

VI. ACTIVITIES OF OTHER ORGANIZATIONS

A. Report of the Secretary-General: current activities of international organizations related to the harmonization and unification of international trade law (A/CN.9/129)*

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INTRODUCTION

1. The United Nations Commission on International Trade Law, at its third session, requested the Secretary-General "to submit reports to the annual sessions of the Commission on the current work of international organizations in matters included in the programme of work of the Commission".¹

2. In accordance with the above decision reports were submitted to the Commission at the fourth session

in 1971 (A/CN.9/59), at the fifth session in 1972 (A/CN.9/71), at the sixth session in 1973 (A/CN.9/82),** at the seventh session in 1974 (A/CN.9/94 and Add.1 and Add.2),† at the eighth session in 1975 (A/CN.9/106)‡ and at the ninth session in 1976 (A/CN.9/119).§

3. The present report, prepared for the tenth session (1977), is based on information submitted by inter-

* 3 May 1977.

¹ Report of the Commission on its third session (A/8017), para. 172; Yearbook . . . , 1968-1970, part III, A.

** Yearbook . . . , 1973, part two, V.

† Yearbook . . . , 1974, part two, V.

‡ Yearbook . . . , 1975, part two, V.

§ Yearbook . . . , 1976, part two, VI.

national organizations concerning their current work.² In many cases, this report includes information on progress with respect to projects for which background material is included in earlier reports.³ Some of the international organizations, whose activities were described in the earlier reports to the Commission, either did not submit statements as to their current activities or reported that they were not currently engaged in work related to international trade law.

4. This report is arranged according to major subjects in international trade. Under each subject the relevant activities of all responding international organizations are discussed in turn. An index is set out at the end of this report which lists the names of the responding organizations and indicates the subjects under which the activities of any such organization are discussed in the body of the report.

I. INTERNATIONAL SALE OF GOODS

5. The draft agenda for the Second Inter-American Conference on Private International Law, to be convened in Uruguay by the Organization of American States (OAS), includes as one of the topics to be discussed "the international sale of goods".

6. The Hague Conference on Private International Law (the Hague Conference) has on its agenda the reconsideration of the 1955 Convention on the Law Applicable to International Sales of Goods. At its thirteenth session the Hague Conference had before it Preliminary Document J of September 1976, entitled "Note on the possible revision of the Convention of June 15, 1955, on the Law Applicable to International Sales of Goods". No final decision has yet been taken on the desirability of undertaking work in this area. However, the thirteenth session of the Hague Conference requested the Netherlands Standing Government Committee on Private International Law to study, *inter alia*, the desirability of:

- (i) Including in the agenda of the fourteenth session (1980) the preparation of a protocol to the Convention of 15 June 1955 on the Law Applicable to International Sales of Goods

Permitting States Parties to that Convention not to apply it to consumer sales, or

Excluding such sales from the scope of the Convention;

² Some information received has not been included because that information concerned activities unrelated to the law of international trade.

³ Background material may be found in the reports presented to the fourth session (A/CN.9/59), the fifth session (A/CN.9/71), the sixth session (A/CN.9/82), the seventh session (A/CN.9/94 and Add.1 and Add.2), the eighth session (A/CN.9/106) and the ninth session (A/CN.9/119) and in the following: *Digest of legal activities of international organizations and other international institutions*, published by the International Institute for the Unification of Private Law (UNIDROIT); Progressive development of the law of international trade, report of the Secretary-General (1966), *Official Records of the General Assembly, Twenty-first Session, Annexes*, agenda item 88, document A/6396, paras. 26-189, (Yearbook..., 1968-1970, part one, II, B); survey of the activities of organizations concerned with harmonization and unification of the law of international trade, note by the Secretary-General, 19 January 1968 (A/CN.9/5); and replies from organizations regarding their current activities in the subjects of international trade within the Commission's work programme, note by the Secretariat, 1 April 1970 (UNCITRAL/III/CRP.2).

- (ii) Charging the upcoming fourteenth session with the question of the possible revision of this Convention, without however submitting to the fourteenth session a draft amendment.

II. INTERNATIONAL CONTRACTS

A. FORMATION OF INTERNATIONAL CONTRACTS

7. In September 1976 the Steering Committee of the International Institute for the Unification of Private Law (UNIDROIT) re-examined a draft uniform law on the formation of international contracts in the light of an analysis prepared by the secretariat of UNIDROIT of replies to a questionnaire on the draft uniform law. This questionnaire had been sent to a large number of individuals and institutes engaged in the study of international trade law. A revised version of the draft uniform law, together with a commentary, was brought to the attention of the UNCITRAL Working Group on the International Sale of Goods in January 1977.

B. GENERAL CONDITIONS AND PRINCIPLES FOR INTERNATIONAL CONTRACTS

(a) Drafted by ECE bodies

8. At its meeting in November 1976 the ECE Group of Experts on International Contract Practices in Industry considered two standard contracts drafted by the Asian-African Legal Consultative Committee. The ECE Group of Experts decided to examine these two standard contracts and, if that examination pointed to the desirability of harmonizing those standard contracts and the ECE General Conditions of Sale, to establish a procedure for such harmonization which would take account of the interests of all the countries concerned. It was noted that such a procedure should also take account of UNCITRAL's work on general conditions of sale and of the general conditions prepared by the other regional economic commissions of the United Nations. Any agreement by the ECE Group of Experts at its upcoming twelfth session (9-13 May 1977) on future international co-operation for the development of widely recognized general conditions of sale will be transmitted to UNCITRAL.

9. Based on the work of the ECE Group of Experts on International Trade Practices relating to Agricultural Products the following General Conditions of Sale were adopted recently: General Conditions of Sale and Rules of Survey (Valuation) for Fresh Fruit and Vegetables, including Citrus Fruit; and General Conditions of Sale and Rules of Valuation for Potatoes.

