

D. INCOME FOR 2000-2001 AND 2002-2003

General

315. Total income for 2002-2003 is expected to be Sfr531,782,000 and should be sufficient to carry out WIPO's proposed Program and Budget for the biennium. This income figure is Sfr121,898,000 or 30 per cent higher than the income initially anticipated for the 2000-2001 biennium (see Annex 4, A/34/2). At the same time, and on account of further reductions in fees proposed for the next biennium (see Parts C and E below), it is anticipated that income for 2002-2003 will only be Sfr5,737,000 (or one per cent) higher than the revised income target for the 2000-2001 biennium. Table 16 shows the income estimates, by source of income and by Union for the 2002-2003 biennium, compared with the revised estimates for the 2000-2001 biennium. The revised income estimates for 2000-2001 take into account higher than budgeted levels of registrations, as reflected in the discussion of the revised budget for 2000-2001.

316. This Section describes proposed changes in the level of fees. In particular, the International Bureau will propose to the WIPO General Assembly in 2001 and to the relevant Assemblies of the Unions reductions in fees for the PCT system and the Hague system. In contrast, an increase is proposed in fees payable to the International Bureau for on-line dispute resolution cases.

317. This Section also describes the main sources of income and the values that are estimated for this and the next biennium. Initial estimates for the current biennium can be reviewed in WIPO's Program and Budget for 2000-2001 (A/34/2).

Member States' Contributions

318. Contributions provided by Member States are expected to amount to Sfr34,583,000 for the 2002-2003 biennium (see Appendix 4). This figure compares with a budgeted amount of Sfr35,053,000 for the 2000-2001 biennium (see Annex 4, A/34/2). The value of the contribution unit for 2002-2003 remains at Sfr45,579 following recent decreases in 1998, 1999 and 2000 (see Annex 11, A/34/2). It should also be noted that within certain groups, Member States have the flexibility to choose their contribution class and therefore the amount of contributions they wish to make to WIPO. The slight decrease that can be observed in the contribution amount for 2002-2003 is the result of some changes in contribution groups. Contribution classes range from 25 units (class I) to 0.03125 units (class Ster). The annual values of the contribution unit since 1996 were:

Year	1996	1997	1998	1999	2000	2001	2002	2003
Value	56,311	56,321	56,270	50,643	45,579	45,579	45,579	45,579

Table 16. Income 2000-2001 and 2002-2003: Summary by Source of Income and Union
(thousands of Swiss francs)

	Biennium	CF Unions A	PCT Union B	Madrid Union C	Hague Union D	Arbitration /Others E	Total A+...E
Contributions	2002-2003	34,583	-	-	-	-	34,583
	2000-2001	35,053	-	-	-	-	35,053
	Variation	(1.3)%	-	-	-	-	(1.3)%
Fees	2002-2003	-	378,691	55,143	10,179	11,390	455,403
	2000-2001	-	378,808	51,307	10,467	3,286	443,868
	Variation	-	-	7.5%	(2.8)%	246.6%	2.6%
Publications	2002-2003	3,060	3,620	3,202	256	-	10,138
	2000-2001	3,060	4,420	3,302	256	-	11,038
	Variation	-	(18.1)%	(3.0)%	-	-	(8.2)%
Interest	2002-2003	450	14,394	7,394	662	200	23,100
	2000-2001	450	19,658	7,768	774	50	28,700
	Variation	-	(26.8)%	(4.8)%	(14.5)%	300.0%	(19.5)%
Rental	2002-2003	135	1,088	192	36	7	1,458
	2000-2001	152	1,219	216	40	8	1,635
	Variation	(11.2)%	(10.7)%	(11.1)%	(10.0)%	(12.5)%	(10.8)%
UPOV Reimbursement	2002-2003	-	-	-	-	1,600	1,600
	2000-2001	-	-	-	-	1,600	1,600
	Variation	-	-	-	-	-	-
Other	2002-2003	202	1,602	534	352	2,810	5,500
	2000-2001	272	2,161	583	371	764	4,151
	Variation	(25.7)%	(25.9)%	(8.4)%	(5.1)%	267.8%	32.5%
TOTAL	2002-2003	38,430	399,395	66,465	11,485	16,007	531,782
	2000-2001	38,987	406,266	63,176	11,908	5,708	526,045
	Variation	(1.4)%	(1.7)%	5.2%	(3.6)%	180.4%	1.1%

