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SUMMARY RECORD OF THE 3rd MEETING

Chairman: Ms. WONG (New Zealand)  
later: Mr. ESCOVAR SALOM (Venezuela)

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LAW ON THE WORK OF ITS TWENTY-NINTH SESSION

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The meeting was called to order at 3.15 p.m.

AGENDA ITEM 148: REPORT OF THE UNITED NATIONS COMMISSION ON INTERNATIONAL TRADE LAW ON THE WORK OF ITS TWENTY-NINTH SESSION (A/51/17 and A/51/154)

1. Mrs. PIAGGI DE VANOSI (Chairman of the United Nations Commission on International Trade Law (UNCITRAL)) said that the work of UNCITRAL was of decisive importance to her country, Argentina. The Argentine Parliament was debating the incorporation of the UNCITRAL Model Law on International Commercial Arbitration into national legislation, and Argentina had been one of the first countries to ratify the United Nations Convention on Contracts for the International Sale of Goods; in 1988 it had implemented the Convention on the Recognition and Enforcement of Foreign Arbitral Awards, and the UNCITRAL Legal Guide on Drawing Up International Contracts for the Construction of Industrial Works was in widespread use.

2. The most fruitful aspect of the work of UNCITRAL at its twenty-ninth session had been approval of the UNCITRAL Notes on Organizing Arbitral Proceedings and the UNCITRAL Model Law on Electronic Commerce. The Notes, the new version of which had been discussed and finalized at the twenty-ninth session, briefly described topics that could be useful in the organization of arbitral proceedings; for example, agreement on a set of arbitration rules; the language of proceedings; the place of arbitration; administrative services that might be needed for the arbitral tribunal to carry out its functions; deposits in respect of costs; confidentiality of information; routing of written communications among the parties and the arbitrators (use of telefax and other electronic means); arrangements for the exchange of written submissions and other practical details; possible settlement negotiations and their effect on scheduling proceedings; documentary evidence (time limits for the submission of evidence and the consequences of late submission); physical evidence other than documents; witnesses, experts and expert witnesses; hearings; multi-party arbitration; and possible requirements concerning filing or delivering the award.

3. The aim of the Notes was to assist arbitration professionals. UNCITRAL, in preparing them, had sought not to establish any legal requirement going beyond existing legislation, or to diminish the flexibility of arbitral proceedings. The result was a text that did not impose any mandatory legal requirement on parties, leaving it to the arbitral tribunal to apply the legislation as it deemed appropriate.

4. With regard to the Model law on Electronic Commerce, UNCITRAL had taken a decision to formulate such a standard because, notwithstanding the recommendation to Governments and international organizations on the legal value of computer records - adopted by UNCITRAL in 1985, there had been slow progress at the national level in eliminating requirements under national legislation regarding the use of paper and signatures.

5. The Model Law, aimed at facilitating the increasing use in international trade of electronic data interchange and other modern means of communication,

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also offered solutions to specific legal problems arising in the use of electronic mail, telefax and other means of communicating and storing information. Those means were being developed as alternatives to the use of paper with and without the use of such infrastructure as the Internet.

6. The Model Law also contained provisions designed to replace traditional transport documents; for example, bills of lading by electronic messages. In the future, the second part of the Model Law could include the necessary provisions for the adaptation of current legislation to the development of new technologies. Notwithstanding the reference to "commercial activities" in article 1, the Model Law did not prevent the implementing State from extending its scope to the use of electronic data interchange (EDI) and of other means outside the commercial ambit.

7. Further, in the debate on the Model Law it had been agreed that UNCITRAL would continue to prepare legal standards to improve the reliability of electronic commerce, beginning with digital signatures and certifying authorities, and it had been decided that the Working Group on Electronic Commerce - formerly known as the Working Group on Electronic Data Interchange - should take into account, in considering the standard laws whose preparation was entrusted to it, the following topics: the legal basis supporting certification processes, including emerging digital authentication and certification technology; the applicability of the certification process; the allocation of risk and liabilities of users, providers and third parties in the context of the use of certification techniques; the specific issues of certification through the use of registries; and incorporation by reference.

