

# WIPO



AB/XXXI/2

ORIGINAL: English

DATE: June 30, 1997

WORLD INTELLECTUAL PROPERTY ORGANIZATION  
GENEVA

## GOVERNING BODIES OF WIPO AND THE UNIONS ADMINISTERED BY WIPO

Thirty-First Series of Meetings  
Geneva, September 22 to October 1, 1997

ACCOUNTS FOR THE 1994–95 BIENNIUM;  
ARREARS OF CONTRIBUTIONS OF DEVELOPING COUNTRIES;  
PROGRAM AND BUDGET AND  
CONTRIBUTIONS FOR THE 1998–99 BIENNIUM

### *Memorandum of the Director General*

1. At its seventeenth session held on April 16 and 18, 1997, the Budget Committee reviewed documents concerning the accounts for the 1994–95 biennium, arrears of contributions of developing countries, and the draft program and budget for the 1998–99 biennium. The relevant documents (WO/BC/XVII/2, 3 and 4) were communicated to all States members of the Budget Committee, and were sent on request to all other interested States; further copies will be sent on request. The report of the said session of the Budget Committee (document WO/BC/XVII/5 Rev.) is reproduced in Annex A of the present document.
2. The present document summarizes the conclusions of the Budget Committee, and invites the Governing Bodies to take certain decisions.
3. Accounts for the 1994–95 biennium. The Budget Committee agreed with the contents of document WO/BC/XVII/3 on this matter; the conclusion of the report of the Auditor on

the accounts of the 1994–95 biennium and the audit certificate attached to that report are reproduced in Annex B of the present document.

*4. The Governing Bodies are invited to approve the accounts for the 1994-95 biennium.*

5. Arrears of contributions of developing countries. In document WO/BC/XVII/4, a proposal was made to place the arrears of contributions of developing countries as of December 31, 1993, in a special frozen account, and have all payments of contributions made by developing countries after that date credited, in the first instance, towards the contributions due for the years 1994 and thereafter (under the unitary contribution system which was introduced on January 1, 1994), with no developing country to lose its voting right because of having (pre-1994) arrears in its special frozen account.

6. The Chairman of the Budget Committee summarized the discussion on the said proposal as follows (see paragraph 30 in Annex A of this document): “The first conclusion was that the Budget Committee was not in a position to adopt this proposal. All the delegations made mention of various problems that they had with the proposal. Furthermore, a more detailed analysis of this proposal was required, and other alternatives should be sought in order perhaps to find a more innovative solution. One solution would be not to apply the proposal to all countries equally, but on a case-by-case basis, and that was an important element to be borne in mind. It was understood that this issue would be revisited, with perhaps more information coming from the International Bureau and an opportunity to discuss what other solutions might be suitable.”

7. In the light of what is said in the preceding paragraph, the Director General does not present, to the September–October 1997 sessions of the Governing Bodies, a proposal concerning the arrears of contributions of developing countries.

8. Program and budget for the 1998–99 biennium. Document WO/BC/XVII/2 contained the draft program and budget for the 1998–99 biennium, presented by the Director General. Following a full discussion, the Budget Committee approved the following text (see paragraph 34 in Annex A of this document):

“The Budget Committee,

Expressing its recognition of and appreciation for the efficient management of the Organization,

Emphasizing the need for continuity and further improvement in the work program of the Organization, and

Considering that it is desirable that consideration of the program and budget for the 1998–99 biennium be based on proposals presented by the new Director General, who will be in office during that biennium,

Recommends:

- to the Governing Bodies that the program and budget for the 1998–99 biennium be adopted as soon as possible after the new Director General takes office, on the basis of a draft to be presented by him;
- to the Governing Bodies that they decide at their September–October 1997 sessions that the contributions for the 1998–99 biennium be maintained at the same level as for the 1996–97 biennium, and
- to the Assembly of the PCT Union that at its September–October 1997 session it examine the fee reduction as proposed in document WO/BC/XVII/2 and take a decision in that respect,

And notes that, in accordance with the provisions of the WIPO Convention and the other applicable treaties administered by WIPO, if the budget were not adopted before January 1, 1998, it would continue at the previous level until the adoption of the budget for the 1998–99 biennium.”

9. In the light of the above-quoted (first) recommendation of the Budget Committee, the Director General does not present, to the September–October 1997 sessions of the Governing Bodies, a draft program and budget for the 1998–99 biennium.

*10. The Governing Bodies may wish to invite the new Director General to present his draft program and budget by a date to be fixed by them.*

11. Contributions for the 1998–99 biennium. In the light of the above-quoted (second) recommendation of the Budget Committee, the Director General does not present, to the September-October 1997 sessions of the Governing Bodies, a proposal concerning the level of contributions.

*12. The Governing Bodies may wish to fix the level of contributions for the 1998-99 biennium at the same level as for the 1996–97 biennium.*

13. The corresponding amounts of contributions for each of the years 1998 and 1999 for each State are contained in Annex C of this document.

14. Fees under the Patent Copyright Treaty (PCT). The matter of the proposed reduction of the fees in the PCT system referred to in the above-quoted (third) recommendation is dealt with in document PCT/A/XXIV/5.

[The Annexes follow]

ANNEX A

REPORT OF THE APRIL 1997 SESSION  
OF THE BUDGET COMMITTEE  
(WIPO document WO/BC/XVII/5 Rev.  
dated June 30, 1997)

1. The seventeenth session of the WIPO Budget Committee, hereinafter referred to as “the Budget Committee,” was held at the Headquarters of WIPO on April 16 and 18, 1997.
2. The members of the Budget Committee are the following States: Algeria, Brazil, Bulgaria, Canada, Chile, China, France, Germany, Guinea, India, Japan, Netherlands, Pakistan, Philippines, Poland, Russian Federation, Switzerland (*ex officio*), United Kingdom, United Republic of Tanzania, United States of America and Uruguay (21). With the exception of Guinea, Poland and United Republic of Tanzania, all members were represented in the session. In addition, the following States members of WIPO but not members of the Budget Committee were represented as observers: Argentina, Australia, Bangladesh, Belgium, Benin, Brunei Darussalam, Cameroon, Colombia, Côte d’Ivoire, Ecuador, Egypt, Ghana, Indonesia, Italy, Jamaica, Kazakstan, Kenya, Latvia, Lithuania, Mexico, Morocco, Panama, Paraguay, Senegal, South Africa, Spain, Sri Lanka, Tunisia, Ukraine and Viet Nam (30). The list of participants is contained in Annex I of this report.
3. The session was opened Mr. François Curchod, Deputy Director General of WIPO, who welcomed the participants.
4. The Budget Committee unanimously elected Mr. Alejandro Rogers (Chile) as Chairman, and Mr. Dilip Sinha (India) and Miss Helen Frary (United Kingdom) as Vice-Chairmen.

5. The Delegation of Indonesia stated that, in its capacity as representative of the chairmanship of the 24th session of the Islamic Conference of Foreign Ministers and on behalf of the Permanent Missions of the Organization of the Islamic Conference Member States in Geneva, it wanted to draw the attention of the Budget Committee to the circular note made by Director General of the United Nations Office in Geneva relating to the United Nations General Assembly resolution 51/211 dated December 8, 1996, concerning the utmost importance of Id al-Adha for Muslims. Since that day corresponded to April 17, 1997, it asked the Budget Committee, pursuant to that resolution, to announce that that day be a formal holiday, so that the Budget Committee would not meet on that day.

6. The Delegations of Egypt, Côte d'Ivoire, Senegal, Morocco, the Philippines and Brunei Darussalam endorsed the proposal of the Delegation of Indonesia that the Budget Committee not meet on Id al-Adha.

7. While noting that the April 16 to 18, 1997, dates of the meeting of the Budget Committee had been set in advance, the Chairman recognized that Id al-Adha was a very important holiday for Muslims, and stated that everything possible would be done to make rapid headway and thus avoid having the Budget Committee meet on that day. It was decided to hold an evening session on April 16, 1997; the Budget Committee did not meet on April 17, 1997.

8. The Budget Committee adopted the agenda contained in document WO/BC/XVII/1.

#### Accounts for the 1994-95 Biennium

9. Discussions were based on document WO/BC/XVII/3.

10. The Budget Committee agreed with the contents of the document.

11. The Budget Committee expressed its gratitude to the Swiss authorities responsible for the effective auditing of the Organization.

#### Arrears of Contributions of Developing Countries

12. Discussions were based on document WO/BC/XVII/4.

13. The Delegation of the United States of America said that it had reviewed with interest the proposal made by the International Bureau and had taken into consideration the intent behind the proposal. However, the United States of America could not agree to the proposal since those countries which had paid their contributions would be placed in a somewhat awkward position in relation to those countries which had not paid. The Delegation was willing to look at creative solutions for addressing the arrears issue, perhaps involving a longer term payment schedule, so as to preserve the ability of all States to vote. But the idea of freezing arrears of contributions permanently, without addressing the implications of that act, would be very difficult to accept. The Delegation encouraged further discussions on this topic to find a solution which would not penalize those countries which had paid their contributions

but which could be flexible enough to meet the needs of those countries which have faced difficult situations.

14. The Delegation of Sri Lanka, speaking on behalf of the Asian Group, stated that it had difficulty in agreeing in principle to the proposal contained in the document, for a number of reasons. Firstly, the Delegation considered it unfair and discriminatory for the countries which had been paying their contributions regularly and on time. Secondly, some of the States members of its Group questioned what guarantee there would be that the countries which had arrears would start paying their contributions regularly thereafter. Thirdly, the proposal might also send the wrong signal to the countries which had been paying their contributions regularly and on time, and would also again create a precedent. In the opinion of the Asian Group, if a particular country was having genuine difficulty in paying its contributions, then a country-specific approach would be preferable, rather than a more general approach, to address in a reasonable and equitable manner the problem of arrears of contributions of developing countries. The Group was open to consider any other alternative to that general approach, and therefore considered that this matter needed further and serious consideration. The matter should be discussed when the new Director General took office in December 1997, so that this kind of proposal could be examined in the proper perspective.

15. The Delegation of the Netherlands said that it agreed with the Delegations of the United States of America and Sri Lanka. It was not in a position to agree with the proposal for the reasons indicated by those Delegations. The Delegation of the Netherlands said that it would be very open to discuss the subject further and find an equitable way of dealing with it, which could include a country-specific approach or any other creative suggestion.

16. The Delegation of India associated itself with the statement made by the Delegation of Sri Lanka on behalf of the Asian Group.

17. The Delegation of Germany said that it could not agree with the proposal for freezing the arrears of developing countries, for the reasons already presented by the Delegations of the United States of America, Sri Lanka and the Netherlands. It considered that those least developed countries and other developing countries which had made enormous efforts to pay their contributions on time would be penalized by this proposal, and the lesson to be learned would be that paying on time involved losing money as, if one waited long enough, the contributions would be waived. The proposal for freezing was very similar to a write off of contributions, and one had to be careful not to set a precedent for other international organizations of writing off contributions. The Delegation of Germany said that it would be open to other flexible solutions that had already been mentioned, but those would have to be worked out.

