Japan does not see any problems with the composition of programs contained in Annex II at the current stage.

Paragraph 12 of the document A/42/8 refers to the lack of resources in the Internal Audit and Oversight Division (IAOD). Some WIPO member states expressed their concerns about this problem in the last WIPO General Assembly.

Japan considers that a sufficient amount of the budget should be allocated to the IAOD for the IAOD to fulfill its responsibility of oversight, and the resource of the "PROGRAM 24: Internal Oversight" may have to be expanded.

As regards this issue, we know that the budgetary situation of WIPO cannot be directly compared with those of other organizations. However, as reference for determining an appropriate allocation level for the IAOD, we would like
to know the percentages of the budgets of other UN organizations that are allocated to the corresponding internal audit sections.

Considering the fact that about 75 percent of the overall WIPO income is covered by PCT fees, improving the PCT system to secure the sufficient amount of resources is WIPO’s mission. More user-friendly services will help increase PCT users and, in the end, WIPO income. Therefore, Japan believes that adequate resources should be secured for “PROGRAM 16: Administration of the PCT System.”

**QUESTION 3: PROGRAMMATIC PRIORITIES**

Japan is greatly interested in such areas as harmonization (e.g., patents and PCT reform), technical assistance centering the Asia-Pacific region, and governance. In particular Japan attaches great importance to the following programs not only from the viewpoint of the activities but also from the budgetary point of view.

- PROGRAM 16: Administration of the PCT System
- PROGRAM 18: Madrid, The Hague and Lisbon Registration Systems

WIPO makes about 90 percent of its income from the fees
paid by users of international application/registration systems. We believe it natural that such income paid by users should be used for the benefit of users to its utmost extent.

Therefore, WIPO should work to improve legal system and the efficiency of these processing systems and to provide more attractive services with reasonable fees because such undertakings will greatly help WIPO to more adequately satisfy user needs. Moreover, this will result in greater stability of WIPO income. Particularly, the automation and computerization of the processing systems of PCT applications are expected to contribute not only to increased efficiency but also to savings in labor costs and office space for the processing and management of applications.

Also, Japan has a great concern about the delay in the schedule of "PROGRAM 31: The New Construction." The longer the schedule is delayed, the more WIPO will be required to pay to continue renting the current office space. Thus, the New Construction should be carried out according to the schedule.

Paragraph 40 of the document WO/PBC/8/INF/1 estimates that
“the annual rental cost for these three buildings (which is estimated at 8.7 million Swiss francs) is significantly higher than the maximum annual cost of bank loan servicing of 6.3 million Swiss francs.” Since the time WIPO was formulating the 2006/07 biennium Program and Budget, such factors as interest rates and necessary office space are considered to have been changing. Therefore, Japan expects that an updated estimation taking into account such changes should be presented when formulating the draft 2008/09 Program and Budget.

**QUESTION 5: RESULT-BASE BUDGET**

The previous PCT Union Assembly session (September 25 – October 3, 2006, in Geneva) adopted a new Schedule of Fee reductions in the PCT applications filed in electronic form (PCT/A/35/2.Add). Promotion of electronic filing is expected to help the WIPO International Bureau (IB) more expeditiously carry out its work and, in the end, generate benefits for applicants. In order to reduce the burden on the IB, in particular, applications in character-coded format are preferable to applications in image-data formats. Japan would thus like to propose a new indicator
as shown in (1) below.

In addition, minor troubles with the existing systems have been appearing. For example, a system stops functioning, a drawing on an official gazette in an electronic application is incorrectly displayed, and so on. Minimizing such minor troubles are indispensable to improving the quality of service. Accordingly, Japan would like to propose new performance indicators, as shown in (2) below, under the EXPECTED RESULT of “Increased quality of service.”

