

CONFIDENTIAL FILING

International Telecommunications Union
(ITU)
Plenipotentiary Conference.

UNITED NATIONS

May 1989

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
11.5.89							
16.5.89							
23.5.89							
31.5.89							
10/6/89	5/6/89						
6/6/89	✓						

CLOSED

PREM 19/2889

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the department for Enterprise
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cc/cg

The Rt. Hon. Lord Young of Graffham
Secretary of State for Trade and Industry

The Rt Hon Sir Geoffrey Howe QC MC
Secretary of State for Foreign and
Commonwealth Affairs
Foreign and Commonwealth Office
10 Downing Street
London
SW1A 2AL

Department of
Trade and Industry

1-19 Victoria Street
London SW1H 0ET

Switchboard
01-215 7877

Telex 8811074/5 DTHQ G
Fax 01-222 2629

cm

Direct line 215 5422
Our ref NP4ADL
Your ref
Date 22 June 1989

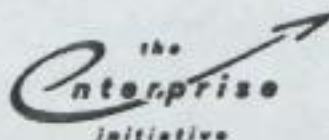
Dear Secretary of State,

INTERNATIONAL TELECOMMUNICATION UNION (ITU):
PLENIPOTENTIARY CONFERENCE

In the recent exchange of Ministerial correspondence on the budget problems likely to arise at the ITU Plenipotentiary Conference, you indicated that the UK delegation should seek further instructions from London if they considered that some flexibility on the principle of Zero Real Growth (ZRG) was necessary. The delegation now seeks certain specific flexibility. I endorse their request; and am now writing to seek your agreement.

As we jointly expected, the developing countries sought to achieve from the outset of the conference a clear shift in ITU priorities towards technical assistance for the Third World. At an early stage in the conference they succeeded in securing the establishment of a new permanent organ - a Telecommunications Development Bureau - thereby dashing our hopes that technical cooperation could in future be funded under a system of voluntary contributions.

There has been extensive debate in Nice on the appropriate level of funding of this new Bureau. The UK delegation, in accordance with its instructions, has maintained the ZRG lines. We have been supported only by the USSR. Other Western countries (France, West Germany) and Japan have indicated a clear willingness to breach the principle. The United States has suggested that it would be prepared to countenance funding of the new Bureau so long as ZRG was maintained elsewhere.


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The Western Group, with the UK delegation playing a leading part in the discussions, has been insisting that the funding of the Bureau should be considered only in the context of the ITU's overall budget within which the funds of the Bureau should be set by a clear formula (otherwise, having obtained the funding of the Bureau, the developing countries would look for major increases to cover extra languages and so on). My understanding is that the detailed proposals for the funding of the Bureau in Paragraph 4 of the resolution annexed to this letter have been tabled; and that Western countries are seeking to ensure that these arrangements are subject to a ceiling that limits the breach of ZRG to approximately 5.5 per cent over the next period of ITU funding.

If such an approach were adopted, we would speedily be asked whether the UK would commit itself or whether we intended cutting our contribution to the ITU. For two reasons, I believe that the UK delegation should be given the flexibility to respond positively. First, if we do not do so there must be a danger (admittedly, difficult to assess) that the developing countries will insist that the Western initiative be rejected with the result that we will face a major breach in the ZRG principle - and one which some of our Western colleagues may be more prepared to endorse. Secondly, but equally important to our interests, we might easily find that as a result of the stand we had been taking in next week's elections we were voted off the ITU's Administrative Council. The effects of this are not easy to assess (and I recognise that it could happen anyway). But we would be excluded from the important planning work of the ITU. This is very important to the telecommunications policies of this Department - and is also important to your own Department (our joint ability, for instance, to do our best to look after the interests of the BBC's World Service would be substantially diminished if we were excluded from that part of the ITU which makes all the detailed frequency planning conference arrangements).

I do appreciate that the principle of ZRG is very important to the Government. But I am persuaded that it is necessary for some limited flexibility to be shown in Nice. I hope that you can consent to this request.

I am copying this letter and attachment to the Prime Minister and the Chief Secretary to the Treasury.

