

**SUMMARY RECORD OF THE
SECOND MEETING OF
DELEGATIONS OF AALCO MEMBER
STATES
HELD ON MONDAY 3RD APRIL 2006,
AT 03.00 P.M.**

H. E. Mr. Vincent Damian Lyimo, Vice President of the Forty-Fifth Session in the Chair.

1. The Agenda Item for consideration was the **AALCO's Budget for the Year 2007**.

2. **The Vice President** welcomed all delegates to the meeting and invited the Secretary-General to present his report on the next agenda item the **Report on the Proposed Budget for the Year 2007**.

3. **The Secretary-General** said that based upon the decision taken by the Heads of Delegations during the Forty-Fourth Annual Session held in Nairobi (Republic of Kenya), the Budget for the year 2007 has been prepared by the Secretariat of the AALCO. He noted that in accordance with Rules 24(2) and (3) of AALCO Statutory Rules, the budgetary papers setting out the estimated expenditures likely to be incurred under appropriate budget heads and sub-heads for the year 2007 were placed before the 289th Meeting of the Liaison Officers held on 21st December 2005 and a Vote on Account was taken at that meeting. Following Rule 24(4), the Draft Budget was adopted by the Liaison Officers at their 290th Meeting held on 28th February 2006. He said that the budgetary structure for the financial year 2007 had been kept basically the same as in 2006.

4. The Secretary-General highlighted some of the main features of the budget. It was pointed out that the Budget had been prepared keeping in view the expenses likely to be incurred due to shifting, settling down in the new premises as well as other necessary requirements of the Secretariat. There would be an overall eventual deficit

of US \$ 20,756 in the Budget of 2007, which could be met from the Reserve Fund unless; some arrears or voluntary donations were received. The deficit could also be covered by the provisions, which the AALCO did not use in the Budget of 2005 from the Capital Expenditure and from the saving in the Revenue Expenditure. He noted that since the exact date of moving to the new Secretariat building was not known, the Organization was not in a position to give an accurate picture about expenditure/savings during 2006.

5. He also pointed out that the Organization might need very urgently voluntary donations from Member States to help the Secretariat in furnishing the new residence of the Secretary General since the lump-sum offered by the Government of India very generously for the furnishing of the new Headquarters would be covering exclusively the office block.

6. As regards the arrears of contribution, he noted that a total amount of US\$ 1,415,570/- still remained as arrears to be paid by some of the Member States. Up to March 2006, the Secretariat had received contributions from 25 Member States for 2005, and arrears were due from 17 Member States. He thanked some Member States who had cleared their arrears payable for more than 7-10 years. Malaysia paid for 2005 on 20th March 2006 which was after the printing of the budget, and so its name was still on the arrears list. As far as contribution for 2006 was concerned, only 3 Member States (Saudi Arabia, Kenya and Malaysia) have paid their contribution. He urged Member States to consider on an urgent basis, to pay their contributions as early as possible.

7. He also added that since 1993 there had been no increase in the Annual contribution of Member States and during the last 12 years there had been tremendous rise in the living cost. Hence, it was very necessary to increase 15% to 20% of the contribution and he hoped that the Member

States could cooperate on this move so that the Secretariat could be run without any hurdles.

8. He also reiterated the decision taken at the Forty-Fourth Session that Member States who do not fulfill their financial obligations would not enjoy the right to get involved actively in various official events stipulated in AALCO's Statutes and Statutory Rules. Besides taking this step there was no other pressure that could be exerted for payment of contribution and arrears as a huge sum was spent for the publications that benefited all Member States irrespective of whether or not they pay their contributions. He then placed the Budget before the Meeting to be approved by the Heads of Delegations for their final approval.

9. **There being no comments, the Vice President announced that the Budget for the Year 2007 was approved.**

10. The **Secretary-General** informed the Member States that he had received a request from the Government of Somalia requesting the Heads of the Delegations of the AALCO Member States to consider waiving the arrears and its annual contributions to AALCO because of the difficult financial situation, which were beyond Somalia's control.

