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CURRENT ACTIVITIES OF INTERNATIONAL ORGANIZATIONS
RELATED TO THE HARMONIZATION AND UNIFICATION OF
INTERNATIONAL TRADE LAW

Report of the Secretary-General

(continued)

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I. INTERNATIONAL CONTRACTS

A. International sales of goods

1. At its fourteenth session in October 1980, the Hague Conference on Private International Law decided to include in its agenda the revision of the 1955 Convention on the Law Applicable to International Sales of Goods. The Secretary General of the Conference convened a Special Commission in June 1981 to determine the best way of bringing about participation in this work by States which are not Members of the Conference. That Commission decided that the preparatory work should be done by Special Commissions in which all Member States of UNCITRAL which are not Members of the Conference would be invited to participate along with Conference Members, and that the final text of the revised Convention should be established at a diplomatic conference to be held at The Hague with all States invited to participate.
2. The decision taken by the Special Commission of June 1981 was communicated to the secretariat of UNCITRAL, and UNCITRAL in the Report on the work of its fourteenth session (19-26 June 1981) welcomed the Conference's initiative and encouraged Member States of UNCITRAL to participate in this work.
3. Invitations were sent out to all Conference Members and all UNCITRAL Member States in July 1982 for a first Special Commission meeting, to be held from 6 to 15 December 1982, at The Hague. At that meeting representatives of 25 Hague Conference Members and of 11 UNCITRAL Member States which are not Members of the Conference were in attendance. Representatives of the following organizations attended as observers: the UNCITRAL Secretariat, the Council of Europe and ICC.
4. The next meeting of the Special Commission also will be held from 7 to 18 November 1983. The new Member States elected to UNCITRAL will also be invited to participate, along with the Member States of UNCITRAL which have already participated. It is expected that, if a viable draft is produced by the end of the second Special Commission meeting, a diplomatic conference will be called to meet at the Hague in October 1985 to prepare the final text of the revised Convention.

B. Progressive codification of international trade law

5. At its first session, held in Rome from 10 to 14 September 1979, the UNIDROIT Study Group on the Progressive Codification of International Trade Law focused its attention principally on the drafts on formation and interpretation which, it was decided, the Secretariat should revise in the light of the proposals for amendment and of the new suggestions made. The Group also agreed that it was opportune to deal in the next chapter of the Code with the problem of validity of contracts in general, in which connexion it was considered that the work already carried out by the Institute in this field could serve as a starting point and that, in the future draft, specific rules on the validity of general conditions and standard forms of contracts should be added. As to the proposed chapters on performance and non-performance of contracts, the Group requested the President of UNIDROIT to set up special sub-committees for their preparation in view of their extreme complexity.

6. Two informal meetings of the Working Group were subsequently held, the first in Copenhagen on 31 March and 1 April 1980 and the second in Hamburg from 23 to 25 February 1981. The Copenhagen meeting was essentially of an exploratory character while in Hamburg the Group considered two preparatory studies. The first of these, aimed at the clarification and completion of the existing UNIDROIT draft of a law for the unification of certain rules relating to validity of contracts of international sale of goods of 1972, so as to adapt it to the requirements of international commercial contracts in general while the second investigated the possibility of dealing with the problem of illegality of international commercial contracts in the framework of the future Code.
7. The draft rules included a number of new provisions as compared with the 1972 UNIDROIT draft in order to cover important questions such as unequal bargaining power, gross unfairness and the right of adaptation, while in addition the remaining part of that draft was revised in the light of recent developments in international legislation and case-law. As to the draft rules on "Prohibition and licences requirements" these constitute the first attempt to deal with the problem in a general and systematic manner at international level.
8. The revised texts of the draft sets of rules were considered by the Study Group at its second session, held in Rome from 5 to 9 April 1982.
9. As to the first draft, the attention of the Study Group was mainly concentrated on the new provisions on abuse of unequal bargaining power, gross unfairness and the right of adaptation. While all the participants agreed on the necessity of the future Code dealing with these questions, different views were expressed as to the content of some of the provisions contained in the draft. After an exhaustive discussion the Group reached substantial agreement on the amendments which should be incorporated in the final version in order to make it generally acceptable.
10. Some members expressed doubts as to whether the future Code should contain provisions on the so-called public prohibitions and permission requirements relating to international commercial contracts, although the great majority was of the opinion that the various problems which in practice arise in connexion with State prohibitions and permission requirements relating to international contracts were too important to be totally disregarded by the Code. As to the draft which had been submitted to the Group, proposals were submitted for amending or at least clarifying the text of several articles while attention was also drawn to the need for better co-ordination between the general approach adopted in the draft on public prohibitions and permission requirements and some of the provisions contained in the other draft on the substantive validity of international contracts.
11. At the end of the session the Study Group decided that on the basis of its discussions a revised text of the two drafts of Chapter III (Validity) of the Code should be prepared by the informal Working Group and that this text, together with those of Chapters I (Formation) and II (Interpretation) could be submitted to it for final approval at its next session.
12. The informal Working Group will also be seized of a collection of materials relating to performance and non-performance which contains some forty international Conventions and uniform laws, as well as general conditions and standard forms of contract relating to international contracts in general and the various kinds of contracts of sale, including contracts for the supply and construction of large industrial plant and machinery, which have been assembled by the secretariat.

C. Counter-trade practices

13. At its thirty-first session held in December 1982, the ECE Committee on the Development of Trade devoted attention to developments in the field of compensation trade. The basis for discussion was the Report of the ad hoc Meeting (TRADE/AC.18/2) on compensation trade held in Geneva from 9 to 13 November 1981 and on 30 November 1981; and a Note by the secretariat containing updated information relevant to compensation trade in the ECE region. Compensation agreements were generally considered to be an increasingly prevalent element in east-west trade. Analysing the impact of compensation transactions on the development of east-west trade, a number of delegations referred to the problems raised by the increasing frequency of this type of transaction and stressed that such problems were particularly acute in the case of small and medium-sized enterprises since they did not have the same absorptive capacities as large enterprises. Other delegations stressed that these agreements, particularly those of a long-term and a large-scale nature, had exerted a beneficial impact on the development of trade between interested countries.

14. The Committee decided to convene a Special Experts' Meeting on compensation trade in 1983 and to revert, at its thirty-second session (in December 1983), to discussion of the problem of compensation transactions in all their forms.