18. The Delegation of Chile said that, when States became members of an organization, they had certain rights and obligations. The Delegation agreed with the Delegations of Sri Lanka, the United States of America and the Netherlands that it was not really a fair proposal, as it ran counter to those countries which had formally complied with their obligations in terms of their payment of contributions. The Delegation of Chile agreed with the Delegation of Germany that the proposal under consideration would not set a very good precedent, and therefore opposed it.

19. The Delegation of Canada said that its position throughout the United Nations system was that Member States should pay their obligations in full, on time and without conditions. In most United Nations organizations, these obligations were determined based on the principle of capacity to pay, which the Delegation strongly supported. But given the unique circumstance that the old method of assessment had likely resulted in amounts payable which exceeded the capacity to pay of some Member States, the Delegation said that it had some flexibility in moving away from its general position on this question.

20. The Delegation of Côte d'Ivoire, speaking on behalf of the African Group, noted that 30 African countries would be beneficiaries of this proposal, and it was very much aware of the thrust of the proposal. It recognized that the arguments advanced by the various delegations had to be taken into consideration, as commitments had to be complied with. The Delegation said that it would also have liked to go beyond these proposals to try and find some innovative solutions.

21. The Delegation of the United Kingdom associated itself with the comments already made by previous speakers, in particular, the statement made by the Delegation of Germany.

22. The Delegation of Colombia agreed with other delegations that it was difficult to accept the proposal described in the document. It considered that this might lead to some discrimination against those countries which had made serious efforts to pay their contributions on time. Nevertheless, it was not opposed to the possibility of discussing this proposal further.

23. The Delegation of the Philippines expressed its total support with the views expressed by the Delegation of Sri Lanka on behalf of the Asian Group. The Delegation of the Philippines observed that there were two kinds of developing countries: those which clearly could afford to pay but had not paid, and perhaps the vast majority of developing countries which, it believed, would want to pay but simply could not because of circumstances beyond their control. A general approach for all developing countries would involve classifying those who would want to pay along with those who would not want to pay. It would therefore actually be unfair to those developing countries which the Delegation would like to benefit from this proposal. The Delegation thus considered most appropriate the proposal of the Delegation of Sri Lanka to have a country-specific approach, where perhaps routinely the right to vote would be granted upon application, with the country concerned making some steps to offer some other arrangement for payment of its arrears.

24. The Delegation of China considered that it was the duty of all Member States to pay their contributions duly, but of course certain developing countries might have difficulties. It was therefore necessary to carry out a precise analysis, and not put them all into the same category. The Asian Group was seeking a suitable solution, and the matter should be carefully considered and studied before a decision was taken.

25. The Delegation of Japan shared the concerns expressed by the previous delegations, including those of the United States of America and Sri Lanka. It understood the difficult situation which certain developing countries were facing at present; however, the solution should not involve simply freezing contributions, but rather something more creative should be sought.

26. The Delegation of Egypt said that it did not consider that the proposal to freeze the arrears of contributions of developing countries would make for equal treatment of all Member States, so it suggested that all other proposals that had been advanced should be considered.

27. The Delegation of Mexico suggested that the title of the document should not have referred to developing countries, as it also dealt with arrears of contributions of other countries. The Delegation associated itself with the statement made by the Delegation of Canada. There was a fairly special situation which warranted more in-depth discussion, involving a more flexible approach, in order to find common ground that would be of benefit to all. The Delegation of Mexico did not consider that a case-by-case approach would be appropriate, as that would, in fact, be discriminatory.

28. The Delegation of Senegal thanked the International Bureau for its efforts in trying to resolve the issue dealing with arrears of contributions. The proposal was not unfounded, because the document stated very clearly why there was an accumulation in arrears of contributions, and the contributions of the developing countries were not in relation to their financial possibilities. As an amendment to the proposal, the Delegation suggested that there should not be an overall approach to apply the proposal to all developing countries, but that it should be applied on a case-by-case basis.

29. The Delegation of France said that, while fully appreciating the real difficulties experienced by some countries, it shared the doubts voiced by a number of delegations, in particular, as regards the fairness and viability of this proposal. Therefore, the Delegation of France would prefer to examine other proposals that could be put forward by the International Bureau.

30. The Chairman summarized the discussion as follows. The first conclusion was that the Budget Committee was not in a position to adopt this proposal. All the delegations made mention of various problems that they had with the proposal. Furthermore, a more detailed analysis of this proposal was required, and other alternatives should be sought in order perhaps to find a more innovative solution. One solution would be not to apply the proposal to all countries equally, but on a case-by-case basis, and that was an important element to be borne in mind. It was understood that this issue would be revisited, with perhaps more information coming from the International Bureau and an opportunity to discuss what other solutions might be suitable.

#### Draft Program and Budget for the 1998–99 Biennium

31. Discussions were based on document WO/BC/XVII/2.

32. The Budget Committee had a full discussion of the draft program and budget for the 1998–99 biennium. The statements made during the debate are reflected in Annex II of this report.

33. The discussion was summed up by the Chairman in highlighting the following points. Firstly, the draft program and budget document submitted by the International Bureau had been praised for its quality and for the promptness with which it had been distributed, which had given delegations sufficient time to study it in detail. The document was comprehensive



and informative, but some delegations still felt that some sort of strategy was lacking. Another point of concern to many delegations was the question of the deficit of 25 million Swiss francs, which was not felt to be justifiable. The question of reducing the contributions was addressed by almost all of the delegations: several of them indicated that they felt that the proposed reduction was not appropriate because reducing the contributions of Member States perhaps could not be continued in the future; a few delegations did agree with the proposal for the reduction, some said that they were flexible on that issue, and several delegations said that a reduction of contributions should not be financed by the resources of the reserve fund. The reduction in PCT fees was also addressed by many delegations, and many supported that idea. The question of development cooperation activities was also dealt with by many delegations: while delegations were pleased by the increased amount of resources devoted to development cooperation activities, some delegations indicated that there should be some sort of evaluation mechanism, and also a long-term strategy, and that there should be more cost-effective delivery and emphasis on infrastructure development, especially involving computerization. Some delegations also dealt with the issue of further development of cooperation with countries in transition. The question of the information technologies program was also considered and emphasized by some delegations. The last point concerned the way in which the Budget Committee could proceed with its work. Many delegations felt that it was first necessary to hear the ideas of the new Director General of WIPO, who would take office on December 1, 1997. All delegations agreed that the stability and continuity of the Organization's work were important issues and for that reason, pending the adoption of the new budget, the activities of the Organization would be continued in accordance with the budget for the 1996-97 biennium. The Budget Committee also had a duty to develop recommendations. In the particular situation of shortly having a new Director General, most delegations had pointed out that it would be advisable to recommend to the Governing Bodies that a decision not be taken in September-October 1997 concerning the program and budget, and that the Budget Committee meet again in December 1997 or in early 1998 with a view to studying the ideas of the new Director General. Some delegations indicated that it would be useful if Member States could submit to the International Bureau their views on program and budget matters. The Chairman emphasized that not adopting the program and budget did not mean that delegations did not trust the current WIPO management; on the contrary, all delegations had referred to the efficient way in which the Organization had worked to date, and that should be very clearly understood.

34. After informal consultations, the Budget Committee approved the following text:

“The Budget Committee,

Expressing its recognition of and appreciation for the efficient management of the Organization,

Emphasizing the need for continuity and further improvement in the work program of the Organization, and

Considering that it is desirable that consideration of the program and budget for the 1998-99 biennium be based on proposals presented by the new Director General, who will be in office during that biennium,

Recommends:

- to the Governing Bodies that the program and budget for the 1998–99 biennium be adopted as soon as possible after the new Director General takes office, on the basis of a draft to be presented by him;
- to the Governing Bodies that they decide at their September–October 1997 sessions that the contributions for the 1998–99 biennium be maintained at the same level as for the 1996–97 biennium, and
- to the Assembly of the PCT Union that at its September–October 1997 session it examine the fee reduction as proposed in document WO/BC/XVII/2 and take a decision in that respect,

And notes that, in accordance with the provisions of the WIPO Convention and the other applicable treaties administered by WIPO, if the budget were not adopted before January 1, 1998, it would continue at the previous level until the adoption of the budget for the 1998–99 biennium.”

*35. This report was adopted by the Budget Committee.*

[Annex I follows]

ANNEXE I/ANNEX I

I. ÉTATS MEMBRES/MEMBER STATES

*(dans l'ordre alphabétique des noms français des États/  
in the alphabetical order of the names in French of the States)*

ALGÉRIE/ALGERIA

Anissa BOUABDALLAH (Mme), conseiller, Mission permanente, Genève

ALLEMAGNE/GERMANY

Alfons SCHÄFERS, Deputy Director General, Federal Ministry of Justice, Bonn

Holger EBERLE, Deputy Permanent Representative, Permanent Mission, Geneva

Li-Feng SCHROCK, Senior Counsellor, Federal Ministry of Justice, Bonn

Clemens WETZ, Counsellor, Permanent Mission, Geneva

BRÉSIL/BRAZIL

Guido Fernando SILVA SOARES, Minister-Counsellor, Permanent Mission, Geneva

BULGARIE/BULGARIA

Rakovski LASHEV, First Secretary, Permanent Mission, Geneva

Kiril ANANIEV, Head of the Financial Section, Permanent Mission, Geneva

CANADA

Paul ROBERTSON, Counsellor, Permanent Mission, Geneva

Annexe I/Annex I, page 2

CHILI/CHILE

Alejandro ROGERS, Counsellor, Permanent Mission, Geneva

Javier BECKER, First Secretary, Permanent Mission, Geneva

CHINE/CHINA

ZHAO Yangling (Mrs.), First Secretary, Permanent Mission, Geneva

ÉTATS-UNIS D'AMÉRIQUE/UNITED STATES OF AMERICA

Jeffrey P. KUSHAN, Attaché, U.S. Mission to the WTO, Geneva

FÉDÉRATION DE RUSSIE/RUSSIAN FEDERATION

Nikolai KHLESTOV, Senior Counsellor, Permanent Mission, Geneva

Evgueni BOURIAK, Consultant, All-Russian Scientific and Research Institute of State Patent Examination, Russian Agency for Patents and Trademarks, Moscow

Andrei KOVALENKO, Second Secretary, Permanent Mission, Geneva

FRANCE

Joëlle ROGÉ (Mme), conseiller juridique, Mission permanente, Genève

Annick CHAPARD (Mme), secrétaire général, Institut national de la propriété industrielle, Paris

Benjamine VIDAUD-ROUSSEAU (Mme), conseiller juridique, chargé des organisations internationales, Institut national de la propriété industrielle, Paris

INDE/INDIA

Dilip SINHA, Counsellor, Permanent Mission, Geneva

Annexe I/Annex I, page 3

JAPON/JAPAN

Yasuhisa NAKAO, Deputy Director, International Affairs Division, Japanese Patent Office, Tokyo

