UNIDROIT 1998
A.G. (51) 10
(Original: English /
French)

U n i d r o i t

INTERNATIONAL INSTITUTE FOR THE UNIFICATION OF PRIVATE LAW
===

GENERAL ASSEMBLY

51st session

(Rome, 28 November 1997)

M I N U T E S

(Secretariat memorandum)

Rome, January 1998

The session was opened at 9.35 a.m. by the PRESIDENT OF UNIDROIT, Mr Luigi Ferrari Bravo, who welcomed the participants, the list of which is annexed hereto as APPENDIX I. He proposed that the Minister at the Embassy of the United Kingdom in Italy, Mr Keith George Bloomfield, take the chair.

The General Assembly endorsed the proposal by acclamation.

The **CHAIRMAN** stated that it was an honour for him to preside over the 51st session of the General Assembly of Unidroit and that his election was not completely unconnected with the sad death in February of Mr Malcolm Evans, Secretary-General of Unidroit. He recalled that Mr Evans, who had been Secretary-General for some thirteen years, had been personally well known by many of the participants who were sure to have appreciated his dedication to the Institute which he had transformed during his period of office and to which he had given new life by increasing membership, putting it on a more sound financial basis and by enhancing Unidroit's international status. Mr Evans had been very much appreciated by all those who had known him for his personal qualities. He had been a man of great warmth, great humour and great determination, a very important quality in the role of Secretary-General. The Chairman felt that he spoke for everybody present in saying that Mr Evans would be sadly missed.

Turning to the meeting, the Chairman stated, by way of introduction, that the United Kingdom was very much committed to the work of Unidroit in a world where deregulation was the order of the day, where globalisation was going ahead at a great pace and where world trade was assuming increasing importance. He felt that the fact that the United Kingdom in particular was a very big historically important trading nation underlay its very strong commitment to the work of Unidroit which it intended to continue to support to the full.

The **PRESIDENT OF UNIDROIT** thanked the Chairman for accepting the invitation to chair the meeting and proposed that the General Assembly stand for a minute of silence in memory of Mr Evans.

The General Assembly stood for a minute of silence in memory of Mr Malcolm Evans.

After noting that a quorum existed, the **CHAIRMAN** invited the Assembly to proceed to consideration of the draft agenda before it.

Item 1 – Adoption of the agenda (A.G. (51) 1 rev.)

The General Assembly adopted the provisional agenda as prepared by the Secretariat (see APPENDIX II).

Item 2 – Statement regarding the Institute's activity in 1997

The **PRESIDENT OF UNIDROIT** recalled that the year 1997 had not been an easy one for the Institute, marked as it had been by the loss, at the beginning of the year, of its Secretary-General, Mr Malcolm Evans, who had directed the Institute with enthusiasm. Due to the limited time available, the Governing Council had not, during its April 1997 session, been in a position to take a decision concerning his successor.

Indeed, notwithstanding the loss of its Secretary-General, the Institute had resolutely carried on with its work and it was with satisfaction that he could present to the General Assembly a situation which he considered on the whole to be a positive one. Progress had been made on the implementation of the Work Programme which had been approved by the General Assembly, and he proceeded to give a brief account of the Institute's accomplishments.

The Study Group on International Interests in Mobile Equipment had completed its work early in November 1997 with the establishment of a preliminary draft international Convention. This work was destined to make a valuable contribution to the growth of the asset-based financing of high-value equipment and, therefore, a considerable reduction of the risks and costs these operations involved. The future Convention, which concerned equipment of great importance to the global economy such as aircraft, space equipment and railway rolling stock, had the potential to play an even more important part in the expansion of international exchanges in that it seemed likely that there would be a strong growth both in the use of this type of equipment and therefore in financing needs for such equipment in the years to come. The instrument under preparation had been envisaged as a means of facilitating the acquisition of these goods and more deeply involving the private sector in the provision of the necessary financing.

Evidence of the capital importance of this project to the international aeronautical community was a Resolution, copy of which had been distributed to the Assembly, adopted three weeks beforehand by the General Assembly of IATA at its annual session. The preliminary draft Convention would be submitted for approval to the Governing Council of the Institute at its forthcoming session in February 1998, and the President expressed his sincere hope that a meeting of governmental experts could be convened for the purpose of elaborating a draft convention for adoption at a diplomatic conference.

In this connection he stressed the novel and very promising form of the future instrument. Indeed the future Convention, containing general rules applicable to different categories of equipment, would be accompanied by a certain number of protocols, each dealing with the characteristic financing patterns for specific categories of equipment, some of which, in particular those concerning aircraft, were much more sophisticated than others. He stated that one such protocol had already been prepared.

In order to meet the requirements of member States of Unidroit, he felt that intergovernmental negotiations should be organised in close collaboration with the sister organisations concerned such as, for example, ICAO as concerned the protocol on aircraft equipment.

He appealed to the representatives at the Assembly session to inform their competent authorities so as to enable the latter to take the necessary steps to co-ordinate, within their own national administrations, representation at the sessions of the governmental experts which were expected to get underway, once approval by the Governing Council had been obtained, in October 1998. Moreover, he reiterated the request expressed by the Chairman of the Study Group that seminars be held, as far as possible in the member States of the Institute, for the purpose of hearing the opinions of interested economic operators so as to acquire the expertise indispensable for full participation in the work in such a complex, technical field as this. While it was no mystery that Unidroit had been supported and encouraged by important aeronautical enterprises, he hoped that the entire international community would express its opinions.