15. The ECE secretariat prepared a series of studies dealing with reciprocal trading arrangements in east-west trade: (i) Large-scale and Long-term Compensation Agreements in East-West Trade (TRADE/AC.18/R.1); (ii) Short and Medium-term Linked Transactions in East-West Trade (TRADE/AC.18/R.3); (iii) Reciprocal Trading Arrangements at the Western Enterprise Level, with Special Reference to East-West Trade (TRADE/AC.18/R.2); (iv) East-West Co-operation in the Automotive Sector and Reciprocal Trading Arrangements; and (v) Reciprocal Trading Arrangements in the Chemicals Industry: The Experience of Selected Western Chemicals Producers and Plant Contractors in East-West Trade (published in the Economic Bulletin for Europe, Vol. 34, Number 2). Information contained in this publication was updated in a Note by the secretariat submitted to the thirty-first session of the Committee on the Development of Trade (TRADE/R.444).

D. Contract forms and general conditions

1. Standard form contracts

16. In 1976 a Special Meeting of Experts on Standard Contracts was convened, in conjunction with the AALCC annual session, to prepare the standard form of F.O.B. contract for sale transactions in certain types of commodities (for example, grain, rubber, oil, coconut products, spices) and the standard form of F.A.S. contract for sale transactions in regard to the same type of commodities. These forms were approved at its annual session in 1978 and have been widely circulated.

17. In 1979 a standard form for sale transactions in light machinery and durable goods (C.I.F.) as well as the general conditions for transactions for the purchase of the same items (C.I.F. Maritime) was also prepared by the Special Meeting of Experts on Standard Contracts. The AALCC approved the form and the general conditions at its session in 1980.

18. The AALCC Sub-committee on International Trade Law Matters at its meeting in Colombo (Sri Lanka) in May 1981 considered the Draft of a Standard Form of C and F contract intended to be used for sale transactions in light machinery and durable consumer goods prepared by the AALCC secretariat in response to a direction given by the Sub-committee at the Jakarta session held in April 1980. At that session, the Sub-committee had also directed that the secretariat, in so doing, should maintain the basic approach of the C.I.F. contract which it had adopted at that session. Keeping in view the above direction, the secretariat had maintained intact all the provisions of the C.I.F. contract in the Draft Contract except the provisions concerning marine insurance. The Sub-committee requested the secretariat to carry out further studies so as to reflect the current developments in the field of international trade and transport law, and that the matter could be taken up at a future session of the Committee

2. Contract form for pepper

19. A consultant was recruited by the ESCAP secretariat in mid-1981 to draw up a draft contract form after examining various existing forms and holding discussions with exporters and relevant government agencies involved in the pepper trade in the International Pepper Community member countries in the ESCAP region, namely, India, Indonesia and Malaysia. The report of the study was completed and submitted to the Seventh Technical Panel of IPC held in London in May 1982. Comments on the draft contract form have been received. The consultant visited the major pepper consuming countries during October-November 1982, and is expected to complete the second part of the study in March 1983. The report of the study will be considered by the ESCAP/IPC meeting of Representatives of Spice/Pepper Exporters Association at Bangkok in May 1983.

3. General conditions governing delivery of goods

20. Since 1980 work has been continuing within the framework of the CMEA Conference on Legal Matters with a view to the study and wider application of the General Conditions Governing Delivery (GCD) of Goods Among Organizations of CMEA Member Countries (GCD CMEA 1968/1975, 1979 version). Work is being carried out on the settling of questions arising in connexion with the liability of organizations for failure to comply or for inadequate compliance with their contractual obligations and on ways of dealing with complaints concerning the quality and quantity of the goods delivered. At present this research is focused on the task of improving the GCD CMEA with a view, in particular, to enhancing the buyer's rights in cases where the goods delivered fail to meet the required standards.

21. It is intended that, as in the past, proposals for the amendment and extension of the GCD CMEA will be incorporated in their final form in the above-mentioned General Conditions by decision of the CMEA Standing Commission on Foreign Trade and enforced by the member countries on the basis of a recommendation of the Commission and in accordance with each country's legislation.

4. General conditions governing the technical standards of maintenance of machines, equipment and other goods

22. By its decision of 21 January 1982 the CMEA Executive Committee approved the proposals prepared by the CMEA Standing Committee on Foreign Trade for the improvement of the General Conditions Governing the Technical Standards of

Maintenance of Machines, Equipment and Other Goods Delivered Among Organizations of the Member Countries of CMEA Empowered to Conduct Foreign Trade Operations (GCTS CMEA 1973). These amendments and additions, which in particular concern the question of the liability of parties, were incorporated in these General Conditions, **are now referred to as GCTS CMEA 1973 in the 1982 version.**

23. The CMEA Executive Committee recommended that the CMEA member countries bring the above-mentioned amendments and additions into force as of 1 July 1982, the intention being that the text of the GCTS CMEA 1973 in the 1982 version should apply to all contracts drawn up between organizations of the CMEA member countries as from 1 July 1982.

5. General conditions of sale of milk

24. The ECE Committee on Agricultural Problems (Working Party on Standardization of Perishable Produce) is engaged in a project for the establishment of standard documents for general conditions of sale for milk and milk products with emphasis on current trade practices in Europe but with regard to potential usefulness in other regions. Technical regulations and rules on safety of products and surveillance will be included; and reference will be made to Incoterms. Legal issues concern, inter alia, responsibility of contracting parties, products liability, payments, trade documents, claims and arbitration. All these relate to private international law. The project is being implemented in co-operation with the International Dairy Federation (IDF-FIL). The general conditions will be available for use by the trade and will have the legal force of a recommendation. The general conditions have not yet been adopted; the first revised draft is currently being circulated for comments.

E. International trade terms

PAYTERMS - abbreviations for terms of payment

25. Abbreviations for terms of payment are contained in Recommendation No. 17 adopted by the ECE Working Party on Facilitation of International Trade Procedures (1980 and 1982).

26. An important part of a contract of sale is the conditions under which the buyer extinguishes his debt to the seller: the terms of payment. Lack of precision in terms of payment and different interpretations of such terms are known to give rise to disputes between trade partners. For this reason, the ECE Working Party on Facilitation of International Trade Procedures, when discussing its initial comprehensive programme of work in 1972, considered that there was a need for standardization in the field of terms of payment, and agreed to **initiate** work in this area by preparing an inventory including definitions of the most-frequently-used terms relating to payments in international trade. The delegations of Austria, Belgium and Romania, later joined by that of France, agreed to act as rapporteurs for the project. Their proposal was presented to the twelfth session of the Working Party in September 1980 and was adopted at that session. Following consideration by interested delegations and the secretariats of ECE and UNCITRAL which took place in 1981, a few drafting changes were made; these changes were endorsed by the Working Party at its fifteenth session in March 1982, and are reflected in the list of common terms annexed to the Recommendation in document ECE/TRADE/142.