(b) Drafted by CMEA bodies

10. General conditions of delivery: the General Conditions of Delivery for Goods, currently in force for trade among countries members of the Council for Mutual Economic Assistance (CMEA), were approved in 1968 and modified in 1975. The modifications in 1975 concerned Cuba's accession to the General Conditions and with the responsibility of economic organizations for the non-performance or the unsatisfactory performance of their obligations. The Legal Conference of representatives of CMEA countries is keeping under review the provisions of the General Conditions of Delivery with a view to their further improvement.

11. General conditions of assembly: in 1973 the Executive Committee of CMEA approved its General Conditions of Assembly and the Provision of Other Technical Services connected with the Delivery of Machines and Equipment among Organizations of the Countries members of CMEA. They apply to all contracts for assembly work concluded on or after 1 January 1974.

12. General conditions of technical servicing: in 1973 the Executive Committee of CMEA also approved the General Conditions for the Technical Servicing of Machines, Equipment and Other Industrial Products Delivered among Organizations of the Countries members of CMEA. They apply to all contracts concluded on or after 1 January 1974.

13. General principles for the provision of spare parts: the Executive Committee of CMEA also approved in 1973 the General Principles for the Provision of Spare Parts for Machines and Equipment Delivered in Trade among Countries Members of CMEA and with Yugoslavia. A set of Supplementary Conditions for the Provision of Spare Parts for Means of Transport and Equipment, approved in 1967, is annexed to those General Principles.

C. INTERNATIONAL TRADE TERMS AND STANDARDS

14. The International Chamber of Commerce (ICC) is continuing its work aimed at revising its INCOTERMS 1953 and completing them by trade terms to be applied to sales involving air, containerized and combined transport. It may be noted that a trade term called "FOB AIRPORT (named airport of departure)" was adopted in 1976 by the Council of the ICC.

15. Although the International Organization for Standardization (ISO) is not engaged in the preparation of legal texts as such, the International Standards prepared by ISO are frequently used as a basis for international contracts and tenders. ISO had published over 3,000 International Standards as of the end of 1976.

16. Under the Joint FAO/WHO Food Standards Programme the intergovernmental *Codex Alimentarius* Commission and its subsidiary bodies negotiated on a world-wide basis the technical contents of international food standards. The implementation by Governments of these international food standards in national legislation serves as a means of reducing the technical, non-tariff obstacles to the greater flow of international trade in food.

D. MODEL CONTRACTS AND CONTRACTUAL CLAUSES

(a) *Model contracts and contractual clauses in general*

17. The Economic Commission for Europe, through its Group of Experts on International Contract Practices in Industry, distributed the printed text of the "Guide for Drawing up International Contracts on Industrial Co-operation" (ECE/TRADE/124, United Nations publications, Sales No. E.76.II.E.14). The Group of Experts is now engaged in preparing a draft "Guide for drawing up international contracts between parties associated for the purpose of executing a specific project"

(previously called "Guide for drawing up international consortium contracts").

18. In order to standardize, unify and simplify the documents used in their foreign trade countries members of the Council for Mutual Economic Assistance (CMEA) employ: standardized forms for insurance applications, policies and certificates; a standard form for certificate of origin of goods; a letter code for the identification of countries; model forms for accounts; model forms for contracts, riders for contracts, orders and acknowledgements of orders; and a standardized model for bank documents used in foreign trade.

19. The Commission on International Commercial Practice of the International Chamber of Commerce (ICC) is engaged in drafting model clauses for long-term contracts, taking into account international contracting practice and the relevant arbitral awards by the ICC Court of Arbitration. This work is motivated by the fact that market instability, primarily due to inflation and the increasing cost of raw materials, poses serious difficulties in the performance of long-term contracts. These difficulties relate to the adaptation of such contracts to economic changes (e.g. *force majeure* and hardship clauses) and to the computation of damages for breach of contract.

20. In 1974 the Legal Conference of the Council for Mutual Economic Assistance (CMEA) approved model licensing agreements dealing with the transfer of scientific and technical data, the transfer of "know-how", and the transfer of trade marks.

(b) *Model contracts and contractual clauses in the field of sea transport*

21. The United Nations Conference on Trade and Development (UNCTAD) has commenced work toward the drafting of Model Rules for Regional Associations and Joint Ventures in the Field of Maritime Transport. The UNCTAD secretariat will undertake to analyse the legal and economic problems involved and possibly draft model rules or legal guidelines to be considered when forming regional associations and joint ventures in the field of maritime transport. The purpose of the project is to assist co-operation among developing countries. It is intended that the model rules or guidelines will be used in technical assistance projects and will possibly be published as an official United Nations handbook.

22. The International Maritime Committee (CMI) is preparing a study on shipbuilding contracts. The study will deal with such matters as builder's performance guarantees, financing, settlement of disputes arising during construction, cancellation, delay in delivery, risk and insurance, and the requirements for concluding a binding agreement. It is hoped by the CMI that the study will facilitate the elaboration of international standard terms.

23. The International Maritime Committee (CMI) is also studying the questions relating to the liability of sea terminals, with a view to drafting internationally acceptable standards.

24. In 1967 the Conference of Chartering and Ship-owning Organizations of countries members of the Council of Mutual Economic Assistance (CMEA) established a Council on Documentation. This Council has prepared and adopted a number of marine transport documents and standard agreements, particularly concerning charter-parties.

III. INTERNATIONAL PAYMENTS

A. WORK ON CONVENTIONS AND UNIFORM RULES ON INTERNATIONAL PAYMENTS

25. The International Chamber of Commerce (ICC), in close co-operation with UNCITRAL, is preparing Uniform Rules for Contract Guarantees (Tender, Performance and Repayment Guarantees). Draft uniform rules were accepted in principle by the ICC Commissions on International Commercial Practice and on Banking Technique and Practice. They were circulated in 1976 to the ICC National Committees and, through UNCITRAL, to circles not represented within the ICC. The ICC Working Party on Contract Guarantees, in which the UNCITRAL secretariat is represented as observer, will meet in spring 1977 to consider the comments on the draft rules.

