

INTERNATIONAL COURT OF JUSTICE

COMPROMIS

**BETWEEN THE REPUBLIC OF ADARIA (APPLICANT)
AND THE REPUBLIC OF BOBBIA, THE KINGDOM OF CAZALIA, THE
COMMONWEALTH OF DINGOTH, THE STATE OF EPHRAIM, AND
THE KINGDOM OF FINBAR (RESPONDENTS)
TO SUBMIT TO THE INTERNATIONAL COURT OF JUSTICE
THE DIFFERENCES BETWEEN THE STATES
CONCERNING THE ROTIAN UNION**

jointly notified to the Court on 15 September 2006

COUR INTERNATIONALE DE JUSTICE

COMPROMIS

**ENTRE LA RÉPUBLIQUE D'ADARIA (DEMANDEUR)
ET LA RÉPUBLIQUE DE BOBBIA, LE ROYAUME DE CAZALIA, LE
COMMONWEALTH DE DINGOTH, L'ÉTAT D'EPHRAIM, ET LE
ROYAUME DE FINBAR (DÉFENDEURS)
VISANT À SOUMETTRE À LA COUR INTERNATIONALE DE JUSTICE
LES DIFFÉRENDIS QUI OPPOSENT LES ÉTATS
CONCERNANT L'UNION ROTIENNE**

notifié conjointement à la Cour le 15 septembre 2006

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

The Hague, 15 September 2006

On behalf of the Republic of Adaria ("the Applicant"), the Republic of Bobbia, the Kingdom of Cazalia, the Commonwealth of Dingoith, the State of Ephraim, and the Kingdom of Finbar ("the Respondents"), 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 Applicant and the Respondents Concerning the Rotian Union, signed in Chicago, Illinois, USA, on 1 September 2006.

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

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

Ambassador of the Kingdom of Cazalia
to the Kingdom of The Netherlands

Ambassador of the Commonwealth of Dingoith
to the Kingdom of The Netherlands

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

Ambassador of the Kingdom of Finbar
to the Kingdom of The Netherlands

COMPROMIS
SUBMITTED TO THE INTERNATIONAL COURT OF JUSTICE
BY THE REPUBLIC OF ADARIA, THE REPUBLIC OF BOBBIA, THE KINGDOM OF
CAZALIA, THE COMMONWEALTH OF DINGOTH, THE STATE OF EPHRAIM,
AND THE KINGDOM OF FINBAR ON THE DIFFERENCES BETWEEN THEM
CONCERNING THE ROTIAN UNION

Adaria, Bobbia, Cazalia, Dingoth, Ephraim and Finbar,

Considering that differences have arisen between them concerning the Rotian Union 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, the Parties 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 2007 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 the date set forth in the Official Timetable of the 2007 Philip C. Jessup International Law Moot Court Competition.

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 2006, in triplicate in the English language.

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

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

Ambassador of the Kingdom of Cazalia
to the Kingdom of The Netherlands

Ambassador of the Commonwealth of Dingoth
to the Kingdom of The Netherlands

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

Ambassador of the Kingdom of Finbar
to the Kingdom of The Netherlands

THE 2007 PHILIP C. JESSUP INTERNATIONAL LAW MOOT COURT COMPETITION

****COMPROMIS****

**THE REPUBLIC OF ADARIA V. THE REPUBLIC OF BOBBIA, THE
KINGDOM OF CAZALIA, THE COMMONWEALTH OF DINGOTH, THE
STATE OF EPHRAIM, AND THE KINGDOM OF FINBAR**

**THE CASE CONCERNING THE
ROTIAN UNION**

1. The Republic of Adaria (Applicant in this case) is a developing state with a parliamentary democratic form of government. Although Adaria's economy has traditionally been dependent upon small, privately-owned farms, in recent years a rapidly-growing manufacturing sector has emerged, led by several major state-owned enterprises. The population of Adaria consists of approximately 40 million ethnic Adarians and 2 million ethnic Sophians. The Sophians, who live in the northwest, have a language and cultural heritage distinct from those of the Adarians.

2. The Sophians are an insular people whose community lifestyle is governed by a literal adherence to their traditional religious texts. They are very resistant to technological and social change and generally do not participate in mainstream economic life in Adaria. Nearly all Sophians are employed in making household crafts and village-level farming. Their economic relations with the outside world are almost entirely limited to the sale within Adaria of traditional handicrafts made from surplus agricultural products.

3. Finding that it would be impossible for the Sophians to maintain their traditional way of life in the modern world without some form of government assistance, in 1975, the Adarian parliament enacted "The Sophian Protection Acts" (SPA). The SPA provided for government subsidies and benefits to the Sophian population, including direct support payments to small, privately-owned businesses and significant price discounts for electricity and water provided by the state-owned public utilities.