PCT System: International Applications, Fees and Fee Income

319. Income from PCT fees is expected to be Sfr378,691,000 in the 2002-2003 biennium, with 236,000 international applications anticipated during the next biennium and an average fee of Sfr1,605 (1,676 in 2002 and 1,538 in 2003). This figure compares with an expected income of Sfr378,808,000 for the 2000-2001 biennium. This figure takes into account a new target of 197,000 International Applications (initial target of 172,000) and an average fee of Sfr1,923 (budgeted fee of Sfr1,736, see paragraph 321 below).

International Applications

320. The estimated number of international applications for 2003 (122,000) is 34 per cent higher than the actual amount for 2000. Projections up to 2003 have taken into account PCT growth experienced by the International Bureau in recent years, patent registration trends in the trilateral offices (USPTO, JPO, EPO), as well as a possible deceleration of the world economy, following the expansive phase of the last several

years. The growth in international applications since 1996 is shown below. Figures for 2000 and 2001 have been revised from the initial projections of 82,000 and 90,000, respectively. Amounts for 2002 and 2003 are estimates.

Year	1996	1997	1998	1999	2000	2001	2002	2003
Int. Appl.	47,291	54,422	67,007	74,023	90,948	106,000	114,000	122,000
% Change	n/a	15%	23%	10%	23%	17%	8%	7%

Fees

321. Budgeted fee payable to the International Bureau for the 2000-2001 biennium was Sfr1,736. This figure was based on the reduction of the maximum number of payable designations from 10 to 8 (see Annex 4, A/34/2). Actual fee in 2000 turned to be Sfr2,084. The main reasons for the discrepancy were: (i) unanticipated exchange rate gains because of the strong position of the US dollar with respect to the Swiss franc (as in the recent case of 1997 with respect to 1996), and (ii) the increase in the proportion of applicants making use of the maximum number of payable designations beyond the prior proportion of applicants designating 8 or more countries.

322. The average fee for 2001 is expected to be Sfr1,785. This decrease in the fee by some 14 per cent is partly due to the proposal made by the International Bureau and approved by the General Assemblies in 2000 to further reduce the number of payable designations from 8 to 6 (see PCT/A/29/4), and partly due to the relative weakening of the US dollar, and the realignment of the PCT fees to a higher US dollar exchange rate.

323. It is proposed that a further 10 per cent decrease be foreseen in average PCT fees for 2002-2003 with respect to the 2001 level. This will be achieved by reducing the maximum number of payable designations to 5 as of January 1, 2002 and to 4 as of January 1, 2003. These combined reductions are expected to reduce the average fee 2002-2003 by some 17 per cent with respect to the estimated average fee for 2000-2001. The evolution of PCT fees payable to the International Bureau since 1996, based on the average fee per application, is shown below:

Year	1996	1997	1998	1999	2000	2001	2002	2003
Average	2,613	2,799	2,194	2,149	2,084	1,785	1,676	1,538
% Change	n/a	7%	-22%	-2%	-3%	-14%	-6%	-8%

324. The anticipated fee for 2003 is 59 per cent of the average fee in 1996. If PCT fees had remained at the level of the 1996-1997 biennium, projected PCT fee income for 2002-2003 would have been 279 million Swiss francs higher. This amount could be seen as savings to users of the PCT system for the 2002-2003 biennium.