26. The International Chamber of Commerce, through its Commission on Banking Technique and Practice, is engaged in revising the ICC Standard Forms for the Issuing of Documentary Credits. It intends to adapt these forms to the revised text of its Uniform Customs and Practice for Documentary Credits, while making the forms simpler to use for banks.

27. The International Chamber of Commerce is continuing its work of revising its Uniform Rules for the Collection of Commercial Paper.

B. REFORM OF THE INTERNATIONAL MONETARY SYSTEM

28. At the 1976 Madrid Conference of the International Law Association (ILA) a "workshop session" discussed the possible reform of the international monetary system on the basis of an introductory paper prepared by its Committee on International Monetary Law. This paper touched on the major topics of concern that have been considered in international fora in recent years, particularly by the International Monetary Fund.

C. VALUE CLAUSES IN INTERNATIONAL CONTRACTS AND CONVENTIONS

29. At the 1976 Madrid Conference of the International Law Association (ILA) the International Monetary Law Committee considered the subject of value clauses in international arrangements. That committee was requested to continue its work aimed at securing the validity and effectiveness of existing value clauses both in private and in public international law instruments, as well as at developing meaningful maintenance of value formulas in new international contracts and conventions.

30. The Inland Transport Committee of the ECE has noted that several international conventions on transport concluded under the auspices of the Economic Commission for Europe contain provisions concerning a unit of account based on the value of gold. Since it is difficult to convert these units of account accurately into equivalent values in national currencies, an *ad hoc* meeting in spring 1977 is to consider the "unit of account" provisions in ECE transport conventions with a view to seeking a more effective solution to the problems relating to the unit of account.

31. The International Maritime Committee (CMI)

would like to see the replacement of the gold units in existing conventions on maritime law by units based on the special drawing rights of the International Monetary Fund. However, the CMI is continuing to study this question, since it is not convinced that the special arrangement for countries that are not members of the International Monetary Fund made at the recent ICAO conference to amend the Warsaw Convention on International Carriage by Air is the optimal solution.

IV. INTERNATIONAL TRANSPORT

A. TRANSPORT BY SEA

32. The UNCTAD Working Group on International Shipping Legislation met during the two parts of its fifth session to consider the work of UNCITRAL on the draft Convention on the Carriage of Goods by Sea. The UNCTAD secretariat prepared studies for the Working Group, analysing the draft provisions and suggesting modifications of the draft text where such were considered desirable (documents TD/B/C.4/ISL/19 and Supp.1 and 2; TD/B/C.4/ISL/23). The UNCTAD Working Group concluded that, taken as a whole, the draft convention adopted by UNCITRAL at its ninth session was generally acceptable and recommended to the General Assembly that an international conference of plenipotentiaries be convened under the joint auspices of UNCITRAL and UNCTAD to conclude a Convention on the Carriage of Goods by Sea. This recommendation was adopted by the Trade and Development Board of UNCTAD.

33. The draft agenda for the Second Inter-American Conference on Private International Law, to be convened in Uruguay by the Organization of American States (OAS), includes as one of the topics to be discussed "international waterborne transportation, with special reference to bills of lading".

34. The subject of charter-parties forms part of the work programme of the UNCTAD Working Group on International Shipping Legislation. The Working Group in 1975 requested the UNCTAD secretariat to undertake, in addition to its report on "Charter-parties" (TD/B/C.4/ISL/13), two major studies which are now in progress: a comparative analysis of clauses in main time-charter contracts, and a comparative analysis of clauses in voyage-charter contracts. Based on these studies and additional background material the UNCTAD Working Group will seek to identify the clauses in time- and voyage-charter parties that are susceptible to standardization, harmonization and improvement. It will also explore areas in maritime chartering activities that may be regulated by international legislation. The Working Group is expected to consider these studies in 1979.

35. The UNCTAD Working Group on International Shipping Legislation is to consider the legal problems of marine insurance at its 1978 session. In preparation, the UNCTAD secretariat is preparing a study analysing the existing legal problems in marine hull and cargo insurance, caused e.g. by ambiguities, inequities or lacunae in standard policy clauses and unsatisfactory procedures for the settlement of claims.

36. After concluding its consideration of the subjects of "charter-parties" and "marine insurance", the

UNCTAD Working Group on International Shipping Legislation will take up the topic of "general average".

37. At the request of the Committee on Shipping of UNCTAD, the UNCTAD secretariat is preparing a study concerning the legal and economic consequences for international shipping of the existence or absence of a genuine link, as defined in international conventions that are in force, between a vessel and its flag of registry. This study was to be submitted to the April 1977 session of the Committee on Shipping.

38. Based on the so-called "Maxi-draft" prepared by the International Maritime Committee (CMI), the Legal Committee of IMCO finalized a new draft Convention on Limitation of Liability for Maritime Claims, that would place maximum limits on the liability of owners of sea-going vessels. Based on this draft convention a diplomatic conference at London adopted a Convention on Limitation of Liability for Maritime Claims on 19 November 1976.

39. The International Maritime Committee (CMI), in co-operation with the International Law Association (ILA), is continuing to examine the liability resulting from collisions at sea with a view toward increased unification of the law in this area.

B. TRANSPORT BY INLAND WATERWAY

40. On 6 February 1976 the Inland Transport Committee of the ECE adopted the Convention on the Contract for the International Carriage of Passengers and Luggage by Inland Waterway (CUN).

41. The Committee of Experts of UNIDROIT engaged in preparing a draft Convention on the Contract for the Carriage of Goods by Inland Waterway could not reach agreement on the question of the exoneration of the carrier for error in the navigation of the vessel. The Governing Council of UNIDROIT has therefore decided to suspend the work on this draft convention.

42. In June 1976 a Committee of Experts of UNIDROIT completed its work on a draft Convention relating to the International Carriage of Passengers and their Luggage by Sea and by Inland Waterway in Air-Cushion Vehicles. This draft convention and the previously completed draft Convention on the Registration and Nationality of Air-Cushion Vehicles were transmitted to IMCO with a view to their adoption at a diplomatic conference to be convened by IMCO.

