

I C S I D

1998 ANNUAL REPORT



International Centre for
Settlement of Investment Disputes

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International Centre for Settlement of
Investment Disputes

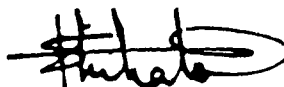
September 18, 1998

Dear Mr. Chairman:

I am pleased to 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, 1997 to June 30, 1998.

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. James D. Wolfensohn
Chairman
Administrative Council
International Centre for Settlement of Investment Disputes

Introduction by the Secretary-General

Fiscal year 1998, my fifteenth as Secretary-General of ICSID, was a notable one for the Centre in many respects. In this period, ICSID's membership has continued to grow and its activities have continued to be enhanced in virtually every dimension.

Colombia and Latvia ratified the ICSID Convention during fiscal year 1998, while Ukraine and Yemen began the process of joining ICSID by signing the Convention. At the close of the fiscal year, there were 144 signatory States of the Convention and 129 member countries of ICSID.

During 1998, ICSID's caseload increased more than in any other fiscal year. Eight new cases were registered, bringing the total number of registered cases to 52. There were 19 cases pending before the Centre during 1998, also a record number. Of the eight new cases, five were brought to the Centre on the basis of dispute-settlement provisions contained in investment treaties. As has been highlighted in ICSID Annual Reports over the past few years, the proliferation of investment treaties, to more than 1,300 at present, has had a significant impact on ICSID's caseload. Most of these treaties provide for arbitration under the ICSID Convention as a means for settling investment disputes between covered investors and a State party to such a treaty. Several recent investment laws contain similar references to ICSID arbitration. Some of these laws and many of the more recent treaties also provide for the possibility of submitting investment disputes to arbitration under ICSID's Additional Facility Rules. There have been three arbitration proceedings instituted under the Addi-

tional Facility Rules, all of which are currently pending. Two of these were brought to ICSID on the basis of the investor-State dispute-settlement provisions of the North American Free Trade Agreement (NAFTA). The third was brought to the Centre under a bilateral investment treaty. Other treaties and laws provide for the further option of ad hoc arbitration under the Arbitration Rules of the United Nations Commission on International Trade Law, with the ICSID Secretary-General as the designated appointing authority of arbitrators. During 1998, the Secretary-General has acted on requests for the appointment of arbitrators under arrangements of this kind. One such appointment was the first to be made under the investor-State dispute-settlement provisions of the NAFTA. Other requests of this kind received by the Centre have been based on the arbitration provisions of particular contracts.

As a result of the growing number of ICSID proceedings, seven ICSID arbitral tribunals, each composed of three members, were constituted during fiscal year 1998. In four of these proceedings, the Chairman of the ICSID Administrative Council was called upon to appoint arbitrators not appointed by the parties. In another proceeding, this function was conferred by the parties upon the Secretary-General. With these new tribunals, the individuals serving as ICSID arbitrators are from an ever wider variety of countries, including countries, such as Brazil, Canada, Dominica and Mexico, that are not yet ICSID members. There have now been a total of 115 different individuals from 42 countries who have served on the 52 commissions, tribunals and committees thus far constituted in ICSID cases. These

numbers will no doubt continue to grow as more countries join ICSID and as more designations are made by member countries to the Panels of Conciliators and of Arbitrators maintained by the Centre.

As regards the place of proceedings, Article 63 of the Convention provides that the Centre may make arrangements with appropriate institutions for them to host ICSID conciliation and arbitration proceedings. The Centre has recently concluded, with the Singapore International Arbitration Centre, the sixth arrangement of this kind. The earlier arrangements were made with the Permanent Court of Arbitration at The Hague, the Regional Arbitration Centres of the Asian-African Legal Consultative Committee at Cairo and Kuala Lumpur, the Australian Centre for International Commercial Arbitration at Melbourne and the Australian Commercial Disputes Centre at Sidney.

The Centre's publications, research and advisory work in the fields of arbitration and investment law have advanced in parallel with its dispute-settlement activities. Two issues of the *ICSID Review — Foreign Investment Law Journal* were published during the fiscal year, featuring two further installments of an ongoing commentary on the provisions of the ICSID Convention which has attracted much attention among scholars and practitioners. The Centre's continued collection of investment laws and treaties during 1998 resulted in five new releases for the Centre's multi-volume publications "*Investment Laws of the World*" and "*Investment Treaties*." These releases comprised new investment legislation of 15 coun-

tries and over 40 recent bilateral investment treaties. The Centre is now arranging to make its large array of publications available on the Internet. Advisory work by ICSID staff at the request of governments included advice on three draft investment laws and four arbitration laws.

The fourteenth joint colloquium on international arbitration, co-sponsored with the ICC International Court of Arbitration and the American Arbitration Association, was hosted by ICSID during the fiscal year, and held with wide attendance at the World Bank's Preston Auditorium. ICSID's dedicated staff also delivered papers at seven other arbitration conferences and symposia throughout the year.

On many occasions over the past year, we have had the opportunity to mark the loss of the Centre's first Secretary-General, Aron Broches. As one of the principal framers of the Convention, his efforts and foresight were crucial in forging the features of the ICSID system that have allowed it to have such a successful role in the settlement of investment disputes. Today, ICSID has gained recognition as a leading institution in the area of international investment law, and its experience will no doubt contribute significantly to the future development of that law. The achievements of ICSID at the close of fiscal year 1998 show that it is rapidly fulfilling, if not surpassing, the role envisaged for it by its founders.

