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INTERNATIONAL INSTITUTE FOR THE UNIFICATION OF PRIVATE LAW

GENERAL ASSEMBLY

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(Rome, 27 November 1998)

MINUTES

(prepared by the Secretariat)

Rome, December 1998

The session was opened at 9.40 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.

It was his pleasure, above all, to introduce to those who had not yet had the opportunity to make his acquaintance, Professor Kronke, whose nomination he had proposed to the Governing Council. Professor Kronke had taken up his new functions as Secretary-General of the Institute on September 1st and, right from the time of his arrival, he and Professor Kronke had had an exchange of views on the prospects for the development of this institution.

In his capacity as President of the Institute, he stated that it was his duty to point out that the future of the Institute depended above all on the support member States were willing to give it. The results of the Institute's activities in the last five years, which had been adversely affected by the sad event on which he did not wish to dwell, had been remarkable. He mentioned in particular the Principles of International Commercial Contracts published in 1994, the 1995 Unidroit Convention on Stolen or Illegally Exported Cultural Property (which had come into force in July of this year), the preliminary draft Convention on International Interests in Mobile Equipment which was arousing great interest all over the world and, lastly, the Guide to International Master Franchise Arrangements which had just been published.

All this had given rise to a growing interest in the work of Unidroit and some Governments had in particular requested that the work on international interests be accelerated or some new subjects of international unification of law be dealt with, above all in this age of the globalisation of economies.

These facts, as well as the number of member States, one of which will be Cyprus as of 1 January 1999, had made it apparent that the magnificent Unidroit headquarters no longer suited the needs of the Institute and, after 70 years of good, loyal service, required major renovations. The Italian Government would be invited to reinforce its support and to appeal to its authorities responsible for such matters to adapt the seat of Unidroit to its new functional needs.

This did not prevent the President from appealing to all member States of Unidroit to make an effort to put the Institute in a position to carry out its work with the means appropriate to its prestige and capacity for development.

Lastly he pointed out that the General Assembly would be called upon later in the course of the morning to elect the members of the Governing Council for the next five years. He recalled that the Governing Council played an essential role in the life of the Institute and that it was important that all continents and legal traditions be represented on the new Council which would be called upon to carry forward the policy of Unidroit at the beginning of the third millennium.

In conclusion he proposed that His Excellency the Ambassador of Denmark in Italy, Mr Henrik Ree Iversen, chair the session of the General Assembly.

The General Assembly endorsed the proposal by acclamation (applause).

The CHAIRMAN thanked the President of Unidroit and the Assembly for having requested him to chair the 52nd session of the General Assembly and, after noting that a quorum existed, invited the Assembly to proceed to consideration of the draft agenda before it.

Item 1 – Adoption of the agenda (A.G. (52) 1)

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

Item 2 – Statement regarding the Institute’s activity in 1998

The SECRETARY-GENERAL presented the customary report on the activity of the Institute during the year. He commenced by stating that the UNIDROIT Principles of International Commercial Contracts continued to raise considerable interest and that the Secretariat now knew of numerous arbitral awards and court decisions in which the UNIDROIT Principles had been applied or had been a source of inspiration. Given this success, the Governing Council had decided to request the Working Group to prepare a second, enlarged edition of the Principles. The Group, which had met in Rome in March 1998, decided to concentrate on a certain number of subjects (agency, limitation of actions, assignment of contractual rights and duties, contracts for the benefit of a third party, set-off and waiver) for which Rapporteurs were appointed. The Group would meet for the second time in Bozen (Italy) in February 1999.

He also stated that the UNIDROIT Principles had been discussed at several seminars organised by Unidroit alone or in co-operation with other partners. Thus an important law firm had organised a seminar on the Principles in London in March, a session of the 15th International Congress of Comparative Law held in Bristol in July had been devoted to the Principles and the *Universidad Argentina de la Empresa* had recently organised a seminar in Buenos Aires which he would comment on later.

The second important subject on the current Unidroit agenda was the preparation of a preliminary draft Unidroit Convention on International Interests in Mobile Equipment and a preliminary draft Protocol on Matters Specific to Aircraft Equipment. The Secretary-General briefly explained that States and large companies increasingly depended on asset-based finance and that it was often difficult for them to purchase the high-value equipment needed for their manufacturing processes without adequate security devices regarding the purchase price. The purpose of this Convention was to establish an international legal regime for security and related interests in equipment of a kind normally moving from one State to another in the normal course of business (for example aircraft and railway rolling stock) as well as satellites and other space objects.

The text of the preliminary draft Convention, drawn up by a Study Group, and that of the preliminary draft Protocol, drawn up by an Aircraft Protocol Working Group and the

International Civil Aviation Organization (I.C.A.O.), were revised by a Steering and Revisions Committee which met in Rome in July. The draft had reached the stage of a Governmental Experts meeting, the first session of which would be held in Rome in February 1999 on the joint invitation of Unidroit and I.C.A.O.

The Secretary-General then stressed the importance of franchising in the context of the Institute's work as franchising was the most important distribution technique internationally adopted. He pointed out to the General Assembly that the English language version of the Guide to International Master Franchise Arrangements had just been published and that the French language version was forthcoming.

He also indicated that a certain number of conferences and seminars had been organised in the course of the year. Thus, among others, the 17th Course of the International Association of Law Librarians had been held at the Unidroit headquarters in September and, as he had already mentioned, the *Universidad Argentina de la Empresa* had organised a seminar in Buenos Aires two weeks before in the course of which Unidroit's work in the fields of franchising, leasing and factoring, as well as the Principles of International Commercial Contracts, had been the subjects of presentations.