C. TRANSPORT OVER LAND

43. The ECLA and the Latin American Railways Association (ALAF) co-sponsored a meeting at which regulations were drafted for the implementation of the ALAF Agreement on Multinational Railroad Traffic. These regulations were formally approved by the General Assembly of ALAF in October 1976.

44. At the request of Bolivia and Chile ECLA prepared a report analysing the operations of the integrated transit system designed to expedite Bolivia's imports through the Chilean port of Arica. The report indicates that the new system of aligned customs and transport documentation considerably accelerated the transit traffic and that now the major problem was the insufficiency of railway capacity.

D. TRANSPORT BY AIR

45. The general work programme of the Legal Committee of the International Civil Aviation Organization (ICAO) includes the item "Consolidation of the instruments of the 'Warsaw System' into a single convention". After the Legal Committee concluded that the preparation of such a consolidated text was premature, the Council of ICAO on 10 December 1976 referred to the ICAO Legal Bureau the task of preparing two draft "texts of convenience": one consolidating the provisions of the instruments of the "Warsaw System" that are in force, and the other consolidating all the instruments of that system. The Legal Bureau was asked to send these draft texts to States for their comments.

46. ICAO is concerned with the lease, charter and interchange of aircraft in international operations because of the legal problems affecting the regulation and enforcement of air safety when an aircraft registered in one State is operated by an operator belonging to another State. The Legal Committee of ICAO had concluded in 1964 that the best way of solving these problems would be to delegate, on the basis of model bilateral agreements, the functions of the State of registry to the State of the operator of the aircraft concerned. In April 1976 the Council of ICAO established an expert panel which prepared a report on the problems arising from the lease, charter and interchange of aircraft in international operations and explored alternative solutions to the problems. In spring 1977 a special subcommittee of the ICAO Legal Committee will meet to consider this matter.

E. MULTIMODAL TRANSPORT

(a) *Linked to UNCTAD's work on multimodal transport*

47. The UNCTAD Intergovernmental Preparatory Group on a Convention on International Multimodal Transport is charged with preparing a preliminary draft convention on international multimodal transport. To assist the Intergovernmental Preparatory Group, the UNCTAD secretariat has prepared numerous in-depth studies on the institutional, documentary, customs, insurance, liability, economic and social aspects of such transport, as well as on the legal issues concerning questions of jurisdiction and conflicts of laws and on the possible scope of application of the proposed convention. Recent studies dealt with Protection and Indemnity Clubs (TD/B/AC.15/20) and with the scope of application, documentation, and liability of the multimodal transport operator in international multimodal transport operations (TD/B/AC.15/19).

48. The United Nations Economic Commission for Latin America (ECLA) submitted the working papers, prepared by the joint OAS/ECLA Maritime Transport Programme, for the Second Latin-American Regional Preparatory Meeting on a Convention on International Multimodal Transport, held at Buenos Aires, Argentina, in December 1976. Such preparatory meetings are held prior to sessions of the UNCTAD Intergovernmental Preparatory Group on a Convention on International Multimodal Transport.

49. The United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) will hold two regional meetings in 1977 in order to provide technical

assistance to member States of ESCAP preparing for the November 1977 session of the UNCTAD Intergovernmental Preparatory Group on a Convention on International Multimodal Transport.

50. The Inland Transport Committee of the United Nations Economic Commission for Europe co-operates with UNCTAD in the elaboration of a draft Convention on International Multimodal Transport governing the liability and documentary régime of such transport. The Inland Transport Committee also co-operates with UNCTAD in its work on standards for containers used in international intermodal transport.

(b) *Not linked to UNCTAD's work on multimodal transport*

51. The ECE Inland Transport Committee will examine certain administrative, technical, economic and legal aspects of international multimodal transport, seeking appropriate ways to promote such transport and to ensure the maximum utilization of equipment. The Committee will also study the possible standardization of requirements for containers and review the development of technology in combined transport.

52. In July 1975 the International Chamber of Commerce (ICC) revised its Uniform Rules for a Combined Transport Document, mainly in order to make liability for delay in delivery subject to the "network" system. The ICC is now discussing with several trade organizations the possible alignment of the provisions in the combined transport documents issued by these organizations with the Uniform Rules of the ICC. The ICC noted that many individual combined transport operators have issued documents based on the ICC Rules.

53. In October 1976 the United Nations Economic Commission for Latin America (ECLA) prepared a report on international multimodal transport over land in the southern zone of South America, which identified the major obstacles to the establishment of multimodal land-transport services. Subsequently, ECLA was requested to prepare a draft Convention on the Civil Liability of Railways and Trucking Companies which Provide International Transport Services in Latin America.

54. See paragraph 92 on the work of UNIDROIT aimed at drawing up uniform rules concerning the liability of persons other than the carrier who have custody of the goods before, during, or after the transport operations.

V. INTERNATIONAL COMMERCIAL ARBITRATION

A. INTERNATIONAL CONVENTIONS AND UNIFORM RULES

55. The First Inter-American Conference on Private International Law, convened by the Organization of American States (OAS) in January 1975, adopted an Inter-American Convention on International Commercial Arbitration, which is already in force among Chile, Panama and Paraguay.

56. On 26 May 1972 in Moscow, Bulgaria, Czechoslovakia, the German Democratic Republic, Hungary, Mongolia, Poland, Romania and the Soviet Union signed a Convention on the Settlement by Arbitration of Civil Law Disputes Arising out of Relations Concerned with Economic, Scientific and Technological Co-operation. This Convention has entered into force.

57. In 1974 the Executive Committee of the Council for Mutual Economic Assistance (CMEA) approved uniform rules for arbitration tribunals attached to the chambers of commerce of the member States of CMEA. National arbitration rules, corresponding to these uniform rules, have been adopted by Bulgaria, Cuba, Czechoslovakia, the German Democratic Republic, Hungary, Mongolia, Poland, Romania and the Soviet Union.

