The United Nations SDGs – A Key to Unlocking the Unidroit PICC’s Unlimited Potential

by James Patrick Chang

Introduction

The United Nations (UN) Sustainable Development Goals (SDGs) respond to a troubled world facing extreme poverty, violence and conflict, climate change, natural disasters, economic downturn, social inequality, and a myriad of other challenges. As of early 2020, “the world was not on track to meet the Goals and targets by 2030.” The COVID-19 pandemic soon arrived to undermine decades of development work.

The complex and ambitious challenge posed by the SDGs demands in response a vast arsenal of solutions and strategies employed by a Global Partnership. The UNIDROIT Principles of International Commercial Contracts (PICC) are a small piece of this puzzle, but their potential to help enact meaningful change through the SDG interconnections should not be underestimated.

Section I introduces the concept of sustainable development, the SDGs, and how synergies can multiply the impact of progress within the goals. Section II discusses how the PICC’s development reflects SDG values of inclusivity, diversity, and equality. Section III examines how the PICCs versatile usage supports the SDG Global Partnership and international trade. Section IV explores how contracting parties’ selection of the PICC as governing rules facilitates contract negotiations, while reinforcing the rule of law and access to justice under the SDGs.

I. The Sustainable Development Goals

Sustainable development focuses on building a better world and future by understanding and balancing the “interactions of three complex systems: the world economy, the global society,
and the Earth’s physical environment.”5 Facing this “central challenge of our times,”6 the UN has worked to achieve sustainable development for the past three decades.7

In 2015, the UN Member States adopted the 2030 Agenda for Sustainable Development (2030 Agenda), a comprehensive plan for global peace and prosperity based on 17 SDGs to be achieved by the year 2030.8 These SDGs include the indispensable and greatest challenge of ending poverty9 in all forms, as well as goals targeting reduced inequalities within and among countries, peaceful societies with equal access to justice, gender equality and women’s empowerment, inclusive quality education, environmental protection, and other critical areas.10 In short, the SDGs call for holistic progress in our complex world: “socially inclusive and environmentally sustainable economic growth.”11

The 2030 Agenda repeatedly emphasizes the interlinked and indivisible nature of the SDGs.12 These synergies enable positive developments and growth in one SDG to drive progress in other goals.13 For example, a contract, potentially facilitated by the PICC, to provide Internet access in a rural village not only supports infrastructure goals (SDG9) but, over time, can also lead to access to online education and training resources (SDG4), better employment opportunities (SDG8), increased health (SDG3), and reduced inequality (SDG10).14 The PICC can be a powerful tool in harnessing these connections to make a significant impact on the entirety of the SDGs.

II. The PICC’s Inclusive Development

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8 Id.; Transforming our world: the 2030 Agenda for Sustainable Development, G.A. Res. 70/1, U.N. Doc. A/RES/70/1, at ¶2 (21 October 2015) [hereinafter 2030 Agenda]. The 2030 Agenda draws support from the concrete policies and actions outlined in the Addis Ababa Action Agenda. Id. at ¶62.
9 Id. at ¶2.
10 The 17 Goals - Sustainable Development, supra note 7. The 17 SDGs have 169 associated targets, which assist in implementation and tracking progress for the goals. 2030 Agenda, supra note 8, ¶¶ 18, 40, 75.
11 SACHS, THE AGE OF SUSTAINABLE DEVELOPMENT, supra note 5, at 3.
12 2030 Agenda, supra note 8, Preamble, ¶¶ 5, 17, 18, 55.
Currently in their fourth edition (2016), the PICC are a soft law instrument covering general rules for international commercial contracts.\textsuperscript{15} Hailed as “significant step forward in the globalization of legal thinking,”\textsuperscript{16} the PICC accord with the UN’s pledge to “advance fully towards an equitable global economic system in which no country or person is left behind”.\textsuperscript{17} UNIDROIT’s\textsuperscript{18} objective in developing the PICC was to create balanced rules designed for global use irrespective of legal, economic, and political differences.\textsuperscript{19}

Representing the world’s major legal systems, the initial Working Group for the PICC included leading contract and trade law experts.\textsuperscript{20} This diverse group of experts produced a universally usable tool that bridges legal traditions and empowers lawyers from all jurisdictions to utilize the PICC without unexpected clashes.\textsuperscript{21}

