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UNITED NATIONS  
GENERAL  
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Distr.  
GENERAL

A/CN.9/336  
23 April 1990

ORIGINAL: ENGLISH

UNITED NATIONS COMMISSION ON  
INTERNATIONAL TRADE LAW  
Twenty-third session  
New York, 25 June - 6 July 1990

CURRENT ACTIVITIES OF INTERNATIONAL ORGANIZATIONS  
RELATED TO THE HARMONIZATION AND UNIFICATION  
OF INTERNATIONAL TRADE LAW

Report of the Secretary-General

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## INTRODUCTION

1. The General Assembly, in resolution 34/142 of 17 December 1979, requested the Secretary-General to place before the United Nations Commission on International Trade Law, at each of its sessions, a report on the legal activities of international organisations in the field of international trade law, together with recommendations as to the steps to be taken by the Commission to fulfil its mandate of co-ordinating the activities of other organisations in the field.
2. In response to that resolution, detailed reports on the current activities of other organisations related to the harmonization and unification of international trade law have been issued at regular intervals, the last one having been submitted at the twenty-second session in 1989 (A/CN.9/324).
3. This report is another in the series mentioned and has been prepared in order to update and supplement the report submitted at the twenty-second session of the Commission. It is based on information available to the Secretariat about the activities of international organisations covered up to 15 February 1990. Documents referred to in this report and further information may be sought directly from the organisations concerned. The Secretariat appreciates the assistance given to it by all those international organisations and others that sent information on their current activities related to the harmonization and unification of international trade law.
4. The activities of UNCITRAL related to the harmonization and unification of international trade law are referred to briefly in this report for the sake of completeness. The current work of UNCITRAL is summarized each year in the reports of the Commission's annual sessions. The reports and the background documents are subsequently reprinted in the Yearbook of the United Nations Commission on International Trade Law.

5. The work of the following organisations is described in the present report:

(a) United Nations bodies and specialized agencies

- CTC: Centre on Transnational Corporations  
paragraphs 41, 45, 46, 47, 48, 49, 50, 51
- ECE: Economic Commission for Europe  
paragraphs 12, 13
- GATT: General Agreement on Tariffs and Trade  
paragraphs 6, 113
- IBRD: International Bank for Reconstruction and Development  
(World Bank)  
paragraph 37
- IMO: International Maritime Organisation  
paragraphs 82, 89, 92
- UNCITRAL: United Nations Commission on International Trade Law  
paragraphs 7, 11, 70, 72, 73, 81, 90, 110
- UNCTAD: United Nations Conference on Trade and Development  
paragraphs 14, 22, 23, 24, 25, 26, 27, 28, 29, 30, 33, 42, 43, 52,  
53, 54, 55, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 117,  
118
- UNDP: United Nations Development Programme  
paragraphs 29, 55
- UNESCO: United Nations Educational, Scientific and Cultural Organisation  
paragraphs 58, 59, 60
- UNIDO: United Nations Industrial Development Organisation  
paragraphs 31, 32, 34, 35, 56, 57
- WIPO: World Intellectual Property Organisation  
paragraphs 58, 61, 62, 63, 64, 65, 66, 67, 68

(b) Other intergovernmental organisations

- AALCC: Asian-African Legal Consultative Committee  
paragraphs 39, 100, 101
- CCG: Customs Co-operation Council  
paragraphs 114, 116
- CMEA: Council for Mutual Economic Assistance  
paragraphs 8, 9, 10, 44, 102, 106
- CE: Council of Europe  
paragraphs 120, 121
- EEC: European Economic Community  
paragraph 25

HAGUE CONFERENCE: Hague Conference on Private International Law  
paragraphs 111, 112

OAS: Organisation of American States  
paragraph 99

OTIF: Intergovernmental Organisation for International Carriage  
by Rail  
paragraph 97

PTA: Preferential Trade Area for Eastern and Southern African States  
paragraphs 38, 41, 110

UNIDROIT: International Institute for the Unification of  
Private Law  
paragraphs 15, 19, 21, 69, 98, 119, 123

(c) International non-governmental organisations

GMI: Comité Maritime International  
paragraphs 82, 91, 93, 94, 95

FIATA: International Federation of Freight Forwarders Associations  
paragraph 88

FIDIC: International Federation of Consulting Engineers  
paragraph 36

ICC: International Chamber of Commerce  
paragraphs 16, 17, 18, 20, 40, 71, 74, 75, 76, 88, 103, 104, 105,  
106, 115

ICCA: International Council for Commercial Arbitration  
paragraphs 107, 108

ICPE: International Center for Public Enterprises in  
Developing Countries  
paragraph 56

ILA: International Law Association  
paragraphs 46, 109, 122



## I. INTERNATIONAL COMMERCIAL CONTRACTS IN GENERAL

### A. Procurement

#### 1. GATT

6. At the General Agreement on Trade and Tariffs (GATT) negotiations are underway, in pursuance of Article IX:6(b) of the GATT Agreement on Government Procurement, aiming at broadening and improving the Agreement on the basis of mutual reciprocity. The possibilities of expanding the coverage of the Agreement to include service contracts are also being discussed in that connection. In the ongoing Uruguay Round of Trade Negotiations some participants have raised issues relating to the terms of accession to the Agreement.

#### 2. UNCITRAL

7. At its nineteenth session in 1986, the Commission decided to take up the topic of procurement and it entrusted the subject to the Working Group on the New International Economic Order. The Working Group held its eleventh session in New York from 5 to 16 February 1990 (A/CN.9/331). At that session the Working Group considered a draft model law on procurement (A/CN.9/WG.V/WP.24) and a commentary on the draft model law on procurement (A/CN.9/WG.V/WP.25) prepared by the Secretariat.

### B. CMEA: general conditions

8. In 1988 the CMEA Conference on Legal Questions completed the elaboration of a revised text of the General Conditions Governing Delivery of Goods (GCD) among organisations of CMEA member countries. The revised text consists of the 1968 GCD text with the incorporation of all amendments and additions introduced into it in 1975, 1979 and 1988. In particular, the GCD structure has been changed, the contractual procedure for specifying the quality requirements for goods has been revised, the rights of purchasers when goods of incorrect quality have been delivered are extended, the liability of the parties for violating their obligations has been increased, and the procedures for entering into, altering and terminating a contract have been revised, as well as the procedures for presenting and examining claims. In October 1988 the Executive Committee approved the revised GCD text and recommended States members of CMEA to apply it as from 1 July 1989. Also approved were the conditions for applying the GCD text to contracts for the delivery of goods between the organisations of the Socialist Republic of Vietnam and of other States members of CMEA. Previously, the conditions for the delivery of goods between Vietnam and other States members of CMEA were governed by bilateral documents. Work on the further improvement of the GCD text is being continued. In this connection, a comparative study of the provisions of the GCD text and of the United Nations Convention on Contracts for the International Sale of Goods is being prepared within CMEA's Standing Commission on Legal Matters.

9. CMEA's Standing Commission on Legal Matters is working on proposals designed to enhance the level of legal regulation of contractual relations between the economic organisations of States members of CMEA. In particular, the idea of a uniform regulation of the general provisions for contracts between the economic organisations of States members of CMEA is being worked

out. The intention is to draw up a uniform regulation, for filling the existing gaps in the general provisions of CMEA's current general conditions, and for restricting the subsidiary use of their regulations, including the national legal rules of States members of CMEA. The Standing Commission is also working on the idea of establishing general conditions for contracts concerning scientific and technical co-operation among economic organisations of States members of CMEA.

10. The Standing Commission on Legal Matters has completed a study of the national legal rules of the States members of CMEA governing agreements for sub-contracting, commissions and associations. Work has been initiated on a comparative study of the national legal rules governing contracts for the purchase, sale and transportation of goods. It is intended that the results of this study will be published as a second part of the book entitled "The contract law of the States members of CMEA and Yugoslavia".

### C. International countertrade practices

#### 1. UNCITRAL

11. At the twenty-first session in 1988, the Commission decided that it would be desirable to prepare a legal guide on drawing up countertrade contracts (A/CN.9/302). It was decided that such a legal guide should be prepared by the Commission, and the Secretariat was requested to prepare draft chapters of the legal guide for the twenty-third session of the Commission (A/CN.9/332/Add. 1-7).

#### 2. ECE

12. The ECE Committee on the Development of Trade, Working Party on International Contract Practices in Industry, held its thirty-fourth session in Geneva from 26 to 28 June 1989. At that session it continued its deliberations on the second part of a Guide dealing with international countertrade contracts. For consideration of this subject, the Working Party had before it, inter alia, the following documents: "Guide on legal aspects of new forms of industrial co-operation. International contracts: Introduction; Part one: Counterpurchase" (TRADE/WP. 5/R.4) and "Guide on legal aspects of new forms of industrial co-operation. International countertrade contracts: Part two: Buyback". The Working Party requested the Secretariat to prepare for the thirty-fifth session of the Working Party a new version of document TRADE/WP.5/R.4, reflecting the deliberations of the Working Party at its thirty-fourth session. The Working Party also had a general discussion on the part of the Guide which deals with international co-production and marketing contracts. It requested the Secretariat to prepare a draft on that part of the Guide for the thirty-fifth session of the Working Party (TRADE/WP.5/30).

13. The Working Party held its thirty-fifth session from 27 to 29 November 1989. The Working Party had before it, inter alia, a new version of the document "Guide on legal aspects of new forms of industrial co-operation. International Countertrade Contracts: Introduction; Part One: Counterpurchase" (TRADE/WP.5/R.4/Rev.1) and a new version of the document "Guide on legal aspects of new forms of industrial co-operation. International Countertrade Contracts: Part Two: Buyback" (TRADE/WP.5/R.5).

The Working Party requested the Secretariat to prepare for the thirty-sixth session of the Working Party a final version of document TRADE/WP.5/R.4/Rev.1, and a new version of document TRADE/WP.5/R.5, both reflecting the deliberations of the Working Party at the thirty-fifth session (TRADE/WP.5/32).