27. In the Recommendation, the Working Party noted that no world-wide international forum for trade law had yet established standard terms of payment for international trade and drew attention to the list of PAYTERMS in the Recommendation "corresponding to those conditions of payment which are the most frequently used in international trade, which can be employed when the contract of sale to which they relate makes this appropriate". The Working Party recommended that the abbreviations shown in the list of PAYTERMS be used in such contracts.

28. The Working Party requested the ECE secretariat to make the necessary arrangements for bringing up to date the list of terms of payment, when required - i.e. to review the list in order to make the terms, their descriptions and abbreviations compatible with any harmonized standard terms of payment in international trade that might be developed in the future under the auspices of a world-wide forum for international trade law.

F. Model clauses

Force majeure and hardship clauses

29. The ICC Commission on International Commercial Practice is drafting a Model Clause on force majeure and one to cover the hardship situation, together with an explanatory introduction on the use of the clauses. It is intended that the clause may be incorporated by simple reference in an international contract.

G. Trade usages

30. The Institute of International Business Law and Practice has undertaken a project on the interpretation and application of international trade usages. After scrutinizing decisions from various countries concerning international trade usages, ICC will, if necessary, propose appropriate action to be taken by ICC or other organizations. A first report has already been published by the Institute (publication number 374). The final report will be available in 1984.

II. COMMODITIES

A. Commodity agreements

31. By 1 February 1983, the Agreement establishing the Common Fund for Commodities had been signed by 93 states and the European Economic Community. Of these States, 41 had deposited instruments of ratification, acceptance or approval. The Agreement will enter into force when it is signed and ratified, accepted or approved by at least 90 States, whose total subscriptions of shares of directly contributed capital comprise not less than two-thirds of the total allocated to the States listed in schedule A of the Agreement. The period for the fulfilment of the requirements for entry into force of the Agreement was extended until 30 September 1983.

32. Preparations are being made for bringing the Common Fund into operation. For this purpose a Preparatory Commission has been established to prepare proposals concerning matters including an outline of a model association agreement between the Fund and international commodity organizations.

33. The following commodity Agreements, adopted at various United Nations Conferences under the auspices of UNCTAD, have come into force. These Agreements were prepared pursuant to the objectives adopted by UNCTAD in its resolutions 93 (IV) and 124 (V) on the Integrated Programme for Commodities:

- International Natural Rubber Agreement, 1979 (TD/Rubber/15/Rev.1). The Agreement entered into force provisionally on 23 October 1980 and definitively on 15 April 1982. It should remain in force until 22 October 1985, unless terminated before that date or extended for a period of not more than two years.
- International Cocoa Agreement, 1980 (TD/COCOA/6/7), replacing the 1975 Agreement. It entered into force provisionally on 1 August 1981. It should remain in force until 30 September 1983, unless terminated before that date or extended for a period not exceeding two years.
- International Tin Agreement, 1981 (TD/TIN.6/14), replacing the 1975 Agreement. It entered into force provisionally on 1 July 1982. It should remain in force until 30 June 1987, unless terminated earlier or extended for a period not exceeding two years.

34. The above-mentioned Agreements aim at the stabilization of conditions in the international trade of the commodities concerned and, hence, establish pricing and supply arrangements.

35. The International Agreement on Jute and Jute Products, 1982 (TD/JUTE/11), was adopted by a United Nations Conference in October 1982. The objectives of the Agreement are the improvement of structural conditions in the jute market, the enhancement of the competitiveness of jute and jute products, maintenance, and enlargement of existing markets as well as the development of new markets for jute and jute products.

36. The International Agreement on Tropical Timber was adopted by a United Nations Conference in March 1983. The objectives of this Agreement are aimed at research and development, improved market intelligence, reforestation and increased processing.

37. The United Nations Sugar Conference will be convened under the auspices of UNCTAD from 2 to 20 May 1983 to negotiate a new international sugar agreement to replace the International Sugar Agreement of 1977.

38. A United Nations Conference is expected to be convened in 1983 or 1984 to negotiate an international agreement on tea. Preparatory work on other international commodity agreements pursuant to Conference resolutions 93 (IV) and 124 (V) on the Integrated Programme for Commodities is continuing on the following commodities: cotton, hard fibres, manganese, bauxite, iron ore, bananas, meat, copper, phosphates, vegetable oils and seeds.

B. Complementary facility for commodity-related
shortfalls in export earnings

39. The stabilization of commodity export earnings and avoidance of excessive price fluctuations with a view to maintaining price levels which would be remunerative to both producers and consumers, was envisaged as one of the principal aims of the UNCTAD Integrated Programme for Commodities (IPC), as set out in Conference resolution 93 (IV). The complementary facility would be designed to achieve overall stability in the commodity sector to the extent that it responds to the residual fluctuations in earnings deriving from variations in export volumes as well as the over-all earning instability of commodities that

are not amenable to price stabilization through buffer stocking arrangements. This will be one of the main subjects to be considered at UNCTAD VI scheduled in Belgrade in June 1983.

40. Among the recent studies made by UNCTAD are "Complementary facility for commodity related shortfalls in export earnings" (TD/B/C.1/221, TD/B/C.1/222, TD/B/C.1/234); "Review of Stabex and Sysmin" (TD/B/C.1/237); "Review of the operation of the compensatory financing facility of the International Monetary Fund" (TD/B/C.1/243).

C. Informal commodity arrangements and guidelines

1. Informal price arrangements on hard fibres

41. During its subsequent reviews of the informal price arrangements in March 1981 and June 1982, the FAO Intergovernmental Group on hard fibres decided not to change the indicative prices for sisal and abaca and agreed that the operation of the export quota system for sisal and of the trigger mechanism for automatic consultations for abaca should remain suspended.

2. Informal price arrangements on jute, kenaf and allied fibres

42. Although market prices of jute had remained far below the floor of the agreed price range since early 1980, the FAO Intergovernmental Group on jute agreed in June 1981 to retain the indicative price for jute for the 1981/1982 season at its previous level. It also agreed on an indicative price range for Thai kenaf. At its session in September-October 1982, it retained the indicative price for jute and for Thai kenaf at the current level at the 1982/1983 season. It decided, however, that for jute the quotation should be expressed in metric tons and on cash terms basis: previously quotations had been in long tons and on 90 days sight terms.