4. The Republic of Bobbia, the Kingdom of Cazalia, the Commonwealth of Dingoth, the State of Ephraim, and the Kingdom of Finbar (Respondents in this case) are five contiguous, economically developed, ethnically diverse and democratic states. Bobbia is the only one of the five nations that shares a border with Adaria. In 1964, in an effort to foster greater economic cooperation and promote closer political unity among themselves, Bobbia, Cazalia, Dingoth, Ephraim, and Finbar created the Rotian Union (RU).

5. The Treaty Establishing the Rotian Union (TRU) provided for four RU organs: the Parliament, the Council, the Commission, and the High Court. The Parliament consists of 100 representatives, directly elected by the citizens of the Member States. The Council is composed of one representative from the government of each Member State. The Commission, whose members are a President and four Ministers, is the executive organ. The Treaty sets out the powers and composition of these and other organs, including the High Court. Its text, as subsequently amended, is attached at Annex I.

6. The *travaux préparatoires* of the TRU indicate that all five parties intended to vest the RU with a great deal of autonomy and authority, giving the Council power to enact legislation to further the objectives of the Union. According to the chairman of the final negotiating session, in a speech delivered on June 3, 1964:

"The five founding states conceive of the Rotian Union as no mere alliance of sovereign nations, and the Union Treaty as no ordinary treaty. The Union constitutes a new legal order of international law, for the benefit of which the Member States have ceded some of their sovereign rights, albeit subject to strictly defined conditions. Union law directly imposes obligations and directly confers rights upon the Member States, upon their nationals, and upon the Union institutions."

7. Each of the five founding Member States duly ratified the TRU, which entered into force on January 1, 1966. All five amended their Constitutions, each adding the following Article:

"Legislative, executive, and judicial authority may be conferred on international institutions by a duly-ratified treaty. The acts of such institutions shall have effect within the domestic legal system as though they were acts of the corresponding domestic organ."

8. Over the next 25 years, the RU established common policies for the Union, supplanting domestic laws in numerous spheres, including agriculture, fisheries, transportation, and mining. On the rare occasions when a Member State refused to give full effect to an RU law in a timely manner, the Commission brought the offending Member State before the RU High Court, which

directed the Member State to bring its domestic law into compliance. In all such cases, the Member State subsequently made the required change.

9. The RU progressively eliminated all tariffs and barriers to trade among the five Member States, effectively creating a free trade area. The Union also harmonized economic relations between its Member States, on the one hand, and non-Members, on the other. In 1971, the RU created a "common external tariff" on all goods entering the customs territories of the five Member States. Each of the Member States has been a member of the World Trade Organization (WTO) since its inception and, prior to that, a Contracting Party to the General Agreement on Tariffs and Trade (GATT) since the 1950s. In 1997, the RU joined the WTO in its own right. The RU Commission plays an active role, representing the interests of the Union and its Member States, and the Member States defer to the RU in matters regarding the WTO.

10. By all accounts, the Rotian Union has been an unprecedented economic success. Unemployment and inflation have remained quite low, production levels have skyrocketed, and the Member States have weathered several global recessions with little ill effect. In January 1988, *Time* magazine named the Rotian Union its "Man of the Year" and called it "the stealth superpower."

11. In 1991, the five Member States began a series of conferences aimed at creating an "ever closer Union." The outcome of these meetings was the Convention Amending the Rotian Union Treaty (CARUT). The CARUT simplified the TRU and greatly expanded the competence of the RU institutions. In particular, the CARUT empowered the RU to coordinate the non-trade

relations between Member States and others, and to replace the national currencies of the Member States with a single Rotian currency, the "Roto." The five Member States ratified the CARUT, and it entered into force on January 1, 1993.

12. The role of the RU in coordinating the foreign policies of Member States has expanded considerably since the CARUT. For example, in 1995, the RU negotiated agreements with the United States and India providing for mutual recognition of domestic civil money judgments. These agreements were codified into RU law, and similar agreements followed with dozens of other countries. In 2004, the President of the RU Commission, Mrs. Lynne Kinga, successfully negotiated for the safe release of 40 nationals of RU Member States held hostage by a paramilitary organization abroad.

13. Since the creation of the RU, two candidate nations have applied for membership: the Democratic Republic of Gerasimov, which has yet to satisfy the conditions set forth in its Accession Agreement, and the Republic of Adaria.

14. On December 2, 1995, Adaria submitted to the Commission an application for membership in the RU. The Commission conducted a four-year investigation of the Adarian economy. On December 16, 1999, the Commission prepared a recommendation to the Council. The recommendation concluded:

"It is the opinion of the Commission that Adaria is suitable for membership in the Rotian Union upon satisfaction of several conditions. In particular, Adaria must:

- (1) reduce its public debt owed to non-Member States;
- (2) privatize state-owned monopolies; and
- (3) eliminate government support payments to small, privately-owned businesses.