Akinori MORI, First Secretary, Permanent Mission, Geneva

PAKISTAN

Mansur RAZA, First Secretary, Permanent Mission, Geneva

PAYS-BAS/NETHERLANDS

Henk G.C. VAN DEN DOOL, First Secretary, Permanent Mission, Geneva

PHILIPPINES

Leo PALMA, Attaché–Legal Affairs, Permanent Mission, Geneva

ROYAUME-UNI/UNITED KINGDOM

Timothy SIMMONS, First Secretary, Permanent Mission, Geneva

Helen FRARY (Miss), Third Secretary, Permanent Mission, Geneva

SUISSE/SWITZERLAND

Rita CALAME (Mme), chef de la section finances et comptabilité, Division finances et informatique, Institut fédéral de la propriété intellectuelle, Département fédéral de justice et police, Berne

Eric MAYORAZ, deuxième secrétaire, Mission permanente, Genève

URUGUAY

Carlos SGARBI, Ministro–Consejero, Misión Permanente, Ginebra

## II. OBSERVATEURS/OBSERVERS

### AFRIQUE DU SUD/SOUTH AFRICA

Bongiwe QWABE (Ms.), Second Secretary, Permanent Mission, Geneva

Shareen RADEMEYER (Miss), Third Secretary, Permanent Mission, Geneva

### ARGENTINE/ARGENTINA

Diego MALPEDE, Primer Secretario, Misión Permanente, Ginebra

### AUSTRALIE/AUSTRALIA

Julia NIELSON (Ms.), Third Secretary, Permanent Mission to WTO, Geneva

### BANGLADESH

Md. Shahidul ISLAM, Counsellor, Permanent Mission, Geneva

### BELGIQUE/BELGIUM

Herman MERCKX, conseiller, Mission permanente, Genève

### BÉNIN/BENIN

Boko BAGUIDI, directeur, cabinet du Ministère de l'industrie et des petites et moyennes entreprises, Cotonou

### BRUNÉI DARUSSALAM/BRUNEI DARUSSALAM

Abu Sufian HAJI ALI, Second Secretary, Permanent Mission, Geneva

### CAMEROUN/CAMEROON

François-Xavier NGOUBEYOU, ambassadeur, représentant permanent, Mission permanente, Genève

COLOMBIE/COLOMBIA

Carlos Roberto SAENZ VARGAS, Segundo Secretario, Misión Permanente, Ginebra

CÔTE D'IVOIRE

Marc Georges SEREY-KORE, conseiller, Mission permanente, Genève

ÉGYPTE/EGYPT

Alaa YOUSSEF, Third Secretary, Permanent Mission, Geneva

ÉQUATEUR/ECUADOR

Germán ORTEGA, Primer Secretario, Misión Permanente, Ginebra

ESPAGNE/SPAIN

José Luis FERNÁNDEZ RANZ, Consejero Financiero, Misión Permanente, Ginebra

GHANA

Kenneth Asare BOSOMPEM, Minister Counsellor, Permanent Mission, Geneva

INDONÉSIE/INDONESIA

Bebek DJUNDJUNAN, Third Secretary, Permanent Mission, Geneva

ITALIE/ITALY

Corrado MILESI FERRETTI, premier conseiller, Mission permanente, Genève

JAMAÏQUE/JAMAICA

K.G. Anthony HILL, Ambassador, Permanent Representative, Permanent Mission, Geneva

Julia E. STEWART (Miss), First Secretary, Permanent Mission, Geneva

Annexe I/Annex I, page 6

KAZAKSTAN

Saoule TLEVLESSOVA (Mme), deuxième secrétaire, Mission permanente, Genève

KENYA

Esther Mshai TOLLE (Mrs.), Ambassador, Permanent Representative, Permanent Mission, Geneva

Alex Kiptanui CHEPSIROR, Counsellor (Legal), Permanent Mission, Geneva

LETTONIE/LATVIA

Zigrīds AUMEISTERS, Director, Patent Office of the Republic of Latvia, Riga

LITUANIE/LITHUANIA

Rimvydas NAUJOKAS, Director, State Patent Bureau of the Republic of Lithuania, Vilnius

MAROC/MOROCCO

Abdellah BENMELLOUK, premier secrétaire, Mission permanente, Genève

MEXIQUE/MEXICO

Dolores JIMÉNEZ HERNÁNDEZ (Sra.), Consejero, Misión Permanente, Ginebra

PANAMA

Elia del Carmen GUERRA–QUIJANO (Sra.), Representante Alternativa, Misión Permanente, Ginebra

PARAGUAY

Rodrigo UGARRIZA, Segundo Secretario, Misión Permanente, Ginebra



Annexe I/Annex I, page 7

SÉNÉGAL/SENEGAL

Absa Claude DIALLO (Mme), ambassadeur, représentant permanent, Mission permanente, Genève

Khaly Adama NDOUR, conseiller, Mission permanente, Genève

SRI LANKA

Ranjana ABEYSEKERA, Minister (Economic and Commercial Affairs), Permanent Mission, Geneva

TUNISIE/TUNISIA

Fatima DABOUSSI (Mme), attaché, Mission permanente, Genève

UKRAINE

Igor SHOULGIN, Advisor to the Chairman, State Patent Office, Kyiv

Nadiya MATUSHENKO (Mrs.), Head, Finance and Accounting Department, State Patent Office, Kyiv

Volodimir BEVZA, Third Secretary, Permanent Mission, Geneva

VIET NAM

VU THI BICH DUNG, troisième secrétaire, Mission permanente, Genève

III. VÉRIFICATEUR EXTERNE/EXTERNAL AUDITOR

François FAESSLER, directeur suppléant du Contrôle fédéral des finances de la Confédération suisse, Berne

Jean-Pierre VESSAZ, chef de section, Contrôle fédéral des finances de la Confédération suisse, Berne

Annexe I/Annex I, page 8

#### IV. BUREAU/OFFICERS

Président/Chairman:	Alejandro ROGERS (Chili/Chile)
Vice-présidents/Vice-Chairmen:	Dilip SINHA (Inde/India)
	Helen FRARY (Miss) (Royaume-Uni/United Kingdom)
Secrétaire/Secretary:	Joachim BILGER (OMPI/WIPO)

#### V. BUREAU INTERNATIONAL DE L'ORGANISATION MONDIALE DE LA PROPRIÉTÉ INTELLECTUELLE (OMPI)/INTERNATIONAL BUREAU OF THE WORLD INTELLECTUAL PROPERTY ORGANIZATION (WIPO)

François CURCHOD, vice-directeur général/Deputy Director General

Kamil IDRIS, vice-directeur général/Deputy Director General

Mihály FICSOR, sous-directeur général/Assistant Director General

Thomas KEEFER, sous-directeur général/Assistant Director General

Philippe FAVATIER, directeur de la Division des finances/Director, Finance Division

Joachim BILGER, contrôleur ad interim et chef de la Section du budget/Acting Controller and  
Head, Budget Section

[L'annexe II suit/  
Annex II follows]

ANNEX II

STATEMENTS BY DELEGATIONS  
ON THE WIPO DRAFT PROGRAM AND BUDGET  
FOR THE 1998-99 BIENNIUM

1. The following statements were made during the discussion of the draft program and budget for the 1998–99 biennium (hereinafter referred to as the “draft program and budget”):
2. The Delegation of the Russian Federation observed that the draft budget involved a considerable increase in income, especially due to the expected higher level of PCT activities, even with the important proposals involving a decrease in contributions by 50% and a reduction in PCT fees by 15%. The Delegation noted that the draft program and budget provided for an increase of 30% for development cooperation, with particular emphasis on helping developing countries meet their obligations under the treaties administered by WIPO and under the TRIPS Agreement, with special attention on strengthening the administrative infrastructure for enforcement of intellectual property rights, and facilitating the establishment, strengthening and modernization (including rationalizing procedures and computerization) of governmental and other institutions for the administration of national or regional intellectual property systems. While supporting that rational approach, the Delegation considered that a similar approach should also be extended to cover countries in transition, including also the Eurasian Patent Organization whose activities were only beginning and which thus needed support. The Delegation regretted that there was not a special emphasis on cooperation with countries in transition, apart from that under Item 10(2). It stated that all the activities listed under Item 02, especially concerning developing human resources, exchange of information and enhanced participation by the private sector in developing intellectual property systems, should also be extended to cover countries in transition. It recalled that, with regard to the WIPO–WTO Agreement, the assistance was also intended to cover countries in transition, and that should be reflected in the document. While the Delegation was prepared to endorse the program and budget, it considered that it was wrong not to mention the countries in transition and not pay due tribute to their cooperation and contribution towards intellectual property, which should be reflected in WIPO’s cooperation with those countries and in staff matters in WIPO. The Delegation recalled that it had put forward a proposal to this effect, providing also for the establishment of a regional bureau. The Delegation considered that the draft program and budget document should be amended in the light of its comments. While supporting the normative activities of WIPO, as one of the cornerstones of the Organization’s work, the Delegation noted that problems had been encountered in connection with the use of the Russian language, such as at the recent Diplomatic Conference on copyright matters, so that a number of countries had not been able to participate fully in the discussions. Since there were a considerable number of countries using the Russian language, the Delegation suggested that the International Bureau consider possibilities of using the Russian language more extensively, and of using electronic means so that perhaps certain documents could be translated in Moscow. In considering the future activities of WIPO, and in the light of the discussions of the previous two days, the Delegation

Annex II, page 2

believed it would be advisable in future to have joint meetings of the Budget Committee and Premises Committee. While recognizing that stability had to be preserved and that there had to be continuity, the Delegation considered it essential to provide a possibility to the new Director General to introduce relevant amendments into the draft program and budget, in the light of comments made in the present meeting. The Budget Committee should therefore be reasonably flexible in devising its recommendations for the September–October 1997 sessions of the Governing Bodies.

3. The Delegation of Germany expressed its thanks for the excellent draft program and budget document, which was detailed and precise. The Delegation stated that, as concerns the reduction of contributions, it supported the proposal to reduce the member States' contributions by 50%, but was, however, ready to consider arguments from other delegations. It also agreed with the increase of 30% in development cooperation activities and emphasized that it was very satisfied with the development cooperation activities carried out by the International Bureau and with the program for the forthcoming years, and was particularly gratified by the focus on the implementation of the TRIPS Agreement. The Delegation added that it was deeply impressed by the way in which developing countries were adjusting their legislation to the TRIPS obligations, and observed that industrialized countries also had work to do in integrating the provisions of the TRIPS Agreement into their national legal systems in order to be in full compliance with those obligations. As concerns normative activities, the Delegation agreed with the proposals, which were soundly based, especially regarding copyright, following the Diplomatic Conference held in December 1996. As concerns registration activities, the Delegation agreed with the draft program and budget and the underlying forecasts on revenues and estimated expenses. The Delegation emphasized that it supported the proposal for a 15% weighted reduction in PCT fees, and noted that a decision should be taken in September 1997 because there were parallel competing approaches, especially involving the European Patent system for which it had recently been decided to reduce the fees and make its route for obtaining patent protection more attractive for applicants. This fee reduction was also important in view of the fact that the reserve fund had now been built up to an adequate level; the Delegation recalled that it had opposed previous PCT fee increases in parallel with the inflation rate. With regard to administrative support activities in Chapter IX, which addressed the in-house application and utilization of information technology, the Delegation considered that this was the right place to address the recent proposal of the United States of America. The Delegation of Germany was impressed by the large number of activities relating to information technology being carried out by WIPO, both within the Organization and outside. The Delegation considered that it would be of interest to know the composition of the various information technology activities, and to see them in perspective; it therefore recommended that an additional chapter be included in the program and budget document to give an overview of those activities. Finally, as Germany and the members of the European Union attached high priority to a very close cooperation with the countries of Central and Eastern Europe, the Delegation said that it was very timely to give advice and to intensify the legal cooperation with those countries; it therefore supported the statement by the Delegation of the Russian Federation concerning an increased cooperation for countries in transition.

