1. In accordance with its terms of reference, the Committee considered the Executive Secretary's Financial Report on the 1962 Accounts and the Report of the External Auditor thereon (document L/2045) and the Budget Estimates for the Financial Year 1964 (document L/2033). In addition to the documents mentioned, the Committee examined the budgetary position as at 31 August 1963 on the basis of out-turn figures prepared by the secretariat. The Committee also considered, in the first instance, the Report of the Working Group on Printing Costs and Related Matters and the financial aspects thereof.

2. The Committee was advised that in accordance with the Resolution approved by the CONTRACTING PARTIES on 15 November 1962, the Executive Secretary will submit the report on the status of budgetary expenditure over the first nine months of 1963 to the twenty-first session as an information paper.


3. The Committee examined the Report on the 1962 Accounts and the Report of the External Auditor thereon. The Committee noted with satisfaction that income from investments had continued to increase during the year and that the sale of publications had yielded a somewhat higher return. As regards contributions receivable from contracting parties at 31 December 1962, the Committee was informed that some contributions shown as outstanding in the Report had meanwhile been received or were about to be received. The Committee noted with concern, nevertheless, that the prompt payment of contributions on the part of some contracting parties still left much to be desired and, therefore, reiterated its proposal of last year, namely that the Council should recommend to the CONTRACTING PARTIES that governments which are in arrears be urged promptly to pay outstanding contributions.
II. Estimates of expenditure for 1964

4. The Committee examined the budget estimates for 1964 on the basis of the Note by the Executive Secretary (document L/2033), and further information provided by the Executive Secretary and his representatives.

5. In examining the introductory note by the Executive Secretary contained in document L/2033, the Committee observed that the Executive Secretary intended to make arrangements for a thorough review of all grades and to make appropriate recommendations in next year's budget. The Committee supported this proposal, which was further elaborated by the Executive Secretary in a statement before the Committee. Whilst realizing that the structure of the secretariat cannot remain static and may well be subject to fundamental change in the years ahead, the Committee recommended that, particularly in the interests of equity and sound management, the review be carried out as soon as possible, the exact timing to be left to the judgment of the Executive Secretary in the light of developments.

6. The Committee also had a preliminary discussion on the question of the establishment of liaison offices in areas of the world distant from Geneva, and in particular in Latin America. The Committee agreed that much wider and more intensive dissemination of information about the GATT was essential in many areas of the world. However, views expressed in discussion showed that Committee members felt that there might be various ways in which this objective could be pursued, e.g. through liaison offices, travel of senior officials from headquarters, use of existing United Nations facilities, national committees, correspondents, etc. etc. Some members also took the view that the question of maintaining liaison with member governments in various regions needed to be considered separately from that of the wider dissemination of information. As, moreover, many aspects of the matter fell outside the province of the Committee, the Committee recommended that the Council consider setting up an ad hoc working group to examine all the various aspects of the question. The Committee further recommended that such a study should be undertaken at an early date.
7. In examining Part 1 of the estimates, the Committee was informed that, on the basis of experience during 1962 and 1963, the credit provided in Section 2 - Meetings of the Council and other meetings - might well prove inadequate, particularly if the CONTRACTING PARTIES should decide to schedule different meetings simultaneously. However, as the number of meeting days provided for in the item was based on a tentative estimate, subject to further decision by the Council and the CONTRACTING PARTIES, the Committee decided not to propose an increase of the item at this stage. Some members of the Committee expressed the view that, in the interests of good management and economy, the secretariat should do everything possible to avoid different meetings being held simultaneously. Avoidance of this overlap would also facilitate representation on the part of delegations. It was appreciated, however, that, in such matters, the secretariat was, to a very large extent, in the hands of the Council and the CONTRACTING PARTIES, who decided on the work to be done and on its timing. One member drew attention to the undesirability of holding meetings lasting only one or two days to which many delegates had to come from far away, often at considerable expense.

8. The Committee noted that the financial provision for the Trade Negotiations Conference appeared to be large, particularly when compared with the cost of the last Tariff Conference. The Committee was informed that, in view of the different character of the forthcoming trade negotiations, the Executive Secretary considered it essential to have appropriate meeting facilities available for plenaries and other meetings on a continuous basis. As it was, for obvious reasons, impossible to obtain a guarantee from the United Nations that such facilities would be available to the CONTRACTING PARTIES whenever necessary at the Palais des Nations, the Executive Secretary had been obliged to make alternative arrangements. A provisional agreement had been concluded with the Geneva authorities for the rental of the Bâtiment Electoral. Whilst this solution might be comparatively costly, it would,
at least, guarantee that the forthcoming conference, which was of the highest importance to the CONTRACTING PARTIES, would be held under the best possible conditions and that work would not be impeded at any stage through lack of meeting facilities. In order to reduce the cost of the budget, it was the secretariat's intention to hold in the same building such other GATT meetings as could be conveniently accommodated there. Secondly, the offices in the Bâtiment Electoral would be sub-let to delegations as far as possible.