### 3. UNCTAD

14. At its fourth session held from 18 to 29 November 1985, the UNCTAD Committee on Economic Co-operation among Developing Countries requested the UNCTAD Secretary-General to study and evaluate the contribution that trade practices such as countertrade, joint import procurement, long term contracts, buy-back arrangements, and similar arrangements could make to trade expansion and promotion among developing countries and to recommend ways and means to ensure that such contribution would be positive (resolution 2(a)(iii)). In accordance with that resolution, the UNCTAD Secretariat has been undertaking a number of legal studies and other activities, such as: "Countertrade policies and practices by selected African and Latin American Countries" (UNCTAD/ST/ECDC/32); "Countertrade - Background note by the UNCTAD Secretariat" (TD/B/C.7/82); "Countertrade policies and practices in selected Asian Countries" (UNCTAD/ECDC/176/Corr.1); "Countertrade regulations in selected developing countries" (UNCTAD/ECDC/200); Asian and Pacific regional workshop on countertrade, held at Beijing, China, from 30 November to 6 December 1987 (UNCTAD/ECDC.192); Afro-Latin American Seminar on trade expansion through countertrade and other non-traditional methods, held in Rio de Janeiro, Brazil from 7 to 11 August 1989 (UNCTAD/ECDC/205). In addition, the UNCTAD Secretariat is preparing a study of typology of model contract clauses for countertrade and is organizing an ad hoc expert group meeting in order to advise the Secretariat on model contractual clauses of countertrade and related legislation and on methods of financing of countertrade.

#### D. UNIDROIT: principles for international commercial contracts

15. The UNIDROIT Study Group on progressive codification of international trade law continued its work on general principles applicable to international commercial contracts. The Group held its twelfth meeting from 3 to 7 July 1989. The meeting examined the revised articles and draft explanatory report of Chapter V, Section I: performance in general, and approved the articles in their final version. The next session of the Working Group will be held in Rome from 30 April to 5 May 1990 and will be devoted to an examination of the revised draft articles and draft explanatory report of Chapter III: Interpretation, of Chapter V, Section 2: Hardship and of Chapters VI, Section 1: General provisions on non-performance (UNIDROIT 1990 CD.69-Doc.6).

#### E. ICC: liquidated damages and penalty clauses

16. The ICC Commission on International Commercial Practice has completed a guide on "Liquidated Damages and Penalty Clauses" (ICC Publication No. 478). The Guide examines the state of the law on liquidated damages and penalty clauses in some of the legal systems most important to international trade. It also provides information and comments to practitioners concerned with the drafting of such clauses. The Guide is of a summary nature and the information provided is intended to draw the attention of draftsmen of contracts to the main points in the major legal systems, and particularly to

rules of a mandatory nature or otherwise representing pitfalls to an uninformed trader. At a future date it is intended to include as an appendix to the main text of the Guide a brief survey or description of penalty clauses.

#### F. ICC: Incoterms

17. The ICC Working Party on Trade Terms, at the end of 1989, completed its work on the updating and revision of the 1980 edition of INCOTERMS. The revision contains several important changes. First, certain terms have been consolidated: e.g. "FOB Airport" and "FOR/FOT" have been incorporated into a wider "Free carrier" clause. Second, the terms have been rearranged under new headings according to the type of obligations assumed by the seller: e.g. all "D" or Delivery terms fall under a single category. Third, sellers' and buyers' obligations have been more clearly profiled, being laid out in a step by step checklist, whereby each party's obligations are "mirrored" in the other party's response. The new edition has also recognised that an EDI (electronic data interchange) message is equivalent to a document and incorporates the possibility of EDI usage into the body of a text. Additionally, in order to clearly delineate the dividing line between buyers' and sellers' responsibilities, the layout for INCOTERMS 1990 has been completely redesigned to provide for improved clarity and presentation of the rules. Finally, changes have been made in order to reflect evolution in international trading conditions that have taken place since the last edition.

#### G. ICC: retention of title

18. The ICC Commission on International Commercial Practice published in July 1989 a Guide on Retention of Title as prescribed by national legislation in 19 countries (ICC Publication No. 467). The Guide was elaborated by its Working Party on Retention of Title (ROT). It explains different national practices, laws and regulations on retention of title. The Guide also provides sample clauses, specifically on export sales, to serve as a practical tool for exporters, buyers, bankers, lawyers and other parties involved in drafting and interpreting international sales contracts. A bibliography for further reading is also supplied. The Guide is available in English and French. The Working Party has already commenced work on a second edition, which will reflect legislative changes in those countries dealt with in the first edition, and will be expanded to cover legislation in a further 20 countries.

#### H. Commercial agents and distributorships

##### 1. UNIDROIT: agency in the international sale of goods

19. At its 66th session held in September 1987, the Governing Council of UNIDROIT noted that a Directive on the Coordination of the Laws of the Member States Relating to Self Employed Commercial Agents had been adopted by the Council of the European Communities on 18 December 1986. In these circumstances it authorised the Secretariat to commission a study on the internal relations between principals and agents in the international sale of goods. The study was considered by the Council at its 68th session in April 1989. The study had annexed to it a draft Convention on Contracts of

Commercial Agency in the International Sale of Goods. The Secretariat circulated the study and the preliminary draft Convention (study LXXI Doc. 1) to Governments and to interested circles in November 1989 and will prepare a document analysing the reactions thereto for consideration by the Council at its 70th session in 1991 (UNIDROIT 1990 C.D.69 Doc. 1).

2. ICC: commercial agency; distributorship

20. The ICC has published a Guide for Drawing up Contracts for Commercial Agencies (ICC Publication No. 410) and a Guide to Drafting International Distributorship Agreements (ICC Publication No. 441). The Working Party on Commercial Agency Agreements is drafting a model agency contract. The model takes into account the interests of both the principal and the agent and provides an equitable basis for their trading relationship. The model is in harmony with the recent EC directive on self-employed commercial agents. The Working Party expects to complete work on the model contract in 1990.

I. UNIDROIT: franchising contracts

21. At its 67th session the Governing Council requested the Secretariat to obtain information on the subject of franchising, particularly with regard to the actual content of franchising contracts in different countries. At its 68th session in April 1989 the Governing Council considered the result of an examination of franchise contracts from 12 different countries, as well as of the text of the newly adopted EEC regulation exempting certain categories of franchise agreements from the application of Article 85(3) of the Treaty of Rome. The Governing Council decided that franchising should remain on the Work Programme.

II. COMMODITIES

A. UNCTAD: Common Fund for Commodities

22. The UNCTAD Agreement establishing the Common Fund for Commodities concluded on 27 June 1980 (TD/IPC/CF./CONF/25, United Nations publication, Sales No. E. 81.II.D.8) entered into force in June 1989. The first annual meeting of the Governing Council of the Common Fund was convened by the Secretary-General of UNCTAD pursuant to paragraph 2(b) of the resolution adopted by the United Nations Negotiating Conference on a Common Fund on 27 June 1987 and was held in Geneva from 10 to 21 July 1989. At that meeting it was decided that the location of the headquarters of the Fund would be in Amsterdam and a Managing Director was appointed. The Governing Council elected twenty-six Executive Directors and their Alternates to the Executive Board of the Common Fund (UNCTAD Bulletin No. 254 - July/August 1989).

B. UNCTAD: commodity agreements

23. The aims of the international commodity agreements vary from one agreement to another. The principal objectives, however, are price and export earnings stabilization and long-term development. The latter comprises activities related to improved market access and supply reliability, increased diversification and industrialisation, augmented competitiveness of national products vis-a-vis synthetics and substitutes, improved marketing, and distribution and transport systems. International commodity agreements may

have additional objectives, e.g. the increase of consumption, the prevention of unemployment or underemployment, and the alleviation of serious economic difficulties.

24. The following commodity agreements have been adopted at various United Nations Conferences under the auspices of UNCTAD, pursuant to the objectives adopted by UNCTAD in resolutions 93(IV) and 124(V) on the Integrated Programme for Commodities:

- Cocoa: The International Cocoa Agreement 1986 entered into force provisionally on 20 January 1987 in accordance with a decision taken pursuant to article 70, paragraph 3, of the Agreement. It is due to expire on 30 September 1990 unless extended by decision of the International Cocoa Council. The maximum period of extension provided for in the Agreement is three years.
- Copper: The United Nations Conference on Copper, held under UNCTAD auspices from 13 to 24 June 1988 and from 20 to 24 February 1989, adopted a final resolution to which were annexed the terms of reference of the International Copper Study Group. The objectives of the International Copper Study Group are to ensure enhanced international co-operation on issues concerning copper by improving the information available on the international copper economy and by providing a forum for intergovernmental consultations on copper. In addition, the Group may apply to be designated as an International Commodity Body under article 7(9) of the Agreement establishing the Common Fund for Commodities, for the purpose of sponsoring projects on copper to be financed by the Fund through its Second Account.
- Iron ore: The third session of the Intergovernmental Group of Experts on Iron Ore, established pursuant to a recommendation by the Fourth Preparatory Meeting on Iron Ore under the Integrated Programme for Commodities, was held from 16 to 20 October 1989. At that session, the Intergovernmental Group of Experts recommended to the Trade and Development Board that UNCTAD's work on iron ore should be maintained and that regular intergovernmental meetings of experts should be convened, with the participation of industry advisers, to exchange views on the iron ore situation and to review and enhance iron ore statistics.
- Jute: The International Agreement on Jute and Jute Products, 1982, entered into force provisionally on 9 January 1984 for a period of five years, in accordance with a decision taken pursuant to article 40, paragraph 3, of the Agreement. It entered into force definitively on 26 August 1986 in accordance with article 40, paragraph 1, of the Agreement and was subsequently extended for a period of two years to 8 January 1991, by a decision of the International Jute Council at its tenth session in November 1988. The 1982 Agreement was renegotiated at the United Nations Conference on Jute and Jute Products, 1989, which was held under UNCTAD auspices from 30 October to 3 November 1989. The main features of the International Agreement on Jute and Jute Products, 1989 are much the same as those of the 1982 Agreement. It maintains the same basic aims and provides for the same means to achieve them.