8. With regard to assignment in receivables financing, UNCITRAL, at its twenty-eighth session, held in 1995, had entrusted the Working Group on International Contract Practices with the task of preparing a uniform law for the regulation of that practice. The broad objectives and principles guiding the work included building on achievements in that field of law. One example was the Convention on International Factoring drafted by the International Institute for the Unification of Private Law (UNIDROIT) (Ottawa, 1988). Moreover, it was intended to cover a broad range of such transactions, such as aspects of factoring not covered by the Ottawa Convention, forfeiting, refinancing, securitization and financing of projects.

9. With respect to its future work, UNCITRAL would focus on three main topics: cross-border insolvency, build-operate-transfer (BOT) projects, and monitoring implementation of the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (New York, 1958). With regard to the first topic, UNCITRAL, at its twenty-eighth session, had considered that it would be worthwhile to prepare uniform legislative provisions on judicial cooperation in cross-border insolvencies, on court access for foreign insolvency administrators, and on recognition of foreign insolvency proceedings. Those provisions would seek to promote greater cooperation and coordination between national jurisdictions responsible for the administration of cross-border insolvencies, thus maximizing the worth of the insolvent debtor and rescuing viable but financially unstable enterprises. UNCITRAL trusted that the Working Group on Insolvency Law - formerly known as the Working Group on the New International Economic Order - to which it had entrusted the task of preparing the uniform provisions, would be

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able to submit the corresponding draft legislative text to it for consideration at its thirtieth session in 1997.

10. With regard to build-operate-transfer projects, the Commission, at its twenty-ninth session, had considered a note prepared by its secretariat on possible issues to be taken up in relation to those projects. It had noted that an adequate legal framework was required that would foster the confidence of potential investors, national and foreign, and that the work in that area would help States tackle the problems which arose in that respect. The Commission would therefore provide legislative guidance to States which wished to modernize their legislation relating to build-operate-transfer projects. The Commission had also requested its secretariat to review issues on which legislative guidance might be useful in order to prepare the first draft chapters of a guide to be taken up at the 1997 session.

11. With regard to the implementation of the 1958 New York Convention, the Commission, at its twenty-ninth session, had reported that its secretariat had reached agreement with Committee D of the International Bar Association to cooperate in monitoring the implementation of the Convention in the Contracting States. The purpose of that agreement was to review the way in which the Convention had been incorporated into the national laws of the Contracting States and publish the findings of that survey. The Commission felt that that project was very useful in fostering uniformity of laws. At its twenty-ninth session, the Commission had been informed that its secretariat had sent to the States parties to the Convention a questionnaire designed to obtain information relating to the implementation of the Convention. The secretariat had then been requested to present findings based on an analysis of that information, at a future session.

12. The Commission had also expressed appreciation for the work of collecting and synthesizing court decisions and arbitral awards, editing abstracts, storing decisions and awards, translating abstracts and publishing them in all the official languages of the United Nations and providing full texts of decisions and awards to interested parties and also establishing and operating a data bank on the documents of the case-law on UNCITRAL texts (CLOUT) system. The Commission expected a substantial increase in the volume of work required for the operation of the CLOUT system as it was developed, and requested that adequate resources be made available to its secretariat for the effective operation of that system.

13. With regard to training and technical assistance, an aspect to which he, as a national of a developing country, attached great importance, the activities carried out by the UNCITRAL secretariat were constantly growing; the main beneficiaries were the developing countries and the countries with economies in transition. The secretariat was encouraging information activities designed to promote awareness of the conventions on international trade law, the model laws and other legal texts and was providing technical assistance to Member States in their efforts to modernize trade law on the basis of the UNCITRAL texts. Since the 1995 session, 14 seminars and briefing missions had been organized. At the same time, the Commission had emphasized the importance of cooperation and coordination between development assistance bodies providing or financing legal technical assistance with the Secretariat with a view to avoiding situations in

which international assistance might lead to the adoption of national laws that did not represent internationally agreed standards, including UNCITRAL conventions and model laws. In relation to that question, he reiterated his request that the UNCITRAL secretariat should be provided with sufficient human resources and funds to implement its training and technical assistance programmes and appealed to all States to consider making contributions to the UNCITRAL Trust Fund for Symposia; in that respect, he expressed appreciation to the Governments of Cambodia, France, the Philippines and Switzerland for their contributions.

