

WIPO



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BUDGET COMMITTEE

Nineteenth Session
Geneva, June 4 and 5, 1998

PREMISES COMMITTEE

Ninth Session
Geneva, June 4 and 5, 1998

SUMMARY OF SPECIFIC PREMISES-RELATED ISSUES

Memorandum of the Director General

1. The present document contains a summary of specific premises-related issues so as to facilitate discussions and decision making by the Budget and Premises Committees (reference document WO/BC/19/3-WO/PC/9/3, paragraph 10). In particular, the present document contains a summary presentation of the projected work space requirements of WIPO, areas of major growth, effects of the adoption of information technologies on that growth, information concerning possible support offered by the Swiss Authorities, and a table that compares alternative long-term solutions to meet the projected work space requirements.

2. It is anticipated that WIPO will require 938 working places in 1999 and, based upon forecasts contained in document WO/GA/22/1 (paragraphs 14 to 22), it is estimated that 1,429 working places will be needed in 2008. Further information concerning those forecasts is contained in Attachments 4 and 5 to document WO/BC/19/2 - WO/PC/9/2. The greatest

growth, as shown in Table 3 of document WO/GA/22/1, is projected to be in the area of global protection systems and services. These systems include the Patent Cooperation Treaty in the field of patents, the Madrid Agreement and Protocol in the field of trademarks, and the Hague Agreement in the field of industrial designs. The growth in staff in respect of WIPO's global protection systems is driven entirely by increasing demand in the private sector. The projected growth is conservative, especially in light of the greater than expected use of the PCT system thus far in 1998.

3. Table 3 of document WO/GA/22/1 also projects significant growth in the area of cooperation for development and the WIPO Worldwide Academy. This is to meet the large and growing demand by countries to meet the legislative, institutional and human capacity requirements under international agreements, including those administered by the World Trade Organization. As discussed in paragraph 16 of document WO/GA/22/1, significant growth is also expected in the WIPO Arbitration Center. This Center provides dispute resolution services between private sector entities, most recently those involving disputes involving electronic commerce. Another area of significant growth, as discussed in paragraph 16 of document WO/GA/22/1, is in respect of the global information network and intellectual property information services.

4. As explained in Attachments 4 and 5 to document WO/BC/19/2 - WO/PC/9/2, WIPO has taken into consideration the benefits of information technologies in making the foregoing projections. For example, significant benefits from automation are expected in respect of projected staffing requirements for processing international applications under the PCT. As explained at page 5 of Attachment 4 to document WO/BC/19/2 - WO/PC/9/2, with automation, and assuming conservative growth in the number of international applications, productivity is expected to increase by over 50% by the year 2008 as compared to 1997.

5. The WIPO General Assembly, at its March 25 to 27, 1998, session, approved the renovation, modernization, connection and extension of the WMO Building (as indicated in document WO/GA/22/1). As demonstrated in Table 8 of document WO/GA/22/1, the renovated and extended WMO Building (now scheduled for completion by December 2001 by present estimates) will accommodate most, but not all, of the WIPO staff spread out among a number of rented spaces in the Geneva area. There will still, even at that time, be a need to rent space. That need to rent additional space will grow as shown in Table 8 of document WO/GA/22/1, which is summarized below:

<u>Date</u>	<u>Working Places</u>
Dec 2001	-55
Dec 2002	-101
Dec 2003	-138
Dec 2004	-184
Dec 2005	-229
Dec 2006	-291
Dec 2007	-352
Dec 2008	-420

Thus, renovation and extension of the WMO Building would not provide a long-term solution for WIPO's needs for additional premises.

6. As explained in paragraph 45 of document WO/GA/22/1 and at pages 11 and 12 of Attachment 4 of document WO/BC/19/2 - WO/PC/9/2, the State of Geneva (Republic and Canton of Geneva) has, in the past, offered to make a site available to WIPO in the form of a free of charge leasehold arrangement (*droit de superficie*), whether the Steiner lot (that it would acquire from the Steiner firm) or another lot already owned by the State of Geneva or to be acquired (provided that the acquisition price could be justified). The Secretariat understands that this has been the usual, though not invariable, practice of the State of Geneva for international organizations. Indeed, WIPO benefits from a free of charge *droit de superficie* for the land on which the WIPO, BIRPI I and BIRPI II Buildings are situated, and will soon benefit from such an arrangement in respect of the WMO Building. The position that the State of Geneva may now have in relation to any land on which WIPO may wish to build cannot be known until a decision has been taken in by the Member States of WIPO on the choice of options.

