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1 ARTICLE VII

1.1 Text of Article VII

Article VII

Budget and Contributions

1. The Director-General shall present to the Committee on Budget, Finance and Administration the annual budget estimate and financial statement of the WTO. The Committee on Budget, Finance and Administration shall review the annual budget estimate and the financial statement presented by the Director-General and make recommendations thereon to the General Council. The annual budget estimate shall be subject to approval by the General Council.

2. The Committee on Budget, Finance and Administration shall propose to the General Council financial regulations which shall include provisions setting out:

(a) the scale of contributions apportioning the expenses of the WTO among its Members; and

(b) the measures to be taken in respect of Members in arrears.

The financial regulations shall be based, as far as practicable, on the regulations and practices of GATT 1947.

3. The General Council shall adopt the financial regulations and the annual budget estimate by a two-thirds majority comprising more than half of the Members of the WTO.

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

1.2 Article VII:1

1.2.1 "the Director-General shall present to the Committee on Budget, Finance and Administration the annual budget estimate and financial statement of the WTO"

1. The Director-General submits budgetary and financial reports to the BFA Committee annually.¹

1.2.2 "the Committee on Budget, Finance & Administration shall ... make recommendations"

2. The BFA Committee makes regular recommendations to the General Council on the Director-General's annual budget estimates and the financial statement.² These recommendations embody a compromise among the members of the BFA Committee and are presented to the General Council for adoption.³

¹ Annual reports by the Director-General: WT/BFA/23, WT/BFA/25 (1995); WT/BFA/W/15, WT/BFA/W/19 (1996); WT/BFA/W/25, WT/BFA/W/26 (1997); WT/BFA/W/33, WT/BFA/W/34 (1998); WT/BFA/W/42 (1999); WT/BFA/W/57 (2000); WT/BFA/W/97 (2002); WT/BFA/W/114 (2003); WT/BFA/W/128 (2004); WT/BFA/W/142 (2005); WT/BFA/W/157 (2006); WT/BFA/W/168 (2007); WT/BFA/W/181 (2008).

² Recommendations: see WT/BFA/2, 3, 4, 5 (including Add.1), 6, 7, 8, 13, 15, 16, 18, 20, 21, 22, 24, 26, 28, 30, 31, 32, 33 (including Add.1 and Corr.1), 35, 36, 38, 39, 40, 44, 45, 46, 47, 48, 49, 51, 52, 53, 54, 55, 56, 58, 59, 60, 62, 63, 64, 67, 70, 71-2, 73, 75, 77, 78, 80, 82, 84, 86, 87, 89, 90, 93, 93/Add.1., 95, 97, 101, 102, 103, 104, 105, 106, 107, 111, 112, 113 and Add.1, 114 and Add.1, 115, 118, 119, 120, 121, 124.