4. The Delegation of Kazakstan expressed its gratitude to the Delegations of the Russian Federation and Germany which had supported its initiative concerning the TRIPS Agreement.

Annex II, page 3

Speaking also on behalf of the Delegation of Belarus (which was not present) at its request, the Delegation of Kazakhstan recalled that the International Bureau had recently carried out a study on financial and other implications of the TRIPS Agreement for developing countries. The Delegation suggested that a similar study should be carried out in respect of countries in transition. The Delegation stated that the Director General had given his preliminary agreement to prepare such a study subject to the consent of the CIS countries. The Delegation of Kazakhstan noted that the other CIS countries had now agreed with the proposal and that it would, in the near future, request the International Bureau to prepare the program and budget document with due regard to their request and proposal.

5. The Delegation of the United States of America expressed its appreciation for the efforts of the Director General in assembling the comprehensive and detailed draft program and budget document, which provided a comprehensive discussion of plans of the International Bureau. The Delegation was, however, very concerned by the proposal for a deficit budget, which would be a negative precedent even in light of the fairly significant reserves: the richness of the Organization should not compromise its budget principles. With reference to the comments made by the Delegations of the Russian Federation and Kazakhstan, the Delegation of the United States of America agreed that the International Bureau should be ready to assist, in a coordinated fashion, countries in transition in their efforts to implement the TRIPS Agreement by providing assistance aimed toward modernizing their intellectual property systems. The Delegation recalled that the TRIPS Agreement recognized that the countries in transition would need some time to implement the TRIPS standards and to bring their systems into compliance with the TRIPS obligations; therefore, the International Bureau should support the TRIPS implementation in this region. With regard to the proposal that some type of support structure be established in the International Bureau, whether a regional bureau or otherwise, it encouraged the Delegation of the Russian Federation to elaborate, on behalf of the countries that were advocating that, the details regarding budget implications and operational arrangements. As regards the utilization of the reserve funds, the Delegation of the United States of America expressed its significant concerns regarding the use of the reserve funds to subsidize member State contributions or for purposes other than addressing the needs of WIPO for premises or computerization. It indicated that such proposals amounted to an improper use of the funds that had been generated. The Delegation pointed out that the succession of the Director General, after 24 years, was a very significant event, so the Delegation considered it imperative to hear from the new Director General as part of the program and budget planning for the next biennium. Among other sources of information for program and budget issues was the outcome of the forthcoming meeting on information technologies. The Delegation hoped that there would be support for a number of new initiatives, not now reflected in the budget, regarding the use of information technologies. It also referred to the proposal of the Russian Federation as another source of information for consideration. The Delegation recommended that this information be provided to the new Director General, and then his views would be sought on these matters and the issues which he would see as part of the next program. The Delegation therefore considered it appropriate to hold a second session of the Budget Committee, at the end of 1997 or at the beginning of 1998, and to hear from the new Director General in relation to the program and budget. That would give the Budget Committee the opportunity to consider these new sources of information and to take the best possible decision regarding the program and budget for the

next biennium. The Delegation reiterated that it was imperative that the International Bureau carry out its functions over the next year without any interruption in the quality and dependability of its services. The user communities depended absolutely on the efficient functioning of the PCT operations and could not afford any interruption of this service.

6. The Delegation of Sri Lanka, speaking on behalf of the Asian Group, expressed its appreciation to the Director General for presenting a budget with very good and accurate proposals. It was very pleased to note the good financial situation of WIPO which made it possible for the Director General to propose two significant measures with far reaching financial implications. The Delegation saw sufficient justification for the reduction of the PCT fees by a weighted average of 15%, but was not yet convinced as to the other proposal to reduce the contributions of member States by 50%. The Delegation appreciated the fact that these proposed measures had been made by the Director General without having been requested to do so by the Member States; the Delegation added that the efficient and prudent management of the Organization was unparalleled and highly commendable. However, the Delegation, like the Delegation of the United States of America, had concerns about the proposed deficit budget. On behalf of the Asian Group, the Delegation expressed its appreciation for the proposed enhancement of activities in the field of development cooperation, with particular emphasis on helping developing countries meet their obligations under the treaties administered by WIPO and under the TRIPS Agreement; the objectives and technical assistance programs envisaged were deeply appreciated. The members of the Asian Group observed that there would be a new Director General by December 1, 1997, who would oversee the implementation of this budget. It was the view of the Asian Group that the new Director General should be made responsible and accountable for the program and budget for the 1998-99 biennium, through seeking his views, comments and concurrence with the proposals contained in the draft budget and budget document, and giving him an opportunity to present supplementary proposals according to his vision and experience in this Organization over the last several years. It was therefore necessary to confine the discussion at the present session to an exchange of views on the budget, and to convene another session of the Budget Committee to complete its work after the new Director General assumed his duties in December 1997.

7. The Delegation of the United Kingdom thanked the International Bureau for the very comprehensive and useful document. It stated that it could support a decision to reduce member States' contributions to WIPO and to reduce PCT fees by a weighted average of 15%, although it shared the concerns raised by the Delegation of the United States of America and the Asian Group about a deficit budget. The Delegation stressed that any future increase in expenditures should be met from a growth in business coming to the International Bureau or from existing cash surpluses, and not from any future immediate increase in fees. The Delegation was pleased to note that each budget item had a clearly stated objective, but considered that they were often too broad and without a time scale for completion. The Delegation felt that objectives should be achievable within the biennium, well defined activities and clear results, so that the International Bureau would be able to demonstrate to member States and customers that their needs were being properly met. Finally, the Delegation supported the comments of previous speakers on the need to reflect the views of the incoming Director General in the program and budget for the next biennium, and therefore

supported the proposal that the Budget Committee be reconvened later in 1997 or early in 1998.

8. The Delegation of Côte d'Ivoire, speaking on behalf of the African Group, thanked the International Bureau for the detailed draft budget that had been submitted to the Committee, which indeed bore a striking resemblance to that submitted for the preceding financial period. Since it was not aware of the reasons that had led to the proposal to reduce Member States' contributions by 50%, it did not consider the proposal justified. As to the proposal to reduce by 15% the PCT fees, it had not to be forgotten that those fees, which came from the private sector, constituted a very important element in the budget and, since WIPO was currently rather at a crossroads, the Delegation had some hesitation in accepting the reduction. However, it was willing to show some flexibility if the reduction was to contribute something positive to the program and budget. It expressed its concern at a budget deficit, which it was planned to cover by withdrawals from the reserve fund: indeed, such a deficit did not seem justified and it held that the reserve fund should not be stripped for that purpose. The Delegation, although welcoming the 30% increase in the development cooperation budget, wondered whether that increase was not intended to meet day-to-day needs and pursue those cooperation activities that had already existed for some time. In such case, it would have considerable reservations to enter, since it felt that the effectiveness of development cooperation had also to be increased by using more concrete means to respond to needs instead of remaining always within the same approach of conferences, seminars and meetings. The Delegation also wondered why the Budget Committee was examining the budget, why the draft budget and program had been presented, since there would be a new Director General on December 1, 1997. At the same time, it noted that continuity was not compromised. As the Delegations of the United States of America, of Sri Lanka and of the United Kingdom, it felt that decisions should be avoided at that stage and that the current meeting should be considered simply as an exchange of views. The African Group recommended that the new Director General be invited to submit—since he would need to implement it—a draft program and budget for the approval of the Governing Bodies in December in such a way that the year 1998 could indeed begin with an approved budget.

9. The Delegation of Colombia, speaking on behalf of the Group of Latin American and Caribbean States (GRULAC), observed that a large number of different opinions had been expressed. GRULAC stated that the new Director General had to be able to express his views, not only on the budget, but also on all the other key elements of the policy of the Organization. For this reason, GRULAC considered that it would be better to postpone decisions on the draft program and budget for the next biennium until December 1997, which would be an appropriate date for the Budget Committee to be able to reach a decision.

10. The Delegation of Canada thanked the International Bureau for the work that had obviously gone into the budget, but was concerned that the budget proposal appeared to contain no real strategic framework used to determine WIPO budget priorities for the coming biennium. The budget seemed to contain something for everyone, with no evidence of cuts or reduction in any program. It observed that the budget would expand current activities while simultaneously reducing revenues by reducing member States' contributions by 50% and PCT fees by 15%, resulting in a deficit to be funded from the Special reserve fund. The Delegation expressed its serious concern about the long-term use of WIPO's Special reserve fund to

finance deficits, since no long-term analysis of the impact of this proposal had been undertaken. Furthermore, it felt that clear guidelines for the use of the Special reserve fund should be developed. Moreover, there should be greater emphasis on instituting modern management techniques to manage effectively an organization of the size and importance of WIPO. The Delegation observed that the current draft program and budget contained no evaluation mechanism to measure the effectiveness and efficiency of WIPO's programs. The Delegation wanted to see WIPO set up a mechanism for obtaining independent evaluation of its programs, leading to their revision or replacement in order to achieve its objectives effectively. The Delegation further noted that the draft program and budget did not address an information technology program and vision for WIPO and the member countries in this regard, and considered that this should be a factor to be considered within the budget. The Delegation supported the views of a number of delegations that the present session of the Budget Committee should involve an exchange of views, and that the next budget meeting should be postponed until December.

