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UNITARY CONTRIBUTION SYSTEM FOR THE
SIX CONTRIBUTION-FINANCED UNIONS
AND ALIGNMENT OF THE CONTRIBUTIONS
OF NON-UNION STATES

Memorandum of the Director General

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0. The draft of this document was submitted to the April 1993 session of the WIPO Budget Committee (document WO/BC/XI/3); the differences between that draft and the present document are indicated in Annex III of this document. The report of the Budget Committee as it concerns the unitary contribution system for the six Contribution-financed Unions and alignment of the contributions of non-Union States is contained in document AB/XXIV/6 (issued together with this document). Document AB/XXIV/7, entitled "Observations of the Director General on the Report of the WIPO Budget Committee Re: Document AB/XXIV/5," is also issued together with this document.

SUMMARY

1. Under the present contribution system, there are six Contribution-financed Unions (Paris, Berne, IPC, Nice, Locarno, Vienna). Each State pays as many contributions (each one of a different amount) to the International Bureau as is the number of the Unions of which it is a member.

2. It is proposed that this multi-contribution system be replaced, at least for a trial period of the next two bienniums (1994-95 and 1996-97), by a system in which each State would pay one contribution, irrespective of the number of the Contribution-financed Unions of which it is a member.

3. Such a "unitary contribution system" would have two advantages. First, it would make the administration of contributions simpler. Second, it would be an incentive for States members of less than all the Contribution-financed Unions to become members of those of such Unions of which they are not members since, as explained below, adherence to the latter would--contrary to what is the case in the present multi-contribution system--not increase the amount of their contributions.

4. In the unitary contribution system, as proposed, no State member of a Union would pay more--as a matter of fact, each would pay less--contributions than in the present multi-contribution system.

5. In order to achieve that result, the reform would have to be accompanied by

(i) increasing by four the existing ten contribution classes, to have altogether 14 contribution classes,

(ii) the placing of some of the States in a lower contribution class than the class to which they now belong, and

(iii) the reduction of the total amount of contributions in the Contribution-financed Unions by 8.6%.

Measures (i) and (ii) are proposed in this document. Measure (iii) is proposed in the draft budget for the 1994-95 biennium (see document AB/XXIV/2).

6. The creation of the new contribution classes would have the effect that the contributions of the great majority of developing countries would be reduced to between 48% to 75% of what they pay under the present system of contributions.

7. Furthermore, it is proposed that the contributions of the States not members of any of the Unions (but members only of WIPO) be aligned so that the contributions in the six classes applicable to them would be the same as in the six lowest classes applicable to States members of one or more Unions.

I. BACKGROUND INFORMATION

A. The Sources of the Income of the International Bureau of WIPO

8. The income of the International Bureau of WIPO comes from three sources:

(i) contributions paid by Member States (hereinafter called "contributions"),

(ii) fees paid by the users (private parties, not States) of the "international registration systems" administered by WIPO (mainly the international patent application filing, searching and preliminary examination system under the Patent Cooperation Treaty (PCT), the international trademark registration system under the Madrid Agreement and the international industrial design registration system under the Hague Agreement),

(iii) other, mainly interest and the revenue yielded by the sale of WIPO publications (whether on paper or CD-ROM) paid by buyers (almost exclusively private parties, not States).

9. The draft budget for the 1994-95 biennium forecasts the income for two years.

10. The above-mentioned three sources are expected to yield the following percentages of the total budgeted income of the International Bureau during the 1994-95 biennium:

(i) contributions	17%
(ii) fees	74%
(iii) other	<u>9%</u>
Total:	100%

11. Although budgets are approved for two-year periods, in the present document, all the amounts indicated (unless expressly stated otherwise) are for one year, and for arriving at those amounts, the amounts budgeted for the biennium have been halved. Accordingly, the above-mentioned three sources of income are expected to yield for one year (1994 or 1995) the following amounts in Swiss francs:

(i) contributions	21,803,000
(ii) fees	93,263,000
(iii) other	<u>11,131,000</u>
Total:	126,197,000

12. Further paragraphs of this document deal only with contributions. The preceding paragraphs mentioned also the two other sources, and they did so in order to show the relative importance of each: they showed, in particular, that contributions represent only 17% of the total budgeted income of the International Bureau, that is, a relatively small part.

B. Contributions of Two Categories of States ("Union States" and "Non-Union States")

13. As already stated, contributions are paid by States. For the purposes of contributions, this document distinguishes between two mutually exclusive categories of States:

(i) States which are members of one or more of the six Unions which provide for the payment of contributions ("Contribution-financed Unions"); any such State, whether it is a member of WIPO or not, is hereafter called a "Union State";

(ii) States which are not members of any of the six Contribution-financed Unions but are members of WIPO; any such State is hereafter called a "non-Union State."

14. In June 1993, there were 141 Member States, out of which

(i) 121 were Union States and

(ii) 20 were non-Union States.

15. According to the draft budget for the 1994-95 biennium, the total amount of the yearly contributions would be:

21,606,000 Swiss francs paid by Union States

197,000 Swiss francs paid by non-Union States.

In other words, 99.1% of the contributions are payable by Union States and 0.9% by non-Union States. This shows that the importance of the contributions of the Union States far surpasses the importance of the contributions of the non-Union States.

II. UNION STATES

A. Present Situation

16. As already stated, there are six Contribution-financed Unions. The budget fixes the total amount of contributions for each of the said six Unions. The amounts would, if the proposals made in the draft budget for the 1994-95 biennium are approved, be the following, per year, in:

Paris Union	11,434,000	Swiss francs
Berne Union	5,664,500	Swiss francs
IPC Union	3,679,000	Swiss francs
Nice Union	670,000	Swiss francs
Locarno Union	147,000	Swiss francs
Vienna Union	11,500	Swiss francs.

The first two are the "main" Unions. Each of the last four establishes an international classification: one in the field of patents, two in the field of trademarks and one in the field of industrial designs. Only States members of the Paris Union may be members of the "Classification Unions." (It is to be noted that there are also other Unions than the six just mentioned. But the income of those Unions includes no contributions by their member States. Among them are the PCT, Madrid and Hague Unions.)

