

INTERNATIONAL COURT OF JUSTICE

COMPROMIS

**BETWEEN THE REPUBLIC OF ACASTUS (APPLICANT)
AND THE STATE OF RUBRIA (RESPONDENT)
TO SUBMIT TO THE INTERNATIONAL COURT OF JUSTICE
THE DIFFERENCES BETWEEN THE TWO STATES
CONCERNING THE ELYSIAN FIELDS**

jointly notified to the Court on 15 September 2005

COUR INTERNATIONALE DE JUSTICE

COMPROMIS

**ENTRE LA RÉPUBLIQUE D'ACASTUS (DEMANDEUR)
ET L'ÉTAT DE RUBRIA (DÉFENDEUR)
VISANT À SOUMETTRE À LA COUR INTERNATIONALE DE JUSTICE
LES DIFFÉRENDS QUI OPPOSENT LES DEUX ÉTATS
CONCERNANT LES CHAMPS ÉLYSÉENS**

notifié conjointement à la Cour le 15 septembre 2005

**JOINT NOTIFICATION
ADDRESSED TO THE REGISTRAR OF THE COURT:**

The Hague, 15 September 2005

On behalf of the Republic of Acastus and the State of Rubria, in accordance with Article 40(1) of the Statute of the International Court of Justice, we have the honour to transmit to you an original of the Compromis for Submission to the International Court of Justice of the Differences between the Republic of Acastus and the State of Rubria Concerning the Elysian Fields, signed in Chicago, Illinois, USA, on 1 September 2005.

Ambassador of the Republic of Acastus
to the Kingdom of The Netherlands

Ambassador of the State of Rubria
to the Kingdom of The Netherlands

COMPROMIS
SUBMITTED TO THE INTERNATIONAL COURT OF JUSTICE
BY THE REPUBLIC OF ACASTUS AND THE STATE OF RUBRIA
ON THE DIFFERENCES BETWEEN THEM CONCERNING
THE ELYSIAN FIELDS

Acastus and Rubria,

Considering that differences have arisen between them concerning the Elysian fields and other matters;

Recognizing that the Parties concerned have been unable to settle these differences by negotiation;

Desiring further to define the issues to be submitted to the International Court of Justice;

Therefore, Acastus and Rubria have concluded the following Compromis:

Article 1

The Parties submit the questions contained in the Compromis (together with Clarifications to follow) to the International Court of Justice pursuant to Article 40(1) of the Statute of the Court.

Article 2

(a) The Court is requested to decide the Case on the basis of the rules and principles of general international law, as well as any applicable treaties.

(b) The Court is also requested to determine the legal consequences, including the rights and obligations of the Parties, arising from its judgment on the questions presented in the Case.

Article 3

(a) All questions of procedure and rules shall be regulated in accordance with the provisions of the Official Rules of the 2006 Philip C. Jessup International Law Moot Court Competition.

(b) The Parties request the Court to order that the written proceedings should consist

of Memorials presented by each of the parties not later than 17 January 2006.

Article 4

(a) The Parties shall accept any Judgment of the Court as final and binding upon them and shall execute it in its entirety and in good faith.

(b) Immediately after the transmission of any Judgment, the Parties shall enter into negotiations on the modalities for its execution.

In witness whereof, the undersigned, being duly authorized to do so, have signed the present Compromis and have affixed thereto their respective seals of office.

Done in Chicago, Illinois, USA, this 1st day of September 2005, in triplicate in the English language.

