

I C S I D

1988 ANNUAL REPORT



**International Centre for
Settlement of Investment Disputes**

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Settlement of Investment Disputes**

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International Centre for Settlement of
Investment Disputes

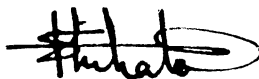
September 1, 1988

Dear Mr. Chairman:

Pursuant to Administrative and Financial Regulation 5(4), I hereby submit to the Administrative Council for its approval the Annual Report on the operation of the International Centre for Settlement of Investment Disputes required by Article 6(1)(g) of the Convention on the Settlement of Investment Disputes between States and Nationals of Other States. This Annual Report covers the fiscal year July 1, 1987 to June 30, 1988.

The report includes the audited financial statements of the Centre, presented pursuant to Administrative and Financial Regulation 19.

Sincerely yours,



Ibrahim F.I. Shihata
Secretary-General

Mr. Barber B. Conable
Chairman
Administrative Council
International Centre for Settlement of Investment Disputes

Introduction by the Secretary-General

During the year 1987/88, the Centre's caseload continued to grow. Two new arbitration cases were registered, bringing to twenty-five the total number of disputes submitted to ICSID since its inception. At one point in the year there were eleven proceedings pending before the Centre, more than at any other time before.

In addition, three new arbitral awards were rendered by ICSID tribunals during the course of the year. With these awards, the total number of ICSID arbitral awards reached ten. Two of these, however, were previously the object of successful annulment proceedings under Article 52 of the ICSID Convention; and an annulment proceeding was instituted in respect of a third award during the year. The annulment procedure offers important guarantees to parties against certain defects in the arbitral process and, in keeping with the intention of the drafters of the ICSID Convention, recourse to this procedure has remained exceptional. However, the ICSID system would obviously suffer if a trend emerges in future of unjustifiable recourse to the annulment procedure in the ICSID arbitral process. Should this become the case, the Administra-

tive Council may, as I have suggested to it on an earlier occasion, wish to consider ways in which to clarify the exceptional nature of the annulment procedure through appropriate amendments to the Arbitration Rules.

Apart from its increased caseload, ICSID's role and activities were expanded in the course of the year in a number of respects.

Several of these follow from the entry into force on April 12, 1988 of the Convention Establishing the Multilateral Investment Guarantee Agency (MIGA), the new World Bank affiliate which will seek to encourage increased flows of international investment by issuing guarantees to investors against non-commercial risks and by carrying out a wide range of technical and advisory activities. The MIGA Convention refers to the ICSID Secretary-General as a possible appointing authority of arbitrators in the context of arbitrations between host countries and MIGA acting as the subrogee of a guaranteed investor. According to the MIGA Convention, the tribunals constituted for such arbitrations will in determining their procedures be guided by the ICSID Arbitration Rules. Similarly, the operational regula-

tions of MIGA adopted by the Agency's Board of Directors in late June 1988 provide that modified ICSID arbitration rules would apply to arbitrations between MIGA and the holders of its guarantee. A draft set of such rules, based on the ICSID Additional Facility Arbitration Rules, was prepared by ICSID staff during the year. Finally, MIGA's operational regulations also envisage that the Agency will make use of the facilities, personnel and services of ICSID and other members of the World Bank Group of organizations under arrangements between MIGA and those organizations.

Research on the legal treatment of foreign investment—an area of concern to MIGA both in its guarantee operations and in its technical and advisory activities—will be one possible area of cooperation between MIGA and ICSID. During 1987/88, the Centre further strengthened its program of publications in this field. In the year, the fourth and fifth issues of the *ICSID Review - Foreign Investment Law Journal* were published. The Centre's collection of *Investment Laws of the World* was expanded by the issuance of three new releases of the collection, covering the investment legislation of more than

twenty countries. With the publication of an additional release of ICSID's collection of *Investment Treaties*, the number of bilateral investment treaties included in that collection surpassed 220. The latter collection has served as the basis for the preparation of a handbook on bilateral investment treaties scheduled to be published by ICSID before the end of 1988. The Centre also carried out a number of promotional activities, notably its co-sponsorship of a fifth ICSID/International Chamber of Commerce Court of Arbitration/American Arbitration Association joint colloquium on international arbitration.

In summary, the year 1988 was a period during which there were significant additions to the record and responsibilities of the Centre which should enhance ICSID's ability to continue in future to serve its ultimate objective of promoting increased international investment flows.

Ibrahim F.I. Shihata
Secretary-General

Membership

As of June 30, 1988, there were 89 Contracting States and a further 8 Signatories of the Convention which had not yet ratified the Convention. A complete list of Contracting States and Signatories of the Convention as of June 30, 1988 appears in Annex 1.