17. The amount that each State member of a given Contribution-financed Union has to bear in the total of the contributions under that Union (that is, that State's "share" in the contributions) depends on the contribution class to which it belongs and the number of States belonging to each contribution class. In 1992 and 1993, the following ten contribution classes exist, and the number of the contribution units in each class is as follows:

<u>Class</u>	<u>Contribution Units</u>
I	25
II	20
III	15
IV	10
V	5
VI	3
VII	1
VIII	1/2
IX	1/4
S	1/8

18. Any State may chose the class it wishes, except that

(i) developing countries whose assessed share in the United Nations ("the UN percentage") is 0.02% to 0.10% are assigned Class VIII (1/2 unit),

(ii) developing countries which are not least developed countries ("LDCs") and whose UN percentage is 0.01% are assigned Class IX (1/4 unit),

(iii) developing countries which are LDCs are assigned Class S (for "Special") (1/8 unit) (NB: the UN percentage of any LDC is 0.01%).

19. A State that belongs to the Paris and the Berne Unions does not need to choose the same class for each of these two Unions. (The three categories of developing countries mentioned in the preceding paragraph belong to the same class in either Union, since Classes VIII, IX and S are assigned rather than chosen; theoretically, any country belonging to any of these three classes may choose a class in which the number of units is higher but, de facto, none of them did so in the past and none of them is expected to do so in the future.)

20. Subject to what is said in the preceding two paragraphs, any State must choose a class when it becomes a member of the Paris or Berne Unions and may, later, change class (upwards, unless it belongs to Class I; downwards, unless it belongs to Class VII, VIII, IX or S).

21. No class can be chosen in respect of the four international Classification (IPC, Nice, Locarno and Vienna) Unions since the class to which any State belongs in the Paris Union automatically applies to each of the said Classification Unions.

22. In June 1993,

(i) the following 84 States were members of both the Paris and the Berne Unions, and those marked I, N, L or V were also members of the IPC, Nice, Locarno or Vienna Unions:

Class I: France (I,N,L,V), Germany (I,N,L), Japan (I,N), United Kingdom (I,N), United States of America (I,N);
(25 units)

- Class II: Spain (Class II only for the Berne Union; Class IV for the Paris Union and I,N,L); (20 units)
- Class III: Australia (I,N), Belgium (I,N), Canada, China (Class III only for the Paris Union; Class V for the Berne Union), Italy (I,N,L), Netherlands (I,N,L,V), Sweden (I,N,L,V), Switzerland (I,N,L); (15 units)
- Class IV: Austria (Class IV only for the Paris Union and I,N,L; Class VI for the Berne Union), Denmark (I,N,L), Finland (I,N,L), Ireland (I,N,L), Mexico, Norway (I,N,L), Portugal (Class IV only for the Paris Union and I,N; Class V for the Berne Union), South Africa; (10 units)
- Class V: Czech Republic (I,N,L), Greece (Class V only for the Paris Union; Class VI for the Berne Union), Hungary (Class V only for the Paris Union and N,L; Class VI for the Berne Union), New Zealand, Poland (Class V only for the Paris Union; Class VI for the Berne Union), Slovakia (I,N,L); (5 units)
- Class VI: Argentina, Brazil (I), Bulgaria, Israel (I,N), Libya, Romania, Turkey, Yugoslavia (N,L); (3 units)
- Class VII: Croatia (N,L), Holy See, Iceland, Liechtenstein (N), Luxembourg (I,N,V), Malaysia, Monaco (I,N), Slovenia (N,L); (1 unit)
- Class VIII: Bahamas, Chile, Côte d'Ivoire, Cyprus, Egypt (I), Gabon, Morocco (N), Philippines, Trinidad and Tobago, Tunisia (N,V), Uruguay; (1/2 unit)
- Class IX: Barbados (N), Cameroon, Congo, Ghana, Kenya, Lebanon (N), Malta, Mauritius, Senegal, Sri Lanka, Suriname (I, N), Zimbabwe; (1/4 unit)
- Class S: Benin (N), Burkina Faso, Central African Republic, Chad, Gambia, Guinea, Guinea-Bissau, Lesotho, Madagascar, Malawi, Mali, Mauritania, Niger, Rwanda, Togo, Zaire, Zambia. (1/8 unit)

(ii) the following 25 States were members of the Paris Union without being members of the Berne Union, and those marked I, N or L were also members of the IPC, Nice or Locarno Unions:

- Class I: Russian Federation (I,N,L); (25 units)
- Classes II, III, IV and V: There were no such countries in these classes;
- Class VI: Algeria (N), Indonesia, Iran (Islamic Republic of), Nigeria, Republic of Korea; (3 units)
- Class VII: Belarus, Iraq, Kazakhstan, San Marino, Ukraine; (1 unit)
- Class VIII: Cuba, Democratic People's Republic of Korea, Dominican Republic, Syria; (1/2 unit)
- Class IX: Jordan, Mongolia, Swaziland, Viet Nam; (1/4 unit)
- Class S: Bangladesh, Burundi, Haiti, Sudan, Uganda, United Republic of Tanzania. (1/8 unit)

(iii) the following 12 States were members of the Berne Union without being members of the Paris Union:

Classes I to III: There were no such countries in these classes;

Class IV: India;
(10 units)

Classes V and VI: There were no such countries in these classes;

Class VII: Colombia, Thailand, Venezuela;
(1 unit)

Class VIII: Ecuador, Pakistan, Paraguay, Peru;
(1/2 unit)

Class IX: Costa Rica, Fiji, Honduras;
(1/4 unit)

Class S: Liberia.
(1/8 unit)

B. Disadvantages of the Present System and the Possibility of Eliminating Them through the Creation of a Unitary Contribution System

23. The present system has at least three disadvantages:

(i) it is unnecessarily complicated,

(ii) it discourages adherence to more than one of the six Contribution-financed Unions,

(iii) it is not equitable vis-à-vis most of the developing countries.