9. In examining the Manning Table for 1964, the Committee noted the Executive Secretary's proposals for sixteen new posts and agreed that such reinforcements were justified by the increased secretariat workload foreseen for 1964. As regards the upgrading proposed for various professional posts, the Committee recognized that, as always, the decision in such matters must rest with the Executive Secretary. However, in one case, namely the possible upgrading of the post of the Chief of the Languages Division, some members were of the opinion that, in view of the very senior grade which was proposed, and also in view of possible anomalies, the Executive Secretary might wish to defer action in this matter until after the review referred to above. In this connexion the Committee also felt that, in further considering the possible upgrading of this post, the Executive Secretary might wish to take into account the grading of other posts with comparable responsibilities both inside and outside the secretariat.

10. During the examination of Part II, Section 4, Printing, various members of the Committee expressed the view that it was unlikely that the cost of printing the protocols of the 1964 Trade Conference would, in fact, need to be charged to the 1964 budget. The Committee therefore recommended the reduction of Part II, Section 4, from $50,000 to $40,000.
11. The Committee proposed that the Council recommend that the CONTRACTING PARTIES approve the estimates of expenditure for 1964 amounting to $1,407,000.

III. Income budget estimates for 1964

12. The Committee proposed that the Council recommend to the CONTRACTING PARTIES that the budget for 1964 be financed as follows:

(a) Contributions assessed on contracting parties $1,310,000
(b) Miscellaneous income 42,000
(c) Transfer from the Surplus Account 55,000

$1,407,000

IV. Scale of contributions

13. The Committee was informed that the information referred to in Annex D of document L/2033 was still awaited and also that additional contributions were to be assessed on Dahomey and Cyprus. A revised scale of contributions will be submitted to the Council as an addendum to this Report.

V. Disposal of surplus

14. The Committee noted that, after transfer to the 1964 income budget of the amount of $55,000, the surplus account would still show a surplus of $24,392.09. The Committee was informed of the proposal by the Executive Secretary to earmark from this balance the amount of $23,500 for the payment to the Canton of Geneva of the fifth annuity, thus providing for earlier reimbursement of the loan of Sw. frs. 1,000,000 generously granted free of interest by the Canton of Geneva to the CONTRACTING PARTIES to finance the construction of the present annex. The Committee supported this proposal.
15. The Committee proposed that the Council recommend to the CONTRACTING PARTIES that they approve a further payment in 1963 to the Canton of Geneva in the amount of $23,500 to be charged to the Surplus Account.

16. If the Council and CONTRACTING PARTIES were to agree to this proposal the Surplus Account would show a final balance of $892.09.

17. The Committee proposed that the Council recommend to the CONTRACTING PARTIES that this amount be left on the Surplus Account for further disposal.

VI. Auditing of the 1963 accounts

18. The Committee noted that the Executive Secretary intends to make the necessary arrangements with the external auditor for the final auditing of the 1963 accounts, for an interim auditing of the 1964 accounts and for submission to the CONTRACTING PARTIES of the auditor's report for 1963 in accordance with the Decision taken by the CONTRACTING PARTIES in 1951.

VII. Other matters

(a) Deviation from United Nations Staff Rules (document L/2056)

19. The Committee noted the contents of this document, which was submitted for information.

(b) Assessment of additional contributions to the 1963 budget and advances to the Working Capital Fund (document L/2051)

20. The Committee examined the proposals made in this document concerning contributions and advances to the Working Capital Fund to be assessed on newly acceding contracting parties, and proposed that the Council recommend their acceptance to the CONTRACTING PARTIES.

(c) Absence on military service (document L/2055)

21. The Committee discussed extensively the proposal contained in this document and on which opinions were divided. Some members recommended acceptance of the proposals, for which a strong case could be made out on grounds of fairness and equity. Other members felt that a deviation from the practice
followed by the United Nations and all other specialized agencies, with the exception of the ILO, was undesirable in principle, and that the matter should be referred to the appropriate inter-agency bodies for further study. A suggestion that the Executive Secretary's recommendation be accepted pending the elaboration of a common rule for all organizations applying the common system, did not receive unanimous support. In the circumstances, the Committee felt that the Council might wish to give further consideration to this matter.

(d) Report of the Working Group on Printing Costs and Related Matters
(document Spec(63)225)

22. As directed by the Council, the Committee examined, in the first instance, the report of the Working Group on Printing Costs and Related Matters, which was introduced by the Group's Chairman. Members of the Committee congratulated the Working Group on its report and endorsed the recommendations contained therein, none of which had financial implications for the 1964 budget. The report is annexed to the Report of the Committee.

23. Prior to its consideration of the report of the Working Group on Printing Costs and Related Matters, members of the Committee had the opportunity of visiting the Reproduction and Distribution Services of the United Nations. The Committee wishes to record its appreciation to the Director of these Services for arranging this visit, which provided useful background information for the Committee's consideration of the report of the Working Group.