Disputes before the Centre

In the course of the fiscal year, the Secretary-General registered two new arbitration requests:

- *Asian Agricultural Products Ltd. (AAPL) v. Democratic Socialist Republic of Sri Lanka (Case ARB/87/3)*
- *Occidental of Pakistan Inc. ("Occidental") v. Islamic Republic of Pakistan (Case ARB/87/4)*

In addition, the Secretary-General registered an application for annulment and stay of enforcement of the award in *Maritime International Nominees Establishment (MINE) v. Government of the Republic of Guinea (Case ARB/84/4)*

Arbitration Proceedings

- (1) *Amco Asia et al v. Republic of Indonesia - Resubmission - (Case ARB/81/1)*

October 20, 1987—The Secretary-General notifies the parties that the Tribunal, consisting of Mr. Marc Lalonde (Canadian), appointed by Amco, Mr. Per Magid (Danish), appointed by Indonesia, and Prof. Rosalyn Higgins (British), President, appointed by agreement of the parties, has been constituted and that the proceeding has begun.

December 21, 1987—The Tribunal meets in London.

January 31/February 1, 1988—The Tribunal meets in London with the parties.

March/April 1988—The Tribunal meets in New York and London.

May 10, 1988—The Tribunal issues a Decision on Jurisdiction.

- (2) *Klöckner / Cameroon - Resubmission - (Case ARB/81/2)*

November 13, 1987—The President of the Tribunal declares the proceeding closed.

January 26, 1988—The Award is rendered.

- (3) *Société Ouest-Africaine des Bétons Industriels (SOABI) v. State of Sénégal (Case ARB/82/1)*
 December 14–16, 1987—The Tribunal meets in The Hague.
 December 26, 1987—The Tribunal issues a Procedural Order, declaring the proceeding closed.
 February 25, 1988—The Award is rendered.
- (4) *Colt Industries Operating Corp., Firearms Division v. Government of the Republic of Korea (Case ARB/84/2)*
 August 11, 1987—Colt files its Sur-Rejoinder Memorandum.
 March 4, 1988—The Tribunal meets in Washington, D.C. in the presence of the parties. The Tribunal issues an Order granting a further stay of the proceeding.
- (5) *S.P.P. (Middle East) Limited v. Arab Republic of Egypt (Case ARB/84/3)*
 September 8–10, 1987—The Tribunal meets in Paris,
 September 28, 1987—Claimant files its Final Submission on Jurisdiction.
 October 2, 1987—Respondent files its "Mémoire en Réplique."
 December 7–12, 1987—The Tribunal meets in Washington, D.C.
 April 14, 1988—The Tribunal's Decision on Preliminary Objections to Jurisdiction is signed.
- (6) *Maritime International Nominees Establishment (MINE) v. Republic of Guinea (Case ARB/84/4)*
 (a) Arbitration Proceeding:
 July 6, 1987—The Tribunal meets in New York.
 August 10, 1987—The President of the Tribunal declares the proceeding closed.
- October 9 and 13, 1987—Each party agrees to extend the time limit for the Tribunal to complete and sign its Award until December 31, 1987.
 January 6, 1988—The Award is rendered.
 (b) Annulment Proceeding:
 March 30, 1988—The Secretary-General registers a request for annulment of the Award of January 6, 1988.
 April 29, 1988—The Secretary-General informs the parties that an *ad hoc* Committee, consisting of Professor Sompong Sucharitkul (Thai), Mr. Aron Broches (Netherlands) and Judge Kéba MBaye (Senegalese) has been constituted, and that the proceeding has begun.
 June 20, 1988—The *ad hoc* Committee meets in The Hague in the presence of the parties to review matters of procedure and to decide on the issue of stay of enforcement of the award.
- (7) *Dr. Ghaith R. Pharaon v. Government of the Republic of Tunisia (Case ARB/86/1)*
 February 2, 1988—Claimant files its Memorial.
 April 28, 1988—Respondent files Objections to Jurisdiction.
 May 3, 1988—The Tribunal suspends the proceeding on the merits to examine the issue on jurisdiction
- (8) *Société d'Etudes de Travaux et de Gestion SETIMEG S.A. v. Republic of Gabon (Case ARB/87/1)*
 December 10, 1987—The Secretary-General informs the parties that the Tribunal, consisting of Professor Claude Reymond (Swiss), President, appointed by the parties, Mr. Edgar Faure (French), appointed by Claimant, and Mrs. Marie-Madeleine Mborantsuo (Gabon), appointed by Respondent, has been constituted and that the proceeding has begun.

April 5, 1988—The Secretary-General informs the parties that the proceeding is suspended until the vacancy, resulting from the death of Mr. Edgar Faure, has been filled, and invites Claimant to appoint another arbitrator.

April 19, 1988—Claimant appoints Mr. Henri Caillavet (French) as arbitrator.

May 24, 1988—Mr. Caillavet accepts his appointment.

May 25, 1988—The Secretary-General informs the parties that the Tribunal has been reconstituted, and that the proceeding shall continue from the point it had reached at the time the vacancy occurred.

June 20, 1988—The Tribunal meets in Geneva in the presence of the parties to review matters of procedure.

- (9) *Mobil Oil Corporation, Mobil Petroleum Company, Inc., Mobil Oil New Zealand Limited v. New Zealand Government* (Case ARB/87/2)

November 4, 1987—The Secretary-General informs the parties that the Tribunal, consisting of Sir Graham Speight (New Zealand), President, appointed by the parties, Mr. Stephen Charles (Australian), appointed by Claimants, and Professor Maureen Brunt (Australian), appointed by Respondent, has been constituted and that the proceeding has begun.