III. INDUSTRIALIZATION ^{1/}

A. UNIDO - model contracts for the fertilizer industry

43. The UNIDO International Group of Experts met in Vienna from 23 February to 6 March 1981 to finalize the UNIDO Model Forms ^{2/} of (a) Turnkey Lump Sum and (b) Cost Reimbursable Contracts for the Construction of a Fertilizer Plant. It recommended to UNIDO that a further expert group meeting was required to complete discussions on a few pending articles. Accordingly, a meeting was convened in Vienna from 4 to 6 May 1981 that finally completed the text of both Model Forms of Contracts. These documents now appear as:

- UNIDO Model Form of Turnkey Lump Sum Contract for the Construction of a Fertilizer Plant (UNIDO/PC.25).

^{1/} See also paras. 63-72, below (IV. TRANSNATIONAL CORPORATIONS); paras. 73-80 (V. TRANSFER OF TECHNOLOGY); see also A/CN.9/237/Add. 2, XII. OTHER TOPICS OF INTERNATIONAL TRADE LAW, i.e. Export credit guarantee facility; Labour; and Restrictive business practices.

^{2/} These Forms were considered by the UNCITRAL Working Group on the New International Economic Order in Study I (A/CN.9/WG.V/WP.4 and Adds. 1-8), and Study II (A/CN.9/WG.V/WP.7 and Adds. 1-6), entitled "Clauses related to contracts for the supply and construction of large industrial works".

- UNIDO Model Form of Cost Reimbursable Contract for the Construction of a Fertilizer Plant (UNIDO/PC.26).

44. UNIDO has also prepared Guidelines to the above model contracts to provide some guidance for their use by purchasers in developing countries. These Guidelines were finalized in 1982:

- Guidelines on the UNIDO Model Form of Turnkey Lump Sum Contract for the Construction of a Fertilizer Plant (UNIDO/PC.40).
- Guidelines on the UNIDO Model Form of Cost Reimbursable Contract for

**B. Draft of a model agreement for promotion,
encouragement and reciprocal protection of investments**

45. The AALCC Sub-Committee on International Trade Law Matters at its meeting in Colombo (Sri Lanka) in May 1981 examined the Draft of a Model Agreement for Promotion, Encouragement and Reciprocal Protection of Investments which the secretariat had prepared pursuant to the recommendations of the Ministerial Meeting on Industries held in Kuala Lumpur in December 1980 which had envisaged bilateral investment protection agreements between the countries of the Asian-African region in the context of providing encouragement for greater economic co-operation between the countries of the region. The draft will be revised on the basis of comments and suggestions by Governments.

C. Scientific and technical co-operation

46. In 1981 the CMEA Conference on Legal Matters drafted and approved the Model Rules concerning the liability of organizations with regard to agreements on scientific and technical co-operation. These Model Rules are designed to be used at the discretion of the parties in concluding civil law agreements concerning scientific and technical co-operation among organizations of the CMEA member countries and Yugoslavia. In particular, they apply to the performance of commissioned research, design, structural and experimental work, the establishment of a provisional international scientific and technical group; the establishment of a joint laboratory (department) and licences and other agreements concerning the transfer of scientific and technical results. The CMEA Secretariat has sent these Model Rules to the appropriate organs and organizations of the CMEA member countries and Yugoslavia for use at their discretion.

47. In 1982 the CMEA Conference on Legal Matters drafted and approved a Model Agreement on the performance of commissioned research, design, structural and experimental work. The purpose of this Model Agreement is to improve contractual practice in matters of scientific and technical co-operation. The CMEA Secretariat has submitted this Model Agreement to the CMEA member countries and Yugoslavia for use by the relevant bodies and organizations of those countries at their discretion.

D. Guide for drawing up international contracts on consulting engineering, including some related aspects of technical assistance

48. The work on this project, which was started in 1979, was successfully completed in December 1982: the Guide, drawn up under the auspices of the ECE Committee on the Development of Trade, was drafted by the Group of Experts on International Contract Practices in Industry and approved at its twenty-first session. The Guide deals with consulting engineering and some aspects of technical assistance by means of a checklist and sections relating to the main contract provisions. It may usefully be read in conjunction with the numerous general conditions, model forms, guides, manuals, standards of professional conduct, and codes of ethics which have been drawn up and adopted by professional associations of consulting engineers and by other international organizations.

E. Draft Guide on the subject of drawing up international contracts on services provided on conclusion of a project, including operation, maintenance and repair

49. At its twenty-first session held from 13 to 15 December 1982, the ECE Group of Experts on International Contract Practices in Industry (under the auspices of the Committee on the Development of Trade) decided to prepare a new Guide on contracts for services which are provided once a project has been completed, such as maintenance, repair, etc. The Chairman and Vice-Chairman, in co-operation with the secretariat, will prepare an annotated outline of the future Guide for consideration by the Group of Experts at its twenty-second session 1983. At that session, the Group of Experts will decide which elements of the newly-selected topic will be covered by the new Guide, to what extent, and on its precise title.

F. Guidelines for the establishment of industrial joint ventures in developing countries

50. The above Guidelines, 1982 (UNIDO/IS.361) appeared as an advance edition of a UNIDO publication (it will subsequently appear in the Development and Transfer of Technology series). The Guidelines includes the following topics: incorporation of a company and its international guidelines, negotiating management and control in a joint-venture company, negotiating the capital structure of the joint-venture company, negotiating the transfer of know how and technology-related services (the joint-venture context).

G. The system of consultations

51. The UNIDO System of Consultations, 1982 (PI/84) is an instrument through which UNIDO is to serve as a forum for developed and developing countries in their contacts and consultation directed towards the industrialization of developing countries. It is intended to help in identifying problems associated with the industrialization, and for contributing to closer industrial co-operation among member countries, in accordance with the Lima Declaration and Plan of Action.

52. In accordance with the recommendations adopted by consensus and further elaborated by competent expert groups, UNIDO is evolving, in this context, a set of legal materials, including model contracts, model clauses, guidelines and checklists for contractual arrangements according to the requirements of each individual sector. This work constitutes a continuing process interlinked with

other issues related to policy, economic, financial, social and technical matters pertaining to the different sectors. In the course of 1983, it is intended, in the framework of the scheduled consultation meetings and expert group meetings, to further advance work inter alia in the following fields:

- a checklist for contractual arrangements in the leather and leather products industry; similar checklists have been made for the tanning and leather goods industries;
- for the fertilizer industry, UNIDO Model Form of turnkey lump-sum and cost-reimbursable contracts together with guidelines for their use (see paragraph 41 above);
- in the pharmaceutical industry several documents regarding contractual arrangements, notably for the manufacture of drugs and intermediates are under preparation and study;
- in the petrochemical sector, the UNIDO Model Form of agreement for the licensing of patents and know-how recently revised (document UNIDO/PC.50);
- in the sector of agricultural machinery a first checklist of main elements to be included in several types of contracts (import, training, manufacture, licensing, etc.) will be submitted to the Second Consultation Meeting on that sector to be held in October 1983.