11. The Delegation of Japan expressed its appreciation for the excellent work of the International Bureau in preparing the comprehensive draft program and budget document. It favored some of the ideas in the draft budget and considered that some items should be elaborated further. However, the Delegation considered that the Budget Committee should at this stage maintain flexibility with regard to future activities, and refrain from reaching any final conclusion on any specific item, because the new Director General might wish to give his views on the new budget and member States should be open to discuss his proposals. The Delegation joined previous speakers in suggesting that an extraordinary session of the Budget Committee be convened later in 1997 or at the beginning of 1998. It suggested that the following three items should be taken into consideration for discussion of WIPO's mid-term activities, particularly in the light of the changing global economy and the rapid development of information technologies such as the Internet. First, WIPO should be much more positive and active in adapting such information technologies with a view to enhancing effectiveness and efficiency of the administration of WIPO and in national Offices. Patent documents were being digitalized, and national Offices were becoming linked through a global network, so real time exchange of information among Offices or between Offices and users had become much easier and much more economical. The utilization of information technologies should therefore be a priority issue to be tackled towards the twenty-first century. Japan was willing to make a more detailed contribution on this matter at the July meeting of the proposed information technologies committee. Second, development cooperation should be further expanded to cope with the emerging needs of developing countries. Many developing countries were facing great technical and financial problems concerning the development of human resources and the modernization of their national Offices. Improvement of intellectual property systems in developing countries was a common agenda for all member countries since the world economy had become interdependent. Therefore, WIPO should develop a long-term cooperation policy towards developing countries and implement it as soon as possible. On this understanding, the Delegation generally supported the substantial expansion of activities proposed in this area, but suggested that more priority should be placed on assistance in the automation or computerization of national Offices, so that the processing of applications and the publication of intellectual property information would be carried out more smoothly, especially since, in the very short-term, developing countries would have to deal with a significant increase of patent and trademark applications with limited human



resources. Third, WIPO should continue to dedicate itself to rule-making activities to cope with the new challenging issues created by the emergence of new technologies. For example, the Internet or cyberspace, which had no legal boundaries, posed a series of difficult legal questions, so the Delegation supported WIPO's initiative in this area. It also proposed that normative activities, such as the Patent Law Treaty, be further promoted with a view to simplifying and standardizing administrative procedures, fully taking into account the impact of the global telecommunication network. With regard to the financial aspects of the proposed draft budget, the Delegation suggested that any budget proposal should be based on a long-term perspective, as indicated by the Delegation of Canada, paying due consideration to the above-mentioned priority issues for the next century. While the reduction of the contributions of member States was welcome, one should be careful in using up precious resources without clearly knowing WIPO's future destination. The Delegation was concerned that the reduction of contributions from member States would lead to a disproportionate structure of the financial resources, relying too heavily on revenues from PCT activities which might fluctuate significantly depending on possible changes in the world economy; financial resources should therefore be diversified in an appropriate manner. The Delegation also questioned whether the proposed use of the PCT surplus would be appropriate; PCT fees should primarily be used for the benefit of PCT users and future investments for PCT administration. The Delegation of Japan supported a reduction of the PCT fees, but the amount of the reduction should be determined based on an objective estimate and long-term business plan worked out after consultation with PCT users and PCT Union members.

12. The Delegation of Chile congratulated the International Bureau for the top-notch quality of the draft program and budget document and for its prompt submission, which enabled the Delegation to carry out a detailed analysis. It expressed concern about the budget deficit of about 25 million Swiss francs, which was the first time a deficit had been proposed in the last years, especially as WIPO was a model organization which had been exemplary in terms of its solvency and efficiency; it emphasized that a deficit budget should be avoided. The Delegation said that the possible use of the reserve funds to cover the deficit would undermine the very purpose of this fund. The main reason for the deficit was the proposed 50% reduction in contributions, which showed the importance of contributions of member States. The Delegation considered that the proposal to reduce the contributions of member States required further study and objective analysis, with realistic projections. As this was a sensitive issue, the Budget Committee should consider the matter once submitted by the new Director General. The Delegation was opposed to using the reserve funds in connection with the payment of the contributions of member States. If the reserve funds would go beyond the normal level for such funds, then they should be used, for example, for setting up a new communications network in order to facilitate the exchange of information among intellectual property offices. The Delegation was pleased with the efforts of the International Bureau to increase the resources for cooperation activities, and observed that the resources allocated to Chapter II involved an increase of 36% whereas the overall increase of the budget was 20%. Since developing countries were required to give full compliance to the TRIPS Agreement by the year 2000, developing countries would be asking WIPO for more assistance. The Delegation agreed with other delegations, in particular the Delegation of Colombia, on behalf of GRULAC, that the Budget Committee could not take a decision on the budget at this stage since one would have to wait for the new Director General to take office on December 1, 1997, to see the work program he would submit for the next years. It should therefore be

recommended to the Governing Bodies that the Budget Committee reconvene in December 1997 or January 1998 and that there be a special session of the Governing Bodies to make the decisions on the program and budget for the 1998-99 biennium.

13. The Delegation of the Netherlands expressed surprise at the proposed budget increase of 20% at a time of zero real growth or zero nominal growth in a number of organizations, although it recognized that WIPO might be a case apart. The Delegation did not feel that the proposed increase in activities necessarily had to result in the proposed increase in expenditure, and said that additional information was needed, for example regarding the proposed increases in staff. The Delegation asked the International Bureau to look closely at ways to improve efficiency, including an improved use of information technologies, and to avoid wasting resources. The Delegation strongly supported the proposed increase in development cooperation activities. Recalling the statement of the Delegation of Canada, the Delegation of the Netherlands said that there was a need for evaluation of the activity and impact of WIPO's programs, specifically development cooperation, because programs for institutional cooperation were extremely complex and it was very difficult to ensure their sustainability. The Delegation shared the concern of other delegations about deficit budgeting, especially as the deficit was to be financed by the Special reserve fund and there seemed to be a lack of direction or long-term strategy in this regard. It suggested that the International Bureau could try to assess the desirable or sustainable size of the Special reserve fund, and then determine how to reach and stay at that level. In this context, the Delegation referred to the example of the Benelux Trademark Office for which the desired size of its reserve fund was about 50% of its annual turnover. The Delegation stated that, in view of the above observations, in particular the apparent lack of a vision for the future, it could not, at the present time, support a reduction of contributions of member States. However, it supported a reduction of the PCT fees. The Delegation agreed with other delegations that, at this time, it seemed appropriate to obtain the views of the incoming Director General on the program and budget for the next biennium, and therefore it supported the view that the discussion be limited to a general exchange of views, with the Budget Committee to be reconvened in December 1997 or January 1998.

14. The Delegation of Bulgaria expressed its satisfaction with the draft program and budget document, and commended the International Bureau for the excellent work. While there was provision for assistance for countries in transition, the Delegation was concerned that those countries were not mentioned enough in the program of WIPO, in particular, since they needed more active development assistance from WIPO in comparison with the previous period. Bulgaria had concluded negotiations on accession to WTO at the end of 1996, and appreciated the enormous effort needed to adapt its intellectual property legislation to the requirements of the TRIPS Agreement. The Delegation therefore understood the concern of the Delegations of Kazakstan and Belarus, and supported the proposal for a WIPO study on the implications of the TRIPS Agreement on countries in transition. The Delegation endorsed the basic proposals in the budget, and expressed its satisfaction with the proposed reduction of the contributions of member States and PCT fees. It was not very concerned about the budget deficit, since there were reserves in the WIPO budget and greater revenues could be expected from registration activities which would lead to a smaller deficit. Noting the unprecedented situation of soon having a new Director General, after 24 years of leadership of the Organization by Dr. Arpad Bogsch, the Delegation noted that many delegations had said there

should now be an exchange of views, with another Budget Committee meeting to be convened in December 1997 or January 1998 to consider a new budget reflecting the vision of the new Director General, and thereafter a special session of the General Assembly to adopt the budget for the next biennium. The Delegation suggested, as an alternative, not to postpone the decision of the Budget Committee and to have the General Assembly adopt the draft budget, but with a certain reserve, such as a 10% flexibility of the budget to be adopted at the September-October session of the Governing Bodies, for adjustment of the budget according to the new vision of the new Director General. The Delegation considered that the budget for the next biennium should be approved at the ordinary session of the Governing Bodies, with the possibility to adjust it thereafter.

15. The Delegation of Egypt supported the statement of the Delegation of the Côte d'Ivoire, on behalf of African Group, that the reduction in contributions of 50% and the reduction of the PCT fees by a weighted average of 15% would have a negative effect on the budget and on the activities of the countries concerned. The Delegation expressed its appreciation for the budget increase for development cooperation and thanked the International Bureau for the assistance to developing countries. It suggested having long-term cooperation programs in addition to seminars and workshops. There should be follow-up of these activities in order to derive the greatest benefit from this cooperation. The Delegation also shared the view of the Delegation of Japan that there was a need to computerize national offices involved in intellectual property, so that they could follow the development of modern technology. A decision to this effect should be taken in December, when the approach of the new Director General would be known.

16. The Delegation of the Philippines supported the statement of the Delegation of Sri Lanka, on behalf of the Asian Group, as regards the reduction of contributions and the resulting budget deficit, and not taking a definitive decision on the budget before hearing the views of the incoming Director General. The Delegation observed that while zero real growth in contributions could lead to the same level of activity or negative growth in other organizations in Geneva, this was not necessarily the case for WIPO. The Delegation recalled that it and other delegations had last year heaped praises on the incumbent Director General, Dr. Arpad Bogsch. It was therefore proper to recognize that the presentation of the proposed budget by the incumbent Director General at this stage was in compliance with his obligations as Director General; the fact that the Budget Committee chose to heed the views of the incoming Director General, which was appropriate and was entirely its own prerogative, was a decision which could not have been preempted by the incumbent Director General.

17. The Delegation of India endorsed the statement of the Delegation of Sri Lanka, on behalf of the Asian Group. It expressed its satisfaction with the increase in the development cooperation budget, but felt that the delivery cost of the program was rather high, with too high a percentage for travel costs and too little for substantive assistance to developing countries, especially in view of the increasing needs for computerization. The Delegation observed that more than half of the budget under Item 02 (12 million francs out of 23 million francs) was allocated to travel costs; while travel was an important part of development cooperation, the proposed share seemed to be excessive. With a proposed expenditure of almost 29 million francs under Item 13 to cover staff costs for the Development Cooperation and External Relations Units, which were involved largely in executing a development

cooperation program of 23 million francs, the conclusion that the delivery cost was high appeared inescapable. The Delegation noted that there was an increased need for computerization and modernization for all patent offices. The Delegation observed that in 1995 the number of patent applications filed in India's patent office was about 7,000, and that that number was expected to triple in the next three years. Countries like India were therefore modernizing their patent offices and increasing their systems to cope with the higher demand. That meant that more equipment was needed with increased human resource development. The Delegation recognized that the development cooperation program envisaged assistance for modernizing patent Offices, but observed that the objectives would not be realized unless adequate funding was provided for that purpose. With regard to biotechnological inventions, the Delegation noted with satisfaction that the International Bureau proposed to conduct a study in this important area, and suggested that the study also examine the relationship between intellectual property rights and the issue of traditional knowledge and genetic resources, keeping in mind the interest of the communities that have developed and preserved these resources over centuries.

18. The Delegation of Pakistan associated itself with the observations of the Coordinator of the Asian Group. It shared the view of the Delegation of Canada regarding the apparent lack of a strategic framework. While the draft program and budget document was very comprehensive, informative, understandable and had a user-friendly presentation, it did not provide a general vision or a strategic framework. The Delegation of Pakistan observed that in the development cooperation area many standard activities were referred to, but it was not clear which were the most cost-effective ways of achieving objectives, such as increasing national capacity, nor whether the objectives were really being achieved. The Delegation stated that it did not oppose having a deficit budget *per se*, but could not support the proposed budget deficit since neither the reasons for the deficit nor the principles used to draw upon the reserve funds had been clearly set out. The Delegation of Pakistan encouraged the new Director General to undertake a brainstorming exercise with the senior management, to tap the collective wisdom in the Organization, with a view to preparing a more strategically coherent program and budget which could be considered by the Budget Committee in December.

