Features:

- Turkey signs the ICSID Convention
- Investment Laws of the World
- Composition of ICSID Tribunals
- First Annual Meeting of the Advisory Board of the Institute for Transnational Arbitration
Turkey Signs the ICSID Convention

On June 24, 1987 the ICSID Convention was signed at the World Bank headquarters in Washington, D.C. on behalf of Turkey by Mr. Hikmet Ulugbay, Chief Counselor for Economic and Commercial Affairs, Embassy of Turkey. Turkey became the 97th State to sign the Convention.

Signature of the ICSID Convention by Turkey. Sitting at the table from left to right: Mr. Timothy T. Thahane, Vice President and Secretary, World Bank; Mr. Ibrahim F.I. Shihata, Secretary-General, ICSID; Mr. Hikmet Ulugbay, Chief Counselor for Economic and Commercial Affairs, Embassy of Turkey; Ms. Bahar Sahin, Advisor to Executive Director, World Bank; Mr. Cuneyt Sel, Assistant to Executive Director, World Bank; Mr. Sedat Yaman, Assistant Counselor, Embassy of Turkey; and Mr. Everardus J. Stoutjesdijk, Director, Europe, Middle East and North Africa Region, World Bank. Behind them are Mr. Selek Demiralp, Counselor, Embassy of Turkey and Mr. Mahfi Eqilmez, Counselor, Embassy of Turkey.
Disputes before the Centre

Amco/Indonesia (Case ARB/81/1) - Resubmission
May 18, and June 24, 1987 The Secretary-General registers requests for resubmission of a dispute following an annulment.

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

Société Ouest Africaine des Bétons Industriels (SOABI) v. the State of Senegal (Case ARB/82/1)

Colt Industries Operating Corp., Firearms Division v. the Government of Korea (Case ARB/84/2)
August 11, 1987 Colt files its Sur-Rejoinder Memorandum

S.P.P. (Middle East) v. the Arab Republic of Egypt (Case ARB/84/3)

Maritime International Nominees Establishment (MINE) v. the Republic of Guinea (Case ARB/84/4)
July 6, 1987 The Tribunal meets in New York.

Dr. Ghaith R. Pharaon v. the Republic of Tunisia (Case ARB/86/1)
March 13, 1987 The Tribunal meets in Paris, in the presence of the parties for a preliminary procedural consultation. During the session Claimant submits a request for provisional measures.
May 22, 1987 The Tribunal recommends provisional measures to allow for the continuation of the negotiations between the parties and others concerned with the investment.

Société d’Etudes de Travaux et de Gestion-SETIMEG v. the Republic of Gabon (Case ARB/87/1)
February 24, 1987 The Secretary-General registers a request for the institution of arbitration proceedings.

Mobil Oil Corporation, Mobil Petroleum Company, Inc., Mobil Oil New Zealand Limited v. New Zealand Government (Case ARB/87/2)
April 15, 1987 The Secretary-General registers a request for the institution of arbitration proceedings.

Asian Agricultural Products, Ltd v. The Democratic Socialist Republic of Sri Lanka (Case ARB/87/3)
July 20, 1987 The Secretary-General registers a request for the institution of arbitration proceedings.

New Additions to the Panels of Conciliators and of Arbitrators

The following Contracting States have made designations to the Panels of Conciliators and of Arbitrators:

BURKINA FASO-designations effective as of May 11, 1987:
Panel of Conciliators:
Mrs. Marie-Blanche Bado, Mr. Emile Badou Toe, Mrs. Gertrude M. Oudraogo, Mr. Dobo Martin Zounou.
Panel of Arbitrators: Mr. Benoit M. Lombo, Mr. Arthur R. Pare, Mr. Jean Yado Toe, Mr. Ignace Yer-banga.

CYPRUS—designations effective as of March 23, 1987:
Panels of Conciliators and of Arbitrators:
Mr. Andreas Jakovides, Mrs. Stella Soulioti.
FIJI—designation effective as of May 18, 1987:
Panel of Arbitrators:
Hon. Mr. Justice Kishore Govind (re-appointment).