- Natural rubber: The International Natural Rubber Agreement, 1987, entered into force provisionally on 29 December 1988. It subsequently entered into force definitively on 3 April 1989 and will expire on 28 December 1993 unless extended by decision of the International Natural Rubber Council.
- Nickel: The United Nations Conference on Nickel, held under UNCTAD auspices from 28 October to 7 November 1985 and from 28 April to 2 May 1986, negotiated the text of the Terms of Reference of the International Nickel Study Group. The objectives of the Study Group are to ensure enhanced international co-operation on issues concerning nickel, in particular by improving the information available on the international nickel economy and by providing a forum for intergovernmental consultations on nickel. The Terms of Reference have not come into effect. It is envisaged that a meeting of those States that have notified their acceptance of the Terms of Reference will be held in 1990 with a view to putting the Terms of Reference into effect among themselves.
- Olive oil: The International Agreement on Olive Oil and Table Olives, 1986, which was negotiated under UNCTAD auspices, entered into force provisionally on 1 January 1987 and will expire on 31 December 1991 unless extended by a decision of the International Olive Oil Council.
- Sugar: The International Sugar Agreement, 1987, entered into force provisionally on 24 March 1988 in accordance with a decision taken pursuant to article 39, paragraph 3, of the Agreement. The Agreement is due to expire on 31 December 1990 unless extended by decision of the International Sugar Council.
- Tin: The Sixth International Tin Agreement, negotiated under UNCTAD auspices in 1981, expired on 30 June 1989. Buffer stock operations under that Agreement were suspended in October 1985 and the liabilities of the International Tin Council resulting from that suspension have been the subject of litigation in the United Kingdom courts since that time. Despite the expiry of the Agreement, the International Tin Council remains in being for the purpose of liquidation. A United Nations Conference on Tin was convened under UNCTAD auspices in 1988 to negotiate the establishment of an intergovernmental producer/consumer forum for tin. On 7 April 1989 the Conference adopted a final resolution to which were annexed the terms of reference of the International Tin Study Group. The objective of the proposed Group is to enhance international co-operation on issues concerning tin, by improving the information available on the international tin economy and by providing a forum for intergovernmental consultations on tin. The Group may apply to be designated as an International Commodity Body (ICB) under article 7(9) of the Agreement establishing the Common Fund for Commodities, for the purpose of sponsoring, on such terms and conditions as the Group may determine only by consensus, projects on tin to be financed by the fund through its Second Account. The requirements for entry into force of the terms of reference had not been met by the target date of 31 December 1989. Consequently, the Secretary-General of the United Nations will, at an appropriate time, invite those States and intergovernmental organizations that have notified their acceptance of the terms of reference to decide whether or not to put the terms of reference into force among themselves.

- Tropical timber: The International Tropical Timber Agreement, 1983, entered into force provisionally on 1 April 1985 for a period of five years. At its sixth session, in May 1989, the International Tropical Timber Council decided to extend the Agreement for a period of two years ending on 31 March 1992.
- Tungsten: At its twenty-first session in December 1989, the UNCTAD Committee on Tungsten requested the Secretary-General of UNCTAD to approach the Common Fund informally in order to seek its view on the eligibility of the Committee to be designated as an International Commodity Body in accordance with the criteria set out in schedule C of the Agreement establishing the Common Fund for Commodities. The next session of the Committee is scheduled to be held in December 1990.

C. UNCTAD: complementary facility for commodity-related shortfalls in export earnings

25. The Intergovernmental Group of Experts on the Compensatory Financing of Export Earnings Shortfalls concluded its work at its resumed second session, 10 to 18 April 1989. At that session the Group, inter alia, recognized that compensatory financing could be commodity-related addressing some aspects of the instability problems in the commodity sector. Recognizing the value of the existing commodity-related schemes, namely the EEC/ACP STABEX and SYSMIN, STABEX-LDC-ALA and the new programme of Switzerland, the Group underlined that those schemes were limited in their product and country coverage and recommended that other developed countries be invited to consider the possibility of introducing other schemes. The Group also recommended that the problem of commodity export earnings shortfalls of developing countries arising from export earnings instability, as well as actions taken or required in the area of compensatory financing of export earnings shortfalls, be kept under continuous review in UNCTAD, and that the UNCTAD Secretariat be requested to follow developments in various compensatory financing schemes and their implications for the development of developing countries. The report of the Group will be considered by the UNCTAD Trade and Development Board at a special session on 8 and 9 March 1990.

D. UNCTAD: Global System of Trade Preferences (GSTP)

26. The Global System of Trade Preferences (GSTP) adopted and opened for signature in 1988 (UNCTAD GSTP/MM/BELGRADE/3) entered into force on 19 April 1989 (UNCTAD Bulletin No.252 - May 1989).

E. UNCTAD: Generalized System of Preferences (GSP)

27. The UNCTAD Special Committee on Preferences convened for its sixteenth session from 24 April to 3 May 1989. It had before it the "Twelfth General Report on the Implementation of the Generalized System of Preferences" (TD/B/C.5/122 and Add.1) which updated the trade effects of the system and highlighted the changes, improvements in the various schemes and provided statistics on non-GSP covered products which indicated that most developing countries, particularly the least developed countries, could benefit from an extension of GSP to such products without significant domestic impact in the preference-giving countries.



28. The Committee also considered a report (TD/B/C.5.121) which analyses the extent to which the multilaterally agreed principles relating to the generalized, non-discriminatory and non-reciprocal character of GSP have been complied with in the improvements of the autonomous GSP schemes since their inception. That report concludes that most of the schemes have been improved as regards product coverage, depth of tariff cuts, and to some extent the rules of origin. However, it indicates that there also have been significant deviations from the agreed principles: the principle of generalization has proved impossible to implement and almost all GSP schemes continue to carry elements of discrimination. Differential application of preferential treatment among beneficiaries through the introduction of various discriminatory measures, most notably graduation measures, has weakened the stability and effectiveness of the system. The principle of non-reciprocity has been complied with under most schemes, though recently reciprocity has become an overt feature of some schemes as a condition of the continuation of GSP benefits.

29. The Committee agreed that preference-giving countries should in the maintenance, operation and improvement of their autonomous GSP schemes strictly comply with the multilaterally agreed principles relating to their generalized, non-discriminatory and non-reciprocal character. It also invited preference-giving countries to consider improving their autonomous GSP schemes by simplification, greater transparency and stability. The Committee finally recommended that special consideration be given to products of export interest to the least developed countries and addressed the issue of improving the effectiveness of the UNCTAD Technical Co-operation Programme on the GSP, including an invitation to UNDP and individual countries to consider providing resources in support of the Programme. A comprehensive review of the system's second decade will take place in 1990 (UNCTAD Bulletin No. 252 - May 1989).

### III. INDUSTRIALISATION

#### A. UNCTAD: economic co-operation and integration among developing countries

30. In accordance with the work programme approved by the UNCTAD Committee on Economic Co-operation among Developing Countries the UNCTAD Secretariat has prepared a publication entitled "Economic Cooperation and Integration among Developing Countries: Compilation of the Principal Legal Instruments". This compilation reproduces the main legal instruments governing the various economic and integration groupings and arrangements among developing countries. The Latin American region comprises four volumes (TD/B/C.7/51(Part I)/Add.1. (Vols. I, II and III and IV)); the African region five volumes (TD/B/C.7/51(Part II)/Add.1 (Vols. I, II/A, II/B, IV and V)) and the Asian and Pacific region one volume (TD/B/C.7/51(Part III)/Add.1 (Vol.I)). In addition, the compilation includes a draft model bilateral agreement prepared on the basis of the compiled agreements. The UNCTAD Secretariat is preparing the meeting of the coordination committee charged with the preparation of the first regional conference of African trading enterprises, to be held in April 1990.

#### B. UNIDO: system of consultations

31. A report on "Trade and trade-related aspects of industrial collaboration at the enterprise level" (ID/B/348) was submitted to the Industrial Development Board - the governing body of UNIDO - at its nineteenth session.

In accordance with the recommendations of the Industrial Development Board, UNIDO has evolved a set of legal materials, including model contracts and clauses, guidelines and checklists for contractual arrangements, according to the requirements of each of the thirteen industrial sectors served by the system of consultations.

32. In addition UNIDO is carrying out a study of trends in international product standards and the implication for regional co-operation among developing countries. The study reviews the definitions and nature of technical standards, their benefits and costs, the standardization processes in developed countries, international standardization, the way in which standards influence markets, regional standards for developing countries and the main issues in standardization for developing countries.

#### C. UNCTAD: trade in services

33. The UNCTAD Secretariat has prepared a study on issues raised in the context of trade in services (TD/B/1197). The study concentrates on: (a) definitional issues, (b) trade in services and development, and (c) the issues raised by proposals for an increased liberalization of trade in services focusing upon: (i) the techniques and modalities envisaged to achieve such liberalization, (ii) the expected benefits of liberalization of trade in services, including benefits in terms of expanded trade in services and economic growth; and (iii) the contribution of trade in services to the development of the developing countries.

#### D. Guides and guidelines

##### 1. UNIDO: guide to investors

34. UNIDO is updating and revising its booklets called "investor's guides" reported on in A/CN.9/324, para. 38. The booklets are designed to meet the special information needs of a potential investor interested in investment prospects in a given developing country. Each of the booklets contains a brief account of the country, its people and resources, the basic infrastructure, the manner in which its economy has developed over the last few years, its industry, the policies and procedures for industrial licensing and transfer of know-how and the facilities which are available to any one interested in investing in the country.

##### 2. UNIDO: contractual checklist

35. UNIDO is continuing its work on a draft contractual checklist for the elaboration of long-term collaboration arrangements in joint ventures, provision of know-how, training, management and marketing in the development of primary and secondary wood-processing industries.

##### 3. FIDIC: conditions of contract

36. FIDIC in 1989 published a "marked-up copy" of the fourth edition of its Conditions of Contract for Works of Civil Engineering Construction (1987) showing changes from the third edition. FIDIC also published in 1989 a Guide to the use of the fourth edition.

E. World Bank: Multilateral Investment Guarantee Agency (MIGA)

37. In the previous report (A/CN.9/324, paras. 45 and 46) it was reported that the World Bank Convention to establish a Multilateral Investment Guarantee Agency (MIGA) took effect on 12 April 1988. The objective of MIGA is to encourage the flow of investments for productive purposes among its member countries - in particular, to developing countries. MIGA is intended to enhance mutual understanding and confidence between host Governments and foreign investors and heighten awareness of investment opportunities. To fulfill its purpose, MIGA guarantees eligible investments against losses resulting from noncommercial risks and carries out research and promotional activities. As of June 30, 1989 the Convention had been signed by fifteen category one (capital-exporting) countries and fifty-eight category two (capital-importing) countries. Fifty-two signatory States had also ratified the Convention (The World Bank Annual Report 1989).