Ambassador of the Republic of Acastus
to the Kingdom of The Netherlands

Ambassador of the State of Rubria
to the Kingdom of The Netherlands

THE 2006 PHILIP C. JESSUP INTERNATIONAL LAW MOOT COURT COMPETITION

****COMPROMIS****

THE REPUBLIC OF ACASTUS V. THE STATE OF RUBRIA

**THE CASE CONCERNING THE
ELYSIAN FIELDS**

1. The Republic of Nessus was a large, polyethnic state whose independent existence dated from the 11th century. For centuries, there was a significant divide between the people of Nessus, principally along geographic lines. The flat, coastal plains of the northern half were home to bustling and successful industry and trade. The mountainous, landlocked southern portion of Nessus, though rich in oil and minerals, remained largely undeveloped. Nessus was a founding member of the United Nations, and was a party to the Statute of the International Court of Justice and accepted the ICJ's compulsory jurisdiction in all cases. Nessus failed to pay its United Nations membership dues in 1999. At the end of that year, it submitted to the U.N. a multi-year payment plan, under which it committed to repaying its 1999 dues by 2006.

2. In 2000, after several decades of non-violent but increasingly acrimonious disagreement between political factions in the north and south, Nessus was dissolved and its territory divided into two new states, the Republic of Acastus (Applicant in this case), encompassing the coastal plains of the north, and the State of Rubria (Respondent in this case), in the mountainous southern region. The 600-kilometer border between the two new States ran exactly along the 36-degree latitudinal parallel. The capital city of Nessus, north of the 36th parallel, was immediately

declared the capital of Acastus. The governments of both countries are parliamentary democracies.

3. The border between Acastus and Rubria runs through the Elysium, a territory occupied since prehistory by the Elysians. The Elysians are a community of approximately 5,000 indigenous inhabitants, with a unique and ancient cultural heritage. The Elysian language and religion are unrelated to those of their neighbors. The Elysian economy is insular, wholly agricultural, and unchanged since well before the industrial revolution. There are no villages with more than 100 families in the entire Elysium, and they have little or no access to electricity, running water, or modern communications. Most Elysians are illiterate, and the community lacks basic medical facilities. The residential villages of the Elysians are in Acastus, north of the 36th parallel, but their agricultural lands are in the lowlands south of the border.

4. Acastus has granted the Elysians all rights of citizenship, even reserving for the community one seat in Parliament, which has been occupied since 2002 by Mrs. Doris Galatea. Under Rubrian law, in order to vote in parliamentary elections, a person must prove that he or she is a permanent resident of Rubria. To date, no Elysians have been able to meet this requirement. Neither state has ever restricted the movement of Elysians across their common border.

5. The Elysians depend completely upon the rich agricultural lands located in Rubria for food. These lands are owned by the public authorities of Rubria, which have classified them as a public park and wildlife area, under the stewardship of the National Parks Authority, an agency

of the Rubrian government. The lands are extremely fertile, owing to a large, remote underground spring located in the mountains 50 kilometers south of the Elysium. The spring irrigates the entirety of the agricultural lands.

6. Acastus has continued the trade and industry-based economic activities that characterized the region before independence. Meanwhile, Rubria immediately attempted to boost its economy by encouraging investment by multinational companies, especially those involved in extracting mineral and oil resources. Relations between the two new States have been largely friendly in the years since independence.

7. In April 2001, Rubria applied for membership in the United Nations and was admitted as a member in October 2001. Rubria accepted the compulsory jurisdiction of the ICJ with one reservation:

Rubria does not accept the jurisdiction of the Court over any case in which the opposing state has not been a party to the Statute of the Court for at least twelve (12) months at the time of the application to the Court.

8. At the time Rubria applied for U.N. membership, the Foreign Minister of Acastus sent a note to the United Nations Secretary-General, which included these words:

I have the honour to inform you that the Republic of Acastus will continue the membership of the Republic of Nessus in the United Nations and all of the organs and organizations of the United Nations system, including the International Court of Justice. Similarly, Acastus will continue the party status of Nessus to all treaties for which the United Nations serves as depository.

In this connection, please substitute the name and flag of Acastus in place of those of Nessus. Please also accept this letter as constituting credentials for all those previously accredited as representatives of Nessus to represent Acastus in the United Nations and its organs.