Fee Income

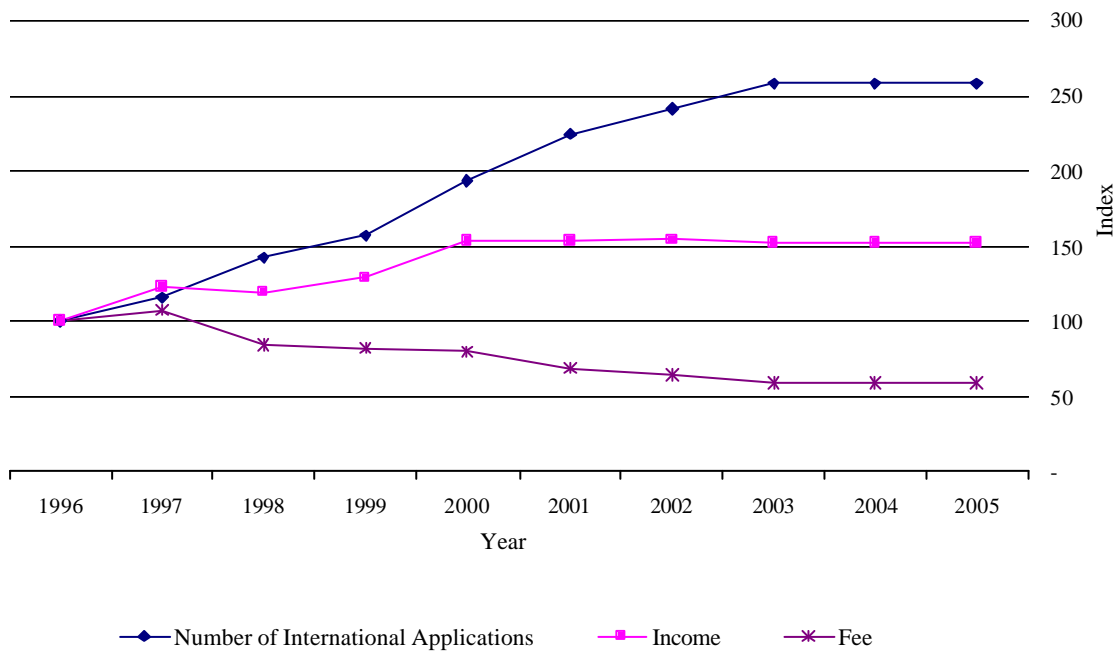
325. Fee income for the 2000-2001 biennium was budgeted at Sfr298,510,000. Actual income in 2000 was Sfr189,556,000, which is significantly higher than the corresponding initial target for 2000, because of: (i) a higher than anticipated number of international applications and (ii) a higher than anticipated average fee. Further to the revision of targets for international applications and the approved additional reduction in fees for 2001, it is anticipated that fee income in 2001 will be Sfr189,252,000.

326. For the 2002-2003 biennium, it is anticipated that subsequent fee reductions will offset the anticipated growth in applications, with fee income for 2002-2003 being similar to the 2000-2001 revised level. Fee income beyond 2003 is expected to be maintained at a level similar to that of 2002-2003, with increases in applications being approximately offset by fee reductions, The evolution of fee income (figures in thousands of Swiss francs), is shown below:

Year	1996	1997	1998	1999	2000	2001	2002	2003
Fee Income	123,578	152,302	147,015	159,056	189,556	189,252	191,116	187,575
% Change	n/a	23%	-3%	8%	19%	0%	1%	-2%

327. The graph below shows the evolution of PCT International Applications, fees, and total income (as an index, 1996=100).

Table 17. PCT System: Index Comparison of Number of International Applications, Income and Fees



Madrid System: Registrations and Renewals, Fees and Fee Income

328. Income from Madrid fees is expected to be Sfr55,143,000 in the 2002-2003 biennium resulting from an anticipated 68,000 applications for registrations and renewals. It is noted that the number of registrations and renewals actually recorded could be some 66,000 for the given number of applications. The average fee (computed on applications effectively recorded) is anticipated at Sfr836. These figures compare with an expected income of Sfr51,307,000 for the 2000-2001 biennium. This income takes into account a new estimate of 61,400 registrations and renewals recorded for the biennium (some 63,800 applications for registrations and renewals) and an average fee of Sfr836 (initial target of 883) for applications effectively recorded.

