

**I C S I D**

# **1997 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

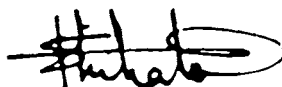
September 2, 1997

Dear Mr. Chairman:

Pursuant to Administrative and Financial Regulation 5(4), 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, 1996 to June 30, 1997.

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

Sincerely yours,

A handwritten signature in black ink, appearing to read 'Ibrahim F.I. Shihata', enclosed within a large, stylized oval flourish.

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

During fiscal year 1997, Croatia signed the ICSID Convention and Bosnia and Herzegovina also ratified it. Including Bosnia and Herzegovina, there are now 30 European countries that are ICSID members. Altogether, there were, at the close of the fiscal year, 141 signatory States of the Convention and 127 members countries of ICSID.

Investment treaties continued to be concluded in significant numbers. ICSID staff have counted almost 1,200 such treaties so far. They have estimated that some 900 investment treaties provide for the settlement by ICSID arbitration of disputes arising out of investments covered by the treaties. Several recent investment laws contain similar references to ICSID arbitration. Some of the laws and many of the more recent treaties also provide for the possibility of submitting such disputes to arbitration under ICSID's Additional Facility Rules. Others provide for 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.

These trends were, as in previous years, reflected in the Centre's caseload during 1997. Six new cases, all of them arbitration proceedings, were registered by the Secretary-General during this time, bringing the total number of cases registered to 44 and resulting in a record number of cases pending before the Centre. Four of these new cases have been brought to the Centre on the basis of provisions in investment treaties such as those mentioned above. They include the first two cases ever to be brought under the Centre's Addi-

tional Facility Rules, which are also the first two disputes to be submitted to arbitration under the investment provisions of the North American Free Trade Agreement. In another case, an award was rendered in a proceeding initiated under the provisions of an investment treaty. Five ICSID arbitral tribunals were constituted during the fiscal year, also a record for the Centre. In addition, the Centre received requests for the Secretary-General to act under arrangements designating him as the appointing authority of arbitrators. One such request was made not as part of an arbitration proceeding, but in the context of the constitution of a permanent review board for carrying out an infrastructure project, adding yet another dimension to the Centre's role in the settlement of disputes.

As in past years, the Centre also carried out research, publications and advisory work in the fields of arbitration and investment law. The staff continued its study of contemporary approaches to the legal treatment of foreign investment. Two issues of the *ICSID Review — Foreign Investment Law Journal* were published during the fiscal year, featuring a commentary on the ICSID Convention. Staff efforts in the collection of investment laws and treaties were reflected in the publication of four new releases for the Centre's multivolume *Investment Laws of the World* and *Investment Treaties*. The new releases cover 85 treaties and nine investment laws. A consolidated list of investment treaties concluded from 1959 to 1996 was also published during the year. Advisory work included advice to countries upon their request on seven draft investment laws and on the draft arbitration provisions of ten international in-

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vestment contracts. ICSID continued to participate in meetings of an Expert Group convened by the OECD to help develop the dispute-settlement provisions of the projected Multilateral Agreement on Investment.

In sum, 1997 was a very active and fruitful year for the Centre in which it further developed its significant role in the resolution of legal disputes relating to foreign investment and in the progressive development of the law governing such investment.

**Ibrahim F.I. Shihata**  
**Secretary-General**

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## Membership

In the past fiscal year, the Convention was signed and ratified by Bosnia and Herzegovina and signed by Croatia. At June 30, 1997, there were 141 signatory States of the Convention; of these, 127 had also ratified the Convention. A complete list of Contracting States and Other Signatories of the Convention as of June 30, 1997 appears in Annex 1.

## Disputes before the Centre

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

- (1) *American Manufacturing & Trading, Inc. v. Republic of Zaire (Case ARB/93/1)*

September 5, 1996—The expert, who was appointed by the Tribunal in June 1996 to prepare a report regarding damages, submits his report.

November 12, 1996—The Tribunal informs the parties that the proceeding is closed.

February 21, 1997—The Award is rendered.

- (2) *SEDITEX Engineering Beratungsgesellschaft für die Textilindustrie m.b.H. v. Government of Madagascar (Case CONC/94/1)*

July 19, 1996—The Conciliation Commission draws up its report.

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

August 1, 1996—The Claimant files its further Observations on the Objections to Jurisdiction.

August 9, 1996—The Respondent files its further Observations on the Objections to Jurisdiction.

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September 10, 1996—The Tribunal meets with the parties in London.

December 24, 1996—The Tribunal's decision upholding jurisdiction is rendered.