B. ACTIVITIES CONCERNING SPECIALIZED TYPES OF ARBITRATION

(a) *Maritime arbitration*

58. The International Chamber of Commerce, in close co-operation with the International Maritime Committee (CMI), is studying the possibility of establishing a joint centre for international maritime arbitration.

59. CMI's International Sub-Committee is engaged in the preparation of draft Rules for Arbitration of Maritime Disputes.

(b) *Other than maritime arbitration*

60. The drafting of United Nations/ECE Arbitration Rules for Certain Categories of Perishable Products (AGRI/WP.1/GE.7/60) was substantially completed in January 1977 by the ECE Group of Experts on International Trade Practices relating to Agricultural Products. The few outstanding procedural questions are expected to be resolved in July 1977 by the ECE Working Party on Standardization of Perishable Produce. Under these rules professional trade groups designated by ECE member States (and by other interested States Members of the United Nations) will submit names of potential arbitrators which will be published in lists by the secretariat of a new institution, the United Nations/ECE Chamber of Arbitral Procedure in Agriculture. The United Nations/ECE Chamber will be composed of two members (and alternates), chosen within the framework of the ECE Committee on Agricultural Problems from names presented by the designated trade groups in Eastern Europe, and two members (and alternates) chosen from names presented by the designated trade groups in Western Europe. The members and alternates will be appointed for four-year terms, with persons from Eastern and Western Europe alternatively holding the presidency of the United Nations/ECE Chamber for two-year terms. Under the Arbitration Rules, the United Nations/ECE Chamber may be called upon to settle procedural questions, e.g. as to the place of arbitration, the appointment of an arbitrator when the respondent fails to do so, and the appointment of the presiding arbitrator or of the sole arbitrator. The secretariat of the United Nations/ECE Chamber is expected to be named by the ECE Working Party on Standardization of Perishable Produce. These Arbitration Rules are based on the arbitration rules of professional trade organizations and on the 1966 ECE Arbitration Rules. The provisions on the United Nations/ECE Chamber are modelled on the Special Committee set up under article IV of the 1961 European Convention on International Commercial Arbitration. Recent international rules on arbitral procedure, i.e. the 1975 Rules for the ICC Court of Arbitration and, especially, the new UNCITRAL Arbitration Rules, were also taken into account.

61. The International Chamber of Commerce has noted that its rules for the ICC Court of Arbitration are

too general for use in the settlement of disputes that are on the borderline between arbitration and joint power of attorney. This occurs when arbitrators are to serve as a regulating influence during the performance of long-term contracts, either by filling gaps in such contracts or by adapting them to changed circumstances. The ICC Commission on International Arbitration is engaged in preparing rules on the regulation of contractual relations.

62. In December 1976 the Council of the International Chamber of Commerce decided to establish an International Centre for Technical Expertise. Under the rules administered by this centre, parties can request the President of the ICC to appoint a neutral expert when they are confronted with a technical problem during the performance of their contract. The rules are accompanied by a model clause that can be included in international contracts.

C. INFORMATION ON ARBITRATION LAWS AND PRACTICE

63. The International Chamber of Commerce has recognized that persons involved in international trade need easily accessible and reliable sources of knowledge concerning the arbitration laws in various countries. The ICC publication "Arbitration and the law throughout the world" is now out of date and the ICC Commission on International Arbitration is preparing an updated revision of this document.

64. The ICC is also organizing seminars where lawyers and businessmen can learn about arbitration and, consequently, can then participate more effectively in future arbitration proceedings. During these seminars participants may attend lectures by leading practitioners and can take part in mock arbitration proceedings where experienced arbitrators settle typical disputes that arise in international trade. In 1977 the seminars will be completed by special programmes dealing with the determination of facts in arbitral proceedings (proof, witnesses, etc.), the difficulties in enforcing arbitral awards, and decisions by arbitrators as to the adaptation of contracts to changed external circumstances.

65. While preserving the confidentiality of arbitral awards rendered by the ICC Court of Arbitration, the International Chamber of Commerce is preparing a compilation of excerpts from awards which contain legal solutions of general interest. This will be an annual publication and the first issue is to appear in 1977.

66. At the 1976 Madrid Conference of the International Law Association (ILA), the subject of arbitration between government-controlled bodies and foreign-owned business firms was discussed on the basis of a report by the International Commercial Arbitration Committee of the ILA. It was noted that there was now a trend toward denying foreign Governments the defence of sovereign immunity in disputes arising from arrangements of a commercial nature. The difficulty inherent in identifying "commercial" transactions was recognized. The ILA is to consider in the future the practice of issuing special decrees to permit governmental agencies to agree to dispute settlement by means of arbitration (e.g. recently done in France and Spain), the applicable law when questions arising from governmental contracts are submitted to arbitration, and the enforcement of arbitral awards against agencies of foreign Governments which have assets in other countries.

VI. PRODUCTS LIABILITY

67. The Commission of the European Communities has commenced work toward harmonization of the laws of States members of the European Economic Community (EEC) concerning the protection of consumers from the consequences of using products that prove to be defective. A draft directive on the subject was prepared and submitted by the Commission to the Council of Ministers of the EEC on 9 July 1976.

68. The Legal Committee of the International Civil Aviation Organization is engaged in the preparation of a new international instrument on liability for damage caused by noise and sonic boom.

69. In June 1976 a committee of experts of UNIDROIT completed its work on a draft Convention on the Civil Liability of Owners of Air-Cushion Vehicles for Damage Caused to Third Parties. This draft convention was transmitted to IMCO with a view to its adoption at a diplomatic conference to be convened by IMCO.

VII. PRIVATE INTERNATIONAL LAW

A. IN THE FIELD OF INTERNATIONAL PAYMENTS

70. The First Inter-American Conference on Private International Law, convened by the Organization of American States (OAS) in January 1975, adopted an Inter-American Convention on Conflict of Laws for Bills of Exchange, Promissory Notes and Invoices, and an Inter-American Convention on Conflict of Laws Concerning Checks; these conventions are already in force among some States members of the OAS. The draft agenda for the Second Inter-American Conference on Private International Law, to be convened in Uruguay by the OAS, includes as topics to be discussed "conflict of laws and uniform law on checks in international circulation".