The Commission believes that Adaria is capable of achieving these ends and urges the Council to authorize negotiation of an Accession Agreement."

15. On February 1, 2000, the Council unanimously ratified the Commission's recommendation, and directed the Commission to negotiate an Accession Agreement with Adaria. After 18 months of negotiations, on October 1, 2001, an RU delegation, led by a Commission Minister, and an Adarian delegation, headed by the Minister of Foreign Affairs, concluded the Adarian Accession Agreement to the TRU (AAA). The AAA is attached at Annex II. It was duly ratified as a treaty by Adaria on December 1, 2001.

16. During debate in the RU Parliament, several Members expressed strong concerns about the welfare of Adaria's Sophian minority. One Member noted, "We do not want Adaria to qualify for RU membership by pauperizing an already vulnerable minority population." In its formal opinion to the Council, Parliament urged the inclusion in the AAA of a requirement of social and economic protection for Sophians. However, the final draft of the AAA did not include any such provision, and the Council unanimously ratified the AAA without amendment on December 20, 2001. The AAA set three prerequisites for Adaria's admission to the RU, identical to those contained in the Commission's recommendation. It set November 1, 2005, as the deadline for accomplishment of the conditions.

17. The Adarian Prime Minister, Augusto Mesmin, presented the AAA to the public during his annual address on January 15, 2002, summarizing the Agreement as follows:

"The noble history of Adaria is filled with stories of great triumph and honor. Today I present to you the latest challenge, which turns the page to the next great chapter in the book of Adarian history. The AAA holds great promise for the Adarian people. We have the opportunity to join the most powerful economic bloc in the world and thereby to magnify Adaria's voice on the world stage. However, it will require sacrifice from all Adarians: Small businesses will not be able to rely on financial support from the government, and will need to find other ways to compete in the modern economy; the privatization of major state-owned enterprises will have unpredictable consequences; and state services may be cut in order to reduce our foreign debt.

"The conditions for accession are difficult, but the benefits will be tremendous. I know we will succeed in our common cause. Our nation shines brightest when it is faced with great challenges. We have less than four years, and the clock is now ticking. In the grand tradition of our forefathers, I know that our people will boldly surmount these challenges and will reap the benefits of RU membership for ourselves, our children, and our children's children."

The speech was well received, and popular support within Adaria for the Agreement was very high. Reliable media polls indicated that over 90 percent of the Adarian population supported

membership in the Rotian Union, with over 75 percent of those polled expressing "strong confidence" that Adaria would meet the three objectives.

18. In accordance with the AAA, on February 1, 2002, the RU established what it called "The Permanent Legation of the Rotian Union to the Republic of Adaria" in Adaria's capital city, Ilsa. The Chief of Legation, Uriah Heep, presented his credentials to Prime Minister Mesmin at an official dinner on February 5. The Prime Minister announced, "I look forward to working closely with Mr. Heep and his staff, as the representatives of the Rotian Union in Adaria, towards swift fulfillment of the goals of the Adarian Accession Agreement." The dinner and Mesmin's remarks were televised nationally within Adaria.

19. The public popularity of both the AAA and the Rotian Union waned considerably as the Adarian government took measures to satisfy the conditions imposed by the AAA. The government dramatically decreased its foreign debt by increasing the rate of *ad valorem* taxes in every sector, devoting the proceeds to debt repayment. On September 1, 2002, the Ministry of Commerce held a public auction to privatize the national furniture company, Adarmoire. The purchaser of Adarmoire was Bobboman, Inc., a privately-owned corporation based in Bobbia.

20. Bobboman, Inc., promptly closed four of Adarmoire's factories and laid off 20,000 laborers, citing "efficiencies of scale." Several other state-owned companies, including the freight shipping, airline, water supply, and electric power enterprises, were also subsequently privatized and purchased by companies based within RU Member States. In each case, the parent moved swiftly to integrate the financial, supply, and distribution network of the newly-privatized

company into its existing corporate structure in the RU, resulting in layoffs in the Adarian workforce. Mr. Brendan Noyala, the chief executive officer of Bobboman,, speaking at a trade conference in September, observed, "Each of the privatized companies is valuable to its new owners chiefly as an element of a global network of production; we will no longer operate these enterprises as stand-alone Adarian companies."

21. Although the impact of the layoffs on the insular Sophian population was minimal, Adarmoire cancelled dozens of supply contracts with Sophian handicraft manufacturers, resulting in an overall decrease of approximately 15 percent of their sales. Furthermore, the newly privatized power and utility companies eliminated the price discounts to Sophians offered under the SPA. Increases in the prices of power and water left many Sophian villages without basic utilities.