F. PTA: trade and investment

38. The PTA is carrying out a study on trade and investment laws of the PTA member States. The study will involve the compilation and analysis of trade and investment laws. The main objective of the study is to provide a convenient compendium of these laws for the guidance of traders and investors from within and outside the member States.

G. Joint ventures

1. AALCC: industrial joint ventures

39. The Sub-Committee on International Trade Law Matters of the AALCC is continuing its work on the legal framework for industrial joint ventures. At the twenty-eighth session of the AALCC held in Nairobi in February 1989 the Committee decided to continue the work started at its Arusha session (1986) and is now in the process of formulating a legal guide on industrial joint ventures.

2. ICC: East-West joint ventures

40. The previous report (A/CN.9/324, para. 48) announced that the ICC had published a Guide for Joint Ventures Between Soviet State Enterprises and Western Firms. The book was produced by a task force from the ICC and the USSR Chamber of Commerce and Industry (ICC publication No. 456). After the publication of the Guide the task force began an evaluation on the experiences of existing joint ventures. The evaluation is designed to assist in the task force's formulation of a more up-to-date guide to joint ventures which is already under way. The task force is further considering work on joint ventures and free economic zones and licensing procedures affecting products.

3. PTA: charter on multilateral enterprises

41. The PTA Secretariat and the United Nations Centre on Transnational Corporations (CTC) are conducting a study which will be the basis for the drafting of a Charter on Multinational Industrial Enterprises (MIEs). The Charter's main objective is to promote cross border joint ventures by the nationals (juridical and natural) of the PTA member States as well as intra-State joint ventures. The Charter will address such issues as

procedural rules concerning the establishment and approval of MIEs, the legal personality and status of the companies, minimum conditions which must be met before a company can qualify as an MIE under the Charter, incentive arrangements, benefits and guarantees to be accorded to MIEs, obligations to be imposed on MIEs, dispute settlement procedures, guidelines for the identification of industrial projects which may be of interest to investors under the MIEs regime, and guidelines on negotiations on the establishment of joint ventures.

#### 4. UNCTAD: joint ventures

42. In accordance with the work programme approved by the UNCTAD Committee on Economic Co-operation among Developing Countries at its third and fifth sessions (resolutions 2(III) (a) (ii)) and 4 (v), para. 4 (b) (ii)), the UNCTAD Secretariat initiated a series of publications whose purpose has been to describe and compile the regulations concerning foreign investments in developing countries. At present three volumes have been published relating to regulations of African countries (UNCTAD/ST/ECDC/30, UNCTAD/ST/ECDC/30/Add.1, UNCTAD/ST/ECDC/30 (Part II)), one volume relating to regulations of Asian countries (UNCTAD/ST/ECDC/43 (Part I)) and another relating to regulations of Arab Countries (UNCTAD/ST/ECDC/42 (Part I)). Subsequently this study will be extended to include the Latin American and Caribbean region. The UNCTAD Secretariat is preparing a study on the impact of existing foreign investment laws and regulations in developing countries on the flow of foreign investment to these countries and is organizing an expert group meeting in order to analyse the findings of the studies on foreign investment regulations and the impact of those regulations in developing countries and formulate recommendations to expand investments to those countries.

43. The UNCTAD Secretariat has been undertaking studies on institutional and legal aspects relating to the promotion of multilateral and joint ventures among developing countries such as: "Juridical aspects of the establishment of multinational enterprises" (TD/B/C.7/28.Rev.1); "Latin American multinational enterprises: an analytical compendium" (TD/B/C.7/50); and "South-Saharan African multinational enterprises" (UNCTAD/ECDC/201).

#### 5. CMEA: joint ventures

44. The CMEA's Standing Commission on Legal Matters is engaged in the preparation of information and reference materials on the legislation of individual countries in respect of the legal regulation of the arrangements for, and the operation of, direct production and scientific and technical links among enterprises and organizations of States members of CMEA and Yugoslavia, and on the legal rules regulating matters relating to the establishment and operation of their joint ventures, associations and organizations.

### IV. TRANSNATIONAL CORPORATIONS

#### A. CTC: draft Code of Conduct on Transnational Corporations

45. Work on the draft Code of Conduct on Transnational Corporations being carried out by the Centre on Transnational Corporations (CTC) reported on in the previous report (A/CN.9/324, paras. 49 and 50) is continuing.

46. Under the sponsorship of the International Law Association's Committee on the Legal Aspects of the New International Economic Order, and the Centre on Transnational Corporations, a group of prominent international lawyers from diverse national and legal backgrounds participated in a symposium on the current status of the draft United Nations Code of Conduct on Transnational Corporations. The Symposium was held in September 1989 at the Hague. The focus of attention was on the outstanding issues in the negotiations for the Code of Conduct, although the participants also addressed the need for such a code and the prospects for its finalization.

47. The outstanding issues in the Code of Conduct have important implications for international law, and the principal objective of the Symposium was to invite distinguished and experienced international lawyers to review these issues, the divergent positions of the negotiating parties and the various formulations with a view to making an overall assessment as to whether the basic approach of the CTC in the formulation of the various provisions was feasible or otherwise flawed on technical grounds. The participants found no fundamental technical flaw in the basic approach of the Commission on Transnational Corporations as to the outstanding issues. The essential format of the provisions of the outstanding issues was considered feasible. The outstanding issues in this regard are: 1. The question of a reference to international law/international obligations, 2. non-interference in national political affairs, 3. respect for national sovereignty, 4. nationalisation and compensation, 5. dispute settlement, 6. national treatment. The outstanding issues were also discussed at the meeting of the enlarged Bureau of the Special Session of the Commission on Transnational Corporations at its meetings held in January 1990.

48. The participants endorsed the validity of the Code exercise in the contemporary international economic environment. The participants further considered that current international developments such as the increased internationalization of economic activities, the phenomenal growth in the volume of trade and foreign direct investment (FDI) flows, the emergence of services as an important component of FDI and trade, and indeed the entire phenomenon of increasing interdependence in the world economy all underscored the importance of transnational corporations as major actors in the world economy. Those trends reinforced the need for an international framework for the operations of TNCs.

#### B. CTC studies

49. CTC publications and studies have continued to give major focus to the role and impact of transnational corporations (TNCs) on national and regional investment and in specific sectors. In detailed analyses, examination is made of legal, economic and social factors impacting on TNCs in host countries. Relevant legal issues are observed and analysed, as well as their trends and implementation. The harmonization/nationalization of national and regional laws and regulations are monitored by CTC, and are co-ordinated on a global basis.

50. Special studies of CTC completed and published in 1988 and 1989 are:

1. International Income Taxation and Developing Countries (Sales No. E.88.II.A.6)
2. International Accounting and Reporting Issues: 1987 Review (Sales No. E.88.II.A.8).

3. Transnational Corporations: A Selective Bibliography, 1983-1987, Vol. I (Sales No. E.88.II.A.9) and Vol. II (Sales No. E.88.II.A.10).
4. Transnational Corporations in World Development: Trends and Prospects - Executive Summary (Sales No. E.88.II.A.15).
5. Conclusions on Accounting and Reporting by Transnational Corporations: The Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (Sales No. E.88.II.A.18).
6. Data Goods and Data Services in the Socialist Countries of Eastern Europe (Sales No. E.88.II.A.20).
7. Foreign Direct Investment and Transnational Corporations in Services (Sales No. E.89.II.A.1).
8. International Accounting and Reporting Issues: 1988 Review (Sales No. E.89.II.A.3).
9. The Process of Transnationalization and Transnational Mergers (Sales No. E.89.II.A.4).
10. Transnational Corporations and the Growth of Services: Some Conceptual and Theoretical Issues (UNCTC Current Studies, Series A, No. 9) (Sales No. E.89.II.A.6).
11. Transnational Corporations in the Construction and Design Engineering Industry (Sales No. E.89.II.A.6).
12. National Legislation and Regulations Relating to Transnational Corporations Vol. VII (Sales No. E.89.II.A.9).
13. International Debt Restructuring: Substantive Issues and Techniques (Sales No. E.89.II.A.10).
14. Transnational Corporations in South Africa and Namibia: A Selective Bibliography (Sales No. E.89.II.A.13).
15. Transnational Service Corporations and Developing Countries: Impact on Policy Issues (Sales No. E.89.II.A.14).
16. Transnational Corporations and International Economic Relations: Recent Developments and Selected Issues (Sales No. E.89.II.A.15).
17. Services and Development: The Role of Foreign Direct Investment and Trade (Sales No. E.89.II.A.17).
18. Objectives and Concepts Underlying Financial Statements (Sales No. E.89.II.A.18).

51. Special studies of CTC completed in 1989 and to be published in 1990 are:

1. Negotiating Hotel Management Agreements.
2. Key Concepts in International Investment Arrangements and their Relevance to International Transactions in Services.
3. Licence and Contract Terms for Petroleum Exploration.

## V. TRANSFER OF TECHNOLOGY

### A. UNCTAD: proposed international code of conduct on the transfer of technology

52. UNCTAD has continued in its work to negotiate and adopt an international code of conduct on the transfer of technology mandated by the General Assembly by resolution 32/188 of 19 December 1977. Divergencies in approach exist in several areas such as restrictive practices and applicable law.

53. New factors have made a compromise on the issues outstanding more difficult to obtain. Technological changes and innovation in general are being universally recognized as fundamental to economic growth and development and as key factors in international trade and in competitiveness among nations. With that objective in mind and with a view to encouraging technological progress, antitrust legislation dealing with restrictions on technology licensing is being liberalized in key developed countries. Another significant development is the importance being attached to the reinforcement of the legal protection of technological assets particularly in high technology. Related to that factor is the importance attached by a number of countries to trade-related aspects of intellectual property protection.

54. UNCTAD recently published two reports in the area of technology transfer. These are:

- Technological innovation policy in France: Measures and instruments (UNCTAD/ITP/TEC/1).
- Impact of technological change on patterns of international trade (UNCTAD/ITP 116).