71. The Hague Conference on Private International Law is considering the preparation of an international convention revising the 1930 Geneva Convention for the Settlement of Certain Conflicts of Laws in Connexion with Bills of Exchange and Promissory Notes and possibly expanding its scope to cover also other negotiable instruments such as cheques. A preliminary feasibility study on the subject was issued in September 1976, entitled "Note on the Law Applicable to Negotiable Instruments". No final decision has yet been taken by The Hague Conference as to the preparation of an international convention in this field.

B. IN THE FIELD OF AGENCY

72. The Hague Conference on Private International Law is engaged in the preparation of a convention on the law applicable to agency. This convention would cover: (a) the relationship between principal and agent, and (b) the relationships of both principal and agent with third parties arising from the agent's activities. The scope would however be limited to the contractual aspects of agency, excluding vicarious liability for the tortious acts of the agent. Preparatory work by the Permanent Bureau of The Hague Conference consisted of legal research and documentation, including a questionnaire to Governments with commentary, and the replies of Governments to the questionnaire. At its second session, on 26

November 1975, the Special Commission on Agency adopted a Preliminary Draft Convention. Preliminary document No. 6 contains observations by Governments on this preliminary draft convention. The Special Commission on Agency met for three weeks during the thirteenth session of The Hague Conference; preliminary document No. 7 contains a summary of the state of progress at the end of the thirteenth session. It is expected that a definitive text of a convention on the law applicable to agency will be completed at the session of the Special Commission on Agency that is scheduled to be held at The Hague, 16-26 June 1977.

73. For the status of the draft Convention Providing a Uniform Law on Agency of an International Character in the Sale and Purchase of Goods, prepared by UNIDROIT, see paragraph 81 below.

C. IN OTHER FIELDS

74. The Hague Conference on Private International Law is examining the feasibility of drafting a convention on the law applicable to licensing agreements and know-how. At its thirteenth session The Hague Conference had before it a short note on the subject entitled "Note on licensing agreements and know-how". While the subject is under continuing study within the Permanent Bureau of The Hague Conference, no definitive decision has yet been taken to prepare a convention on the law applicable to licensing agreements, on the law applicable to know-how agreements, or on both of the foregoing. The thirteenth session (1976) considered the formal inclusion of this subject in the agenda of the next session to be premature.

75. The draft agenda for the Second Inter-American Conference on Private International Law, to be convened in Uruguay by the Organization of American States (OAS), includes as one of the topics to be discussed "updating of standards in force in Latin America on conflicts of laws in the area of companies and enterprises".

76. For the work of The Hague Conference on Private International Law concerning reconsideration of the 1955 Convention on the Law Applicable to International Sale of Goods, see paragraph 6 above.

VIII. AUTOMATIC DATA PROCESSING

77. In the view of the International Chamber of Commerce, the growing reliance on automatic data processing in international commercial transactions has created a situation in which uniform rules standardizing international practice which apply only to transactions that involve actual paper documents are no longer sufficient. Developments in transport technology, such as high speed aircraft and containerized transport of cargo, call for a matching acceleration in data flow. The long-term solution for speeding up the data flow in international trade calls for advanced automatic data processing techniques. Such techniques may range from simply transmitting data by telex to the sophisticated use of computers. Automatic data processing can replace—and in some areas is already replacing—the traditional documentary flow of information in international trade. However, at present automatic data processing cannot satisfy all the requirements for data flow that exist either under international conventions, under various national laws

or under international commercial and financial practices. Problems arise, e.g. when the data flow is necessary for authentication to meet legal or commercial requirements, for controlling the transfer of ownership of goods, or for determining whether payment is justified. The ICC has set up a Working Party charged with identifying the banking and commercial problems involved in the use of automatic data processing in international trade, working in close co-operation with interested intergovernmental organizations, particularly the United Nations Economic Commission for Europe and UNCITRAL.

78. Within the framework of the Economic Commission for Europe (ECE), an informal task team for legal questions has been established which will examine the related problems of the signature on documents used in international trade and of authentication and other legal (rather than technical) problems arising from the use of automatic data processing and data transmission. This task team is led by the chairman of the ICC Working Party on the Legal Problems arising from the Use of Automatic Data Processing in International Trade. The task team will try to determine whether the existing problems stem from requirements under international conventions (e.g. on sale of goods or transport), national legislations, or commercial practices. Where the problems are due to national legislations, appropriate remedial action will be recommended. Where the problems are due to existing commercial practices, the task team and the ECE bodies concerned with trade facilitation will work very closely with the International Chamber of Commerce and the International Organization for Standardization (ISO) in order to develop new standards for documentary and automatic data processing procedures in international trade, taking into account not only the requirements by different national authorities but also the needs of traders and other commercial interests. A document entitled "Some legal problems of data flow in international trade" (TRADE/WP.4/GE.2/R.79) has been circulated to interested national and international organizations. The ECE secretariat was asked to learn from the bodies responsible for the Convention on Road Transport (CMR) the consequences of replacing the CMR consignment note by a message processed automatically (by telex, computer print-out or terminal display). OCTI, the organization responsible for the Convention on Rail Transport (CIM), will also be approached since the present wording of the CIM Convention requires a "consignment note". Similarly, the ECE secretariat was asked to contact the International Railway Transport Committee, which has begun work on a revised railway bill of lading.

79. The Standing Commission on Foreign Trade of the Council for Mutual Economic Assistance (CMEA) is working on the simplification and standardization of the documents employed in foreign trade. One of the aims of this work is to take account of the use of automatic data processing in the field of foreign trade.

IX. OTHER TOPICS OF INTERNATIONAL TRADE LAW

A. LAW OF AGENCY

80. The Commission of the European Communities has commenced work toward harmonization of the laws of States members of the European Economic Community (EEC) concerning the practice of the profession

of "commercial agent". A draft directive on the subject was prepared and submitted by the Commission to the Council of Ministers of the EEC in December 1976.