9. On December 1, 2001, in response to Acastus's diplomatic note, the U.N. Security Council unanimously adopted Resolution 2386, stating in relevant part:

Considering that the state formerly known as Nessus has ceased to exist;
Considering that it is unclear whether Acastus and/or Rubria should properly be deemed the successor state of Nessus as a matter of international law;
Considering that the State of Rubria has already applied for membership in the United Nations, its application has been granted, and representatives of Rubria, properly credentialed by its government, have taken their place in the councils of the various U.N. bodies and organs;

...

Decides that Acastus too should apply for membership in the United Nations.

10. At the request of the Secretary-General, the Under-Secretary-General for Legal Affairs on December 15, 2001, issued a memorandum interpreting Resolution 2386, which included this conclusion:

While the Security Council has noted that Nessus has ceased to exist, and has decided that Acastus should apply for membership in its own right, the Resolution does not prevent Acastus from temporarily continuing the membership of Nessus in the United Nations until Acastus has been admitted as a new member state.

11. Only Rubria and a few other states, none of which has significant interests in the region, protested the Under-Secretary-General's interpretation. These states argued that Acastus was not entitled to "continue" the U.N. membership of Nessus, *inter alia* because: there was no devolution agreement between Acastus and Rubria (or between Nessus and Acastus before dissolution) assigning Nessus's U.N. membership to Acastus, Acastus does not encompass a majority of the land mass or of the population of the former Nessus, and Nessus's armed forces were divided more-or-less evenly between Acastus and Rubria. The Members also pointed out that opinions of the Under-Secretary-General for Legal Affairs are not considered binding upon the United Nations organization.

12. Despite these protests, Acastus has never submitted an application for new membership in the United Nations. Since 2002, Acastus's delegation has been seated behind nameplates reading "Acastus" in the General Assembly and various other U.N. bodies, the flag of Acastus has been flown in place of the flag of Nessus at all U.N. buildings, and the government of Acastus has assumed the annual obligations under Nessus's multi-year plan to repay its 1999 dues.

13. Since independence, Acastus has aggressively urged its private corporations to seek out foreign investment opportunities. As one part of this program, Acastus has entered into a number of bilateral investment treaties (BITs) with other States, establishing the terms and conditions upon which Acastian corporations would invest in the partner States, and vice versa.

14. On December 10, 2002, the Parliament of Acastus passed the "Multinational Corporate Responsibility Act" (MCRA), the text of which is attached to this *Compromis* as Annex A. In a ceremony announcing the promulgation of the MCRA on December 15, 2002, the Prime Minister of Acastus, Mr. Hector Lethe, declared that the Act represented

an emphatic and clear message from Acastus to our trading partners around the globe: Come and do business with us! You can trust our corporate citizens. They will obey the standards of this Act, and we will hold them to those standards. In the unlikely event that they fall short of full compliance, you may be assured that compensation will be provided to anyone harmed by their actions.

15. On February 1, 2003, Rubria and Acastus signed the Rubria-Acastus Binding Bilateral Investment Treaty (RABBIT). The RABBIT established a most-favored-nation relationship between the two States with respect to investment, and established procedures for dispute resolution. At Rubria's insistence, the following section was included in the Treaty:

Article 52. Corporate Responsibility. The parties note that Acastus has adopted the Multinational Corporate Responsibility Act, the terms of which are hereby incorporated by reference. Acastus undertakes that, in carrying out its obligations under this Treaty, it will enforce all aspects of its domestic law, including the MCRA, in its form as of the date of the entry into force of this Treaty.

16. The RABBIT also contained the following section concerning dispute resolution:

Article 62. International Court of Justice. In case of any dispute relating to any right or obligation under this Treaty, the matter shall, at the request of either Party, be referred to the International Court of Justice, and both Parties undertake to respect and to carry out the decision of said Court.

17. The two states promptly ratified the RABBIT, which entered into force on March 15, 2003. At the time he signed the Treaty on behalf of Rubria, President Leon Fides stated:

I sign this Treaty in anticipation of increased investment from Acastus in the developing economy of Rubria. I do so with confidence that this measure will lead to the greater prosperity of our nation. The enactment by Acastus earlier this year of its Multinational Corporate Responsibility Act, and the incorporation of the MCRA by reference into the RABBIT, constitute assurance for all Rubrians that our nationals may enter into business relationships with Acastian enterprises without worry about possible exploitation, abuse, or other kinds of illegal or unethical conduct.