### B. UNCTAD: industrial property system and transfer of technology to developing countries

55. UNCTAD continues to examine the economic, commercial and development aspects of the industrial property system, patents and trade marks and to contribute to the current revision of the Paris Convention for the Protection of Industrial Property. The first in the series of Round Tables organised under the UNCTAD/UNDP Interregional Project for the Multilateral Trade Negotiations, on the subject of Technology and Trade Policy, was held at the European Cultural Centre in Delphi, Greece, from 22 to 24 April 1989. The Round Table was co-hosted by the University of Athens and the European Cultural Centre, Delphi. Two Working Sessions were held, dealing respectively with the "new issues" on the agenda of the Uruguay Round, namely trade in services, trade-related aspects of intellectual property rights (TRIPS), and trade-related investment measures (TRIMS) (UNCTAD Bulletin No. 253 - June 1989).

C. UNIDO: Guide to Guarantee and Warranty Provisions on Transfer of Technology Transactions

56. UNIDO and the International Center for Public Enterprises in Developing Countries (ICPE) in January 1990 jointly published a Guide to Guarantee and Warranty Provisions on Transfer of Technology Transactions (ID/355). This work is meant to be a legal and managerial guide reflecting the concerns of developing countries and elaborates in detail on the importance and scope of guarantee provisions which in developing countries comprise a wider field than in industrialized countries due to a number of structural differences; it also deals with such matters as purpose and function, the present legal situation and contractual practices, and problems and possible solutions to a number of guarantee issues.

D. UNIDO: Regulatory Rules and Practices on Transfer of Technology

57. UNIDO is launching a monograph series of country studies on "Regulatory Rules and Practices on Transfer of Technology". The series is intended to provide factual data on regulatory practices related to technology transfer negotiation and is especially addressed to representatives of the business community who carry out complex undertakings involving technology transfer to developing countries. The series will contain, among others, the following elements:

- updated information on existing laws and regulations on technology transfer;
- concise description of the basic principles of the regulatory framework as well as changes in the legal and institutional framework which have taken place in the last decade;
- detailed information on jurisprudence, i.e. the ways and modalities of application of law with respect to technology transfer by the respective regulatory agencies.

VI. INDUSTRIAL AND INTELLECTUAL PROPERTY LAW

A. UNESCO: copyright and neighbouring rights

58. Since the beginning of the 1980s the United Nations Educational, Scientific and Cultural Organization (UNESCO) and the World Intellectual Property Organization (WIPO) have been engaged jointly in a study designed to recommend solutions for national copyright and neighbouring rights laws with regard to the new uses of protected subject matters (mainly cable television, broadcasting through fixed-service satellites and direct broadcast satellites, use of computers for access to, and the creation of, works rental, and lending). Beginning in 1986 specific problems were studied according to main categories of works. Certain principles of protection accompanied by comments emerged from the above studies and were further perfected, consolidated and submitted for discussion by a committee of governmental experts in June-July 1989. The principles and comments (UNESCO/WIPO/CGE/SYN/3-I, II, III and 4) were distributed to UNESCO and WIPO member States and to intergovernmental and international non-governmental organizations concerned. In the light of those principles, WIPO expects to draft model provisions for national copyright legislation based on a consistent and dynamic interpretation of the Berne Convention.



59. UNESCO continued its assistance to developing countries in advising them on the measures necessary for the application of the international instruments in the field of copyright and in helping them formulate national policies in that field in the light of their national objectives and corresponding to current international standards and to establish appropriate machinery and infrastructures for the administration and management of copyright and the training of copyright specialists. This is being done through advisory services and the holding of seminars in various parts of the world. UNESCO is also involved in the development of teaching of copyright and neighbouring rights in universities in developing countries following a recommendation by the World Congress on Education and Information in the Field of Copyright. An initial educational project was studied at a meeting held in 1988 in Santo Domingo. A basic manual for teaching copyright at Master's degree level is currently being prepared. Audio-visual teaching materials are also being prepared for the same purpose.

60. UNESCO published in 1988 a comparative law study on the "Major Principles of Copyright and Neighbouring Rights in the World". The study is available in English and French. A study entitled "The International Dimensions of Copyright" requested in 1987 by the World Congress on Education and Information in the Field of Copyright is now being prepared. It will be available in 1990-1991. A booklet to promote the Multilateral Convention for the Avoidance of Double Taxation of Copyright Royalties was published in 1988 in English, French and Spanish. In addition to the English-language compilation of "Copyright Laws and Treaties of the World" the French version of that publication was published in loose-leaf binder form in 1990. A thematic data bank with research possibilities is being created on the basis of the aforementioned compilation.

B. WIPO: intellectual property activities, counterfeiting and patent classification

1. WIPO: revision of Paris Convention

61. During 1989 the International Bureau of (WIPO) has been engaged in reviewing treaties administered by WIPO to take account of changing circumstances. The sixth Consultative Meeting on the revision of the Paris Convention took place in September 1989. Its recommendations were submitted to the Assembly of the Paris Union which decided, in October, that a diplomatic conference on the revision is to take place in the 1990-91 biennium.

2. WIPO: international patent classification

62. Work aimed at perfecting the International Patent Classification (IPC) is continuing within WIPO. The revision of the classification results are published, every five years, in a new edition of the IPC. The latest revision period ended at the end of 1989. The objectives of each revision are that the classification reflect the technological changes that have taken place since the preceding revision, that any mistakes or other shortcomings in the preceding edition that come to light with the actual use of the classification be corrected, and that the classification be adapted to the most advanced systems of computerization (WIPO AB/XX/2).

3. WIPO: international registration of audiovisual works

63. A Diplomatic Conference held in April 1989 in Geneva under the auspices of WIPO concluded a Treaty on the International Registration of Audiovisual Works. The Treaty provides for the establishment, under the auspices of WIPO, of an international register of audiovisual works for the purpose of recording, mainly, statements concerning rights in such works, and concerning who is the owner of what rights in which countries. The International Register has a legal effect: statements registered in it must be considered as true until the contrary is proved. The rebuttable presumption thus created does not apply in a State in which the statement cannot be valid under the copyright law or any other law concerning intellectual property rights in audiovisual works in that State, or where the statement is contradicted by another statement recorded in the International Register.

64. The system will be financially self-supporting through fees paid by its users. The International Register will be kept by the International Registry, which will be an administrative unit of the International Bureau of WIPO. The Treaty provides for the setting up, by the Assembly, of a consultative committee consisting of representatives of interested non-governmental organizations. The purpose of that committee is to achieve close cooperation between the Union and the main prospective users of the Register. The Committee will be consulted, *inter alia*, before determining or changing the system and amounts of the fees. The International Registry will be located in Austria. A treaty to that effect was signed by the Government of Austria and the Director General of WIPO in October 1989.

4. WIPO: intellectual property in respect of integrated circuits

65. The Diplomatic Conference held for the Conclusion of a Treaty on the Protection of Intellectual Property in Respect of Integrated Circuits adopted, on May 26, 1989, a treaty under the title "Treaty on Intellectual Property in Respect of Integrated Circuits". The Treaty obliges the contracting parties to secure, throughout their respective territories, the intellectual property protection of layout-designs (topographies), to provide adequate measures to ensure the prevention of acts considered unlawful under the Treaty and to provide appropriate legal remedies wherever such acts have been committed. Furthermore, the Treaty enables certain intergovernmental organizations to become contracting parties (e.g. the European Communities are eligible) and provides for a mechanism, within the framework of WIPO, for the settlement of possible disputes between contracting parties. The Treaty remains open for signature until May 25, 1990, at the headquarters of WIPO.

5. WIPO: harmonization of patent and trade mark laws

66. Work on the harmonization of patent and trade mark laws continued in WIPO in 1989. The Committee of Experts dealing with patents held its sixth and seventh sessions in April and November, respectively, to consider a draft treaty on the subject. The International Bureau will redraft the articles in the light of the discussions of the above-mentioned two sessions and will submit the new drafts to the eighth session of the Committee of Experts in June 1990, which will examine the new draft of the proposed treaty in preparation for consideration by a diplomatic Conference scheduled for June 1991.

67. Work on the harmonization of trademark laws started in November 1989 when a Committee of Experts held its first session. As in the case of the

harmonization of patent laws, the aim is to prepare a draft of a treaty which would supplement the Paris Convention for the Protection of Industrial Property. The treaty should be adopted by a diplomatic conference after 1991. The first session dealt with draft articles on the definition of the notion of mark (trademark and service mark), and the applications for their registration.

6. WIPO: copyright legislation

68. WIPO is engaged in drafting model provisions for legislation in the field of copyright. The Committee of Experts dealing with this matter held its first and second sessions in February/March and November of 1989. The Committee of Experts considered draft model provisions dealing with the subject. The model provisions are intended to inspire and influence governments and legislators to improve their copyright laws and opt for solutions that will increase the degree of similarity among legislation whenever the special interests of a country do not require different solutions. The Committee is scheduled to meet in July 1990 when it should complete its work on the text of the model provisions (WIPO Report of Activities of the International Bureau 1989).

G. UNIDROIT: international protection of cultural property

69. The UNIDROIT study group on the international protection of cultural property at its third session, held in Rome from 22 to 26 January 1990, approved the text of a draft UNIDROIT Convention on Stolen or Illegally Exported Cultural Objects. The draft Convention which consists of eleven articles will be considered by the Governing Council at its 69th session in April 1990.

VII. INTERNATIONAL PAYMENTS

A. UNCITRAL: United Nations Convention on International Bills of Exchange and International Promissory Notes

70. The United Nations Convention on International Bills of Exchange and International Promissory Notes adopted by the General Assembly on 9 December 1988 by resolution 43/165 has been prepared in its definitive form and is available for signature, ratification, acceptance, approval and accession. The Convention is open for signature until 30 June 1990.