Yours sincerely,


PRIVATE SECRETARY
(APPROVED BY SECRETARY OF STATE
AND SIGNED IN HIS ABSENCE)

PLONIPOTENTIARY CONFERENCE

NICE, 1989

Document 388-E

22 June 1989

Original: French

PLENARY MEETING

CONTRIBUTIONS TO THE WORK OF THE CONFERENCE

Algeria, ^XGermany (Federal Republic of), Angola, Saudi Arabia, Argentina, Austria, Bahrain, ^XBelgium, Benin, Brazil, Burkina Faso, Burundi, Cameroon, Cape Verde, Central African Republic, Chile, China, Cyprus, Comoros, Congo, Costa Rica, Côte d'Ivoire, Denmark, Djibouti, Spain, Ethiopia, Finland, France, Ghana, Greece, Guinea, India, Iran (Islamic Republic of), Iraq, Iceland, Italy, Jordan, Kenya, Kuwait, Lesotho, Lebanon, Liberia, Libya, Liechtenstein, Luxembourg, Madagascar, Malawi, Mali, Malta, Morocco, Mexico, Nigeria, Norway, Uganda, Pakistan, Peru, Portugal, Qatar, Rwanda, Senegal, Sudan, Sweden, Switzerland, Swaziland, Syria, Tanzania, Chad, Togo, Tunisia, Yugoslavia, Zambia

ELEMENTS INVOLVED IN A GLOBAL APPROACH TO CERTAIN IMPORTANT CONFERENCE QUESTIONS

- 1) It has become clear that, in order to progress the work of the Conference, it is preferable to have a global approach and to avoid separate handling of certain important issues.
- 2)
 - 2.1. A general and exhaustive study is required concerning the structure and mode of operation of the permanent organs of the Union including financial and administrative implications.
 - 2.2. This Conference should define the terms of reference for the Group in charge of this study.
 - 2.3. The Administrative Council, at an extraordinary session in October 1989, should define precise procedures for the tasks required and the composition of the Group responsible for the study. This Group should be composed of high level representatives of the administrations and should call on the services of outside consultants selected by the Administrative Council, within the limits of the budget agreed for this purpose.
 - 2.4. This Group of representatives of the Administrations should report periodically to the Administrative Council on its work.

The Administrative Council should ensure that all Members are regularly informed and should send them a global and exhaustive interim report so that they can send in their comments to the study Group.

- 2.5. The final report should then be drawn up and circulated to Members by the Administrative Council.
- 2.6. The latter should implement the recommendations within its competence and should transmit to the heads of the permanent organs for action whatever recommendations fall within the latter's scope.
- 2.7. Since it is difficult at this stage to estimate the exact duration and results of the study, if the Administrative Council at its 1991 meeting considers that a Plenipotentiary Conference is required to implement all or part of the recommendations, it should be free to decide whether the recommendations should be submitted to an additional Plenipotentiary Conference or to the Plenipotentiary Conference which is to be held normally in 1994.

- 3) The Nice Conference should also decide immediately to set up a new permanent organ, the Telecommunications Development Bureau (TDB), with the same status as the other permanent organs of the Union and defined in the new Nice Constitution.

The gradual implementation of the TDB should begin immediately after the Nice Conference under the responsibility of the Secretary General.

The next Plenipotentiary Conference as mentioned in point 2.7 above should elect the Director of the TDB.

4)

- 4.1. The TDB should have stable and guaranteed resources which enable it to perform its duties. These resources, charged to the ordinary budget of the Union, should increase gradually over a five-year period until they reach a ceiling to be set by this Conference.
- 4.2. To give substance to the proposal in paragraph 4.1 above and to ensure stable funding for all the TDB's activities, the budget provided for these activities in 1990 will be 13 % of the regular budget without exceeding 15 million Swiss francs.

After 1990 this budget will be increased regularly up to and including 1994 where it will reach 20 % of the regular budget without exceeding 22,5 million Swiss francs, at constant economic conditions.

5)

- 5.1. The staff and resources of the present Technical Cooperation Department will form the nucleus of the TDB.
- 5.2. The Centre for Telecommunications Development (CTD) will remain autonomous and separate from the TDB for a two-year period of observation ; in 1991 the Administrative Council will decide on the Centre's future in the light of the initial findings of the general study referred to in paragraph 2.1 above and/or the appraisal of the results achieved by the CTD up to that time.