19. The Delegation of France observed that the proposals that had been submitted by the Director General would have to be implemented by the new Director General and that it was therefore difficult to take such decisions already now. It emphasized that WIPO had been operating very well for many years, as was proven by the exponential growth of several registration unions, and thus of the revenue of the Organization, and that there was therefore no reason to put a brake on that growth. It pointed to the results obtained in recent years by WIPO and mentioned what had been done by the Organization in the field of development cooperation. That had to be recognized and the outgoing team had to be congratulated. WIPO was about to change its Director General and it would be for the new Director General to deal with important matters such as the level of contributions, the freezing of arrears and the large increase in expenditure. However, pending those important decisions, one could envisage continuing the preceding budget in order to avoid blocking the activities of the Organization which, up to present, did not appear open to criticism. The considerable growth in receipts and expenditure derived essentially from the development of PCT activities, showing that users of the system, in ever growing numbers, were satisfied with WIPO's services. The Delegation of France agreed with other delegations that a budget shortfall of

25 million francs was not justified in such a prosperous Organization. It welcomed the 30% increase proposed for development cooperation activities, adding that those activities had to be channelled in such a manner that assistance was most profitable for the developing countries. As far as the increase of 20% proposed for expenditure was concerned, whereas the United Nations bodies were practicing zero growth, it emphasized that the situation of WIPO was totally different from that of the other Organizations. According to the estimates of the International Bureau, the increase of 20% in expenditure appeared to result in WIPO from the growth of PCT activities and it was difficult to prevent WIPO from meeting its obligations in that context. As for the proposal to reduce the contributions of the Member States by 50%, that was a recurring issue at WIPO, since the Organization was close to a situation of self-funding. For the Delegation of France, it was not justifiable to reduce the reserve fund for that reason: the contributions of the member States should not be reduced by using funds which did not come from the States themselves. It was therefore not possible to take a decision to reduce contributions at the present session. On the other hand, the Delegation of France could accept a reduction in the PCT fees, which would in fact benefit private users of the PCT system, and was justified since the special reserve fund was fed essentially by fees. Furthermore, the reduction of such fees would not lead to a deficit, since there would still be an excess of over 2 million Swiss francs for the PCT Union. In conclusion, the Delegation of France reiterated that it would be preferable to continue the budget at the same level as the budget adopted for the preceding financial period, to avoid a "vacuum" at the beginning of 1998.

20. The Delegation of China observed that the program should highlight the priority projects and that their implementation was both necessary and beneficial to future WIPO activities. It supported these projects but believed that the budget should not be adopted immediately.

21. The Delegation of Australia congratulated the International Bureau for the considerable work done in presenting a user-friendly program and budget document. It shared the comments of the Delegation of Canada in terms of the overall approach to the budget. The Delegation of Australia supported a reduction in PCT fees, but had doubts about reducing the contributions of member States, because of the question of sustainability over the longer term. It also questioned the wisdom of narrowing the funding basis of WIPO and exposing the organization to be more vulnerable to economic shocks which might impact on the use of the PCT system. Furthermore, it was concerned over the use of the Special reserve fund to reduce contributions, and shared the concern of the Delegation of Japan about the appropriate use of PCT funds. It also expressed concern over having a deficit budget, relying on the use of the Special reserve fund, especially since, as noted by the Delegation of France, WIPO was a prosperous and well functioning organization. The Delegation also supported the need for evaluation of WIPO's program, particularly in the area of development cooperation, and supported the comments of the Delegation of the Côte d'Ivoire regarding the desirability of exploring other models of development cooperation with a view to maximizing the benefit of programs to recipient countries. In the light of the need for a long-term strategic approach to the budget, to maintain the strong performance of WIPO, and the need to allow scope for the vision and approach of the new Director General, the Delegation of Australia agreed with other delegations that the Budget Committee should be reconvened in December 1997.

22. The Delegation of Morocco thanked the International Bureau for its very detailed draft program and budget. It subscribed to the remarks made by the coordinator of the African Group. It wondered what the reasons were that justified funding the budget deficit by means of the special reserve fund and of the proposal to reduce contributions by 50% and PCT fees by 15%. It noted that the use of the special reserve fund would have implications on WIPO's activities, taking into account the fact that the developing countries would require increased assistance from the Organization and it did not think that a reduction in contributions would encourage States to pay their arrears nor to pay their contributions punctually. It agreed with the delegations that had preceded it that the new Director General should have the possibility of presenting his approach and his priorities and of presenting a new development cooperation approach as a function of the immediate and long-term needs of the developing countries. It welcomed the increase in development cooperation activities which should result in an improvement in the operation of the intellectual property systems. It approved the idea of postponing the adoption of the budget to a later date. It agreed with the Delegation of France that the observations that had been made did not mean that WIPO, a model Organization, was not operating in a satisfactory manner.

23. The Delegation of Panama associated itself with the statement made by the Delegation of Colombia, on behalf of GRULAC, and emphasized that it was very important and advisable to wait for the new Director General to present the new program and budget of WIPO. The program and budget should provide a better definition of objectives and the proposed activities, along with relevant details including the costs of each activity, as was the practice in other international organizations and in the United Nations. The Delegation observed that many of the activities carried out, especially in Panama, had been important and helpful in terms of dissemination of information and staff training. However, it emphasized the importance of capacity building and of long-term programs with clear objectives, with a methodology for evaluation which would make it possible to assess and measure the impact of the activities undertaken. The Delegation questioned the multiplier effect of mega-symposia, and considered that the policy for development cooperation should not be based only on round-table discussions and seminars. It also inquired about the activities funded by extrabudgetary resources, such as UNDP, since those were often linked with regional and national activities. The Delegation said that there was no doubt that development cooperation would continue to be one of the pillars of WIPO, and should not depend on special requests from member States; development cooperation should become a key tool for achieving the objectives of WIPO, with a growing budget for such activities. The Delegation stated, with reference to what had been noted by GRULAC at several Governing Bodies meetings, that the time had come for a review of the policy of the International Bureau for improvement of the situation of women in the Organization, and suggested the appointment of a coordinator on women's issues, who would give better information on the problem, so that member States could assess exactly what problems were confronting women and what solutions should be provided.

24. The Delegation of Italy did not approve the idea of a budget deficit in an Organization that had resources and which had always been congratulated on its results. It was not in favor of a withdrawal from the reserve fund in order to reduce contributions, whose level was reasonable, all the more so since, according to the Delegation, it was quite normal that Member States should pay their contributions to an Organization in which international

policies were debated. It observed that the Organization was not in a situation of transition: simply, a new Director General would take up his duties in December. WIPO had worked well so far and would probably work even better. The Delegation of Italy insisted that the Organization should remain efficient and noted that transparency could be improved. It held that the budget had to be approved, at least for the current period. It also expressed the opinion that part of the revenue from investments and possibly of the reserve fund should be devoted to studying other, more effective, forms of development cooperation. It added that WIPO should play a major role alongside WTO, an independent role that was not simply to execute the TRIPS Agreement.

25. The Delegation of Mexico supported the view of the Delegation of Colombia, on behalf of GRULAC, and of most other delegations, regarding seeking the views of the incoming Director General on the program and budget for the next biennium, as he would be responsible for its implementation, and therefore having a reconvened Budget Committee to discuss the draft program and budget. The Delegation was not concerned that the budget not be adopted at the present meeting since Article 11.4(e) of the WIPO Convention provided that if the budget was not adopted before the beginning of a new financial period, the budget of the previous year would continue to apply.

26. The Delegation of Germany observed that the Budget Committee had fairly modest powers which it believed should be reconsidered, as noted at previous meetings of the Budget Committee and recommended to the Governing Bodies in 1995, at which time it had been decided that there should be a sequence of meetings each and every year, in order not only adopt the draft program and budget for each biennium but also to have a closer control of the financial operations of the International Bureau, in particular since WIPO was largely a self-financing organization, in contrast to most other international organizations. The Delegation referred to the strong powers given to the Budget and Finance Committee of the European Patent Office and to the Budget Committee of the Office for Harmonization in the Internal Market (Trade Marks and Designs) in Alicante. The Delegation said that this was a major issue for the future, although the time was not ripe for a clear definition of the future tasks and powers of the Budget Committee. The Delegation of Germany expressed its gratitude to the Swiss authorities for auditing the accounts for the 1994-95 biennium, which had been a highly efficient task. At the time when there would be a new Director General, the Delegation emphasized the need to send a signal of stability and confidence, and therefore it considered it highly advisable to continue in the ordinary manner to adopt the program and budget, that is, for the present session of the Budget Committee to make a recommendation and for the Governing Bodies to make a final decision in September. The Delegation therefore proposed that the Budget Committee recommend to the Governing Bodies that they approve the proposed program and budget at their September session, on the understanding that the new Director General could put his personal stamp on the program and budget and reorient certain points in the context of a supplementary budget, if he felt it necessary. The Delegation observed that it would be very difficult for the new Director General to put his personal stamp on the program and budget in a few weeks at the end of this year, and it was also highly unlikely that the Budget Committee would be in a position to give well-founded and well-reasoned advice on a new program and budget in December.

27. The Delegation of the United States of America recalled that the objective of the present meeting of the Budget Committee was to provide a recommendation to the General Assembly for its consideration of the budget in September. It observed that there was now a unique situation, where the input of the new Director General was needed before the Budget Committee could really take action and recommend an effective program and budget for the next two years. The Delegation also expressed concern, in terms of efficiency, over approving a budget and then revisiting it several months later, and possibly reversing certain decisions. It would be preferable to evaluate all the different sources of input, have a thorough discussion of all the budget items in a logical sequence of meetings, and then approve the budget. As far as considerations about continuity and lack of disruption in services were concerned, it recalled that the budget accounted for the normal functioning of the Registration Unions and, in fact, for the full range of activities of the International Bureau. There would therefore be no difficulty in working under the existing budget structure for an additional three months, if necessary, in order to avoid having a somewhat chaotic series of steps in approving the budget.

28. The Delegation of Côte d'Ivoire observed that, when examining the budget for the 1998-1999 biennium, one was speaking of entry into the second millennium. On principle, it would not wish that the new Director General should have imposed on him to implement a policy and to carry out a program and budget that had not been inspired by him. It had nothing against the present Director General for whom, on the contrary, it had great recognition and respect. However, no one wished to prevent the Organization from operating and working and the question of continuity was not raised. The 1997 budget had been adopted and should be executed up to the end of the year, whereas the new budget was to be executed as from 1998 and up to the end of 1999. WIPO was not in a transitional period, but was to have a new Director General. Whilst respecting the outgoing Director General, it was also necessary to respect the incoming Director General. The Delegation therefore recommended that a final meeting devoted to approval of the budget should be held in December 1997.