24. The first disadvantage of the present system is that the present system is complicated because it requires member States that are members of more than one Contribution-financed Union to distinguish between, and effectuate, payments to the International Bureau on several accounts. The present system also makes difficult the understanding and evaluation of the draft budgets because each State that is a member of more than one Contribution-financed Union has to figure out for itself what the total amount of its contributions will be. The determination of the percentage that each Union has to assume in the "common expenses" (that is, expenses made in the interest of more than one Union) also is a complex operation because the percentage is not the same for each budget item; rather, it varies according to the budget item's activity. Finally, the present system is strange and unique: no other specialized agency of the United Nations system of organizations has a system in which the ordinary contributions of the member States are assessed separately and differently for the various kinds of activities (since the system in WIPO, by differentiating between the Unions, in fact differentiates between the various kinds of activities of the International Bureau). The multi-Union budgeting, paying and auditing is strange to most countries and their competent authorities, including their financial authorities. They frequently find it difficult to understand and control.

25. These anomalies could be eliminated if each Union State would be assessed one contribution, even where it is a member of more than one Contribution-financed Union. It is proposed that this (namely, the creation of the unitary contribution system) be decided--albeit only tentatively, for a limited, probation period--the more so as such a reform could be effected (if the budget for the 1994-95 biennium is adopted as proposed) without any Union State being assessed for the 1994-95 biennium an amount higher than what it pays in the present (1992-93) biennium.

26. The second disadvantage of the present system is that the present system discourages adherence to more than one treaty which has established a Contribution-financed Union. This is so because whenever a State decides to adhere to such a treaty to which it is not yet a party, it has to assume a new financial obligation which, in most countries, means convincing not only the ministries responsible for intellectual property matters but also the ministry of finance and the finance committees of the legislature, a procedure frequently so complex and time consuming that--even when the amount of the contributions is insignificant (and most of the time it is just that)--the non-financial authorities shy away from recommending adherence. This discouraging effect of the multi-contribution system is illustrated by the fact that although many countries are interested in the four WIPO international classification systems only a fraction adheres to them: out of the 109 States members of the Paris Union (which membership entitles them to adhere)

(i) 70 use the International Patent Classification (IPC) but only 27 are members of the IPC Union,

(ii) 93 use the Nice Classification but only 36 are members of the Nice Union,

(iii) 35 use the Locarno Classification but only 19 are members of the Locarno Union,

(iv) 27 use the Vienna Classification but only 5 are members of the Vienna Union.

27. A unitary contribution system would eliminate this disadvantage of the present system not only in respect of the just mentioned four Classification Unions but also--and this is even more important--in respect of the two main Unions, that is the Paris Union and the Berne Union. At the present time, among the 121 States which are members of the Paris Union and/or the Berne Union, only 84 are members of both Unions; 25 are members only of the Paris Union, whereas 12 are members only of the Berne Union. Under the unitary contribution system, States members of only one Union could become members of the other Union or Unions without any additional financial burden. This is so because the unitary contribution would permit them to adhere to any and all the Unions without having to assume new or additional contributions. Consequently, the proposed unitary contribution system would not only eliminate the said disadvantage but would create a potent incentive for adhering to all the Unions.

28. The third disadvantage of the present system is that the present system, notwithstanding the discussions held in the Governing Bodies since 1973 and the reforms decided in 1989 and 1991, is still not equitable enough vis-à-vis the great majority of the developing countries. This absence of sufficient equitability is caused by the fact that the difference in the number of units in the highest contribution class (Class I: 25 units) and the lowest contribution class (Class S: 1/8 unit) is not big enough. The difference between those two classes is 200-fold at the present time.

29. This disadvantage could be mitigated by creating two new classes, with one-half and one-quarter of the contributions of the presently lowest ("S") class. The two new classes would be Sbis (with 1/16 unit) and Ster (with 1/32 unit). Through the creation of these two new contribution classes, the difference between the lowest and the highest contribution class would become 800-fold. (This difference is still smaller than in the United Nations, where the difference is (25 : 0.01 =) 2,500-fold.)

C. Creation of New Classes in the Unitary Contribution System

30. It is believed that a unitary contribution system would not be acceptable if any country would, as a result of it, be assessed an amount of contribution that is substantially higher than the total amount of the contributions it is assessed in the multi-contribution system in the present (1992-93) biennium. It is for this reason--and in the hope that the proposed reform will then be acceptable to all Union States--that what is proposed (as already indicated) is a system in which each State will be assessed in the 1994-95 biennium with an amount that is lower than the total amount of all (that is, up to six) the contributions it is assessed in the multi-contribution system in the present biennium (1992-93). The obtaining of this result is not easy if one considers, for example, that there are 12 States (as indicated above) which today are assessed only for the Berne Union. In the proposed system, they could become members also of the Paris Union and the four Classification Unions not only without paying more but even by paying less than what they do today for their membership in only one--the Berne--Union.

31. However, to achieve this result, it would be necessary to create not only the two "lowest" classes (Sbis and Ster) mentioned above but also two new "intermediary" classes, namely Class IVbis and VIbis. Class IVbis, with 7.5 units, would be between Class IV (ten units) and Class V (five units). Class VIbis, with two units, would be between Class VI (three units) and Class VII (one unit).

32. The desired result would also require

(i) that the developing countries now assigned to the three lowest classes in the present systems (namely, Classes VIII, IX and S) be assigned to the three lowest classes in the unitary contribution system (namely, Classes S, Sbis and Ster, respectively), and

(ii) that every other country be in the class in which the amount of annual contributions is immediately below the total amount of its 1993 contributions.

33. Consequently,

(i) France, Germany, Japan, the United Kingdom and the United States of America would remain in Class I,

(ii) Australia, Belgium, Italy, the Netherlands, Sweden and Switzerland would remain in Class III,

(iii) Denmark, Finland, Ireland and Norway would remain in Class IV,

(iv) the Czech Republic and Slovakia would remain in Class V,

- (v) Israel would remain in Class VI,
- (vi) Luxembourg and Monaco would remain in Class VII,
- (vii) the Russian Federation, having confirmed its wish to move from Class I to Class III in the present contribution system, would be in Class IV of the unitary contribution system,
- (viii) the 19 developing countries in Class VIII would move to Class S,
- (ix) the 19 developing countries in Class IX would move to Class Sbis,
- (x) the 24 LDCs in Class S would move to Class Ster,
- (xi) each of the other countries would move to the highest class in which its contribution in the 1994-95 biennium will be (if the proposed budget is adopted) lower than the total of its contributions in all the Contribution-financed Unions of which it is a member on January 1, 1993 (the applicable class for each State concerned is shown in Annex I).