JORDAN—Designations effective as of March 13, 1987:
Panel of Conciliators:
Mr. Mohammad E. Bundukji, Dr. Hamzeh Ahmed Haddad, Mr. Taher M. Hikmet, Mr. Rateb A. Wazani.
Panel of Arbitrators:
Mr. Ibrahim Bakr Ibrahim, Dr. Hisham R. Hashem (re-appointment), Dr. Omar N. Nabulsi (re-appointment), Dr. Hanna I. Naddy.

MAURITANIA—Designations effective as of April 13, 1987:
Panel of Conciliators and of Arbitrators:
Mr. Henry Solus (re-appointment), Mr. Georges E.H. Vedel (re-appointment).

SWEDEN—Designations effective as of March 17, 1987:
Panel of Conciliators:
Mrs. Birgitta Blom (re-appointment), Mr. Gunnar Glimstedt (re-appointment), Mr. Sten Siljestrom (re-appointment).
Panel of Arbitrators:
Mr. Bertil Bylund, Mr. Hans Herrlin (re-appointment), Mr. Gunnar Lagergren (re-appointment), Mr. Ivan Wallenberg (re-appointment).

SWITZERLAND—Designations effective as of May 4, 1987:
Panel of Conciliators:
Dr. Emanuel Diez, Mr. Matthias Kummer (re-appointment), Dr. Hugo von der Crone (re-appointment).
Panel of Arbitrators:
Prof. Pierre Lalive (re-appointment), Prof. Dietrich Schindler, Mr. Alfred E. von Overbeck (re-appointment).

ICSID and the Courts

In April 1987 the Mobil Corporation and two of its subsidiaries submitted a request for arbitration against the Government of New Zealand, which was registered by the Secretary-General of ICSID on April 15, 1987 (Mobil Oil Corporation, Mobil Petroleum Company Inc. and Mobil Oil New Zealand Limited v. New Zealand Government - Case ARB/87/2). Following the registration of the request, however, the Government of New Zealand commenced interim injunction proceedings before the New Zealand Courts to restrain Mobil from attempting to refer the dispute to the Centre or from continuing with any such reference. Further to a request from Mobil and its affiliated companies to that effect, the High Court of New Zealand in a decision rendered in June 1987 held that the matter in dispute was one within the scope of the original agreement between the parties and that there was no apparent reason why the ICSID arbitration should not proceed. As a result, the Court ordered a stay of all proceedings connected with the case before New Zealand's courts until the Arbitral Tribunal to be constituted according to ICSID Rules and Regulations had determined its jurisdiction.

The text of the decision will be reproduced in full in the Fall 1987 issue of ICSID Review - Foreign Investment Law Journal.
Composition of ICSID Tribunals

The qualifications and professional backgrounds of members of tribunals are of obvious importance in any system of arbitration. In the case of ICSID, the issue of a diversified representation of nationalities on Tribunals is also of particular significance. Indeed, as its Secretary-General has observed, the fundamental objective of the ICSID Convention is:

"to 'depoliticize' the settlement of investment disputes and to promote a climate of mutual confidence between investors and States favorable to increasing the flow of resources to developing countries under reasonable conditions. Clearly, one way to achieve this objective is to seek an increasingly diversified representation of nationalities in ICSID tribunals."


In view of this objective, an analysis of the composition of the tribunals constituted under ICSID's auspices, with particular emphasis on the nationality of ICSID arbitrators and the method of their appointment, may be of interest to potential users of ICSID arbitration.

To date, 22 disputes have been submitted to ICSID arbitration (and a further two have been the subject of ICSID conciliation proceedings). In two of these disputes the awards on the merits rendered by the arbitral tribunal have been annulled by an ad hoc Committee constituted pursuant to the Convention. In both cases, the dispute has been resubmitted to a new tribunal.