22. In order to meet the third condition of the AAA, the government began to phase out support payments to small businesses. By all accounts, the Sophians were hardest hit by these measures. On January 1, 2003, the Adarian government completed its elimination of "all subsidies to businesses engaged in traditional artisan activities." Within months, over 500 Sophian handicraft collectives ceased operations.

23. In July 2003, the government of Adaria announced plans to fund a massive public works program in the northwest region of the country, aimed at providing jobs and income for Sophians. Several international aid organizations expressed doubts that the program would achieve its intended effects. Noting that the Sophian religion precluded adherents from

participating in building roads and other forms of heavy labor, the Executive Director of one such body suggested in an op-ed piece in *The International Mirror* that, while the Adarian government was to be commended for creating jobs, the Sophians would be unable to fill them. Prime Minister Mesmin replied to critics at a press conference on August 15, 2003, remarking, "The Adarian government respects the age-old Sophian traditions. But the fact is that Rotian Union membership is going to result in a wide range of changes in Adaria. We are all Adarians – including our Sophian brethren – and these changes will create a brighter future for us all."

24. Over the next two years, Adaria continued to adopt measures to implement the AAA conditions. Many Adarian newspapers and politicians complained about the resulting foreclosures and unemployment. One party in the Adarian Parliament declared its outright opposition to membership in the RU, while other parties expressed opposition to the manner in which the government was trying to satisfy the RU membership criteria. For example, on several occasions, candidates for Parliament urged reductions in the *ad valorem* tax and supported reversing privatizations. However, Prime Minister Mesmin's pro-RU party maintained a majority in Parliament after both the 2003 and 2005 general elections, and the entire government program remained intact.

25. In June and July 2005, Adaria took additional measures to reduce its foreign debt. The Ministry of the Treasury borrowed 500 million Rotos (US\$100 million) from private Adarian banks and used the proceeds of these loans to redeem bonds held by foreign creditors.

26. In September and October 2005, the RU auditors based at the RU's office in Ilsa completed their assessment of Adaria's satisfaction of the accession conditions. As they finished their deliberations, hundreds of Sophians and their supporters marched outside their office, protesting the effects of the AAA on Sophian businesses and society. Several international non-governmental organizations submitted unsolicited reports to the auditors, denouncing the privatizations and the elimination of subsidies as having "seriously threatened" the Sophian way of life. Nonetheless, on October 20, the auditors reported to the Commission President that Adaria had satisfied all three conditions enumerated in the AAA.

27. On November 10, 2005, President Kinga delivered a formal communication to the Council:

"Pursuant to Section 6 of Article 11 of the TRU, I have the honor to inform this Council that the Republic of Adaria has timely satisfied each of the three conditions to accession contained in the Adarian Accession Agreement of October 1, 2001. Accordingly, I urge the Council to approve the admission of Adaria to the Rotian Union as a full Member State."

28. The Council convened on November 20, 2005, and promptly took up the matter of Adarian accession. After four days of discussion, the Council voted unanimously to deny admission to Adaria. The minutes of the meeting indicated that Council members only briefly mentioned the three economic conditions and focused most of their discussion upon the condition of the Sophian population. The Council then unanimously approved a resolution (No. 05/376) titled "Further Measures Regarding Adaria." It stated in relevant part:

"The Council has received the Commission's message of November 10, 2005, certifying that the Republic of Adaria has met the economic obligations set out in the Adarian Accession Agreement (AAA).

"Notwithstanding Adaria's compliance with the economic terms of the Agreement, the Council is deeply concerned over the disparity between the living conditions of the ethnic majority in Adaria and the Sophian minority. Adaria's decision to implement the AAA by, *inter alia*, categorically dispossessing the Sophians from all economic means available for the maintenance of their traditional livelihood, has placed the Sophian region in a position of abject poverty, with little hope of recovery in the near-term. Needless to say, this mistreatment of a minority population is inconsistent with membership in the Union.

"The Council therefore decides unanimously that Adaria's application for membership in the Rotian Union is hereby denied. The Council invites Adaria to re-apply for admission at such time as these concerns have been met."

29. The Council's decision had immediate political effects in Adaria. Within days, anti-Rotian Union demonstrations erupted throughout the country, and several government ministers resigned. On December 6, 2005, Prime Minister Mesmin addressed the nation. He stated:

"We had a deal. The Rotian Union promised us all the benefits of membership, if we met three painful conditions. We have done everything the RU asked. At the cost of great economic disruption and the traditions of our country, we have suffered to satisfy their demands for austerity. And now the Council has rejected our application based upon circumstances which its own Agreement has caused. This is an offense against the dignity of the Adarian people, and an insult to the sacrifices we have undergone. The Rotian Union must deliver what it has promised."