The Principles of International Commercial Contracts continued to raise considerable interest all over the world and the number of languages into which the complete version of the Principles had been translated continued to grow. The Institute had received considerable information - only partially reflecting the extent of the phenomenon - concerning the use of the Principles by arbitrators for the settlement of commercial disputes, by legislators in the preparation or the modernisation of domestic rules governing contracts, or by economic operators when drawing up their contracts. In 1997 officials of the Institute had participated in numerous meetings and seminars in Japan (Tokyo and Kyoto), China (Beijing and Shanghai), Russia (Moscow), France (Paris) and Switzerland (Basel). Bearing in mind the remarkable success of the UNIDROIT Principles, the Governing Council had decided to re-establish the Working Group to prepare an enlarged second edition of the UNIDROIT Principles to include additional topics concerning certain aspects of international commercial contracts which had not been taken into consideration in the present edition.

The Principles of International Commercial Contracts, a major achievement on the part of Unidroit, whose success has surpassed the most optimistic expectations, had been considered a real visiting card of Unidroit. The President expressed his conviction that the Principles would in the course of future years be at the centre of interest to the international legal community.

The draft Guide to Master Franchise Arrangements, completed in 1997, had been presented on the occasion of the last conference of the International Bar Association held in New Delhi where it raised considerable interest. The draft Guide would be submitted to the Governing Council at its forthcoming session in February for approval. The diffusion of the Unidroit *Guide* was expected to enable users to avoid problems inherent in the implementation of franchising operations and contribute to the development of this novel commercial technique.

Bearing in mind the progress franchising was making world-wide, the exchange of opinions which had taken place during the preparation of the *Guide* had brought to light the advisability of preparing a model law on disclosure of information by the parties before and after the conclusion of a franchising contract. Requests received in this connection by the Institute from Governments and experts would be submitted to the Governing Council for examination at its forthcoming session, at which time the Council would establish the Institute's Work Programme for the 1999-2001 triennium to be submitted to the General Assembly for approval in 1998.

The Unidroit Internet World Wide Web site provided information on the instruments elaborated within the Institute, on the state of ratifications thereof and on the work in course. A note presenting this site would be sent to the member States in the near future so that they could use it as a source of information on Unidroit. Moreover, the virtual library which was being created would not only facilitate consultation of the great quantity of legal resources available via the Internet, but would also be of use to the Secretariat and researchers working at the Institute. All the Institute's activities were to bear the seal of modernity to enable it to exploit new technologies in order to improve access by interested circles, in particular Governments, to Unidroit's work.

The President then provided brief information on other subjects on the Work Programme. The implementation of Unidroit instruments was being monitored as actively as possible. The Unidroit Convention on Stolen or Illegally Exported Cultural Objects was expected to come into force within the next few months and the number of States parties to the Convention on International Financial Leasing had increased. The *Uniform law Review*, which had been launched in a new format in 1996, constituted not only a valuable source of information on the activities of the Institute and on recent developments in uniform law world-wide, but also a scientific reference work which was progressively establishing itself. Moreover efforts were being made to develop Unidroit's potential as a research centre for experienced lawyers. In this context the programme of research scholarships for lawyers from developing countries and countries engaged in the transition to a market economy had developed, thanks in particular to the generosity of donators, among which he extended thanks in particular to the Governments of Korea and France which had supported this programme.

Having stated that these positive results were the fruit of the commitment of the staff which had spared neither time nor effort in working for the success of the Institute, the President expressed his thanks to all his collaborators.

In conclusion the President stated that the Institute was an example of an effective structure which was making optimum use of its limited resources. If the establishment of a Uniform Law Foundation were to make it possible to raise funds to support specific activities under the control of the Institute, the intergovernmental nature of Unidroit ought to be firmly reaffirmed in order to enable it to carry out its mission. He appealed to the representatives of member States to provide the Institute with the continuous support in real terms it needed it to implement its Work Programme.

The ***CHAIRMAN****, on behalf of the Assembly as a whole, expressed his appreciation to the President for his report on the activity of the Institute during 1997.*

Item 3 – Appointment of the members of the Administrative Tribunal (A.G. (51) 2)

The **CHAIRMAN** referred the General Assembly to the Secretariat memorandum proposing the extension until 31 December 2002 of the existing terms of office of three full members of the Administrative Tribunal, Professors Philippe Cahier, Francesco Durante and Francis Jacobs, and of the substitute member, Professor Erik Jayme.

The representative of **MEXICO** asked whether consideration could be given to the possibility in the future of creating a sort of rotation system so that all member States would have an opportunity to be represented on the Administrative Tribunal.

The **SECRETARY-GENERAL a.i.** pointed out that, while such a request could be taken into consideration, the Administrative Tribunal, in the more than 25 years of its existence, had never been convened on the request of the Institute. The decision taken by the General Assembly to appoint an Italian, a Swiss and a British citizen had been based on considerations of a financial nature. In view of the proximity of Switzerland and the United Kingdom to Italy, the expense of convening the Administrative Tribunal would be limited. He added that the Administrative Tribunal had been convened twice on the request and at the expense of the International Centre for the Study of the Preservation and Restoration of Cultural Property (ICCROM) which, on the basis of an agreement with Unidroit, may make use of the Unidroit Administrative Tribunal.