34. Part A of Annex II shows, for each Union State, the amount of its contributions for 1993 (under the present system) and the amount of its contribution for 1994 (under the proposed system).

D. Proposal

35. It is realized that the recommended changes would--at least if they were definitive--require the amendment of the relevant provisions in the treaties that established the Contribution-financed Unions. The same would have been true in respect of the introduction, decided by the Assemblies of the Paris and Berne Unions in 1989 and 1991, of the new contribution Classes VIII, IX and S. Those decisions were made by the Assemblies of the Paris and Berne Unions, rather than through amendment of the Paris and Berne Conventions, on the understanding that the decisions were provisional and would be confirmed, in due course, by corresponding amendments in the two Conventions concerned.

36. It is believed that the precedents created in 1989 and 1991 should be followed, that is, the same procedure should be applied in the present case. Otherwise, the introduction of the proposed new system would have to wait for many years, since not only the corresponding amendments of the treaties would have to be decided but the required number of acceptances (by three-quarters of the member States) would also have to be awaited.

37. Decision by the Assemblies, as distinguished from immediate amendment of the treaties, would furthermore mean that if, in the future, for whatever reason, the new system would not work as expected, it could be--again by decisions of the said Assemblies--revoked or modified.

38. It should be understood, however, that if, in the light of the experience of the 1994-95 and 1996-97 bienniums, the system gives satisfaction, the six treaties in question would, as soon as possible, be amended accordingly. It should be further understood that, for the period after January 1, 1994, any State will be free to change contribution classes, except that Classes S, Sbis and Ster are reserved for developing countries qualifying for them.

39. The Assemblies of the Paris, Berne, IPC, Nice, Locarno and Vienna Unions, and the Conferences of Representatives of the Paris, Berne and Nice Unions, are invited, each as far as it is concerned, to decide, with the understandings spelled out in paragraphs 35 and 38, above, that, as from January 1, 1994:

(i) a unitary contribution system replaces the separate contribution systems of the said six Contribution-financed Unions, that is, each State member of more than one Contribution-financed Union will pay one contribution, irrespective of the number of such Unions of which it is a member,

(ii) for the purposes of the said unitary system, four new contribution classes are introduced, namely, Classes IVbis, VIbis, Sbis and Ster, with 7.5, 2, 1/16 and 1/32 units, respectively,

(iii) only developing countries can belong to Classes S, Sbis, and Ster, and any such country will belong

- to Class S, if its United Nations assessment is 0.02% to 0.10%,
- to Class Sbis, if its United Nations assessment is 0.01% and it is not an LDC,
- to Class Ster, if its United Nations assessment is 0.01% and it is an LDC,

(iv) each Union State mentioned in Annex I will belong to the class therein indicated,

(v) any State not mentioned in Annex I which becomes a member of any of the Contribution-financed Unions will, subject to (iii), above, belong to the class that it chooses.

II. NON-UNION STATES

A. Present Situation

40. For non-Union States--that is, States which are members of WIPO without being members of any of the Unions--there are presently six classes. They are the following (the number of contribution units is indicated after each): Class A (10), Class B (3), Class C (1), Class D (1/2), Class E (1/4) and Class S (1/8). Only the first three are mentioned in the Convention establishing WIPO; the last three were created by decisions of the Conference of WIPO in 1989 and 1991.

41. It is recalled that whereas Classes A, B and C may be freely chosen, Classes D, E and S are assigned to non-Union developing countries according to the following criteria:

(i) developing countries whose assessed share in the United Nations ("the UN percentage") is 0.02% to 0.10% are assigned Class D (1/2 unit),

(ii) developing countries which are not LDCs and whose UN percentage is 0.01% are assigned Class E (1/4 unit),

(iii) developing countries which are LDCs are assigned Class S (1/8 unit)(NB: the UN percentage of any LDC is 0.01%).

42. As already indicated, the number of non-Union States, in June 1993, was 20. They are the following, grouped according to the classes to which they belong:

Class A (10 units): Saudi Arabia

Class B (3 units): United Arab Emirates

Class C (1 unit): Albania, Armenia, Latvia, Lithuania, Singapore, Uzbekistan

Class D (1/2 unit): Guatemala, Panama, Qatar

Class E (1/4 unit): Angola, Bolivia, El Salvador, Jamaica, Namibia, Nicaragua

Class S (1/8 unit): Sierra Leone, Somalia, Yemen.

B. Disadvantage of the Present System and the Possibility of Eliminating It through Its Alignment on the Unitary Contribution System

43. The present system has the disadvantage that it discourages countries--which, although already members of WIPO, are not members of any of the Unions--to adhere to the Paris Convention, the Berne Convention or the four classification treaties. The discouragement consists of the fact that the contribution that a non-Union State would have to pay when it becomes a Union State is, at the present time, higher than what it pays as a non-Union State. This disadvantage would be eliminated through making the contribution of any non-Union State the same as the amount that it would have to pay as a Union State, and, consequently, it is proposed that the scale of contributions of the non-Union States be aligned on the scale of contributions of the Union States. The alignment would be done by deciding that the amount of contributions in the six classes of the contribution system of the non-Union States (that is, Classes A, B, C, D, E, S) be the same as in the lowest six classes (that is, VII, VIII, IX, S, Sbis and Ster, respectively), in the unitary contribution system of the Union States.

44. Such a decision would ensure that when a non-Union State decides to adhere to one or more of the Unions--that is, that it should become a Union State--the amount of its contribution would remain unchanged, so that the passage would not cause (as it does in the present system) any additional financial burden and, consequently, should be indifferent to all those (financial authorities and the legislators) who control the expenses of any State.

45. Naturally, as in the present system, payment of contributions as a Union State puts an end to the obligation to pay contributions as a non-Union State.