- (4) *Leaf Tobacco A. Michaelides S.A. and Greek Albanian Leaf Tobacco & Co. S.A. v. Republic of Albania (Case ARB/95/1)*

January 30, 1997—Following a settlement agreed by the parties, the proceeding is discontinued at the request of the Claimants.

- (5) *Cable Television of Nevis, Ltd. and Cable Television of Nevis Holdings, Ltd. v. Federation of St. Kitts and Nevis (Case ARB/95/2)*

July 1-2, 1996—The Tribunal meets with the parties in Barbados.

January 13, 1997—The Award declining jurisdiction is rendered.

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

December 4, 1996—The Tribunal holds its first session with the parties in Paris.

March 4, 1997—The Claimants file their Memorial.

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

May 28, 1997—The Tribunal is constituted. Its members are: Mr. L. Yves Fortier, C.C., Q.C. (Canadian), President, Professor Elihu Lauterpacht, Q.C. (British) and Professor Prosper Weil (French).

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

December 24, 1996—Dr. Gavan Griffith, Q.C. (Australian) accepts his appointment as Sole Arbitrator.

February 26, 1997—The Sole Arbitrator meets with the parties in Sydney.

April 9, 1997—The Claimant files its Points of Claim.

May 21, 1997—The Respondent files its Points of Defence.

June 10, 1997—The Sole Arbitrator meets with the parties in Sydney.

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

November 27, 1996—The Tribunal is constituted. Its members are: Professor Francisco Orrego Vicuña (Chilean), President, Professor Meir Heth (Israeli) and Mr. Roberts B. Owen (U.S.).



January 17-18, 1997—The Tribunal holds its first session with the parties in Washington, D.C.

The Respondent files a Memorial on its objections to jurisdiction.

February 26, 1997—The Claimant files its Counter-Memorial on the Respondent's objections to jurisdiction.

May 16, 1997—The Tribunal meets with the parties in Washington.

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

January 13, 1997—The Secretary-General registers a request for the institution of arbitration proceedings under the Additional Facility Arbitration Rules.

May 19, 1997—The Tribunal is constituted. Its members are: Professor Elihu Lauterpacht, Q.C. (British), President, Mr. Benjamin R. Civiletti (U.S.) and Mr. José Luis Siqueiros (Mexican).

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

January 27, 1997—The Secretary-General registers a request for the institution of arbitration proceedings.

May 30, 1997—The Tribunal is constituted. Its members are: Mr. Aron Broches (Netherlands), President, Mr. Séna Agbayissah (Togolese) and Professor Pierre Tercier (Swiss).

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

January 29, 1997—The Secretary-General registers a request for the institution of arbitration proceedings.

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

February 19, 1997—The Secretary-General registers a request for the institution of arbitration proceedings.

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

March 24, 1997—The Secretary-General registers a request for the institution of arbitration proceedings under the Additional Facility Arbitration Rules.

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

April 25, 1997—The Secretary-General registers a request for the institution of arbitration proceedings.

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# 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, 49 designations were made to the Panels. These are listed below. With these designations, the Panels comprise 404 names.

## BAHRAIN

*Panel of Conciliators*—Designations effective as of September 23, 1996: Messrs. Ahmed E. Al-Balushi, Ali Y. Al-Khayatta and Yousif Yacoob Yousif and Dr. Jaffer Al-Sayegh.

*Panel of Arbitrators*—Designations effective as of September 23, 1996: Messrs. Yousif Al-Abdeen Moh'd Zaynal, Mahmood Hashim Al-Kooheji, Aref Saleh Khamis and Mohamed Ali Taleb.

## COSTA RICA

*Panels of Conciliators and of Arbitrators*—Designation effective as of January 9, 1997: Professor Thomas Buergethal.

## FRANCE

*Panel of Arbitrators*—Designation effective as of July 26, 1996: Judge Gilbert Guillaume.

## ICELAND

*Panels of Conciliators and of Arbitrators*—Designations effective as of August 9, 1996: Dr. Gunnar G. Schram and Messrs. Gudmundur Eiriksson and Eirikur Tomasson.

## IRELAND

*Panels of Conciliators and of Arbitrators*—Designations effective as of May 30, 1997: Ms. Fidelma Macken, Messrs. Eoghan Fitzsimmons, Paul Gallagher and Ercus Stewart.

## KENYA

*Panel of Conciliators*—Designations effective as of July 22, 1996: Messrs. Dan K. Ameyo, Joseph N.K. Arap Ng'ok, Peter Wanyaga Muthoka and Godfrey Kassim Owango.

*Panel of Arbitrators*—Designation effective as of July 22, 1996: Mr. S.A. Wako.