30. On December 15, Prime Minister Mesmin announced at a press conference that the Adarian Ministry of Justice was conducting an investigation into what he called "illegal interference by the Rotian Union office in Ilsa into the domestic politics of Adaria." Specifically, he alleged, "During the 2003 and 2005 Adarian parliamentary elections, Mr. Heep or members of his staff made illegal political contributions to one or more parliamentary candidates in violation of Section 17-1031 of the Adarian Civil Code." Section 17-1031 prohibits contributions to any political candidate by a "foreign business or corporate entity."

31. On December 16, two agents of the Adarian Justice Ministry delivered a duly-issued subpoena to Heep at the Rotian Union office in Ilsa. The subpoena directed Heep to deliver "any and all electronic or paper bank records concerning transactions within Adaria." Heep refused to comply, announcing to the media assembled outside the office that "International law recognizes the inviolability of the Rotian Union Legation and its archives, as well as my person." The agents took him into custody on charges of violating Section 17-1031, defying a judicial order, and obstruction of justice. The arrest and detention were carried out in a manner consistent with

Adarian law. Heep was released two days later on his own recognizance and died of acute kidney failure four months later at an Adarian public hospital.

32. On December 17, a local magistrate granted the Justice Ministry a warrant to seize the bank records described in the subpoena. Armed agents of the Ministry arrived at the Rotian Union office, presented the warrant to the desk officer on duty, and seized four boxes labeled "bank records" and hundreds of computer diskettes. The materials, a summary of which was released to the international media after it was prepared by the Justice Ministry, revealed that the RU staff in Ilsa had made several sizeable contributions, through intermediaries in Adaria, to political candidates who supported Adarian membership in the Rotian Union.

33. The Rotian Union reacted swiftly to the arrest of Uriah Heep and the seizure of the records. On December 18, President Kinga sent the following diplomatic note to Prime Minister Mesmin:

"The Rotian Union and its Member States object in the strongest terms to this violation of the Union's diplomatic mission. We demand the immediate release of Ambassador Heep and the immediate return of our property."

34. On December 19, the Prime Minister issued the following reply:

"The Rotian Union office in Ilsa is not a diplomatic mission. The Rotian Union is not a State. The privileges and immunities accorded to an embassy by international law do not

apply to the Rotian Union representative offices. Uriah Heep is a private citizen, not an accredited ambassador. The conduct of our investigation into improper interference by foreigners into our electoral process has been legal and, I might add, our investigation of the facts has shown it to have been wholly justified."

As of the date of this Compromis, the Adarian Attorney General has not presented formal charges in connection with the alleged violation of Section 17-1031.

35. On the same day, the Adarian Parliament passed the "National Industry Act" (NIA), a law forbidding "the exportation of the proceeds of the sale of goods or services produced by certain recently-privatized business concerns." Specifically, the legislation forbade the owners of the formerly state-owned enterprises from repatriating any of the businesses' assets, directly or indirectly, to the RU Member States. Prime Minister Mesmin heralded the new law as "a protection against capital flight" and "a means of reducing the damage that was caused when we were denied membership in the RU."

36. The CEO of Bobboman, Mr. Noyala, denounced the legislation as "tantamount to an expropriation." He urged his counterparts in other privatized industries to shut down their operations in Adaria. He explained that "the value of Adarmoire to Bobboman is greatly diminished if we cannot freely move goods and proceeds between it and the rest of our corporate structure." Bobboman, Inc., brought a lawsuit against the government in Adarian civil court, alleging that its property had been expropriated. The court rejected the lawsuit, concluding, "The plaintiff is an investor that purchased an ownership interest in an Adarian company. The

company and its stock are still in existence, and their value depends on the free market. In sum, nothing has been taken, and no expropriation has occurred." The Adarian Supreme Court upheld the ruling.

37. On April 20, 2006, the Adarian Ambassador to The Netherlands filed an application with the Registrar of the International Court of Justice, alleging that each of the five RU Member States violated international law when Adaria was denied membership in the Rotian Union. The application was duly served upon all five Respondents. The complaint noted that Adaria and the five RU Member States had all accepted without reservation the compulsory jurisdiction of the ICJ.