*The **CHAIRMAN** having taken note of the proposal of the representative of Mexico, the General Assembly extended the terms of office of the three full members of the Administrative Tribunal and of the substitute member until 31 December 2002.*

Item 4 – Final adjustments to the budget and approval of the accounts for 1996
(A.G. (51) 3 and Accounts for 1996)

The **SECRETARY-GENERAL a.i.** recalled that at its 50th session, held on 29 November 1996, the General Assembly had modified the budget to permit additional expenditure of Lit. 50,000,000 under Chapter 3, art. 1 (Insurance for staff against disablement, old-age and sickness) and Lit. 5,000,000 under Chapter 7, art. 5 (Office equipment) balanced by a reduction of Lit. 25,000,000 under Chapter 1, art. 1 (Governing Council and Permanent Committee) and Lit. 30,000,000 under Chapter 2, art. 3 (Remuneration for collaborators and special work).

The accounts for the 1996 financial year indicated that actual expenditure had totalled Lit. 3,020,901,730 and actual receipts Lit. 2,930,912,747, yielding a deficit for the year as a whole of Lit. 89,988,983. This deficit had been covered by the surplus standing to the Institute's credit at the end of the 1995 financial year amounting to Lit. 123,695,048. Consequently, the surplus standing to the Institute's credit at the close of the 1996 financial year had amounted to Lit. 33,706,065 as opposed to the Lit. 82,000,000 estimated by the Secretariat.

The Secretary-General a.i. stated that the only substantial variation in the 1996 budget regarded social security charges. This substantial variation with respect to the Secretariat's forecast expenditure had been due to changes in the contributions structure of the *Istituto Nazionale Previdenza Sociale* (National Institute for Social Security) with which all Unidroit staff members were insured. Previously the contributions structure had consisted in a basic contribution plus a series of additional contributions, some of which had not been paid by Unidroit. Two years ago all these additional contributions had been englobed in one basic contribution which Unidroit had had to pay.

However he stated that the situation might change in the forthcoming year on account of the introduction of a new regional tax which would substitute part of the health insurance charges. As the Institute was however, on the basis of the Headquarters Agreement, exempt from regional taxation, it was to be expected that the Institute would not have to pay this particular tax. Consequently a reduction or even the elimination of heath insurance charges might be expected. However, as the implementing legislation was still pending in Parliament, the exact implications for the Institute were not yet clear.

*The **CHAIRMAN** having noted that there were no observations from delegations on this agenda item, the General Assembly approved the final modifications to the 1996 budget and the accounts for that financial year.*

Item 5 – Adjustments to the 1997 budget (A.G. (51) 4)

The **SECRETARY-GENERAL a.i.** recalled that the vacancy of the post of Secretary-General had created an unforeseen surplus, part of which the Governing Council had proposed, at its session held in April 1997, to use to finance the computerisation of the Library and the Institute. The Finance Committee, at its 50th session held in September 1997, had approved the Governing Council's proposal. Accordingly the Secretariat had proposed the following adjustments to the 1997 budget: to reduce expenditure under Chapter 2, art. 1 (Salaries of Category A staff) and to increase expenditure under Chapter 7, art. 5 (Office equipment) and Chapter 7, art. 6 (Upkeep of building).

A portion of the aforementioned surplus would be used to purchase the hardware and software required for computerisation (Lit. 58,000,000 under Chapter 7, art. 5 (Office equipment) and to cover the cost of making the necessary adaptations to the electrical system (Lit. 50,000,000 under Chapter 7, art. 6 (Upkeep of building)). The remainder of the surplus would be carried over to the 1998 budget.

The representative of **SPAIN** proposed that paragraph 4 of document A.G. (51) 4 be redrafted to relate the availability of funds to the vacancy of a post and not to the loss of a person. He also stated that some delegations might, as did his delegation, regret that the General Assembly was gradually becoming a super financial committee which lacked time to discuss the current and future scientific activities of Unidroit.

The **PRESIDENT OF UNIDROIT** agreed with the proposal of the representative of Spain. He pointed out that the General Assembly did have the task of approving the Work Programme as well as of proposing new items for inclusion in it. In that connection he urged member Governments to make comments, observations and suggestions for submission to the Governing Council which, at its 1998 session, would establish the new Work Programme for the triennial period 1999 - 2001 to be subsequently examined and approved by the General Assembly. In concluding he stressed that the Institute existed to serve its member States.

The **SECRETARY-GENERAL a.i**. stated that a letter had been sent on 29 May 1997 to all member Governments soliciting their suggestions and comments on the Work Programme and urged them to do so before 15 December at which time a Working Group set up by the Governing Council would meet in Paris to make an initial examination of the proposals received concerning the future Work Programme.

In the light of the foregoing the General Assembly approved the adjustments to the 1997 budget as proposed by the Secretariat.

Item 6 – Arrears in the contributions of member States (A.G. (51) 5)

The **SECRETARY-GENERAL a.i.** drew the Assembly's attention to the revised chart (see APPENDIX III hereto) which indicated the state of arrears as at 27 November 1997. Arrears amounted to Lit. 735,396,137. He pointed out however that two of the States listed on the chart, namely Brazil and the United States of America, had informed the Secretariat that their outstanding contributions would be paid shortly, while a third, Uruguay, announced that a large part of its outstanding contribution would be paid in the near future.

The Secretary-General a.i. reminded the General Assembly that as one third of the Institute's budget was still outstanding, problems in the functioning of the Institute might arise. Moreover he recalled Resolution (47) 1 adopted by the General Assembly at its 47th session held on 2 December 1993. That Resolution, which had not yet entered into force, would have the effect of amending Article 20 of the Statute of the Institute in such a manner than any member Government accumulating arrears in contributions, the amount of which was equivalent to or in excess of the aggregate of its assessed contributions for the four immediately preceding years, would be deemed to have denounced the Statute.