Ibrahim F.I. Shihata
Secretary-General

Membership

In the past fiscal year, the Convention was ratified by Colombia and Latvia and was signed by Ukraine and Yemen. At June 30, 1998, there were 144 signatory States of the Convention; of these, 129 had also ratified the Convention. A complete list of Contracting States and Other Signatories of the Convention as of June 30, 1998 appears in Annex 1.

Disputes before the Centre

During the year, there were 19 cases before the Centre. Developments in these cases are summarized below.

- (1) *Tradex Hellas S.A. v. Republic of Albania* (Case ARB/94/2)

July 15, 1997—The Claimant files its memorial on the merits.

December 30, 1997—The Respondent files its counter-memorial.

January 29, 1998—The Claimant files its reply.

March 4, 1998—The Respondent files its rejoinder.

- (2) *Antoine Goetz and others v. Republic of Burundi* (Case ARB/95/3)

December 1, 1997—The Tribunal meets in Paris.

- (3) *Compañía del Desarrollo de Santa Elena S.A. v. Government of Costa Rica* (Case ARB/96/1)

July 21, 1997—The Tribunal holds its first session with the parties in Paris.

January 15, 1998—The Claimant files its memorial.

June 15, 1998—The Respondent files its counter-memorial.

- (4) *Misima Mines Pty. Ltd. v. Independent State of Papua New Guinea (Case ARB/96/2)*

September 16, 1997—The Sole Arbitrator meets with the parties in Sydney.

October 14-16, 1997—The Sole Arbitrator meets with the parties in Port Moresby.

November 20, 1997—The Sole Arbitrator issues his Decision on Liability.

May 19, 1998—The Sole Arbitrator meets with the parties in Sydney.

- (5) *Fedax N.V. v. Republic of Venezuela (Case ARB/96/3)*

September 4, 1997—The Republic of Venezuela files its counter-memorial on the merits.

October 15, 1997—Fedax N.V. submits its reply to the counter-memorial.

November 12, 1997—The Republic of Venezuela submits its response to Fedax N.V.'s reply.

January 13, 1998—The Tribunal declares the proceeding closed.

March 9, 1998—The Tribunal renders its Award.

- (6) *Metalclad Corporation v. United Mexican States (Case ARB(AF)/97/1)*

July 15, 1997—The Tribunal holds its first session with the parties in Washington, D.C.

October 14, 1997—The Claimant files its memorial.

February 17, 1998—The Respondent files its counter-memorial.

- (7) *Société d'Investigation de Recherche et d'Exploitation Minière (SIREXM) v. Burkina Faso (Case ARB/97/1)*

September 4, 1997—Professor Arghyrios Fatouros (Greek) accepts his appointment as President of the Tribunal, in succession to Mr. Aron Broches.

September 5, 1997—The Respondent files its memorial on objections to jurisdiction.

October 29, 1997—The Tribunal meets with the parties in Geneva.

January 28, 1998—The Respondent files its counter-memorial.

March 20, 1998—The Claimant files its reply.

May 4, 1998—The Respondent files its rejoinder.

June 4, 1998—The Tribunal meets in Geneva.

- (8) *Société Kufpec (Congo) Limited v. Republic of Congo (Case ARB/97/2)*

September 8, 1997—The Secretary-General issues an Order taking note of the discontinuance of the proceeding under Arbitration Rule 44.

- (9) *Compañía de Aguas del Aconquija S.A. and Compagnie Générale des Eaux v. Argentine Republic (Case ARB/97/3)*

December 1, 1997—The Tribunal is constituted. Its members are: Judge Francisco Rezek (Brazilian), President; Professor Thomas Buergenthal (U.S.); and Mr. Peter D. Trooboff (U.S.).

January 8, 1998—The Respondent files its objections to jurisdiction.

January 20, 1998—The Tribunal holds its first session.

February 18, 1998—The Tribunal meets with the parties in Washington, D.C.

April 20, 1998—The parties file their observations on the Respondent's objections to jurisdiction.

May 11, 1998—The parties file their further observations on the Respondent's objections to jurisdiction.

May 26, 1998—The Tribunal meets with the parties in Washington, D.C.

- (10) *Robert Azinian and others v. United Mexican States (Case ARB(AF)/97/2)*

July 9, 1997—The Tribunal is constituted. Its members are: Mr. Jan Paulsson (French), President; Mr. Benjamin R. Civiletti (U.S.) and Mr. Claus von Wobeser Hoepfner (Mexican).

September 26, 1997—The Tribunal holds its first session with the parties in Washington, D.C.

October 6, 1997—The Respondent files a motion for directions.

November 7, 1997—The Claimants file their reply to the Respondent's motion for directions.

December 2, 1997—The Respondent files its response to the Claimants' reply.

January 22, 1998—The Tribunal issues an interim decision on the Respondent's motion for directions.

January 29, 1998—The Claimants file their memorial.

- (11) *Ceskoslovenska obchodni banka, a.s. v. Slovak Republic (Case ARB/97/4)*

August 20, 1997—The Tribunal is constituted. Its members are: Professor Thomas Buergenthal (U.S.), President; Professor Piero Bernardini (Italian); and Professor Andreas Bucher (Swiss).

October 6, 1997—The Tribunal holds its first session with the parties in Washington, D.C.

January 30, 1998—The Respondent files its memorial on jurisdiction.