53. In addition, as a follow-up to the Ad Hoc UNCTAD/UNIDO Group of Experts on Trade and Trade-related Aspects of Industrial Collaboration Arrangements, UNIDO will further analyse the present practice and future outlook for such co-operation at the enterprise level, including the legal framework.

54. UNIDO's programme within the System of Consultations covers 13 industrial sectors, monitoring the world situation in each sector, identifying the industrialization problems and opportunities in developing countries and providing a new framework for industrial co-operation between developed and developing countries.

H. Social aspects of industrialization

55. At its 69th session in June 1983 the ILO International Labour Conference will undertake a general discussion on the "Social aspects of industrialization", with the objective of updating ILO policies and programmes concerning industrialization.

I. Studies and training

1. Commentary on Yugoslav legislation concerning industrial co-operation

56. The group of legal experts under the Joint EFTA-Yugoslavia Committee concluded its work in July 1982 by finalizing its report containing a commentary on the Yugoslav legislation concerning three types of industrial co-operation (long-term production co-operation, licensing and joint venture). The report is being published by the EFTA Secretariat.

2. Cost reimbursable contracts

57. An ICC working group has been set up to study cost reimbursable contracts. The group is composed of employers, contractors, financing agencies and representatives of international organizations. Its objective is to publish recommendations on the best use of cost reimbursable contracts, with practical examples from various countries.

58. A research group on the subject of cost reimbursable contracts was set up by the Institute of International Business Law and Practice, which met on 22 November 1982. Among the topics researched into were the concept of cost reimbursable contracts, types of cost reimbursable contracts, allowable costs, the contractor's fee, liability for delay and defects, choice of and liability for sub-contractors and suppliers, the employer's influence on scope and specification of the permanent works and on the contractor's working methods and conversion of the cost reimbursable contract into a fixed price contract.

3. Some legal aspects of economic, scientific and technical co-operation among CMEA member countries

59. In 1982 work commenced within the framework of the CMEA Conference on Legal Matters on the study of questions relating to the elaboration of new and the improvement of existing legal standards governing foreign trade relations between economic organizations of the CMEA member countries together with the elaboration of an improved set of measures to guarantee compliance with mutual obligations arising from international agreements (protocols) concerning trade turnover, payments and other agreements in the sphere of economic, scientific and technical co-operation. During 1983 and 1984 it is planned to prepare proposals regarding the substance of these questions and also practical ways and means of resolving them.

60. During 1980, 1981 and 1982 a comparative study was undertaken within the framework of the CMEA Conference on Legal Matters regarding the national legal standards of CMEA member countries applicable subsidiarily to contracts in relation to which the General Conditions adopted within the framework of the CMEA were operative. In particular, this comparative study focused on standards relating to the conclusion of contracts and fulfilment of obligations and also an analysis of conflict rules applicable to economic, scientific and technical co-operation. It is planned to prepare the basic results of this comparative study of standards for publication in 1984.

4. Joint ventures in fisheries: training on negotiation

61. FAO, through its Fisheries Department and Legal Office (Legislation Branch), has been co-operating with CTC over a number of years in the holding of a series of regional training workshops on the negotiation of joint ventures and other commercial arrangements in fisheries. The workshops have been aimed at middle level government lawyers, fisheries administrators and other government personnel responsible for negotiating agreements with transnational corporations. The objectives are to make them more aware of the policy options open to coastal states, the main issues and problems they will be faced with in negotiating agreements and the techniques of negotiation that can be used. A workshop has been held in Lima in November 1981 concentrating on the member countries of the Sistema Economico Latino Americano (SELA). A further workshop in the series is scheduled to be held in West Africa in 1983 with a repeat workshop envisaged for the South Pacific in 1984.

62. A FAO manual on the negotiation of joint ventures in fisheries is scheduled for **publication** in 1983 to replace the study produced under the auspices of the Indian Ocean Programme in 1975 (James Crutchfield, Robert Hamlish, Gerald Moore and Cynthia Walker, Joint Ventures in Fisheries, IOFC/DEV/75/37, FAO, Rome, 1975).

IV. TRANSNATIONAL CORPORATIONS

A. Draft code of conduct on transnational corporations

63. The Intergovernmental Working Group on a Code of Conduct on Transnational Corporations (established by CTN) submitted its final report (E/C.10/1982/6), containing the draft Code of Conduct on Transnational Corporations, to CTN at its eighth session **from 30 August to 10 September 1982**.

64. Although the draft Code of Conduct contains definitive formulations in substantial areas of the document, the entire Code was not finalized. On the recommendation of CTN at its **eighth** session, ECOSOC, in its resolution 1982/68 of 27 October 1982, decided that CTN should hold a special session open to the participation of all States early in 1983 for the purpose of completing the Code of Conduct.

65. The draft Code of Conduct consists of six main parts (chapters) (see E/C.10/1982/6). The first part, which has not yet been drafted, is to contain a preamble and a statement of objectives. The second part consists of a set of provisions on definitions and the scope of application of the Code. The third part deals with the activities of transnational corporations (TNCs). It contains provisions addressed to TNCs specifying the kinds of conduct that are deemed permissible and proper by the Governments that will eventually adopt the Code. A first set of paragraphs covers general and political matters; a second set deals with more specific economic, financial and social issues; and a third set contains a series of provisions on disclosure of information by TNCs. The fourth part of the Code deals with the treatment that TNCs are to receive from the Governments of the countries in which they operate and the questions of nationalization and compensation and of jurisdiction. The fifth part of the Code addresses the necessary co-operation among Governments for the application of the Code, while the sixth part deals more specifically with the action needed at the national and international levels for the implementation of the Code.

B. Principles concerning multinational enterprises

66. The ILO follow-up procedures for the ~~Tri~~Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy are being implemented. Governments have been asked to supply their second reports on the effect given to the Declaration by 31 March 1983, and these reports will be examined by the ~~Committee~~ Committee on Multinational Enterprises at the November 1983 session of the Governing Body.

