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ORGANISATION DU TRAITÉ DE L'ATLANTIQUE NORD
NORTH ATLANTIC TREATY ORGANIZATION

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PARIS-XVI
Tél. : KLEber 50-20

ORIGINAL: FRENCH

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PO/58/705

To : Permanent Representatives

From: The Secretary General

1. After taking cognisance of the resolution adopted by OEEC and following the exchange of views in the Council on Thursday, 22nd May, I take it that the decision of the governments to set up a committee on their behalf to study the Report of the Experts on Emoluments is final. I understand that this resolution does not call into question the principle that the implementation in each of the Organizations of the conclusions of the Report of the Experts is a matter for decision by their respective Councils. Consequently, the proceedings of the proposed co-ordinating committee would, as regards the Organizations and their Councils, be consultative in character.

2. In response to the invitation addressed to the Secretaries General, I propose to ask one of my colleagues to attend the meetings of this committee. I naturally reserve for the right to put before the Council any general comments and proposals required for the implementation by the Organization of the Report of the Experts.

3. Since the decision to set up a "co-ordinating" committee has been taken, this co-ordination should take into account the arrangements made for their personnel by the recently created European Organizations. I therefore propose that the Council recommend to governments that they give their representatives on the co-ordinating committee instructions to the effect that emoluments and advantages of all kinds should be very similar so as to avoid discrepancies which would be detrimental to the smooth functioning of all the Organizations.

4. I also propose, in accordance with the suggestion made at the meeting of the Council last Thursday, that this co-ordinating committee be invited by the governments to conclude its survey by 30th June, 1958, at the latest.

5. However, since the new procedure thus decided does not permit of the immediate implementation of the Report, it becomes necessary, in view of the continuing increase in the cost of living in the host country, to make an interim arrangement immediately.

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6. On 6th December, 1957⁽¹⁾, pending the effective implementation of the recommendations of the Experts, the Council granted the staff, as from 1st September, 1957, a provisional allowance of 8% calculated on the same basis as the allowance of % granted previously.

7. This step was necessary to meet the greatly increased cost of living reflected in the statistics for August 1957. The rate of 8% to which, on the recommendation of the Experts, the initial request for 18% had been reduced, was an interim measure bearing little relation to reality.

8. Since then, the upward trend has continued and has gathered speed. According to the official index based on the price of 250 representative articles, which in France automatically controls the operation of the sliding scale for salaries, the increase was 7.5% between August (the basis of the previous allowance) and December 1957, and 7.3% between January and April 1958 on the basis of August 1957 = 100).

9. I therefore propose that the Council grant the NATO staff, from 1st January, 1958, and as an advance pending the entry into force of the final arrangements, a new allowance of 8% increased to % starting 1st April, calculated on the same basis as the previous temporary allowances.

10. As in the case of the last 8% increase, the present allowance will not apply to the actual transfers made under the guaranteed rate of exchange by non-French members of the staff.

11. The monthly cost of this measure would be approximately:

- F.frs. 7,200,000 for the allowance of 8%
- and F.frs. 14,400,000 for the allowance of 16%.

1) Document C-R(57)73.

OFFICIAL INDEX OF RETAIL PRICES IN THE PARIS AREA
(based on 250 articles)

Reference period

1.VII.56 - 30.VI.57 =	<u>100</u>	<u>August 1957</u>
July 1957	102.2	
August "	103.4	100
Sept. "	104.7	101.2
Oct. "	106.3	102.8
Nov. "	108.8	105.2
Dec. "	111.1	107.5
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Jan. 1958	114.9	111.1
Feb. "	116.2	112.3
March "	117.7	113.8
April "	118.7	114.8

Note. The temporary allowance of 8%, in force since 1st September 1957, raised emoluments to 120% as compared with the 1952 scale; it was granted to take account of cost of living in August 1957. To permit of comparison with this basis of reference, the third column of the above table was established by bringing down to 100 the official index, which had already reached 102.4 in August.

On the basis of the above-mentioned 120%, the increase of 7.5% between August and December 1957 would justify a salary increase of $\frac{120 \times 7.5}{100} = 9\%$, and that of 14.8% an increase of $\frac{120 \times 14.8}{100} = 17.75\%$.

(Signed) P.-H. SPAAK

24th May, 1958.