## NORWAY

*Panels of Conciliators and of Arbitrators*—Designations effective as of August 27, 1996: Mrs. Else Bugge Fougner, Messrs. Henrik Bull, Hans Wilhelm Longva and Jens Fredrik Wilhelmsen.

## PARAGUAY

*Panel of Conciliators*—Designations effective as of September 11, 1996: Messrs. James Spalding Hellmer, Francisco Ogura Kono, Ovidio Otazu and Luis Fernando Villalba.

*Panel of Arbitrators*—Designations effective as of September 11, 1996: Messrs. Gregorio Poletti, Jorge Ramirez Ramirez, Walter Villalba Zaldivar and Gabriel Martinez Zarza.

## **Publications and Advisory Activities**

### **TURKEY**

*Panel of Conciliators*—Designations effective as of May 9, 1997: Messrs. Sabih Arkan, Orhan Azizoglu and Serdar Karabiyik.

*Panel of Arbitrators*—Designations effective as of May 9, 1997: Messrs. Aydin Sefa Akay and Mahmut Birsal, Professor Fadlullah Cerrahoglu and Professor Haluk Günugur.

### **UNITED KINGDOM**

*Panel of Conciliators*—Designations effective as of October 9, 1996: Sir Adrian Cadbury, Sir Sydney Lipworth, Messrs. Francis Neate and Mark Sheldon.

*Panel of Arbitrators*—Designations effective as of October 9, 1996: Mr. David C. Calcutt, The Honorable Lord Dervaird, Professor Robert B. Jack and Professor Elihu Lauterpacht, Q.C.

### **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. 13, No. 2 (Summer 1996) and Vol. 14, No. 1 (Winter 1997). The Summer 1996 issue included an article on ICSID Conciliation. The Winter 1997 issue included articles on Institutional and Legal Reform in Africa and on Institutional Discretion to Foster Arbitral Efficiency.

### **ICSID Review—Foreign Investment Law Journal**

Appearing twice yearly, the *ICSID Review* publishes materials on domestic and international law relating to foreign investments. The twenty-second (Fall 1996) and twenty-third (Spring 1997) issues of the *Review* were completed during the year. The Fall 1996 issue featured articles on U.S. "Helms-Burton" legislation and on the settlement of investment disputes in the energy sector. The Fall issue also included the first part of a commentary on Article 25 of the ICSID Convention, the final part of which was included in the Spring 1997 issue. This issue also included articles on the legal framework for foreign investment in Nepal and on the harmonization of business laws in francophone Africa.

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## **Investment Laws of the World**

During the year, ICSID issued a new release (97-1) of its ten-volume collection of *Investment Laws of the World*. This release contained the texts of the basic investment legislation of Lithuania, the Maldives, Moldova, Myanmar and Papua New Guinea, and supplements related to such legislation of Mexico, Morocco, the Philippines and Ukraine. The collection now contains the text of the basic investment laws of some 126 countries.

## **Investment Treaties**

In the course of the year, three new releases (Releases 96-3, 96-4 and 97-2) for the Centre's seven-volume collection of *Investment Treaties* were published. These releases contained the texts of 85 bilateral investment treaties concluded by 76 countries in the period 1991-1995. The collection now contains 640 bilateral investment treaties entered into by over 140 countries.

## **Other Publication Activities**

Among the other publications issued by the Centre during the year was a new edition of *ICSID Cases*. The *ICSID Cases* brochure provides summary data on each of the cases registered by ICSID up to November 30, 1996 (e.g. dates of the commencement of proceedings, information on their outcomes, and names and nationalities of tribunal members). An expanded version of the *ICSID Bibliography* was also issued during the year. The *ICSID Bibliography* provides references to translations of

the ICSID Convention into 15 different languages and to some 300 articles and books dealing with ICSID and the ICSID Convention. In addition, a brochure listing signature dates, and, where applicable, entry into force dates of nearly 1,150 bilateral investment treaties (BITs) as well as publications on BITs, was issued by the Centre during the year.

## **Advisory Activities**

The Secretariat continued to provide advice on arbitration and investment law. Such advisory activities included reviewing and commenting on draft investment laws and draft arbitration provisions of investment contracts, at the request of governments and foreign investors. During FY97, ICSID Secretariat staff provided such advice in respect of seven draft investment laws and on the draft arbitration provisions of 10 investment contracts.

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## Conferences

The Centre co-sponsored two arbitration conferences in fiscal year 1997. These included the thirteenth joint ICSID/American Arbitration Association/International Chamber of Commerce (ICC) International Court of Arbitration colloquium on international arbitration. This colloquium was held in New York on November 15, 1996. At the colloquium, which was devoted to the topic of the role of party autonomy in international arbitration, the Secretary-General presented a paper on recent developments in ICSID.