The PICC’s development also reflects the 2030 Agenda’s commitment to “broadening and strengthening the voice and participation of developing countries…in international economic decision-making, norm-setting and global economic governance.”\textsuperscript{22} This commitment supports the reduction of inequality among countries (SDG10)\textsuperscript{23} and the promotion of inclusive and effective institutions with access to justice for all (SDG16).\textsuperscript{24}

Coming from the Americas, Europe, the Asia-Pacific Region, and Africa, UNIDROIT’s 63 member States\textsuperscript{25} present an inclusive diversity of cultures and of economic and political
The member States are “almost all either developing countries or countries in transition.” Elected by the member States, the experts of UNIDROIT’s Governing Council have provided policy advice to the PICC Working Group and given their consent to the publication of each PICC rule.

With this diverse State involvement in UNIDROIT, the PICC retain an exceptional credibility among soft law instruments. Indeed, in 2021, the United Nations Commission on International Trade Law (UNCITRAL) commended the use of the PICC 2016 for their intended purposes and congratulated UNIDROIT on its contribution to the facilitation of international trade.

III. The PICC's Support for the Global Partnership and International Trade through Versatile Usage

Beyond the relationship between its development and inclusivity goals, the PICC find vast opportunities to further SDG achievement through usage by the world community. The SDGs represent a massive call to action for a Global Partnership comprising “Governments as well as parliaments, the United Nations system and other international institutions, local authorities, indigenous peoples, civil society, business and the private sector, the scientific and academic community – and all people.”

The UN has recognized that international trade is an engine for sustained, inclusive and sustainable economic growth, job creation, increased incomes, women’s empowerment, food security, enhanced overall welfare, and other positive outcomes. At the same time, significantly increasing trade in a manner consistent with the SDGs, with emphasis on developing countries’

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26 Overview – UNIDROIT, supra note, at 18.
30 Brodermann 2021, supra note 21, at 464.
31 Id., at 464-65.
33 2030 Agenda, supra note 8, at ¶ 52.
exports, is also a goal in itself.\textsuperscript{35} International trade thus plays a fundamental role in the Global Partnership’s effort to achieve the SDGs.

Through its versatile range of users and application to different contract types, the PICC can support the Global Partnership by facilitating the contracts involved in international trade.-The PICC can be employed by different sized parties, from small to large multinationals, and even by States and inter-governmental organizations.\textsuperscript{36} These parties can employ the PICC in ordinary exchange contracts, such as one-time sales contracts, and in long-term contracts, such as investment agreements, construction contracts, research and development contacts, operation and maintenance agreements, supply agreements, and shipping contracts, in the wide array of industries critical to the SDGs.\textsuperscript{37}

\textbf{IV. The PICC's Support of Access to Justice, the Rule of Law, and the Enabling Global Economic Environment}

By reinforcing access to justice and the rule of law, the PICC support a coherent and enabling global economic environment and strong global economic governance critical to international trade and the efforts of the Global Partnership.

In addition to the inclusivity goals previously discussed, another target of SDG16 focuses on ensuring equal access to justice based on promotion of the rule of law at the national and international levels.\textsuperscript{38} The exact definition of the rule of law has been subject to debate over time.\textsuperscript{39} In his well-known treatise on the rule of law, Lord Bingham articulates eight key principles underpinning the concept.\textsuperscript{40} The present discussion implicates the first of these principles: accessible, intelligible, clear, and predictable law.\textsuperscript{41}

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  \item 2030 Agenda, supra note 8, at 27/35 (Target 17.11); Addis Ababa Agenda, supra note 13, at ¶¶ 79, 82.
  \item Article 1(11), comment, at 31, UNIDROIT Principles 2016; Brodermann, Bridge, supra note 36, at 240-41 (relaying experiences with using or observing the PICC in various types of contracts and in various industries).
  \item 2030 Agenda, supra note 8, at 25/35 (Target 16.3 Promote the rule of law at the national and international levels and ensure equal access to justice for all).
  \item See \textit{TOM BINGHAM, THE RULE OF LAW}, Chapter 1 (2011).
  \item See id., at Chapters 3-10.
  \item Id. at Chapter 3.
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The rule of law constitutes an SDG16 target, but it also fortifies the enabling international economic environment that supports overall SDG efforts, including international trade.42 Therefore, as another example of an SDG interlinkage, the rule of law serves to enable the effective mobilization and use of resources to achieve other goals.43

a. **Parties’ Choice of the PICC as Governing Rules Compared to the Traditional Approach**

The PICC can be used in different situations, as enumerated in its Preamble44; this analysis focuses specifically on the primary application as a contract’s governing rules of law when selected by the parties.45 An initial examination of the traditional approach in international commercial contracts illuminates the advantages flowing from parties’ choice of PICC to govern their contract.