The data base on uniform law, UNILAW, was another topic on the Unidroit Work Programme. The Secretary-General stated that the design of this data base and more particularly a prototype concerning the Convention on the Contract for the International Carriage of Goods by Road (CMR) had been presented at a European colloquy organised by the Chamber of Commerce of Rouen on the theme "The CMR: A National Law?" and that reactions had been very encouraging. Unidroit had established relations with professional circles in order to find a partner in this enterprise. The International Road Transport Union (IRU) appeared to be interested in making a contribution on condition that a marketing analysis show that the sale of such information could constitute a source of profit. The Secretary-General then pointed out to member States of Unidroit that they ought not count too heavily on external financing in the medium or long term and that, at any rate, care had to be taken to avoid becoming dependent on anyone.

He then mentioned the Unidroit Research Scholarship Programme which, thanks to the extraordinary contributions from certain States, in particular France and the Republic of Korea, had made it possible to welcome this year several researchers from different countries. Thus an adviser at the Ministry of Foreign Affairs of the Islamic Republic of Iran, a young official of the Czech Republic as well as professors from Algeria, Hungary, India, Moldavia and Vietnam had benefited from this Programme in their work on subjects related to the activities of Unidroit.

One other important activity for Unidroit consisted in the promotion of its instruments. The Secretary-General announced with great pleasure that the 1995 Unidroit Convention on Stolen or Illegally Exported Cultural Property had entered into force on 1 July 1998 and that the number of Contracting States was seven. The ratification or accession process was under way in the Parliaments of Iran, Italy and Finland. Belarus and the Russian Federation had moreover acceded to the 1988 Unidroit Convention on International Financial Leasing, the dates of entry into force being 1 January 1999 and 1 March 1999 respectively. Germany had

moreover ratified the 1988 Unidroit Convention on International Factoring which would enter into force for that country on 1 December 1998. The United States of America also envisaged acceding to this Convention. Lastly he announced that Canada had extended the application of the 1973 Convention providing for a Uniform Law on the Form of an International Will to the Province of New Brunswick.

Before concluding the Secretary-General drew attention to the publications of Unidroit, in particular the Guide to International Master Franchise Arrangements and the special issue of the Uniform Law Review (No. 2-3/1998) entitled "Uniform Law Studies" in memory of his predecessor Mr Malcolm Evans.

In conclusion he added that the overwhelming part of the activities outlined had been carried out before his arrival on 1 September thanks to the enthusiasm and talent of the Institute's research officers and its Deputy Secretary-General, Mr Walter Rodinò.

The representative of SPAIN expressed his best wishes to the Secretary-General for success in the functions he had just taken up knowing that he could count on the qualified staff and the support of all member States of Unidroit. He also stated that his authorities felt that the activities of the Institute needed to be more actively supported and made known to a wider public. In this spirit his authorities envisaged the organisation of conferences and seminars, for example in the universities.

The CHAIRMAN, on behalf of the Assembly as a whole, expressed his wishes for the Secretary-General's success in his position at the head of the Institute and thanked him for his report on the activity of the Institute in 1998.

Item 3 – Approval of the Work Programme for the triennial period 1999 – 2001 (A.G. (52) 2)

Ms Schneider (Unidroit Secretariat) stated that, in conformity with the Statute, the Governing Council drew up the Institute's Work Programme (Art. 11.2) and the General Assembly was subsequently called on to approve it every three years (Art. 5.3). The Governing Council had, at its 77th session in February 1998, drawn up the Institute's Work Programme for the triennial period 1999 - 2001 as set out in document A.G. (52) 2. In doing so it had made an item by item examination of the current Work Programme as well as the new subjects proposed for the triennial period 1999 - 2001.

Ms Schneider recalled that, even though the Work Programme was adopted every three years, certain subjects frequently remained on it for successive periods. This was the case with the two priority subjects, International Interests in Mobile Equipment and the Principles of International Commercial Contracts, which the Secretary-General had already amply illustrated in his statement on Unidroit's activities in 1998. Other subjects had been retained by the Governing Council, some of which were new such as, for example, transnational rules of civil procedure or uniform rules applicable to [road] transport, on the understanding that, bearing in mind Unidroit's limited budgetary resources, work could not begin unless the Secretariat found external funding. Moreover there was the usual reserve list, the abolition of

which was envisaged, as well as the other activities relating to the unification of law. Ms Schneider stated that the Secretary General would further comment on certain subjects.

She pointed out that the Governing Council, when drawing up this draft Work Programme, had stressed the fact that the Secretary-General had not been able to participate in the drawing up of the Work Programme that he will have to carry out. It had also stressed the need to permit a degree of flexibility in drawing up the Work Programme and carrying it out. Indeed, the fact that the Governing Council met annually signified that it could, on the basis of progress made in the previous year, regularly adopt the necessary directives for implementation by the Secretariat. Likewise nothing prevented the Governing Council from requesting the Secretariat to undertake or to commission one or more studies in the course of the triennial period on subjects that could be proposed for inclusion in a future Work Programme.

The SECRETARY-GENERAL expressed his gratitude to the members of the Governing Council for having accentuated flexibility in carrying out the Work Programme and for allowing him in this way to make some observations on the various subjects as well as some suggestions before formal approval of the Programme by the General Assembly.

He declared his unconditional support for the two subjects that have priority, namely International Interests in Mobile Equipment and the UNIDROIT Principles of International Commercial Contracts. Moreover, it had emerged during the course of meetings he had had that the banking community was interested in the international interests project and that some Mercosur countries felt that the UNIDROIT Principles could serve as a common denominator for international contract law in the region.