11. **The Member States approved the request with applause.**

12. The **Secretary-General** thanked the Member States and requested that a paragraph reflecting this decision of the Member States should be inserted by the Drafting Committee in the Resolution on Budget for the Year 2007.

13. The **Leader of the Delegation of Somalia** said that the Government of Somalia was very grateful to all the AALCO Member States for waiving its arrears and annual contribution of AALCO. He thanked each one of the Member States for their kind

consideration. He said that Somalia had been and would continue to be an active participant of AALCO. He promised that the Government of Somalia would resume paying its contribution as soon as its financial position attains normalcy.

14. The Meeting then took up the agenda item "**Report on AALCO's Centre for Research and Training**". The Vice-President invited the Deputy Secretary-General Mr. Motokatsu Watanabe to present the report.

15. **Mr. M. Watanabe, the Deputy Secretary-General** while introducing the Report on AALCO's Centre for Research and Training (CRT) briefly highlighted the activities undertaken by the Centre during the year 2005. Firstly, he noted that a two-day conference on "Custom as a Source of Humanitarian Law" was held on 8th and 9th of December 2005 in New Delhi which was jointly organized with the International Committee of the Red Cross (ICRC) to mark the publication of the ICRC study "Customary International Humanitarian Law". 19 AALCO Member States from the Asian region participated in the Conference.

16. Secondly, he noted that the CRT research wing had prepared two special studies entitled '*Special and Differential Treatment under WTO Agreements*' and '*International Corruption, A Legal Analysis*' which were released during the Forty-Second and Forty-Fourth Sessions. This year two special studies entitled '*A Preliminary Study on the Concept of International Terrorism*', and '*Rights and Obligations under the United Nations Convention against Corruption*' would be released during this Session. Apart from these studies, the Centre was in the process of preparing two special studies namely, '*Statelessness: An Overview from Asian, African and Middle Eastern Perspective*' jointly with UNHCR, and '*Definition of Aggression: An Analysis*' which would be published in the near future.

17. Thirdly he noted that the website of the AALCO had been significantly modified, upgraded and updated in order to make it more user-friendly, interactive and informative. Finally, said that the primary objective of the Centre was to organize training programmes for officials from the Member States on various international law issues. For this purpose AALCO had entered into a number of cooperation agreements with the UN and its specialized agencies and other intergovernmental organizations. AALCO's future plan within the CRT was to organize intense training courses with each of these Organizations in order to disseminate basic data on the activities of each Organization and make officials of AALCO Member States acquainted with the technicalities of their activities. These training programmes will be held with the trilateral cooperation of the Organization concerned, AALCO and the Member States wishing to send their officials to attend these courses. He added that AALCO was also envisaging the possibility of providing fellowships and per diem for the participants.

18. In order to materialize all these plans, he noted, the CRT should be placed in a financially sound position. While the infrastructure is provided by the Government of India in the new Headquarters Building, the operational cost of the CRT was still dependant on the regular budget of the AALCO as decided at the Thirty-Third Session (Tokyo, 1994). However, the regular budget itself had many difficulties due to non-payment of the contributions by some Member States and non-revision of the scale of contribution of AALCO for many years. This had severely restricted the research and training activities that could be undertaken by the Centre.

19. Taking this into consideration, the Secretariat has requested the Members States to establish a "Research and Training Fund" through a resolution at this Golden Jubilee Session. This would provide new impetus for the Center's activities. AALCO

warmly welcomes Member States to provide voluntary contribution to the "Research and Training Fund". He highlighted that the Government of the Republic of Korea had generously contributed US\$ 25,000 for the setting up of the Data Collection Unit in 1989. The Fund would be exclusively devoted to research on international law issues of common interest to Member States and for the training of the officials of Member States. He also welcomed suggestions and directions from the Member States regarding the future endeavours of the Center.

20. The **Vice President** said that the next item on the agenda is the **Report on the AALCO's Headquarters Building**. As the Secretary-General in his Report on the Work of the Organization had already covered this item in detail, the next item on the agenda was taken up.