C. Publication and research

67. CTC, in continuing its work on national legislation and regulations relating to transnational corporations, which was first published in 1978 (ST/CTC/6) and supplemented in 1980 (ST/CTC/6/Add. 1), completed a survey of national laws and regulations relating to TNCs in 20 countries in 1981 (ST/CTC/26). In 1982,

a similar study was completed for a further 20 countries (ST/CTC/35). A study on an additional 10 countries is scheduled for completion by June 1983. The issues which are reviewed in these reports include: main investment legislation, screening and monitoring investors, ownership control and divestment, foreign practices, fiscal incentives and taxation, export processing zones, disclosure requirements under corporate laws, investment guarantess and governing law and dispute settlement. The 50 countries reviewed in the past three years under these series of reports are: Ghana, Tanzania, Zaire, Zambia, Ivory Coast, Kenya, Nigeria, Sudan, Botswana, Liberia, Indonesia, Pakistan, Papua New Guinea, Singapore, India, Republic of Korea, Malaysia, Philippines, Thailand, Costa Rica, Guyana, Panama, Trinidad and Tobago, Argentina, Brazil, Chile, Colombia, Mexico, Bolivia, Peru, Venezuela, Algeria, Iraq, Tunisia, Turkey, Egypt, Israel, Morocco, Saudia Arabia, Libya, Kuwait, France, Romania, Australia, Canada, Federal Republic of Germany, United Kingdom, Yugoslavia, Italy and Portugal.

68. In addition to the above, CTC has also undertaken a survey of taxation of resource-based industries in 6 selected countries. This survey covers corporate tax issues relating to TNCs in the agricultural sector including forestry and fishing, as well as in the mining and petroleum areas. The 6 countries covered are Botswana, Australia, Nigeria, Venezuela, Indonesia and Brazil.

69. CTC in response to CTN is also updating a report on International Codes and Regional Arrangements relating to TNCs (E/C.10/9/Add.1). In updating this report the earlier survey will be amplified and critical analysis will be given to bilateral, regional and multilateral arrangements on matters related to TNCs. This study will be presented to CTN in 1984.

70. With regard to contracts and agreements, a draft report is being finalized, which deals with the analysis of approximately 80 engineering and manufacturing consultancy contracts between TNCs and developing countries as well as analysis of model or standard engineering consultancy contracts used by various international organizations. This report is entitled "Analysis of engineering and industrial consultancy contracts". The key issues analysed in this report, include duties and responsibilities of project owner and the consultant, standard of performance required under contractual provisions, transfer of technology and proprietary information, aspects of insurance, financial provisions, validity of contract, and settlement of disputes.

71. In 1982, at the eighth session of CTN, two reports dealing with contracts and agreements were submitted and these are "TNCs and contractual relations in world uranium industry" (ST/CTC/37) and "Analysis of equipment leasing contract" (ST/CTC/36). The uranium report analyses approximately 17 production contracts as well as approximately 30 uranium (yellowcake) sales contracts. The equipment leasing report analyses approximately 25 contracts including standard draft contracts recommended by FIDIC. It also traces the rising trend of equipment leasing contracts both in developed and developing countries and the role of IFC in this regard.

72. Three other reports dealing with contracts and agreements have been completed and should be published as sales publications in 1983. These are "Management contracts in developing countries: an analysis of their substantive provisions" (ST/CTC/27), "Features and issues in turnkey contracts in developing countries" (ST/CTC/28) and "Main features and trends in petroleum and mining agreements" (ST/CTC/29). The first study analyses the key provisions in approximately 35 management contracts made between TNCs and developing countries. These contracts are found mainly in the tourist industry and services sector, manufacturing and processing and in the petroleum and mining sectors. The turnkey report reviews approximately 15 contracts including UNIDO draft model turnkey contract

in the fertilizer industry. The third report discusses the contractual changes which have taken place, in particular since 1973 and analyses the changes which have taken place in petroleum and mining contracts in the past **decade** as well as contractual provisions which are mandatory in national legislation. It concludes with a projection of the trend for the next decade.

V. TRANSFER OF TECHNOLOGY

A. International code of conduct on the transfer of technology

73. The General Assembly, by resolution 32/188, convened the United Nations Conference on an International Code of Conduct on the Transfer of **technology** to negotiate and adopt an international code of conduct on the transfer of technology. This Conference has held four sessions since **October** 1978. The substantive provisions of the present text of the proposed Code (TD/CODE/TOT/33) fall into two broad groups: those concerning the regulation of transfer of technology transactions and of the conduct of the parties to them; and those relating to steps to be taken by governments to meet their commitments to the Code.

74. By resolution 36/140, the General Assembly established an Interim Committee of the Conference which in the session held in 1982 formulated proposals on the outstanding issues for the consideration of the Conference (TD/CODE TOT/35). The main issues are: definitions and scope of application (meaning of an international transfer of technology transaction; application of the Code to agreements between States for development purposes); applicable law and settlement of disputes; international institutional machinery (nature of the institutional machinery; mandate and timing of a conference to review the Code). The General Assembly in its resolution 37/210 decided that the fifth session of the Conference should be convened in the second **half** of 1983.

B. The industrial property system

75. UNCTAD continues to examine the economic, commercial and development aspects of the industrial property system, patents and trade marks, and to contribute to the current revision of the Paris Convention for the Protection of Industrial Property. This subject was considered by expert groups convened in September 1975 (TD/B/C.6/8), August 1977 (TD/B/C.6/24) and February 1982 (TD/B/C.6/76), and also at the fourth and fifth sessions of the Conference - resolutions 88 (IV) and 101 (V). At its fourth session in December 1982 the Committee on Transfer of Technology, by resolution 21 (IV), requested UNCTAD to convene another meeting of the governmental experts to continue the examination of the economic, commercial and developmental aspects of industrial property in the transfer of technology to developing countries and to report its findings and recommendations to the fifth session of the Committee to be held in 1984.

C. Transfer of technology: applicable law

76. At its fourteenth session in October 1980, the Hague Conference on Private International Law decided to continue to study the possible preparation of a convention on the law applicable to licensing agreements and know-how, in liaison with the international organizations concerned, in particular the World Intellectual Property Organization (WIPO).

D. Transfer of technology: economic co-operation

77. At the ILO International Labour Conference scheduled in June 1983, one of the topics to be considered will be international economic co-operation and employment, including questions of technology transfer.

E. Studies, guides and manuals

77. The UNCTAD secretariat has issued several studies on patents and trade marks, including: "The role of the patent system in the transfer of technology to developing countries", 1975 (TD/B/AC.11/19/Rev.1), "The role of trade marks in developing countries", 1979 (TD/B/C.6/AC.3/3/Rev.1), "The international patent system: the revision of the Paris Convention for the Protection of Industrial Property", 1981 (TD/B/C.6/AC.5/3), and "Trade marks and generic names of pharmaceuticals and consumer protection", 1982 (TD/B/C.6/AC.6/4).