14. Lastly, with regard to the status and promotion of UNCITRAL legal texts, he noted with satisfaction that, since the time of the report on the Commission's twenty-eighth session, Slovenia had acceded to the Convention on the Limitation Period in the International Sale of Goods, by virtue of accession to the 1980 Protocol, and Poland had ratified that Protocol. The Commission also noted that the Czech Republic had ratified the United Nations Convention on the Carriage of Goods by Sea and Gambia and Georgia had acceded to it. Poland had ratified the United Nations Convention on Contracts for the International Sale of Goods and Georgia had acceded to the United Nations Convention on the Liability of Operators of Transport Terminals in International Trade. During the same period, Kazakstan, Uzbekistan and Viet Nam had acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards. Furthermore, in Guatemala, India, Kenya, Malta and Sri Lanka, legislation had been promulgated on the basis of the UNCITRAL Model Law on International Commercial Arbitration, while in Albania and Poland, legislation had been promulgated on the basis of the UNCITRAL Model Law on Procurement of Goods, Construction and Services.

15. Mr. ESCOVAR SALOM (Venezuela) took the Chair.

16. Mr. MWANGI (Kenya) commended UNCITRAL for its remarkable achievements in the harmonization and unification of international trade law, and in particular, its adoption of the text of the Model Law on Electronic Commerce, which would assist States, particularly developing countries, in modernizing their legislation in order to accommodate the increasing use of electronic data messages in international commercial transactions. Furthermore, the Model Law could be adopted by States at different stages of technological development. Since some States were still heavily reliant on paper-based commerce, the Model Law recognized the autonomy of parties in the use of data messages; the goal of the Model Law was not to impose means of communication, but to facilitate electronic commerce.

17. At its twenty-ninth session, the Commission had adopted the Notes on Organizing Arbitral Proceedings, which were useful as guidelines and above all because they made it possible to resolve some of the questions relating to the conduct of arbitration. Furthermore, as indicated by the Commission, the Notes would not impinge upon the flexibility of arbitral proceedings. In view of the great value of the Notes, it was important to disseminate them as widely as possible.

18. Significant progress had been made on the proposal to develop an adequate legal framework to govern build-operate-transfer projects. The report prepared by the secretariat on the desirability of such rules recognized the possible

effect of such legislation in fostering the confidence of potential investors in such projects in developing countries. Although there were other organizations which had already carried out work on the subject, there was no doubt that the Commission was the appropriate body to undertake that work and, for that reason, the Commission had endorsed the proposal and directed the secretariat to prepare a draft text of a legislative guide. It was to be hoped that the secretariat would draw on the experience of a number of States in that field.

19. The work carried out by the Working Group on Insolvency Law and the Working Group on International Contract Practices had aroused great interest among practitioners and Governments. It was to be hoped that both the working groups would complete their work before the Commission's next session.

20. The importance of the training and technical assistance programmes organized by the secretariat could not be overemphasized. He noted with satisfaction that, despite its current financial constraints, the secretariat had organized symposia and briefing missions for government officials in a number of countries to promote awareness of its work and disseminate information on certain of its legal texts. However, the increasing demand for such training and technical assistance might overstretch the already scarce resources available. That was why his Government had responded to the appeal for voluntary contributions to the Trust Fund established for that purpose. On the other hand, he agreed that, as the Commission had requested, the UNCITRAL Trust Fund for Symposia should be included in the agenda of the United Nations Pledging Conference for Development Activities during the current session of the General Assembly.

21. With regard to the Commission's future work, careful thought needed to be put into the choice of future topics in order to ensure that the Commission dealt with issues which not only were of interest to the vast majority of States but would also have a more direct impact on the capacity of States, and particularly the developing countries, to increase the flow of international trade amongst them and thereby improve their economies.