21. **Signing Ceremony of the Memorandum of Understanding on the Establishment of the Regional Centre for Arbitration in Nairobi, Kenya**

22. The **Vice President** invited the consideration of the next item, Signing Ceremony of the Memorandum of Understanding on the Establishment of the Regional Centre for Arbitration in Nairobi.

23. The **Secretary-General** said that during the Thirty-Third Session of the Organization held in Tokyo, Japan (1994), the Leaders of Delegations of Member States had adopted a proposal for the establishment of additional Arbitration Centres in Nairobi. The Government of Republic of Kenya, through the office of the Attorney General, expressed their desire for establishing the fifth Regional Centre for Arbitration in Nairobi, Kenya. Accordingly a Memorandum of Understanding would be signed between the Secretary-General and Attorney General of Kenya during the Forty-fifth Session of AALCO.

24. The **Vice-President** invited Hon.

Amos Wako, Attorney General of Republic of Kenya on the podium for the signing ceremony of the Memorandum of Understanding establishing the fifth Regional Centre for Arbitration in Nairobi. The Secretary-General of AALCO and Attorney General of the Republic of Kenya signed the Memorandum of Understanding (MOU) for the Establishment of the Regional Centre for Arbitration in Nairobi. The signed copies were exchanged.

25. **Hon. S. Amos Wako, Attorney General of Republic of Kenya**, in his statement noted that Kenya recognized the important work of AALCO in promoting the establishment of Regional Centres of Commercial Arbitration as a viable alternative to the traditional arbitration institutions in the developed countries. Kenya endorsed the stated objectives of AALCO Regional Centres of Arbitration of (a) Promoting international commercial arbitration in Asian and African regions; (b) Coordinating and assisting the activities of existing arbitral institutions, particularly among those within the two regions; (c) Rendering assistance in the conduct of Ad Hoc arbitrations, particularly those held under the UNCITRAL Arbitration Rules; (d) Assisting in the enforcement of arbitration awards; and (e) Providing for arbitration under the auspices of the regional centers where appropriate.

26. He said that as regional economic integration took root in the African region under both the East African Community and Common Market for Eastern and Southern Africa (COMESA), and there was an expansion of intra-regional trade in goods and services, which created more and more contractual disputes arising from commercial transactions, construction and infrastructure projects, engineering projects, banking and insurance. In view of the need to guarantee more stability, reliability and certainty in dispute settlement, particularly disputes arising from the conduct of international trade, the need to set up a regional institution to promote resolution of

international commercial disputes outside the jurisdiction of national courts and to offer arbitration services within the region has never been more urgent.

27. He recalled that at the meeting of Heads of Delegations of AALCO held in Tokyo, Japan in January 1994, the Heads of Delegations of Members States had recommended the establishment of a Regional Centre for Arbitration in Nairobi. The signing of the Memorandum of Understanding today, with AALCO, he noted, was an important step towards the realization of this important goal. The MOU signified Kenya's readiness to work jointly with AALCO towards the implementation of the recommendation of the Heads of Delegations and to establish an international, independent and neutral arbitral institution under the auspices of AALCO in Nairobi. He said that he had already begun to take the necessary and appropriate action towards the establishment of a Regional Centre for Arbitration in Nairobi and was in the process of developing an appropriate legal and institutional framework.

28. He expressed his happiness that AALCO agreed to extend such assistance as may be appropriate with a view to concluding an agreement for the establishment of a Regional Centre for Arbitration in Nairobi, Kenya. He said that his delegation had been keenly watching the reports of the activities of the Regional Centres of Arbitration that had already been established in Lagos (Nigeria); Kuala Lumpur (Malaysia); Tehran (Islamic Republic of Iran) and Cairo (Arab Republic of Egypt). He said he would consult and exchange information with these Centres, with the aim of benefiting from their experiences in setting up and running the existing Regional Centres of Arbitration. He looked forward to working with AALCO to making this dream of establishing a Regional Centre of Arbitration in Nairobi a reality and hoped that they would launch Africa's third regional centre for arbitration in the near future.

29. The Second Meeting of the Delegations concluded and thereafter the Vice-President invited General Statements from Member States.