(1)

Expected Results

- Promotion of application filings in electronic form

Performance indicators

- Increase in the kinds of documents receivable in electronic form
- Increase in the percentage of international applications in character coded format

(2)

Expected Results:
Increased quality of service (Existing item)

Performance indicator:

Limited the number of hours that a system was inoperable to under [-please put number-] hours per year.

[-please put number-] of improvements made in internal processes and systems to eliminate daily troubles.

QUESTION 6: LEVEL OF EXPENDITURE

Prior to considering the level of expenditures, the amount of income should first be estimated, and then, consideration should be given to a level of expenditures that balances the estimated income.

Japan expects that the level of expenditures in 2008/09 will remain the same in 2006/07. However, if the estimated income is considered to be insufficient to cover this level of expenditures, WIPO does not need to insist on maintaining the level of expenditures. More information including prospects of income in medium and long term is needed in order to consider the level of expenditures appropriately.
QUESTION 7: BUDGETARY POLICY

The 2008/09 Program and Budget should be founded on a full balanced budget unless there are any changes in circumstances. More information including prospects of income in medium and long term is needed in order to consider in detail.

QUESTION 8: LEVEL OF RESERVE AND WORKING CAPITAL FUNDS

In general, Japan is of the opinion that WIPO should make an effort to make its accounting system and procedures compatible with the International Public Sector Accounting Standards (IPSAS).

Judging from the FMR/2004-05 and the Budget and Program 2006/07, it seems that it is not so difficult for WIPO to achieve the level of reserve funds required by IPSAS. However, whether it is possible to actually achieve the level of reserve funds which IPSAS requires by the year 2010 depends largely on the revised Budget and Program 2006/07 and on the estimated income for 2008/09. We cannot accept a simplistic increase of the amounts of contributions or international application
filing/registration fees only to enable the WIPO accounting system to comply with IPSAS. More information is needed in order to consider in detail.

**QUESTION 9: FUTURE ACTUARIAL LIABILITY FOR SEPARATION FROM SERVICE (RETIREMENTS) AND POSTSERVICE MEDICAL BENEFITS**

In general, Japan is of the opinion that WIPO should make an effort to make its accounting system and procedures compatible with IPSAS. However, we disagree with the idea of simply raising the amounts of contributions and international application filing/registration fees only to cover a superficial increase of liabilities which may appear in the financial statements due to the possible introduction of an accounting system and procedures compliant with IPSAS. More information is needed in order to consider in detail.

**QUESTION 10: INFORMATION**

Table VII of the 2006/07 Program and Budget (Publication No. 360E/PB0607) describes the estimated expenditures for the PCT sector. In a draft of the Program and Budget for 2008/09, we hope to see a similar table for the biennium
2008/09 together with the revised estimates 2006-2007. Also, in addition to the expenditures for the PCT sector, we would like to see the percentage of PCT income that corresponds to each of the Receiving Offices.

**QUESTION 11: OTHER ISSUES**

The results of a comprehensive desk-to-desk needs assessment is expected to be reflected in the Program and Budget for 2008/09. The assessment should be completed as scheduled under conditions in which transparency is secured.

The first draft of the Program and Budget for 2008/09 will be prepared sometime around January - April 2007. As regards the comprehensive desk-to-desk needs assessment, a recommendation is scheduled to be prepared in April, a draft report to come into effect in the first half of May, and a final report to be prepared in the period from the second half of May to the first half of June (see the document PCD/06/033).

We wish to know to what extent the results of the assessment
will be reflected in the first draft of the Program and Budget for 2008/09.

We would like to confirm the following points regarding the introduction of IPSAS by WIPO:

- Is it necessary for the PBC or General Assemblies to make any decision regarding when WIPO will introduce IPSAS?
- Is there a possibility for WIPO to introduce IPSAS before the year 2010?
- Are there any financial items other than those relating to QUESTIONS 8 and 9 to in which the possible introduction of an accounting system and procedures compatible with IPSAS can cause major changes in WIPO’s financial statements? If so, we would like to know such financial items.