ICSID also co-sponsored with the Association of Arbitrators (Southern Africa), the ICC International Court of Arbitration and the London Court of International Arbitration a conference on the Resolution of International Trade and Investment Disputes in Africa. At the conference, which was held in Johannesburg on March 6-8, 1997, the Secretary-General contributed a keynote address on institutional and legal reform in Africa. The Secretary-General also contributed to the conference a paper on ICSID and Africa.

During the fiscal year, the Secretariat participated in three meetings of the Expert Group convened by the Organisation for Economic Co-operation and Development to help develop the dispute-settlement provisions of the projected Multilateral Agreement on Investment. The Secretariat also took part in the Fifth Meeting of the Free Trade Area of the Americas Working Group on Investment. The meeting took place in San José on September 2-3, 1996 and included a session at which the

ICSID Secretariat contributed a paper on ICSID and the Americas.

The Secretariat also participated in a Meeting on Funding of and Access to International Courts and Dispute Settlement Bodies, held in London on January 31-February 1, 1997. The meeting was organized jointly by the Programme on International Law and Sustainable Development of the Foundation for International Environmental Law and Development (FIELD), and the Center on International Cooperation, New York University.

At the 91st Annual Meeting of the American Society of International Law held in Washington, D.C. on April 9-12, 1997, the Secretariat contributed a paper on the International Legal Framework Governing Investment. The Secretariat participated in the XVI Inter-American Conference on Commercial Arbitration held in Rio de Janeiro on May 10-13, 1997 with a paper on ICSID arbitration mechanisms. The Secretariat also contributed a paper on ICSID and New Investment Instruments to the Intergovernmental Expert Meeting on Existing International Agreements on Investment and Their Development Dimensions, held in Geneva on May 28-30, 1997, under the auspices of the United Nations Conference on Trade and Development. The Secretary-General delivered a paper on the settlement of disputes at the 5th Economic Forum of the Organisation for Security and Cooperation in Europe, held in Prague on June 11-13, 1997.

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## **Thirtieth Annual Meeting of the Administrative Council**

The Thirtieth Annual Meeting of the Administrative Council took place on October 1–3, 1996, in Washington, D.C. 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 1996 Annual Report and its Budget for fiscal year 1997. The Resolutions adopted at the Meeting are set forth in Annex 2.

## **Finance**

The Financial Statements of ICSID for fiscal year 1997 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.

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## Annexes

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## Annex 1

### Contracting States and Other Signatories of the Convention

(As of June 30, 1997)

