary had decided not to circulate the report. The Working Party agreed that this was a question of personnel management falling exclusively within the discretion of the Executive Secretary and that the decision was in keeping with accepted personnel practice. The Working Party was also informed that the Review Board hopes to finish its tasks early in 1959. Its last report, which will deal with the structure of the secretariat and the question of fixed-term posts, will be communicated to contracting parties as soon as it is available.

21. The Working Party was informed that the Executive Secretary will submit to the Autumn Session of the CONTRACTING PARTIES in 1959 draft staff and financial rules and regulations which, for reasons of staffing and workload, it had not proved possible to prepare in time for the Thirteenth Session.

22. Audit of 1958 Accounts. The Working Party noted that the Executive Secretary intends to make arrangements with the Secretary-General of the United Nations for the auditing of the 1958 and 1959 accounts by the United Nations Internal Audit Service, and for the submission to the CONTRACTING PARTIES of the audited report in accordance with the decision taken by the CONTRACTING PARTIES in 1951.

#### VII. OTHER PROPOSALS AND QUESTIONS

23. One member proposed that the possibility of bringing the Analytical Index of the General Agreement up to date during 1959 be examined by the secretariat together with any budgetary implications. The Working Party was informed that for some time the Executive Secretary had intended to tackle this job which had, however, been crowded out by more urgent tasks. It was hoped that



provided no unforeseen demands were made on the secretariat the job could be done during 1959. The budgetary implications in respect of a roneoed document were negligible, whilst for a printed document some small extra costs would be involved.

24. The Working Party expressing unanimous support for the proposal recommends that the CONTRACTING PARTIES request the Executive Secretary to take the necessary steps to have the Analytical Index brought up to date and published in roneoed form in 1959. It is suggested that the desirability of having the Analytical Index printed be examined by a subsequent session of the CONTRACTING PARTIES.

25. In reply to a question by one of its members the Working Party was informed that the report on Trends in International Trade will be translated into Spanish and that it is hoped to publish the Spanish edition by the end of 1958.

26. TNB - pro memori.

#### VIII. CONCLUSIONS

27. The Working Party submits to the CONTRACTING PARTIES for consideration and approval a draft Resolution on the expenditure of the CONTRACTING PARTIES and the Ways and Means to meet such expenditure.

#### Points for Decision:

Paragraph 3	Paragraph 18
Paragraph 5	Paragraph 19
Paragraph 9	Paragraph 24
Paragraph 16	Paragraph 27



Note by the Secretariat on the Revised Estimates of  
Expenditure for the Financial Year 1959

1. The estimates of expenditure contained in document L/845 will have to be revised as per Annex A attached.
2. The supplementary estimates mentioned under Part III and amounting to \$15,000 result from the following:
  - (a) Organization of business (two sessions of three weeks plus one intersessional meeting) \$30,400 (original estimate \$27,900).
  - (b) Other intersessional meetings based on the revised 1959 meeting schedule \$6,500 (original estimate \$4,000).
  - (c) One additional General Service post for the General Section of the Trade Policy Division \$2,560.
  - (d) Travel and removal expenses and installation allowance for the D.1 post \$3,625.
  - (e) Increased printing costs resulting from the printing of the Spanish edition of Trends in International Trade, the Report on Restrictive Business Practices and certain other publications \$19,315 (original estimate \$15,500).
3. It is suggested that the Budget Working Party recommends to the CONTRACTING PARTIES that a lump sum appropriation of \$15,000 be allocated by the Executive Secretary to those parts of the Budget affected by the additional expenditure.
4. A revised draft scale of contributions is also attached.



ANNEX A

REVISED ESTIMATES OF EXPENDITURE FOR THE FINANCIAL YEAR 1959

Part I : <u>Meetings</u>		<u>Amount in US Dollars</u>
<u>Section</u>		
1	Fourteenth and Fifteenth Session of the CONTRACTING PARTIES and Meetings of the Intersessional Committee	27,900.-
2	Other Intersessional Meetings	<u>4,000.-</u>
Total : Part I		31,900.-
Part II : <u>Secretariat</u>		
<u>Section</u>		
1	Salaries and Wages and Official Travel	349,000.-
2	Common Staff Costs	101,200.-
3	Common Services	55,860.-
4	Printing	15,500.-
5	Hospitality	1,000.-
6	Permanent Equipment	<u>6,500.-</u>
Total : Part II		529,060
Part III : <u>Supplementary Estimates</u>		15,000.-
Part IV : <u>Reimbursement of Working Capital Fund</u>		<u>31,950.-</u>
Grand Total		<u>607,910.-</u>



REVISED DRAFT SCALE OF CONTRIBUTIONS FOR 1959

C O U N T R Y	Per cent of total trade of the Contracting Par- ties in 1955-1957.		Suggested 1959 contribution (in US \$)	
	excl. Cambodia	incl. Cambodia	excl. Cambodia	incl. Cambodia
Australia	2.3	2.3	12,900	12,900
Austria	1.1	1.1	6,170	6,170
Belgium	3.9	3.9	21,880	21,880
Brazil	1.6	1.6	8,980	8,980
Burma	0.5	0.5	2,800	2,800
Canada	6.4	6.3	35,900	35,350
Ceylon	0.5	0.5	2,800	2,800
Chile	0.5	0.5	2,800	2,800
Cuba	0.8	0.8	4,490	4,490
Czechoslovakia	1.4	1.4	7,850	7,850
Denmark	1.4	1.4	7,850	7,850
Dominican Republic	0.5	0.5	2,800	2,800
Finland	0.9	0.9	5,050	5,050
France	7.7	7.6	43,190	42,630
Germany, Red. Rep. of	8.0	8.0	44,880	44,870
Ghana	0.5	0.5	2,800	2,800
Greece	0.5	0.5	2,800	2,800
Haiti	0.5	0.5	2,800	2,800
India	1.8	1.7	10,100	9,540
Indonesia	1.0	1.0	5,610	5,610
Italy	3.1	3.1	17,390	17,390
Japan	3.3	3.3	18,510	18,510
Luxemburg	0.5	0.5	2,800	2,800
Malaya, Federation of	0.7	0.7	3,930	3,930
The Netherlands	4.9	4.9	27,490	27,490
New Zealand	0.9	0.9	5,050	5,050

CONTINUED



C O U N T R Y	Per cent of total trade of the Contracting Par- ties in 1955-1957.		Suggested 1959 contribution (in US \$)	
	excl. Cambodia	incl. Cambodia	excl. Cambodia	incl. Cambodia
Nicaragua	0.5	0.5	2,800	2,800
Norway	1.1	1.1	6,170	6,170
Pakistan	0.5	0.5	2,800	2,800
Peru	0.5	0.5	2,800	2,800
Rhodsia & Nyasaland, Fed. of	0.6	0.6	3,370	3,370
Sweden	2.4	2.4	13,460	13,460
Turkey	0.5	0.5	2,800	2,800
Union of South Africa	1.6	1.6	8,980	8,980
United Kingdom	16.5	16.4	92,550	91,990
United States of America	18.3	18.2	102,650	102,090
Uruguay	0.5	0.5	2,800	2,800
Switzerland	1.8	1.8	10,100	10,100
Cambodia	-	0.5	-	2,800
TOTAL 39 countries	100.0	100.0	560,900	560,900