He also reminded the General Assembly that it would be called on in 1998 to elect the members of the Governing Council and that, in accordance with Article 16, paragraph 7 of the Statute, participating Governments which were more than two years in arrears with the payment of their contribution lost the right to vote in the General Assembly until they regularised their position. He stressed that it was important that all States be up to date with their payments in order for them to participate in the nomination and election of the members of the Governing Council in 1998. He requested Governments to reply immediately to the Secretariat's invitation, which would be sent in March or April 1998, to make their proposals in this regard.

Turning to another matter under this item the Secretary-General a.i. stated that the Government of Senegal had settled all its outstanding financial obligations to the Institute but had, at the same time, denounced the Unidroit Statute for financial reasons as of 1 January 1998. He, as well as the President and the Chairman of the Finance Committee had made all possible efforts to persuade the Senegalese authorities to reconsider their position. He also asked Governments represented in the General Assembly for their support in this matter as Senegal represented an important legal tradition in Africa.

The **PRESIDENT OF UNIDROIT** expressed his regret that Senegal had decided to withdraw from Unidroit as, being representative of French-speaking Africa, its presence was extremely important. He therefore appealed to all representatives of those States having special relations with Senegal to invite the Senegalese authorities to reconsider their position. The presence of Senegal was in his opinion essential. Nigeria, whose position within Unidroit was also shaky on account of its arrears, as representative of English-speaking sub-Saharan Africa and Senegal, as representative of French-speaking sub-Saharan Africa, were both important member States.

The representative of **ITALY** stated that his Government, on account of budgetary restrictions, had initially paid only 80% of its contribution, but had decided to pay the remaining 20% before the end of 1997.

The representative of **GERMANY** stated that this was a very delicate problem. While he felt sure that no State was delaying payment of its contributions in order to hinder the work of Unidroit, he stressed the need for Governments to pay their contributions on time. As the budget of Unidroit was a very small one, the Institute could find itself in serious difficulties if

Governments failed to pay their contributions on time or meet their financial obligations. He therefore appealed to Governments to pay their contributions as quickly as possible.

The representative of **AUSTRALIA** clarified that, contrary to what appeared in Appendix II of document A.G. (51) 5, her Government's contribution had been paid on time but had not been correctly attributed to Australia due to a clerical error on the part of the Secretariat.

The **SECRETARY-GENERAL a.i.** reminded the representatives of Australia and of Italy that their countries had been deleted from the revised chart of outstanding contributions.

The **CHAIRMAN** considered that the Assembly was sure to agree on the need to keep up contributions, regretted Senegal's decision to withdraw from Unidroit and would echo the President's appeal to Senegal.

The General Assembly took note of the current situation on payments and arrears.

Item 7 – Classification of States in the contributions chart of the Institute (A.G. (51) 6)

The **SECRETARY-GENERAL a.i.** recalled that in recent years both the Finance Committee and the General Assembly had been requested to consider the revision of the general structure of the Institute's contributions chart as well as individual requests by member States for downward reclassification. The General Assembly had, at its December 1995 session, adopted the recommendations of the Finance Committee regarding the criteria which it would apply when determining requests for reclassification (set out in document A.G. (51) 6).

As the Secretariat had been requested to prepare a study on the revision of the Unidroit contributions chart on the basis of the United Nations contributions chart, the Secretary-General a.i. had informed the Finance Committee, at its September 1997 session, that as soon as the Secretariat received the United Nations contributions chart for the years 1998-2000 a comparative study of the two charts would be made with a view to identifying adjustments to be made to the Unidroit contributions chart. As the chart had in the meantime been received, the Secretariat would prepare its study for submission to the members of the Finance Committee in March 1998.

In the event of it seeming that the contribution of a Unidroit member State to the United Nations justified its reclassification in a higher category in the Institute's contributions chart, then consultations between the Secretariat and the authorities of the State in question in Rome should be initiated.

The question of the total restructuring of the Unidroit contributions chart could be examined by the Finance Committee, which had already delegated the Sub-committee of the Finance Committee to make an preliminary study in order to reach a greater degree of objectivity in the classification of member States whose position in the United Nations contributions chart had changed over the years.

Referring to the requests for downward reclassification made by Mexico and the Russian Federation, the Secretary-General a.i. recalled that the Finance Committee had, at its September 1997 session, agreed to maintain in 1998 the provisional arrangement whereby Mexico remained classified in Category V but would pay a Category VI contribution. As concerned the Russian

Federation's request he pointed out that, as this State was currently classified in Category I, a downward reclassification would have a tremendous impact on the Institute's budget. He suggested that the General Assembly confirm the current situation and consider, at its 1998 session, the requests of Mexico and the Russian Federation for reclassification in the light of a general revision of the structure of the Unidroit contributions chart.

The representative of **MEXICO**, while not desiring to oppose the Secretariat's position on this issue, reiterated her Government's request for reclassification in Category VI and requested that it be considered by the Finance Committee.

The representative of the **RUSSIAN FEDERATION** expressed his support for the Secretariat's approach and reiterated his Government's request for reclassification in Category II. He pointed out that the contribution of the Russian Federation to the United Nations had been drastically reduced from about 5% of the entire budget of the United Nations to 3%. The Russian Federation's contribution was therefore equal to that of Canada (classified in the Unidroit contributions chart in Category II), far below the contribution paid by the five States classified in Category I of the Unidroit contributions chart.