18. The Trans-National Corporation (TNC) is a privately-owned limited-liability company incorporated and headquartered in Acastus. Its principal business is extraction and refining of petroleum resources. Shares in TNC are publicly traded on the Acastian stock exchange. In 2002, TNC geologists discovered a very rich deposit of oil in the mountains in the Rubrian portion of the Elysium. The Chief Executive Officer of TNC, Ms. Silvia Euterpe, announced at an April 2003 shareholders' meeting that the corporation was actively exploring commercially viable ways "to begin exploiting this valuable resource as soon as possible."

19. In May 2003, TNC and the government of Rubria announced the formation of Corporation for Oil & Gas (COG), a joint-venture corporation incorporated and headquartered in Rubria, for the purpose of developing and exporting the petroleum resources under the southern portion of the Elysium. 51% of the shares of COG are owned by TNC, and 49% are owned by the Rubrian Ministry of Natural Resources. Under the corporate charter of COG, all shareholder decisions are made by simple majority vote, on a one-share, one-vote basis.

20. President Fides promptly (and in a manner consistent with Rubrian law) granted COG exclusive rights to operate within the region.

21. For 10 months, COG experts reviewed alternative plans for the extraction and exportation of the petroleum. In April 2004, the experts submitted their recommendations, which included the construction of an oil and gas pipeline from the Elysium to the Kingdom of Creon, a neighboring state and the nearest site of refining and seagoing export facilities. The proposed pipeline would not enter the territory of Acastus, but would follow the most direct route from the oil fields to the Creonian port of Sophoclea. The experts' plan would, however, require the destruction of over half of the Elysians' agricultural lands. The pipeline would also block the narrow streams which connect the underground spring with the destroyed lands, greatly harming the agricultural yield of the remaining lands. Any possible alternative route was dismissed as prohibitively expensive.

22. The proposal was accepted by both shareholders of COG in June 2004, and they also committed to financing the project in proportion to their shareholdings. Two months later, COG

moved about 400 engineers and other technicians into the Elysian areas of Rubria to set up operations and undertake preparatory work.

23. Conscious that the harm to local agriculture might provoke hostility from the Elysians, COG also authorized and financed the creation of a private security concern, Protection & Retention Operations Force (PROF), to accompany and guard their personnel. PROF consists largely of former members of the Rubrian armed forces, and its commanders are recently retired senior Rubrian army officers. Pursuant to a contract between COG and PROF, COG provides PROF with vehicles and communication equipment and pays a fee which includes PROF's personnel costs, other operating costs, and profit. The contract was approved by both shareholders of COG in July 2004. COG has always maintained that PROF is responsible for determining what weapons or ammunition it might need, and for procuring those items on the open market.

24. When the pipeline proposal was announced publicly, it was immediately criticized in the international media. Mrs. Doris Galatea made a number of speeches on the floor of the Acastian Parliament, calling for "aid for my brother and sister Elysians, who are after all Acastian citizens, in their hour of greatest need." The Parliament of Acastus retained the Institute of Local Studies and Appraisals (ILSA), an internationally-respected non-governmental organization, expert in environmental and social consequences of industrial projects, to study the likely effects of the pipeline. ILSA delivered its report on September 18, 2004. The report concluded that the resulting destruction of the agricultural land would make it impossible for the Elysians to continue their traditional way of life and concluded, "If the pipeline is built according to plan,

each and every Elysian will have a very simple choice: leave their ancestral homeland for the inhospitable cities of Acastus and Rubria, or starve."