22. Mr. WELBERTS (Germany) said that the Commission's report on the work of its twenty-ninth session had failed to mention some important news, namely, the announcement by the Legal Counsel at the opening of the session that the idea of relocating the secretariat of UNCITRAL from Vienna to New York had been abandoned. He welcomed that decision, not only because it saved time and money but also because the Commission benefited in many ways from having Austria as the host country, including, for example, access to the trade law library of Vienna, which was extremely helpful to the Commission.

23. Turning to the content of the Commission's report, he welcomed the fact that the International Council for Commercial Arbitration had been actively involved in the preparation of the Draft Notes on Organizing Arbitral Proceedings. He hoped that that cooperation would give impetus to the use of the Draft Guidelines for Preparatory Conferences in Arbitral Proceedings. He was convinced that the secretariat's publication of the Guidelines and Notes as a new UNCITRAL text would soon be met with due recognition. The value of the Guidelines would increase even more once the study jointly carried out by the secretariat of UNCITRAL and the International Bar Association on the

implementation of the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (New York, 1958) was concluded. According to the secretariat's note on the status of conventions (A/CN.9/428), that Convention had already been signed by 108 States. However, as of the previous summer, only 32 of them had completed the questionnaire given out by the secretariat. He hoped that the secretariat had since received the missing country reports on the implementation of the Convention so that it could shortly begin its analysis of the replies and provide a preliminary overview.

24. He welcomed the publication of the first results of the Commission's work on the draft Model Law on Legal Aspects of Electronic Data Interchange (EDI) and Related Means of Communication. The Commission would present those results to the General Assembly and invite Member States to consider the Model Law when introducing new laws or amending existing legislation to create internationally uniform rules on the use of electronic data in international trade. In that regard, Germany supported the proposed resolution presented by the Commission, since the Model Law would provide state-of-the-art responses to many questions which could not be answered by the existing laws of Member States. Given the fact that, on the one hand, legal rules were largely non-existent while existing rules were at times contradictory and, on the other hand, the use of electronic media had gained such overwhelming importance in international trade, it was clear that reliable and binding rules were badly needed.

25. Despite some questionable elements, the draft Model Law, which was based on the principle of media neutrality, was acceptable. One might ask, for example, whether there was any real need to limit the application of that important principle to chapter III of part I, given that international trade was governed by the principle of contractual liberty. In that connection, it would have been preferable to also include the admissibility of contractual changes in chapter II. In part II, which contained specific regulations on transport documents, the Commission had reached the limits of sensible regulation. In the absence of an international register, he did not believe that it was possible to guarantee effective bona fide protection for the interchange of electronically created rights. States would hardly be both able and willing to respond to the crucial question of digital signatures in the context of international trade alone.

26. The era of great international codification was coming to a close. In the future, the Commission would have to concentrate more on the implementation and enforcement of existing rules of international commercial law than on the creation of new conventions and model laws. In that connection, he wished to underscore the importance of build-operate-transfer (BOT) projects.

27. Publication must be continued of the UNCITRAL Yearbook, which was carried by every reputable trade law library in the world, since it was an important work of reference on tendencies and developments in international trade law. The work on case-law on UNCITRAL texts (CLOUT) must also be continued. While it might still be too early for an evaluation of the practical effects of the publication of CLOUT on national jurisdictions, there was no doubt that, as the system grew and became more widely known, it would be used more and more by courts that dealt with difficult cases. In view of the advances in the field of

electronics, it might be expected that access to CLOUT would soon be possible through the Internet.

28. Mr. VARŠO (Slovakia) said that 1996 marked the thirtieth anniversary of the adoption of General Assembly resolution 2205 (XXI) creating the United Nations Commission on International Trade Law (UNCITRAL). Since then, the Commission had demonstrated the viability of its mandate to promote the progressive unification and harmonization of international trade law. Slovakia had taken advantage of the Commission's rich experience so that trade law could play an active role in the transformation of its economy and, at the same time, to be able to participate in the progressive development of world trade. Slovakia had acceded to the Conventions elaborated by the Commission and its model laws were an important source of inspiration for its national legislation.