April 30, 1998—The Claimant files its counter-memorial on jurisdiction.

- (12) *WRB Enterprises, Inc. and Grenada Private Power Limited v. Grenada (Case ARB/97/5)*

July 30, 1997—The Secretary-General registers a request for the institution of arbitration proceedings.

April 16, 1998—The Tribunal is constituted. Its members are: Lord Dervaird (British), President; Professor Pierre Lalive (Swiss); and Dr. Nicholas Liverpool (Dominica).

June 18, 1998—The Tribunal holds its first session with the parties in Paris.

- (13) *Lanco International, Inc. v. Argentine Republic (Case ARB/97/6)*

October 14, 1997—The Secretary-General registers a request for the institution of arbitration proceedings.

March 19, 1998—The Tribunal is constituted. Its members are: Mr. Bernardo M. Cremades (Spaniard), President; Mr. Guillermo Aguilar Alvarez (Mexican); and Dr. Luiz Olavo Baptista (Brazilian).

April 21, 1998—The Tribunal holds its first session with the parties in Washington, D.C.

- (14) *Emilio Agustín Maffezini v. Kingdom of Spain (Case ARB/97/7)*

October 30, 1997—The Secretary-General registers a request for the institution of arbitration proceedings.

March 16, 1998—The Respondent files its objections to jurisdictions.

June 24, 1998—The Tribunal is constituted. Its members are: Professor Francisco Orrego Vicuña (Chilean), President; Professor Thomas Buergenthal (U.S.); and Mr. Maurice Wolf (U.S.).

- (15) *Compagnie Française pour le Développement des Fibres Textiles v. Republic of Côte d'Ivoire* (Case ARB/97/8)

November 4, 1997—The Secretary-General registers a request for the institution of arbitration proceedings.

January 20, 1998—The Tribunal is constituted. Its members are: Mr. Pierre Draï (French), President; Mr. Matthieu de Boisséson (French); and Mr. Marcel Storme (Belgian).

February 16, 1998—The Tribunal holds its first session with the parties in Paris.

February 27, 1998—The Respondent files a further submission on the Claimant's request for provisional measures.

March 9, 1998—The Claimant files its reply to the Respondent's further submission.

March 19, 1998—The Tribunal meets with the parties in Paris.

May 26, 1998—The Tribunal meets with the parties in Paris.

June 25, 1998—The Tribunal issues its decision on the request for provisional measures.

- (16) *Joseph C. Lemire v. Ukraine* (Case ARB(AF)/98/1)

January 16, 1998—The Secretary-General registers a notice for the institution of arbitration proceedings.

- (17) *Houston Industries Energy, Inc. and others v. Argentine Republic* (Case ARB/98/1)

February 25, 1998—The Secretary-General registers a request for the institution of arbitration proceedings.

- (18) *Victor Pey Casado and another v. Republic of Chile* (Case ARB/98/2)

April 20, 1998—The Secretary-General registers a request for the institution of arbitration proceedings.

- (19) *International Trust Company of Liberia v. Republic of Liberia* (Case ARB/98/3)

May 28, 1998—The Secretary-General registers a request for the institution of arbitration proceedings.

Panels of Conciliators and of Arbitrators

Pursuant to Article 3 of the Convention, the Centre maintains a Panel of Conciliators and a Panel of Arbitrators. Each Contracting State may designate to each Panel up to four persons, and the Chairman of the Administrative Council may designate up to ten persons to each Panel.

In the course of the fiscal year, 28 designations were made to the Panels. These are listed below. With these designations, the Panels comprise 427 names.

CHAIRMAN'S LIST

Panels of Conciliators and of Arbitrators—Designation effective as of November 14, 1997: Judge Francisco Rezek to serve the remainder of Mr. Aron Broches' term.

ARGENTINA

Panel of Conciliators—Designations effective as of October 2, 1997: Dr. Roberto T. Alemán, Dr. Horacio Bercun, Dr. Felix Peña and Dr. Eduardo Angel Pérez.

Panel of Arbitrators—Designations effective as of October 2, 1997: Dr. Marcelo Carlos Avogadro, Dr. Héctor Masnatta, Dra. Ana Isabel Piaggi and Dr. Orlando R. Rebagliati.

BAHRAIN

Panel of Arbitrators—Designations effective as of February 25, 1998: Mr. Jan Paulsson to serve the remainder of Mr. Mahmood Al-Kooheji's term.

BELGIUM

Panel of Conciliators—Designations effective as of February 25 and March 13, 1998 respectively: Professor F. Rogiers and Mr. Joseph Vuchelen.

Panel of Arbitrators—Designations effective as of February 25, 1998: Mr. Guy Schrans and Mr. Georges van Hecke (re-appointments); and designations effective as of March 13, 1998: Mr. Jean Godeaux and Mr. Eddy Wymeersch.

COSTA RICA

Panels of Conciliators and of Arbitrators—Designations effective as of May 7, 1998: Mr. Charles N. Brower, Mr. Rodrigo Oreamuno and Mr. Alberto Raven-Ramirez.

GREECE

Panel of Conciliators—Designations effective as of April 10, 1998: Mr. Nicholas J. Georgakellos, Mr. Nicholas T. Mantellos, Mr. Elias M. Stassinopoulos and Mr. Ioannis C. Dryllerakis.