C. The Details of the Alignment

46. As is in the case of the Union States (see paragraph 32, above), the alignment would require

(i) that the developing countries now assigned to the three lowest classes in the present system (namely, Classes D, E and S) be assigned to the corresponding three lowest classes of the unitary contribution system (namely, Classes S, Sbis and Ster, respectively), and

(ii) that every other country be in the class in which the amount of annual contributions is immediately below the amount of its 1993 contributions or, if there is no such class available to it, that it be in the class in which the amount of annual contributions represents the smallest increase over its 1993 contributions. The applicable class for each non-Union State is shown in Annex I.

47. The only inconvenience that the suggested solution carries with it is that once--namely, when the suggested alignment is applied for the first time (as of January 1, 1994)--the present non-Union States, with two exceptions, would have to pay an amount higher than for the 1992-93 biennium. But the difference is insignificant. It would be 664 Swiss francs per year for the three LDCs (Sierra Leone, Somalia, Yemen), 1,330 Swiss francs per year for the six developing countries (non-LDCs) qualifying for Class Sbis (Angola, Bolivia, El Salvador, Jamaica, Namibia, Nicaragua), 2,660 Swiss francs per year for the three developing countries qualifying for Class S (Guatemala, Panama, Qatar) and 5,321 Swiss francs for the six States in Class IX, which is the lowest class available to them (Albania, Armenia, Latvia, Lithuania, Singapore, Uzbekistan). The United Arab Emirates (that would also be in Class IX) would pay 12,479 Swiss francs per year less, and Saudi Arabia (that would be in Class VII) would pay 32,114 Swiss francs per year less than what it pays in the 1992-93 biennium.

48. Part B of Annex II shows, for each non-Union State, the amount of its contribution for 1993 (under the present system) and the amount of its contribution for 1994 (under the proposed system).

D. Proposal

49. The need for, eventually, amending the constituent treaty--in this case, the Convention establishing WIPO--is the same as that described in paragraphs 35 to 38, above, in respect of the treaties that established the Contribution-financed Unions. As in the case of the latter, here too, the same procedure would apply, namely, that the new system would be introduced for a probationary period with the understanding that the Convention establishing WIPO would be amended in due course.

50. The Conference of WIPO is invited to decide, with the understandings spelled out in paragraphs 35 and 38, above, that, as from January 1, 1994:

(i) the amount of the contributions in the six classes established for non-Union States (that is, Classes A, B, C, D, E, S) will be the same as the amount of the contributions in the six lowest classes (that is, Classes VII, VIII, IX, S, Sbis, Ster) under the unitary contribution system,

(ii) each non-Union State mentioned in Annex I will belong to the class therein indicated,

(iii) any State not mentioned in Annex I which becomes a member of WIPO (as a non-Union State) will, subject to paragraph 39(iii), above, belong to the class that it chooses.

[The Annexes follow]

ANNEX I

CONTRIBUTIONS UNDER THE UNITARY CONTRIBUTION SYSTEM

Share of Each Member State Under the Unitary Contribution System

The share of each Member State depends on (i) the class to which it belongs for the purpose of contributions and (ii) the class to which the other Member States belong.

Under the proposed unitary contribution system, the States members of one or more of the Contribution-financed Unions ("Union States") would belong to the following classes, and the States members of WIPO which are not members of any of the Unions ("non-Union States") would--assuming that WIPO contributions would be aligned with those of the unitary contribution system--belong to the following classes:

Class I (25 units)

Union States: France, Germany, Japan, United Kingdom, United States of America (5 countries, totalling 125 units, each country contributing 25 units or approximately 6.52% of the total contributions).

Class II (20 units)

No country belongs to this class.

Class III (15 units)

Union States: Australia, Belgium, Italy, Netherlands, Sweden, Switzerland (6 countries, totalling 90 units, each country contributing 15 units or approximately 3.91% of the total contributions).

Class IV (10 units)

Union States: Canada, Denmark, Finland, Ireland, Norway, Russian Federation, Spain (7 countries, totalling 70 units, each country contributing 10 units or approximately 2.61% of the total contributions).

Class IVbis (7.5 units)

Union States: Austria, China, Mexico, Portugal, South Africa (5 countries, totalling 37.5 units, each country contributing 7.5 units or approximately 1.96% of the total contributions).

Class V (5 units)

Union States: Czech Republic, Slovakia (2 countries, totalling 10 units, each country contributing 5 units or approximately 1.30% of the total contributions).

Class VI (3 units)

Union States: Greece, Hungary, Israel, New Zealand, Poland (5 countries, totalling 15 units, each country contributing 3 units or approximately 0.78% of the total contributions).

Class V**i**bis (2 units)

Union States: Argentina, Brazil, Bulgaria, India, Libya, Romania, Turkey, Yugoslavia (8 countries, totalling 16 units, each country contributing 2 units or approximately 0.52% of the total contributions).

Class V**ii** (1 unit)

Union States: Algeria, Indonesia, Iran (Islamic Republic of), Luxembourg, Monaco, Nigeria, Republic of Korea

Non-Union State: Saudi Arabia
(8 countries, totalling 8 units, each country contributing 1 unit or approximately 0.26% of the total contributions).

Class V**iii** (1/2 unit)

Union States: Croatia, Holy See, Iceland, Liechtenstein, Malaysia, Slovenia (6 countries, totalling 3 units, each country contributing 1/2 unit or approximately 0.13% of the total contributions).

Class I**x** (1/4 unit)

Union States: Belarus, Colombia, Kazakhstan, Iraq, San Marino, Thailand, Ukraine, Venezuela

Non-Union States: Albania, Armenia, Latvia, Lithuania, Singapore, United Arab Emirates, Uzbekistan
(15 countries, totalling 3.75 units, each country contributing 1/4 unit or approximately 0.07% of the total contributions).

Class S (1/8 unit)

Union States: Bahamas, Chile, Côte d'Ivoire, Cuba, Cyprus, Democratic People's Republic of Korea, Dominican Republic, Ecuador, Egypt, Gabon, Morocco, Pakistan, Paraguay, Peru, Philippines, Syria, Trinidad and Tobago, Tunisia, Uruguay

Non-Union States: Guatemala, Panama, Qatar
(22 countries, totalling 2.75 units, each country contributing 1/8 unit or approximately 0.03% of the total contributions).