The **CHAIRMAN** stated that note would be taken of the statement made by the representative of the Russian Federation but, nevertheless, asked whether his Government was prepared to endorse the Finance Committee's recommendations as outlined in paragraph 15 of document A.G. (51) 6.

The representative of the **RUSSIAN FEDERATION** stated that his Government supported the Finance Committee's recommendations. This meant that the Russian Federation would remain classified in Category I in 1998 and that a procedure would begin in March 1998 to revise the Unidroit contributions chart, at which time the Russian Federation's request for reclassification in Category II as of 1999 would be considered.

It was so decided.

Item 8 – Approval of the draft budget for 1998 and determination of the contributions of the member States for that year (A.G. (51) 7 rev. and A.G. (51) 7 Add.)

The **SECRETARY-GENERAL a.i**. briefly outlined the difference between the first draft budget prepared by the Secretariat and the revised draft budget prepared following the September 1997 session of the Finance Committee in order to meet the requests made by some Governments for nominal zero growth and not just real zero growth. The 2.59% increase in expenditure in the first draft budget had been reduced to 0.76% in the revised draft budget. He pointed out that the Secretariat had almost succeeded in achieving the nominal zero growth level requested by some member Governments as the estimated increase in expenditure of Lit. 25,000,000 in the draft budget for 1998 represented a level very close to the goal. Total estimated expenditure in 1998 was Lit 3,304,000,000 as against Lit. 3,279,000,000 in 1997.

He stated that the Institute's main item of expenditure was for human resources (salaries and social security charges) to which about 72% of the Unidroit budget was allocated. The remaining 28% was allocated to reimbursement of travel expenses and investments. In drafting the budget the Secretariat had had regard essentially to four factors, namely the most recent available accounts (1996), the estimated inflation rate in Italy for the financial year in question (2.5% predicted for 1998), the annual increment payable to staff members in accordance with the Regulations of the Institute and the evolution in 1998 of the salary scales of international civil servants established by the responsible OECD committee in Paris. He noted that the OECD, in determining new salaries in the forthcoming two or three years, intended not to take into consideration certain factors such as the evolution of labour contracts and others which had often led in the past to unexpectedly high salary increases, but to take into consideration only the evolution of prices. This was likely to slow down the evolution of salaries in forthcoming years.

Taking into consideration all these factors, the increase in estimated expenditure in the 1998 draft budget should have been about 2.55%, whereas it had in fact been limited to 0.76%.

By way of information the Secretary-General a.i. drew the Assembly's attention to the changes in the 1998 draft budget as compared to the 1997 budget.

A reduction of Lit. 20,000,000 under Chapter 1, art. 1 (Governing Council and Permanent Committee) had been made possible by the saving made in respect of the 1997 session of the Governing Council due to the absence of certain members and to the willingness of some member States to finance the participation of their nationals in the session. As the forthcoming session of the Governing Council would be held in February 1998, a small part of the costs of that meeting could be covered by funds which had not been utilised under this Chapter of the 1997 budget.

There had been a small increase of 0.23% under Chapter 2 (Salaries and allowances).

The only substantial increase (Lit. 50,000,000) in the draft budget for 1998 as compared to the 1997 budget had been under Chapter 3, art. 1 (Social security charges).

There had been no changes under Chapters 4 (Compensatory payments for retired members of staff) and 5 (Printing costs).

There had been a small increase of 2.31% under Chapter 6 (Administrative expenses) and Chapter 7 (Maintenance costs). Repairs to the building and furniture would be necessary in the forthcoming years and it was expected that the Italian Government would provide some substantial support for the upkeep of the building (elevator, electrical system, heating system).

A reduction of Lit. 20,000,000 under Chapter 8, art. 3 (Reserve fund ...) had been possible.

The allocation under Chapter 9 (Library) had been increased by 0.89% (Lit. 1,500,000). Such a sum would hardly be sufficient to cover the increased cost of publications and periodicals. However, the virtual library which was being created would facilitate access to the many legal resources (official journals and periodicals) available on the Internet free of charge which would no longer need to be purchased.

The Secretary-General a.i. thanked the representative of Germany for his Government's generous offer to donate some German legal publications to the Library and expressed the hope that other Governments would follow Germany's example. He stressed the importance of maintaining the high standard of the Library's holdings as the Library was used by lawyers and professors, particularly those from developing countries and countries engaged in the transition to a market economy, who were carrying out research projects under the Unidroit scholarships programme.

The Secretary-General a.i. pointed out that estimated receipts in 1998 had been reduced. In view of the delay in the payment of contributions the estimated balance on 1 January 1998 of Lit. 98,000,000 was more realistic than the Lit. 112,000,000 which had been foreseen in the first draft budget for 1998. "Other receipts" had been reduced from Lit. 72,000,000 to Lit. 55,700,000 on account of the smaller sum of money in the Institute's bank account, the lower rate of interest banks were paying and a reduction in the proceeds from the sale of publications.

Regarding the sale of publications, he noted that proceeds from the sale of the Principles of International Commercial Contracts which had formerly been quite substantial were at present small. He also mentioned that the Institute might in 1998 begin producing the *Uniform Law Review* in house and that a contract was about to be signed with the largest legal publisher in the world which was expected to result in a revenue sufficient to cover production costs.