Panel of Arbitrators—Designations effective as of April 10, 1998: Professor Arghyrios A. Fatouros (re-appointment), Professor Konstantinos D. Kerameus, Judge Ionannis Karabokiris and Ms. Antonias C. Dimolitsa.

Publications and Advisory Activities

KOREA

Panel of Conciliators—Designations effective as of June 3, 1998: Mr. Hai-hyung Cho (re-appointment), Mr. Yon Whan Kim, Dr. Soonwoo Lee (re-appointment) and Mr. Yong-Suk Yoon.

Panel of Arbitrators—Designations effective as of June 3, 1998: Mr. Soo-Kil Chang, Dr. Soung Soo Kim, Mr. Yeon-Ho Kim and Mr. Rok Sang Yu.

SENEGAL

Panel of Arbitrators—Designations effective as of June 8, 1998: Mr. Ousmane Camara, Mr. Alioune Diagne Coumba Aita and Mr. Galaye Seck.

SRI LANKA

Panels of Conciliators and of Arbitrators—Designation effective as of April 22, 1997: Dr. C.F. Amerasinghe.

News from ICSID

This newsletter provides information on activities of the Centre and on disputes pending before ICSID, as well as articles on topics of current interest. During the fiscal year, two issues of *News from ICSID* were published: Vol. 14, No. 2 (Summer 1997) and Vol. 15, No. 1 (Winter 1998). The Summer 1997 issue included an article on ICSID's administration of arbitration proceedings. The Winter 1998 issue included an article on recent developments in ICSID.

ICSID Review—Foreign Investment Law Journal

Appearing twice yearly, the *ICSID Review—Foreign Investment Law Journal* publishes materials on domestic and international law relating to foreign investments. The twenty-third (Fall 1997) and twenty-fourth (Spring 1998) issues of the *Review* were completed during the year. The Fall 1997 issue featured articles by A. Peter Mutharika on the investment climate in the Common Market for Eastern and Southern Africa (COMESA) Region and by Antonio R. Parra on provisions on the settlement of investment disputes in modern investment laws, bilateral investment treaties and multilateral instruments on investment. The issue also included the third installment of a "Commentary on the ICSID Convention" by Christoph Schreuer. The Spring 1998 issue contained the papers presented at the fourteenth ICSID/ICC International Court of Arbitration/American Arbitration Association colloquium on international arbitration, as well as a further installment of the "Commentary on the ICSID Convention" by Christoph Schreuer.

Investment Laws of the World

During the year, ICSID issued two new releases (97-2 and 98-1) of its ten-volume collection of *Investment Laws of the World*. These releases contained texts of basic investment legislation of Bulgaria, Comoros, Côte d'Ivoire, Egypt, Georgia, Hungary, Indonesia, Jordan, Korea, Latvia, Oman, Poland, Romania, Turkmenistan and Vietnam. The collection now contains the texts of the basic investment laws of 127 countries.

Investment Treaties

In the course of the year, three new releases (Releases 97-3, 97-4 and 98-1) for the Centre's seven-volume collection of *Investment Treaties* were published. These releases contained the text of 45 bilateral investment treaties concluded by 28 countries in the period of 1991-1996. The collection now contains 685 bilateral investment treaties entered into by over 140 countries.

Advisory Activities

The Secretariat continued to provide advice on arbitration and investment law. Such advisory activities included reviewing and commenting on draft investment and arbitration laws and draft arbitration provisions of investment contracts, at the request of governments and foreign investors. During FY98, ICSID Secretariat staff provided such advice in respect of three draft investment laws, four arbitration laws and the arbitration provisions of four investment contracts.

Conferences

During the year, the Centre co-sponsored, with the American Arbitration Association and the International Court of Arbitration of the International Chamber of Commerce, the fourteenth in their series of joint colloquia on international arbitration. The fourteenth colloquium, which was also organized and hosted by ICSID, was devoted to the topic of "Institutional Arbitration: Uniformity and Diversity."

It was held in Washington, D.C. on November 21, 1997. The Centre also took part in a conference on disputes and other issues in the energy sector. This conference, co-sponsored by the World Bank and the Cairo Arbitration Centre, took place in Hurghada, Egypt on May 20-21, 1998. In addition, ICSID staff delivered presentations at a conference on the Arbitration of International Energy Disputes, sponsored by the American Bar Association Section of Natural Resources, Energy and Environmental Law, held in Houston, Texas on January 21-22, 1998; at a Seminar on the Multilateral Agreement on Investment, organized by the U.S. President's Council on Sustainable Development, held in Washington, D.C. on February 10, 1998; at a Program on Dispute

Resolution in the Global Marketplace sponsored by the American Bar Association Section of Dispute Resolution, held in Washington, D.C. on April 3, 1998; at an APEC Symposium on Alternative Mechanisms for the Settlement of Transnational Commercial Disputes, hosted by the Arbitration Office of the Ministry of Justice of Thailand, held in Bangkok on April 27-28, 1998; at the Third Institute on Current Issues in International Trade and Investment, sponsored by the U.S. Department of Commerce and the George Washington University Law School, held in Washington, D.C. on May 14, 1998; and at an International Training Workshop on International Investment, sponsored by the University of Dundee and the American University Washington College of Law, held in Washington, D.C. on June 17, 1998. ICSID staff also participated in the New York Convention Day, hosted by the United Nations Commission on International Trade Law (UNCITRAL), held at the United Nations headquarters in New York, on June 10, 1998, to commemorate the fortieth anniversary of the 1958 New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards.