81. A Committee of Governmental Experts, established under the auspices of UNIDROIT, completed in 1972 a draft convention providing a uniform law on agency of an international character in the sale and purchase of goods. In December 1976 Romania expressed its readiness, in principle, to host in 1978 a diplomatic conference that would consider this draft convention.

82. For the work of The Hague Conference on Private International Law on a Convention on the Law Applicable to Agency see paragraph 72 above.

B. COMPANY LAW

83. The Commission of the European Communities has been engaged in work directed at the harmonization of the laws of member States of the European Economic Community (EEC) concerning the creation of stock corporations and the preservation or modification of the capitalization of such corporations. The Council of Ministers of the EEC adopted a directive (the so-called Second Directive on Company Law) on this subject on 13 December 1976.

84. The draft agenda for the Second Inter-American Conference on Private International Law, which is to be convened by the Organization of American States, includes as one of the topics to be discussed "updating of standards in force in Latin America on conflicts of laws in the area of companies and enterprises".

C. INDUSTRIAL AND INTELLECTUAL PROPERTY LAW

85. Within the framework of the Council for Mutual Economic Assistance three international instruments dealing with industrial and intellectual property have been adopted recently:

(a) In 1973 an Agreement on the Legal Protection of Inventions, Industrial and Generally Useful Designs and Trade-marks in relation to Economic, Scientific and Technical Co-operation was signed by Bulgaria, Cuba, Czechoslovakia, the German Democratic Republic, Hungary, Mongolia, Poland, Romania and the Soviet Union;

(b) On 5 July 1975 Bulgaria, Cuba, Czechoslovakia, the German Democratic Republic, Hungary, Mongolia, Poland and the Soviet Union signed an Agreement on the Unification of Requirements for the Preparation and Submission of Patent Applications concerning Inventions;

(c) On 18 December 1976 an Agreement on the Mutual Recognition of Authors' Certificates and Other Documents for Protecting Inventions was signed on behalf of Bulgaria, Cuba, Czechoslovakia, the German Democratic Republic, Hungary, Mongolia, Poland, Romania and the Soviet Union. This agreement has not yet entered into force.

86. Work is continuing within the Council for Mutual Economic Assistance with a view to further harmonization and unification of national legal rules on patents, including the preparation of possible agreements on a unified document for the protection of inventions, on model rules and unified concepts relating to inventions, on the mutual legal protection of marks and de-

signations of origin for goods, and on improving the legal protection accorded to industrial designs.

87. The ECE Committee on the Development of Trade, in co-operation with the senior advisers to ECE Governments on science and technology, will consider drawing up a manual on licensing procedures and related aspects of technology transfer.

88. In 1974, the Legal Conference of the Council for Mutual Economic Assistance (CMEA) approved model licensing agreements concerning the transfer of scientific and technical data, the transfer of "know-how", and the transfer of trade marks.

89. For the work of The Hague Conference on Private International Law on a convention on the law applicable to licensing agreements and know-how, see paragraph 74 above.

D. INTERNATIONAL LEASING

90. UNIDROIT is examining the unique legal problems of international leasing and is currently collecting information on the characteristics and functioning of international leasing. The secretariat of UNIDROIT circulated a questionnaire (Study LIX-Doc 2, 1976) on the subject world-wide to leasing companies and experts in the field. A majority of those responding to the questionnaire favoured the adoption of international uniform rules accompanied by a model contract. In September 1976 UNIDROIT established a working group to study the suitability of the subject of leasing for unification in the light of the fiscal aspects and of the question whether leasing should be considered independently of security interests in general, bearing in mind the work of UNCITRAL on security interests. This working group is to meet in spring 1977.

E. INTERNATIONAL FACTORING

91. The secretariat of UNIDROIT prepared a preliminary report on the contract of factoring (Study LVIII-Doc 1, 1976) dealing, *inter alia*, with the practical aspects of factoring operations, factoring under various national laws, and the special problems of international factoring. This report, together with a questionnaire, was circulated to interested business circles and to legal experts. At its fifty-sixth session (May 1977) the Governing Council of UNIDROIT will decide on the method of continued work on this subject.

F. LIABILITY OF WAREHOUSER IN TRANSPORT OPERATIONS

92. Mr. Donald Hill of Queens University, Belfast, prepared a report for UNIDROIT on the possibility of drafting uniform rules concerning the liability of persons other than the carrier who have custody of the goods before, during or after the transport operations. UNIDROIT is transmitting this report to Governments and interested organizations, with a request for comments on the desirability and feasibility of drawing up such uniform rules.

G. CONVENTION ON THE HOTELKEEPER'S CONTRACT

93. The preliminary draft convention on the hotel-keeper's contract, prepared by a study group of UNIDROIT chaired by Dr. Loewe of Austria, together with

an explanatory report by the UNIDROIT secretariat, is being circulated to Governments for observations. It is intended that a committee of governmental experts will be established in the future to consider the draft convention.

X. FACILITATION OF INTERNATIONAL TRADE

A. FACILITATION OF CO-OPERATION IN PRODUCTION

94. The United Nations Economic Commission for Europe convened in October 1976 an *ad hoc* meeting of experts on industrial co-operation. The discussions at this meeting were based on two notes prepared by the ECE secretariat on the subject of industrial co-operation, one entitled "The international normative framework for international industrial co-operation", and the other entitled "Legal forms of industrial co-operation practised by countries having different economic and social systems, with particular reference to joint ventures".

95. The Legal Conference of representatives of member States of the Council for Mutual Economic Assistance (CMEA) is engaged in various studies aimed at assisting in the creation of favourable conditions for increased co-operation and the development of socialist economic integration of the CMEA member States.

96. In October 1976 the Intergovernmental Group on Meat of the Committee on Commodity Problems, within the framework of the Food and Agriculture Organization (FAO) adopted guidelines for international co-operation in the livestock and meat sector. The guidelines are designed to secure a balanced expansion in meat production, consumption and trade.