B. Guarantees and stand-by letters of credit

1. ICC: guarantees

71. A Working Party set up by the ICC continued in 1989 to draft rules to cover all forms of guarantees. At the first two meetings the Working Party worked on the basis of earlier ICC rules on this subject and on a Code of Practice presented by the British Bankers Association (BBA) on Demand Guarantees and Bonds. The draft under preparation is to cover all types of guarantees issued by banks, financial institutions and insurers. It is aimed at the needs of principals, beneficiaries and issuing institutions alike. In December 1989 the ICC held a symposium in Paris on "Demand Guarantees". The Seminar addressed a variety of issues, namely on the legal relationship between the parties, the aims of the principal, the aims of the beneficiary, the guarantor's role and whether a guarantee can really be independent of the underlying contract.

2. UNCITRAL: guarantees and stand-by letters of credit

72. The Commission, at its twenty-second session in 1989, accepted the recommendation of its Working Group on International Contract Practices that work on a uniform law on guarantees and stand-by letters of credit be undertaken and entrusted that task to the Working Group. The Working Group's thirteenth session was held from 8 to 18 January 1990. It commenced its work by considering possible issues of a uniform law as discussed in the note by the Secretariat (A/CN.9/WG.II/WP.65). The Working Group further engaged in a preliminary exchange of views on further possible issues to be covered by the uniform law (A/CN.9/330).

C. UNCITRAL: Model Law on International Credit Transfers

73. The Commission decided, at its nineteenth session in 1986, to begin the preparation of model rules on electronic funds transfers and to entrust that task to the Working Group on International Negotiable Instruments, which it renamed the Working Group on International Payments. The Working Group held its nineteenth session from 10 to 21 July 1989 and its twentieth session from 27 November to 8 December 1989, at which it continued its consideration of the draft model law (A/CN.9/328 and A/CN.9/329). The text of the draft Model Law before the Working Group was that set out in the report of the nineteenth session of the Working Group (A/CN.9/328, annex) and reproduced with comments in A/CN.9/WG.IV/WP.44.

D. ICC: interbank fund transfers

74. The ICC Working Party on International Interbank Fund Transfers continued throughout 1989 to finalise its draft containing Guidelines to banks for interbank transfer instructions. The Guidelines are intended for developing countries which predominantly have no transfer systems of their own. They constitute the first step to enable such countries, without the necessary systems for harmonised interbank transfers and compensation procedures in the event of loss, to process transfers in an internationally acceptable manner. The Guidelines can be applied to a transaction between two banks when the receiving bank has adhered to the Guidelines. Even with the support of 20 countries for the Working Party's draft, there still remained strong opposition by major countries, many of which are responsible for the highest volume of traffic in interbank fund transfers. Members did not feel that the interbank rules would be viable without the support of the major countries and for that reason the Commission decided that the text should be issued as guidelines.

E. ICC: EDI revision

75. The ICC Commission on International Commercial Practice has set up a working party to prepare rules for an "EDI Credit". It will include representatives of banking, commerce, the various service sectors, e.g. transport, insurance, and Edifact, to consider fully the needs and possibilities in respect of the use of electronic data interchange (EDI) with a view to developing an "EDI Credit" and appropriate uniform rules, bearing in mind both the current problem areas of credit, the technical difficulties involved in changing to an electronic system, and the basic commercial purpose of credit, whether based on paper or EDI. Such a group will have a carefully thought out composition calling for in particular participation by developing countries.

F. ICC: revision of UCP 400

76. The ICC Commission on International Commercial Practice has also agreed to set up a think tank and thereafter a working party to outline the parameters of a UCP 400 revision. It received many proposals for such a revision which without careful discussion could ultimately lead to a rather voluminous manual for documentary credits with a considerable increase in the number of articles. That would create more problems than it solved as the handling of documentary credits would be even more complicated and expensive than at present. In order to simplify both UCP and the documentary credit, and before starting the revision work, ICC will conduct an enquiry worldwide into the prospects of simplification.

VIII. INTERNATIONAL TRANSPORT

A. Transport by sea and related matters

1. UNCTAD: United Nations Convention on Conditions for Registration of Ships 1986

77. Following the adoption of the United Nations Convention on Conditions for Registration of Ships reported in the previous report A/CN.9/324, para. 76, the Convention was signed by 16 countries. As at 31 December 1989, six countries had become contracting parties to the Convention.

2. UNCTAD: Guidelines on Convention on a Code of Conduct for Liner Conferences

78. In accordance with the provisions of article 52 of the Convention on a Code of Conduct for Liner Conferences, a Review Conference was convened in Geneva from 31 October to 18 November 1988 in order "to review the working of the Convention, with particular reference to its implementation and to consider and adopt appropriate amendments". The Conference was attended by 102 States, including 63 States contracting parties. Agreement could, however, not be reached on the rules of procedure which should be applicable to the Review Conference, in particular as regards to the extent to which and manner in which States that were not contracting Parties should be able to participate in decision-making at the Review Conference. Five sets of specific issues relating to implementation and working of the Convention were identified by the UNCTAD Secretariat as appropriate for consideration by the Review Conference. Those covered: the implications for the Convention of the technological and structural changes in world liner shipping; the scope of application of the Convention; reservations to the Convention; modalities of implementation; the activities of non-conference lines in liner trade to which the Convention applies.

79. Views expressed at the Review Conference indicated that there were significant differences between Governments with regard to the two interrelated subjects of the scope of application of the Convention and the treatment of non-conference lines, as well as with regard to the appropriate modalities of implementation of the Convention. The debate on the subject of reservations generally reflected the differences between the shipping interests/objectives of the developed market-economy countries and those of many of the developing countries. As regards technological and structural changes in world liner shipping, developing countries expressed their concern that the speed of such changes tended to affect them adversely with regard to their participation in world liner shipping.

80. At the conclusion of the session, a resolution was adopted unanimously which recognized the continuing validity of the Convention and invited all States that were entitled to become contracting parties, but that had not yet done so, to consider ratifying or acceding to the Convention. The resolution requested the Secretary-General of the United Nations to convene a resumed session of the Review Conference in 1989.

3. UNCTAD/UNCITRAL: Study on the economic and commercial implications of the entry into force of the Hamburg Rules and the Multimodal Transport Convention

81. In the previous report (A/CN.9/324, para. 80) it had been reported that the UNCTAD Secretariat was preparing a study on the economic and commercial implications of the United Nations Convention on the Carriage of Goods by Sea, 1978 (Hamburg) and the United Nations Convention on Multimodal Transport of Goods (MTO Convention). Part I of the studies dealt with the Hamburg Rules and was prepared in collaboration with the UNCITRAL Secretariat (TD/B/C.4/315 (Part I)). The second part of the study, dealing with the Multimodal Transport Convention, was issued at the end of 1989 for consideration by the fourteenth session of the Committee on Shipping. The two parts will later be combined to form one booklet.

4. UNCTAD/IMO/CMI: maritime liens and mortgages and related subjects

82. The Joint Intergovernmental Group of Experts on Maritime Liens and Mortgages and Related Subjects established by UNCTAD and IMO held its fifth and sixth sessions during 1989. It completed its preparation of a draft set of articles for a convention on maritime liens and mortgages and recommended that the Committee on Shipping of UNCTAD and the Legal Committee of IMO recommend to the relevant bodies of the United Nations the convening of a diplomatic conference for the adoption of the draft Maritime Liens and Mortgages Convention. The Joint Group further recommended that the relevant bodies of UNCTAD and IMO consider making provision for further meetings of the Joint Group to review, in the light of the results of the diplomatic conference, the 1952 Convention Relating to the Arrest of Seagoing Ships, after the adoption of the final text of the Convention on Maritime Liens and Mortgages (TD/B/C./AC.8/27).

5. UNCTAD: charter parties

83. The twelfth session of the Working Group on International Shipping Legislation which was scheduled to be held in 1989 to deal with the subject of charter parties was postponed until October 1990.

6. UNCTAD: marine insurance

84. The text of the UNCTAD Model Clauses on Marine Hull and Cargo Insurance drafted by the Working Group on International Shipping Legislation and endorsed by the Trade and Development Board was reissued (TD/B/C.5/ISL/50 Rev. 1). The document includes a brief explanation as to the manner in which the Model Clauses can be used by insurance markets.

7. UNCTAD: maritime fraud

85. The Maritime Fraud Prevention Exchange (MFPE) established under the auspices of UNCTAD by private sector organisations (A/CN.9/324, paras. 87 and 88), in an attempt to help in combating maritime fraud by providing a focal

point for information, became operational on 1 December 1988. The MFPE has been renamed as the Maritime Advisory Exchange and is located in London.

8. UNCTAD: minimum standards for shipping agents

86. The UNCTAD Minimum Standards for Shipping Agents endorsed by the Committee on Shipping at its thirteenth session in March 1988 were issued in document UNCTAD/ST/SHIP/13. The Minimum Standards are non-mandatory in nature and are to serve as guidelines for national authorities and professional associations in establishing their own standards applicable to shipping agents.

9. UNCTAD: co-operation among developing countries in shipping, ports and multimodal transport

87. In its decision 63 (XIII) on "Economic Co-operation between developing countries in the area of shipping, ports and multimodal transport" the Committee on Shipping requested the Secretary-General of UNCTAD to convene a group of experts to propose an appropriate framework and modalities of interregional co-operation in the field of shipping services, taking into account the recommendations and priorities established by the ad hoc Intergovernmental Group of Senior Officials on Co-operation among Developing Countries in Shipping Ports and Multimodal Transport in its resolution 1(I) (TD/B/C.4/AC.9/4). The Group of Experts elaborated recommendations on the framework and modalities of interregional co-operation in shipping services and focused on three main topics: (a) identification of possible areas of co-operation, (b) defining appropriate institutional framework and mechanisms for developing and promoting co-operation, and (c) identifying main obstacles to prerequisites for successful co-operative arrangements. In those recommendations, which will be presented to the fourteenth session of the Committee on Shipping in June 1990, the Group identified a number of possible areas in which developing countries could co-operate, such as:

- (a) Co-operation in operational activities: central freight booking, pooling of cargoes and shipping space, joint ventures, information exchange, multinational companies, research and development, establishment of multimodal transport operators, co-operation in manning, joint financing, determination of base ports/transshipment ports, ship repair and building up of appropriate computer systems;
- (b) Co-operation in training, transfer of know-how;
- (c) Co-operation in policy matters: planning and policy formulation, legislation, harmonization and simplification of procedures;
- (d) Institutional structure: subregional/regional co-operation, interregional co-operation.