With respect to the other subjects on the draft Work Programme for the triennial period 1999 - 2001, conditional on the obtaining of external funding, the Secretary-General first of all turned to franchising and the model law on disclosure. Indeed, it seemed to him that disclosure alone was too limited a subject, but he knew that the Governing Council was prepared to extend the scope of the model law if necessary. He felt sure that the Guide would be successful and that, if the subject could be broadened, as he was convinced it should, and provided the Institute found the necessary resources, the model law could also deal with formation, non-performance or termination of franchise agreements bearing in mind the Principles of International Commercial Contracts which could perhaps provide solutions.

He then stated that the same reasoning applied to the model law on financial leasing. Unidroit's good knowledge of this kind of financing and its renown in international commercial circles as an organisation particularly experienced in the field of finance instruments should be exploited. Provided that the necessary resources were found, he felt that the Institute should go ahead.

With respect to transnational rules of civil procedure, he stated that the American Law Institute (ALI), a private organisation in the United States of America with enormous expertise in the field of the harmonisation of law in that country, had deemed it advisable to draw up common rules of procedure for civil proceedings involving parties from different countries and had already prepared a draft text. The American Law Institute had asked Unidroit to join it on this project, a project that both he and the Governing Council considered

very interesting. In order not to waste time, should the General Assembly decide to include this subject on the Work Programme, the Secretariat had contacted certain specialists in the field of comparative civil procedure one of whom had agreed, if that were the case, to prepare a feasibility study and then to co-ordinate the Unidroit input to this joint ALI/Unidroit project.

The Secretary-General then turned to another subject that had been proposed on condition that the Secretariat find external funding, namely the preparation of uniform rules applicable to [road] transport. He considered the subject a very interesting one provided that the square brackets and their content ("road") were removed as the traditional division between road, rail, maritime and other modes of transport was outdated. He stressed, however, that a number of international organisations were working in the field of the law of the carriage of goods and that Unidroit would branch out into this field only if it had the full support of those organisations and of their member States. Moreover, having just returned from South America, the Secretary-General pointed out that whereas the United States of America might wish for a Convention inspired by the Convention on the Contract for the International Carriage of Goods by Road (CMR), this was not the case south of Panama and that this apparent regional resistance had to be overcome before Unidroit envisaged any fresh work.

He suggested that the reserve list be abolished as the Work Programme ought to be limited to subjects in respect of which there was a consensus in legal circles as to their readiness for unification.

The Secretary-General then made some personal remarks and suggestions concerning the future work of Unidroit during his mandate. He stated that Unidroit should refrain from working on very narrow aspects of the fields under study and concentrate on more general, fundamental matters such as the Principles of International Commercial Contracts or transnational rules of civil procedure. Moreover Unidroit ought to work in the fields in which it had considerable experience such as, for example, the fields of financing and security devices. He mentioned in particular rules for transactions on capital markets and stated that whereas other organisations, in particular, the European Union had prepared instruments in the field of access to capital markets, transactions on capital markets were still largely uncovered. As he would be giving a course on this topic at the Hague Academy of International Law in the Summer of 1999, his work could constitute for Unidroit a preliminary study.

The second aspect he wished to place at the centre of his mandate was attention to the relationship between unification of private and commercial law, on the one hand, and regionalisation, integration of free trade areas, common markets and monetary unions on the other. These relationships should be studied and in particular links with regional organisations and economic unions such as NAFTA, Mercosur or the Economic Co-operation Organisation (ECO) for the Caspian Sea area should be strengthened. For this purpose the Secretary-General suggested that proposals be made to these organisations that they send a person to Unidroit to work with the Secretariat.

In conclusion he asked the General Assembly for its support for his plan to conduct Unidroit's work in the medium and long-term along the following lines: build on former

expertise; avoid narrow areas which absorb too much time and money; explore capital markets as they are on the other side of financing structures where Unidroit already has expertise; and, lastly, the relationships between the unification and harmonisation of private and commercial law, on the one hand, and regionalisation, economic integration world wide on the other.

The Chairman, on behalf of the Assembly as a whole, thanked the Secretary-General for his explanations (applause).

Taking up the Secretary-General's idea of creating links with regional organisations, the Representative of the Islamic Republic of IRAN stated that his country and nine other countries in the region were members of the Economic Co-operation Organisation (ECO) covering a vast area of central Asia whose inhabitants numbered 300 million. He hoped that this organisation would be one of those with which Unidroit intends to create or strengthen links in the future.

The representative of PAKISTAN shared the congratulations addressed to the Secretary-General and supported the previous speaker's proposal concerning the Economic Co-operation Organisation (ECO).

The representative of AUSTRIA stated that his authorities did not favour the preparation of a convention in the field of transnational rules of civil procedure. It was a matter of creating a uniform code of civil procedure applicable in proceedings involving foreigners and, from the point of view of fair treatment for both nationals and foreigners, his country considered this proposal very questionable.

The representative of SWITZERLAND stated that her authorities appreciated the Institute's triennial Work Programme whose content and presentation were excellent. She too agreed with the Secretary-General that the Institute ought to concentrate on subjects actually being studied and abolish the reserve list.

The representative of SWEDEN stated that his authorities fully supported the proposed Work Programme and in particular the subject of security interests in mobile equipment which was of major interest.