During this period the Secretary General, in his capacity of senior Vice-Chairman of the CTD Advisory Board, will continue to ensure the complementarity of the activities of the TDB and the CTD.

- 6) With the exception of the creation of the TDB, the structure of the permanent organs of the Union should not be changed by the present Conference, which should elect the 5 members of the IFRB and the 2 Directors of the CCIR and CCITT.
 - 7) Transitional provisions shall be included in the Constitution of Nice in order that, in case of a meeting of the Plenipotentiary Conference mentioned in point 2.7 above, those of the results of the Nice election which are not concerned by the structural changes decided by this Conference shall be maintained.
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UN: ITU Mar 89.



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Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Lord Young of Graffham
Secretary of State for Trade and Industry
Department of Trade and Industry
1 - 19 Victoria Street
London
SW1H 0ET

12th June 1989

Dear David,

C007 13/6

INTERNATIONAL TELECOMMUNICATIONS UNION;
PLENIPOTENTIARY CONFERENCE

at Heath

I have seen a copy of your letter of 31 May to Geoffrey Howe and his reply of 6 June. I am content for you to offer up to £100,000 a year for the next 5 years to aid technical cooperation subject to the condition in my letter of 23 May. I agree with Geoffrey that the delegation should refer to London for new instructions before giving any indication about flexibility in accepting real growth in the ITV's budget.

I am copying this letter to the Prime Minister and Sir Geoffrey Howe

Yours Ever, John

JOHN MAJOR

UNITED NATIONS: JTV May 83



FCS/89/117CHANCELLOR OF THE DUCHY OF LANCASTER AND
MINISTER OF TRADE AND INDUSTRY

International Telecommunication Union (ITU):
Plenipotentiary Conference

at Flap

1. Thank you for your letter of 31 May in which you set out the instructions you intend to give to the UK delegation to the ITU Plenipotentiary Conference.
2. We agree on the importance of maintaining Zero Real Growth (ZRG) across the UN agencies. But I take a different view from you on the amount of advance flexibility we can allow the delegation.
3. I understand the likely pressures on the ITU budget, which was the subject of several meetings between our officials before the delegation left for Nice. The FCO also has an official on the UK delegation, with whom we are in regular touch. These pressures are common to the budgets of all UN Specialised Agencies; that is precisely why we cannot allow one agency to be seen to breach ZRG. We are content with the first two instructions you mention, but would prefer at this stage not to permit the delegation to agree to real growth.
4. If the view of the UK delegation the various regular budgetary demands cannot be contained, despite our voluntary pledge of up to £100,000 each year for the next five years to technical cooperation, the delegation should refer to London for new instructions. Before taking a decision we shall need to consider the exact circumstances and of course the potential for any knock-on effect on the activities of other UN agencies.



5. I am copying this letter to the Prime Minister and the Chief Secretary.

A handwritten signature in black ink, appearing to be 'G. Howe', written in a cursive style.

(GEOFFREY HOWE)

Foreign and Commonwealth Office
6 June 1989

UNITED NATIONS
ITU May 89



dti

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cc/c

The Rt. Hon. Tony Newton OBE, MP
Chancellor of the Duchy of Lancaster and
Minister of Trade and Industry

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Rt Hon Sir Geoffrey Howe QC MP
Secretary of State for
Foreign and Commonwealth Affairs
Downing Street
LONDON
SW1A 2AL

Department of
Trade and Industry

1-19 Victoria Street
London SW1H 0ET

Enquiries
01-215 5000

Telex 8811074/5 DTHQ G
Fax 01-222 2629

Direct line 215 5147
Our ref
Your ref
Date 31 May 1989

cc 3/5

John Gaffney

INTERNATIONAL TELECOMMUNICATION UNION (ITU): PLENIPOTENTIARY
CONFERENCE

Thank you for your reply of ¹⁶ May to David Young's letter about
the budget problems likely to arise at the ITU Plenipotentiary
Conference. I am responding in his absence in Japan.

