

**V. SUMMARY RECORDS OF THE SECOND MEETING
OF DELEGATIONS OF AALCO MEMBER STATES**

**SUMMARY RECORDS OF THE SECOND MEETING OF
DELEGATIONS OF AALCO MEMBER STATES
HELD ON MONDAY, 21ST JUNE 2004 AT 3:15 PM**

His Excellency Prof. Yusril Ihza Mahendra, the President of the Forty-Third Session in the Chair.

1. The next item for consideration was the **AALCO's Budget for the year 2004.**
2. The **Secretary-General** drew attention to the document AALCO/43/BALI/2004/SD/ORG 2 which set out AALCO's proposed budget for the year 2004, and said that in accordance with Rule 24 (3) of AALCO's present Statutory Rules, a vote on account was taken at the 282nd meeting of Liaison Officers held on 19th December 2003. Further following Rule 24 (4) the draft Budget was accepted by the Liaison Officers at their 283rd meeting held on 23 February 2004 and has been placed before this meeting for final approval and adoption.
3. He said that there was an increase in the total contributions from Member States on account of Brunei Darussalam having joined as the 46th Member State in June 2003 and that allocations under some heads have been adjusted to meet the proposed increase and decrease in expenditures under certain heads and sub-heads.
4. As regards contributions, he noted that the Secretariat had received annual contribution for the year 2003 from 30 Member States, out of which 10 paid in 2004, the reason being that the budget for a financial year got its approval during the First Meeting of Delegations of Member States at a Session. He said that for the last many years the Sessions were being held in either June or July, and it was only after a resolution was adopted that the Secretariat could put forward its request for current contribution. Therefore, he felt that the Member States should try to revert back to the old practice of holding sessions in the beginning of the year.
5. At present, the Secretariat was in a very difficult financial position because of outstanding arrears from its Member States. As mentioned at pp. 24-30 of the budget, 25 countries were in arrears. So far the Secretariat had received arrears from 14 countries only. A total amount of US \$ 13,26,187 was outstanding as arrears to be paid by some of the Member States. Up to June 2004, the Secretariat received arrears from 14 Member States. Without the inflow of regular contribution and with a modest budget, its annual target was not reached and recourse had to be made to draw from the Reserve Fund to meet the unavoidable expenditures and delay or forgo the implementation of some programmes and convening of meetings approved at the annual session.
6. While expressing his gratitude to those Member States who pay their contributions regularly and in time, he urged others to consider taking similar initiatives in this regard. He believed that serious attention was needed to place the AALCO's financial position on a sound footing.

7. The **Leader of Delegation of Japan** while approving AALCO's Budget for the year 2004 made two suggestions which if implemented could help in improving the financial situation of AALCO. Referring to the Secretary-General's statement with regard to the arrears of contribution, he appreciated the Member States who had cleared their arrears and on the other hand felt that the problem deserved serious consideration and requested the Secretary-General in consultation with the Liaison Officers to look into the arrears problems and try to find a solution to it. Secondly, he agreed with the Secretary-General that the Annual Sessions of the Organization could, as in the past, be convened in the beginning of the year. However, if that was not possible the budget of the two years could be adopted together, so that it could help in the smooth functioning of the Organization.

8. The **Leader of Delegation of Mauritius** enquired whether Cyprus was still a member of AALCO.

9. The **Secretary-General** answered in the affirmative.

10. **The President** thanked the Secretary-General for his efforts towards prudent management of the Budget. He requested those Member States in arrears to clear them fully and in time.

11. As there were no further comments from the delegations, **the Meeting approved AALCO's budget for the year 2004.**

12. The Meeting then took up the agenda item **"Report on the progress on the construction of the AALCO's Headquarters Building"**.

13. The **Secretary-General** informed that photographs on the progress of work relating to construction of the AALCO's Headquarters were mounted for viewing outside the Meeting hall.