25. On September 30, 2004, after meeting privately with the ILSA study team, Mrs. Galatea denounced the proposed pipeline in Parliament, stating:

This proposal does fundamental and irreparable violence to a society older than history itself. In constructing this pipeline, COG is blithely destroying half of the agricultural land of the Elysians, and eliminating the natural source of irrigation for the remainder. How does COG – or its masters, TNC and Rubria – expect the Elysians to eat? Are we prepared to sacrifice these innocent people to pipe-dreams of development and of riches?

26. Mrs. Galatea also disclosed that, according to the ILSA team, PROF had been seizing young men from among the Elysians and forcing them to work on the COG project. She read to Parliament a letter which the ILSA team had received from Mr. Davide Borius, a young Elysian from the remote village of Ayala, which read:

The PROF men come in their trucks in the mornings, when everyone is working in the fields. They wave their weapons and shout at us, grabbing as many strong young men as they can find. They make us work all day, carrying impossibly heavy loads and breaking large rocks with heavy hammers. They return us to our fields long after sunset, leaving with us a small bag of sorghum, which I think they mean as payment for our labors. This has happened many times.

27. On September 30, 2004, financed by money raised by Mrs. Galatea and a number of local minority rights NGOs, Mr. Borius and an unincorporated group calling itself "Elysians for Justice" brought an action for damages in an Acastian civil court against COG, Rubria, PROF, and TNC. The action alleged that throughout September and October, PROF had on at least ten occasions seized Mr. Borius, along with scores of other Elysians, and forced them to perform dangerous work without compensation, in contravention of international law and the MCRA. It claimed that COG, Rubria, and TNC were responsible for these violations. The complaint

alleged that the court had jurisdiction over the case against Rubria, COG, and PROF pursuant to a statute ("the Acastian International Rights Enforcement Statute," or "AIRES"), which reads in relevant part, as follows:

The courts of the Republic shall have subject matter jurisdiction over cases in which it is claimed that international law, including but not limited to the international law of human rights, has been violated outside the national territory, so long as the defendant is present or may be found in Acastus.

The complaint alleged jurisdiction over the claims against TNC according to the same AIRES, citing the MCRA as an alternative basis.

28. On November 8, 2004, counsel for TNC appeared before the civil court and asked that TNC be dismissed as a defendant. He argued that, although TNC is the majority shareholder in COG, the "corporate veil" protects TNC against liability for the actions of the latter entity. He noted that TNC was not accused of any direct involvement in the alleged activities, nor was it contended by the plaintiffs that TNC was the "alter ego" of COG. The court agreed, and in its opinion concluded:

Under standard legal rules governing limited liability companies, we cannot hold a mere shareholder liable for the actions of the corporation in which it owns stock, even if it owns a controlling interest, absent exceptional circumstances that do not present themselves in this case. We further consider that the MCRA does not repeal the centuries of our legal tradition that establish the principle of limited liability. While that Act may be adequate to impose legal obligations on corporate entities that operate directly in foreign countries – a matter not before us in this case, and which we therefore need not and do not decide – it does not make Acastians into guarantors of proper behavior by foreign companies in which they may invest. We also conclude that TNC, as a private company, is not a "subject" of international law, which governs the rights of States and other international legal persons, and therefore is not a proper party defendant in a case under AIRES.

We make no determination as to whether any of the allegations of the complaint are true at this stage; we hold merely that even if they are true, no case has been stated against TNC, which must be, and hereby is, dismissed as a defendant on this date.

29. On the same day, PROF was dismissed as a party defendant, the court concluding that PROF did no business and had no assets in Acastus, and therefore was not "present" there within the meaning of AIRES.

30. On November 10, 2004, counsel for Rubria appeared before the civil court and asked that Rubria also be dismissed as a defendant. Counsel for Rubria raised the same argument as counsel for TNC, and added that Rubria was immune from suit under Acastus's foreign sovereign immunity statute. The court disagreed, stating:

Like its counterpart in many countries, our sovereign immunity statute contains an exception for those circumstances in which the state's activities take on a commercial character (acts *de jure gestionis*). In this case, Rubria is sued for activities allegedly undertaken, or tolerated, in connection with a commercial enterprise for the extraction and exploitation of minerals, which therefore fall within this exception.