The 141 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 127 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
<b>Afghanistan</b>	Sep. 30, 1966	June 25, 1968	July 25, 1968
<b>Albania</b>	Oct. 15, 1991	Oct. 15, 1991	Nov. 14, 1991
<b>Algeria</b>	Apr. 17, 1995	Feb. 21, 1996	Mar. 22, 1996
<b>Argentina</b>	May 21, 1991	Oct. 19, 1994	Nov. 18, 1994
<b>Armenia</b>	Sep. 16, 1992	Sep. 16, 1992	Oct. 16, 1992
<b>Australia</b>	Mar. 24, 1975	May 2, 1991	June 1, 1991
<b>Austria</b>	May 17, 1966	May 25, 1971	June 24, 1971
<b>Azerbaijan</b>	Sep. 18, 1992	Sep. 18, 1992	Oct. 18, 1992
<b>Bahamas</b>	Oct. 19, 1995	Oct. 19, 1995	Nov. 18, 1995
<b>Bahrain</b>	Sep. 22, 1995	Feb. 14, 1996	Mar. 15, 1996
<b>Bangladesh</b>	Nov. 20, 1979	Mar. 27, 1980	Apr. 26, 1980
<b>Barbados</b>	May 13, 1981	Nov. 1, 1983	Dec. 1, 1983
<b>Belarus</b>	July 10, 1992	July 10, 1992	Aug. 9, 1992
<b>Belgium</b>	Dec. 15, 1965	Aug. 27, 1970	Sep. 26, 1970
Belize	Dec. 19, 1986		
<b>Benin</b>	Sep. 10, 1965	Sep. 6, 1966	Oct. 14, 1966
<b>Bolivia</b>	May 3, 1991	June 23, 1995	July 23, 1995
<b>Bosnia and Herzegovina</b>	Apr. 25, 1997	May 14, 1997	June 13, 1997
<b>Botswana</b>	Jan. 15, 1970	Jan. 15, 1970	Feb. 14, 1970
<b>Burkina Faso</b>	Sep. 16, 1965	Aug. 29, 1966	Oct. 14, 1966
<b>Burundi</b>	Feb. 17, 1967	Nov. 5, 1969	Dec. 5, 1969
Cambodia	Nov. 5, 1993		
<b>Cameroon</b>	Sep. 23, 1965	Jan. 3, 1967	Feb. 2, 1967
<b>Central African Republic</b>	Aug. 26, 1965	Feb. 23, 1966	Oct. 14, 1966
<b>Chad</b>	May 12, 1966	Aug. 29, 1966	Oct. 14, 1966
<b>Chile</b>	Jan. 25, 1991	Sep. 24, 1991	Oct. 24, 1991
<b>China</b>	Feb. 9, 1990	Jan. 7, 1993	Feb. 6, 1993
Colombia	May 18, 1993		
<b>Comoros</b>	Sep. 26, 1978	Nov. 7, 1978	Dec. 7, 1978
<b>Congo</b>	Dec. 27, 1965	June 23, 1966	Oct. 14, 1966
<b>Congo, Democratic Republic of</b>	Oct. 29, 1968	Apr. 29, 1970	May 29, 1970
<b>Costa Rica</b>	Sep. 29, 1981	Apr. 27, 1993	May 27, 1993
<b>Côte d'Ivoire</b>	June 30, 1965	Feb. 16, 1966	Oct. 14, 1966
Croatia	June 16, 1997		
<b>Cyprus</b>	Mar. 9, 1966	Nov. 25, 1966	Dec. 25, 1966
<b>Czech Republic</b>	Mar. 23, 1993	Mar. 23, 1993	Apr. 22, 1993
<b>Denmark</b>	Oct. 11, 1965	Apr. 24, 1968	May 24, 1968
<b>Ecuador</b>	Jan. 15, 1986	Jan. 15, 1986	Feb. 14, 1986
<b>Egypt, Arab Rep. of</b>	Feb. 11, 1972	May 3, 1972	June 2, 1972
<b>El Salvador</b>	June 9, 1982	Mar. 6, 1984	Apr. 5, 1984
<b>Estonia</b>	June 23, 1992	June 23, 1992	Jul. 23, 1992
Ethiopia	Sep. 21, 1965		
<b>Fiji</b>	July 1, 1977	Aug. 11, 1977	Sep. 10, 1977
<b>Finland</b>	July 14, 1967	Jan. 9, 1969	Feb. 8, 1969
<b>France</b>	Dec. 22, 1965	Aug. 21, 1967	Sep. 20, 1967
<b>Gabon</b>	Sep. 21, 1965	Apr. 4, 1966	Oct. 14, 1966
<b>Gambia, The</b>	Oct. 1, 1974	Dec. 27, 1974	Jan. 26, 1975
<b>Georgia</b>	Aug. 7, 1992	Aug. 7, 1992	Sep. 6, 1992
<b>Germany</b>	Jan. 27, 1966	Apr. 18, 1969	May 18, 1969