December 4, 1987/February 12, 1988—The President of the Tribunal meets with the parties in Auckland for preliminary procedural consultations.

April 12, 1988—The Tribunal meets with the parties in Auckland on matters of procedure.

May 6, 1988—Claimant files its Memorial with supporting documentation.

June 17, 1988—Respondent files its

Counter-Memorial with supporting documentation.

June 28, 1988—Claimant files its Reply.

- (10) *Asian Agricultural Products Ltd. v. Democratic Socialist Republic of Sri Lanka* (ARB/87/3)

July 20, 1987—The Secretary-General registers a request for the institution of arbitration proceedings.

January 5, 1988—The Secretary-General informs the parties that the Tribunal, consisting of Dr. Ahmed S. El-Koshery (Egyptian), President, appointed by the Chairman of the Administrative Council, Professor Berthold Goldman (French), appointed by Claimant, and Dr. S.K.B. Asante (Ghanaian), appointed by Respondent, has been constituted and that the proceeding has begun.

February 23, 1988—The Tribunal meets in Washington, D.C. in the presence of the parties on matters of procedure.

April 13, 1988—Claimant files its Memorial.

June 20, 1988—Respondent files its Counter-Memorial.

- (11) *Occidental of Pakistan Inc. v. Islamic Republic of Pakistan* (ARB/87/4)

October 7, 1988—The Secretary-General registers a request for the institution of arbitration proceedings.

May 6, 1988—The Secretary-General informs the parties that the Tribunal, consisting of Professor Ian Brownlie, QC (British), appointed by the Chairman of the Administrative Council, Mr. Anthony Colman, QC (British), appointed by Claimant, and Mr. Ashraf Ullah Khan (British), appointed by Respondent, has been constituted and that the proceeding has begun.

Panels of Conciliators and of Arbitrators

Pursuant to the Convention, the Centre maintains a Panel of Conciliators and of Arbitrators. Each Contracting State may designate to each Panel four persons who may but need not be its nationals.

As provided in the Convention, such persons "shall be of high moral character and recognized competence in the fields of law, commerce, industry or finance, who may be relied upon to exercise independent judgment."

In the course of the fiscal year designations to the Panels have been made as follows:

- **Ecuador:**

Panels of Conciliators and of Arbitrators:

Dr. Eduardo Jiménez de Aréchaga¹ (designation effective as of February 12, 1988), Professor Prosper Weil² (designation effective as of December 28, 1987).

- **Guyana:**

Designations effective as of September 8, 1987:

Panel of Conciliators:

Mr. Michael Brassington, Mr. Paul Chan-a-Sue, Mr. Clarence Hughes, Mr. R.M. Luckhoo.

Panel of Arbitrators:

Mr. H.B.S. Bollers (re-appointment), Mr. C. Lloyd Luckhoo (re-appointment), Mr. Rex H. McKay (re-appointment), Mr. Salahuddeen M.A. Nasir (re-appointment).

- **Italy:**

Designations effective as of December 21, 1987:

Panels of Conciliators and of Arbitrators:

Mr. Piero Bernardini (re-appointment), Professor Andrea Giardina (re-appointment), Professor Giorgio

Sacerdoti (re-appointment), Mr. Giorgio Sangiorgio (re-appointment).

- **Kenya:**

Designations effective as of August 10, 1987:

Panel of Conciliators:

Mr. B. Mareka Gecaga (re-appointment), Mr. Brian H. Hobson (re-appointment), Mr. Jared Benson Kangwana.

Panel of Arbitrators:

Mr. S.A. Wako.

- **Pakistan:**

Designations effective as of September 10, 1987:

Panel of Conciliators:

Mr. Justice (Ret'd) Aftab Farrukh, Mr. Justice (Ret'd) Shamin Hussain Kadri.

Panel of Arbitrators:

Mr. Justice (Ret'd) Mazharul Haque, Mr. Wassim Sajjad.

¹Nationality: Uruguayan

²Nationality: French

Publications

- **United Kingdom:**

Designations effective as of December 3, 1987:

Panel of Conciliators:

Sir Christopher Audland, CMG, Sir Michael Butler, GCMG, Sir Adrian Cadbury (re-appointment), Mr. D.C. Calcutt, QC (re-appointment).

Panel of Arbitrators:

Mr. David A.O. Edward, CMG, QC (re-appointment), Mr. Elihu Lauterpacht, QC (re-appointment), Sir Patrick Neill, QC, Sir Ian Sinclair, KCMG, QC.

- **Zaire:**

Designation effective as of October 19, 1987:

Panel of Arbitrators:

Mr. Phaznu-Nianza di Mazanza.

In accordance with the provisions of Article 13(2) of the Convention, the Chairman of the Administrative Council designated the following persons to serve on the Panels of Conciliators and of Arbitrators, as of April 7, 1988: Mr. M.Y. Abdel Aal (Sudanese), Professor Ian Brownlie, QC, FBA (British), Professor Berthold Goldman (French), Mr. Monroe Leigh (American), Judge Kéba MBaye (Senegalese), and Professor Sompong Sucharitkul (Thai).