While acknowledging the importance you attach to the consistent
application of the policy of Zero Real Growth (ZRG) across all
the UN agencies, I feel bound to question whether you or your
officials have fully appreciated the scale of the pressure on
the budget likely to be faced at the Conference, the extent to
which key Geneva Group colleagues now seem to be questioning
their adherence to the principle, at least in the ITU context (a
point strongly reinforced by the first discussions at the
conference) and the risks to our vital interests in the Union if
we adopt too rigid a stance.

Nevertheless, you have suggested that on certain conditions some
limited degree of flexibility can be available to deal with
problems that arise in connection with technical cooperation. I
am grateful for that.

Since the delegation must go to Nice with a clear brief I
propose to instruct them to act in the following way. First,
they must seek throughout the Conference to exert maximum

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pressure to resist the various budgetary demands. Second, if it seems likely that an increase in voluntary contributions (almost certainly to the Centre for Telecommunications Development) would enable the regular budget to be maintained within the ZRG limit, they may pledge up to £100,000 of DTI money each year for a period of up to five years. This would be presented in the context of our hope that a fund raising drive on behalf of the Centre will be launched by the principal private sector players in the UK (British Telecom and Cable & Wireless) after the Plenipotentiary. Third, if it becomes clear that such a gesture will not enable us to prevent a breach of ZRG, and if funding for standards making and regulatory functions come under attack, some limited flexibility on the part of the UK may be confirmed by the head of the delegation in seeking to minimise the breach. This would be subject to the points you have made in relation to languages, salaries and pensions. If events at the Conference confound this strategy, the delegation will of course refer back to London before indicating a UK position.

I am sending a copy of this letter to the Prime Minister and to the Chief Secretary.

TONY NEWTON

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rel



Treasury Chambers, Parliament Street, SW1P 3AG

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The Rt Hon Lord Young of Graffham
Secretary of State for Trade and Industry
Department of Trade and Industry
1 - 19 Victoria Street
London
SW1H 0ET

23rd May 1989

Dear David,

INTERNATIONAL TELECOMMUNICATIONS UNION:
PLENIPOTENTIARY CONFERENCE

at 11.45

Thank you for sending me a copy of your letter of 10 May to Geoffrey Howe about growth in the ITU's budget.

I strongly endorse Geoffrey's view that we must do all we can to ensure that the increase in the ITU's budget is kept as low as possible. However, I agree that some limited growth could be accepted, on the terms set out in his letter, provided that expenditure is of sufficiently high priority to be accommodated within your agreed programme. I hope that you will be able to monitor the results of any concession and if necessary review our stance on budget levels.

I am sending a copy of this letter to the Prime Minister, Geoffrey Howe, and to Sir Robin Butler.

John Major
JOHN MAJOR

UNITED NATIONS:

ITU Conf May 8th





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SECRETARY OF STATE FOR TRADE AND INDUSTRY

International Telecommunication Union (ITU):
Plenipotentiary Conference

1. Thank you for your letter of 10 May about the ITU Plenipotentiary Conference.
2. Zero Real Growth (ZRG) is a policy which was adopted by the Geneva Group in 1982, at the instigation of the UK, to bring to an end nearly 20 years of real growth in UN and Specialised Agency budgets at a compound rate of about 7% per annum. It was intended both to stabilise our assessed contributions to the UN regular budget and to the regular budgets of Specialised Agencies and, by constraining resources available to the UN and the agencies, to force them to decide on and implement priorities. It is having exactly this effect. I have serious doubts that it would be wise to relax this constraint. This would in effect signal that no further internal savings can be achieved within the UN or the Specialised Agencies; I do not think that stage has yet been reached.
3. You highlight three areas of pressure on the ITU Budget - pay and pensions of ITU staff, demands for additional working languages and increased resources for technical co-operation.

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4. First, on salaries and pensions, we and our Geneva Group partners have successfully resisted for several years efforts by the staff of Specialised Agencies (and especially those based in Geneva) to break free of the UN Common System for salaries and conditions of service. The staff (which includes the Secretariats of the agencies) want to increase their emoluments, which have remained roughly constant in real terms over the last decade as a result of the freeze in real terms of US federal salaries (with which UN salaries are linked). The staff of the ITU also want a large increase in pensions. Although the total amount required to meet their aspirations might appear to produce only a modest increase in the UK payments to ITU, there would be an almost immediate "knock-on" effect which would spread through the whole UN System. The total annual budget of the UN and its Specialised Agencies is well over £1000m, of which more than half is spent on salaries; the effect of acceding to the ITU staff demands would therefore be very considerable.