State	Signature	Deposit of Ratification	Entry into Force of Convention
<b>Ghana</b>	Nov. 26, 1965	July 13, 1966	Oct. 14, 1966
<b>Greece</b>	Mar. 16, 1966	Apr. 21, 1969	May 21, 1969
<b>Grenada</b>	May 24, 1991	May 24, 1991	June 23, 1991
Guatemala	Nov. 9, 1995		
<b>Guinea</b>	Aug. 27, 1968	Nov. 4, 1968	Dec. 4, 1968
Guinea-Bissau	Sep. 4, 1991		
<b>Guyana</b>	July 3, 1969	July 11, 1969	Aug. 10, 1969
Haiti	Jan. 30, 1985		
<b>Honduras</b>	May 28, 1986	Feb. 14, 1989	Mar. 16, 1989
<b>Hungary</b>	Oct. 1, 1986	Feb. 4, 1987	Mar. 6, 1987
<b>Iceland</b>	July 25, 1966	July 25, 1966	Oct. 14, 1966
<b>Indonesia</b>	Feb. 16, 1968	Sep. 28, 1968	Oct. 28, 1968
<b>Ireland</b>	Aug. 30, 1966	Apr. 7, 1981	May 7, 1981
<b>Israel</b>	June 16, 1980	June 22, 1983	July 22, 1983
<b>Italy</b>	Nov. 18, 1965	Mar. 29, 1971	Apr. 28, 1971
<b>Jamaica</b>	June 23, 1965	Sep. 9, 1966	Oct. 14, 1966
<b>Japan</b>	Sep. 23, 1965	Aug. 17, 1967	Sep. 16, 1967
<b>Jordan</b>	July 14, 1972	Oct. 30, 1972	Nov. 29, 1972
Kazakhstan	July 23, 1992		
<b>Kenya</b>	May 24, 1966	Jan. 3, 1967	Feb. 2, 1967
<b>Korea, Rep. of</b>	Apr. 18, 1966	Feb. 21, 1967	Mar. 23, 1967
<b>Kuwait</b>	Feb. 9, 1978	Feb. 2, 1979	Mar. 4, 1979
Kyrgyz, Rep. of	June 9, 1995		
<b>Lesotho</b>	Sep. 19, 1968	July 8, 1969	Aug. 7, 1969
<b>Liberia</b>	Sep. 3, 1965	June 16, 1970	July 16, 1970
<b>Lithuania</b>	July 6, 1992	July 6, 1992	Aug. 5, 1992
<b>Luxembourg</b>	Sep. 28, 1965	July 30, 1970	Aug. 29, 1970
<b>Madagascar</b>	June 1, 1966	Sep. 6, 1966	Oct. 14, 1966
<b>Malawi</b>	June 9, 1966	Aug. 23, 1966	Oct. 14, 1966
<b>Malaysia</b>	Oct. 22, 1965	Aug. 8, 1966	Oct. 14, 1966
<b>Mali</b>	Apr. 9, 1976	Jan. 3, 1978	Feb. 2, 1978
<b>Mauritania</b>	July 30, 1965	Jan. 11, 1966	Oct. 14, 1966
<b>Mauritius</b>	June 2, 1969	June 2, 1969	July 2, 1969
<b>Micronesia</b>	June 24, 1993	June 24, 1993	July 24, 1993
Moldova	Aug. 12, 1992		
<b>Mongolia</b>	June 14, 1991	June 14, 1991	July 14, 1991
<b>Morocco</b>	Oct. 11, 1965	May 11, 1967	June 10, 1967
<b>Mozambique</b>	Apr. 4, 1995	June 7, 1995	July 7, 1995
<b>Nepal</b>	Sep. 28, 1965	Jan. 7, 1969	Feb. 6, 1969
<b>Netherlands</b>	May 25, 1966	Sep. 14, 1966	Oct. 14, 1966
<b>New Zealand</b>	Sep. 2, 1970	Apr. 2, 1980	May 2, 1980
<b>Nicaragua</b>	Feb. 4, 1994	Mar. 20, 1995	Apr. 19, 1995
<b>Niger</b>	Aug. 23, 1965	Nov. 14, 1966	Dec. 14, 1966
<b>Nigeria</b>	July 13, 1965	Aug. 23, 1965	Oct. 14, 1966
<b>Norway</b>	June 24, 1966	Aug. 16, 1967	Sep. 15, 1967
<b>Oman</b>	May 5, 1995	July 24, 1995	Aug. 23, 1995
<b>Pakistan</b>	July 6, 1965	Sep. 15, 1966	Oct. 15, 1966
<b>Panama</b>	Nov. 22, 1995	Apr. 8, 1996	May 8, 1996
<b>Papua New Guinea</b>	Oct. 20, 1978	Oct. 20, 1978	Nov. 19, 1978
<b>Paraguay</b>	July 27, 1981	Jan. 7, 1983	Feb. 6, 1983
<b>Peru</b>	Sep. 4, 1991	Aug. 9, 1993	Sep. 8, 1993
<b>Philippines</b>	Sep. 26, 1978	Nov. 17, 1978	Dec. 17, 1978
<b>Portugal</b>	Aug. 4, 1983	July 2, 1984	Aug. 1, 1984
<b>Romania</b>	Sep. 6, 1974	Sep. 12, 1975	Oct. 12, 1975
Russian Federation	June 16, 1992		
<b>Rwanda</b>	Apr. 21, 1978	Oct. 15, 1979	Nov. 14, 1979
<b>Saudi Arabia</b>	Sep. 28, 1979	May 8, 1980	June 7, 1980
<b>Senegal</b>	Sep. 26, 1966	Apr. 21, 1967	May 21, 1967
<b>Seychelles</b>	Feb. 16, 1978	Mar. 20, 1978	Apr. 19, 1978
<b>Sierra Leone</b>	Sep. 27, 1965	Aug. 2, 1966	Oct. 14, 1966
<b>Singapore</b>	Feb. 2, 1968	Oct. 14, 1968	Nov. 13, 1968