10. UNCTAD/ICC: Uniform Rules on Multimodal Transport

88. The UNCTAD Committee on Shipping instructed the UNCTAD Secretariat to produce a multimodal transport document based on the Hague-Visby Rules. The UNCTAD Secretariat, in close co-operation with ICC and FIATA, is now in the process of drafting new uniform rules for multimodal transport to replace the existing ICC Uniform Rules.

11. IMO: revision of the Athens Convention Relating to the Carriage of Passengers and their Luggage by Sea, 1974

89. The IMO Council at its fifteenth extraordinary session in October 1989 endorsed the recommendations of its Legal Committee and decided to convene a diplomatic conference in 1990 to revise the Athens Convention.

12. UNCITRAL: draft Convention on Liability of Operators of Transport Terminals in International Trade

90. The Commission at its twenty-second session adopted a draft Convention on Liability of Operators of Transport Terminals in International Trade (A/CN.9/298, annex I). The Commission submitted the draft Convention to the General Assembly with a recommendation that an international conference of plenipotentiaries be convened to conclude a Convention on the Liability of Operators of Transport Terminals in International Trade. The General Assembly, by resolution A/44/33 of 4 December 1989 accepted the recommendation of the Commission and decided that a diplomatic conference would be held from 2 to 19 April 1991 at Vienna.

13. IMO: Convention on Salvage

91. The International Convention on Salvage, 1989 was adopted at a diplomatic Conference held in London from 17 to 28 April 1989 (IMO LEG/CONF. 7/26).

14. CMI: carriage of goods by sea

92. The CMI is giving consideration to the problem of uniformity of the law of the carriage of goods by sea in the 1990s in the light of the international conventions presently in force. A study, based on the Hague-Visby rules, has been prepared by an International Sub-Committee and will be submitted to the 34th International Conference of CMI which will be held in Paris from 24 to 29 June 1990.

15. CMI: sea waybills

93. A Subcommittee of the CMI has completed preparation of draft uniform rules for incorporation into sea waybills. The draft uniform rules will be presented to the 34th International Conference of CMI which will be held in Paris from 24 to 29 June 1990.

16. CMI: electronic transfer of rights to goods in transit

94. A CMI International Sub-Committee is considering problems arising out of the use of electronic means of transfer of rights to goods in transit. The Sub-Committee has prepared draft rules which should govern the electronic transfer of rights to goods in transit. Those rules will be considered at the 34th International Conference of CMI which will be held from 24 to 29 June 1990.

17. CMI: revision of Rule VI of the York-Antwerp Rules 1974

95. The International Conference on Salvage which was held in London in April 1989 requested the Secretary-General of IMO to take appropriate steps in order to ensure speedy amendment of the York-Antwerp Rules 1974 to ensure that special compensation paid under Article 14 of the new Salvage Convention was



not subject to general average. The Secretary-General of IMO, in turn, requested the President of the CMI to consider the action required to amend the York-Antwerp Rules. The CMI appointed an International Sub-Committee with the task of considering the problem. The Sub-Committee has prepared a draft text of Rule VI of the York-Antwerp Rules to deal with special compensation payable pursuant to Article 14. The draft will be submitted for consideration and approval to the 34th International Conference of CMI which will be held in Paris from 24 to 29 June 1990.

B. Transport overland and related issues

1. OTIF: Convention Concerning International Transport by Rail (COTIF)

97. The Revision commission set up by OTIF to review the COTIF held its first meetings in December 1989. It adopted in accordance with the simplified revision procedure revised articles of the COTIF concerning the transportation of passengers and luggage and transportation of goods. In accordance with the ordinary revision procedure, it made proposals for the General Assembly to consider: extending the scope of the COTIF to include the removal and delivery of the goods by means of road transportation; modifying the rules on the transport of automobile vehicles on time limits for reporting on an accident; the amount of damages in case of late delivery; and adopting uniform rules for the conversion of amounts of damages into currencies other than the currencies of award. Those proposals will be discussed at the General Assembly meeting at the end of 1990.

2. UNIDROIT: civil liability for damage caused during carriage of dangerous goods by road, rail and inland navigation vessels

98. A UNIDROIT Committee of Government Experts has completed its work on the preparation of uniform rules relating to liability and compensation for damage caused during the carriage over land of hazardous substances, begun in 1981. A Convention on Civil Liability for Damage caused During the Carriage of Dangerous Goods by Road, Rail and Inland Navigation vessels was adopted on 10 October 1989. The Convention has been opened for signature by all States at Geneva from 1 February 1990 until 31 December 1990 (UNIDROIT 1990 C.D. 69-Doc.6).

3. OAS: Inter-American Convention on Contracts for the International Carriage of Goods by Road

99. The Organisation of American States adopted on 14 July 1989, in Montevideo, a convention to regulate contracts for the international carriage of goods by road. The Convention applies to carriage of goods where the place of dispatch of the goods is in a State party to the Convention and that of deliveries in another State party, even when the vehicle used is itself carried, for a portion of the route, via some other mode of transportation without the goods being unloaded, or when carriage is performed by joint services. The rules of the Convention do not limit the rules of bilateral or multilateral Conventions between the States Parties concerning the international transportation of goods or more favourable practices that those States may observe in relation thereto.

## IX. INTERNATIONAL COMMERCIAL ARBITRATION

### A. AALCC: regional arbitration centres

100. The Asian-African Legal Consultative Committee (AALCC) in 1977 adopted a scheme for the establishment of regional arbitration centres. In 1978 the Kuala Lumpur Centre and in 1979 the Cairo Centre were established. A third centre in Lagos, Nigeria was inaugurated in March 1989. All three centres conduct their arbitrations under the UNCITRAL Arbitration Rules, as supplemented by internal or administrative rules of the centres.

101. The AALCC is also involved in dissemination of information relating to international commercial arbitration. In this regard: (i) The Cairo Arbitration Centre in collaboration with the Jeddah Chamber of Commerce and Industry organised an Arbitrators Training Programme in Jeddah from 6 to 18 November 1989. In May 1989 the Centre initiated the establishment of an Association of Arab and African Arbitrators. In July 1989, the Centre established the "Institute of Investment and Arbitration"; (ii) the Kuala Lumpur Arbitration Centre organised a Conference on International Commercial Arbitration in Kuala Lumpur from 4 to 5 July 1989 which was attended by participants from 13 countries.

### B. CMEA: arbitration of disputes arising out of international agreements

102. In 1988, within CMEA's Standing Commission on Legal Matters, a study on the advisability of settling disputes arising out of international agreements concerning economic, scientific and technical co-operation by means of ad hoc arbitration was conducted by interested States members of CMEA. As a result of this study, draft model articles on international ad hoc arbitration for inclusion by the parties in the international agreements concluded between them, when they consider this necessary, were prepared, as well as draft regulations governing international ad hoc arbitration which may be used in arbitration proceedings if the parties to a particular agreement have not agreed on other rules for the institution and conduct of such arbitration. These texts have been submitted to the Executive Committee of CMEA for approval.

### C. ICC: interim and partial awards; dissenting opinions

103. The Working Party on Partial and Interim Awards and Dissenting Opinions established by the ICC Commission on International Arbitration in 1985 is continuing its studies on the use of interim and partial awards in international commercial arbitration with particular emphasis on the practice of the ICC Court of International Arbitration and ICC arbitrators. The Commission at its meeting held on 19 April 1989 approved the Third Draft and Final Report of the Working Party (ICC Document 420/312). The Working Party is also continuing its work on dissenting and separate opinions. At another meeting on 21 April the Commission discussed the fourth report on the subject by the Working Party (ICC Document No. 420/304).

### D. ICC: multiparty arbitration

104. An ICC Working Party has continued to examine the question of multiparty arbitration. The Working Party is considering the issues raised by multiparty arbitration within the context of the 1958 New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards, including the

possibility that those issues arise only to the extent that no multiparty arbitration agreement exists, and the feasibility of devising new rules for handling the financial aspects of cases with a multiparty ingredient. In its studies the Working Party stresses the importance of avoiding the paralysing effects resulting from the multiplicity of parties inherent in multiparty arbitration. The ICC Commission on International Arbitration held a seminar from 29 to 30 May 1989, hosted by the Swedish National Committee of the ICC in Stockholm, on the subject of multiparty arbitration (ICC Document No. 420/308). The Working Party decided at its February 1990 meeting to draft as an aid for counsel and businessmen a new brochure on multiparty arbitration where the main practical and legal questions and pitfalls related to it would be described.

#### E. ICC: arbitral referee

105. The ICC Commission on International Arbitration adopted in 1988 draft ICC Arbitral Referee Rules which establish a framework whereby parties may agree that, in a given dispute, one or both of them may request the ICC to appoint an "arbitral referee" prior to any eventual recourse to arbitration or to national courts. The arbitral referee would have the authority to take rapid decisions as necessary to meet urgent problems, such as preserving or recording evidence, or ordering certain steps to be taken, without in any way deciding upon or prejudging the merits of the dispute, that being left for the competent jurisdiction to resolve. The Rules entered into force as of January 1990. They are contained in ICC publication No. 482 presently available in English and French. The publication also contains a suggested standard clause in English, French and German.

#### F. ICC/CMEA: East-West joint ventures and arbitration

106. The International Chamber of Commerce and the Chambers of Commerce and Industry of the seven European countries who are members of the Council for Mutual Economic Assistance (CMEA) jointly organized the Vth Seminar on East-West Arbitration which was held in Paris on February 1 and 2, 1990. The topics discussed at the Seminar were: the concept of a joint venture and its legal context; negotiating and drafting the dispute resolution clauses in the joint venture documents; arbitration and possible disputes related to a joint venture in a CMEA country; joint venture and multiparty arbitration in the CMEA countries; resort to State courts in the CMEA countries. At a subsequent meeting, the Working Party on Arbitration within the Liaison Committee of the ICC and the Chambers of Commerce of Socialist Countries for the Development of East-West Trade and Economic Co-operation decided to convey information on East-West arbitration through a special bulletin published under the auspices of the ICC.