News from ICSID

During the fiscal year, two issues of *News from ICSID* were published, Vol. 4, No. 2 (Summer 1987) and Vol. 5, No. 1 (Winter 1988). In addition to information on current activities of the Centre, including details on disputes pending before ICSID, these issues featured articles on the composition of ICSID tribunals and on setting up the initial procedural framework in ICSID arbitrations.

ICSID Review-Foreign Investment Law Journal.

This Journal publishes materials on domestic and international law and practice relating to foreign investments. The fourth (Fall 1987) and fifth (Spring 1988) issues were published during the year. Both issues contained articles, comments, cases, documents, a bibliography and book reviews. The Fall 1987 issue featured articles on the recognition and enforcement of ICSID awards; on Latin American integration; and on eligibility requirements for MIGA's guarantees. The Spring 1988 issue included articles on the World Bank's promotion of private investment through cofinancing and other measures; on Nigeria's investment laws; and on comparative analysis as a basis of law in State contracts. Contributors to these issues included Albert Jan van den Berg, Aron Broches, Hugo Caminos, Beverly

M. Carl, Georges R. Delaume, Emmanuel Gaillard, P.G. Lim, Herbert V. Morais, Oserheimen A. Osunbor, Istvan Pogany, Samia Rashed, Ahmed Sharaf Eldin, Ibrahim F.I. Shihata, and John A. Westberg.

Investment Laws of the World

Three new releases (Releases 87/2, 87/4 and 88/1) of the ILW collection have been issued during the fiscal year. Release 87/2 includes the basic investment legislation of the following countries: Argentina, Belize, Brazil, Djibouti, the Dominican Republic, Guinea-Bissau, Jamaica and Zambia; Release 87/4 contains the legislation of Togo, Morocco, Korea (update), Maldives, Somalia, Guinea, Venezuela, the Philippines and Burundi; and Release 88/1 covers the legislation of Mozambique, Chad, Uruguay, Tunisia, Malaysia and Senegal.

Bilateral Investment Treaties

With the cooperation of ICSID members, the Secretariat has collected 21 new treaties which have been published in the Summer of 1987 as a new release to the collection of *Investment Treaties* (Release 87/3).

Handbook on Bilateral Investment Treaties

The preparatory work on this Handbook which is based on the systematic analysis of the provisions of the treaties contained in the Investment Treaties Series, carried out by the Secretariat over the past three years, has

entered its final stage. It is expected that the Handbook will be published before the end of 1988. One of the main purposes of the Handbook will be to assist member countries in drafting and negotiating investment treaties by providing a comparative analysis of the texts used in more than 200 bilateral treaties signed in recent years.

Other Publication Activities

The Secretariat has contributed a number of articles and comments, as well as papers for seminars and colloquia, which have been published in various law reviews and professional journals. References to these contributions appear in *News from ICSID* and the *ICSID Bibliography*.

Promotional Activities

Washington, D.C., Colloquium on International Arbitration

On October 16, 1987, ICSID hosted a joint colloquium on Arbitration and the Courts, Practical Aspects of Administered International Arbitration, which was held at the headquarters of the World Bank in Washington, D.C.

The main purpose of the colloquium was to review and discuss some of the practical issues which arise, at the various stages of the arbitral process, from the relationship between domestic courts and administered

arbitration. It was also intended to examine recent developments in treaty law and in domestic laws on arbitration. Five main topics were addressed during the colloquium which was divided into two sessions during which there were formal presentations on each topic followed by comments from participants. This colloquium was the fifth in a series of conferences on the subject of International Arbitration initiated in November 1983 under the joint auspices of ICSID, the American Arbitration Association (AAA) and the International Chamber of Commerce (ICC). It was attended by close to 100 participants from the legal profession and the business community.

A summary of the Colloquium appears in *News from ICSID*, Vol. 5, No. 1 (Winter 1988), pp. 11-13. Papers delivered during the colloquium have been published in the Fall 1987 and Spring 1988 issues of *ICSID Review - Foreign Investment Law Journal*.

A sixth ICC, AAA, ICSID Colloquium, hosted by ICC, will be held in Paris, France, on October 27, 1988. The theme of this colloquium will be the Arbitral Process and the Independence of Arbitrators.

Twenty-First Annual Meeting of the Administrative Council

The Twenty-First Annual Meeting of the Administrative Council took place on October 1, 1987, in Washington, D.C., on the occasion of the Annual Meeting of the Board of Governors of The World Bank.

In the course of the meeting, the Council approved the 1987 Annual Report on the Operation of the Centre and the budget for fiscal year 1988.

The Resolutions adopted at the Meeting are set forth in Annex 2.

Finance

The Financial Statements of ICSID for the fiscal year 1988 are set forth in Annex 3.

The administrative expenditures of ICSID were, again, entirely covered by the World Bank pursuant to the Memorandum of Administrative Arrangements concluded between the Bank and ICSID in February 1967, and by income from the sale of publications.

