

Committee on Budget, Finance and Administration

ANNUAL REPORT (1998)

In accordance with the procedures for an annual overview of WTO activities and for reporting under the WTO, adopted by the General Council on 15 November 1995 (WT/GC/M/8, item 11), a report on the activities of the WTO Committee on Budget, Finance and Administration in 1998 is hereby submitted.

1. It will be recalled that the Committee met on a number of occasions and has presented reports to the General Council on a regular basis.¹ This report will then cover the major areas the Committee has dealt with in the course of the year to date.

I. ON-GOING RESPONSIBILITIES

2. The Committee monitored on a regular basis the financial and budgetary situation of the Organization, the receipt of contributions including the implementation of the related schemes and measures pertaining to receipt of contributions, and examined the Final Position of the 1997 Budget and the Director-General's Financial Report on the 1997 Accounts and Report of the External Auditor. It also examined the Director-General's budget proposals for 1999².

II. MAJOR AREAS OF ACTIVITIES

A. System of Assessment of Contributions to the WTO budget

3. It is recalled that the General Council approved on 11 July 1995 (WT/GC/M/5) a recommendation of the Committee on Budget, Finance and Administration (WT/BFA/5, L/7631, paragraph 4) that a review of the functioning of the new contribution system should be undertaken by the WTO Committee on Budget, Finance and Administration three years after its introduction. A Working Group within the framework of the Committee was established in March 1998 to carry out the review. The Chairman of the Working Group reported that there was a general sense of agreement that the present system of the calculation of Members' contributions was satisfactory, functioning well and therefore there was no need either for practical or legal reasons to modify or change it.

4. On that basis the Chairman of the Working Group introduced a draft decision which was the following: "Without prejudice to consultations with regard to the minimum contribution, and pursuant to the recommendation of the Committee on Budget, Finance and Administration (WT/BFA/5, L/7631) approved by the General Council (WT/GC/M/5) with regard to the review of the functioning of the new system for the assessment of contributions to the WTO budget, the Committee recommends to the General Council that the present system be continued until such a time that WTO Members make relevant changes in the areas covered under *the Marrakesh Agreement Establishing the World Trade Organization*.

¹Reports: WT/BFA/35 covering the meeting of 12 March 1998; and WT/BFA/36 covering the meeting of 21 June 1998.

²At the time of writing the present report, discussions on the 1999 budget proposals, as well as on the other items contained in WTO/AIR/907, were continuing.

5. As it was not possible to obtain a consensus at that time, the Chairman of the Committee requested the Chairman of the Working Group to pursue his consultations. These consultations were continuing at the time of writing the present report.

6. Discussions were continuing in the context of the regular meetings of the Committee with regard to the question of the level of the minimum contribution.

B. Utilisation of the 1996 Surplus

7. The Committee formulated recommendations to the General Council on the utilisation of the 1996 Surplus on: (i) facilitating LDC participation in the Geneva Ministerial Conference and the 50th Anniversary Commemoration; (ii) activities planned for 1998 in the context of the Three-Year Plan (1998-2000) of the WTO Programme for Technical Assistance; and (iii) establishment of a Reserve Fund to augment Secretariat resources in order to assist developing countries requesting the services of a legal expert under Article 27.2 of the Understanding on Rules and Procedures Governing the Settlement of Disputes. The use of the balance of the 1996 surplus amounting to CHF 5.9 million would be decided upon in the context of the examination and approval process for the 1999 budget.

C. UN/WTO Co-operation with regard to the International Trade Centre's (ITC) Budgetary Arrangements

8. The Committee recalled that, following the decision of the General Council on 11 July 1997 (WT/GC/M/5) the International Trade Centre UNCTAD/WTO presented its budget in compliance with the requirements of both the UN and the WTO. The presentations of budget for two different systems created considerable technical difficulties and resulted in inefficient use of existing resources. Informal contacts by the Chairman of the Committee with the Chairman of the Advisory Committee on Administrative and Budgetary Questions (ACABQ) were made in June. The Chairman of the ACABQ hoped that the matter would be resolved towards the end of the year.