In the light of the foregoing considerations, the General Assembly approved the Work Programme for the triennial period 1999 – 20001 as proposed by the Governing Council and supported by the Secretary-General (see APPENDIX III attached hereto). The CHAIRMAN moreover wished the Secretary-General much success in carrying out the Work Programme with the assistance of the qualified staff of the Secretariat.

Item 4 – Election of the members of the Governing Council (A.G. (52) 3 rev. and A.G. (52) 3 rev. Add.1)

The CHAIRMAN recalled that thirty-two candidatures had been presented for the election of the members of the Governing Council and that they had been listed in a document

distributed to member States of Unidroit before the session. One candidature had been received very late and the Chairman requested that at the next election States wishing to submit a candidature do so as early as possible in order to enable others to make a complete evaluation of the situation. He likewise indicated that the Secretariat would propose some modifications in the rules for the election of members of the Governing Council by setting a deadline within which candidatures must be submitted.

Ms Schneider (Unidroit Secretariat) stated that, in conformity with Article 6 of the Statute, the General Assembly was called on to appoint twenty-five members of the Governing Council for a term of office to run from 1 January 1999 until 31 December 2003. The names as well as the curricula vitae of the thirty-two candidates had been transmitted to all member States of Unidroit (documents A.G. (52) 3 rev. and A.G. (52) 3 rev. Add.1).

Before describing the voting mechanism Ms Schneider recalled that, in conformity with Article 6, paragraph 3 of the Statute, it was open to the General Assembly to appoint an additional member chosen from among the judges in office of the International Court of Justice. This power had been exercised sparingly in the past and had on occasion permitted the Governing Council to benefit from the contribution of eminent jurists from States that did not have a representative on the Council or even non-member States of Unidroit. The Assembly had in the past deemed it inappropriate to make any proposal before the election of the twenty-five members of the Council. As the President of Unidroit had stressed, a balanced representation on the Council of the different continents and regions of the world was indeed desirable and if “correctives” were necessary following the election, they could be achieved by appointing a member of the International Court of Justice to the Governing Council at the next session of the General Assembly in 1999.

Ms Schneider then briefly recalled the rules governing the election of the members of the Governing Council as set out in document A.G. (52) Misc. 1 and informed the Assembly that four delegations, namely the delegations of Chile, Korea, Sweden and Tunisia had agreed to designate one of their members to sit, together with a member of the Secretariat, Ms Mestre, on the Electoral Committee that would meet to count the votes for each candidate. The list of candidates elected would subsequently be communicated in alphabetical order to the Assembly; the number of votes each obtained would not be announced. Each delegation that had presented a candidate could however be informed, by Ms Mestre, at the end of the session, the number of votes its candidate had obtained.

The session of the Assembly adjourned for the election. After the Electoral Committee had counted the votes, the counting being done while the General Assembly continued its work, Ms Mestre (Unidroit Secretariat) announced that the representative of Sweden had formally chaired the Electoral Committee and that, of the 50 votes cast, one ballot was null. She then read out the names of the following candidates who had been elected on the first ballot:

Mr Ömer İlhan AKIPEK (Turkey)
Mr Luiz Olavo BAPTISTA (Brazil)
Mr Anthony S. BLUNN (Australia)
Mr Antonio BOGGIANO (Argentina)

Ms Isabel de MAGALHAES COLLAÇO (Portugal)
Mr Michael B. ELMER (Denmark)
Mr Royston M. GOODE (United Kingdom)
Mr Arthur S. HARTKAMP (Netherlands)
Mr Gerard W. HOGAN (Ireland)
Mr Kiyoshi HOSOKAWA (Japan)
Mr Alexander KOMAROV (Russian Federation)
Mr Roland LOEWE (Austria)
Mr Byung-Hwa LYOU (Republic of Korea)
Mr Ferenc MÁDL (Hungary)
Mr Jacques PUTZEYS (Belgium)
Mr Jorge A. SÁNCHEZ CORDERO DAVILA (Mexico)
Mr B. SEN (India)
Mr Bruno STURLESE (France)
Mr Ronald THANDABANTU NHLAPO (South Africa)
Ms Anne-Marie TRAHAN (Canada)
Mr Evelio VERDERA y TUELLS (Spain)
Mr Ioannis VOULGARIS (Greece)
Mr Maher A. WAHED (Egypt)
Mr Pierre WIDMER (Switzerland)
Mr Yuqing ZHANG (People's Republic of China)

Item 5 – Appointment of the auditor (A.G. (52) 4 and A.G. (52) 4 Add.)

The CHAIRMAN stated that the contract of Mr Franco Zaffuto, at present auditor of Unidroit's accounts who had been appointed by the General Assembly at its 46th session held on 1 December 1992, expired on 31 December 1998. Mr Zaffuto, on account of his age, no longer wished to continue in his functions. The General Assembly had therefore, in conformity with Article 17, paragraph 3 of the Unidroit Statute, to proceed to the appointment of a new auditor for a period of five years. Nevertheless the Chairman drew the Assembly's attention to the fact that the Institute's accounts closed each year on the 28th of February. In order to enable Mr Zaffuto to close the 1998 financial year, the Secretariat proposed that his contract be extended to run until 30 June 1999.

He then pointed out that the President of Unidroit submitted the candidature of Mr Luigi Piersigilli to the post of auditor, responsible for auditing the Institute's accounts, for a term of five years starting on 1 July 1999. In conclusion he briefly outlined Mr Piersigilli's career. His curriculum vitae appears in the Appendix to document A.G. (52) 4 Add.