The representative of the **UNITED STATES OF AMERICA** thanked the Secretary-General a.i. for his explanation of how the Finance Committee and the Secretariat had arrived at the revised draft budget and expressed her Government's appreciation of the Secretariat's efforts to get the budget down to almost nominal zero growth in response to concerns expressed not only by the United States but also by other member Governments. She also stated that her Government very strongly supported the work of the Institute and its current Work Programme and would be contributing to the next Work Programme at the Governing Council session in February 1998.

She had however to insist on certain funding realities dictated by the fact that the United States no longer endorsed a policy of zero growth in real terms and at present sought the implementation of a policy of negative nominal growth in the budgetary practice of all intergovernmental organisations. In these circumstances, she could not support the adoption of the 1998 budget and would have to dissociate her delegation from any consensus in favour of its adoption.

The representative of **CANADA** stated that his Government shared with the United States of America the appreciation it had for the Secretariat for its efforts to achieve zero nominal growth. The fact that the Secretariat came to 0.76% was an indication of the effort it had made and that was a very important step. Nevertheless Canada had at present a policy with respect to international organisations of seeking zero nominal growth and not only zero real growth. He added that his Government's appreciation of the work of Unidroit was substantial and its support for Unidroit's current Work Programme was complete. He regretted that the Institute had been unable to reach zero nominal growth in 1997 and hoped that it would be in a position to do so in 1998.

The representative of **SWITZERLAND** expressed her Government's appreciation of both the work and the Work Programme of the Institute as well as the Secretariat's efforts and those of the delegations who had worked together to achieve a budget as close as possible to a level of zero nominal growth. While the Swiss Government was also anxious to maintain the budget as close as possible to this level, it was nevertheless aware of the fact that probably no greater effort could have been made to achieve more than what had already been proposed to the General Assembly. Therefore she declared that her Government, perfectly satisfied with the draft budget for 1998, supported it.

The CHAIRMAN having found that there were no other comments on this agenda item, and registering the statements of the representatives of the United States of America, Canada and Switzerland, he inquired whether the General Assembly was prepared to adopt the budget and the contributions chart for 1998 as set out in document A.G. (51) 7 rev.

It was so decided.

The **SECRETARY-GENERAL a.i.** recalled that the Secretariat had, on the suggestion made by some delegations at the 1996 session of the General Assembly, invited members of the Governing Council to seek the assistance of their Governments in financing their participation in the 1997 annual Council session. Some members of the Governing Council had been able to obtain reimbursement of their travel expenses.

He also recalled that the Sub-committee of the Finance Committee had decided, at its October 1997 session, with a view to reducing expenditure under Chapter 1 of the Unidroit budget, to recommend the General Assembly to adopt a Resolution inviting the Governments of member States of Unidroit to envisage the possibility of making a financial contribution to the participation of their nationals in the sessions of the Governing Council and other committees of the Institute, for example, by paying their travel expenses (see APPENDIX IV). He stressed that the draft Resolution did not constitute a change in the Statute, but was merely an invitation to States.

The representative of **JAPAN** expressed his support for the draft Resolution, but asked whether “travel expenses” was to be considered as including accommodation as well.

The **SECRETARY-GENERAL a.i.** stated that the draft Resolution referred to transportation expenses only. The Institute would continue to pay the *per diem* allowances.

The CHAIRMAN having found that there were no other comments on this agenda item, he inquired whether the General Assembly was prepared to adopt draft Resolution (51) 1 as set out in document A.G. (51) 7 Add.

It was so decided.

Item 9 – Entry into force of the amendments to Article 20 of the Statute (A.G. (51) 8)

The **SECRETARY-GENERAL a.i.** stated that the General Assembly had adopted at its 47^{th} session, held on 2 December 1993, Resolution (47) 1, the effect of which had been to amend Article 20 of the Statute of the Institute in such a manner than any member Government accumulating arrears in contributions, the amount of which was equivalent to or in excess of the aggregate of its assessed contributions for the four immediately preceding years, would be deemed to have denounced the Statute.

According to the latest information available to the Secretariat from the Italian Ministry of Foreign Affairs, twenty-three member Governments had so far notified their approval of the amendments to Article 20 of the Statute, namely: Italy, Belgium, Austria, the Netherlands, Germany, Australia, Japan, Malta, the Republic of Korea, San Marino, Canada, Finland, Sweden, France, the Russian Federation, Hungary, Romania, Norway, Pakistan, Switzerland, Brazil, the United Kingdom and Denmark, which meant that at the present time another twelve instruments of approval would need to be deposited for the amendment to enter into force.

The Secretary-General a.i. reiterated the importance of the earliest possible entry into force of the amendments to Article 20 of the Statute.

At the invitation of the ***CHAIRMAN,*** *the General Assembly reiterated the importance which it attached to the earliest possible entry into force of the amendments to Article 20 of the Statute of the Institute and its encouragement to the Secretariat to continue to deploy its best efforts in this regard.*

Item 10 – Revision of the Headquarters Agreement (A.G. (51) 9)

The **SECRETARY-GENERAL a.i.** stated that, thanks to the efforts of the Italian authorities and the President of the Institute, the Headquarters Agreement between the Italian Government and Unidroit had been revised. This represented an important contribution on the part of the Italian Government to the life of the Institute as it granted the Institute exemption from the payment, among others, of value added tax on transactions for a value of over Lit. 1,000,000. The Institute expected to save about Lit. 5,000,000 per year on the purchase of equipment such as computers and on the cost of services such as telephone calls and the printing of the *Uniform Law Review* and other publications.