78. In response to Trade and Development Board resolution 240 (XXIII) the UNCTAD secretariat prepared a report entitled "Common approaches to laws and regulations on the transfer and acquisition of technology", 1982 (TD/B/C.6/91). Having considered this report, the Committee on Transfer of Technology in its resolution 20 (IV) requested the secretariat to prepare a manual reviewing policies and instruments on the promotion and encouragement of technological innovation in order to assist developing countries in formulating policies in this area. The Committee also invited the secretariat to complete the empirical analysis of the effects of the implementation of transfer of technology regulations; the secretariat has already done two studies on this subject: "The implementation of transfer of technology regulations: a preliminary analysis of the experience of Latin America, India and the Philippines", 1980 (TD/B/C.6/55); and "Transfer of technology regulations in the Philippines", 1980 (UNCTAD/TT/32).

79. The WIPO Guide on the organization of industrial property activities of enterprises in developing countries, presently under preparation and the study entitled "The role of industrial property in the protection of consumers", published in June 1982, contain chapters dealing with the acquisition and transfer of technology.

80. UNIDO has issued guidelines for evaluation of transfer of technology agreements (No. 12 of the Development and Transfer of Technology series).

VI. INDUSTRIAL AND INTELLECTUAL PROPERTY LAW

A. Work of WIPO

1. Industrial property and patent information

(a) Industrial property and patent information activities of particular interest to developing countries

81. Legal-technical assistance continues to be given to a number of developing countries in the form of advice by the staff of the International Bureau of WIPO through specialists on the adoption of modern legislation and the strengthening of the administration of the industrial property system.

82. The WIPO Guide for Developing Countries on the Examination of Patent Applications was published in October 1982. A Guide on the Organization of Industrial Property Activities of Enterprises in Developing countries is under preparation and will be published in 1983.

(b) Revision of the Paris Convention

83. Three sessions of the Diplomatic Conference on the Revision of the Paris Convention have been held so far: in February/March 1980 (in Geneva), in October 1981 (in Nairobi) and in October/November 1982 (in Geneva). The fourth session is scheduled for 27 February-24 March 1984 (in Geneva).

(c) Promotion of industrial property protection through new international arrangements

84. A committee of experts to consider a draft treaty for the protection of computer software, prepared by the International Bureau of WIPO, will meet in June 1983.

(d) Promotion of industrial property protection outside treaties

85. A committee of experts on joint inventive activity will meet in May 1983. A special issue of the periodical Industrial Property dealing with anti-piracy measures (concerning the manufacture, importation and distribution of goods which are marketed with false indications as to their origin or under unauthorized commercial names or trademarks) was published in November 1982. Another special issue of that periodical dealing with the professional liability of industrial property agents was published in April 1982. A study entitled "The role of industrial property in the protection of consumers" was published in June 1982.

(e) Maintenance of general industrial property information services

86. The industrial property statistics for the year 1980 were published by WIPO in February 1982. The detailed tables of statistics for 1981 were published in November 1982.

2. Copyright and neighbouring rights activities

(a) Copyright and neighbouring rights activities

87. In this field WIPO is giving priority treatment to developing countries in training specialists; creating or modernizing domestic legislation; stimulating creative activity; and facilitating access to foreign works protected by copyright owned by foreigners.

88. Pursuant to the above objective, WIPO awards fellowships for trainees from developing countries, organizes training courses in various countries, and provides legal-technical assistance to developing countries in the form of advice on the adoption of new laws and regulations and the administration of copyright. (See also paragraphs 97-98, below (VI. INDUSTRIAL AND INTELLECTUAL PROPERTY LAW, B. Work of UNESCO, (a) Joint international UNESCO-WIPO service for access by developing countries to works protected by copyright.)

(b) Promotion of the acceptance of copyright and neighbouring rights treaties

89. The objective is to ensure that more countries become party to the treaties dealing with the international protection of copyright and neighbouring rights. Those treaties are the Berne Convention for the Protection of Literary and Artistic Works, the International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations, the Convention for the

Protection of Producers of Phonograms against Unauthorized Duplication of their Phonograms, the Convention Relating to the Distribution of Programme-Carrying Signals Transmitted by Satellite, the Multilateral Convention for the Avoidance of Double Taxation of Copyright Royalties and Additional Protocol and the Vienna Agreement for the Publication of Type Faces and their International Deposit and Protocol.

(c) Promotion of the practical application of laws and treaties in the fields of copyright and neighbouring rights

90. During 1982, committees of experts or working groups were convened, jointly with UNESCO, to study (i) the problems arising from the use of computers for access to or the creation of works, (ii) the intellectual aspects of the protection of expressions of folklore, (iii) the "domaine public payant", (iv) the question of copyright ownership and its consequences for the relations between employers and employed or salaried authors (a meeting convened jointly also with the ILO), (v) the access by the visually and auditory handicapped to material reproducing works protected by copyright and (vi) the formulation of guidelines in the system of translation and reproduction licenses for developing countries under the Copyright Conventions. A committee of governmental experts, convened, jointly, by WIPO with UNESCO and ILO, also met in 1982 to examine the copyright and neighbouring rights problems raised by cable television.

91. Special issues of the periodical Copyright were published in 1982 dealing with the subject of private copying of recordings and private recording of broadcasts and with the subject of private copying of printed matter. A world-wide forum on the piracy of sound and audiovisual recordings was organized by WIPO in March 1981 and another, on the piracy of broadcasts and of the printed word, was organized by WIPO in March 1983.

(d) Maintenance of information services in the fields of copyright and neighbouring rights

92. WIPO continues to keep up to date its collection of the texts of laws, regulations and treaties dealing with copyright and neighbouring rights. basic texts are published in the monthly periodicals Copyright and Le Droit d'auteur.

93. WIPO continues to publish in various languages the Guide to the Berne Convention, the Guide to the Phonograms Convention and the WIPO glossary of terms on the law of copyright and neighbouring rights.

(e) Executive committee of the Berne Union

94. The Executive Committee of the Berne Union met in extraordinary session in 1981. It reviewed the work undertaken by the International Bureau of WIPO and by various committees of experts and working groups on the current problems in the field of copyright and neighbouring rights and took decisions concerning the continuation of that work.