29. At the Commission's twenty-ninth session, some progress had been made in the field of international commercial arbitration in the form of the adoption of the substance of the UNCITRAL Notes on Organizing Arbitral Proceedings. The Commission should continue to examine the harmonization of the principles of arbitral proceedings in order to ensure their objectivity and impartiality.

30. The Commission had also adopted the UNCITRAL Model Law on Electronic Commerce and its members had finalized a Guide to Enactment of the Model Law. The text of the Model Law had been communicated to the legislative authorities of Slovakia and would no doubt enhance that State's national legislation. It was necessary, however, to undertake a more conceptual and in-depth analysis of the philosophy of the so-called "law on electronic commerce". The adoption of the Model Law without doubt reflected the current environment, which was characterized by the use of electronic means of communication and commercial law could not ignore that contemporary reality. It must also be remembered that electronic means met all the main requirements of commercial transactions: speed, simplicity of use, "unlimited" capacity to store information, and so on. However, before they could conduct commercial transactions using electronic means, users must have certain legal warranties. On the other hand, note must also be taken of the argument advanced in some quarters that rules governing electronic commerce had no place in civil law but were technical provisions applicable under the general rules of administrative law. With regard to future work, it would be useful to clarify the mandate of the Working Group on Electronic Data Interchange, particularly with respect to the nature of the rules governing commercial transactions through electronic means.

31. With regard to the material issues of trade law discussed by the Commission, build-operate-transfer (BOT) projects, assignment in receivables financing and cross-border insolvency, Slovakia was of the view that work should be continued on the contractual aspects of BOT projects with the aim of finalizing first drafts of texts. A practical guide would also be very useful for countries with economies in transition. Moreover, consideration could be given to the preparation of uniform legislative provisions on judicial cooperation in cross-border insolvencies, court access for foreign insolvency administrators and recognition of foreign insolvency proceedings.

32. Slovakia reiterated that, within the limits of its capabilities, it would continue to participate in the activities of UNCITRAL as a member of the



Commission. The location of the Commission's headquarters in Vienna enabled it to continue its close collaboration with UNCITRAL and it was for that reason in particular that it had supported the idea that the headquarters should remain in Vienna.

33. Mr. NAKAMURA (Japan) said that Japan appreciated the Commission's contribution to the progressive harmonization and unification of international trade law. The Commission had consistently held the view that its work was legal and technical in nature, not political, and had always entrusted its work to legal experts. It should continue to adhere to that view.

34. Japan was pleased that, as the culmination of extensive efforts, the Commission had adopted the UNCITRAL Model Law on Electronic Commerce and hoped that it would continue to work on upgrading legal standards in that field, particularly in the area of digital signatures and certifying authorities.

35. Japan supported the Commission's decision to provide legislative guidance for BOT projects. Such guidance, however, should be genuinely impartial and the Commission should make every effort not to duplicate work carried out by other international organizations.

36. Japan was also pleased that the pertinent Working Groups would undertake the task of preparing uniform laws on cross-border insolvency and on assignment in receivables financing. In light of the complicated legal issues and the variety of legislations and business practices involved, such laws should take the form of model legislation rather than international conventions. He hoped that the draft text of the Working Groups would reflect a proper balance between the interests of creditors and debtors.

37. Mr. ROSENSTOCK (United States of America) said that the Commission had continued its tradition of technically focused, progressive work on the harmonization of international trade law, which merited the support of the Sixth Committee.

38. The UNCITRAL Notes on Organizing Arbitral Proceedings were an important addition to the field of commercial arbitration, in which the Commission had already established a strong position with the assistance of many experts and nationally based arbitration centres.