A total of 19 arbitral tribunals, and 2 ad hoc Committees, have thus far been constituted under the Centre's auspices. Excluding those individuals who were replaced during the proceedings, 63 arbitrators or members of ad hoc Committees have been appointed. Forty-nine of these appointees were nationals of industrial countries and 14 nationals of developing countries.

Before discussing the composition of ICSID tribunals it may be useful to briefly recall the provisions of the ICSID Convention and rules which govern the constitution of the tribunals.

Applicable Rules

Under the provisions of the ICSID Convention, the parties are free to agree upon the number of arbitrators, as long as this number is uneven (Article 37(b) of the Convention) and upon the method of their appointment. They may choose as arbitrators persons whose names appear on the Panel of Arbitrators maintained by the Secretariat pursuant to the ICSID Convention (under the Convention each Contracting State is entitled to designate up to four persons to serve on the Panel of Arbitrators. The Panel also includes up to ten persons designated by the Chairman of the Administrative Council). The parties may also choose arbitrators from outside the Panel.

A particular feature of ICSID arbitration, which underlines the importance of the Panel of Arbitrators, is that, if the tribunal cannot be constituted within certain time limits because, for example, one party fails to appoint an arbitrator, the Convention provides that the arbitrator or arbitrators not yet appointed shall be designated, at the request of either party, by the Chairman of the Administrative Council. In such a case, the Chairman's freedom of choice is restricted since he may only appoint persons whose names appear on the Panel (Article 40 of the Convention). Similarly, in the case of an annulment proceeding instituted pursuant to Article 52 of the Convention, the Convention provides that, the Chairman will appoint an ad hoc Committee of three persons whom he may also only choose from among the Panel of Arbitrators.
Under the Convention, arbitrators or members of _ad hoc_ Committees shall be persons of high moral character and recognized competence in the field of law, commerce and industry who may be relied upon to exercise independent judgment. The Convention also provides (Article 38) that arbitrator(s) designated by the Chairman of the Administrative Council from the Panel may not be national(s) of the Contracting State party to the dispute or of the Contracting State whose national is a party. Under Article 39, unless each individual member of the Tribunal is appointed by agreement of the parties, the majority of the arbitrators may not be nationals of such States.

**Composition of ICSID Tribunals**

In practice, ICSID tribunals have all consisted of three arbitrators. The typical arrangements for their appointment is that one arbitrator is appointed by each party and the third (the President of the Tribunal) by agreement of the parties or by the two party-appointed arbitrators.

A majority of the proceedings have included at least one arbitrator who was a national of a developing country. The distribution is as follows:

- in 9 proceedings the arbitrators were all nationals of developed countries.
- in 9 proceedings, including the two annulment proceedings, one of the arbitrators/members of the _ad hoc_ Committee was a national of a developing country and the other two were nationals of industrialized countries.
- in 3 proceedings, two of the three arbitrators were nationals of developing countries.

In all but two of these proceedings, the arbitrators had a different nationality from that of the parties. In all but five each arbitrator had a different nationality from that of the other members of the Tribunal.

Most of the individuals who serve on ICSID Tribunals or Committees were lawyers, including a (former) president and a judge of the International Court of Justice and a number of eminent law professors. A number of these individuals, at the time of their designation or prior to it, had occupied prominent positions in their respective governments. For example one of the arbitrators was currently a solicitor general of his country and another one a member of the council of state. Some arbitrators did not belong to the legal profession. These included for example 2 architects and 2 professional maritime arbitrators.

**Origin of Appointment**

When considering by whom ICSID arbitrators have been appointed, a distinction should be made between the President of the Tribunal on one hand and the other two arbitrators on the other hand.