7. The Table on the following page provides a side-by-side comparison of the salient features of the alternatives for a long-term solution to WIPO's projected space needs. These alternatives include acquisition of the P&G Building, acquisition of the Steiner lot and having a building constructed on it, and continuing to rent premises. The basic cost for the use of the buildings (apart from the costs for heating, water, electricity, cleaning, etc., which can be assumed to be the same for each alternative) involves: for the P&G Building, foregone interest (at 4% p.a.) on the 100 million Swiss francs cost of that Building; for the Steiner lot and building, foregone interest (at 4% p.a.) on the cost of the Steiner lot and building (estimated at about 63.5 million francs, including the cost of the land and construction costs^{*}); for rental, direct costs of 10,200 francs p.a. per working place and 1,600 francs p.a. per parking space (reference paragraph 4 of document WO/GA/22/1). The overall cost of rental also includes indirect costs of about 1.2 to 1.3 million Swiss francs per annum determined as shown in paragraph 77 of document WO/GA/22/1. The overall cost of rental also includes additional costs of staff relocation due to WIPO staff being located in a number of relatively small rental premises of about 300,000 Swiss francs per annum.

8. It should be borne in mind that the need for 500 working spaces, will not accrue immediately upon completion of the renovation and extension of the WMO Building. Thus, if neither the P&G or Steiner option are pursued, the total of 500 working spaces will not have to be rented until sometime after the year 2008. Further, if either the P&G or Steiner option is pursued, it is anticipated that rental income will offset costs during the time WIPO does not need to occupy all 500 work places.

* The Steiner firm, in a letter dated May 14, 1998, offered the so-called "Steiner lot" to WIPO at a price of 13.5 million Swiss francs. The construction cost of a standard quality building of a size consistent with the *plan localisé de quartier* (PLQ) (local zoning plan) is approximately 50 million Swiss francs. This is based upon an assumed building volume of 100,000m³ and construction costs of 500 Swiss francs per m³.

	<u>P&G Building</u>	<u>Steiner lot Building</u>	<u>Rental</u>
Number of Working Places	about 500*	about 500**	500 (for purposes of comparison)
Number of Parking Places	294	about 300	300 (for purposes of comparison)
Annual total cost of Working Places and Parking Places	4,000,000 Swiss francs (foregone interest of 4% on 100 million Swiss francs purchase price)	about 2,540,000 Swiss francs (foregone interest in estimated price of 63.5 million Swiss francs for land and building)	about 7,100,000 Swiss francs (including direct, indirect, and additional costs as referred to above in paragraph 7)
Annual total cost (excl. services) per Working Place	8,000 Swiss francs	about 5,080 Swiss francs	about 13,600 Swiss francs
Land area	8,476m ²	8,560m ²	Not applicable
Month/Year Availability	June 1998***	2002	On-going
Distance to WIPO Offices	Across the street from WMO Building	Adjoining lot	From 300 meters to several kilometers

NOTE: The Table does not include a comparison of total office floor space, total floor space, total common area floor space, or similar information since, at present, such information is not available for a building, yet to be designed, that may be built on the Steiner lot. Nor is such information available in respect of rental space that has yet to be contracted for.

[End of document]

* According to a study performed by STG-Coopers & Lybrand, the P&G Building, given the present arrangement of offices and allocation of space, now offers 505 working places. See Annex VI to Attachment 4 to document WO/BC/19/2 - WO/PC/9/2. That study estimates that the capacity could be increased to 562. In the interest of being conservative as well as for the purposes of establishing a common benchmark for comparison of options, the number of working places was taken as 500 for the P&G Building.

** Taking into consideration the *plan localisé de quartier* (PLQ) (local zoning plan) established for the Steiner lot, the Secretariat estimates that it should be possible to construct a building having a size similar to that of the P&G Building. Hence, a total of 500 working places appears to be a reasonable assumption. It is a conservative assumption in light of the estimate by STG-Coopers & Lybrand that a building having 564 working places could be constructed on the Steiner lot (see document WO/BC/XVI/2 - WO/PC/VII/2, Annex, page 81).

*** Several floors are at present leased in the P&G Building to third parties and would not be available immediately to WIPO upon purchase of the building.