1. In accordance with its terms of reference, the Committee considered the Executive Secretary's Financial Report on the 1961 Accounts and Report of the External Auditor thereon (Document L/1765) and the Budget Estimates for the Financial Year 1963 (Document L/1804). In addition to the documents mentioned the Committee examined the budgetary position as at 31 August 1962 on the basis of out-turn figures prepared by the secretariat. The Committee also considered certain other matters referred to it by the Executive Secretary.

2. The Committee was advised that in accordance with the Resolution approved by the CONTRACTING PARTIES on 9 December 1961, the Executive Secretary will submit the Report on the Status of Budgetary Expenditure over the first nine months of 1962 to the twentieth session as an information paper.

I. Report on the 1961 accounts and report of the external auditor thereon

3. The Committee examined the Report on the 1961 Accounts and Report of the External Auditor thereon. The Committee noted with satisfaction that, again in 1961, the income from investments had produced a sizeable increase as compared with previous years, and that actual expenditure remained within the approved appropriations.

4. The Committee proposes that the Council recommend that the CONTRACTING PARTIES approve the audited accounts for 1961 and convey to the auditors their thanks for the valuable assistance given to the CONTRACTING PARTIES in the auditing of the GATT accounts.

II. Estimates of expenditure for 1963

5. The Committee examined the budget estimates for 1963 on the basis of the note by the Executive Secretary (Document L/1804) and further information provided by the Executive Secretary and his representatives. In examining
Part I of the estimates, the Committee noted that the number of meeting days tentatively provided for were subject to further decisions by the Council and the CONTRACTING PARTIES concerning the programme of meetings for 1963. Whilst the breakdown as shown in the document between the Council and other meetings might prove not to be entirely accurate in the light of subsequent decisions, the Committee felt that the total number of meeting days provisionally provided for should be retained for purposes of the current estimates, particularly as the cost of meetings of the Council as compared with other meetings is now virtually the same.

6.

7. During the perusal of the printing item the Committee noted that the Executive Secretary had been unable to submit the report on the review of printing costs because an insufficient number of replies had as yet been received to the enquiries contained in Document L/1806. The Committee suggests that the Council may wish to request the Executive Secretary to draw the attention of the CONTRACTING PARTIES once more to the need for early replies to the enquiries contained in Document L/1806. The Committee further proposes
that the Council appoint a working party to examine the replies to Document L/1806 when received. The working party could also consider various other questions raised during the Committee's discussions of Section 3 (vii) - Reproduction and distribution of documents, of the estimates of expenditure for the financial year 1963 and any other relevant matters referred to it by the Executive Secretary. The working party should make recommendations to the Council on all matters referred to above.

8. The Committee proposes that the Council recommend that the CONTRACTING PARTIES approve the estimates of expenditure for 1963 amounting to $1,231,700.

III. Income budget estimates for 1963

9. The Committee proposes that the Council recommend to the CONTRACTING PARTIES that the budget for 1963 be financed as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>US Dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Contributions assessed on contracting parties</td>
<td>1,150,000.-</td>
</tr>
<tr>
<td>(b) Miscellaneous income</td>
<td>30,000.-</td>
</tr>
<tr>
<td>(c) Transfer from the Surplus Account</td>
<td>51,700.-</td>
</tr>
<tr>
<td>Total</td>
<td>1,231,700.-</td>
</tr>
</tbody>
</table>

IV. Scale of Contributions

10. The Committee proposes that the Council recommend to the CONTRACTING PARTIES that they approve the scale of contributions for 1963 based on the foreign trade figures of the last three available years (1959, 1960 and 1961) as reproduced in Annex C of the draft resolution.

V. Disposal of Surplus

11. The Committee noted that, after transfer to the 1963 Income Budget of the amount of $51,700, the Surplus Account would still show a balance of $35,282.57. The Committee was informed of a proposal by the Executive Secretary to earmark from this balance the amount of $23,500 for the payment to the Canton of Geneva
of a third annuity, which normally would have been due only in 1964, thus providing for a slightly earlier reimbursement of the loan of Sw. frs. 1,000,000 granted by the Canton of Geneva to the CONTRACTING PARTIES to finance the construction of a new building for the secretariat. In examining the Executive Secretary's proposal, the Committee also considered other possible uses of the 1961 surplus, including transferring the entire surplus to the 1963 Income Budget, thereby lowering the contributions provisionally assessed in accordance with the draft scale of contributions for 1963. However, the Committee was of the opinion that, since the present financial position made an earlier reimbursement of the loan possible, this would offer an opportunity to the CONTRACTING PARTIES to show in a more tangible way their appreciation of the exceedingly generous terms on which the loan had been granted to them by the Cantonal Government. The Committee agreed, however, that this additional repayment should not be taken as a precedent.