38. On September 1, 2006, the Rotian Union and the five Member States delivered a joint declaration to the ICJ, which read, in part: "Although each of the undersigned Member States has been named as a Respondent, we declare that the claims against each of us are based upon identical facts and identical law. Our counterclaims against the Applicant, based upon the violation of the Rotian Legation and on the expropriation of the privatized Adarian enterprises, are likewise based upon identical facts and law. In order to promote judicial efficiency, the five Respondents will present their written and oral arguments through common counsel in the name of the Rotian Union." In response to an enquiry from the ICJ, Adaria accepted the terms of the declaration, although it specified that "such acceptance does not entail recognition of the Rotian Union as an international legal person or as a party to this litigation, and certainly does not entail recognition of the standing of the Member States to make a claim on behalf of the Rotian Union."

39. Upon the order of the ICJ President, Adaria and the five Respondents have negotiated this *Compromis*, stipulating to the facts and describing the claims and counterclaims of each party.

40. Applicant and each of the five Member States of the Rotian Union are founding members of the United Nations. None is a Permanent Member (or, at any relevant time, a Non-Permanent Member) of the Security Council. All six States duly ratified, prior to 1990, the Vienna Convention on the Law of Treaties (1969), the Vienna Convention on Diplomatic Relations (1961), and the Vienna Convention on the Law of Treaties between States and International Organizations or between International Organizations (1986).

41. Applicant requests that the Court adjudge and declare that:

- (a) Respondents have violated international legal obligations owed to Adaria by denying Adaria membership in the Rotian Union;
- (b) Respondents do not have standing to make any claim concerning Applicant's actions with respect to the Rotian Union representative office, its property, or its personnel;
- (c) Applicant did not violate international law concerning the immunity of diplomatic missions by seizing the premises, property, or personnel of the Rotian Union representative office; and
- (d) The National Industry Act does not constitute an illegal expropriation of Adarmoire and the other privatized concerns under international law.

42. Respondents request that the Court adjudge and declare that:

(a) The denial of Adaria's application to join the Rotian Union did not breach any international legal obligations owed by Respondents to Adaria;

(b) Respondents may properly bring a claim for the Applicant's actions with respect to the Rotian Union Legation, its property, and Ambassador Heep;

(c) Applicant violated international law concerning the immunity of diplomatic missions by seizing the premises, property and personnel of the Rotian Union Legation;
and

(d) The Adarian National Industry Act constitutes an illegal expropriation of Adarmoire and the other privatized concerns under international law.

ANNEX I

TREATY ESTABLISHING THE ROTIAN UNION

AS AMENDED BY THE CONVENTION AMENDING THE ROTIAN UNION TREATY

THE PRESIDENT OF THE BOBBIAN REPUBLIC, HIS MAJESTY THE KING OF THE CAZALIANS, THE PRESIDENT OF DINGOTH, THE PRESIDENT OF THE STATE OF EPHRAIM, AND HER MAJESTY THE QUEEN OF FINBAR,

DETERMINED to lay the foundations of an ever closer union among their people,

RESOLVED to ensure the economic and social progress of their countries by common action to eliminate the barriers which divide the region of Rotia, a contiguous land-mass whose people are joined by numerous common historical, cultural and social ties,

DESIRING to contribute, by means of a common commercial policy, to the progressive abolition of restrictions on trade amongst themselves and the encouragement of international trade with others,

INTENDING to confirm the solidarity which binds them and desiring to ensure the development of their prosperity, in accordance with the principles of the Charter of the United Nations, including in particular respect for human rights and the rights of women and minorities,

RESOLVED by thus pooling their resources to preserve and strengthen peace and liberty, and calling upon other people who share their ideal to join in their efforts,

HAVE DECIDED to create a ROTIAN UNION and to this end have agreed as follows.

Article 1

By this Treaty, the HIGH CONTRACTING PARTIES establish among themselves a ROTIAN UNION.

Article 2

The Union shall have as its task, by establishing a common market and an economic and monetary union and by implementing common policies or activities referred to in Section 2 of Article 8, to promote throughout the Union a harmonious, balanced and sustainable development of economic activities, a high level of employment and of social protection, sustainable and non-inflationary growth, a high degree of competitiveness and convergence of economic performance, a high level of protection and improvement of the quality of the environment, the elevation of the standard of living and quality of life, equality between women and men, and economic and social cohesion and solidarity among the citizens of the Member States.

Article 3

The tasks entrusted to the Union shall be carried out by four institutions: a Commission, a Council, a Parliament, and a High Court. Each institution shall act within the limits of the powers conferred upon it by this Treaty.