29. The Delegation of Italy said that confidence had to be placed in the Organization and the Budget Committee had to adopt an operating budget, for which it had the competence. Discussions could then be resumed at the meetings of the Governing Bodies, including discussions on the proposal to reduce contributions by 50%.

30. In reply to a question by the Delegation of Sri Lanka as to what would be the implications if the budget would not be approved at the present session, but were to be considered later with a final decision taken in December, the International Bureau replied that there were two specific implications. If a reduction in the PCT fees were approved, it would not become applicable for several months later, because the users would have to be informed; thus, if such a decision were to be taken in December, it would only be applicable at the end of March. The second specific implication concerned the amount of contributions to be billed to member States. That was normally done in November, so that member States would have sufficient time to make the payment on the due date, at the beginning of January. If the decision as to the amount of the contributions was taken later, the billing would also be later. The International Bureau recalled that the treaties provided that if the budget was not adopted



before the beginning of a new financial period, the budget would continue at the same level as previously, which provided the legal basis for continuing to pay salaries and bills.

31. At this point, the Chairman summed up the discussions, as indicated in paragraph 33 of Annex A of the present document, and delegations made comments on specific items of the draft program and budget.

32. The Delegation of the United States of America said that, as concerns development cooperation, it concurred with other delegations to fully support the proposal that substantial commitments be made to promote the effective implementation of the TRIPS Agreement. In its view, it was essential to focus on infrastructure development to support development cooperation, so that countries could effectively implement the TRIPS standards in their domestic systems. The Delegation added that this had been part of its proposal regarding information technology, and it considered that this issue should be refined in the budget. With regard to normative activities, the Delegation noted that five treaties were contemplated for the next biennium, which it considered was somewhat unrealistic. The Delegation was of the view that the proposed treaty on settlement of intellectual property disputes between States was not a high priority for the International Bureau or for member States, particularly during the period of TRIPS implementation. It pointed out that the focus and highest priority for the next few years should be the implementation of the TRIPS Agreement. Furthermore, the Delegation was concerned over the level of detail spelt out concerning new ideas related to the legal issues surrounding the Internet. There did not appear to be an adequate basis, following the discussions over the previous six months, to suggest that this specific type of activity should be pursued in the work program. For example, there was the idea of studying the feasibility of establishing a trademark-related international domain name registry under the jurisdiction of WIPO, which was at present a very contentious issue in the United States, so the Delegation was therefore not comfortable with this level of detail appearing in the budget. Such issues should be addressed in the course of the subsequent discussions. With regard to the work program proposed on geographical indications, the protection of biotechnological inventions and other items, the Delegation preferred that the proposals be neutralized in terms of their focus. In the WTO-TRIPS Council there would be discussions, and perhaps negotiations, on the question of geographical indications, so the Delegation suggested that a milder presentation in the proposed work program would be more appropriate. As concerns the Special reserve fund, the Delegation recalled that it had been drawn primarily from the PCT, Madrid and other Registration Union activities, so the utilization of these funds for other purposes had to be justified. It did not consider that using 22 million Swiss francs from the fund to reduce the contributions of member States was justified, so could not support the proposal. On the matter of PCT fee reductions, it joined the Delegation of Germany in the concern over many years that the level of PCT fees had been excessive, that is, went beyond the cost of providing PCT services and covering PCT investments in development cooperation. The Delegation recalled that the United States had in previous sessions of the Budget Committee and during previous sessions of the Governing Bodies, consistently advocated reductions in the levels of PCT fees and actively opposed unnecessary PCT fee increases. It expressed its satisfaction that the Director General was now proposing to reduce fees that are acknowledged to be excessive. The Budget Committee had to be responsible to the users of the PCT system and it had to ensure that PCT fees stayed in line with the operational costs of administering the PCT system. It was therefore absolutely essential that

PCT fee reductions be pursued to correct this difficulty. With regard to the proposal of using the reserve fund for the purchase of the WMO building, and its renovation and related activities, it asked for clarification, on the occasion of the next budget discussions, on how the WMO building would be renovated, since that was a particularly relevant issue in meeting space needs. Finally, the Delegation of the United States emphasized that it was essential for the International Bureau to find ways of responding to the increased workload associated with increased PCT or Madrid application filings other than through increasing the size of its staff. Indeed, it was essential for the International Bureau to devise and rely upon automated procedures to reduce its reliance on administrative staff. It encouraged the new Director General to find ways to curb staff growth to eliminate unnecessary staff increases as much as possible, as an essential criterion for the future success of the International Bureau. The Delegation added that it would like to be able to submit its comments in writing to aid in the compilation of views on the budget. The Delegation concluded that it was essential that the Budget Committee made a clear recommendation to the Governing Bodies.

33. The Delegation of Canada said that it hoped that there would be an understanding that in the course of the coming weeks it would be able to supplement the points it had made during the meeting in writing or in formal conversations with the International Bureau.

34. The Delegation of Pakistan pointed out that the development cooperation program showed clearly the need to evaluate activities and to set priorities as to which activities should be funded. For instance, in the area of developing human resources a number of activities were specified, but it was not clear where the major thrust would be or which was going to be most effective. It observed that simply organizing seminars for officials might not be the optimal way of creating a community of intellectual property practitioners in developing countries. It suggested that priority and more funding could be given to fostering the linkages between the legal community and the official decision-makers, as well as to strengthen the academic institutions in giving training in intellectual property matters. It added that the choice of activities to be funded should be based on an assessment of which activities had really led to optimal results. The Delegation observed that there should be greater use of developing country experts for advisory and training services, which could also reduce the costs. In the area of development, commercialization and exploitation of intellectual property rights, the Delegation was interested to know how to develop intellectual property rights, to commercialize them and to have access to patents; it suggested that funds should be added only if success had been achieved in carrying out these activities. With regard to activities to promote adherence to WIPO-administered treaties, the Delegation noted that WIPO was advising developing countries to accede to treaties administered by WIPO, but the Delegation noted that objective, impartial studies to demonstrate the benefits of such accession were not available. The Delegation recalled that it had asked for such studies concerning certain proposed treaties under consideration, but there appeared to be a reluctance on the part of the International Bureau to fund or ask other organizations to give their comments on the drafts of these treaties. It therefore requested WIPO to be more forthcoming in funding studies by outside organizations to look into the benefits of proposed treaties or existing treaties where there was a lack of knowledge among developing countries with regard to the positive effects.

35. The Delegation of Brazil, referring to the statements of the Delegations of the United States of America and Pakistan, observed that the subjects under discussion were a matter of

substance and policy, which should be postponed for a subsequent decision. The Delegation supported the proposal of the Delegation of Canada that further comments should be made in writing, to be borne in mind by the next Director General when he draws up his draft program and budget for the next biennium.

36. The Delegation of the Philippines said that it supported the proposal of the Delegation of Canada, and also the proposal of the United States of America to help developing countries to meet their obligations under the TRIPS Agreement, especially to help developing countries now, on an urgent basis, so that they could comply fully with their obligations as of the end of the moratorium period. Apart from convening another Budget Committee meeting, the only matter that the Delegation could recommend was a reduction of the PCT fees. It was not particularly concerned about the level of the reduction, but recognized the sensitivity of other delegations, particularly those representing the large users of the PCT system, as to the level of the PCT fee reduction. The Delegation recommended that a PCT fee reduction be implemented immediately, while other aspects of the budget could be discussed in December 1997 or January 1998.

37. The Delegation of Italy considered that the Committee could recommend adoption of a basic budget, representing 50 or 60% of the draft budget, for approval by the Governing Bodies as of September. It accepted that the WIPO rules of procedure permitted adoption of the budget to be postponed but, in its view, adoption of the “core” of the budget would be a sign of confidence in the Organization and that the matter of new orientations should be left to the new Director General within the framework of the budget for the next exercise. Although it could accept the proposal to postpone adoption of the budget, it considered it unfair on the new Director General to be given tasks which could very well be completed in September 1997. It did not approve the proposal to use the reserve fund in order to reduce the contributions of States, but could assume a flexible attitude in that respect. It fully approved the proposed reduction in PCT fees which could even encourage use of the PCT system and thereby increase the revenue of the Organization. Although acknowledging that WIPO had made efforts in respect of development cooperation, particularly on behalf of the least developed countries, it considered that cooperation should also concern the countries in transition. In those cooperation activities, it would be useful if WIPO could have the assistance of other Organizations. As to the scope and aims of cooperation, the Delegation of Italy said that the moment had come to evaluate and clearly define the advantages and difficulties for countries in acceding to the various treaties, to assist those countries in solving their problems, to give them draft laws to apply and to carry out training in that field. The Delegation of Italy stressed that it was most important to maintain the possibility of settling disputes within WIPO, since the Organization was competent in a certain number of sectors, and also because the WTO system involved certain difficulties of application. It also said that WTO should be supported, if one wished it to be universal, and that WIPO had a role to play in that respect. It also spoke of the general agreement on investments examined within the framework of OECD and which contained a part on the settlement of disputes and another part on the definition of investments, and the issue of a safeguard clause for intellectual property. The Delegation of Italy concluded by stating that it had full confidence in the new Director General and that staff matters should be examined with him.

38. The Delegation of France said that, if Member States wished to make comments on the draft budget after the current meeting, it would be necessary to hold a future meeting of the Budget Committee before the end of 1997 or at the beginning of 1998 since those comments had to be examined by all. As for the proposed reduction in PCT fees, it could approve it to the extent that the reduction would benefit users. However, it drew attention to the fact that any decision on PCT fees required the approval of the Assembly of the Union in September. As for the reserve fund, it would like to know the situation of the funds of the Unions at December 31, 1996. With regard to the unitary contribution system, the Delegation of France pointed out that it had been adopted provisionally for the 1994-1995 and 1996-1997 periods and it would have to be examined within the framework of the next budget whether the experience was satisfactory. It considered that the presentation of the additional posts, given in paragraph 2.32 of the draft budget, was somewhat confused and that the proposals could perhaps be presented in a clearer fashion, thus enabling the proposed increases to be better understood. It stated that, if adoption of the budget was to be delayed, it would be necessary to continue the budget at the same level as the budget adopted for the current period. Finally, it said that, if there were to be new decisions or new meetings of the Budget Committee or a new draft budget from the new Director General, those documents would have to be communicated to delegations sufficiently in advance for them to make observations and receive instructions from their capitals.