Thirty-first Annual Meeting of the Administrative Council

Finance

The Thirty-first Annual Meeting of the Administrative Council took place on September 23-25, 1997, in Hong Kong, China, on the occasion of the Annual Meeting of the Board of Governors of the World Bank.

At the meeting, the Council considered a report by the Secretary-General on recent developments in ICSID and approved the Centre's 1997 Annual Report and its Budget for fiscal year 1998. The Resolutions adopted at the Meeting are set forth in Annex 2.

The Financial Statements of ICSID for fiscal year 1998 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 World Bank and ICSID in February 1967, and by income from the sale of publications.

It was therefore not necessary to assess any excess expenditures on Contracting States 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.

Annexes

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Annex 1

Contracting States and Other Signatories of the Convention

(As of June 30, 1998)

The 144 States listed below have signed the Convention on the Settlement of Investment Disputes Between States and Nationals of Other States on the dates indicated. The names of the 129 States that have deposited their instruments of ratification are in bold, 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.

State	Signature	Deposit of Ratification	Entry into Force of Convention
Afghanistan	Sep. 30, 1966	June 25, 1968	July 25, 1968
Albania	Oct. 15, 1991	Oct. 15, 1991	Nov. 14, 1991
Algeria	Apr. 17, 1995	Feb. 21, 1996	Mar. 22, 1996
Argentina	May 21, 1991	Oct. 19, 1994	Nov. 18, 1994
Armenia	Sep. 16, 1992	Sep. 16, 1992	Oct. 16, 1992
Australia	Mar. 24, 1975	May 2, 1991	June 1, 1991
Austria	May 17, 1966	May 25, 1971	June 24, 1971
Azerbaijan	Sep. 18, 1992	Sep. 18, 1992	Oct. 18, 1992
Bahamas	Oct. 19, 1995	Oct. 19, 1995	Nov. 18, 1995
Bahrain	Sep. 22, 1995	Feb. 14, 1996	Mar. 15, 1996
Bangladesh	Nov. 20, 1979	Mar. 27, 1980	Apr. 26, 1980
Barbados	May 13, 1981	Nov. 1, 1983	Dec. 1, 1983
Belarus	July 10, 1992	July 10, 1992	Aug. 9, 1992
Belgium	Dec. 15, 1965	Aug. 27, 1970	Sep. 26, 1970
Belize	Dec. 19, 1986		
Benin	Sep. 10, 1965	Sep. 6, 1966	Oct. 14, 1966
Bolivia	May 3, 1991	June 23, 1995	July 23, 1995
Bosnia and Herzegovina	Apr. 25, 1997	May 14, 1997	June 13, 1997
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
Cambodia	Nov. 5, 1993		
Cameroun	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
Chile	Jan. 25, 1991	Sep. 24, 1991	Oct. 24, 1991
China	Feb. 9, 1990	Jan. 7, 1993	Feb. 6, 1993
Colombia	May 18, 1993	July 15, 1997	Aug. 14, 1997
Comoros	Sep. 26, 1978	Nov. 7, 1978	Dec. 7, 1978
Congo	Dec. 27, 1965	June 23, 1966	Oct. 14, 1966
Congo Democratic, Republic of	Oct. 29, 1968	Apr. 29, 1970	May 29, 1970
Costa Rica	Sep. 29, 1981	Apr. 27, 1993	May 27, 1993
Côte d'Ivoire	June 30, 1965	Feb. 16, 1966	Oct. 14, 1966
Croatia	June 16, 1997		
Cyprus	Mar. 9, 1966	Nov. 25, 1966	Dec. 25, 1966
Czech Republic	Mar. 23, 1993	Mar. 23, 1993	Apr. 22, 1993
Denmark	Oct. 11, 1965	Apr. 24, 1968	May 24, 1968
Ecuador	Jan. 15, 1986	Jan. 15, 1986	Feb. 14, 1986
Egypt, Arab Republic of	Feb. 11, 1972	May 3, 1972	June 2, 1972
El Salvador	June 9, 1982	Mar. 6, 1984	Apr. 5, 1984
Estonia	June 23, 1992	June 23, 1992	July 23, 1992
Ethiopia	Sep. 21, 1965		
Fiji	July 1, 1977	Aug. 11, 1977	Sep. 10, 1977
Finland	July 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
Georgia	Aug. 7, 1992	Aug. 7, 1992	Sep. 6, 1992
Germany	Jan. 27, 1966	Apr. 18, 1969	May 18, 1969

