Loans from the United Nations Working Capital Fund

to cover the expenses of the Interim Commission

Note by the Executive Secretary

The Executive Committee at its meeting on August 1st 1949 approved the ICITO budget estimates for 1950 amounting to $458,920. Part of this expenditure ($302,149) represents services to be rendered to the Contracting Parties to GATT in 1950 and will be covered by the contributions of the Contracting Parties in 1950. The Executive Committee decided to request the General Assembly of the United Nations to authorize the Secretary General to grant to ICITO in 1950 a further loan from the Working Capital Fund to cover such current expenditure as could not be met by other resources.

As regards the repayment, due in 1950, of the loans made in 1948 and amounting to $196,490, the Executive Committee decided to request the General Assembly either to grant an advance to enable the ICITO to repay that amount or to extend the two-year limitation on the dates of the repayment of these advances.

In accordance with the instructions of the Executive Committee the Executive Secretary wrote on August 27th 1949 to the Secretary General of the United Nations, transmitting the request of the Executive Committee and indicating two alternative methods of financing ICITO during 1950 and providing for the repayment of the 1948 loans. The Secretary General considered the request and put forward the following recommendation to the General Assembly:

"The Secretary-General feels that there would be no advantage under either alternative in approving additional advances by the United Nations to provide for repayment or partial repayment to the United Nations of the 1948 loans. He therefore recommends for the consideration of the General Assembly, that:

"(a) an extension of one year be granted for repayment of the 1948 loans, that is, the loans made in 1948 will be repayable within a maximum of three years in lieu of the existing two-year requirement."
"(b) additional loans in 1950 be limited to current budget requirements, and to part of the expenses of the first conference of ITO, should this conference be held in 1950.

"(c) that the first conference of ITO be requested to consider ways and means of reimbursing to the United Nations the 1948 advances, in all events within the extended three-year period, and later advances at the earliest practicable date, not exceeding in any event the two-year limiting period. " (see document A/1007, page 13).

This recommendation was considered and approved by the Fifth Committee, and the Resolution adopted by the General Assembly (document A/1248, dated 12 December 1949) contains a paragraph providing for an extension of one year for the repayment of the 1948 loan from the Working Capital Fund. The relevant portion of the text of this Resolution reads as follows:

"The General Assembly resolves that . . . . the Secretary General is authorised to advance from the Working Capital Fund :

"Loans to specialized agencies and preparatory commissions of agencies to be established by inter-governmental agreement under the auspices of the United Nations to finance their work, pending receipt by the agencies concerned of sufficient contributions under their own budgets. In making such loans, which shall be repayable within two years, the Secretary-General shall have regard to the proposed financial resources of the agency concerned, and shall obtain the prior concurrence of the Advisory Committee on Administrative and Budgetary Questions for any cash issues which would increase the aggregate balance outstanding (including amounts previously advanced and outstanding) at any one time to an amount in excess of $3,000,000, and for any issue which would increase the balance outstanding (including amounts previously advanced and outstanding) in respect of any one agency to an amount in excess of $1,000,000; provided that an extension of one year shall be granted to the Interim Commission of the International Trade Organization for the repayment of the 1948 loans ; . . . . "

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