It was, therefore, not necessary to assess any contributions on Contracting States in respect of the Centre's administrative expenditures pursuant to Article 17 of the Convention.

ICSID expenditures relating to pending arbitration proceedings are borne by the parties in accordance with ICSID's Administrative and Financial Regulations.

Annex 1

List of Contracting States and Signatories of the Convention

(As of June 30, 1988)

The 97 States listed below have signed the Convention on the dates indicated. The names of the 89 States that have deposited instruments of ratification are in bold face, and the dates of such deposit and of the attainment of the status of Contracting State by the entry into force of the Convention for each of them are also indicated.¹

| State | Signature | Deposit of Ratification | Entry into Force of Convention |
|--|---------------|-------------------------|--------------------------------|
| Afghanistan | Sep. 30, 1966 | Jun. 25, 1968 | Jul. 25, 1968 |
| Australia | Mar. 24, 1975 | | |
| Austria | May 17, 1966 | May 25, 1971 | Jun. 24, 1971 |
| Bangladesh | Nov. 20, 1979 | Mar. 27, 1980 | Apr. 26, 1980 |
| Barbados | May 13, 1981 | Nov. 1, 1983 | Dec. 1, 1983 |
| Belgium | Dec. 15, 1965 | Aug. 27, 1970 | Sep. 26, 1970 |
| Belize | Dec. 19, 1986 | | |
| Benin, People's Republic of | Sep. 10, 1965 | Sept. 6, 1966 | Oct. 14, 1966 |
| Botswana | Jan. 15, 1970 | Jan. 15, 1970 | Feb. 14, 1970 |
| Burkina Faso | Sep. 16, 1965 | Aug. 29, 1966 | Oct. 14, 1966 |
| Burundi | Feb. 17, 1967 | Nov. 5, 1969 | Dec. 5, 1969 |
| Cameroon | Sep. 23, 1965 | Jan. 3, 1967 | Feb. 2, 1967 |
| Central African Republic | Aug. 26, 1965 | Feb. 23, 1966 | Oct. 14, 1966 |
| Chad | May 12, 1966 | Aug. 29, 1966 | Oct. 14, 1966 |
| Comoros | Sep. 26, 1978 | Nov. 7, 1978 | Dec. 7, 1978 |
| Congo, People's Republic of the | Dec. 27, 1965 | Jun. 23, 1966 | Oct. 14, 1966 |
| Costa Rica | Sep. 29, 1981 | | |
| Côte d'Ivoire | Jun. 30, 1965 | Feb. 16, 1966 | Oct. 14, 1966 |
| Cyprus | Mar. 9, 1966 | Nov. 25, 1966 | Dec. 25, 1966 |
| Denmark | Oct. 11, 1965 | Apr. 24, 1968 | May 24, 1968 ² |
| Ecuador | Jan. 15, 1986 | Jan. 15, 1986 | Feb. 14, 1986 |
| Egypt, Arab Republic of | Feb. 11, 1972 | May 3, 1972 | Jun. 2, 1972 |
| El Salvador | Jun. 9, 1982 | Mar. 6, 1984 | Apr. 5, 1984 |
| Ethiopia | Sep. 21, 1965 | | |
| Fiji | Jul. 1, 1977 | Aug. 11, 1977 | Sep. 10, 1977 |
| Finland | Jul. 14, 1967 | Jan. 9, 1969 | Feb. 8, 1969 |
| France | Dec. 22, 1965 | Aug. 21, 1967 | Sep. 20, 1967 |
| Gabon | Sep. 21, 1965 | Apr. 4, 1966 | Oct. 14, 1966 |
| Gambia, The | Oct. 1, 1974 | Dec. 27, 1974 | Jan. 26, 1975 |
| Germany, Federal Republic of | Jan. 27, 1966 | Apr. 18, 1969 | May 18, 1969 ³ |
| Ghana | Nov. 26, 1965 | Jul. 13, 1966 | Oct. 14, 1966 |
| Greece | Mar. 16, 1966 | Apr. 21, 1969 | May 21, 1969 |
| Guinea | Aug. 27, 1968 | Nov. 4, 1968 | Dec. 4, 1968 |
| Guyana | Jul. 3, 1969 | Jul. 11, 1969 | Aug. 10, 1969 |
| Haiti | Jan. 30, 1985 | | |
| Honduras | May 28, 1986 | | |
| Hungary | Oct. 1, 1986 | Feb. 4, 1987 | Mar. 6, 1987 |
| Iceland | Jul. 25, 1966 | Jul. 25, 1966 | Oct. 14, 1966 |
| Indonesia | Feb. 16, 1968 | Sep. 28, 1968 | Oct. 28, 1968 |
| Ireland | Aug. 30, 1966 | Apr. 7, 1981 | May 7, 1981 |
| Israel | Jun. 16, 1980 | Jun. 22, 1983 | Jul. 22, 1983 |
| Italy | Nov. 18, 1965 | Mar. 29, 1971 | Apr. 28, 1971 |
| Jamaica | Jun. 23, 1965 | Sep. 9, 1966 | Oct. 14, 1966 |
| Japan | Sep. 23, 1965 | Aug. 17, 1967 | Sep. 16, 1967 |
| Jordan | Jul. 14, 1972 | Oct. 30, 1972 | Nov. 29, 1972 |

¹The Convention was signed on behalf of the Republic of China on January 13, 1966, and ratified on December 10, 1968. At its Fourteenth Annual Meeting on October 2, 1980, the Administrative Council considered a communication received from the People's Republic of China (PRC), decided that the Republic of China be removed from the list of Contracting States and noted that, pending study by the Government of the PRC of the possibility of becoming a party to the Convention, China is not a Contracting State.