39. The International Bureau, referring to the question of the situation of the reserve funds at the end of 1996, recalled that WIPO had a biennial budget and therefore the financial results by Union could not be specified until the closure of the accounts, which could only be done at the end of the biennium. However, the actual figures for the reserve funds of the Unions as of the end of 1995 were indicated in a footnote (on page 80 of the English version (page 86 of the French version)) of the draft program and budget document, and the expected total result of 210 million Swiss francs for the Special reserve fund as of the end of 1997 was indicated in another footnote on page 84 of the English version (page 90 of the French version) of that document. As far as the reserve funds of the Unions were concerned, for the PCT and Hague Unions there would be no changes because their surpluses would go into the Special reserve fund, whereas a slight deficit was expected for the Madrid Union, which would therefore lower its reserve fund. As far as the Contribution-financed Unions were concerned, any change in the reserve funds was expected to be very minor. The International Bureau had made a provisional forecast of the results as of the end of 1997, in estimating that the Special reserve fund would be at the level of about 210 million Swiss francs, compared to its present level of 126 million francs. As to the experience gained with the unitary contribution system, the International Bureau recalled that the decision of the Governing Bodies was to wait for the experience of four years, from 1994 to 1997, before the matter would be reviewed. That experience would be available at the end of 1997, so it would be for a subsequent session of the Governing Bodies to decide whether the experience had been satisfactory and that the unitary contribution system should be continued. The International Bureau considered that the experience with the unitary contribution system was that it had made an enormous improvement in simplifying the accounting and in avoiding having the complexities associated with having a whole series of contributions for different Unions. Moreover, in terms of simplification and reduction of paper, it was to be noted that the Financial Management Report giving the accounts for the 1994-95 biennium was 95 pages long, while the comparable report for the 1992-93 biennium was 190 pages long.

40. In response to a question by the Delegation of the Russian Federation as to the procedure for Budget Committee action with respect to the proposal to reduce the PCT fees by 15%, since that proposal had been put forward by one delegate and was seconded by two other States, the Chairman noted that the matter of reducing the PCT fees would be included in the recommendation of the Budget Committee, but that the decision to reduce the level of the PCT fees had to be taken by the PCT Assembly, and could only be done in September 1997.

41. The Budget Committee then entered into consultations which led to its approval of the text contained in paragraph 34 of document WO/BC/XVII/5.

[Annex B follows]

ANNEX B

ACCOUNTS FOR THE 1994-95 BIENNIUM

1. The accounts of the International Bureau for the 1994-95 biennium are contained in the *Financial Management Report 1994-95*. Copies of that report were communicated to each member State of WIPO or the Paris Union or the Berne Union on July 25, 1996.

2. The said accounts were audited by the Government of Switzerland, through the Swiss Federal Audit Office. The *Report on the Auditing of the Accounts of WIPO for the 1994-95 Accounting Period* was communicated to each member State of WIPO or the Paris Union or the Berne Union, together with the *Financial Management Report 1994-95*, on July 25, 1996.

3. The conclusion of the report of the Auditor reads as follows:

“As a result of our work, I am able to issue the Audit Certificate attached as Annex 6 to this report and drawn up in compliance with the Annex to the Financial Regulations of WIPO entitled ‘Terms of Reference Governing Audit,’ and to confirm that the accounts have been kept with care and that entries have been duly justified.”

4. The said audit certificate reads as follows:

“I have examined the financial statements of the World Intellectual Property Organization (WIPO) and of the Unions administered by WIPO, in Geneva, for the financial period ended on December 31, 1995.

“My examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as I considered necessary in the circumstances.

“The financial statements present fairly the financial position as of the end of the period and the results of its operations for the period then ended.

“The accounting principles were applied on a basis consistent with that of the preceding financial period.

“On all essential matters, transactions were in accordance with the Financial Regulations and the requirements of the deliberative authority.

“I have recorded in a detailed report dated July 12, 1996, those comments that I considered it necessary to make in accordance with my terms of reference.”

[Annex C follows]

ANNEX C

CONTRIBUTIONS FOR 1998 AND 1999

I. States Members of One or More of the Contribution-financed Unions

1. Maintaining the contributions for the 1998–99 biennium at the same level as for the 1996–97 biennium means that the amount for the Contribution-financed Unions (namely, the Paris, Berne, IPC, Nice, Locarno and Vienna Unions) would be 43,212,000 francs, with one half (or 21,606,000 francs) payable on January 1, 1998, and the other half on January 1, 1999.
2. Pursuant to the decision of the Governing Bodies at their 1993 meetings to introduce the unitary contribution system with effect from January 1, 1994, the contributions for the 1998-99 biennium are payable under that system.
3. The share of each State member of one or more of the Contribution-financed Unions depends on (i) the class to which it belongs for the purpose of contributions and (ii) the number of the other States and the class to which each of them belongs.
4. At the present time, the said States belong to the following classes:

Class I (25 units): France, Germany, Japan, United Kingdom, United States of America (5 countries, totalling 125 units, each country contributing 25 units or approximately 6.51% of the total contributions of the Contribution-financed Unions).

Class II (20 units): No country belongs to this class.

Class III (15 units): Australia, Belgium, Italy, Netherlands, Sweden, Switzerland (6 countries, totalling 90 units, each country contributing 15 units or approximately 3.91% of the total contributions of the Contribution-financed Unions).

Class IV (10 units): Canada, Denmark, Finland, Ireland, Norway, Russian Federation, Spain (7 countries, totalling 70 units, each country contributing 10 units or approximately 2.60% of the total contributions of the Contribution-financed Unions).

Class IVbis (7.5 units): Austria, China, Mexico, Portugal, South Africa (5 countries, totalling 37.5 units, each country contributing 7.5 units or approximately 1.95% of the total contributions of the Contribution-financed Unions).

Class V (5 units): Czech Republic, Slovakia (2 countries, totalling 10 units, each country contributing 5 units or approximately 1.30% of the total contributions of the Contribution-financed Unions).

Class VI (3 units): Greece, Hungary, New Zealand, Poland (4 countries, totalling 12 units, each country contributing 3 units or approximately 0.78% of the total contributions of the Contribution-financed Unions).

Class VIbis (2 units): Argentina, Brazil, Bulgaria, India, Israel, Libya, Romania, Turkey, Yugoslavia (9 countries, totalling 18 units, each country contributing 2 units or approximately 0.52% of the total contributions of the Contribution-financed Unions).

Class VII (1 unit): Algeria, Indonesia, Iran (Islamic Republic of), Luxembourg, Monaco, Nigeria, Republic of Korea, Slovenia (8 countries, totalling 8 units, each country contributing 1 unit or approximately 0.26% of the total contributions of the Contribution-financed Unions).

Class VIII (1/2 unit): Croatia, Holy See, Iceland, Liechtenstein, Malaysia, The former Yugoslav Republic of Macedonia (6 countries, totalling 3 units, each country contributing 1/2 unit or approximately 0.13% of the total contributions of the Contribution-financed Unions).

Class IX (1/4 unit): Albania, Armenia, Azerbaijan, Belarus, Estonia, Georgia, Iraq, Kazakstan, Kyrgyzstan, Latvia, Lithuania, Republic of Moldova, San Marino, Singapore, Tajikistan, Thailand, Turkmenistan, Ukraine, United Arab Emirates, Uzbekistan, Venezuela (21 countries, totalling 5.25 units, each country contributing 1/4 unit or approximately 0.07% of the total contributions of the Contribution-financed Unions).

Class S (1/8 unit): Bahamas, Bahrain, Chile, Colombia, Cuba, Cyprus, Democratic People's Republic of Korea, Ecuador, Egypt, Guatemala, Morocco, Pakistan, Peru, Philippines, Syria, Trinidad and Tobago, Tunisia, Uruguay (18 countries, totalling 2.25 units, each country contributing 1/8 unit or approximately 0.03% of the total contributions of the Contribution-financed Unions).

Class Sbis (1/16 unit): Barbados, Bolivia, Bosnia and Herzegovina, Cameroon, Congo, Costa Rica, Côte d'Ivoire, Dominican Republic, El Salvador, Fiji, Gabon, Ghana, Guyana, Honduras, Jamaica, Jordan, Kenya, Lebanon, Malta, Mauritius, Mongolia, Namibia, Nicaragua, Panama, Paraguay, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Senegal, Sri Lanka, Suriname, Swaziland, Viet Nam, Zimbabwe (34 countries, totalling 2.125 units, each country contributing 1/16 unit or approximately 0.016% of the total contributions of the Contribution-financed Unions).

Class Ster (1/32 unit): Bangladesh, Benin, Burkina Faso, Burundi, Cape Verde, Central African Republic, Chad, Democratic Republic of the Congo, Equatorial Guinea, Gambia, Guinea, Guinea-Bissau, Haiti, Lesotho, Liberia, Madagascar, Malawi, Mali, Mauritania, Niger, Rwanda, Sierra Leone, Sudan, Togo, Uganda, United Republic of Tanzania, Zambia (27 countries, totalling 0.84375 unit, each country contributing 1/32 unit or approximately 0.008% of the total contributions of the Contribution-financed Unions).



5. If no changes occur in the situation described in the preceding paragraph, the contribution, in Swiss francs, of each of the States in each of the classes will be as follows:

1997 (actual)		<u>1998</u>	<u>1999</u>
1,408,016	Class I	1,406,755	1,406,755
-	Class II	-	-
844,809	Class III	844,053	844,053
563,206	Class IV	562,702	562,702
422,405	Class IV <u>bis</u>	422,027	422,027
281,604	Class V	281,350	281,350
168,962	Class VI	168,811	168,811
112,641	Class VI <u>bis</u>	112,540	112,540
56,321	Class VII	56,270	56,270
28,161	Class VIII	28,135	28,135
14,080	Class IX	14,068	14,068
7,040	Class S	7,034	7,034
3,520	Class S <u>bis</u>	3,517	3,517
1,760	Class S <u>ter</u>	1,758	1,758

[Total States = 152]

[Total Units = 383.96875]

6. It is to be noted that the actual amount that each State will have to pay on January 1 of the above years may be different from the amounts indicated since each of the said State's actual contribution will depend on the factors referred to in paragraph 3, above.

## II. States Members of WIPO Which Are Not Members of Any of the Unions

7. Pursuant to the decision of the WIPO Conference to align the contributions of States members of WIPO which are not members of any of the Unions with Classes VII to Ster of the unitary contribution system, the share of each such State depends on (i) the class to which it belongs for the purpose of contributions and (ii) the amount of the contributions for that class.

8. At the present time, the said States belong to the following classes:

Class VII (1 unit): Saudi Arabia (1 country, contributing 1 unit).

Class VIII (1/2 unit): No country belongs to this class.

Class IX (1/4 unit): Andorra (1 country, contributing 1/4 unit).

Class S (1/8 unit): Brunei Darussalam, Oman, Qatar (3 countries, totalling 0.375 unit, each country contributing 1/8 unit).

Class Sbis (1/16 unit): Papua New Guinea (1 country, contributing 1/16 unit).

Class Ster (1/32 unit): Angola, Bhutan, Cambodia, Eritrea, Laos, Mozambique, Nepal, Somalia, Yemen (9 countries, totalling 0.28125 unit, each country contributing 1/32 unit).

9. If no changes occur in the situation described in the previous paragraphs, the contribution, in Swiss francs, of each of the said States in each of the classes will be as set forth in paragraph 5, above.

10. It is to be noted that the actual amount that each State will have to pay on January 1 of the above years may be different from the amounts indicated, since each of the said State's actual contribution will depend on the factors referred to in paragraph 7, above.

[End of Annex C  
and of document]