**The Arbitrators:** A review of the nationality of the arbitrators in ICSID proceedings shows that:

- The arbitrators appointed by the _claimants_ in the 19 proceedings in which an arbitral tribunal has been constituted have all been nationals of industrialized countries. In 2 of these 19 proceedings the claimants were from the developing world. In both cases they appointed arbitrators who were nationals of developed countries.
- Of the 16 arbitrators who were appointed by the _defendants_, who with one exception were from the developing world, 10 arbitrators were nationals of developed countries and 6 were nationals of developing countries.
- In the 3 proceedings in which the defendant developing country party refrained from appointing an arbitrator, the Chairman of the Administrative Council appointed an arbitrator who was a national of a developing country. In these 3 proceedings the other arbitrators were nationals of industrialized countries.

**The President:** The vast majority of the Presidents of ICSID tribunals have been nationals of developed countries, most of them European countries. The President of the Tribunal has been designated by the other arbitrators or by the parties in 10 out of the 19 arbitration proceedings and by the Chairman of the Administrative Council of ICSID in the remaining 9. Of the 10 individuals appointed by the other arbitrators or by the parties themselves, 7 were nationals of developed countries and 3 were nationals of developing countries. The 9 individuals designated by the Chairman of the Administrative Council were all nationals of industrialized countries.

In each of the two annulment proceedings which have been instituted, the Chairman of the Administrative Council designated as members of the _ad hoc_ Committee two nationals of a developed country and a national of a developing country. In both cases one of the two developed country nationals thus designated was chosen by his colleagues to be President of the Committee.
Geographical origin of ICSID Arbitrators

As reflected in the following table, the 63 appointees to ICSID Tribunals or Committees, some of whom were the same persons serving in more than one proceeding, represented the main geographical regions of the world. They also represented, with a preponderance of the civil and continental legal systems, the principal legal systems in existence:

<table>
<thead>
<tr>
<th>Europe</th>
<th>North America</th>
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<tbody>
<tr>
<td>Austria</td>
<td>Canada</td>
</tr>
<tr>
<td>Belgium</td>
<td>USA</td>
</tr>
<tr>
<td>Czechoslovakia</td>
<td>Total: 8</td>
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<tr>
<td>Denmark</td>
<td>Latin America and the Caribbean</td>
</tr>
<tr>
<td>FR Germany</td>
<td>Jamaica</td>
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<tr>
<td>France</td>
<td>Mexico</td>
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<tr>
<td>Italy</td>
<td>Uruguay</td>
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<tr>
<td>Netherlands</td>
<td>Total: 5</td>
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<tr>
<td>Portugal</td>
<td>Asia</td>
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<tr>
<td>Spain</td>
<td>Iran</td>
</tr>
<tr>
<td>Sweden</td>
<td>Madagascar</td>
</tr>
<tr>
<td>Switzerland</td>
<td>Egypt</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>Total: 4</td>
</tr>
<tr>
<td>Total: 41</td>
<td>Senegal</td>
</tr>
</tbody>
</table>

Conclusion

While developed country nationals have outnumbered developing country nationals, by and large ICSID tribunals have at the same time been truly "international" in their composition.

- There seem to be several reasons for the predominance of arbitrators from developed countries. One of the reasons appears to be the choice made by Third World parties to ICSID proceedings. The number of cases in which such parties have designated an arbitrator from an industrial country is twice the number of cases in which they selected an arbitrator from a third world country (16 arbitrators against 8 if one counts the cases where a Third World Party has agreed with the other Party to appoint an arbitrator from a developed country as President of the Tribunal). In the only proceeding in which both parties to the dispute were from the developing world, the whole tribunal (each party appointed an arbitrator, and the arbitrators in turn designated the President) was composed of nationals of developed countries.

- Another element lies with the composition of ICSID's Panel of Arbitrators. As was noted above, arbitrators or members of ad hoc Committees designated by the Chairman of the Administrative Council in the cases provided for under the Convention must be chosen from among the names appearing on the Panel. In its current state, the Panel offers in practice, a limited choice of candidates that are both suitable and available, particularly from Third World countries. As was pointed out by the Secretary General of ICSID on the occasion of the speech mentioned at the beginning of this review:

"This situation is attributable to two major factors. First, a number of our developing member countries have not designated persons to serve on the Panels. Second, other states have designated only public officials for that purpose. Such public officials, regardless of their qualifications, may not always be appropriate candidates and at any rate may not have the time to serve as arbitrators". (News from ICSID, Vol. 3, No. 1 Winter 1986 at p. 9).