In the light of the foregoing considerations, the CHAIRMAN took note of the consensus in favour of the Secretariat's two proposals and the General Assembly then decided to extend Mr Zaffuto's contract to run until 30 June 1999 and to appoint M. Piersigilli to the post of auditor of Unidroit for a term of five years starting on 1 July 1999 and expiring on 30 June 2004.

Item 6 – Final adjustments to the budget and approval of the accounts for the 1997 financial year (A.G. (52) 5 and Accounts 1997)

The DEPUTY SECRETARY-GENERAL stated that the budget for the 1997 financial year, approved by the General Assembly at its 50th session in 1996, provided for actual expenditure of Lit. 3,279,000,000 to be met by receipts of Lit.3,197,000,000 and an estimated surplus from 1996 of Lit. 82,000,000. The budget also provided for receipts and expenditure in the special accounts to balance at Lit. 18,000,000.

At its 51st session, held in 1997, the General Assembly had modified the budget to permit additional expenditure in connection with the computerisation of the Library and certain activities of the Secretariat, expenditure which had been compensated by savings due to the vacancy of the post of the Secretary-General. The Secretariat had feared in 1997 that a number of contributions would not be paid although they were paid after the accounts for 1997 financial year had been closed. This had greatly reduced or delayed particular expenditure (remuneration of collaborators, printing, library, promotion of Unidroit instruments). He stated that the accounts at the close of the 1997 financial year showed a surplus of Lit. 61,645,738.

The CHAIRMAN having noted that there were no observations from delegations on this agenda item, the General Assembly approved the final modifications to the 1997 budget and the accounts for that financial year.

Item 7 - Adjustments to the budget for the 1998 financial year (A.G. (52) 6)

The DEPUTY SECRETARY-GENERAL recalled that it was customary for the Secretariat to submit first to the Finance Committee and then to the General Assembly each autumn a paper indicating possible adjustments to the budget of the current year on the basis of the partial accounts available for the first six months of the financial year in question as well as any other modifications due to exceptional circumstances.

At its 51st session, held in 1997, the General Assembly had approved expenditure for 1998 (excluding special accounts) amounting to Lit. 3,264,000,000. The Deputy Secretary General stated that, in order to adapt some areas of the first floor of the building, to be used as offices to host scholars and researchers, the Secretariat requested authorisation to increase the allocation for the upkeep of the building by Lit. 20,000,000. For this reason he proposed some adjustments to the 1998 budget, in particular with respect to official journeys of representatives, members of staff and collaborators as well as salaries of Category A staff.

In the light of the foregoing, the General Assembly approved the adjustments to the 1998 budget proposed by the Secretariat.

Item 8 - Arrears in contributions of member States (A.G. (52) 7)

The DEPUTY SECRETARY-GENERAL stated that a document which indicated the state of arrears as at 26 November 1998 had been distributed that very morning and that the Secretariat had just been informed that Italy had paid the sum of Lit. 111,000,000. The total amount of arrears stood at about Lit. 455,000,000. This was the lowest amount of arrears ever recorded.

With respect to the payment of contributions for 1998, the Secretariat had recorded to date the payment of about 90% of the estimated total. The Deputy Secretary-General warmly thanked member States as he considered this a mark of the interest in the activities of Unidroit. He hoped that this trend would continue in the future so that it would not be necessary to come back to the question of arrears.

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

Item 9 - Classification of member States in the contributions chart (A.G. (52) 8 rev.)

The DEPUTY SECRETARY-GENERAL recalled that the General Assembly had taken a very important decision at its 49th session in 1995 concerning the general revision of the contributions chart of Unidroit which is reproduced in paragraph 9 of document A.G. (52) 8 rev.

This revision had been postponed until the outcome of the major revision procedure of the contributions chart of the United Nations which was underway, also because this matter had not until 1997 been considered an urgent one. As the United Nations had adopted on 20 January 1998 the Resolution (A/RES/52/215) containing the scale of assessments for the apportionment of the expenses of the United Nations for the years 1998-2000, and as the matter had become urgent, the Secretariat had wanted to implement the decision taken by the General Assembly in 1995 and make some proposals for revision of the Unidroit contributions chart.

The Secretariat had worked in close collaboration with the members of the Finance Committee whom it thanked warmly. On the basis of the table indicating the comparative movements of the contributions of those States which are members of both the United Nations and Unidroit to the United Nations budget (in percentage terms) and to that of Unidroit (expressed in terms of units of contribution) for the years 1980, 1990 and 1998 (cf. APPENDIX II to document A.G. (52) 8 rev.), it was clearly apparent that certain member States found themselves grouped together in the same category of the Unidroit contributions chart while, on the basis of their current United Nations assessment, they should belong to different categories. Several proposals drawn up by the Secretariat were discussed by the Finance Committee and the Secretariat had initiated a series of bilateral consultations with representatives of some member States in the course of which it had informed the representatives of those States which might be reclassified upwards in the Unidroit contributions chart of such a possibility.

At the end of these consultations which had taken place in April and June 1998, the Secretariat had submitted to the Sub-committee of the Finance Committee a series of hypotheses for the reclassification of member States in the Unidroit contributions chart. Following this meeting the Secretariat submitted to the Finance Committee two proposals for the reclassification of member States of Unidroit based, on the one hand, on the objective socio-economic criterion which was at the base of the determination of the percentages of participation in the United Nations budget and, on the other hand, the results of the various negotiations with the representatives of certain member States.

The Deputy Secretary-General made some comments on the two proposals set out in the document submitted to the General Assembly (paragraphs 12 to 22) indicating the possible changes in category for some States. The second proposal was identical to the first as concerns all categories except Category V which would be divided into two groups and would affect in particular Austria, China and the Republic of Korea.