Under the traditional approach, the law of a particular country will govern the contract, whether through the parties’ agreement or, in the absence of that agreement, by a court or arbitral tribunal’s application of private international law rules.46 In many cases, parties select domestic laws based on their own familiarity or their lawyers’ familiarity with the laws, with little or no regard for their substantive merits in the relevant transaction.47 Other reasons for this kind of selection may include personal attraction to a location like New York or blind assumptions about a law’s benefits based on industry tradition.48 Consequently, this approach presents potential risks and disadvantages.

The domestic laws may fail to regulate certain issues specific to the parties’ international business needs.49 Even highly developed legal systems may face criticism for being outdated.50 Moreover, mismatches and contradictions of content in domestic laws may create unfamiliarity

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42 2030 Agenda, supra note 8, at ¶¶ 63, 9. As stated by Lord Bingham, “no one would choose to do business, perhaps involving large sums of money, in a country where the parties’ rights and obligations were vague or undecided.” BINGHAM, supra note 39, at Chapter 3.
43 Addis Ababa Agenda, supra note 13, at ¶ 5.
44 Preamble, UNIDROIT Principles 2016.
45 A “choice of the UNIDROIT Principles is best combined with an arbitration clause but is also possible in combination with a choice-of-court clause.” Brodermann 2021, supra note 21, at 468. See also, id. at 465-68
47 Id., at 40. “Only a minority of companies take the time required to make a considerate choice of law or choice of rules of law.” Brodermann 2021, supra note 21, at 485.
48 Brodermann, Bridge, supra note 36, at 200.
49 Bonell, supra note 46, at 16; Brodermann, Bridge, supra note 36, at 207.
50 Bonell, supra note 46, at 16 (citing Sir Roy Goode’s criticism of English law); Ingeborg Schwenzer, *Global unification of contract* law, 21 UNIF. L. REV. 60, 63 (2016) (noting that Swiss domestic contract can be unpredictable and ill-suited to international contracts).
and unpredictability when one party uses its power to impose its own domestic law on the other party, based in a different jurisdiction, or when the parties agree on a neutral law foreign to both. Parties may find challenges in researching foreign laws based on sources that are unsophisticated or difficult to efficiently access, comprehend, or utilize.

This combination of risks associated with the traditional approach may prolong if not jeopardize contract negotiations, prolong disputes, increase legal and other costs, and endanger business relationships. By contrast, as a genuine option for parties that wish to avoid these risks, the PICC present a comprehensive and neutral set of rules, tailored to international business needs and presented in an accessible form. In the context of the SDGs, these advantages are elevated through their reinforcement of the rule of law and their facilitation of international trade contracts crucial to SDG achievement.

b. The PICC’s Comprehensive and Neutral Content Creating Predictability

The PICC comprehensively cover basic contract law matters. They are consistent with almost all existing domestic legal systems with relatively few openly conflicting provisions. Unlike other international uniform law instruments, the PICC apply generally to international