State	Signature	Deposit of Ratification	Entry into Force of Convention
<b>Slovak Republic</b>	Sep. 27, 1993	May 27, 1994	June 26, 1994
<b>Slovenia</b>	Mar. 7, 1994	Mar. 7, 1994	Apr. 6, 1994
<b>Solomon Islands</b>	Nov. 12, 1979	Sep. 8, 1981	Oct. 8, 1981
<b>Somalia</b>	Sep. 27, 1965	Feb. 29, 1968	Mar. 30, 1968
<b>Spain</b>	Mar. 21, 1994	Aug. 18, 1994	Sep. 17, 1994
<b>Sri Lanka</b>	Aug. 30, 1967	Oct. 12, 1967	Nov. 11, 1967
<b>St. Kitts &amp; Nevis</b>	Oct. 14, 1994	Aug. 4, 1995	Sep. 3, 1995
<b>St. Lucia</b>	June 4, 1984	June 4, 1984	July 4, 1984
<b>Sudan</b>	Mar. 15, 1967	Apr. 9, 1973	May 9, 1973
<b>Swaziland</b>	Nov. 3, 1970	June 14, 1971	July 14, 1971
<b>Sweden</b>	Sep. 25, 1965	Dec. 29, 1966	Jan. 28, 1967
<b>Switzerland</b>	Sep. 22, 1967	May 15, 1968	June 14, 1968
<b>Tanzania</b>	Jan. 10, 1992	May 18, 1992	June 17, 1992
Thailand	Dec. 6, 1985		
<b>Togo</b>	Jan. 24, 1966	Aug. 11, 1967	Sep. 10, 1967
<b>Tonga</b>	May 1, 1989	Mar. 21, 1990	Apr. 20, 1990
<b>Trinidad and Tobago</b>	Oct. 5, 1966	Jan. 3, 1967	Feb. 2, 1967
<b>Tunisia</b>	May 5, 1965	June 22, 1966	Oct. 14, 1966
<b>Turkey</b>	June 24, 1987	Mar. 3, 1989	Apr. 2, 1989
<b>Turkmenistan</b>	Sep. 26, 1992	Sep. 26, 1992	Oct. 26, 1992
<b>Uganda</b>	June 7, 1966	June 7, 1966	Oct. 14, 1966
<b>United Arab Emirates</b>	Dec. 23, 1981	Dec. 23, 1981	Jan. 22, 1982
<b>United Kingdom of Great Britain and Northern Ireland</b>	May 26, 1965	Dec. 19, 1966	Jan. 18, 1967
<b>United States of America</b>	Aug. 27, 1965	June 10, 1966	Oct. 14, 1966
Uruguay	May 28, 1992		
<b>Uzbekistan</b>	Mar. 17, 1994	July 26, 1995	Aug. 25, 1995
<b>Venezuela</b>	Aug. 18, 1993	May 2, 1995	June 1, 1995
<b>Western Samoa</b>	Feb. 3, 1978	Apr. 25, 1978	May 25, 1978
<b>[Yugoslavia, Socialist Federal Republic of</b>	Mar. 21, 1967	Mar. 21, 1967	Apr. 20, 1967]
<b>Zambia</b>	June 17, 1970	June 17, 1970	July 17, 1970
<b>Zimbabwe</b>	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 Thirtieth Annual Meeting on October 1-3, 1996:

**AC(30)/RES/84 - Approval of the Annual Report**

The Administrative Council  
RESOLVES

To approve the 1996 Annual Report on the Operation of the Centre as set forth in the attachment to Document AC/96/3.

**AC(30)/RES/85 - Adoption of Budget for Fiscal Year 1997**

The Administrative Council  
RESOLVES

To adopt, for the period July 1, 1996 to June 30, 1997 the budget set forth in paragraph 2 of Document AC/96/2.

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## Annex 3

# Report and Financial Statements

Expressed in United States dollars

## Statement of Net Assets

	<i>June 30, 1997</i>	<i>June 30, 1996</i>
Cash and investments .....	\$ 199,804	\$ 139,444
Funds available for arbitration proceedings:		
Advances from parties to arbitration proceedings .....	177,938	119,926
Investment income due to parties to arbitration proceedings .....	21,866	19,518
Total funds available for arbitration proceedings .....	199,804	139,444
Net assets .....	<u>\$ -</u>	<u>\$ -</u>

## Statement of Activities

	<i>June 30, 1997</i>	<i>June 30, 1996</i>
Support and revenue:		
In-kind contributions (Note 2) .....	\$ 883,548	\$ 867,334
Sale of publications and registration fees .....	24,804	10,179
Revenues from parties to arbitration proceedings (Note 2) .....	245,613	313,655
Total support and revenue .....	<u>1,153,965</u>	<u>1,191,168</u>
Expenses:		
Value of services provided by the Bank (Notes 2 and 3) .....	908,352	877,513
Expenses related to arbitration proceedings .....	245,613	313,655
Total expenses .....	<u>\$ 1,153,965</u>	<u>\$ 1,191,168</u>
Change in net assets .....	<u>\$ -</u>	<u>\$ -</u>