Class S**bis** (1/16 unit)

Union States: Barbados, Cameroon, Congo, Costa Rica, Fiji, Ghana, Honduras, Jordan, Kenya, Lebanon, Malta, Mauritius, Mongolia, Senegal, Sri Lanka, Suriname, Swaziland, Viet Nam, Zimbabwe

Non-Union States: Angola, Bolivia, El Salvador, Jamaica, Namibia, Nicaragua (25 countries, totalling 1.5625 units, each country contributing 1/16 unit or approximately 0.02% of the total contributions).

Class S**ter** (1/32 unit)

Union States: Bangladesh, Benin, Burkina Faso, Burundi, Central African Republic, Chad, Gambia, Guinea, Guinea-Bissau, Haiti, Lesotho, Liberia, Madagascar, Malawi, Mali, Mauritania, Niger, Rwanda, Sudan, Togo, Uganda, United Republic of Tanzania, Zaire, Zambia

Non-Union States: Sierra Leone, Somalia, Yemen
(27 countries, totalling 0.84375 unit, each country contributing 1/32 unit or approximately 0.01% of the total contributions).

Amount of Annual Contributions in Each Class
Under the Unitary Contribution System

The budget for the 1994-95 biennium provides for contributions, payable as to one half on January 1, 1994, and one half on January 1, 1995, totalling 43,212,000 francs in respect of the Contribution-financed Unions (i.e., for the Union States) and 394,000 francs in respect of WIPO contributions (i.e., for the non-Union States).

If no changes occur in the situation described above, the contribution, in Swiss francs, of each Member State in each of the classes will be as follows:

	<u>1994</u>	<u>1995</u>
Class I	1,422,150	1,422,150
Class II	-	-
Class III	853,290	853,290
Class IV	568,860	568,860
Class IVbis	426,645	426,645
Class V	284,430	284,430
Class VI	170,658	170,658
Class VIbis	113,772	113,772
Class VII	56,886	56,886
Class VIII	28,443	28,443
Class IX	14,221	14,221
Class S	7,110	7,110
Class Sbis	3,555	3,555
Class Ster	1,777	1,777

[Annex II follows]

TABLE INDICATING, FOR EACH STATE, THE TOTAL CONTRIBUTIONS OF 1993 (UNDER THE PRESENT SYSTEM) AND THE SINGLE CONTRIBUTION (UNDER THE PROPOSED SYSTEM) FOR 1994

Contributions Under the Present Contribution System		State	Proposed 1994 Contributions Under the Unitary Contribution System	
Class and Number of Contribution Units for Paris (P) and Berne (B)	Total Amount of 1993 Contributions (francs)		Class and Number of Contribution Units	Amount of Contribution (francs)
Part A: UNION STATES				
P*/VI : 3	89,011	Algeria	VII : 1	56,886
P & B/VI : 3	128,439	Argentina	VIbis : 2	113,772
P* & B/III : 15	858,009	Australia	III : 15	853,290
P*/IV : 10				
B/VI : 3	472,453	Austria	IVbis : 7.5	426,645
P & B/VIII : 1/2	21,407	Bahamas	S : 1/8	7,110
P/S : 1/8	3,440	Bangladesh	Ster : 1/32	1,777
P* & B/IX : 1/4	11,240	Barbados	Sbis : 1/16	3,555
P/VII : 1	-	Belarus**	IX : 1/4	14,221
P* & B/III : 15	858,009	Belgium	III : 15	853,290
P* & B/S : 1/8	5,620	Benin	Ster : 1/32	1,777
P* & B/VI : 3	165,156	Brazil	VIbis : 2	113,772
P & B/VI : 3	128,439	Bulgaria	VIbis : 2	113,772
P & B/S : 1/8	5,351	Burkina Faso	Ster : 1/32	1,777
P/S : 1/8	3,440	Burundi	Ster : 1/32	1,777
P & B/IX : 1/4	10,703	Cameroon	Sbis : 1/16	3,555
P & B/III : 15	642,194	Canada	IV : 10	568,860
P & B/S : 1/8	5,351	Central African Republic	Ster : 1/32	1,777
P & B/S : 1/8	5,351	Chad	Ster : 1/32	1,777
P & B/VIII : 1/2	21,407	Chile	S : 1/8	7,110
P/III : 15				
B/V : 5	489,278	China	IVbis : 7.5	426,645
B/VII : 1	15,292	Colombia	IX : 1/4	14,221
P & B/IX : 1/4	10,703	Congo	Sbis : 1/16	3,555
B/IX : 1/4	3,823	Costa Rica	Sbis : 1/16	3,555
P & B/VIII : 1/2	21,407	Côte d'Ivoire	S : 1/8	7,110
P* & B/VII : 1	45,711	Croatia	VIII : 1/2	28,443
P/VIII : 1/2	13,761	Cuba	S : 1/8	7,110
P & B/VIII : 1/2	21,407	Cyprus	S : 1/8	7,110
P* & B/V : 5	289,747	Czech Republic	V : 5	284,430
P/VIII : 1/2	13,761	Democratic People's Republic of Korea	S : 1/8	7,110
P* & B/IV : 10	579,493	Denmark	IV : 10	568,860
P/VIII : 1/2	13,761	Dominican Republic	S : 1/8	7,110
B/VIII : 1/2	7,646	Ecuador	S : 1/8	7,110
P* & B/VIII : 1/2	27,526	Egypt	S : 1/8	7,110
B/IX : 1/4	3,823	Fiji	Sbis : 1/16	3,555
P* & B/IV : 10	579,493	Finland	IV : 10	568,860
P* & B/I : 25	1,454,266	France	I : 25	1,422,150
P & B/VIII : 1/2	21,407	Gabon	S : 1/8	7,110
P/S : 1/8	3,440	Gambia	Ster : 1/32	1,777
P* & B/I : 25	1,448,735	Germany	I : 25	1,422,150
P & B/IX : 1/4	10,703	Ghana	Sbis : 1/16	3,555
P/V : 5				
B/VI : 3	183,482	Greece	VI : 3	170,658