In this connection, it may be noted that as of June 1987 31 Contracting States, most of them developing countries, out of a total of 89, had not made designations to the Panel of Arbitrators.

Another factor ought to be mentioned which adds to the difficulty of finding suitable candidates on the Panel. In each individual case, a number of specific elements intervene, such as language or the fact that arbitrators or members of Committee of the same nationality have already been appointed in the same case, which considerably limits the choice and often bars qualified candidates from being designated.

In view of this situation, it is important for the future development of ICSID that ICSID members pay due attention to the issue and appoint to the Panel of Arbitrators persons having the qualifications suited to serve as members of ICSID tribunals.

- In spite of this limitation, ICSID tribunals had a pronounced international character. Third World country arbitrators have been appointed to serve in a majority of the proceedings and the tribunals have included men and women of prominence from both the developed and the developing world. In whole, both in terms of qualifications as well as in respect to geographical origins, a rich variety of individuals, who represented the principal legal systems, have served on ICSID tribunals.

Bertrand P. Marchais
Counsel, ICSID
ICSID Secretary-General as Designating Authority for Non-ICSID Arbitration

Reference to the ICSID Secretary-General as appointing authority in the event that one or more arbitrators are not appointed in the normal course will be proposed for the dispute settlement provisions in future bilateral investment incentive agreements relative to the OPIC programs. It has already been included in the standard form of agreement prepared by OPIC as well as in a recent OPIC agreement between the United States and Bahrain. The text of this agreement, which was executed on April 25, 1987 and which is the first in which the Secretary-General of ICSID is designated as appointing authority, will be reproduced in full in the Fall 1987 issue of ICSID Review - Foreign Investment Journal.

China Accedes to the New York Convention


As was the case with many of the other countries that have joined the New York Convention, the instrument of accession contained the so-called reciprocity and commercial reservations.

The reciprocity reservation provides that a State will apply the Convention only on the basis of reciprocity, to the recognition and enforcement of arbitral awards made in the territory of another Contracting State. Under the commercial reservation, a State undertakes to apply the Convention only to differences arising out of legal relationships, whether contractual or not, which are considered as commercial under the national law of that State.

In accordance with article XII(2), the Convention has entered into force for China on April 22, 1987, i.e. the ninetieth day after the deposit of its instrument of accession.

As of June 16, 1987, 73 States have either ratified or acceded to the New York Convention. In addition the Convention has been signed by 4 States which have not yet ratified it.

Recent Publications on ICSID

Delaume, Georges R.


Feldman, Mark B.

Fiedland, Paul D.

Kahale, George, III

Ouakrat, Philippe

Rand, William, Hornick, Robert N. and Friedland, Paul

Sacerdoti, Giorgio

Schlechtriem, P.

Tupman, W. Michael

First Annual Meeting of the Advisory Board of the Institute for Transnational Arbitration

The Institute for Transnational Arbitration (ITA) was created in the summer of 1986 by the Southwestern Legal Foundation of Dallas, an international center for advanced continuing education. The purposes of ITA, based in Houston, Texas, are to encourage the resolution of transnational investment and commercial disputes by arbitration and to promote further acceptance of as well as adherence to the principal arbitration treaties. To achieve these objectives, ITA has engaged in a wide range of promotional activities
including the publication of a quarterly newsletter which includes a list, updated on a regular basis, of the countries which have signed or ratified the 1958 Convention on the Recognition and Enforcement of Foreign Arbitral Awards, the ICSID and MIGA Conventions and the 1975 International Convention on International Commercial Arbitration. As of July 1987 the number of ITA Participants had grown to 148 representing 50 countries.