5. Secondly, on the use of languages, proposals presently before the ITU for simultaneous translation at meetings into the six official UN languages and translation of all documents into those languages, rather than the three presently used in ITU, might cost as much as SF30m (over £10m), or 27% of the budget. Quite apart from the undesirability of this extra expenditure, from which the UK will derive no benefit whatsoever, once we

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had been forced to concede the use of all six languages in one Specialised Agency we should find it impossible to hold the line elsewhere. Interpretation and translation are very costly and a conservative estimate of the cumulative extra cost if all six UN languages were to be used throughout the UN system would be £100m per annum.

6. Thirdly, HMG's position on technical co-operation (TC) funds is that these should not be drawn from the assessed budgets of Specialised Agencies. We are well aware that Less Developed Countries (LDCs), which constitute the large majority of ITU member states, may not agree. But in practice LDCs seldom look gift horses in the mouth. For that reason my officials have suggested to yours that the DTI and the UK companies concerned might consider making voluntary contributions to the Centre for Technical Development and/or other voluntary funded technical co-operation activities. Voluntary contributions are not within the scope of ZRG and if other Geneva Group countries did likewise this could relieve the pressure on the regular budget and satisfy the majority of the ITU members without breaching ZRG or compromising our position on technical co-operation funding. I know that your officials see procedural difficulties with this but I am not convinced these cannot be overcome.

7. In short, we can make no concessions on languages, salaries or pensions, but if funding for the standards making and regulatory functions of ITU come under attack

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and provided that your Department and private industry can increase voluntary contributions for technical co-operation to reduce this pressure, I can accept that a limited degree of flexibility should be available. We shall need in this context to look carefully at any suggestion for creative accountancy which emerge from the Plenipotentiary Conference. But I am sure you will understand that it would not be possible to reconcile the figure of 10% you mention with the need to avoid the very serious repercussions flowing from a major breach of Zero Real Growth.

8. I am copying this minute to the Prime Minister and the Chief Secretary.

A handwritten signature in dark ink, appearing to be 'G. Howe', written in a cursive style.

(GEOFFREY HOWE)

Foreign and Commonwealth Office

16 May 1989

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UN: 17th May 89.

161

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SIR PERCY CRADOCK

11 May 1989

cc: Charles Powell ✓

INTERNATIONAL TELECOMMUNICATION UNION (ITU):
PLENIPOTENTIARY CONFERENCE

Lord Young's letter fo ~~10~~ ^{attached} May to the Foreign Secretary, and copied to the Prime Minister, refers.

As I mentioned to you, this was my responsibility in my last posting in DTI, and until I moved to No.10 at the beginning of this year I was in charge of the UK preparations for the Plenipotentiary. My successor passed me a copy of the letter.

I would strongly recommend that the Prime Minister be advised to support the flexibility on ZRG which Lord Young proposes, in order to safeguard UK policy interests in the organisation.

There is certainly no other likely outcome to the conference than a considerable real increase in the budget. At the last Plenipotentiary in 1982 there was a similar situation but no UK flexibility and we were obliged to enter a reservation in the Nairobi Convention (each ITU Plenipot writes a whole new Treaty) which did absolutely nothing but cost us friends and influence. The ITU is, moreover, fairly well run compared with other UN agencies, even to the extent of being exempted by the US from its UN contribution cuts. So there is, as Lord Young says, very little room for meaningful housekeeping savings.

International telecommunications is an area where the UK is behind only the US in world market share, and the ITU, for all its faults, is a body in which the maintenance of an effective and trusted UK role is intrinsically important

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- not only for UK interests (including the BBC World Service) but also for Hong Kong which is a telecoms "power" in its own right but relies entirely on us in ITU forums. Despite the longevity of the ZRG policy, the ITU is not a ship we should spoil for a ha'porth of tar.

Finally, it is worth noting that of the UK contribution (only about £3 million per annum), 30% is refunded by BT and Mercury. There are moves afoot, which I instituted last year, to increase the proportion, though not to the extent where HMG's overall position of influence would ever be capable of compromise.