* See footnote on page 3

** Belarus was formerly in WIPO Class C

Contributions Under the Present Contribution System			Proposed 1994 Contributions Under the Unitary Contribution System	
Class and Number of Contribution Units for Paris (P) and Berne (B)	Total Amount of 1993 Contributions (francs)	State	Class and Number of Contribution Units	Amount of Contribution (francs)
P & B/S : 1/8	5,351	Guinea	<u>Ster</u> : 1/32	1,777
P & B/S : 1/8	5,351	Guinea-Bissau	<u>Ster</u> : 1/32	1,777
P/S : 1/8	3,440	Haiti	<u>Ster</u> : 1/32	1,777
P & B/VII : 1	42,813	Holy See	VIII : 1/2	28,443
B/IX : 1/4	3,823	Honduras	<u>Sbis</u> : 1/16	3,555
P*/V : 5				
B/VI : 3	197,970	Hungary	VI : 3	170,658
P & B/VII : 1	42,813	Iceland	VIII : 1/2	28,443
B/IV : 10	152,915	India	<u>VIbis</u> : 2	113,772
P/VI : 3	82,564	Indonesia	VII : 1	56,886
P/VI : 3	82,564	Iran (Islamic Republic of)	VII : 1	56,886
P/VII : 1	27,521	Iraq	IX : 1/4	14,221
P* & B/IV : 10	579,493	Ireland	IV : 10	568,860
P* & B/VI : 3	171,603	Israel	VI : 3	170,658
P* & B/III : 15	869,242	Italy	III : 15	853,290
P* & B/I : 25	1,430,014	Japan	I : 25	1,422,150
P/IX : 1/4	6,880	Jordan	<u>Sbis</u> : 1/16	3,555
-	-	Kazakhstan	IX : 1/4	14,221
B/IX : 1/4	-			
P/IX : 1/4	6,880	Kenya	<u>Sbis</u> : 1/16	3,555
P* & B/IX : 1/4	11,240	Lebanon	<u>Sbis</u> : 1/16	3,555
P & B/S : 1/8	5,351	Lesotho	<u>Ster</u> : 1/32	1,777
B/S : 1/8	1,911	Liberia	<u>Ster</u> : 1/32	1,777
P & B/VI : 3	128,439	Libya	<u>VIbis</u> : 2	113,772
P* & B/VII : 1	44,962	Liechtenstein	VIII : 1/2	28,443
P* & B/VII : 1	57,422	Luxembourg	VII : 1	56,886
P & B/S : 1/8	5,351	Madagascar	<u>Ster</u> : 1/32	1,777
P & B/S : 1/8	5,351	Malawi	<u>Ster</u> : 1/32	1,777
P & B/VII : 1	42,813	Malaysia	VIII : 1/2	28,443
P & B/S : 1/8	5,351	Mali	<u>Ster</u> : 1/32	1,777
P & B/IX : 1/4	10,703	Malta	<u>Sbis</u> : 1/16	3,555
P & B/S : 1/8	5,351	Mauritania	<u>Ster</u> : 1/32	1,777
P & B/IX : 1/4	10,703	Mauritius	<u>Sbis</u> : 1/16	3,555
P & B/IV : 10	428,128	Mexico	<u>IVbis</u> : 7.5	426,645
P* & B/VII : 1	57,201	Monaco	VII : 1	56,886
P/IX : 1/4	6,880	Mongolia	<u>Sbis</u> : 1/16	3,555
P* & B/VIII : 1/2	22,481	Morocco	S : 1/8	7,110
P* & B/III : 15	872,561	Netherlands	III : 15	853,290
P & B/V : 5	214,065	New Zealand	VI : 3	170,658
P & B/S : 1/8	5,351	Niger	<u>Ster</u> : 1/32	1,777
P/VI : 3	82,564	Nigeria	VII : 1	56,886
P* & B/IV : 10	579,493	Norway	IV : 10	568,860
B/VIII : 1/2	7,646	Pakistan	S : 1/8	7,110
B/VIII : 1/2	7,646	Paraguay	S : 1/8	7,110
B/VIII : 1/2	7,646	Peru	S : 1/8	7,110
P & B/VIII : 1/2	21,407	Philippines	S : 1/8	7,110
P/V : 5				
B/VI : 3	183,482	Poland	VI : 3	170,658
P*/IV : 10				
B/V : 5	495,548	Portugal	<u>IVbis</u> : 7.5	426,645
P/VI : 3	82,564	Republic of Korea	VII : 1	56,886
P & B/VI : 3	128,439	Romania	<u>VIbis</u> : 2	113,772
P*/I : 25	1,066,446	Russian Federation	IV : 10	568,860
P & B/S : 1/8	5,351	Rwanda	<u>Ster</u> : 1/32	1,777

