The Lack of Special and General Usages A Weakness for the Normal and Reliable Function of Kosovo Permanent Tribunal of Arbitration

Asoc.Prof. Dr.sc. Armand Krasniqi
Faculty of Economy - University “Hasan Prishtina” Prishtina - KOSOVO,
Subjects: Business Right and International Business Right
mandikrasniqi@gmail.com

DOI:10.5901/mjss.2014.v5n19p108

Abstract
Business relations of economic entities operating in Kosovo have begun to be regulated similarly to those of modern countries, in accordance with the spirit of globalization. In this segment the local institutions recently succeeded in completing the primary legislation and partially the secondary one. Within this activity has been done also the reforming of judicial system, have been redefined the competencies of judicial authorities for disputes in the field of economy and above all within the Chamber of Commerce is established the Permanent Tribunal of Arbitration as a specialized agency for solving disputes of contractual business relations. With all these achievements it is estimated that this court cannot be efficient and functional because starting from 1989 the Usages as juridical resources which are contracted by parties do not only exist but no one has identify, collect and publish them in the official newspaper. Based to this situation there are problems that actually do not have answers and confused situation is creating legal uncertainty. For a long period we have been part of Former Yugoslavia and question arise: are the special and general Usages issued in 22 March 1989, considering the fact that UNIMK Regulation for Applicable Law in Kosovo in the Point 2 allows to implement the Serbian laws after March 1989 if not discriminatory, applicable in Kosovo? No regulation determines the competence of any institution that issue Usages. On the other side we are aware of the fact that the most business relations in the modern world are regulated by contracting Usages and in Kosovo we do not have regulate this segment and the Permanent Tribunal of Arbitration cannot be in the level of its duty.

Keywords - Usages, Legislation, Contract, Tribunal, Arbitration

Introduction
Arbitration is the most common and contemporary method of resolution of disputes that come as a result of operational development at international market. It is a private mean to solving the conflicts based on a reached agreement of parties in order to refer the eventual context to a private court. Developing a case in such way is usually a preferable method for certain reasons. The procedure of arbitration tends to be faster rather than a contested issue to be addressed and executed beyond a national court. A contracted arbitration court – determined to hear or solve a disagreement should obviously pay a full and continuous attention to a contested issue. Ordinary courts have usually a limited time, or long and different court files that require a particular commitment for. Despite the fact that arbitration courts should act in accordance with the law, they should also approve some flexible and faster procedures. Even if the arbitration court process costs more than an ordinary court process, it is more convenient to the merchants because of its simplicity procedure. Above all, arbitration’s expenditures should generally be afforded by parties.

The Republic of Kosovo established in June 2008 the “Tribunal of Arbitration”. The foundation and functioning of this institution, backed by the USAID, is being positively evaluated by Kosovo’s judicial system. Its proper way of functioning is a pure reflection of development of judicial pledge for Kosovo’s and international economic operators and investors, since it guarantees an alternative and efficient way of resolving different contexts. Contemporary business operators, due to the globalization, prefer non-bureaucratic resolution of contexts. Therefore, arbitration is a procedure that is ultimately dominating amid businesses.

There is no doubt that the creation of tribunal helps directly in saving the principles, habits and good business norms. This practice should obviously be implemented by all subjects involved with foreign business partners. In this way, they save economic interests of their enterprise and of our democratic society: they create a mutual understanding to business foreign partners, and contribute positively in the creation of a good reputation of our country.
Among other problems that the Arbitration Tribunal could face are tied with the existence or implementation of different and general “Usages” as a judicial source to reaching contractual agreements between contracted parties. Until now, no state institution has taken any step in order to draft a law related to competencies of different institutions in identifying, systemizing, codifying and publication of Usages.

Arbitration Tribunal in Kosovo

The Tribunal of Arbitration in Kosovo has been established in June 2008, when the Law on Arbitration Nr. 02/L – 75 entered into force (Law for Arbitration- Official Gazette). The establishment and functioning of this institution is considered as Kosovo’s biggest achievements in terms of judicial system. Today, the most complicated contests in the world are being resolved by arbitration tribunals. In formal and procedural plan, the Tribunal of Arbitration in Kosovo has acquired arrangements for rational activities of this institution by guarantying transparency and by offering means to controlling procedures by parties. According to the law, this procedure is determined in accordance with the regulations of arbitration. Nevertheless, the duration and administration of evidences are determined by parties involved in the contest. The parties have the right to propose an arbiter whose professional and ethic capacities are unbiased. Other part has the right to contest the selection of arbiter proposed by arbiters’ tribunal.