²Denmark excluded, by a notification received on May 15, 1968, the Faroe Islands; by a notification received on October 30, 1968, Denmark extended the application of the Convention to the Faroe Islands as of January 1, 1969.

³Germany declared, on depositing its instrument of ratification, that the Convention would also apply to the Land Berlin.

| State | Signature | Deposit of Ratification | Entry into Force of Convention |
|---|---------------|-------------------------|--------------------------------|
| Kenya | May 24, 1966 | Jan. 3, 1967 | Feb. 2, 1967 |
| Korea, Republic of | Apr. 18, 1966 | Feb. 21, 1967 | Mar. 23, 1967 |
| Kuwait | Feb. 9, 1978 | Feb. 2, 1979 | Mar. 4, 1979 |
| Lesotho | Sep. 19, 1968 | Jul. 8, 1969 | Aug. 7, 1969 |
| Liberia | Sep. 3, 1965 | Jun. 16, 1970 | Jul. 16, 1970 |
| Luxembourg | Sep. 28, 1965 | Jul. 30, 1970 | Aug. 29, 1970 |
| Madagascar | Jun. 1, 1966 | Sep. 6, 1966 | Oct. 14, 1966 |
| Malawi | Jun. 9, 1966 | Aug. 23, 1966 | Oct. 14, 1966 |
| Malaysia | Oct. 22, 1965 | Aug. 8, 1966 | Oct. 14, 1966 |
| Mali | Apr. 9, 1976 | Jan. 3, 1978 | Feb. 2, 1978 |
| Mauritania | Jul. 30, 1965 | Jan. 11, 1966 | Oct. 14, 1966 |
| Mauritius | Jun. 2, 1969 | Jun. 2, 1969 | Jul. 2, 1969 ⁴ |
| Morocco | Oct. 11, 1965 | May 11, 1967 | Jun. 10, 1967 |
| Nepal | Sep. 28, 1965 | Jan. 7, 1969 | Feb. 6, 1969 |
| Netherlands | May 25, 1966 | Sep. 14, 1966 | Oct. 14, 1966 ⁵ |
| New Zealand | Sep. 2, 1970 | Apr. 2, 1980 | May 2, 1980 ⁶ |
| Niger | Aug. 23, 1965 | Nov. 14, 1966 | Dec. 14, 1966 |
| Nigeria | Jul. 13, 1965 | Aug. 23, 1965 | Oct. 14, 1966 |
| Norway | Jun. 24, 1966 | Aug. 16, 1967 | Sep. 15, 1967 |
| Pakistan | Jul. 6, 1965 | Sep. 15, 1966 | Oct. 15, 1966 |
| Papua New Guinea | Oct. 20, 1978 | Oct. 20, 1978 | Nov. 19, 1978 |
| Paraguay | Jul. 27, 1981 | Jan. 7, 1983 | Feb. 6, 1983 |
| Philippines | Sep. 26, 1978 | Nov. 17, 1978 | Dec. 17, 1978 |
| Portugal | Aug. 4, 1983 | Jul. 2, 1984 | Aug. 1, 1984 |
| Romania | Sep. 6, 1974 | Sep. 12, 1975 | Oct. 12, 1975 |
| Rwanda | Apr. 21, 1978 | Oct. 15, 1979 | Nov. 14, 1979 |
| Saudi Arabia | Sep. 28, 1979 | May 8, 1980 | Jun. 7, 1980 |
| Senegal | Sep. 26, 1966 | Apr. 21, 1967 | May 21, 1967 |
| Seychelles | Feb. 16, 1978 | Mar. 20, 1978 | Apr. 19, 1978 |
| Sierra Leone | Sep. 27, 1965 | Aug. 2, 1966 | Oct. 14, 1966 |
| Singapore | Feb. 2, 1968 | Oct. 14, 1968 | Nov. 13, 1968 |
| Solomon Islands | Nov. 12, 1979 | Sep. 8, 1981 | Oct. 8, 1981 |
| Somalia | Sep. 27, 1965 | Feb. 29, 1968 | Mar. 30, 1968 |
| Sri Lanka | Aug. 30, 1967 | Oct. 12, 1967 | Nov. 11, 1967 |
| St. Lucia | Jun. 4, 1984 | Jun. 4, 1984 | Jul. 4, 1984 ⁷ |
| Sudan | Mar. 15, 1967 | Apr. 9, 1973 | May 9, 1973 |
| Swaziland | Nov. 3, 1970 | Jun. 14, 1971 | Jul. 14, 1971 ⁸ |
| Sweden | Sep. 25, 1965 | Dec. 29, 1966 | Jan. 28, 1967 |
| Switzerland | Sep. 22, 1967 | May 15, 1968 | Jun. 14, 1968 |
| Thailand | Dec. 6, 1985 | | |
| Togo | Jan. 24, 1966 | Aug. 11, 1967 | Sep. 10, 1967 |
| Trinidad and Tobago | Oct. 5, 1966 | Jan. 3, 1967 | Feb. 2, 1967 |
| Tunisia | May 5, 1965 | Jun. 22, 1966 | Oct. 14, 1966 |
| Turkey | Jun. 4, 1987 | | |
| Uganda | Jun. 7, 1966 | Jun. 7, 1966 | Oct. 14, 1966 |
| United Arab Emirates | Dec. 23, 1981 | Dec. 23, 1981 | Jan. 22, 1982 |
| United Kingdom of Great Britain and Northern Ireland | May 26, 1965 | Dec. 19, 1966 | Jan. 18, 1967 ⁹ |
| United States of America | Aug. 27, 1965 | Jun. 10, 1966 | Oct. 14, 1966 |
| Western Samoa | Feb. 3, 1978 | Apr. 25, 1978 | May 25, 1978 |
| Yugoslavia | Mar. 21, 1967 | Mar. 21, 1967 | Apr. 20, 1967 |
| Zaire | Oct. 29, 1968 | Apr. 29, 1970 | May 29, 1970 |
| Zambia | Jun. 17, 1970 | Jun. 17, 1970 | Jul. 17, 1970 |