John Mills

JOHN MILLS

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The Rt. Hon. Lord Young of Graffham
Secretary of State for Trade and Industry

The Rt Hon Geoffrey Howe QC MP
Secretary of State for
Foreign and Commonwealth Affairs
Foreign and Commonwealth Office
Downing Street
LONDON SW1A 2AL

Department of
Trade and Industry

1-19 Victoria Street
London SW1H 0ET

Switchboard
01-215 7877

Telex 8811074/5 DTHQ G
Fax 01-222 2629

Direct line 215 5422
Our ref PB2AZD
Your ref
Date 10 May 1989

CF
Pl. discuss
with FCO &
Treasury replies
OH

Geoffrey

INTERNATIONAL TELECOMMUNICATION UNION (ITU): PLENIPOTENTIARY CONFERENCE

My officials have been discussing with yours the possibility of the UK delegation to the forthcoming ITU Plenipotentiary Conference being granted some flexibility to depart from the principle of zero real growth (ZRG) in relation to the Union's budget. This letter seeks your agreement to a limited departure from the principle if it appears essential to the head of our delegation in the circumstances described below.

The background can be briefly stated and is well known to your officials. The ITU is the oldest specialised agency of the United Nations. It sets the legal and operational framework for international public telecommunication services, and the regulation of use of the radio frequency spectrum and of the geostationary orbit. It has two specialised committees which develop technical and operational standards for radio and telecommunications. At a time of rapid technological change the ITU's role is central to the development of new services and technologies across national boundaries; it is of considerable importance to our telecommunications and broadcasting interests, to the telecommunications manufacturing sector and, indirectly, to all UK companies who rely on the maintenance of efficient international telecommunications.

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There will be very substantial pressure at the Conference for increases in expenditure, in particular, in relation to demands for additional working languages in the Union, improvements in the pay and pensions of ITU staff and to enable more resources to be devoted by the Union to telecommunications development ("technical cooperation") in developing countries. The draft budget of the Union is currently set at 106 million Swiss francs per annum. From proposals already tabled we have been able to establish that this would need to increase by between 17 and 50 million Swiss francs per annum if all the new demands were to be met. The lower figure is the Secretary General's most optimistic assessment of the total minimum addition that might prove acceptable to the various proponents. The higher figure, necessarily uncertain, is what would be involved if some of the more substantial demands for expenditure on languages and technical cooperation were pushed through.

Clearly, our basic brief must be to resist these pressures as far as possible. But our ability to do so is severely constrained by the fact that we have only one vote in a forum of 166 countries each with equal voting rights. This gives the developing countries a substantial majority. Moreover, despite a hard and continuing lobbying effort we cannot rely on the unequivocal and vocal support of all the Geneva group countries on budgetary issues in the ITU context. This has been brought home to my officials in recent talks with their American, Japanese, German and French counterparts. All these countries sign up to the theory of ZRG, but are preparing to adopt a more flexible attitude in the context of the ITU. Only the Soviet Union, amongst the other major contributors to the budget, can be relied on to stand firm by the principle.

In these circumstances the consequences of sending the UK delegation to the Conference with an inflexible brief on the principle of ZRG would be to deny it any effective influence in the negotiations that will take place on the overall shape and size of the budget. The judgement of my officials, which I believe is shared by yours, is that whether we like it or not some breach of ZRG is likely to be forced upon us. If the UK can show flexibility in some areas, there is a real chance of reducing demands in other areas with the result that the eventual breach of ZRG will be lower than might otherwise be the case. From a longer term perspective there would be severe damage to our influence over the future development of the Union if, in the absence of any flexibility, we were obliged to enter a formal reservation in the Final Acts of the Conference in the face of a majority decision to increase the budget.