He stated that on the occasion of the 51st session of the Finance Committee, held on 6 October 1998, the majority of members clearly expressed themselves in favour of the first proposal while the remainder indicated that they were prepared to concur with the consensus. It should however be pointed out that the representative of one country, which under the second proposal ought to be classified in Category V A, expressed his reservation on this proposal. Lastly, one representative stated that he was opposed in principle to the two proposals and requested a closer correspondence between the Unidroit contributions chart and the United Nations contributions chart

The representative of PORTUGAL stated that his country, along with Ireland, would have the greatest increase in contribution to the Unidroit budget whatever proposal might be accepted. He wondered whether the Secretariat had contacted the Portuguese authorities on this matter.

The DEPUTY SECRETARY-GENERAL replied that the Secretariat had contacted the Embassy of Portugal in Italy and that this had been the case with respect to all States that would be affected by a possible reclassification.

The representative of ARGENTINA stated that, as she had received no instructions from her authorities on this question, she was not in a position to approve reclassification of her country.

The representative of JAPAN stated that he had no objection to the proposals for classification and deemed it advisable to proceed to a fair reclassification of some States on a stable basis. Moreover he hoped that the Secretariat would continue to pursue its efforts in this direction.

The CHAIRMAN noted that no objections had been raised with respect to the Secretariat's first proposal and therefore confirmed the consensus of the General Assembly on this item.

It was so decided.

Item 10 - Approval of the draft budget for 1999 and fixing of the contributions of member States for that financial year (A.G. (52) 9)

The DEPUTY SECRETARY-GENERAL stated that the draft budget for 1999 could be considered a replica of the 1998 budget. Indeed, estimates of total expenditure for 1999 exceeded expenditure in 1998 only by 0.575%.

In conformity with the Regulations of the Institute, this draft budget was first submitted to the Governing Council in February 1998, then to the Sub-committee of the Finance Committee in June 1998 and lastly to the Finance Committee in October 1998, at which time the Finance Committee recommended that it be adopted.

He stated that the only chapter that had been substantially increased (2,63%) was the chapter referring to the Library which had suffered heavy cuts in the past. Other items of expenditure had been kept as low as possible in order to observe as far as possible the nominal zero growth policy requested by member States. The Secretariat was pursuing efforts in this direction but the Deputy Secretary-General had hoped that some member States would contribute to Unidroit's activities by making exceptional payments which would permit the Institute to meet the expenses of particular events (for example by undertaking to pay the travelling expenses of their representatives or by donating books to the Library).

The CHAIRMAN thanked the Deputy Secretary-General for this introduction and, before opening the discussion on this item of the agenda, recalled that the consequence of the General Assembly's decision with respect to the classification of member States in the Unidroit contributions chart was that the hypothesis of contributions to be considered was the one that corresponded to the Secretariat's first proposal concerning the classification of member States.

The representative of GERMANY congratulated the Secretariat on the draft budget it had submitted despite the evident difficulties due to the long period in which the post of Secretary-General had been vacant and the restrictions imposed by member States. His authorities nevertheless insisted on their support of the nominal zero growth policy in all international organisations despite the more marked difficulties for an organisation of the size of Unidroit. He encouraged the Secretariat to pursue its efforts to achieve and maintain this objective and to seek funding outside the Unidroit budget. He also invited the Secretariat to convene if necessary the Finance Committee to discuss any particular difficulties the Institute might meet and together to attempt to find solutions.

The representative of ARGENTINA stated that, having no instructions on this item, she was not in a position to approve the draft budget that had been submitted.

The representative of the UNITED STATES OF AMERICA echoed the proposal made by the representative of Germany to congratulate the Secretariat on its exceptional efforts to observe as closely as possible the principle of nominal zero growth. She recalled nevertheless that her authorities could not approve any budget that exceeded nominal zero growth. She also reiterated that her Government supported Unidroit's activities and noted with satisfaction the Secretary-General's appeals for extra-budgetary contributions.

The representative of the RUSSIAN FEDERATION stressed the support that his authorities continued to give to Unidroit's work and stated that his Government was in favour of adopting the draft budget submitted by the Secretariat.

The CHAIRMAN having found that there were no other comments on this agenda item, and registering the statements made by certain representatives, he inquired whether the General Assembly was prepared to adopt the budget and the contributions chart for 1999 as set out in document A.G. (52) 9.

It was so decided.

Item 11 - Entry into force of the amendments to Article 20 of the Statute (A.G. (52) 10)

The CHAIRMAN briefly recalled the effects of the amendments to Article 20 of the Statute which the General Assembly had wanted in 1993 in order to try to solve the problem of certain member States' arrears in payments to the Institute's budget. He invited States which have not yet done so to ratify these amendments.

The representative of SWITZERLAND asked the Secretariat briefly to recall the procedure to be followed for the ratification of the amendments to the Statute.

The DEPUTY SECRETARY-GENERAL stated that the procedure for modifying a treaty depended on each State. For some it simply consisted in an exchange of Notes Verbales, while others followed a parliamentary procedure.

On the CHAIRMAN's invitation, the General Assembly recalled that it was important that the amendments to Article 20 of the Statute of the Institute come into force as soon as possible and encouraged the Secretariat to continue its efforts in this direction.

Item 12 – Other business

a) New member State (A.G. (52) 11)

The SECRETARY-GENERAL stated that the Italian Ministry of Foreign Affairs had, in its Note Verbale dated 3 September 1998, informed the Unidroit Secretariat and its member States that Cyprus had acceded to the Unidroit Statute and would become a member of Unidroit as of 1st January 1999. The Unidroit Secretariat was honoured to have Cyprus as a member State.

