

**GENERAL AGREEMENT
ON TARIFFS AND TRADE
WORLD TRADE ORGANIZATION**

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**FINANCIAL OBLIGATIONS OF STATES OR SEPARATE CUSTOMS TERRITORIES
WHO ARE OBSERVERS TO THE WTO**

**Adopted at the Implementation Conference by the Preparatory Committee for the WTO
on 8 December 1994 and subsequently by the CONTRACTING PARTIES to GATT 1947
on 9 December 1994 at their 50th Session**

The recommendations in paragraphs 4 were adopted by the Preparatory Committee for the WTO on 8 December 1994 and by the CONTRACTING PARTIES on 9 December 1994. These financial obligations will not apply to the States or separate customs territories which are GATT 1947 contracting parties, in the process of ratification of the WTO Agreement, but have not yet become Members.

1. Chapter IV of the Rules of Procedure for both Sessions of the Ministerial Conference and Meetings of the General Council stipulate the terms under which a State or separate customs territory may have access to these bodies as an observer, in order to better acquaint itself with the WTO and its activities, and to prepare and initiate negotiations for accession to the WTO Agreement. Annex 2 of these Rules contains guidelines for observers. Guideline 11 states:

"Observer governments shall be required to make financial contributions for services provided to them in connection with their observer status in the WTO, subject to financial regulations established pursuant to Article VII:2 of the WTO Agreement."

2. At present, under the GATT, contributions from government observers are set at 50% of the minimum assessment for CPs, but are optional. Under the WTO, it is considered appropriate that in return for access to meetings, the receipt of the main WTO series of documents and technical cooperation, this contribution should be mandatory (i.e. assessed for a contribution).

3. It is relevant that Article VII:4 of the WTO Agreement states that:

"Each Member should promptly contribute to the WTO its share in the expenses of the WTO in accordance with the financial regulations adopted by the General Council".

It is considered that observers should demonstrate their commitment to Article VII:4 by fully discharging their financial obligations. In particular, before considering a request for an extension of observer status under Annex 2, Guideline 8(b) or an application for accession under WTO Article XII.2, the financial standing of the observer should be taken into account.

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Recommendation

4. In respect of States or separate customs territories accorded observer status in the Ministerial Conference and/or General Council, it is recommended that:

- they be assessed for a contribution at the rate of 50% of the minimum assessment;
- the General Council shall take a decision under Guideline 8(b) of Annex 2 to the Rules of Procedure for Meetings of the General Council in respect of the extension of observer status only if the financial obligations as an observer have been fully discharged;
- the Ministerial Conference shall take a decision under Article XII:2 of the WTO Agreement in respect of accession only if the financial obligations as an observer have been fully discharged.