State	Signature	Deposit of Ratification	Entry into Force of Convention
Ghana	Nov. 26, 1965	July 13, 1966	Oct. 14, 1966
Greece	Mar. 16, 1966	Apr. 21, 1969	May 21, 1969
Grenada	May 24, 1991	May 24, 1991	June 23, 1991
Guatemala	Nov. 9, 1995		
Guinea	Aug. 27, 1968	Nov. 4, 1968	Dec. 4, 1968
Guinea-Bissau	Sep. 4, 1991		
Guyana	July 3, 1969	July 11, 1969	Aug. 10, 1969
Haiti	Jan. 30, 1985		
Honduras	May 28, 1986	Feb. 14, 1989	Mar. 16, 1989
Hungary	Oct. 1, 1986	Feb. 4, 1987	Mar. 6, 1987
Iceland	July 25, 1966	July 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	June 16, 1980	June 22, 1983	July 22, 1983
Italy	Nov. 18, 1965	Mar. 29, 1971	Apr. 28, 1971
Jamaica	June 23, 1965	Sep. 9, 1966	Oct. 14, 1966
Japan	Sep. 23, 1965	Aug. 17, 1967	Sep. 16, 1967
Jordan	July 14, 1972	Oct. 30, 1972	Nov. 29, 1972
Kazakhstan	July 23, 1992		
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
Kyrgyz Republic	June 9, 1995		
Latvia	Aug. 8, 1997	Aug. 8, 1997	Sep. 7, 1997
Lesotho	Sep. 19, 1968	July 8, 1969	Aug. 7, 1969
Liberia	Sep. 3, 1965	June 16, 1970	July 16, 1970
Lithuania	July 6, 1992	July 6, 1992	Aug. 5, 1992
Luxembourg	Sep. 28, 1965	July 30, 1970	Aug. 29, 1970
Madagascar	June 1, 1966	Sep. 6, 1966	Oct. 14, 1966
Malawi	June 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	July 30, 1965	Jan. 11, 1966	Oct. 14, 1966
Mauritius	June 2, 1969	June 2, 1969	July 2, 1969
Micronesia	June 24, 1993	June 24, 1993	July 24, 1993
Moldova	Aug. 12, 1992		
Mongolia	June 14, 1991	June 14, 1991	July 14, 1991
Morocco	Oct. 11, 1965	May 11, 1967	June 10, 1967
Mozambique	Apr. 4, 1995	June 7, 1995	July 7, 1995
Nepal	Sep. 28, 1965	Jan. 7, 1969	Feb. 6, 1969
Netherlands	May 25, 1966	Sep. 14, 1966	Oct. 14, 1966
New Zealand	Sep. 2, 1970	Apr. 2, 1980	May 2, 1980
Nicaragua	Feb. 4, 1994	Mar. 20, 1995	Apr. 19, 1995
Niger	Aug. 23, 1965	Nov. 14, 1966	Dec. 14, 1966
Nigeria	July 13, 1965	Aug. 23, 1965	Oct. 14, 1966
Norway	June 24, 1966	Aug. 18, 1967	Sep. 15, 1967
Oman	May 5, 1995	July 24, 1995	Aug. 23, 1995
Pakistan	July 6, 1965	Sep. 15, 1966	Oct. 15, 1966
Panama	Nov. 22, 1995	Apr. 8, 1996	May 6, 1996
Papua New Guinea	Oct. 20, 1978	Oct. 20, 1978	Nov. 19, 1978
Paraguay	July 27, 1981	Jan. 7, 1983	Feb. 6, 1983
Peru	Sep. 4, 1991	Aug. 9, 1993	Sep. 8, 1993
Philippines	Sep. 26, 1978	Nov. 17, 1978	Dec. 17, 1978
Portugal	Aug. 4, 1983	July 2, 1984	Aug. 1, 1984
Romania	Sep. 6, 1974	Sep. 12, 1975	Oct. 12, 1975
Russian Federation	June 16, 1992		
Rwanda	Apr. 21, 1978	Oct. 15, 1979	Nov. 14, 1979
Samoa	Feb. 3, 1978	Apr. 25, 1978	May 25, 1978
Saudi Arabia	Sep. 28, 1979	May 8, 1980	June 7, 1980
Senegal	Sep. 26, 1966	Apr. 21, 1967	May 21, 1967
Seychelles	Feb. 16, 1978	Mar. 20, 1978	Apr. 19, 1978

State	Signature	Deposit of Ratification	Entry into Force of Convention
Sierra Leone	Sep. 27, 1965	Aug. 2, 1966	Oct. 14, 1966
Singapore	Feb. 2, 1968	Oct. 14, 1968	Nov. 13, 1968
Slovak Republic	Sep. 27, 1993	May 27, 1994	June 26, 1994
Slovenia	Mar. 7, 1994	Mar. 7, 1994	Apr. 6, 1994
Solomon Islands	Nov. 12, 1979	Sep. 8, 1981	Oct. 8, 1981
Somalia	Sep. 27, 1965	Feb. 29, 1968	Mar. 30, 1968
Spain	Mar. 21, 1994	Aug. 18, 1994	Sep. 17, 1994
Sri Lanka	Aug. 30, 1967	Oct. 12, 1967	Nov. 11, 1967
St. Kitts & Nevis	Oct. 14, 1994	Aug. 4, 1995	Sep. 3, 1995
St. Lucia	June 4, 1984	June 4, 1984	July 4, 1984
Sudan	Mar. 15, 1967	Apr. 9, 1973	May 9, 1973
Swaziland	Nov. 3, 1970	June 14, 1971	July 14, 1971
Sweden	Sep. 25, 1965	Dec. 29, 1966	Jan. 28, 1967
Switzerland	Sep. 22, 1967	May 15, 1968	June 14, 1968
Tanzania	Jan. 10, 1992	May 18, 1992	June 17, 1992
Thailand	Dec. 6, 1985		
Togo	Jan. 24, 1966	Aug. 11, 1967	Sep. 10, 1967
Tonga	May 1, 1989	Mar. 21, 1990	Apr. 20, 1990
Trinidad and Tobago	Oct. 5, 1966	Jan. 3, 1967	Feb. 2, 1967
Tunisia	May 5, 1965	June 22, 1966	Oct. 14, 1966
Turkey	June 24, 1987	Mar. 3, 1989	Apr. 2, 1989
Turkmenistan	Sep. 26, 1992	Sep. 26, 1992	Oct. 26, 1992
Uganda	June 7, 1966	June 7, 1966	Oct. 14, 1966
Ukraine	May 28, 1998		
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
United States of America	Aug. 27, 1965	June 10, 1966	Oct. 14, 1966
Uruguay	May 28, 1992		
Uzbekistan	Mar. 17, 1994	July 26, 1995	Aug. 25, 1995
Venezuela	Aug. 13, 1993	May 2, 1995	June 1, 1995
Yemen, Republic of	Oct. 28, 1997		
[Yugoslavia, Socialist Federal Republic of]	Mar. 21, 1967	Mar. 21, 1967	Apr. 20, 1967]
Zambia	June 17, 1970	June 17, 1970	July 17, 1970
Zimbabwe	Mar. 25, 1991	May 20, 1994	June 19, 1994