Registrations and Renewals

329. The number of applications for registrations and renewals projected for 2003 (34,500) is 10 per cent higher than the number of applications for registrations and renewals in 2000 and more than 15 per cent higher than the number of registrations and renewals recorded in 2000. This projection represents 150 per cent of registrations and renewals actually recorded in 1996. Projections for the next biennium have taken into account growth of the Madrid system in recent years, although no impact has been forecasted for possible future accessions to the system. The number of applications for registration and renewals for the 1996-2003 period is shown below:

Year	1996	1997	1998	1999	2000	2001	2002	2003
Reg. and Ren.	23,179	23,934	26,195	26,202	31,314	32,500	33,500	34,500
% Change	n/a	3%	9%	0%	20%	4%	3%	3%

Fees

330. No changes are proposed in the current schedule of fees for the Madrid system in the next biennium. The average fee payable to the International Bureau for the 2000-2001 biennium was estimated at Sfr883, equal to the actual average fee in 1998. The actual fee in 2000 turned out to be Sfr843, the main reason for the discrepancy being the lower number of transfers and territorial extensions requested, on average, for each registration processed. The average fee payable to the International Bureau per registration or renewal recorded is expected to be Sfr836 in both 2000-2001 and 2002-2003. It should be noted that the Assembly of the Madrid Union in 1996 (see MM/A/XXVII/4, paragraph 65 and Annex II) adopted a major revision of the fee schedule of the Madrid system, as a result of the reduction of the length of the registration period from 20 to 10 years, with the basic fee being reduced to 75 per cent of its previous value, the surcharge for figurative marks in black and white being eliminated and the surcharge for color marks being reduced to 57 per cent of its

previous value. The evolution of average fees under the Madrid System is shown below:

Year	1996	1997	1998	1999	2000	2001	2002	2003
Average	1,065	900	883	877	843	830	836	836
% Change	n/a	-15%	-2%	-1%	-4%	-1%	1%	0%

Fee Income

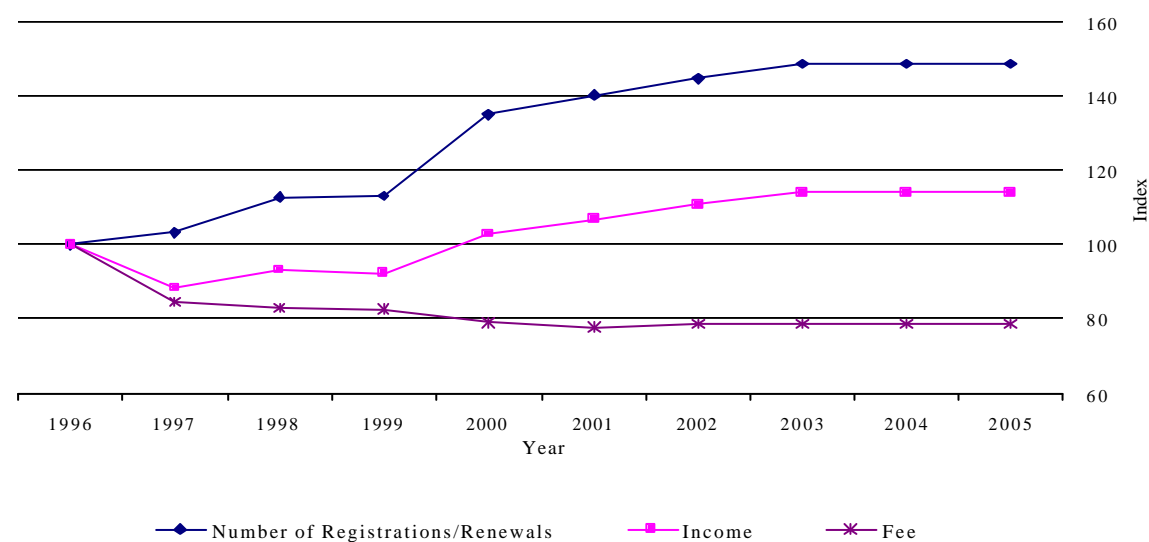
331. Fee income for the 2000-2001 biennium was budgeted at Sfr46,862,000. Actual fee income in 2000 was Sfr25,141,000, with part of the unanticipated growth in registrations offset by lower unit income. It is now anticipated that fee income in 2001 will be Sfr26,166,000, resulting from a revised level of 32,500 applications for registrations and renewals.