ICSID cooperated in the establishment of the Institute. The first annual meeting of ITA’s Advisory Board was held in Dallas in June 1987. On this occasion Mr. Ibrahim F.I. Shihata, Secretary-General, ICSID, and one of ITA’s Board members, reviewed the status of the ICSID and MIGA and the prospects of future acceptances.

Mr. Ibrahim F.I. Shihata, Secretary-General, ICSID, addressing the first annual meeting of the ITA Advisory Board.

National Institute on International Construction Contracts

The Section of International Law and Practice of the American Bar Association and ICSID are co-sponsoring a National Institute on International Contracts for Construction, with particular emphasis on the United Nations Draft Legal Guide on Drawing Up International Contracts for Construction of Industrial Works. The program of this colloquium, which will be held in Washington, D.C., on November 5 and 6, 1987, at the J.W. Marriott Hotel, will focus on many of the practical questions involved in initiating, drafting and negotiating international construction contracts.

Additional information concerning this National Institute can be obtained from the American Bar Association by calling Cynthia Price in Washington, D.C, at (202) 331-2238 or from James R. Silkenat, Morgan, Lewis and Bockius, 101 Park Avenue, New York, N.Y. 10178.

Investment Laws of the World

This 10-volume collection, which was launched by the Secretariat in 1973, has been recently restructured and updated. The collection will henceforth concentrate on providing for each country the official texts of basic investment legislation and implementing regulations together with English translations of these texts when available, as well as some practical information such as the names and addresses of the governmental agency or agencies in charge of the promotion of foreign investments.

Two releases have been published in May (Release 87-1) and July (Release 87-2) 1987. The first release included the investment legislation of Chile, Côte d’Ivoire, Korea, Mexico, Portugal, Djibouti, Comoros, Zimbabwe, Sudan, Haiti and Ghana, and the second release that of Madagascar, Zaire, Brazil, Jamaica, Argentina, the Dominican Republic, Guinea Bissau, Belize and Zambia. A third release is scheduled to appear in the fall of 1987 and two more in the following months.

The Investment Laws of the World (ILW) Series may be purchased from Oceana Publications Inc., Dobbs Ferry, N.Y. 10522, USA at a special price of $500.00 plus shipping and handling expenses. The series includes the 10-volume ILW collection with all material published in 1987 up to the date of purchase, as well as the 3-volume Investment Treaties collection as updated in the summer of 1987. For previous subscribers to the ILW series, each of the releases published in 1987 is priced at $100.00.

This special price will remain into effect until December 31, 1987.
ICSID Review - Foreign Investment Law Journal

A third issue of the Review appeared in the Spring of 1987. Its main features are:

**Articles by**

Professor Detlev F. Vagts, “Foreign Investment Risk Reconsidered: The View from the 1980s”;

Mr. Jan Paulsson, “Third World Participation in International Investment Arbitration”;

Mr. Richard M. Buxbaum, “Legal Issues Concerning the Financial Aspects of Joint Ventures with Nonmarket Economy Firms”;

Mr. Mark B. Feldman, “The Annulment Proceedings and the Finality of ICSID Arbitral Awards”.

**Comments by**

Prof. Dr. Ignaz Seidl-Hohenveldern, “Subrogation under the MIGA Convention”;


**Notes on Judicial Decisions by**

Mr. Ola Mestad, “The Ekofisk Royalty Case: Construction of Regulations to Avoid Retroactivity”;

Mr. Georges R. Delaume, “Recent French Cases on Sovereign Immunity and Economic Development Activities”.

**Cases**


**Documents**

Venezuelan Foreign Investment and Technology Licensing Regulations: Decree No. 1200 of July 16, 1986, with an Introductory Note by Mr. John R. Pate.


**Bibliography**

Sources on Investment Insurance compiled by Mr. Jürgen Voss.

The fourth issue of the Review will be published in the Fall of 1987. It is scheduled to include articles by Dr. Aron Broches, Mr. Georges R. Delaume, Professor Emmanuel Gaillard and Mr. Ibrahim F.I. Shihata.
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NEWS FROM ICSID

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