B. Work of UNESCO

Copyright and neighbouring rights

95. UNESCO's activities in the field of copyright and neighbouring rights of comprise, inter alia, the application and promotion of the international instruments on copyright and on the protection of performers, producers of phonograms and

broadcasting organizations concluded under UNESCO's sponsorship and the extension of the geographical field of their application. Among these, the most recent one is the Multilateral Convention for the Avoidance of Double Taxation of Copyright Royalties. A brief account of that convention and of other relevant activities in the above-mentioned fields is set out below:

(a) Joint international UNESCO-WIPO service for access by developing countries to works protected by copyright

96. In view of the fact that since 1976 some of the activities in WIPO's permanent programme concerned fields already covered by the activity of the already existing International Copyright Information Centre of UNESCO, particularly with regard to access to works of foreign origin in pursuance of resolution 5/01 adopted by the General Conference of UNESCO at its twenty-first session, the Director-General of UNESCO entered into negotiations with the Director-General of WIPO which culminated in the establishment of the "Joint International UNESCO/WIPO Service for Access by Developing Countries to Works Protected by Copyright" with effect from 1 January 1981. In order to advise the Directors-General of those two organizations on the preparation and implementation of the activities of the joint service, a "Joint UNESCO-WIPO Consultative Committee" was also set up. In November 1982 UNESCO and WIPO convened a joint meeting of a Working Group on Model Contracts concerning Co-publishing and Commissioned Works.

97. The Joint UNESCO-WIPO Consultative Committee held its first ordinary session at UNESCO Headquarters from 2 to 4 September 1981 and considered the "Plan of Action for 1981/1982 of the Joint International UNESCO-WIPO Service for Access by Developing Countries to Works Protected by Copyright" which included (i) collection and dissemination of data; (ii) establishment of recommended standards; (iii) arrangements and machinery designed to operate realistic economic conditions; (iv) procedures for settling disputes between users of works in developing countries and foreign copyright owners; and (v) intellectual, technical and financial assistance to developing countries.

(b) Creation of a committee for international copyright funds (COFIDA)

98. The International Fund for the Promotion of Culture, an autonomous financial body under UNESCO, adopted at the April 1981 session of its Administrative Council the Rules of Procedure of the "Committee for International Copyright Funds" (COFIDA). COFIDA is a subsidiary organ of the Fund and provides, inter alia, total or partial financing for copyright royalties when a developing country encounters difficulties in paying for the reproduction, translation, adaptation, broadcast or communication to the public by any other means of works of foreign origin of an educational, scientific, technical, technological or cultural nature. The operations of COFIDA may take various forms, such as loans, intellectual and technical assistance to developing countries for purposes related to access to protected works of foreign origin. A brochure entitled Committee for International Copyright Funds - COFIDA explaining the aims, object, constitution and operation of the Funds was published by UNESCO in 1981.

(c) Model contracts concerning the cession of copyright in printed and audio-visual works

99. In the context of its overall activities in the field of facilitating access of developing countries to protected works and to serve as a link between publishers and copyright holders in various countries, both developed and developing, UNESCO's International Copyright Information Centre has established

model contracts accompanied by comments, and guidelines, for use by interested parties in the fields of publication and granting of rights, as established below:

- Model Contract for the Publication of a Reproduction of an Edition of a Work;
- Model Contract for the Publication of the Translation of a Work;
- Model Contract for the Licensing of Rights in a Work for the purpose of Sound Recording;
- Model Contract for the Licensing of Motion Picture Rights;
- Guidelines for the Preparation of Contracts for Translation, Reproduction and other Rights required by Developing Countries.

C. Work of CARICOM States

100. The CARICOM secretariat's proposals for legislation relating to intellectual property were circulated to the Governments of CARICOM States in 1978 for examination and comment, in particular the proposals for the protection of copyright and neighbouring rights (performers' rights). Active consideration is being given by the Governments of CARICOM States to the preparation of the legislation necessary to provide better protection for the creative works of writers, dramatists, composers and performers. The Government of Barbados has recently enacted a number of laws dealing with intellectual property, for example, the Copyright Act 1981, the Industrial Designs Act 1981, the Trade Marks Act 1981 and the Patents Act 1981.

VII. INTERNATIONAL PAYMENTS

A. Documentary credits

101. Documentary credit operations throughout the world are made subject to the ICC's Uniform Customs and Practice for Documentary Credits (UCP)(1974 version). The ICC's Commission on Banking Technique and Practice is revising the UCP with the intention of bringing the rules into line with the most current modern practices. In particular, the articles dealing with transport or shipping documents are being updated. More detailed guidance will be added on a number of procedural aspects, and specific reference will be made to stand-by letters of credit. It is anticipated that the work will be completed in the course of 1983.

102. Following the adoption of the revised rules, ICC standard forms for issuing documentary credits, and forms for use by credit applicants together with a guide to documentary credit operations will also be updated.

B. Rules for foreign exchange contracts

103. The ICC Commission on Banking Technique and Practice in collaboration with representatives of the "Group of Ten" banks is continuing its work on rules governing forward foreign exchange contracts. The rules deal with the formalities on conclusion of a foreign exchange contract, and the consequences between the parties when the contract cannot be carried out.

104. The objective of the above rules is to establish internationally accepted standards applicable to the liquidation of such contracts in cases when one of the parties is unable to perform its contractual obligations. It is intended that these rules be adopted by banks as contractual terms in their foreign exchange contracts.

C. Collections

105. ICC Commission on Banking Technique and Practice is continuing its work on standard forms for use by banks carrying out collection operations subject to the ICC's Uniform Rules for Collections. The aim is to facilitate procedures between banks by providing a standard format. An accompanying explanatory brochure is also in the course of preparation.

106. The Commission is also authorized to establish draft forms and explanatory brochure for approval by the ICC Council. The information provided in the forms is intended to be used for instructing banks responsible for carrying out collection operations.

D. Standardization of foreign trade instruments

107. In June 1980, as part of its continuing work on the standardization of foreign trade instruments, the CMEA Standing Commission on Foreign Trade approved a recommendation entitled Standardized forms for the bank documents "Order-register" and the "List of payment demands" and recommended that CMEA member countries should take the appropriate measures in line with their established systems to bring these forms into effect as of 1 January 1981.

108. The "Order-register" and the "List of payment demands" are consolidated documents used in clearing operations between banks of CMEA member countries through the International Bank for Economic Co-operation. These operations involve the use of payment orders and are carried out by means of collection with subsequent acceptance. The aim of the recommendation is to standardize these foreign trade documents. The Commission's recommendation was approved by the delegations of the CMEA member countries without reserve.