³ WT/BFA/2 adopted 3 April 1995, WT/GC/M/3; WT/BFA/3 and 4 adopted 31 May 1995, WT/GC/M/4; WT/BFA/5 adopted 11 July 1995, WT/GC/M/5; WT/BFA/6, 7 and 8 adopted 15 November 1995, WT/GC/M/8; WT/BFA/13 and 15 adopted on 13 and 15 December 1995, WT/GC/M/9; WT/BFA/16 and 18 adopted on 6 February 1996, WT/GC/M/10; WT/BFA/20, 21 and 22 adopted on 16 April 1996, WT/GC/M/11; WT/BFA/24 adopted on 26 June 1996, WT/GC/M/12; WT/BFA/26 adopted on 18 July 1996, WT/GC/M/13; WT/BFA/28 adopted on 26 November 1996, WT/GC/M/17; WT/BFA/30 adopted on 24 April 1997, WT/GC/M/19; WT/BFA/31 adopted on 16 July 1997, WT/GC/M/21; WT/BFA/32 adopted on 22 October 1997, WT/GC/M/23; WT/BFA/33 adopted on 10 December 1997, WT/GC/M/25; WT/BFA/35 adopted on 24 April 1998, WT/GC/M/28; WT/BFA/36 adopted on 15, 16 and 22 July 1998, WT/GC/M/29; WT/BFA/38 adopted on 9-11 and 18 December 1998, WT/GC/M/32; WT/BFA/39 and 40 adopted on 15 July 1999, WT/GC/M/45; WT/BFA/44 adopted on 17 December 1999, WT/GC/M/52 and Corr.1; WT/BFA/45 adopted on 7 and 8 February 2000, WT/GC/M/53; WT/BFA/46 adopted on 3 and 8 May 2000, WT/GC/M/55; WT/BFA/47 and 48 adopted on 17 and 19 July 2000, WT/GC/M/57; WT/BFA/49 adopted on 10 October 2000, WT/GC/M/58; WT/BFA/51 adopted 7 February 2001, WT/GC/M/61; WT/BFA/52 adopted 2 March 2001, WT/GC/M/63; WT/BFA/53 adopted 10 August 2001, WT/GC/M/66; WT/BFA/54 adopted 26 October 2001, WT/GC/M/69; WT/BFA/55 adopted 13 December 2001, WT/GC/M/71; WT/BFA/56 adopted 6 February 2002, WT/GC/M/72; WT/BFA/58-59 adopted 27 September 2002, WT/GC/M/75; WT/BFA/60 adopted 5 November 2002, WT/GC/M/76; WT/BFA/62, adopted 13 February 2003, WT/GC/M/77; WT/BFA/63 adopted 18 July 2003, WT/GC/M/80; WT/BFA/64 adopted 28 August 2003, WT/GC/M/81; WT/BFA/67 adopted 13 November 2003, WT/GC/M/82; WT/BFA/70 adopted on 16 December 2003, WT/GC/M/84; WT/BFA/71-2 adopted on 18 May 2004, WT/GC/M/86; WT/BFA/73 adopted on 1 August 2004, WT/GC/M/87; WT/BFA/75 adopted on 13 December 2004, WT/GC/M/90; WT/BFA/77 adopted on 27 May 2005, WT/GC/M/95; WT/BFA/78 adopted on 27 and 29 July 2005, WT/GC/M/97; WT/BFA/80 adopted on 1, 2 and 6 December 2005, WT/GC/M/100; WT/BFA/82 adopted on 1, 2 and 6 December 2005, WT/GC/M/100; WT/BFA/84 adopted on 8 February 2006, WT/GC/M/101; WT/BFA/86 adopted on 15 May 2006, WT/GC/M/102; WT/BFA/87 adopted on 27 and 28 July 2006, WT/GC/M/103; WT/BFA/89 adopted on 10 October 2006, WT/GC/M/104; WT/BFA/90 adopted on 10 October 2006, WT/GC/M/104; WT/BFA/93 adopted on 14 and 15 December 2006, WT/GC/M/106; WT/BFA/93/Add.1 adopted on 14 and 15 December 2006, WT/GC/M/106; WT/BFA/95 adopted on 9 May 2007, WT/GC/M/108; WT/BFA/97 adopted on 27 July 2007, WT/GC/M/109; WT/BFA/101 adopted on 18 December 2007, WT/GC/M/112; WT/BFA/102 adopted on 7-8 May 2008, WT/GC/M/114; WT/BFA/103 adopted on 31 July 2008, WT/GC/M/115; WT/BFA/104 adopted on 31 July 2008, WT/GC/M/115; WT/BFA/105 adopted on 18-19 December 2008, WT/GC/M/117; WT/BFA/106 adopted on 18-19 December 2008, WT/GC/M/117; WT/BFA/107 adopted on 18-19 December 2008, WT/GC/M/117; WT/BFA/109 and 110 adopted on 26-27 May 2009, WT/GC/M/120; WT/BFA/111 adopted on 28 July 2009, WT/GC/M/121; WT/BFA/114 and Add.1, adopted on 17 December 2009, WT/GC/M/124; WT/BFA/115, adopted on 4 May 2010, WT/GC/M/126; WT/BFA/116 and 117, adopted on 29 July 2010, WT/GC/M/127; WT/BFA/118, adopted on 21 October 2010, WT/GC/M/128; WT/BFA/119, 120 and 121, adopted on 14 December 2010, WT/GC/M/129; WT/BFA/123, adopted on 3 May 2011, WT/GC/M/131; WT/BFA/124.

1.3 Article VII:2

1.3.1 "Committee on Budget, Finance and Administration shall propose ... financial regulations"

3. At its meeting of 15 November 1995, the General Council adopted the WTO Financial Regulations and Financial Rules⁴ on the basis of the recommendation of the Joint WTO/GATT Committee on Budget, Finance and Administration.⁵ The WTO Financial Rules and Regulations were most recently revised at the meeting of the BFA Committee on 28 March 2007 and were approved by the General Council on 9 May 2007; see paragraph 10 au-dessous.

1.3.2 "provisions setting out the scale of contributions"

4. Under the GATT 1947, the contributions of the contracting parties to the GATT budget for each year to come were assessed on the basis of the estimated volume of foreign trade in goods for that year. As of 1994, each share was estimated on the basis of the contracting party's share in the total trade in goods of all contracting parties and associated governments, computed on the basis of trade figures for the last three available year, with a minimum percentage contribution of 0.03 per cent for countries with a share of under 0.03 per cent of the total.⁶ In 1994, the Sub-Committee on Budget, Finance and Administration of the WTO Preparatory Committee agreed that the assessment of contributions to the WTO budget should reflect shares in international trade in goods, services and intellectual property.⁷

5. On 15 November 1995, the General Council approved⁸ the following recommendation of the Joint WTO/GATT Committee on Budget, Finance and Administration for a methodology to apply this principle to the calculation of the assessment of Members' contributions to the WTO budget, starting with the calculation of contributions to the 1996 budget:

- "(a) The share to be contributed by each Contracting Party/Member to the annual operating budget of the GATT/WTO shall be established on the basis of that country's (or separate customs territory's) international trade (imports plus exports) in relation to the total international trade of all GATT Contracting Parties/WTO Members;
- (b) The figures used shall be those for the last three years for which data are available;
- (c) The statistics used shall relate to trade in goods, services and intellectual property rights as reported in balance-of-payments statistics from the International Monetary Fund (IMF); with regard to services, the statistics shall relate to the definition of commercial services as applied in the WTO;
- (d) Where IMF data deviate from IMF guidelines and include transactions not related to goods, services or intellectual property rights, adjustments provided to the WTO by the Central Bank or the National Statistical Office of a Contracting Party/Member shall be taken into account by the Secretariat when adequately documented and justified;
- (e) If IMF data are not available, the WTO Secretariat will use estimates based on the best other available sources;

⁴ WT/GC/M/8, section 7(c); text of Financial Regulations in WT/L/156, text of Financial Rules in WT/L/157.