#### G. ICCA: publications and congresses

107. The International Council for Commercial Arbitration (ICCA) continued to publish the Yearbook Commercial Arbitration. The Yearbook provides comprehensive and up-to-date world-wide information on commercial arbitration. The Yearbook includes national reports on arbitration law and practice, court decisions on the application of the 1958 New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards, abstracts of arbitral awards from arbitral institutions and ad hoc arbitrations, and articles on arbitration rules and practice. The Yearbook entered its

fourteenth year in 1989. The last national report was published in Yearbook XIV - 1988. The reports are now covered exclusively in ICCA's International Handbook on Commercial Arbitration, a loose leaf series of arbitration statutes and national reports.

108. In 1988 the proceedings of the ICCA IXth International Congress held in Tokyo from May 31 - June 3, 1987, were published as volume no. 4 of ICCA Congress Series. The Tokyo Congress discussed two themes: (a) arbitration in settlement of international commercial disputes involving the Far East, (b) arbitration in combined transportation. The next volume will cover the proceedings of the Xth International Arbitration Congress in Stockholm. The subject of this congress will be (a) preventing delay or disruption of arbitration, (b) effective proceedings in construction cases. The Congress will be held from 28-30 May 1990.

#### H. ILA: transnational rules of law

109. A committee of the International Law Association is assembling material and analysing the applicability of transnational rules of law in international commercial arbitration, having regard to the respective practice in civil law and common law countries. A report is being prepared and will be presented at the Association's 64th Conference in Australia in August 1990.

#### I. PTA: regional arbitration centre

110. The PTA Federation of Chambers of Commerce and Industry (PTA/FCCI) established, on November 21, 1987, a regional arbitration body. The PTA Centre, located in Djibouti, adopted the UNCITRAL Arbitration Rules. There is no common legal regime in the PTA region on the recognition and enforcement of foreign arbitral awards. The Council of Ministers of the PTA has urged all PTA Member States, which are not yet parties to the 1958 New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards, to accede to it.

### X. PRIVATE INTERNATIONAL LAW

#### A. Hague Conference: law applicable to negotiable instruments

111. The Hague Conference is working on the preparation of a convention on the law applicable to negotiable instruments. A report of the Permanent Bureau on the topic will be released in 1990. A final decision as to whether the matter should be treated in the context of an extraordinary session open to non-member States will be made at a special meeting of the Conference in November 1990. In the making of that decision the status of the United Nations Convention on International Bills of Exchange and International Promissory Notes will be taken into account.

#### B. Hague Conference: contract practices studies

112. The Hague Conference is working on a number of topics in the area of contract practices. These include: the law applicable to agreements on licensing of technology and on transfer of know-how and the law applicable to unfair competition. The Conference will decide in November 1990 whether one of the two topics should be dealt with at the seventeenth session of the Hague Conference.

## XI. TRADE FACILITATION

### A. Administrative procedures relating to goods and documents

#### 1. GATT: pre-shipment inspection

113. At GATT, in the context of the Uruguay Round, negotiations are underway in the Negotiating Group on Non-Tariff Measures aimed at reaching agreement on a multilateral instrument on pre-shipment inspection.

#### 2. CCC: commercial invoices of the code number for the classification of goods in the harmonized commodity description and coding system

114. The Customs Co-operation Council adopted a resolution at its seventy-third and seventy-fourth sessions in which it recommended that exporters refer in the invoice to the Harmonized System (HS) Code number of exported goods as that would help to make classification easier and more uniform. However, it emphasized that the insertion of the number was optional and simply provided information for all parties concerned and, in particular, did not modify the responsibilities of the declarant in the country of importation (CCC Document 35-513).

### B. Automated trade data procedures

#### 1. ICG: electronic trade data

115. At its meeting on 21 November 1989, the ICG Commission on International Commercial Practice created a working party to look into the legal issues surrounding EDI which could include representatives from other interested ICC Commissions, as well as from the UN/ECE Secretariat, Customs Co-operation Council, UNCITRAL and the EEC.

#### 2. CCC: trade data elements

116. The Customs Co-operation Council (CCC) has recommended that States and autonomous customs territories, whether or not members of the Council, and customs or economic unions should use EDIFACT data interchange standards in trade data exchange between customs administrations and other trade users (FAL 18/INF.7).

## XI. OTHER TOPICS OF INTERNATIONAL TRADE LAW; CONGRESSES AND PUBLICATIONS

### A. UNCTAD: restrictive business practices

117. The Intergovernmental Group of Experts on Restrictive Business Practices (IGE) held its eighth session from 23 to 27 October 1989 (TD/B/1236-TD/B/RBP/67). The Group reviewed the operation and implementation of the Set of Multilaterally Agreed Equitable Principles and Rules for the Control of Restrictive Business Practices, adopted by the General Assembly in its resolution 35/63 of 5 December 1980. The session considered: (a) a summary of replies received from States on steps taken by them to meet their commitment to the Set of Principles and Rules (TD/B/RBP/59 and Add.1), (b) activities relating to specific provisions of the Set of Principles and Rules (TD/B/RBP/60). Those activities are: (i) studies on restrictive

business practices related to the provisions of the Set, on "The concentration of market power through mergers, takeovers, joint ventures and other acquisitions of control, whether of a horizontal, vertical or conglomerate nature, and its effects on international markets, in particular the markets of developing countries"; (ii) technical assistance, advisory and training programmes; (iii) the further revision of the model law or laws for the control of restrictive business practices; (iv) the Handbook on restrictive business practices legislation (TD/B/RBP/58).

118. The Intergovernmental Group also had before it document TD/B/RBP/61: Annual Report 1989 on legislative and other developments in developed and developing countries in the control of restrictive business practices. The Intergovernmental Group requested the UNCTAD secretariat: (i) to prepare the following documentation: (a) An overview of the existing possibilities of supplying, obtaining and making available information on restrictive business practices adversely affecting international trade, in particular the trade and development of developing countries, and of effectively using consultation procedures as provided for in section F, paragraph 4 of the Set, with a view to contributing to the implementation of the agreement reached under paragraph 105(18) of the Final Act of UNCTAD VII; and (b) An assessment of the application and implementation of the Set in the ten-year period of the Set's operation; (ii) to prepare a further compilation of the Handbook on restrictive business practices legislation; (iii) to continue its work on the study of the concentration of market power through mergers, take-overs, joint ventures and other acquisitions of control, and (iv) to continue its work on the model law or laws on restrictive business practices. The ninth session of the Intergovernmental Group will be held from 23 to 27 April 1990. The Second United Nations Conference to review all aspects of the Set of Principles and Rules, mandated by the General Assembly in its resolution 41/167, is scheduled for 26 November to 7 December 1990 (TD/B/RBP/67).

B. UNIDROIT: hotel keepers contract

119. In 1989, the UNIDROIT Secretariat transmitted to States the text of the 1978 version of the draft Convention and the accompanying Explanatory Report (Study XII - Doc. 50) as well as the revised version of the draft prepared by a sub-committee of the Governing Council with a Secretariat commentary indicating the differences between the two texts (Study XII - Doc. 51). Observations on the new draft have been requested from Governments and, together with those which other international organisations may wish to make, will be circulated for the session of the Committee of Governmental Experts to be held in Rome in October or November 1990.

C. Council of Europe: Convention on Certain International Aspects of Bankruptcy

120. The Council of Europe has adopted a Convention on Certain International Aspects of Bankruptcy. This Convention contains rules for bankruptcy cases having international aspects on account of the situation of the debtor's assets or of his creditors being spread over different States. When a debtor declared bankrupt in one State has assets in one or more other States, the Convention offers two possibilities: it allows liquidators to exercise, in countries other than the one in which the bankruptcy was opened, certain powers conferred upon them as liquidators (Chapter II); it allows and organises the opening of secondary bankruptcies (Chapter III). A liquidator

who has started the necessary formalities for exercising his powers under Chapter II may have to face a request of a creditor for the opening of a secondary or other local bankruptcy or may, himself, consider at a later stage that the number of creditors or the amount of the assets justify a local bankruptcy and, as a result, the opening of a secondary bankruptcy. When a debtor declared bankrupt has creditors in other States, the Convention allows those creditors to introduce their claims in those other States and therefore, it provides for the information of the creditors and lodgement of their claims in a simplified form (Chapter IV). The Convention is not intended to supersede other multilateral agreements (for example, the Nordic Convention) or bilateral agreements to which a State Party to this Convention is or becomes a party.

D. Council of Europe: insider trading

121. The draft Convention on Insider Trading reported on in A/CN.9/324, para. 138 was adopted by the Committee of Ministers in January 1989 and opened for signature on 20 April 1989. When considering the draft Convention, and on request of the Commission of the European Communities, an additional Protocol was adopted containing the so-called "disconnection clause" for the member States which are also members of the European Community. The essential aim of the Convention is to create mutual assistance by an exchange of information between contracting parties to enable the supervision of the security market to be carried out effectively and to establish whether persons carrying out certain financial transactions on the stock markets are or are not insiders, which would show the fraudulent or regular nature of their transactions. The Convention does not require parties to set up control or supervisory bodies for the stockmarkets. However, the co-operation by the exchange of information assumes the existence at national level of an adequate structure both in the field of legislation and in the field of institutions capable of ensuring the collection, the examination and the transmission of information. The headlines of the Convention have been later on incorporated in the Directive issued by the Commission of the European Communities relating to the co-ordination of rules on insider trading.

E. ILA: securities regulation

122. The Association is looking into the need for harmonisation and co-ordination in the regulation of transborder financial services, particularly in relation to international capital markets. Initially the Committee is working on (1) liberalisation of financial services in the EEC and (2) the Council of Europe Convention on Insider Trading. A report on those issues will be made at the 64th ILA Conference in Australia in August 1990.

F. UNIDROIT: Uniform Law Review

123. The second volume of the 1986 Uniform Law Review and the first issue of the 1987 edition of the Review were published in June 1989. The former contains a select bibliography (Part III) and the customary selection of case law relating to the interpretation and application of uniform law Conventions (Part IV). The 1987/I issue of the Review, among other topics, contains the report on the activities of the Institute in 1986 by the Secretary-General of UNIDROIT and an article entitled "L'introduction du droit uniforme de Genève sur la lettre de change, le billet à ordre et le chèque dans le droit espagnol."