In fixing the classification of each member State in one of the eight categories of the Unidroit chart of contributions, great reliance had always been placed by the General Assembly on the percentage of States' contributions to the United Nations budget, not only because the United Nations represents almost all of the States in the world but also because in assessing its member States' contributions to its budget, it refers to general data such as national revenue and pro capita income. Thus the Finance Committee had suggested, on the

Secretariat's proposal, that Cyprus, whose contribution (as a percentage) to the United Nations budget amounted to 0,034%, be classified in Category VIII of the Unidroit chart of contributions.

The representative of TURKEY stated that what had just been called the Government of Cyprus actually represented only Greek Cypriots and not the northern part of the Island. He stated that he would inform the Government of North Cyprus with a view to its officially contacting Unidroit in connection with the question of the representation of the Cypriot Government which was about to become a new member State of Unidroit.

The General Assembly took note of the accession by Cyprus as of 1 January 1999 and decided that this country would be classified in Category VIII of the Unidroit contributions chart.

b) Draft Resolution (52) I (A.G. (52) 12)

The SECRETARY-GENERAL shared the proposal made by the President of Unidroit in his introductory remarks to say how pleased the Institute was to have its headquarters in Italy in such a beautiful building. Nevertheless he stated that the support given to the Institute by the host State could, not in a theoretical sense but materially, be stronger. After having contacted the Italian State which was responsible for the upkeep of the building, a meeting ought to be held with the Secretary General of the Ministry of Foreign Affairs.

At its 51st session the Finance Committee discussed the matter of inviting, rather than adopting a resolution, the Italian Government to reinforce its support of Unidroit by returning as soon as possible to the initial quota part of the Unidroit budget, but also by maintaining and even improving the condition of the headquarters of the Institute. It requested the General Assembly's assistance in formulating this invitation in order to meet both the old and new functional requirements of Unidroit. For example the Secretary-General stated that in order to hold the first session of the Committee of Governmental Experts on International Interests in Mobile Equipment in February 1999, the Secretariat had to rent meeting rooms at the FAO in Rome as the Institute's premises were too small to host the numerous representatives of the States that had been invited. For a budget the size of Unidroit's budget, rental charge has been extremely onerous as it has amounted to about US \$ 23,000. It would be highly advisable that the Institute have at its disposal in the medium or long term meeting rooms suitable to meet the demands of its work. The Secretary-General therefore requested the General Assembly to support the request he was addressing to the Italian Government.

The representative of ITALY stated that his Government was quite prepared to do whatever was possible to maintain the standard of the building hosting the Institute as well as to restore it. With respect to his country's contribution to the Unidroit budget, he estimated that it would be very difficult to restore it to the level of 25% of the overall budget. It was nevertheless necessary to be realistic and he hoped to be able at least to maintain the Italian Government's contribution at its present level and perhaps bring about a small increase. With respect to renting rooms at the FAO, he reiterated his intention, which he had already expressed to the Secretary-General, to do everything he could to prevent the Institute from paying such a high rental charge.

The General Assembly approved the invitation addressed to the Italian Government as set out in APPENDIX IV hereto.

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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, the Secretary-General, the Deputy Secretary-General and Ms Schneider for their preparation of, and contribution to, the session.

The CHAIRMAN declared the 52nd session of the General Assembly closed at 13.20 a.m.

LIST OF PARTICIPANTS/*LISTE DES PARTICIPANTS*

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AUSTRIA/ <i>AUTRICHE</i>	Mr Andreas SCHMIDINGER, Counsellor Embassy of Austria to Italy
BELGIUM/ <i>BELGIQUE</i>	His Excellency Baron Patrick NOTHOMB Ambassador of Belgium to Italy
BOLIVIA/ <i>BOLIVIE</i>	Excused/ <i>excusé</i>
BRAZIL/ <i>BRESIL</i>	Mr Francisco Mauro BRASIL DE HOLANDA, Counsellor, Embassy of Brazil to Italy
BULGARIA/ <i>BULGARIE</i>	Mr Kostadin KODJABACHEV, Counsellor Embassy of Bulgaria to Italy
CANADA	Mr Ronald ROSE, Counsellor Embassy of Canada to Italy
CHILE/ <i>CHILI</i>	Mr Rolando DRAGO, Counsellor Mr Mauricio UGALDE, Counsellor Embassy of Chile to Italy
CHINA/ <i>CHINE</i>	Ms ZHANG Chaoshuang, Third Secretary Embassy of China to Italy
COLOMBIA/ <i>COLOMBIE</i>	His Excellency Mr Alberto ZALAMEA, Ambassador Mr Juan Carlos ESPINOSA, First Secretary Embassy of Colombia to Italy
CROATIA/ <i>CROATIE</i>	Mr Branimir [E]UK, First Secretary Embassy of Croatia to Italy
CUBA	Excused/ <i>excusé</i>
CZECH REPUBLIC/ <i>REPUBLIQUE TCHEQUE</i>	Mr Tomáš KUČHTA, Counsellor Embassy of Czech Republic to Italy