⁵ WT/BFA/13, L/7649, Section VII.

⁶ GATT Analytical Index, p. 1126-1127.

⁷ PC/BFA/M/1, Annex II.

⁸ WT/GC/M/8, item 7(a).

- (f) A minimum contribution of 0.03 per cent will be applied to those contracting parties/members whose share in the total international trade of all GATT Contracting Parties/WTO Members is less than 0.03 per cent."⁹

6. On 17 December 1999, the General Council approved a recommendation by the Committee that the minimum percentage contribution be changed to 0.015 per cent, starting with the 2000 budget. The contribution of observers was held at 0.015 per cent.¹⁰

7. At its meeting of 10 October 2000, the General Council approved an amendment of paragraph (b) of the calculation methodology as follows, to ensure greater homogeneity in years for which data are used and minimize variability of contribution percentages from one year to the next:

"(b.1) Calculations of assessed contributions for the years 2001, 2002 and 2003 (which are prepared in the course of the respective previous year) shall be based on international trade statistics for the years 1996-1998, 1997-1999 and 1998-2000, respectively; or, if these statistics are not available, for the last three years for which statistics are available.

(b.2) Calculations of assessed contributions for at least the following ten years, i.e. 2004, 2005, 2006 to 2013, (which are prepared in the course of the respective previous year) shall be based on international trade statistics: for the years 1997-2001, 1998-2002, 1999-2003, etc. respectively; or, if these statistics are not available, for the last five years for which statistics are available."¹¹

1.3.3 "measures to be taken in respect of Members in arrears"

8. The BFA Committee regularly reviews the status of contributions assessed to the Members and adopted Administrative Measures in respect of Members in arrears.¹² At its meeting of 15 May 2006 the General Council approved revised Administrative Measures responding to the continued problem of accumulation of arrears, which had implications for all Members in the annual final accounts of the organization.¹³ The Administrative Measures apply to Members in Categories I – IV, depending on how many years' assessed contributions remain outstanding. Members in Category IV are designated as Inactive Members. Administrative Measures are suspended for Inactive Members which agree to, and abide by, a defined schedule of instalment payments aimed at liquidating all arrears.¹⁴

1.3.4 Doha Development Agenda Global Trust Fund

9. Following the guidelines set by the Doha Ministerial Conference¹⁵, the BFA Committee developed a plan to ensure long-term funding for WTO technical assistance at an overall level no lower than that of the year 2001. The General Council approved the plan at its meeting of 15-16 December 2003.¹⁶

⁹ WT/BFA/6.

¹⁰ WT/BFA/44, approved in WT/GC/M/52.

¹¹ Recommendation in WT/BFA/49, approved in WT/GC/M/58.

¹² PC/7, "Measures To Deal With Members in Category IV of the Administrative Arrangements on Arrears".

¹³ WT/GC/M/102, item 7.

¹⁴ WT/BFA/86 paragraphs 14-16; see also WT/BFA/W/141.

¹⁵ WT/MIN(01)/DEC/1, para. 40.

¹⁶ WT/GC/M/84; WT/BFA/70; see also WT/BFA/W/107.

1.4 Article VII:3

1.4.1 "The General Council shall adopt the financial regulations and the annual budget estimate"

10. The General Council adopted the BFA Committee's proposed Financial Rules and Regulations on 15 November 1995, approved amendments to the Financial Regulations on 26 August 2003 and 8 May 2007, and approved amendments to the Financial Rules on 8 May 2007.¹⁷

11. On 15 December 2000, the General Council approved guidelines on Voluntary Contributions, Gifts, or Donations from Non-Governmental Donors.¹⁸ On 27 July 2004, the General Council approved revised Guidelines.¹⁹

Current as of: September 2011

¹⁷ WT/GC/M/8, section 7(c). Text of Financial Regulations: WT/L/156 and Rev. 1 and Rev.2. Text of Financial Rules: WT/L/157 and Rev.1. 2003 amendments: WT/BFA/W/105/Rev.1, WT/BFA/67, WT/GC/M/82. 2007 amendments: WT/BFA/W/155, WT/BFA/95, WT/GC/M/108.

¹⁸ WT/GC/M/61, WT/L/386; see also WT/BFA/41 and Add. 1-6.

¹⁹ WT/GC/M/87; WT/L/386/Rev.1.