We note that Rubria's situation is quite different from that of TNC, in that Rubria is sued not in its capacity as shareholder in COG, but directly as an alleged violator of the plaintiffs' internationally-guaranteed human rights. We can see no reason, on these facts, that such a case cannot go forward. Rubria is undoubtedly a subject of international law. There would be no unfairness to Rubria in making it appear in an Acastian court to defend against those charges. Rubria was the *situs* of the events allegedly giving rise to the complaint, which contends that the abuses were carried out by agents of Rubria, albeit operating under the banner of PROF. Again, while we make no determination of whether the plaintiffs' allegations are true, we note that if they are proven to the court's satisfaction, then Rubria may be found liable for those violations of international law and of the domestic laws of this Republic.

31. Rubria declined to participate further in the lawsuit, and COG did not appear at any stage of the proceedings. The court heard two months of evidence from the plaintiffs, which included oral testimony from Mr. Borius and other Elysians, and testimony and photographs from members of the ILSA study team. On January 15, 2005, the court issued a judgment against the

two remaining defendants, who were found jointly and severally liable to the plaintiffs for compensatory damages in an amount equivalent to 200 million Euros.

32. President Fides immediately dispatched a diplomatic note to Prime Minister Lethe, the relevant part of which read:

It goes without saying that my Government will not recognize the illegal, extraterritorial judgment of the courts of Acastus. If, in fact, the conclusion of your court is correct, and COG has acted in violation of the human rights of Elysian migrants, then TNC bears responsibility under your MCRA for the unlawful activities of its subsidiary. In light of this, under the RABBIT, Acastus is obligated to enforce the law against its own corporate citizen. Should it fail to do so, Acastus is liable to us for reparations. As you yourself said, in 2002, if Acastian companies "fall short of full compliance [with the MCRA], our courts will provide compensation to anyone harmed."

Mr. Prime Minister, TNC has apparently fallen well short of according full respect to the rights of the Elysian community and its members. At least so say your judges. Yet your courts have not provided the protection that you promised. As you know, we insisted that the RABBIT include Article 52 to address just such situations as this. We demand that you nullify the judgment against Rubria forthwith.

33. On March 1, 2005, the Attorney General of Acastus notified the Ministry of Justice of Rubria that Acastus intended to institute proceedings before the International Court of Justice. The application recited the facts described herein, and concluded with a request for relief identical in substance to paragraph 37, sections (b), (c) and (d) of this *Compromis*. With respect to the jurisdiction of the Court, the application noted:

In 2001, Rubria accepted the compulsory jurisdiction of the International Court of Justice. Acastus has succeeded to the status of Nessus as a party to ICJ Statute, and Nessus likewise accepted the compulsory jurisdiction of the Court. Furthermore, Acastus invokes Article 62 of the RABBIT with respect to those matters which fall within the ambit of that Treaty.

34. On April 10, 2005, Rubria filed a preliminary objection to the admissibility of the application, which stated, in relevant part:

Rubria has no objection to the admissibility of the matters concerning the RABBIT. With respect to all other matters, however, including Rubria's alleged direct responsibility for alleged human rights violations, admissibility is contested. We advise the Court that Acastus is neither a member of the United Nations nor a party to the Statute of the Court. In this respect, we call the Court's attention to Security Council Resolution 2386.

35. On May 1, 2005, and before the Court could issue orders concerning written proceedings, Acastus withdrew its application. Over the course of the next several months, representatives of the two governments met, negotiating and ultimately submitting to the Court this *Compromis*, which constitutes a stipulation of agreed facts but not an agreement to the Court's *ad hoc* jurisdiction. As mutually-accepted gestures of goodwill, Rubria has undertaken to suspend all work on the pipeline, and Acastus has agreed not to permit any measures that might enforce the judgment against Rubria and COG in the *Borius* litigation. The Court has ordered that, given the nature of the dispute, it will hear arguments relating to jurisdiction and the merits of the case at the same time. It specifically directed Rubria to plead to the substantive allegations of Acastus's case, recognizing that it would at all times reserve its jurisdictional objections.