332. For the 2002-2003 biennium, it is anticipated that the average fee payable to the International Bureau would remain as in 2000-2001, translating additional registrations into income growth. Fee income beyond the next biennium could be adjusted as a result of new developments in the Madrid system, in particular the accession of new Member States to the treaty, the growth in renewals after the completion of a 10-year cycle, and a review of the schedule of fees in accordance with the impact of the factors signaled above. The evolution of fee income (figures in thousands of Swiss francs) is shown below:

Year	1996	1997	1998	1999	2000	2001	2002	2003
Fee Income	24,491	21,596	22,805	22,622	25,141	26,166	27,166	27,977
% Change	n/a	-12%	6%	-1%	11%	4%	4%	3%

333. The graph below shows the evolution of registrations and renewals, recorded fees, and total income (as an index, 1996=100).

Table 18. Madrid System: Index Comparison of Number of Registrations/Renewals, Income and Fees



Hague System: Deposits and Renewals, Fees and Fee Income

334. Income from Hague system fees is expected to be Sfr10,179,000 in the 2002-2003 biennium, resulting from an anticipated 16,100 applications for deposits and renewals, with an average fee of Sfr632. These figures compare with an expected income of Sfr10,467,000 for the 2000-2001 biennium. This income takes into account a new target of 14,900 deposits and renewals recorded for the biennium (initial target of 14,000) and an average fee of Sfr702 (initial target of Sfr660) per deposit.

Deposits and Renewals

335. The number of applications for deposits and renewals projected for 2003 (8,200) is 12 per cent higher than the number of applications for deposits and renewals in 2000. This projection represents 141 per cent of deposits and renewals recorded in 1996. Projections for the next biennium have taken into account growth of the Hague system in recent years although no forecast has been made on future accessions to the Hague Agreement. The evolution of deposits and renewals for the period 1996-2003 is shown below:

Year	1996	1997	1998	1999	2000	2001	2002	2003
Dep. and Ren.	5,828	6,223	6,466	6,752	7,300	7,600	7,900	8,200
% Change	n/a	7%	4%	4%	8%	4%	4%	4%

Fees

336. It is proposed that publication fees in the Hague system be revised, resulting in an estimated 10 per cent reduction in the average fee. A detailed proposal on a new method for calculating the publication fee (which will result in substantial fee reductions) will be presented to the next Assembly of the Hague Union in September 2001. The average fee payable to the International Bureau for the 2000-2001 biennium was estimated at Sfr660, calculated on the basis of the actual fee in 1998 (Sfr732) less 10 per cent taking into account an approved reduction in publication fees, effective January 1, 1999. The actual average fee in 2000 turned out to be Sfr705, the main reason for the discrepancy being a higher use by applicants of color publications. The average fee payable to the International Bureau is now anticipated at Sfr702 in 2000-2001 and Sfr632 in 2002-2003. The evolution of the average fee payable to the International Bureau under the Hague System is shown below:

Year	1996	1997	1998	1999	2000	2001	2002	2003
Average	744	747	732	690	705	700	632	632
% Change	n/a	0%	-2%	-6%	2%	-1%	-10%	0%