B. CO-OPERATION FOR EXPANSION OF INTERNATIONAL TRADE

97. The United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) noted that within its Asian trade expansion programme the Bangkok Agreement entered into force in June 1976. The Bangkok Agreement is intended to promote economic development through the steady expansion of trade among developing countries members of ESCAP and through technical co-operation in facilitation of international trade. Within the framework of the Bangkok Agreement ESCAP has undertaken to seek the harmonization of regulations on anti-dumping and countervailing duties; to formulate uniform rules of origin and a standard form for certificate of origin of goods; and to harmonize the national criteria for customs valuation.

98. In March 1977 the Group of Experts on Customs Questions affecting Transport of the United Nations Economic Commission for Europe (ECE) is expected to consider the extension of the scope of application of the Customs Convention on the International Transport of Goods under Cover of TIR Carnets to other regions. The Group of Experts will also explore the possibility of establishing a link among the different customs transit systems that now exist and will review the existing customs conventions with a view to their possible updating. Similarly, the ECE Committee on Inland Transport is studying the possible simplification of customs formalities and documents in the field of

transport. The ECE Committee on Inland Transport is also examining the problems that arise as a consequence of the controls at frontiers and the means of preventing abuse of the simplified customs procedures.

99. The Standing Commission on Foreign Trade of CMEA has established an interim working group which is engaged in work directed at the following main objectives: (a) rationalization of the techniques of foreign trade transactions, (b) standardization and coding of information on foreign trade, and (c) standardization, unification and simplification of foreign trade documents.

100. The Joint FAO/WHO Food Standards Programme is intended to protect consumers against health hazards in food, to ensure fair practices in the food trade, and to facilitate international trade in food. This programme is carried out primarily by the intergovernmental *Codex Alimentarius* Commission.

C. INFORMATION ON INTERNATIONAL TRADE LAW DEVELOPMENTS

101. In a provision of the Final Act of the 1975 Helsinki Conference on Security and Co-operation in Europe, the participating States affirmed their support for "a study, within the framework of the ECE, of the possibilities of creating a multilateral system of notification of laws and regulations concerning foreign trade and changes therein". In 1976, the ECE secretariat prepared a preliminary feasibility study (document TRADE/R.335 and Add.1) which is being circulated to national and international organizations and institutions concerned with the publication, collection, evaluation, storage and dissemination of foreign trade laws and regulations, for their comments. (The possible future system is referred to in the study by the acronym "MUNOSYST".) In November 1976 the ECE Committee on the Development of Trade decided to examine the practicability and desirability of creating such a system. An *ad hoc* meeting of experts from member States and from selected international organizations with experience in this area is to be convened in Fall 1977 in order to define the scope and appropriate directions of inquiry for a revised and complete feasibility study.

102. By agreement with the International Trade Law Branch of the United Nations Office of Legal Affairs, the United Nations Institute for Training and Research (UNITAR) agreed to include topics related to the work programme of UNCITRAL in the regional training and refresher courses in international law organized by UNITAR. Thus, at the regional training and refresher course organized for the countries members of the United Nations Economic Commission for Western Asia in Doha, Qatar, 16-20 January 1976, one of the five subjects concerned the international legal aspects of shipping and maritime transport and was taught by Justice K. K. Dei-Anang, the representative of Ghana at UNCITRAL.

103. In June 1976 UNITAR and the International Trade Law Branch agreed to organize jointly the second UNCITRAL symposium on international trade law in Vienna, Austria, from 8 to 15 June 1977, subject to the receipt of sufficient voluntary contributions for this purpose.⁴ It was agreed that UNITAR would be responsible

⁴ The status of the proposed symposium is reflected in document A/CN.9/137 (reproduced in chapter V, above), paras. 1-7.

for the organizational and administrative aspects of the symposium while UNCITRAL would be responsible for its substantive aspects.

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WORLD INTELLECTUAL PROPERTY ORGANIZATION (WIPO)

I. ACTIVITIES LEADING TO THE ADOPTION OF TREATIES OR AMENDMENTS THERETO

Adoption of new treaties

1. *Scientific discoveries.* At its session in September/October 1976, the WIPO General Assembly agreed that the institution of a system for the international recording of scientific discoveries at the International Bureau of WIPO for those countries which favor such a system should be effected by means of a treaty. The draft of such a treaty was prepared by the Working Group on Scientific Discoveries at its fourth session in May 1976. The Director General of WIPO was asked to make proposals to the next session of the WIPO Co-ordination Committee (September/October 1977) for the convening of the Diplomatic Conference for the adoption of the said treaty.

2. *Deposit of micro-organisms for the purpose of patent procedure.* A Diplomatic Conference for the adoption of a Treaty on the International Recognition of the Deposit of Micro-organisms for the Purposes of Patent Procedure will be held at Budapest in April 1977. The Diplomatic Conference will have

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before it a draft Treaty and draft Regulations on the International Recognition of the Deposit of Micro-organisms for the Purposes of Patent Procedure, prepared by the International Bureau of WIPO in accordance with the recommendations made by a Working Group which met in April 1975 and in April 1976. The proposed draft Treaty would have the effect that where, for the purposes of patent procedure, a micro-organism is deposited in one of the institutions internationally recognized for such a deposit, that deposit would satisfy the deposit requirement of all the Contracting Parties.

3. *Double taxation of copyright royalties.* A second Committee of Governmental Experts on the Double Taxation of Copyright Royalties Remitted from One Country to Another was convened by WIPO and UNESCO in December 1976. The Committee expressed the view that the solution of the problems in question may be found in the adoption of a multilateral instrument limited to general principles fitting a wide variety of cases, accompanied by a model bilateral agreement, certain provisions of which might be drawn up in several alternative versions, so as to govern the measures taken to give practical effect to the principles contained in the said Convention. The Committee asked the secretariats of WIPO and UNESCO to prepare new texts for this solution, together with a commentary, which should be submitted to governments and interested organizations for comments. A third Committee of Experts will

* 23 May 1977.