Your officials have correctly asked what scope there is for seeking offsetting savings rather than breaching ZRG. The answer, I regret to say, is very little. The UK delegation will of course seek agreement to good house keeping savings whenever possible, though in the light of experience with the scrutinising of the annual budget I would not expect these to amount to more than 1 or 2 million Swiss francs at most. As the attached tables and notes make clear, the only way to make resources available on the scale required to meet forecast new demands from within the existing budget would be substantially to reorder priorities as the developing countries are suggesting. This would run counter to our central objective of safeguarding the Union's standards making and regulatory activities. That task has itself been made harder by the Secretary General's recent suggestions that restructuring the standards making work might release significant resources for technical cooperation. We and a number of other Western countries will be proposing that this possibility be independently reviewed after the Plenipotentiary, though we are very sceptical that the transfer of significant resources from standards making could be achieved without substantially damaging its effectiveness. Overt support for the Secretary General would be likely to result in the worst of all outcomes: a significant increase in the resources devoted to technical cooperation and a reduction in those devoted to standards making.

Against that background my proposal is that the head of the UK delegation should be authorised to agree an outcome which exceeds the ZRG figure by no more than 10% of the present ordinary budget of 106 million Swiss francs. Even this would represent a relatively modest increase against the background of the 17 million Swiss francs estimated as the minimum likely total of new demands. I envisage that the head of delegation would only be permitted to exercise such flexibility if it was clear that strict adherence to the existing policy would not produce the intended outcome. It would also be deployed against the background of a brief, seen by your officials, which sought to exert maximum pressure during the Conference to stimulate resistance to the various budgetary demands.

I recognise that from your viewpoint, looking at all the UN agencies, this will count as special pleading. To that I would respond that it is undoubtedly right to apply very strict pressure to the budgets of certain agencies whose

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the department for Enterprise

priorities have already gone awry, but the argument that any breach of the ZRG principle would automatically cause contagion elsewhere in the UN system needs to be set against our policy interests in the particular organisation concerned. In the ITU my judgement is that vitally important policy interests are at risk if we stick rigidly to the principle.

I hope you will be able to give me an early and positive response; the delegation departs for the Conference on 21 May.

I am sending a copy of this letter to the Prime Minister and to the Chief Secretary.

Y. A. J. Paul

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BUDGET OF THE INTERNATIONAL TELECOMMUNICATIONS UNION	1988	1989	1990 Provisional
A. ORDINARY BUDGET			
(1) Administrative Council	784	516	674
(2) Common Headquarters Expenditure			
- Staff	51,068	52,447	54,410
- Social Security	11,131	11,247	12,590
- Premises	4,180	4,121	5,332
- Mission expenses	230	230	230
- Office and miscellaneous expenses	7,700	7,775	8,189
- Technical cooperation	5,697	5,700	5,909
- Resolution 65 (languages)	1,425	1,425	1,425
- Contribution to UNDP support programme on technical cooperation	753	765	765
TOTAL	82,968	84,226	89,524
(3) Extended Use of Computer by IFRB	3,383	3,382	2,882
(4) Conferences and Meetings	19,660	18,656	11,831
(5) Payments into ITU Reserve Account	-	-	2,000
TOTAL ORDINARY BUDGET	106,011	106,264	106,237
B. REGIONAL CONFERENCE BUDGET	1,497	1,669	482
C. MISCELLEANOUS (eg CCITT LABORATORY)	75	75	75
D. TECHNICAL COOPERATION SPECIAL ACCOUNTS (UNDP support costs)	9,084	8,979	9,528
E. SUPPLEMENTARY PUBLICATIONS BUDGET			
- Expenditure	8,491	12,990	10,584
- Surplus income	809	2,110	516

NOTES TO TABLE

A. ORDINARY BUDGET (TOTAL 106.2m SFr)

(1) Administrative Council. 0.67m SFr (0.63% of total). Savings recently effected by reducing meetings from 3 weeks to 2 (from 1989).

(2) Common Headquarters Expenditure. 89.5m SFr (84.8%); staff costs (including social security) 67m (63%).

Staff (and social security), premises, technical cooperation and Resolution 65 (languages) sub headings all pressure points for higher expenditure.

(3) Extended Use of Computer by IFRB. 2.9m SFr (2.7%). Tapering off as planned.

(4) Conferences and meetings. 11.8m SFr (11%). Yearly variations on account of timing of major conferences eg 1988 WARC ORB, 1989 Plenipot. Future savings expected from reduced World Conference programme; against this CCI meeting programme expected to be maintained at current level; and expenditure on languages integral to this heading.