Fee Income

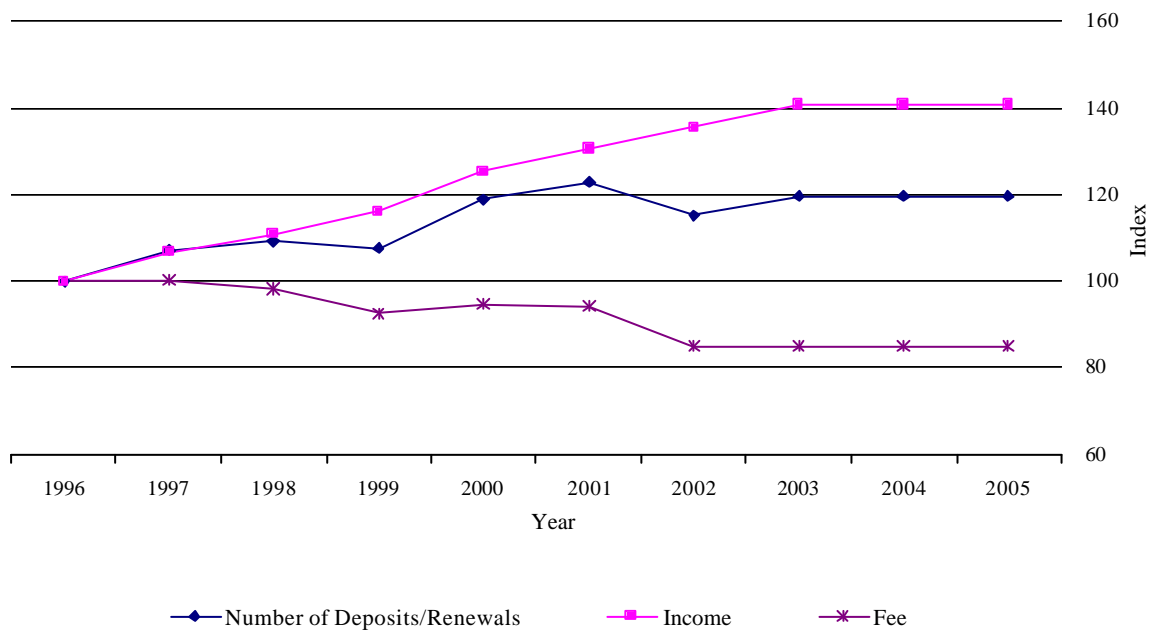
337. Fee income for the 2000-2001 biennium was budgeted as Sfr9,240,000. Actual fee income in 2000 was Sfr5,147,000 due to a higher than anticipated number of applications and level of unit income. It is now projected that fee income in 2001 will be Sfr5,320,000 at a revised level of 7,600 applications for deposits and renewals.

338. For the 2002-2003 biennium, it is anticipated that the average fee payable to the International Bureau would decrease by some 10 per cent, income reduction being partly offset by growth in the number of deposits. Fee income beyond the next biennium could be adjusted as a result of new developments in the Hague system, in particular the accession of new Member States to the Agreement. The evolution of fee income (figures in thousands of Swiss francs), is shown below:

Year	1996	1997	1998	1999	2000	2001	2002	2003
Fee Income	4,334	4,647	4,733	4,661	5,147	5,320	4,995	5,184
% Change	N/a	7%	2%	-2%	10%	3%	-6%	4%

339. The graph below shows the evolution of registrations and renewals recorded, fees, and total income (as an index, 1996=100).

Table 19. Hague System: Index Comparison of Number of Deposits/Renewals, Income and Fees



Arbitration and Mediation System: Filings, Fees and Fee Income

340. Income from Arbitration and Mediation filings is expected to be Sfr11,390,000 in the 2002-2003 biennium, with 6,700 filings of on-line domain name disputes anticipated for the next biennium, at an average fee of Sfr1,700. These figures compare with an expected income of Sfr3,286,000 for the 2000-2001 biennium. This income takes into account a revised target of 4,500 filings during the present biennium (initial target of 1,200) and an average fee of Sfr737 (initial target of Sfr417) per filing.

Filings

341. The number of filings of on-line dispute resolution cases projected for 2003 (3,600) is 94 per cent higher than the number of filings in 2000. No prior experience on filings existed as the new system has recently been established. Projections for the next biennium have been made on the basis of current monthly growth, but they are considered as highly volatile since the system has been operating only for a short period. The table below shows the evolution of filings for the period 1996-2003.

Year	1996	1997	1998	1999	2000	2001	2002	2003
Filings	n/a	n/a	n/a	1	1,857	2,600	3,100	3,600
% Change	n/a	n/a	n/a	n/a	n/a	40%	19%	16%

Fees

342. It is proposed that the filing fee payable to the International Bureau during next biennium is US dollars 1,000 (approximately Sfr1,700). The budgeted fee payable to the International Bureau for the 2000-2001 biennium was at US dollars 250 (some Sfr417). The actual fee in 2000 turned out to be at Sfr579, as a result of the increase from US dollars 250 to US dollars 500 in August 2000. Average fee payable to the International Bureau per filing is expected to be at Sfr850 in 2001, yielding an average of Sfr737 for the biennium and Sfr1,700 for the period 2002-2003. These fee adjustments are required to bring revenues into line with operating costs, so that the on-line dispute resolution system can function on a cost-recovery basis after its start-up phase. The evolution of the average fee payable to the International Bureau for on-line dispute resolutions services is shown below:

Year	1996	1997	1998	1999	2000	2001	2002	2003
Average	n/a	n/a	n/a	398	579	850	1,700	1,700
% Change	n/a	n/a	n/a	n/a	46%	47%	100%	0%

Fee Income

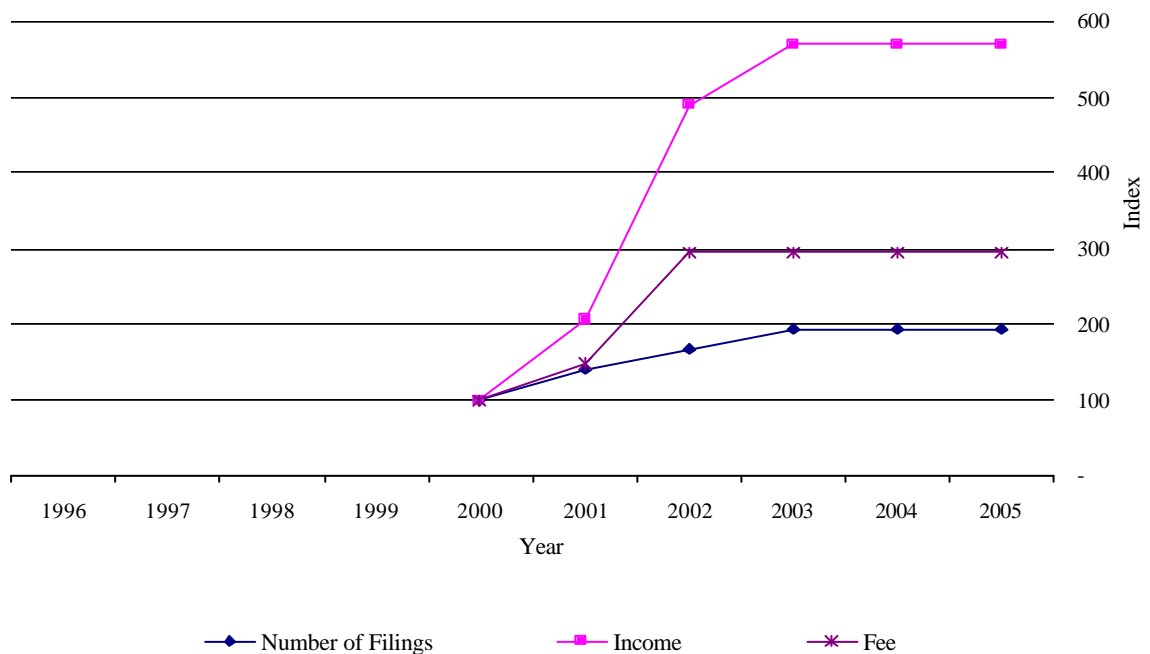
343. Fee income for the 2000-2001 biennium was estimated at Sfr500,000. Actual fee income in 2000 was Sfr1,076,000 due to a higher than anticipated number of filings and level of unit income. Fee income in 2001 is now estimated at Sfr2,210,000 with a revised number of 2,600 filings for on-line dispute resolution cases.

344. For the 2002-2003 biennium, it is anticipated that fee income would increase to Sfr11,390,000 following the proposed increase in fees and the anticipated growth in filings. Fee income beyond next biennium would have to be reviewed in light of the experience during this and the next biennium, and developments in top-level domains. The evolution of fee income (figures in thousands of Swiss francs) is shown below:

Year	1996	1997	1998	1999	2000	2001	2002	2003
Fee income	n/a	n/a	n/a	0	1,076	2,210	5,270	6,120
% Change	n/a	n/a	n/a	n/a	n/a	105%	138%	16%

345. The graph below shows the evolution of filings, fees, and fee income (as an index, 1996=100).

Table 20. On-line Dispute Resolution System: Index Comparison of Number of Filings, Income and Fees



Publications Income

346. Publications income is anticipated at Sfr10,138,000 for the 2002-2003 biennium. This figure is lower than the revised target for 2000-2001 (Sfr11,038,000), further to an actual publications income of Sfr4,605,000 in 2000. These figures compare to a budgeted income for 2000-2001 of Sfr11,221,000.