14. The Meeting then took up the agenda item **"Report on AALCO's Regional Centres for Arbitration"**

15. The **Deputy Secretary-General, Mrs. T. Shimizu** drew the Member States attention to the Secretariat Document AALCO/43/BALI/2004/SD/ORG 3, which contains the Reports of the Directors of Cairo, Kuala Lumpur and Tehran Arbitration Centers. She recalled that the launching of AALCO's Scheme for the Settlement of Disputes in Economic and Commercial Transactions and the decision to establish Regional Centres for International Commercial Arbitration at the Doha Session in 1978, became one of the most successful AALCO's venture. AALCO would like to urge Member Governments and the business communities to consider availing themselves of the facilities existing and provided by these Centers. That would not only help and render the assistance to AALCO Arbitration Centers to grow further, but at the same time, they would find a better alternative and less expensive arbitration facilities available in their own region.

16. She said that the year 2003 was a very distinctive one for AALCO and its Regional Centres for Commercial Arbitration. The Kuala Lumpur Centre celebrated the 25th Anniversary of its establishment. To commemorate its Silver Jubilee, Kuala Lumpur Centre held the "International Conference on Settlement of International Commercial Disputes" from the 13th to 15th October 2003 in Kuala Lumpur. The Conference was attended by representatives of many States, international organizations and other arbitral institutions, and was a grand success. H. E. Amb. Dr. Wafik Z. Kamil, the Secretary-General and Dr. Li Zhenhua, the then Deputy Secretary-General participated and contributed to the meeting, for which the Secretariat placed on record its great appreciation to Dato' Dr. Zakaria Yatim, former Director of the Centre. She also welcomed the appointment of Dato' Syed Ahmad Idid as the new Director of the Centre.

17. She also said that AALCO was proud to inform that on 29th January 2004, their Cairo Centre for International Commercial Arbitration (CRCICA) celebrated its 25 years of its establishment. The Silver Jubilee Celebration was attended by key figures not only from the Arab Republic of Egypt, but also from various Arab countries and International Institutions. During the Celebrations, the Director of the Cairo Centre presented medals of honour to some key figures for their contribution to the development and works of the Cairo Centre.

18. She noted that the President of the Islamic Republic of Iran had ratified the Agreement establishing the Tehran Centre on 10 June 2003. Dr. Moshkan Mashkour was appointed as the Director. The Government of the Islamic Republic of Iran had expressed its readiness to negotiate with AALCO in order to prepare the Administrative Rules and Rules of Arbitration.

19. The **Secretary-General** said that the Report of the Directors of the Regional Arbitration Centres of AALCO would be taken up for consideration at the Fifth General Meeting.

20. The Secretary-General then introduced the agenda item "**Review of AALCO's Statutes and Statutory Rules**".

21. The **Secretary-General** said that the item concerning "Revision of AALCO's Statutes and Statutory Rules" was included, on the reference made by the Government of Ghana to the agenda of AALCO's Forty-First Session (2002). Pursuant to the mandate in the Forty-First and Forty-Second Sessions, a Drafting Committee was constituted within the Secretariat, which prepared a draft Revised Text of Statutes and was circulated to the Member States on 21 February 2004. In pursuance to the request by the Secretary-General a Committee was constituted comprising of Liaison Officers to consider the Revision of Statutes. 15 Member States expressed their willingness to become part of the Committee.

22. He stated that the meeting of the Committee was convened at the Headquarters of AALCO on Monday, 7 June 2004. 11 of the 15 Members participated and contributed extensively to the deliberations on the proposed revision. The Draft Revised Text of

Statutes laid down the broad parameters on which the Organization should function. The re-arrangement of articles had been done by carefully studying the constituent instruments of various other international organizations. The Revised Text sought to provide a logical and sequential arrangement of articles in the present text. The methodology adopted by the Committee was to consider the Text article-by-article. He summarized the crux of the recommendations made by the Committee.

23. Articles 1, 6, 7 and 8 were adopted by unanimity by the Committee.

24. Article 3 and Article 5 were renumbered in such a way so as to give it a logical order that Article 5 will become Article 3 and Article 3 would become Article 5.

25. In Article 2 (1), apart from minor linguistic changes, the sub-paragraph 2 of Article 5 “the Organization has its Permanent Headquarters in New Delhi – INDIA” was merged with Article 2 (1) in order to maintain logical order in the Statutes.