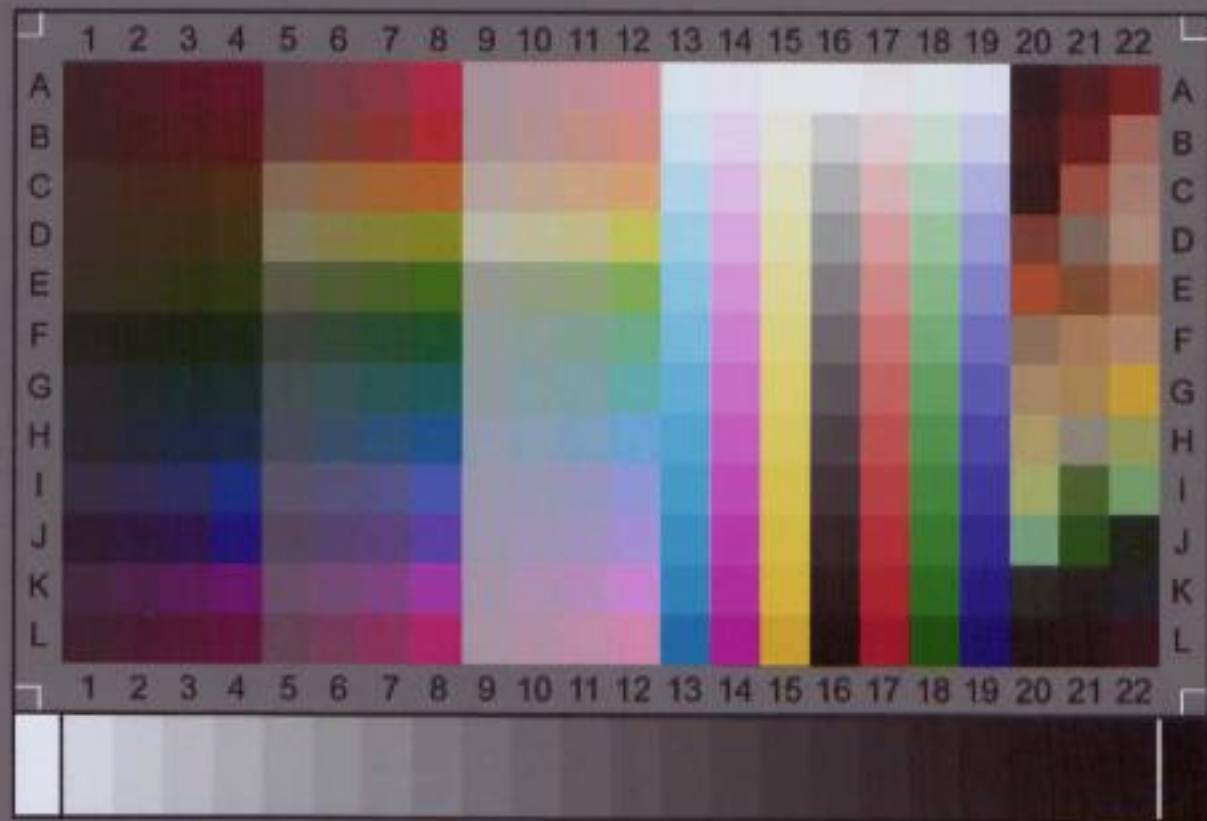
(5) Payments into ITU Reserve Account. 2m SFr (1.9%). ITU required to maintain this account. Has to be replenished in 1990 to cover withdrawals in previous years, including contribution towards UNDP support costs shortfall, and changes in UN Common system.

B. REGIONAL CONFERENCE BUDGET. 0.5m SFr. Financed separately.

C. MISCELLANEOUS. 0.075 SFr. Financed separately.

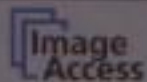
D. TECHNICAL COOPERATION SPECIAL ACCOUNTS. 9.5m SFr. In principle self financing, but in practice has suffered from a budgetary shortfall (3m SFr estimate for 1990).

E. SUPPLEMENTARY PUBLICATIONS BUDGET. 10.6m SFr expenditure; 0.5m SFr surplus income. In principle self-financing, has made a profit in recent years. However pressure from developing countries for reduction in sales price of publications to make them more accessible would turn profit into deficit.



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