* See footnote on page 3

Contributions Under the Present Contribution System		State	Proposed 1994 Contributions Under the Unitary Contribution System	
Class and Number of Contribution Units for Paris (P) and Berne (B)	Total Amount of 1993 Contributions (francs)		Class and Number of Contribution Units	Amount of Contribution (francs)
P/VII : 1	27,521	San Marino	IX : 1/4	14,221
P & B/IX : 1/4	10,703	Senegal	Sbis : 1/16	3,555
P* & B/V : 5	289,747	Slovakia	V : 5	284,430
P* & B/VII : 1	45,711	Slovenia	VIII : 1/2	28,443
P & B/IV : 10	428,128	South Africa	IVbis : 7.5	426,645
P*/IV : 10				
B/II : 20	732,410	Spain	IV : 10	568,860
P & B/IX : 1/4	10,703	Sri Lanka	Sbis : 1/16	3,555
P/S : 1/8	3,440	Sudan	Ster : 1/32	1,777
P* & B/IX : 1/4	14,299	Suriname	Sbis : 1/16	3,555
P/IX : 1/4	6,880	Swaziland	Sbis : 1/16	3,555
P* & B/III : 15	872,561	Sweden	III : 15	853,290
P* & B/III : 15	869,242	Switzerland	III : 15	853,290
P/VIII : 1/2	13,761	Syria	S : 1/8	7,110
B/VII : 1	15,292	Thailand	IX : 1/4	14,221
P & B/S : 1/8	5,351	Togo	Ster : 1/32	1,777
P & B/VIII : 1/2	21,407	Trinidad and Tobago	S : 1/8	7,110
P* & B/VIII : 1/2	22,591	Tunisia	S : 1/8	7,110
P & B/VI : 3	128,439	Turkey	VIbis : 2	113,772
P/S : 1/8	3,440	Uganda	Ster : 1/32	1,777
P/VII : 1	27,521	Ukraine	IX : 1/4	14,221
P* & B/I : 25	1,430,014	United Kingdom	I : 25	1,422,150
P/S : 1/8	3,440	United Republic of Tanzania	Ster : 1/32	1,777
P* & B/I : 25	1,430,014	United States of America	I : 25	1,422,150
P & B/VIII : 1/2	21,407	Uruguay	S : 1/8	7,110
B/VII : 1	15,292	Venezuela	IX : 1/4	14,221
P/IX : 1/4	6,880	Viet Nam	Sbis : 1/16	3,555
P* & B/VI : 3	137,133	Yugoslavia	VIbis : 2	113,772
P & B/S : 1/8	5,351	Zaire	Ster : 1/32	1,777
P & B/S : 1/8	5,351	Zambia	Ster : 1/32	1,777
P & B/IX : 1/4	10,703	Zimbabwe	Sbis : 1/16	3,555
	23,629,501	Total:		21,605,972
	=====			=====

* For States members of the Paris Union also members of one or more of the four Classification Unions, the total amount of 1993 contributions includes the contributions in respect of the latter Unions. The States concerned are, for the IPC Union: Australia, Austria, Belgium, Brazil, Czech Republic, Denmark, Egypt, Finland, France, Germany, Ireland, Israel, Italy, Japan, Luxembourg, Monaco, Netherlands, Norway, Portugal, Russian Federation, Slovakia, Spain, Suriname, Sweden, Switzerland, United Kingdom, United States of America (27); for the Nice Union: Algeria, Australia, Austria, Barbados, Belgium, Benin, Croatia, Czech Republic, Denmark, Finland, France, Germany, Hungary, Ireland, Israel, Italy, Japan, Lebanon, Liechtenstein, Luxembourg, Monaco, Morocco, Netherlands, Norway, Portugal, Russian Federation, Slovakia, Slovenia, Spain, Suriname, Sweden, Switzerland, Tunisia, United Kingdom, United States of America, Yugoslavia (36); for the Locarno Union: Austria, Croatia, Czech Republic, Denmark, Finland, France, Germany, Hungary, Ireland, Italy, Netherlands, Norway, Russian Federation, Slovakia, Slovenia, Spain, Sweden, Switzerland, Yugoslavia (19), and for the Vienna Union: France, Luxembourg, Netherlands, Sweden, Tunisia (5).

Contributions Under the Present Contribution System			Proposed 1994 Contributions Under the Unitary Contribution System	
Class and Number of Contribution Units for WIPO	Amount of 1993 Contributions (francs)	State	Class and Number of Contribution Units	Amount of Contribution (francs)
<u>Part B: NON-UNION STATES</u>				
C : 1	8,900	Albania	IX : 1/4	14,221
E : 1/4	2,225	Angola	Sbis : 1/16	3,555
-	-	Armenia	IX : 1/4	14,221
C : 1	8,900	Belarus*	-	-
-	-	Bolivia	Sbis : 1/16	3,555
E : 1/4	2,225	El Salvador	Sbis : 1/16	3,555
D : 1/2	4,450	Guatemala	S : 1/8	7,110
E : 1/4	2,225	Jamaica	Sbis : 1/16	3,555
-	-	Latvia	IX : 1/4	14,221
C : 1	8,900	Lithuania	IX : 1/4	14,221
E : 1/4	2,225	Namibia	Sbis : 1/16	3,555
E : 1/4	2,225	Nicaragua	Sbis : 1/16	3,555
D : 1/2	4,450	Panama	S : 1/8	7,110
D : 1/2	4,450	Qatar	S : 1/8	7,110
A : 10	89,000	Saudi Arabia	VII : 1	56,886
S : 1/8	1,113	Sierra Leone	Ster : 1/32	1,777
C : 1	8,900	Singapore	IX : 1/4	14,221
S : 1/8	1,113	Somalia	Ster : 1/32	1,777
B : 3	26,700	United Arab Emirates	IX : 1/4	14,221
-	-	Uzbekistan	IX : 1/4	14,221
S : 1/8	1,113	Yemen	Ster : 1/32	1,777
	179,114	Total:		204,424
	=====			=====
<u>Part C. ALL STATES</u>				
	23,629,501	121 Union States		21,605,972
	179,114	20 Non-Union States		204,424
	23,808,615	All (141) States		21,810,396
	=====			=====

* Acceded to Paris Union, Class VII

[Annex III follows]

ANNEX III

DIFFERENCES BETWEEN DOCUMENTS WO/BC/XI/3 AND AB/XXIV/5

Document AB/XXIV/5 is identical to document WO/BC/XI/3, submitted to the WIPO Budget Committee, except that:

(i) paragraph 0 is a new paragraph; it makes reference to the April 1993 session of the WIPO Budget Committee and to documents AB/XXIV/6 and 7;

(ii) paragraphs 14, 22, 26, 27, 33, 42 and 47, and Annexes I and II, have been updated to reflect the accessions of Belarus (formerly WIPO Class C) and Kazakhstan to the Paris Convention (Class VII), of Kenya to the Berne Convention (Class IX), of Bolivia to the WIPO Convention (Class E), and of Uzbekistan to the WIPO Convention (Class C), and the confirmation by the Russian Federation of its move to Class III in the present contribution system;

(iii) paragraph 35 has been changed to refer to amendment of the treaties that established the Contribution-financed Unions;

(iv) the present annex has been added.

[End of Annex and of document]