⁴Until Mauritius attained its independence on March 12, 1968, it was covered by the ratification of the United Kingdom.

⁵On depositing its instrument of ratification, the Netherlands restricted the application of the Convention to the Kingdom in Europe; by a notification received on May 22, 1970, the Netherlands withdrew that restriction and thus extended the application of the Convention to Suriname and the Netherlands Antilles; Suriname having attained independence on November 25, 1975, the Convention ceased to be applicable to Suriname as of that date.

⁶On depositing its instrument of ratification, New Zealand, pursuant to Article 70 of the Convention, excluded from its coverage the Cook Islands, Niue and Tokelau.

⁷Until St. Lucia attained its independence on February 22, 1979, it was covered by the ratification of the United Kingdom.

⁸Until Swaziland attained its independence on September 6, 1968, it was covered by the ratification of the United Kingdom.

⁹The United Kingdom, pursuant to Article 70 of the Convention, excluded from its coverage the following territories for whose international relations it is responsible: Jersey, Isle of Man, British Indian Ocean Territory, Pitcairn Islands, British Antarctic Territory, Sovereign Base Areas of Cyprus. By notifications received on June 27, 1979, and November 17, 1983, respectively, the United Kingdom extended the application of the Convention to Jersey as of July 1, 1979, and to the Isle of Man as of November 1, 1983.

Annex 2**Resolutions of the Administrative Council**

The following resolutions were adopted by the Administrative Council at its Twenty-First Annual Meeting on October 1, 1987:

AC(21)/RES/64 - Approval of the Annual Report

The Administrative Council

RESOLVES

To approve the 1987 Annual Report on the Operation of the Centre as set forth in the attachment to Document AC/87/3.

AC(21)/RES/65 - Adoption of Budget for Fiscal Year 1988

The Administrative Council

RESOLVES

To adopt, for the period July 1, 1987 to June 30, 1988, the budget set forth in paragraph 2 of the Document AC/87/1.

Annex 3

Report and Financial Statements

Expressed in United States dollars

Statement of Changes in Fund Balance

| | For the year ended June 30 | |
|---|----------------------------|------------|
| | 1988 | 1987 |
| Contribution of services to Centre by International Bank for Reconstruction and Development | \$ 263,324 | \$ 311,600 |
| Expenditures on behalf of Centre by International Bank for Reconstruction and Development | (263,324) | (311,600) |
| Excess of contribution over expenditures | — | — |
| Advances to Centre from parties to arbitration proceedings | 825,180 | 335,034 |
| Disbursements by Centre for fees and expenses for arbitration proceedings | (609,517) | (240,419) |
| Excess of advances over disbursements | 215,663 | 94,615 |
| (Increase) Decrease in advances from parties to arbitration proceedings | (215,663) | (94,615) |
| Change in fund balance | \$ — | \$ — |

Statement of Composition of Fund Balance

| | June 30, 1988 | June 30, 1987 |
|--|---------------|---------------|
| Cash in bank | \$ 496,496 | \$ 276,042 |
| Advances from parties to arbitration proceedings | (490,229) | (274,566) |
| (Payable) to International Bank for Reconstruction and Development | (6,267) | (1,476) |
| Fund balance | \$ — | \$ — |

continued next page

Annex 3 *continued***Note to Financial Statements**

June 30, 1988 and June 30, 1987

The Memorandum of Administrative Arrangements between the Centre and the International Bank for Reconstruction and Development (the Bank) which became effective as of October 14, 1966, provides, that, except to the extent that the Centre may be reimbursed by the parties to proceedings for fees and expenses of members of Conciliation Commissions, Arbitral Tribunals or ad hoc Committees, the Bank shall provide the following services and facilities to the Centre:

- (1) the services of staff members and consultants; and
- (2) other administrative services and facilities, such as travel, communications, office accommodations, furniture, equipment, supplies and printing.