## Statement of Changes in Cash and Investments

	<i>For the year ended June 30</i>	
	<i>1997</i>	<i>1996</i>
Cash and investments at beginning of fiscal year .....	\$ 139,444	\$ 114,777
Advances to Centre from parties to arbitration proceedings .....	313,000	335,000
Investment income earned .....	7,843	7,416
Disbursements by Centre for fees and expenses for arbitration proceedings .....	(245,613)	(313,655)
Advances and related investment income refunded to parties upon completion of arbitration proceedings .....	(14,870)	(4,094)
Cash and investments at end of fiscal year .....	<u>\$ 199,804</u>	<u>\$ 139,444</u>

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

(continued)

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

June 30, 1997 and June 30, 1996

**Note 1-Organization**

The International Bank for Reconstruction and Development (the Bank) and the International Centre for Settlement of Investment Disputes (the Centre) entered into Administrative Arrangements effective October 14, 1966. 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, as described in Notes 2 and 3, to the Centre.

**Note 2-Summary of Significant Accounting Policies**

**Basis of Accounting:** The financial statements have been prepared in accordance with generally accepted accounting principles in the United States and with International Accounting Standards, and in accordance with the Memorandum.

**Financial Statement Presentation:** As of June 30, 1996, the Centre adopted the revised Standards for Financial Reporting set forth in the Statement of Financial Accounting Standards No. 117, "*Financial Statements of Not-For-Profit-Organizations*" (SFAS No. 117). As of July 1, 1996, the Centre changed its method of accounting for contributions received from the Bank to adopt the provision of Statement of Financial Accounting Standards No. 116, "*Accounting for Contributions Received and Contributions Made*" (SFAS No. 116). The implementation of SFAS No. 116 resulted in the adoption of the Statement of Activities to reflect non-cash transactions related to the value of those services provided by the Bank which are identified as directly related to the Centre. There has been no effect on net assets previously reported as a result of this implementation, however prior year's financial statements are restated to conform to the current year presentation.

**Value of services provided by the Bank and in-kind contributions:** The value of services provided by the Bank is determined by the fair value of these services and is recorded by the Centre as in-kind contributions and also as expenses of the Centre.

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**Annex 3** (continued)

The Bank provides the following facilities and services 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.

**Revenue recognition from arbitration proceedings:** The Centre does not have resources of its own. The Centre's expenses 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. Accordingly, the Centre recognizes revenues 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 to the Centre.

**Note 3 - Value of Services Provided by the Bank**

The 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>1997</i>	<i>1996</i>
Staff services (including benefits) .....	\$ 654,988	\$ 599,877
Administrative services and facilities:		
Travel .....	29,941	23,748
Contractual services .....	94,633	105,236
Office accommodations .....	91,770	91,770
Other .....	37,020	56,882
Total services .....	908,352	877,513
Less: Sale of publications and registration fees .....	24,804	10,179
Total in-kind contributions .....	<u>\$ 883,548</u>	<u>\$ 867,334</u>

**Annex 3** (continued)**Report of Independent Accountants**

1301 K Street, N.W.  
Washington, D.C. 20005

July 28, 1997

To International Centre for Settlement  
of Investment Disputes

In our opinion, the accompanying statement of net assets and the related statements of activities and of changes in cash and investments present fairly, in all material respects, the financial position of the International Centre for Settlement of Investment Disputes at June 30, 1997 and 1996 and its activities and changes in its cash and investments for the years then ended, in conformity with generally accepted accounting principles in the United States and with International Accounting Standards, and in accordance with the Administrative Arrangement between the International Bank for Reconstruction and Development (the Bank) and the International Centre for Settlement of Investment Disputes (the Centre). 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, including International Standards on Auditing, 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.

As discussed in Note 2 to the financial statements, effective July 1, 1996 the Centre adopted Statement of Financial Accounting Standards No. 116, "*Accounting for Contributions Received and Contributions Made.*" This standard was adopted on a retroactive basis, and accordingly, the June 30, 1996 financial statements have been restated.

Price Waterhouse  
(International Firm)

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**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)

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**Annex 4** (continued)

Towards A Greater Depoliticization of Investment Disputes: The Roles of ICSID and MIGA by Ibrahim F.I. 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 (six 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\$595 for the six Investment Treaties volumes only)

ICSID Review—Foreign Investment Law Journal (semi-annual) (available on a subscription basis, at US\$57 per year for those with a mailing address in an OECD country and US\$28.50 for others, plus postal charges, from Journals Publishing Division, The Johns Hopkins University Press, 2715 North Charles Street, Baltimore, Maryland 21218-4319, U.S.A.)

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

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