26. In Article 2 (2), the word ‘shall’ was substituted by ‘may’ so as to give more discretion to the Member States in the admission of new Members. Article 2 (3) was reformulated without any substantive changes.

27. In Article 4, the word ‘geographical’ was inserted, keeping in view the practice followed by the Organization in holding its Annual Session in Asia and Africa alternatively.

28. Article 5, referred to a three-year term for the Secretary-General. The revised article provides for a [four-year] term, rather than a three-year term, which had been earlier envisaged. He explained to the Committee that it was strongly felt by experience and practice that an extended term of Office for the Secretary-General would provide him with enough time to implement his/her vision and to strengthen the Organization. Both terms would give the Secretary-General the time to harvest the maximum he could contribute as Chief Executive and provide a kind of continuity in his overall plan of action and in his contacts (Personal/Official) with the other Chief Executives of the International Organizations, with which he interacts leaving to his successor a solid base, on which he could further enhance the efficiency of the Secretariat.

29. Further, according to the present Statutes the cumulative period of two term of the Secretary-General would amount to 6 years, but in effect this term would in practical terms be only 5 years. This was so because the second term usually ended in February and the session for the past many years was being held in June. This would leave the intervening period with out a Secretary-General and the successor would not be in a position to apprise the year-long activities of AALCO in its Annual Sessions, ILC meetings and Legal Advisers Meeting, as mandated by the Statutes.

30. In the Committee, many of the Members (Sudan, Saudi Arabia, Syria, Arab Republic of Egypt, Tanzania) expressed their support for the extended term of four years. Oman had sent its support in writing.

31. Two Members, sought more time to study the matter so that they could communicate with their respective Governments.

32. Considering that seven out of eight articles of the draft Revised Text of Statutes had been adopted by the Committee, he requested the two delegations if they could expedite their consultation with their Governments and come up with a decision at the Bali Session, so that the Revised Statutes could be adopted as mandated. Thereafter, they could begin with the revision of the Statutory Rules so that it could be adopted at the Forty-Fourth Session.

33. The **Leader of Delegation of Ghana**, stated that it was Ghana's proposal to revise the Statutes and Statutory Rules of AALCO, in 2001, and expressed his satisfaction that the Draft Revised Text of the Statutes had been placed before the Session for consideration of Member States. He expressed satisfaction on the Report of the Committee on the Revision of the Statutes and Statutory Rules convened on 7 June 2004, at the AALCO Headquarters, and was of the view that the draft revised text of Statutes should be adopted at this Session so that work on the revision of the Statutory Rules could begin.

34. The **Leader of Delegation of Arab Republic of Egypt** fully supported the views expressed by Ghana with regard to the Revision of Statutes. He added that the draft revised text was framed in a way to be able to meet new challenges without changing the character of the Organization. He expressed his full support for the adoption of the Draft Revised Text of Statutes as recommended by the Committee.

35. The **Leader of Delegation of Malaysia** endorsed the views expressed by his colleagues from Ghana and Arab Republic of Egypt and fully supported the recommendations of the Drafting Committee on the Revision of the Statutes, which in his view would augur well for the Organization.

36. There being no comments or objection, **the President** declared that the recommendations of the Committee on the Revision of the Text of the Statutes was unanimously adopted and suggested that the revision of Statutory Rules could be commenced.

37. The Meeting then took up the item "**Establishment of the Drafting Committee**".

38. The **President** announced the establishment of the Drafting Committee at the Session, with the objective of ensuring efficiency and transparency. The composition of this open-ended Drafting Committee would include representatives of the Host Government, the Secretariat and representatives of all interested AALCO Member States. He stated that the Committee would be chaired by the representative of the Host Country, Mr. Jumantoro Purbo, Director, Human Rights Information System, Department of Justice and Human Rights,. Representatives from the Secretariat would also be part of the Drafting Committee.

39. The mandate of the Drafting Committee would be to prepare draft resolutions, Summary Report of the Meetings, and the message of thanks to the President of the Republic of Indonesia.

The Meeting was thereafter adjourned.