39. The completion of work on the UNCITRAL Model Law on Electronic Commerce represented an important milestone in facilitating trade based on the use of computers and established the Commission as one of the agencies in the forefront of the development of commercial law at the international level. Enactment of the model law at the national level would provide a new legal infrastructure and thus the predictability needed to foster commerce in the contemporary technological era. The United States also welcomed the Commission's decision to consider the topics of digital signatures and the new rules on electronic contracting, which were likely to include such aspects as ownership, use and transferability of goods in the form of electronic data. The experience of recent years had shown that existing and copyright laws were inadequate for the computer media age. The Commission's willingness to consider that new task spoke well for its foresight and for the relevance of its contributions.

40. International project financing, also known as build-operate-transfer (BOT) contracts, was a growing form of financing infrastructural works, which normally involved a mixture of private and public sector funding. That type of financing was more suited to the contemporary market place and to the realignment of the responsibilities of those sectors in many countries. The Commission's work in that area appeared to have considerable support among the developing States and international lending agencies and the United States was pleased to support that effort.

41. The Commission was continuing its work on two topics which a few years previously would have been assigned to the "impossible" list. The first, the preparation of rules on the procedural aspects of cross-border insolvency, was likely to provide for international judicial cooperation, recognition of and coordination with foreign insolvency proceedings and court access for foreign insolvency administrators. Achieving the objective of cooperation between national authorities would not only facilitate the availability of commercial finance but would also help to save more businesses and preserve more employment.

42. The second topic, assignment in receivables financing, was a means of providing credit for trade transactions based on the accounts receivable that were expected to be generated. There was potentially a large new pool of commercial credit being created by credit card and other types of transactions and, with the right rules, a path would be opened to provide credit at reasonable rates of interest to underserved countries.

43. Finally, the Commission had opened the door to possible work on harmonizing the law on the carriage of goods by sea. He hoped that such an effort could go beyond the prior work on liability regimes and include other related practices, such as bills of lading.

44. The United States recommended that the General Assembly should endorse the Commission's work and, in particular, the two draft legal texts completed at its twenty-ninth session.

45. Mr. MAZILU (Romania) said that the draft Notes on Organizing Arbitral Proceedings and the suggestions made on the draft Guide to Enactment of the Model Law represented an important contribution to the development of international trade law. For countries in transition to a market economy, in particular, it was extremely useful to have precise rules and regulations in that field. In the area of arbitration, no requirements should be established which went beyond the existing laws, rules or practices; therefore, the Notes must not impinge on the beneficial flexibility of arbitral proceedings, and should not seek to harmonize disparate arbitral practices or recommend using any particular procedure. The Notes were only a reminder about the conduct of arbitration, and did not express a value judgement as to what practices were considered to be good. Romania therefore felt that in paragraph 4 of the Notes, the words "fundamental requirements of procedural justice" should be replaced by "Laws governing the arbitral procedure and arbitration rules that the parties may agree upon" (A/51/17, para. 15). Experience had shown that the parties might agree to allow the arbitral tribunal broad discretion and flexibility in the conduct of proceedings. The suggestions made by the Commission at its

twenty-ninth session should be taken into account in the preparation and final publication of the Notes; in particular, it would be essential to align the technical terms with other texts of the Commission, especially the UNCITRAL Arbitration Rules and the UNCITRAL Model Law on International Commercial Arbitration. The Notes should be disseminated widely to arbitral institutions, chambers of commerce and national and international professional associations.

46. The UNCITRAL Model Law on Electronic Commerce was a concrete step forward in the effort to use electronic means in all transactions for the supply or exchange of goods or services. The term "commercial" should be broadly interpreted to cover all relationships of a commercial nature, whether contractual or not. The Model Law would make it possible for all countries, especially those with economies in transition, to enhance their legislation governing the use of alternatives to paper-based forms of communication and storage of information and to formulate such legislation where none currently existed.

47. Build-operate-transfer projects could play a major role in the economic policy of States, since they could attract investors for specific projects. In many cases, the successful implementation of such projects had made it possible to achieve significant savings in public expenditure and to reallocate resources which would otherwise have been invested in infrastructure. The Commission's work in that area should not duplicate the work carried out by other international organizations, especially the United Nations Industrial Development Organization (UNIDO) which had prepared guidelines in that respect.