Annex 2**Resolutions of the Administrative Council**

The following resolutions were adopted by the Administrative Council at its Thirty-first Annual Meeting on September 23-25, 1997:

AC(31)/RES/86 - Approval of the Annual Report

The Administrative Council
RESOLVES

To approve the 1997 Annual Report on the Operation of the Centre as set forth in the attachment to Document AC/97/3.

AC(31)/RES/87 - Adoption of Budget for Fiscal Year 1998

The Administrative Council
RESOLVES

To adopt, for the period July 1, 1997 to June 30, 1998 the budget set forth in paragraph 2 of Document AC/97/2.

Annex 3

Report and Financial Statements

Expressed in United States dollars

Statement of Financial Position

	<i>June 30, 1998</i>	<i>June 30, 1997</i>
ASSETS		
Cash and cash equivalents	\$ 639,409	\$ 199,804
Total assets	<u>\$ 639,409</u>	<u>\$ 199,804</u>
LIABILITIES AND NET ASSETS		
Funds available for arbitration proceedings:		
Advances from parties to arbitration proceedings	\$ 604,747	\$ 177,938
Investment income due to parties to arbitration proceedings	34,662	21,866
Total liabilities	<u>639,409</u>	<u>199,804</u>
Total net assets	-	-
Total liabilities and net assets	<u>\$ 639,409</u>	<u>\$ 199,804</u>

Statement of Activities

	<i>For the year ended June 30</i>	
	<i>1998</i>	<i>1997</i>
Support and revenue:		
In-kind contributions (Notes 2 and 3)	\$ 904,763	\$ 883,548
Sale of publications and registration fees	52,182	24,804
Revenues from parties to arbitration proceedings (Note 2)	<u>254,015</u>	<u>245,613</u>
Total support and revenue	<u>1,210,960</u>	<u>1,153,965</u>
Expenses:		
Value of services provided by the Bank (Notes 2 and 3)	956,945	908,352
Expenses related to arbitration proceedings	<u>254,015</u>	<u>245,613</u>
Total expenses	<u>1,210,960</u>	<u>1,153,965</u>
Change in net assets	<u>\$ -</u>	<u>\$ -</u>

Statement of Cash Flows

	<i>For the year ended June 30</i>	
	<i>1998</i>	<i>1997</i>
Cash flows from operating activities:		
Change in net assets	\$ -	\$ -
Increase in advances from parties to arbitration proceedings	426,809	58,012
Increase in investment income due to parties to arbitration proceedings	12,796	2,348
Net cash provided by operating activities	<u>439,605</u>	<u>60,360</u>
Cash and cash equivalents at beginning of fiscal year	199,804	139,444
Cash and cash equivalents at end of fiscal year	<u>\$ 639,409</u>	<u>\$ 199,804</u>

The accompanying notes are an integral part of these financial statements.

(continued)

Annex 3 (continued)**Notes to Financial Statements**

June 30, 1998 and June 30, 1997

Note 1-Organization

The International Centre for Settlement of Investment Disputes (the Centre) was established on October 14, 1966 to provide facilities for the conciliation and arbitration of investment disputes between States and nationals of other States. On February 13, 1967, the International Bank for Reconstruction and Development (the Bank) and the Centre entered into Administrative Arrangements which were effective as of the date of the establishment of the Centre. The Memorandum of Administrative Arrangements (the Memorandum) 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 facilities and services to the Centre, as described in Notes 2 and 3.

Note 2-Summary of Significant Accounting Policies

Basis of Accounting and Financial Statement Presentation: The financial statements have been prepared in accordance with generally accepted accounting principles in the United States and with International Accounting Standards. Such financial statements are presented in accordance with Statement of Financial Accounting Standard No. 117, "*Financial Statements of Not-For-Profit-Organizations*" (SFAS No. 117). SFAS No. 117 requires that net assets are classified in accordance with donor restrictions; however, there are no net assets as of June 30, 1998 and 1997.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of the revenues and expenses during the reporting period. Actual results could differ from these estimates.

Cash Equivalents: The Centre considers all highly liquid debt investments purchased with an original maturity of three months or less to be cash equivalents.

Value of services provided by the Bank and in-kind contributions: In accordance with Statement of Financial Accounting Standard No. 116, "*Accounting for Contributions Received and Contributions Made*," the value of services provided by the Bank is determined by the estimated fair value of these services and is recorded by the Centre as in-kind contributions and also as expenses of the Centre.

Annex 3 (continued)

The Bank provides support services and facilities to the Centre including the following:

- (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.