The Centre does not have resources of its own. The reported expenditures on behalf of the Centre represent the value of the services provided by the Bank and include only those amounts identified by the Bank as being directly related to the Centre, and, accordingly, do not include any indirect or overhead costs of the Bank. The reported contributions of \$263,324 and \$311,600 for the years ended June 30, 1988 and 1987, respectively, are equal to the value of the services provided by the Bank, less reimbursements by the Centre from its sale of publications and registration fees. The expenditures made on behalf of the Centre by the Bank are shown below:

| | For the year ended June 30, 1988 | 1987 |
|---|-------------------------------------|-------------------|
| Staff personal services | \$ 230,625 | \$ 250,500 |
| Travel | 2,674 | 7,003 |
| Contractual services | 24,049 | 35,846 |
| Administrative services and facilities | 17,575 | 23,657 |
| | <u>\$ 274,923</u> | <u>\$ 317,006</u> |
| Less: Reimbursements by Centre from sale of publications and registration fees | 11,599 | 5,406 |
| Total | <u>\$ 263,324</u> | <u>\$ 311,600</u> |

The Centre's expenses which are attributable to arbitration proceedings are borne by the parties in accordance with the Centre's Administrative and Financial Regulations. In accordance with these Regulations, the Secretary-General calls on the parties to make advance deposits with the Centre from time to time to defray these expenses. The cash balances reflected in the statement of composition of fund balance represent advances from parties to proceedings and amounts due to the Bank.

Report of Independent Accountants

1801 K Street, N.W.
Washington, D.C. 20006

August 16, 1988

To International Centre for Settlement
of Investment Disputes

In our opinion, the accompanying statement of composition of fund balance and the related statement of changes in fund balance present fairly, in all material respects, the composition of fund balance of the International Centre for Settlement of Investment Disputes for the years ended June 30, 1988 and 1987, and the changes in fund balance for the years then ended in conformity with generally accepted accounting principles and in accordance with the Administrative Arrangements between the International Bank for Reconstruction and Development and the International Centre for Settlement of Investment Disputes. These financial statements are the responsibility of the Bank and the Centre's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

Price Waterhouse

Annex 4**Publications of ICSID**

Legislative History of the Convention on the Settlement of Investment Disputes Between States and Nationals of Other States (4 Volumes)

- ICSID/2 Convention on the Settlement of Investment Disputes between States and Nationals of Other States, and Accompanying Report of the Executive Directors of the International Bank for Reconstruction and Development
(English, French, Spanish)
- ICSID/3 List of Contracting States and Other Signatories of the Convention
(English, French, Spanish)
- ICSID/5/Rev.1 Model Clauses Recording Consent to the Jurisdiction of the International Centre for Settlement of Investment Disputes
(English, French, Spanish)
- ICSID/8 Contracting States and Actions Taken by Them Pursuant to the Convention
(English, French, Spanish)
- ICSID/10 List of the Members of the Panels of Conciliators and of Arbitrators
(English)
- ICSID/11/Rev.1 Additional Facility for the Administration of Conciliation, Arbitration and Fact-Finding Proceedings
(English, French, Spanish)
- ICSID/12 Explanatory Brochure on the Centre
(English, French, Spanish)
- ICSID/13 Bibliography on ICSID
(English)
- ICSID/15 ICSID Basic Documents: Convention, Administrative and Financial Regulations, Institution Rules, Arbitration Rules, Conciliation Rules
(English, French, Spanish)
- ICSID/16/Rev.1 ICSID Cases: 1972–1987
(English)
- News from ICSID
(English–Semi-annual)
-

Publications regarding national legislation and bilateral investment treaties

National Investment Legislation

The Centre has for several years been publishing a collection of national investment legislations. This collection, entitled "Investment Laws of the World", consists of 10 loose-leaf volumes. The collection has been re-organized and three new releases have been published in 1988.

Bilateral Treaties

In 1983, the Centre published a collection of bilateral treaties relating to investment promotion and protection concluded since 1960. This collection is now kept in three loose-leaf volumes which are updated from time to time.

ICSID's collections of "Investment Laws of the World" and "Investment Treaties" may be obtained from Oceana Publications, Inc., Dobbs Ferry, N.Y. 10522 USA.

ICSID Review - Foreign Investment Law Journal

ICSID Review is intended to meet the need for material on the law and practice relating to foreign investments, including domestic laws, investment treaties, contractual trends, and the resolution of investment disputes.

Semi-annual – Spring and Fall

Requests for subscriptions to the ICSID Review (\$40 per year, plus postage charges) should be sent to: Journals Publishing Division, The Johns Hopkins University Press, 701 W. 40th Street, Suite 275, Baltimore, Maryland 21211, USA.

ICSID

SEAT:
1818 H Street, N.W.
Washington, D.C. 20433, U.S.A.

Telephone: (202) 477-1234
Cable Address: ICSID