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51 Bonell, supra note 46, at 16-17; Brodermann, Bridge, supra note 36, at 206.
52 Bonell, supra note 46, at 16; Brodermann, Bridge, supra note 36, at 225 (noting practical difficulties in researching the laws of New York and other US states based on lack of access to research tools or to training).
53 The PICC “offer a rather comprehensive transnational regime of general contract law that is comparable to national contract laws in its depth and breadth.” Stefan Vogenauer, The UNIDROIT Principles of International Commercial Contracts at twenty: experiences to date, the 2010 edition, and future prospects, 19 UNIF. L. REV. 481, 512 (2014). The PICC “provide a comprehensive set of principles and rules relating to international commercial contracts in general, comparable to the—codified or unwritten—general part of contract law found in domestic law.” Bonell, supra note 46, at 21.
54 The PICC “cover a wide range of subjects such as freedom of contract, good faith and fair dealing and usages, as well as contract formation including contracting on the basis of standard terms, interpretation, validity including illegality, third party rights, conditions, performance, non-performance and remedies, set off, assignment of rights, limitation periods, plurality of obligors and of obligees, and so on.” Id.
55 Id. at 23-24; Brodermann 2021, supra note 21, at 456 (relaying approval of PICC from English, New York, and German law perspectives); id. at 478 (responding to a hypothetical common law lawyer’s concerns over the use of the general principle of good faith and fair dealing). “There is no doubt that the Principles contain much that is recognisable in many legal systems of the world even when it does not fully accord in its detail with the law of any particular country.” Justice Paul Finn, The UNIDROIT Principles: An Australian Perspective, AUSTRALIAN INT’L L.J. 193, 194 (2010).
56 Bonell, supra note 46, at 18-20 (discussing the disadvantages of other international uniform law instruments, such as the Convention on Contracts for the International Sale of Goods (CISG), and “various standard contract forms, trade terms, model contracts, and model clauses”). “The shortcomings of the CISG firstly relate to the areas not at all covered by the Convention, which amounts to approximately 50 per cent of the entire area of general contract law.” Schwengen, note 60, at 66. But see Brodermann, Bridge, supra note 36, at 245 (discussing CISG trumping “Turkish national law on the mandatory use of the Turkish language as a precondition for a valid contract” as example of situation where another international instrument may be preferable over the PICC).
commercial contracts, without restrictions to particular types of contract, such as sales contracts, or to specific parts of a transaction, such as delivery terms.\textsuperscript{57}

This generally applicable, comprehensive, and neutral content creates predictability and promotes the overall rule of law—parties can therefore confidently choose the PICC as a compromise. The PICC’s “world-wide consensus\textsuperscript{58}” character also builds inclusivity, enabling diverse parties to easily access and engage with the law.

c. **The PICC’s Accessible Form Enabling Access to Justice**

The PICC’s latest 2016 edition consists of 211 articles organized in 11 chapters, taking the form of concise and straightforward black-letter rules, accompanied by explanatory comments and illustrations mostly based on actual cases.\textsuperscript{59} As stated by the Governing Council, the PICC contains neutral language; the Working Group deliberately tries to avoid “terminology peculiar to any given legal system.”\textsuperscript{60} In addition, the comments omit reference to national/domestic laws when explaining the operation of and rationale behind articles.\textsuperscript{61} Finally, the PICC 2016 have five official languages, English, French, German, Italian and Spanish, with additional translations in Chinese, Japanese, Korean, Portuguese, Romanian, Russian, and Turkish.\textsuperscript{62}

Reinforcing the accessibility component of the rule of law,\textsuperscript{63} the PICC’s presentation facilitates research and comprehension by new users. The neutral and accessible form thus supports SDG4’s goal of ensuring inclusive education by helping learners acquire the skills and knowledge to promote sustainable development through the PICC.\textsuperscript{64}

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\textsuperscript{57} Bonell, supra note 46, at 21.
\textsuperscript{59} UNIDROIT Principles 2016; Bonell, supra note 46, at 21-22. “Sometimes, the comments, which are regarded as an integral part of the Principles, go even further and supplement the black-letter rules.” Id. at 21.
\textsuperscript{61} Introduction to the 1994 Edition, UNIDROIT Principles 2016. “Only where the rule has been taken over more or less literally from the world wide accepted United Nations Convention on Contracts for the International Sale of Goods (CISG) is explicit reference made to its source.” Id.
\textsuperscript{63} BINGHAM, supra note 39, at Chapter 3 (citing quote from Lord Mansfield, the father of English commercial law stating: “The daily negotiations and property of merchants ought not to depend upon subtleties and niceties; but upon rules easily learned and easily retained, because they are the dictates of common sense, drawn from the truth of the case”).
\textsuperscript{64} 2030 Agenda, supra note 8, at 17/35 (Goal 4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all and Target 4.7 By 2030, ensure that all learners acquire the knowledge and skills needed to promote sustainable development, including, among others, through education for sustainable development and sustainable lifestyles, human rights, gender equality, promotion of a culture of peace and non-
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d. **Rules Tailored for International Business**