48. With regard to training and technical assistance, Romania felt that the seminars and briefing missions were particularly useful for countries lacking expertise in the area of international trade law. Uniform commercial law should be promoted in the process of economic integration. Whenever appropriate, such activities should include information on texts prepared by the Commission and other international organizations.

49. Romania noted with appreciation that since its twenty-eighth session, the Commission had published two sets of abstracts with court decisions and arbitral awards relating to the United Nations Convention on Contracts for the International Sale of Goods and the UNCITRAL Model Law on International Commercial Arbitration. Encouragement should be given to the publication of abstracts, storage of decisions and awards in their original form, forwarding of abstracts and full texts of decisions and awards to interested parties and establishment and operation of a data bank. Such documents were extremely useful for all practitioners.

50. The Commission should coordinate its complex activities in order to avoid duplication and promote efficiency and consistency in the unification and harmonization of international trade law. To that end, close cooperation should be maintained with other international organizations.

51. Mr. ENAYAT (Islamic Republic of Iran) said that since its establishment, UNCITRAL, the core United Nations body in the field of trade law, particularly in the harmonization of international trade law, had carried out commendable work and developed important conventions and model laws. For third world

nations, it was gratifying that States at all levels of development had been able to participate in the codification of rules allowing all parties to participate in international commerce on the basis of the global efforts towards the improvement of international trade.

52. At its past session, the Commission had been able to finish the Model Law on Electronic Commerce, as revised by the drafting group, which was a remarkable achievement. In that respect, it should be noted that although in some States electronic documents had a legal status almost equal to that of paper-based documents, in other countries the situation was uncertain, since it depended on the legal system of each country. The Model Law should therefore help remove obstacles to electronic commerce in general, as dealt with in part one of the Model Law, as well as in the specific areas mentioned in part two.

53. With regard to the draft Guide to Enactment of the Model Law proposed by the secretariat (A/CN.9/426), although in general Iran supported that document, it believed that since the Model Law was not intended to alter traditional rules on paper-based communications, a clarification to that effect should be made in the draft guide. Since the Model Law did not cover every aspect of the use of electronic commerce, Iran did not agree with the view that paragraphs 28 and 29 of the draft guide should refrain from recommending that States should adopt "technical regulations" on matters dealt with in the Model Law, since such regulations would not reduce the flexibility of the provisions of the Model Law.

54. With regard to future work in relation to electronic commerce on issues concerning the international carriage of goods by sea, Iran agreed with other delegations that the secretariat should first gather information, ideas and opinions in that field so that the Commission could subsequently decide on the nature and scope of any future work that might usefully be undertaken.

55. As to future work with respect to electronic commerce, although it was important to prepare a background study on the issues of digital signature, based on an analysis of the laws currently being prepared in various countries, future work should focus on service providers and various aspects of the topic such as the minimum standards for performance in the absence of party agreement; the effect of such rules or agreements on third parties; the scope of assumption of risk by the end parties; allocation of the risks of interlopers' or other unauthorized actions; and the extent of mandatory warranties, if any, or other obligations when providing value-added services.

56. As to international commercial arbitration, Iran commended the secretariat for the completion of the draft Notes on Organizing Arbitral Proceedings. However, those provisions were not final, but were merely "Notes", as indicated by the title of the document, and the text was only a reminder to practitioners of the existence of different alternatives relating to arbitration, and not a text expressing a value judgement as to what practices were considered to be preferable.

57. Iran also attached great importance to the preparation of model legislation on judicial cooperation in cross-border insolvencies and on court access for foreign insolvency administrators. The Working Group should be entrusted with

that task, and it was to be hoped that its draft legislative text would be submitted to the Commission at its next session.

58. An equally important question was that of the legal problems arising from receivable financing, especially with regard to the uncertainty existing in different legal systems as to the validity of cross-border assignments and the effects on debtors and third parties. Iran was pleased to note that the secretariat had presented a revised version of the draft uniform rules for consideration by the Working Group on International Contract Practices at its sessions in July and November 1996. There was no doubt that UNCITRAL would continue to play an important role in the progressive unification and harmonization of international trade law.

The meeting rose at 5.10 p.m.