Article 4

1. The Commission is the executive and civil service branch of the Union. The Commission is exclusively responsible for:
 - (a) initiating legislation by drafting and presenting proposals to the Council;
 - (b) annually proposing a budget for the Union to the Council;
 - (c) monitoring Member State and individual compliance with Union legislation and decisions;
 - (d) enforcing Union legislation and decisions, where necessary in cooperation with the High Court and the judicial and police authorities of the Member States;
 - (e) collecting and managing Union revenues;
 - (f) when authorized by the Council, negotiating international agreements with one or more States; and
 - (g) under the guidance of the Council, conducting the economic, trade, and diplomatic relations of the Union with non-Member States and international organizations.
2. The President of the Commission shall be elected by unanimous vote of the Council for a term of five years. The President may be removed at any time by unanimous vote of the Council.
3. Upon election, the President shall nominate four Commission Ministers, who shall be subject as a body to a vote of approval by the Council, acting by unanimous vote.
4. The President and Ministers must conduct themselves completely independently of national or other influence in the performance of their duties.
5. The President and the Ministers may create such bureaus and agencies, and appoint such deputies, specialists and civil servants as are necessary to the operations of the Union.

Article 5

1. The Council is responsible for:
 - (a) in conjunction with the Parliament, approving Union legislation in accordance with Article 8;
 - (b) adopting an annual budget for the Union upon proposal from the Commission;
 - (c) by unanimous vote, electing and, when appropriate, removing the President of the Commission;
 - (d) by unanimous vote, authorizing the Commission to conduct the international economic and trade relations of the Union;
 - (e) authorizing the Commission to negotiate agreements with one or more States, and ratifying such agreements by unanimous vote, after consulting the Parliament; and
 - (e) exercising such other powers and performing such other duties as may be conferred upon it by Union legislation.
2. Each Member State shall have one equal vote on the Council. Each Member State shall be represented by its Head of Government or his or her designated representative.

3. The Council shall be chaired in turn, as determined by alphabetical order, by each Member State for a term of two years.

Article 6

1. The Parliament, which shall consist of 100 representatives of the people of the Member States, is responsible, in conjunction with the Council, for approving Union legislation in accordance with Article 8.
2. The members of Parliament shall be elected by direct universal suffrage. The number of representatives allocated to each Member State shall be determined once every ten years by Union legislation, approved unanimously by the Council and by simple majority vote of the Parliament.
3. Representatives shall be elected for a period of five years.

Article 7

1. The High Court is the judicial branch of the Union. The High Court is empowered with authority to interpret this Treaty and Union legislation adopted hereunder.
2. The High Court shall consist of one judge from each Member State, elected to a ten-year term by the Council.
3. The High Court shall hear only the following categories of proceedings, arising under Union law:
 - (a) complaints by a Member State against an institution of the Union;
 - (b) complaints by a Member State against other Member States alleging breach of this Treaty or legislation enacted hereunder;
 - (c) complaints by an institution of the Union against another institution of the Union;
 - (d) complaints by a Member State that Union legislation exceeds the authority of the Union;
 - (e) actions for enforcement of Union law brought by the Commission or the Council against a Member State; and
 - (f) questions of Union law referred by the highest court of a Member State.
4. The Council shall adopt, by unanimous vote, a Statute and Rules of Procedure for the High Court. Such Statute and Rules may be amended only by unanimous vote of the Council upon a proposal by the Commission.

Article 8

1. Consideration of Union legislation may be initiated only by a proposal from the Commission. Union legislation shall be adopted upon simple majority vote in the Parliament and (except where a unanimous vote is required by this Treaty) simple majority vote in Council. If the Council or the Parliament modifies a Commission-drafted proposal, adoption of such modified proposal must be by unanimous vote in the Council and simple majority in the Parliament.
2. The Commission may propose, and the Council and Parliament may adopt, legislation aimed at only the following purposes:
 - (a) the abolition of customs duties and quantitative restrictions on trade in goods and services among Member States;
 - (b) the abolition of restrictions upon the free movement of persons between Member States;

- (c) the abolition of restrictions upon the establishment or conduct of businesses by citizens of one Member State in the territory of another Member State;
 - (d) the abolition of restrictions upon the free movement of capital and payments between Member States;
 - (e) the progressive establishment of common policies in the sphere of commerce, agriculture, transport, employment, environment, competition, business, industry, development, energy, education, research, health and safety, and labor;
 - (f) coordination of the external trade relations of the Member States, including the maintenance of a common external tariff vis-à-vis non-Member States;
 - (g) the progressive replacement of national central banks with a Central Rotian Bank, and the concurrent progressive replacement of national currencies with a single Rotian currency;
 - (h) the creation and definition of "Rotian citizenship," complementary to (and not exclusive of) Member State citizenship; and
 - (i) such other purposes necessary for the attainment of the Union tasks described in Article 2, or to aid the effectiveness of any purpose described in this Article 8(2).
3. Where Union legislation directs Member States to take further measures (including the adoption of domestic legislation) in order to give it full force and effect, each Member State shall take all such measures in accordance with the time limits set out in the legislation.
 4. Where Union legislation by its terms has direct effect without further action by Member States, the judicial and executive branches of each Member State shall give such legislation full force and effect, irrespective of any conflicting provision of domestic law.