The representative of **ITALY** expressed his Government’s complete satisfaction regarding the revision of the Headquarters Agreement between the International Institute for the Unification of Private Law and Italy. It was hardly necessary to point out that the revised Headquarters Agreement placed the Institute on the same level as the Italian public administration as concerned tax exemptions and granted the President the same privileges and immunities enjoyed by ambassadors and heads of mission. The Italian Government was also aware of the positive impact the revised Headquarters Agreement would have on expenditure incurred by the Institute for the acquisition of equipment and the obtaining of services.

The General Assembly expressed its satisfaction at the revision of the Headquarters Agreement and requested the Secretariat to convey to the Italian Government its appreciation at the conclusion of the process of revision of the Headquarters Agreement.

Item 11 – Other business

The **SECRETARY-GENERAL a.i.** asked to take the floor to make some comments of a general nature. In the foregoing two months he had had the opportunity to visit various countries of the world on behalf of the Institute and had encountered a great interest in the activities being carried out by Unidroit; interest which is noticeable also from the proposals for new initiatives which have been made. All this contrasted with the financial resources provided for the functioning of the Institute which would not be able, unless reductions in the staff were made, to submit a draft budget for 1999 similar to the one submitted for 1998 which had been made possible simply by the fact that the post of Secretary-General would be filled only in the second half of 1998. If one then considered some member States' requests for downward reclassification in the contributions chart it might be advisable to consider a major revision in the financial system of the Unidroit. The Secretariat hoped it could count on the collaboration of the representatives of all member States in order to overcome these problems.

*

* *

After noting that no other matters were raised under this agenda item, the CHAIRMAN expressed his appreciation to the representatives for their co-operation and to the President of the Institute and to the Secretary-General for their preparation of, and contribution to, the session.

*The **CHAIRMAN** declared the 51st session of the General Assembly closed at 11.20 a.m.*

APPENDIX I

LIST OF PARTICIPANTS/*LISTE DES PARTICIPANTS*

ARGENTINA/*ARGENTINE*	Mr Néstor PERL, Minister Plenipotentiary Embassy of Argentina to Italy
AUSTRALIA/*AUSTRALIE*	Ms Lucy BLANDA, Attaché Economic Affairs Embassy of Australia to Italy
AUSTRIA/*AUTRICHE*	Mr Andreas SCHMIDINGER, Counsellor Embassy of Austria to Italy
BELGIUM/*BELGIQUE*	Excused/*excusé*
BOLIVIA/*BOLIVIE*	Mr Hernàn GONZALES DAZA, Chargé d'affaires a.i., Embassy of Bolivia to Italy
BRAZIL/*BRESIL*	Mr João Batista CRUZ, Counsellor Embassy of Brazil to Italy
BULGARIA/*BULGARIE*	His Excellency Mr Dimitar LAZAROV Ambassador of Bulgaria to Italy
CANADA	Mr Gilbert LAURIN, Counsellor Embassy of Canada to Italy
CHILE/*CHILI*	Mr Mauricio UGALDE, Counsellor Embassy of Chile to Italy
CHINA/*CHINE*	Excused/*excusé*
COLOMBIA/*COLOMBIE*	Mr Carlos SALGAR, Minister Embassy of Colombia to Italy
CROATIA/*CROATIE*	Mr Branimir CECUK, First Secretary Embassy of Croatia to Italy
CUBA	Excused/*excusé*
CZECH REPUBLIC/*REPUBLIQUE TCHEQUE*	Mr Pavel SMETACEK, First Counsellor Embassy of Czech Republic to Italy
DENMARK/*DANEMARK*	Mr Knud JERNE, Consul Embassy of Denmark to Italy

EGYPT/*EGYPTE*	Mr Ahmed REZK, Minister Mr Khaled HESHMAT MOSTAFA, Second Secretary, Embassy of Egypt to Italy
FINLAND/*FINLANDE*	Mr Jukka SIUKOSAARI, Second Secretary Embassy of Finland to Italy
FRANCE	Mr Cyrille BAUMGARTNER, First Secretary Embassy of France to Italy
GERMANY/*ALLEMAGNE*	Mr Wolfgang GAERTE, Counsellor Embassy of Germany to Italy
GREECE/*GRECE*	Ms Catherine GUINI, Second Secretary Embassy of Greece to Italy
HOLY SEE/*SAINT SIEGE*	Mr Tommaso MAURO, Judge of the Court of the Vatican City State
HUNGARY/*HONGRIE*	Mr Miklós MÓROCZ, First Secretary Embassy of Hungary to Italy
INDIA/*INDE*	Mr Arun Kumar JAIN, Second Secretary Embassy of India to Italy
IRAN	Mr Gholam Hossein DARZI, Counsellor Embassy of Iran to Italy
IRAQ/*IRAK*	Excused/*excusé*
IRELAND/*IRLANDE*	Excused/*excusé*
ISRAEL	Mr Moshe LIZEMER, Consul Embassy of Israel to Italy
ITALY/*ITALIE*	Professor Umberto LEANZA, Head of the Legal Adviser Office His Excellency Marcello SALIMEI, Ambassador Ministry of Foreign Affairs
JAPAN/*JAPON*	Mr Yukio NUMATA, First Secretary Embassy of Japan to Italy
LUXEMBOURG	Excused/*excusé*
MALTA/*MALTE*	Ms Vanessa GRIMA BALDACCHINO, First Secretary and Consul Embassy of Malta to Italy
MEXICO/*MEXIQUE*	Ms Mineya TERÁN, Minister Ms Margarita LÓPEZ, Assistant political affairs Embassy of Mexico to Italy