Unlike many national laws, the PICC contain provisions designed for the needs of international business, addressing issues such as time zone management and foreign currency set-off. The PICC Working Group chose/selected some of these provisions as the best solutions for international commercial needs, even if they did not yet meet general international acceptance. The combination of these special “pre-statement” rules with the consensus provisions, previously discussed, mirrors the dual present and future perspective of the 2030 Agenda and thus supports the enabling economic environment vital to the SDGs.

e. **Facilitation of Vital SDG contracts**

Under the COVID-19-era business environment of increased video meetings and strict time schedules, previously present time pressures have increased, and negotiation time has become extremely precious. In the context of the SDGs, the looming 2030 deadline and daily news stories of newly emerging crises only exacerbate the pressures for contracts that directly implicate sustainable development.

At the same time, in this modern commercial climate, the PICC’s efficient advantages become even more pronounced. With time at a premium, selecting the PICC increases confidence among parties by reducing the complexity in international contracting, reducing the costs of research on foreign laws, and reducing the risks of “unknown pitfalls” in foreign laws. In line with the SDGs’ cooperative spirit, a proposal, especially when made by the stronger party, to a

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65 BONELL RESTATEMENT, supra note 60, at 50-52; Bonell, supra note 46, at 23; Brodermann, Bridge, supra note 36, at 207.
68 Introduction to the 1994 Edition, UNIDROIT Principles 2016; Bonell, supra note 46, at 22-23 (citing “Article 3.1.2, according to which the mere agreement of the parties is sufficient for the valid conclusion or modification of the contract without any further requirement such as ‘consideration’ or ‘cause’…Articles 6.2.1–6.2.3 on hardship, especially with respect to the right of the disadvantaged party to request renegotiation of the contract…and Article 7.1.4, which grants the non-performing party the right to cure non-performance even after termination of the contract by the aggrieved party.”).
69 Vogenaauer, supra note 53, at 285.
70 “We will implement the Agenda for the full benefit of all, for today’s generation and for future generations.” 2030 Agenda, supra note 8, at ¶ 18.
71 Brodermann 2021, supra note 21, at 473.
72 Eckart Brodermann, Managing the Future of International Contracting—A Tool for All IPBA Lawyers, 92 IPBA JOURNAL 44, 46 (December 2018) [hereinafter Managing the Future].
73 Brodermann, Bridge, supra note 36, at 209.
74 Brodermann, Bridge, supra note 36, at 209.
negotiating partner to choose the neutral PICC can build trust and facilitate successful future negotiations on more important issues.\(^75\)

More parties of equal bargaining power, especially those from emerging countries, are beginning to choose the PICC as the governing rules for their contracts.\(^76\) Most notably, the Global Fund to Fight AIDS, Tuberculosis and Malaria,\(^77\) and the United Nations Food and Agriculture Organization\(^78\) have both selected the PICC as the governing rules for their contracts. The UN has recognized the work of both of these organizations in the effort to achieve sustainable development.\(^79\)

**Conclusion**

Already considered “the most important soft law instrument in the field of general contract law,”\(^80\) the PICC stand as a significant achievement in international law. But there remains an untapped potential created by limited overall usage and acceptance.\(^81\) The legal conservatism and provincialism cited\(^82\) to explain this reality likely have general societal counterparts that have negatively affected the SDG’s unsteady progress.

The PICC may have begun “the future of international contracting,”\(^83\) but greater attention to sustainable development is necessary to ensure the planet’s future. If parties can increase usage of the PICC and especially in contracts targeted at the SDGs, the PICC will truly leave a legacy worthy of enduring praise.

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\(^75\) See Brodermann, Bridge, supra note 36, at 248-49.
\(^76\) Bonell, supra note 46, at 40-41.
\(^77\) Id. at 40.
\(^79\) Addis Ababa Agenda, supra note 13, ¶¶ 13, 77.
\(^80\) Bonell, supra note 46, at 15.
\(^81\) Brodermann 2021, supra note 21, at 454, 462.
\(^82\) Bonell, supra note 46, at 39-40.
\(^83\) See Managing the Future, note 72, at 45.