Article 9

The revenues of the Union shall be derived directly from the proceeds of the common external tariff of the Union and of such other common policies as may be established by legislation. The Commission and Council shall determine the portion of tariff revenues that are reserved to the Union on an annual basis, as part of the budget process.

Article 10

1. Member States shall take all appropriate measures, whether general or particular, to ensure fulfillment of the obligations arising out of this Treaty or resulting from legislation or decisions enacted by the institutions of the Union. They shall facilitate the achievement of the Union's tasks. They shall abstain from any measure which could jeopardize the attainment of the objectives of this Treaty.
2. Each Member State must maintain member status in the United Nations and be a party to the Statute of the International Court of Justice. Each Member State must accept without reservation the compulsory jurisdiction of the International Court of Justice.

Article 11

1. Any State wishing to join the Rotian Union shall notify the Commission in writing of its intention. Such notification shall include basic economic and demographic data, including detailed descriptions of the major economic sectors.

2. Upon receiving a notification, the Commission shall conduct its own investigation as to whether the applicant State is suitable for membership and what additional measures, if any, are necessary.
3. If the Commission determines that an applicant State is or may be suitable, the Commission shall present a recommendation to the Council. Such recommendation shall describe in detail the additional measures, if any, necessary for the admission of the applicant State.
4. The Council may, by majority vote, signify its approval of the Commission's recommendation by authorizing the Commission to negotiate an Accession Agreement with the applicant State. Such Agreement shall describe the conditions and timelines for accession.
5. Once the Commission and the applicant State have negotiated an Accession Agreement, the Commission shall present the Accession Agreement to the Council. The Accession Agreement shall not have legal force until it is ratified by unanimous act of Council after obtaining the opinion of Parliament.
6. When the Commission has determined, in its sole discretion, that the applicant State has timely satisfied all conditions for accession described in the Accession Agreement, the Council shall consider the application, which it may approve by unanimous vote after obtaining the opinion of Parliament. The new Member State shall assume all rights and obligations of Union membership on the 90th day following approval by the Council.

Article 12

This Treaty is concluded for an unlimited period.

Article 13

This Treaty shall be ratified by the High Contracting Parties in accordance with their respective constitutional requirements. Instruments of ratification shall be deposited with the Government of the Bobbian Republic.

This Treaty shall enter into force on the first day of the month following the deposit of the Instrument of ratification by the last signatory State to take this step.

Article 14

This Treaty, drawn up in a single original in the official languages of the Member States, all four texts being equally authentic, shall be deposited in the archives of the Government of the Bobbian Republic.

IN WITNESS WHEREOF, the undersigned Plenipotentiaries have signed this Treaty.

ANNEX II

Adarian Accession Agreement to the Rotian Union Treaty of October 1, 2001

THE REPUBLIC OF ADARIA ("ADARIA") AND THE COUNCIL OF THE ROTIAN UNION ("RU"),

* * *

DESIRING to facilitate the successful integration of Adaria into the RU, hereby agree as follows:

- (1) Conditions for Admission to the Rotian Union. Adaria shall be eligible for admission to the Rotian Union, pursuant to Article 11, Section 6, of the Treaty Establishing the Rotian Union, upon its satisfaction, no later than December 1, 2005, of each of the following conditions:
 - (a) Adaria must reduce its debt owed to States other than Member States of the Rotian Union to an amount not to exceed ten percent (10%) of Adaria's annual Gross Domestic Product for the full calendar year immediately preceding the date of calculation;
 - (b) Adaria must privatize or dissolve the following State-owned concerns: the electrical power provider Adarenergy; the passenger and freight air services provider Adarfleet; the water supply company Adardrink; and the furniture manufacturer and retailer Adarmoire; and
 - (c) Adaria must eliminate all support payments to small domestic businesses (as that term is defined in the RU Codex) which are presently in place or may be introduced in the future.
- (2) Deadline and Determination of Satisfaction. Adaria's satisfaction of the conditions contained in Section 1 shall be determined by the RU Commission. The RU Commission's determination shall be aided by experts employed by the Commission. Adaria pledges to fully cooperate with the experts in their investigation.
- (3) RU Representative Office. In order to facilitate the work of the RU Commission and its experts, and to aid in the diplomatic and economic aspects of Adarian integration in to the RU, the RU shall establish an official delegation in the Adarian capital, Ilsa. The chief officer of the RU Delegation shall serve as the official representative of the RU in Adaria. The RU Delegation shall be established no later than March 1, 2002. The rights, obligations, privileges and immunities of the RU Delegation shall be governed by international law.