GENERAL AGREEMENT ON TARIFFS AND TRADE

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CONTRACTING PARTIES
Tenth Session

AFFILIATION OF THE STAFF TO THE UNITED NATIONS JOINT STAFF PENSION FUND

Report by the Budget Working Party

1. The Working Party considered the question of the affiliation of the members of the secretariat to the United Nations Joint Staff Pension Fund and examined certain problems on which the Executive Secretary required guidance from the CONTRACTING PARTIES.

2. At their Eighth Session, the CONTRACTING PARTIES were of the opinion that it would be desirable for the Executive Secretary to arrange for the affiliation of the ICITO Staff Members with the United Nations Pension Fund.[1] As a result of a decision taken by the General Assembly on 4 December 1954 consequent upon action taken at the preceding session, the ICITO became eligible as member of that Fund. At their Ninth Session, the CONTRACTING PARTIES approved an Agreement for the setting up of an Organization for Trade Cooperation which would take over the functions of the present secretariat. The contemplated transfer of the functions of the GATT secretariat to a new organization might raise certain legal difficulties in connexion with the membership of the United Nations Pension Fund.

3. Under the United Nations Pension Fund Regulations, it might be difficult for the present staff to remain in the United Nations Pension Fund if the ICITO were dissolved before the OTC became a specialized agency of the United Nations. The amendment approved by the United Nations General Assembly on 4 December 1954 relates only to the ICITO and does not extend to a successor organization which would not have become a specialized agency. If no practical solution is found when the OTC is set up, there is a risk that the membership of the ICITO in the Fund might be terminated. In that event, the ICITO would receive either an amount corresponding to the retirement benefits accruing to the Staff or a proportionate share of the Fund assets, in accordance with Article XXXVIII of the Pension Fund Regulations. It is possible that the amount thus paid out by the Pension Fund would be insufficient to build up the mathematical reserve which would have to be handed back when the OTC staff re-joins the United Nations Pension Fund or to be available if alternative arrangements are adopted by the OTC to give similar benefits to the staff.

[1] See W.8/4 and L/151, paragraph 12.

4. When the CONTRACTING PARTIES considered the question of pensions at their Eighth Session, they agreed that "if it appeared that undue delay might occur before the affiliation with the United Nations Joint Staff Pension Fund could be effected, the Executive Secretary would be justified in exploring ways and means for providing adequate benefits to the staff within the limits of the budget appropriation for that item". In view of the delays which have occurred and of the particular difficulty referred to in paragraph 3 above, the Working Party considered whether it would be appropriate for the Executive Secretary to explore the possibility of joining another international Pension Scheme or to conclude a policy with a commercial company. The Working Party was informed that it would be possible to make such arrangements on a permanent basis, but that they would probably be more costly to governments or the benefits less advantageous than those of the United Nations Pension Fund. On the other hand, if the intention were to enter into a temporary arrangement until the OTC was established and it became a specialized agency, it did not appear practicable to envisage affiliation to a Pension Scheme and any contract with a commercial company would involve substantial additional expenses for the CONTRACTING PARTIES. Moreover, the Working Party noted that the consensus of opinion in 1953 was that, even if no financial consideration would come into play, it would be preferable for administrative and other reasons to give to the staff the same advantages as other international civil servants, including the participation in the Pension Fund set up by governments for that purpose, and to avoid the difficulties and additional expense which would arise from separate pension arrangements.

5. The Working Party considered further that it would be inadvisable for the present situation to continue indefinitely as the staff was not guaranteed against death or disability and its retirement benefits under the ISBF, as a rule, were on the whole less advantageous than those offered by the United Nations Pension Fund. Moreover, the CONTRACTING PARTIES, while assuming the full responsibilities as an employer under the Staff Regulations, could not rely at present on a pension fund to cover its liability and had made no other financial provision to that effect; if a case of death or disability occurred involving the employer's responsibility, the cost to the CONTRACTING PARTIES might be substantially higher than any financial risk which an early affiliation to the United Nations Pension Fund might involve in the future.

6. The Working Party came to the conclusion that the difficulties likely to arise from ICITO joining the United Nations Pension Fund are not of such a nature as to outweigh the advantages to be obtained through such an affiliation at the earliest possible date; it recommends therefore that the Executive Secretary resume his discussions with the Pension Board with a view to an early admission of the staff into the United Nations Pension Fund.

7. The Working Party recognized that the problems of membership referred to in paragraph 3 above would be overcome if, before the OTC were established, the necessary amendments were secured to the Regulations of the United Nations Joint

Staff Pension Fund and it felt that it would be helpful, in this connexion, if governments could take whatever action they consider desirable in the United Nations. To cover the possibility that membership might have to be terminated because either the necessary amendments could not be obtained or a satisfactory arrangement could not be concluded with the Pension Board in respect of the interim period, the Working Party recommends that the balance remaining after the liquidation of the ISBF be credited and retained in the Cash Reserve and that such balance be earmarked to be applied, if necessary, towards any expenditure which might be involved if it proved necessary to reconstitute the mathematical reserve. If, however, this amount were to prove insufficient - and estimates submitted by the Executive Secretary showed that, in any case, this contingent liability would be comparatively small - the governments parties to the General Agreement would have to consider the situation and take appropriate measures.