DENMARK/ <i>DANEMARK</i>	His Excellency Mr Henrik REE IVERSEN, Ambassador, Chairman of the General Assembly/ <i>Président de l'Assemblée Générale</i> Mr Knud JERNE, Consul Embassy of Denmark to Italy
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HUNGARY/ <i>HONGRIE</i>	His Excellency Mr Attila GECSE, Ambassador Mr Péter SZÖKE, Third Secretary Embassy of Hungary to Italy
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IRAN	Mr Hamid NAZARI, Counsellor Embassy of Iran to Italy
IRAQ/ <i>IRAK</i>	Excused/ <i>excusé</i>
IRELAND/ <i>IRLANDE</i>	His Excellency Mr Joseph SMALL, Ambassador Ms Julie CONNELL, Third Secretary Embassy of Ireland to Italy
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ROMANIA/ <i>ROUMANIE</i>	Mr Cornel VISOIU, First Secretary Embassy of Romania to Italy
RUSSIAN FEDERATION/ <i>FEDERATION DE RUSSIE</i>	Mr Boris BASISTYI, Legal Consultant Trade Representation of the Russian Federation to Italy
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SWITZERLAND/ <i>SUISSE</i>	Ms Ingrid APELBAUM, Minister Embassy of Switzerland to Italy
TUNISIA/ <i>TUNISIE</i>	Mr Mahjoub LAMTI, Counsellor Mr Naceur MESTIRI, Counsellor Embassy of Tunisia to Italy
TURKEY/ <i>TURQUIE</i>	Mr Osman CETINTAS, Counsellor Embassy of Turkey to Italy
UNITED KINGDOM/ <i>ROYAUME-UNI</i>	Mr Niall J.D. CULLENS, Third Secretary Embassy of the United Kingdom to Italy
UNITED STATES OF AMERICA/ <i>ETATS-UNIS D'AMERIQUE</i>	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	H.E. Mr Pedro G. PAUL BELLO, Ambassador of Venezuela to Italy
OBSERVER/ <i>OBSERVATEUR</i>	
SOVEREIGN MILITARY ORDER OF MALTA/ <i>ORDRE SOUVERAIN MILITAIRE DE MALTE</i>	His Excellency Marquis Aldo PEZZANA CAPRANICA DEL GRILLO, Ambassador
UNIDROIT	
Mr Luigi FERRARI BRAVO, President/ <i>Président</i>	
Mr Herbert KRONKE, Secretary-General/ <i>Secrétaire-Général</i>	
Mr Walter RODINO', Deputy Secretary-General/ <i>Secrétaire Général adjoint</i>	
Ms Frédérique MESTRE, Research Officer/ <i>Chargée de recherches</i>	
Ms Marina SCHNEIDER, Research Officer/ <i>Chargée de recherches</i>	

APPENDIX II

AGENDA

1. Adoption of the agenda (A.G. (52) 1)
2. Statement regarding the Institute's activity in 1998
3. Approval of the Work Programme for the triennial period 1999 - 2001 (A.G. (52) 2)
4. Election of the Governing Council's members (A.G. (52) 3)
5. Appointment of the auditor (A.G. (52) 4)
6. Final adjustments to the budget and approval of the accounts for 1997 financial year (A.G. (52) 5 and Accounts 1997)
7. Adjustments to the budget for the 1998 financial year (A.G. (52) 6)
8. Arrears in contributions of member States (A.G. (52) 7)
9. Classification of States in the contributions chart of the Institute (A.G. (52) 8)
10. Approval of the draft budget for 1999 and fixing of the contributions of member States for that financial year (A.G. (52) 9)
11. Entry into force of the amendments to Article 20 of the Statute (A.G. (52) 10)
12. Other business

APPENDIX III

WORK PROGRAMME FOR THE TRIENNIAL PERIOD 1999 - 2001

adopted by the General Assembly at its 52nd session

I. PREPARATION OF UNIFORM LAW INSTRUMENTS

a. Priority items

1. International interests in mobile equipment
2. The UNIDROIT Principles of International Commercial Contracts

b. Other items under consideration, subject to the identification of external funding

1. Model law on franchising
2. Model law on leasing
3. Transnational rules of civil procedure
4. Uniform rules applicable to transport

II. ACTIVITIES CONNECTED WITH THE UNIFICATION OF LAW

1. Programme of legal co-operation
2. Promotion of UNIDROIT activities and instruments (in particular the Internet site)
3. UNIDROIT publications
4. Data base on uniform law (in collaboration with the Unidroit Foundation)

DOCUMENT

adopted by the General Assembly at its 52nd session on 27 November 1998

THE GENERAL ASSEMBLY of the International Institute for the Unification of Private Law (UNIDROIT), meeting in Rome on 27 November 1998 to examine the financial situation of the Institute and to adopt the Work Programme for the 1999 - 2001 triennial period;

RECALLING that, when the criteria for financing the Institute were first reformed, member States' contributions were *de facto* established on a proportional basis, with the Italian Government contributing approximately 25% of the Institute's total revenue - today, in practice, amounting to around 15% - and the other member States roughly 75% between them;

AWARE both of the need to develop new uniform law initiatives at a time of globalisation of the world economy, and of the impossibility of doing so in view of the limited financial means placed at the Institute's disposal;

NOTING that both the number of member States and the importance of the work in progress increasingly dictate the use of premises outside Villa Aldobrandini, which is no longer entirely suitable for the purpose and is in need of extensive restructuring;

AUTHORISES

the Secretariat to initiate, in conjunction with the Italian representative to UNIDROIT, such steps as it deems appropriate to persuade the Italian Government to relax its procedures and increase its financial contribution to the Institute, and to approach its competent services with a view to adapting the Institute premises to its new requirements; and

INVITES

the UNIDROIT Finance Committee to back the Secretariat in this endeavour and to take supportive action to achieve the desired results as soon as possible.