12. The Committee proposes that the Council recommend to the CONTRACTING PARTIES that they approve a further payment to the Canton of Geneva in the amount of $23,500 to be charged to the 1961 Surplus Account.

13. If the Council and CONTRACTING PARTIES were to agree to this proposal the Surplus Account would still show a final balance of $11,782,57.

14. The Committee proposes that the Council recommend to the CONTRACTING PARTIES that this amount be left on the Surplus Account for future disposal.

VI. Further introduction of the use of Spanish

15. In accordance with the wishes expressed by the Council to keep the gradual introduction of the use of Spanish under further review, the Executive Secretary requested the Committee to examine the progress which had been made in this respect. The Representative of Uruguay, the contracting party which had originally taken the initiative on this matter, was once more co-opted for the discussion on this point.
16. The Committee was informed by the representative of the Executive Secretary that, in accordance with the Decision of the CONTRACTING PARTIES, interpretation from Spanish was now provided at the sessions of the CONTRACTING PARTIES and at all other meetings. As regards printing and reproduction and distribution of documents in Spanish, approximately $13,000 would be spent in 1962 as against $7,627 in 1961 and $3,945 in 1960. The Committee noted the considerable progress which had already been made in this respect. The Committee also noted that the 1963 estimates provided for further additions to the list of documents and publications to be translated into Spanish. After full consideration of the requests put forward by the representatives of the Latin-American countries for additional Spanish translation of documents and publications over and above that already foreseen for 1963, the Committee proposes that the Council recommend to the CONTRACTING PARTIES that the Executive Secretary be authorized to discuss with the representatives of Spanish-speaking countries the possibility and usefulness of translating into Spanish certain specific documents not so far listed, the cost of such additional translations to be absorbed by the approved credits in the budget for 1963. The Committee further proposes that the Council recommend to the CONTRACTING PARTIES that they authorize the Executive Secretary to draw on the Surplus Account in the event that the costs involved in such additional translations could not be entirely covered by the approved credits in the budget for 1963.

VII. Auditing of the 1962 accounts

17. The Committee noted that the Executive Secretary intends to make the necessary arrangements with the External Auditor for the final auditing of the 1962 accounts, for an interim audit of the 1963 accounts and for submission to the CONTRACTING PARTIES of the auditor's report for 1962, in accordance with the Decision taken by the CONTRACTING PARTIES in 1951.

VIII. Other Matters

(a) Contribution for 1962 by Tanganyika

18. The Committee was informed that as Tanganyika became a contracting party after the scale of contributions for 1962 had been fixed, no separate assessment
was made on Tanganyika at the time. One of the reasons for this was that the United Kingdom contribution to the 1962 budget already included a contribution on behalf of Tanganyika of 0.115%, i.e. $1,293. The Committee was further advised that the Executive Secretary had been informed by the United Kingdom Government that it agreed to a proposal made by the Executive Secretary to leave its contribution for 1962 at its present level, i.e. including the Tanganyika percentage. The Government of Tanganyika had gratefully accepted this proposal. However, had Tanganyika been assessed independently, it would, on the basis of current percentages, have had to pay a minimum contribution of $5,624. This means that, even when the amount of $1,293 mentioned above is deducted, Tanganyika would still owe the CONTRACTING PARTIES $4,331. The Executive Secretary has suggested that, since the United Kingdom Government has agreed to leave matters as they are, the CONTRACTING PARTIES do not proceed with an independent assessment on Tanganyika for the year 1962. The Committee agrees with the Executive Secretary's suggestion and proposes that the Council recommend to the CONTRACTING PARTIES that for the financial year 1962 no independent contribution be assessed on Tanganyika.

(b) Contributions in arrears

19. The Committee noted with concern the growing tendency on the part of certain contracting parties to be in arrears in regard to payment of their contributions. The Committee was advised that the non- or late payment of contributions causes embarrassment to the secretariat and unnecessarily complicates its financial management. Moreover it blemishes the excellent record which the CONTRACTING PARTIES have had to date in this respect. The Committee therefore proposes that the Council recommend to the CONTRACTING PARTIES that governments which are in arrears be urged promptly to pay outstanding contributions. The Committee is of the opinion that if the present tendency should continue or be aggravated the Council may need to consider other measures for remedying the situation.