NETHERLANDS/*PAYS-BAS*	Mr Gerrit KULSDOM Ministry of Foreign Affairs
NICARAGUA	Excused/*excusé*
NIGERIA	Mr O.J. AKUBUE, Senior Counsellor Embassy of Nigeria to Italy
NORWAY/*NORVEGE*	Excused/*excusé*
PAKISTAN	Mr Athan MAHMOOD, Minister Embassy of Pakistan to Italy
PARAGUAY	Excused/*excusé*
POLAND/*POLOGNE*	Excused/*excusé*
PORTUGAL	Excused/*excusé*
REPUBLIC OF KOREA/ *REPUBLIQUE DE COREE*	Mr Ju-Hum LEE, Counsellor Embassy of the Republic of Korea to Italy
ROMANIA/*ROUMANIE*	Mr Cornel VISOIU, First Secretary Embassy of Romania to Italy
RUSSIAN FEDERATION/ *FEDERATION DE RUSSIE*	Mr Boris BASISTYI, Legal Consultant Trade Representation of the Russian Federation to Italy
SAN MARINO/*SAINT-MARIN*	Mr Victor CRESCENZI, Professor
SENEGAL	Excused/*excusé*
SLOVAKIA/*SLOVAQUIE*	Mr Rozhold ZDENEK, Third Secretary Embassy of Slovakia to Italy
SLOVENIA/*SLOVENIE*	Excused/*excusé*
SOUTH AFRICA/*AFRIQUE DU SUD*	Mr Edward MAKAYA, Second Secretary Embassy of South Africa to Italy
SPAIN/*ESPAGNE*	Mr Enrique PANÉS, Minister Counsellor Embassy of Spain to Italy
SWEDEN/*SUEDE*	Ms Christine von SYDOW, First Secretary Embassy of Sweden to Italy
SWITZERLAND/*SUISSE*	Ms Ingrid APELBAUM, Minister Embassy of Switzerland to Italy

TUNISIA/*TUNISIE*	Mr Mahjoub LAMTI, Counsellor Embassy of Tunisia to Italy
TURKEY/*TURQUIE*	Mr Mustafa O. TURAN, Third Secretary Embassy of Turkey to Italy
UNITED KINGDOM/*ROYAUME-UNI*	Mr Keith G. BLOOMFIELD, Minister Chairman of the General Assembly/ *Président de l'Assemblée Générale* Mr Niall J.D. CULLENS, Third Secretary Embassy of the United Kingdom to Italy
UNITED STATES OF AMERICA/ *ETATS-UNIS D'AMERIQUE*	Ms Vonda KIMBLE DELAWIE, Deputy Permanent Representative United States Mission to the United Nations Agencies for Food and Agriculture
URUGUAY	Ms Adriana LISSIDINI, First Secretary Embassy of Uruguay to Italy
VENEZUELA	Excused/*excusé*

OBSERVER/*OBSERVATEUR*

SOVEREIGN MILITARY ORDER OF MALTA/ *ORDRE SOUVERAIN MILITAIRE* *DE MALTE*	His Excellency Marquis Aldo PEZZANA CAPRANICA DEL GRILLO, Ambassador

UNIDROIT

Mr Luigi FERRARI BRAVO, President/*Président*
Mr Walter RODINO', Acting Secretary-General/*Secrétaire Général a.i.*
Ms Lena PETERS, Research Officer/*Chargée de recherches*
Ms Paula HOWARTH, Translater/Drafter / *Traducteur/Rédacteur*
Mr Ludovic BERNARDEAU, In charge of the Institute's computerisation/*Responsable de l'informatisation de l'Institut*
Mr Paolo AVERSA, Treasurer/*Trésorier*

APPENDIX II

AGENDA

1. Adoption of the agenda (A.G. (51) 1)

2. Statement regarding the Institute's activity in 1997

3. Appointment of the members of the Administrative Tribunal (A.G. (51) 2)

4. Final adjustments to the budget and approval of the accounts for 1996 (A.G. (51) 3 and Accounts for 1996)

5. Adjustments to the 1997 budget (A.G. (51) 4)

6. Arrears in the contributions of member States (A.G. (51) 5)

7. Classification of States in the contributions chart of the Institute (A.G. (51) 6)

8. Approval of the draft budget for 1998 and determination of the contributions of the member States for that year (A.G. (51) 7 rev. and A.G. (51) 7 Add.)

9. Entry into force of the amendments to Article 20 of the Statute (A.G. (51) 8)

10. Revision of the Headquarters Agreement (A.G. (51) 9)

11. Other business

APPENDIX III

[Text of Appendix III is not available in electronic form.]

APPENDIX IV

RESOLUTION (51) 1

adopted by the General Assembly at its 51st session on 28 November 1997

THE GENERAL ASSEMBLY,

CONSIDERING the need to continue efforts to rationalise the use of the resources at the disposal of Unidroit without prejudicing the implementation of its Work Programme,

CONSIDERING that the Finance Committee had indicated to the General Assembly at its 50th session that it was necessary to pay more attention to the possibility of savings being secured by specific cost-cutting measures, for example, through the financing by Governments of the participation of their nationals in Unidroit meetings,

CONSIDERING that for many years certain member Governments have covered the travel expenses of their nationals who are members of the Governing Council,

INVITES

the assembly of Governments of the member States of Unidroit to envisage the possibility of making a financial contribution to the participation of their nationals in the sessions of the Governing Council and other committees of the Institute, for example, by paying their travel expenses.

Back to "Unidroit Proceedings and Papers 1997: Contents"