347. It is anticipated that this biennium actual income will be lower than budgeted, mainly because of lower sales of PCT published products (PCT Guides, Newsletter, Espace). Furthermore, with the expansion of WIPO's Internet website and the reduction in the use of traditional paper publications, it is assumed that the decrease will continue in 2002-2003.

348. Concerning pricing of publications, it is essentially stable as WIPO publication products are priced such that sales revenue is sufficient to recover the direct cost of producing the publication, while wide dissemination of WIPO's published material can be achieved in order to help in the demystification of Intellectual Property.

Interest Income

349. Interest income is anticipated at Sfr23,100,000 for the 2002-2003 biennium. This figure compares with a revised target of Sfr28,700,000 for 2000-2001, with actual income in 2000 amounting to Sfr13,536,058.

Interest Income in the 2000-2001 biennium

350. Interest income in 2000-2001 was budgeted at Sfr3,606,000. This budget was prepared on the hypothesis that the interest rate would be 2.5 per cent during the period, and that interest earned by Special Reserve Funds would be credited to the Special Reserve Fund. The anticipated sources of interest income to the regular budget were consequently the reserves and working capital funds of the unions, after adjusting for transfers from the Unions to the Special Reserve Fund.

351. The policy of transferring surplus union income into the SRF was modified in the General Assemblies of 2000 (see document A/35/6). In particular, surpluses are now paid to the reserve funds of the respective unions and not to the SRF. Furthermore, interests earned by the SRF would be recognized to the Unions in proportion of their contributions to the SRF.

352. These changes in policy had the effect of increasing the base on which interest is earned in the regular budget. Furthermore, actual interest rates for 2000 have been in the range of 3.75 per cent, higher than the 2.5 per cent rate initially anticipated.

353. Actual interest income for 2000 amounted to Sfr13,536,058. Estimated interest income for the current biennium amounts to Sfr28,700,000, which takes into account the additional surplus being generated by registration income (while some withdrawals are made for on-going payments of Special Reserve Fund financed projects). The proportion of this income attributable to the Special Reserve Fund will be credited to the reserve of the respective Union in accordance with its share of funding of the Special Reserve Fund (see paragraphs 67 and 71 of document A/35/6). The rest of interest income will be distributed to the Unions in proportion of their average level of reserves, working capital funds and other cash balances (either positive or negative) during the period.

Interest Income in the 2002-2003 biennium

354. Interest income for the 2002-2003 biennium is estimated at Sfr23,100,000 on the basis of an interest rate of 3.75 per cent. The decrease is justified because of additional withdrawals for SRF/Surplus financed projects, beyond the anticipated surplus for next biennium. Interest income will be distributed to the Unions as described in the preceding paragraph.

Rental income

355. Rental income is anticipated at Sfr1,458,000 for the 2002-2003 biennium. This figure compares to Sfr1,634,000 as revised target for 2000-2001, further to an actual rental income of Sfr1,095,000 in 2000. This figures compare to a budgeted income for 2000-2001 of Sfr1,356,000.

356. It is anticipated that actual income this biennium will be higher than budgeted, mainly because of regularization of rental earnings from previous periods and higher revenues from rental of parking spaces to staff. For the 2002-2003 biennium, rental income is expected to be lower than the current biennium's estimate, with no exceptional income anticipated, and UPOV rental expenses being included in the UPOV contribution to WIPO.

UPOV Contribution

357. UPOV contribution to WIPO is anticipated at Sfr1,600,000. No changes are expected with respect to the 2000-2001 budgeted amount.

Other Income

358. Other income is anticipated at Sfr5,500,000 for the 2002-2003 biennium. This figure compares to Sfr4,151,000 as revised target for 2000-2001, further to an actual income of Sfr2,111,000 in 2000. This figures compare to a budgeted income for 2000-2001 of Sfr1,936,000.

359. Estimated income for 2000-2001 exceeds the budget projection mainly because of higher income from symposia organized by the Arbitration and Mediation Center, income gains due to exchange rate variations and higher reimbursements from airlines. For 2002-2003 some more increases are expected, particularly on fees from Symposia.