36. Rubria is, and Nessus was, a party to the Vienna Convention on the Law of Treaties, the International Covenant on Civil and Political Rights, the International Covenant on Economic, Social and Cultural Rights, and the Vienna Convention on Succession of States in Respect of Treaties. Acastus has not signed any of these treaties in its own capacity. Rubria is a member of the United Nations and the International Labour Organisation (ILO) and is a party to the Statute of the International Court of Justice. As discussed above, Acastus claims to have succeeded to Nessus's membership in the United Nations and its agencies, as well as to its status as a party to the Statute of the ICJ, including its acceptance of the compulsory jurisdiction of the Court.

Acastus is also a member of the Organisation for Economic Co-operation and Development, having joined as of January 1, 2003.

37. Acastus requests that the Court adjudge and declare that:
- (a) the Court has jurisdiction over all claims in this case, since Acastus has succeeded to Nessus's status as a party to the Statute of the Court;
 - (b) by permitting the construction of the pipeline as proposed, Rubria would violate the rights of Acastus's citizens of Elysian heritage;
 - (c) the activities of PROF in the Elysium, including the forced labor of civilians, are attributable to Rubria and are violations of international law; and
 - (d) the outcome of the *Borius* litigation does not place Acastus in breach of Article 52 of the RABBIT.
38. Rubria requests that the Court adjudge and declare that:
- (a) the Court lacks jurisdiction over all claims other than those under the RABBIT, since Acastus is not the continuation of Nessus and has not accepted the compulsory jurisdiction of the Court in its own right;
 - (b) by permitting the construction of the pipeline as proposed, Rubria would exercise rights attendant to its sovereignty over territory and natural resources, and would not violate international law;
 - (c) the actions of PROF are not imputable to Rubria under international law, or in the alternative, did not violate any international legal obligation owed by Rubria to Acastus; and

(d) Acastus is in breach of Article 52 of the RABBIT by virtue of the Acastian civil court's decision.

ANNEX A: The Multinational Corporation Responsibility Act

(as enacted by the Parliament and promulgated by the Prime Minister of Acastus)

Section One. Purposes

The purposes of this Act are:

- (1) to ensure that business entities incorporated within Acastus conduct themselves abroad by the same high standards to which they are held in their domestic affairs;
and
- (2) to encourage other states to enter into bilateral investment treaties with Acastus by assuring them that our domestic corporations will abide by the tenets of this Act.

Section Two. Jurisdiction and Penalties

1. The civil courts of Acastus shall have jurisdiction over any suit for compensatory damages brought by any person suffering actual losses proximately caused by an alleged violation of Section Four, against any business entity incorporated in Acastus, wherever such alleged violation may have occurred.
2. A business entity incorporated in Acastus that commits a knowing violation of Section Four shall be subject to a civil penalty not to exceed [the equivalent of 100,000 Euros], notwithstanding the outcome of any civil action that may be brought against such entity pursuant to the first paragraph of this Section.

Section Three. Principles

In interpreting and implementing the standards of this Act, reference shall be had to the General Policies set out in the 2000 Guidelines for Multinational Enterprises promulgated by the

Organisation for Economic Co-operation and Development and to the 1948 Universal Declaration of Human Rights.

Section Four. General Obligation

A domestic corporation shall, in its conduct abroad, comply with all governing norms of conventional and customary international law.

Section Five. Compliance and Reporting.

1. A domestic corporation operating abroad shall adopt, disseminate, and implement internal rules of operation in compliance with this Act.
2. A domestic corporation operating abroad shall take all necessary measures fully to implement this Act and to provide for the prompt implementation of the protections set forth herein.

Section Six. Temporal Application.

This Act shall apply to the conduct of any corporation of Acastian nationality which operates abroad on or after the date this Act is promulgated, even if the corporation concerned was incorporated before such date.