Revenue recognition from arbitration proceedings: The Centre does not have resources of its own. The Centre's direct expenses attributable to arbitration proceedings are borne by the parties in accordance with the Centre's Administrative and Financial Regulations (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 anticipated expenses. Accordingly, the Centre recognizes revenues from these exchange transactions during the period of and to the extent of expenses incurred related to arbitration proceedings. If, after the completion of an arbitration proceeding, it is determined that there is a cash surplus, such surplus shall be refunded to the parties in proportion to the amounts advanced by each party to the Centre.

Note 3 - Value of Services Provided by the Bank and In-Kind Contributions

The recorded value of services provided by the Bank, less sale of publications and registration fees by the Centre, are shown below :

	<i>For the year ended June 30</i>	
	<i>1998</i>	<i>1997</i>
Staff services (including benefits)	\$ 663,959	\$ 654,988
Administrative services and facilities:		
Travel	19,431	29,941
Contractual services	110,765	94,633
Office accommodations	98,373	91,770
Other	<u>64,417</u>	<u>37,020</u>
Total recorded value of services provided by the Bank	956,945	908,352
Less: Sale of publications and registration fees	<u>52,182</u>	<u>24,804</u>
Total in-kind contributions	<u>\$ 904,763</u>	<u>\$883,548</u>

Revenue earned by the Centre from the sale of publications and registration fees is remitted to the Bank as partial reimbursement for the services provided by the Bank. Such amounts are netted against in-kind contributions in the accompanying statement of activities.

Annex 3 (continued)**Independent Auditor's Report**

To International Centre for Settlement
of Investment Disputes

We have audited the accompanying statement of financial position of the International Centre for Settlement of Investment Disputes (the Centre) as of June 30, 1998, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the management of the International Bank for Reconstruction and Development (IBRD) and of the Centre. Our responsibility is to express an opinion on the financial statements based on our audit. The financial statements of the Centre for the year ended June 30, 1997 were audited by other auditors whose report, dated July 28, 1997, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with generally accepted auditing standards in the United States of America and with the International Standards on Auditing. Those standards require that we plan and perform our 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. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such 1998 financial statements present fairly, in all material respects, the financial position of the International Centre for Settlement of Investment Disputes as of June 30, 1998, and the changes in its net assets and cash flows for the year then ended in conformity with generally accepted accounting principles in the United States of America and with International Accounting Standards.

Deloitte Touche Tohmatsu (International Firm)

Washington, D.C.
August 26, 1998

Annex 4**Publications of ICSID**

(Publications available from the Centre free of charge unless otherwise indicated)

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, Doc. ICSID/2 (English, French and Spanish)

List of Contracting States and Other Signatories of the Convention, Doc. ICSID/3 (periodic updates) (English, French and Spanish)

ICSID Regulations and Rules, Doc. ICSID/4/Rev. 1 (May 1975) (contains the texts of the Centre's Regulations and Rules in effect from January 1, 1968 to September 26, 1984) (English, French and Spanish)

ICSID Model Clauses, Doc. ICSID/5/Rev. 2 (February 1, 1993) (English, French, and Spanish)

Contracting States and Measures Taken by Them for the Purpose of the Convention, Doc. ICSID/8 (periodic updates) (English, French and Spanish)

Members of the Panels of Conciliators and of Arbitrators, Doc. ICSID/10 (periodic updates) (English)

ICSID Additional Facility for the Administration of Conciliation, Arbitration and Fact-Finding Proceedings, Doc. ICSID/11 (June 1979) (English, French and Spanish)

ICSID Bibliography, Doc. ICSID/13/Rev. 4 (April 15, 1997) (English)

ICSID Basic Documents, Doc. ICSID/15 (January 1985) (contains the texts of the Centre's Regulations and Rules in effect from September 26, 1984 and the text of the ICSID Convention) (English, French and Spanish)

ICSID Cases, Doc. ICSID/16/Rev. 5 (November 30, 1996) (English)

Bilateral Investment Treaties 1959–1996: Chronological Country Data and Bibliography, Doc. ICSID/17 (May 30, 1997) (English)

ICSID Annual Report (1967–) (English, French and Spanish)

News from ICSID (semi-annual) (English)

Annex 4 (continued)

Towards A Greater Depoliticization of Investment Disputes: The Roles of ICSID and MIGA by Ibrahim FI. Shihata (January 1992) (English and Spanish)

Documents Concerning the Origin and Formulation of the Convention on the Settlement of Investment Disputes between States and Nationals of Other States (1967) (English, French and Spanish) (available from the Centre at US\$40)

Investment Laws of the World (ten looseleaf volumes) and *Investment Treaties* (seven looseleaf volumes) (available from Oceana Publications, Inc., 75 Main Street, Dobbs Ferry, N.Y. 10522, U.S.A. at US\$1,500 for both sets of volumes, US\$950 for the ten *Investments Laws of the World* volumes only and US\$550 for the seven *Investment Treaties* volumes only)

ICSID Review—Foreign Investment Law Journal (semi-annual) (available on a subscription basis, at US\$60 per year for those with a mailing address in an OECD country and US\$30 for others, plus postal charges, from Journals Publishing Division, The Johns Hopkins University Press, 2715 North Charles Street, Baltimore, Maryland 21218-4363, U.S.A.)

Bilateral Investment Treaties by Rudolf Dolzer and Margrete Stevens (Martinus Nijhoff Publishers, 1995) (US\$124).

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