All the operators, whether local or international, could resolve their disagreements at the Permanent Tribunal of Arbitration. The Permanent Tribunal of Arbitration acts within the office of Kosovo’s Economic Chamber. This could be achieved if the parties involved in the process agree to introduce the case at this institution or by incorporating the model of arbitration’s clause in their contract. Arbitration’s clause model on contracts foresees that any disagreement, dispute or any infraction on contract, could be resolved by the arbitration under Kosovo’s Economic Chamber supervision in accordance with the Regulations of Arbitration of the Permanent Tribunal of Arbitration (Law for Arbitration Nr. 02/L-75) In this context, the regulations of “Arbitration KOSOVA 2011” are compiled in a very flexible way in order to serve to both parties and tribunal in the best way they could. The legislative legal framework of arbitration in Kosovo is completed. The legislations that currently are in vigor are the followings:

- Law on Arbitration nr. 02/L – 75
- Law on Contested Procedure nr. 03/L – 006
- Law on Executive Procedure nr. 03/L – 008
- Conventions (Convention of New York of 1968; Regulations UNCITRAL)

Therefore, we could consider that the above mentioned legislation could technically be considered as a completed one. Notwithstanding, if revised by important judicial sources such legislation gives the impression that is not completed, since it is tied with the lack of particular and general Usages.

Market Usages

The Usages refer to complex market and other systemized Usages published by any competent authorized body which has an economic character, or by any corporation or professional society, like stock – market is. Before, for general Usages in our country was in charge the Economic Court, whereas for particular Usages, it was the Chamber of Commerce (Savremena Administracija, 1964, pg.10-12). Despite the fact the Usages are considered as a mean to stabilizing the current market practices, through them could be modified and revised those Usages that weren’t treated as such until now. The Usages could be: general ones (worth for all economic/market activities), and particular ones (worth only for particular kind of markets and services). The hierarchy of norms gives the priority to those contracts that are tied with particular Usages rather than to those tied with the general ones (Savremena Administracija, 1964, pg.1012). The Usages are considered as lex contractus – as complex regulations that act in accordance with the reached contract agreement between parties, respectively. In countries where different kind of Usages exist, the parties should preliminarily reach an agreement and, of course, to respect it (Alishani, Prishtina 1986 pg. 124). That means, in such country both general and particular Usages are worth for the entire territory of. The Usages are viable only if parties sign a contract. Thus, the parties are considered to have been agreed to employ Usages on a contest only when such Usages are précised in the contract, and

1. Uzansat (angl. Usage – trade usage; gjerm. Gepfflogenheit, geschafsverker; frän. Usage - usages de commerce; ital. Uso commerciale, etc.) represents commercial habits collected, systematizes, codified and published by the competent bodies or professional associations (government bodies, chamber of commerce and other international specialized institutions that deals with the international exchange).
when agreed to give competences to economic competent court. Contracted parties have also the possibility to exclude the implementation of Usages only if they agreed to fix some issues differently of the Usages. The contracted parties are considered to have been agreed on judicial effect of Usages only if such agreement is under economic court competencies. The contracted parties have the possibility to exclude the implementation of economic Usages only if it is arranged through any of dispositions of the contract. General Usages are worth for both bargaining and circulation of different goods. According to regulation, particular Usages, before being implemented, should be evaluated whether they are compatible with general norms of Usages by competent economic court or not. Particular Usages could, in a way, arrange standards, parities and qualities of goods and services. In this case, we are not speaking about multiplicative norms that are implemented in identical particular cases, but about those obliged norms that fix a particular issue. Usages could be: merchandise Usages, i.e., those that fix the circulation of goods; non-merchandise goods, i.e. those that fix the businesses on securities, and Usages of services, i.e. those that fix the sphere of services (Savremena Administracija, 1964, pg. 1013) Independently if the Usages are general or particular ones, the dispositions of the Law on Obligations should be taken into consideration.

Particular Usages

The classic judicial theory qualifies Usages as a fixed business practice that stabilizes, modifies and develop any unstable specific agreement by respecting the procedure and competencies of state or business organs. Taken into account the role and importance the Usages have in arranging different agreements between businesses, we could obviously stress that their position has a particular importance in, since the perspective of this economic activity is merely based in contractual agreements.

Particular Usages back firmly the principle of the autonomy of good will of parties to reaching contractual agreements. The legislatives suppose that parties would arrange their mutual agreements based on their mutual interest. This principle of will of parties played an important role in creation of judicial uniform regulations of international touristic business. Taking advantage of these possibilities, both local and international business operators have deepened their relations by reaching mutual agreements – contracts. In this case the parties involved all necessary elements in the contract by which they fixed different issues tied with eventual contests, national applied law, etc. Constant repetition of clauses that have the same content has converted both local and international regulations into Usages that, in practice, are, more and more, derogating the old national judicial system.

Without doubt, huge powerful and professional organizations, associations, business chambers or touristic operators, played an important role in the process of unifying both merchant international right and touristic services’ sphere that were able to apply proper regulations of international business law based on Usages. Through their standardized contracts they preliminarily arrange even the trivial elements in accordance with the clause on “fixing easily and properly the activities”.

The parties that want to reach a contract with the members of these operators have no other possibilities but to totally accept or refuse the conditions of the contracts based on Usages.

Through particular (special) Usages and contract forms, international business principles in tourism that exclude the implementation of national rights and bring in practice new techniques to reaching contracts, have been created. Such principles are created in order that parties could easily and by not wasting too much time, reach contracts. The right that was created as a product of these relations-agreements is qualified by the judicial theory as the right of the form (Krasniqi, 2004 pg.32).

Thanks to Usages and to their proper implementation in contracts, a new judicial regulation which excludes the use of national judicial system has been created. In this way, the possibility of courts to intervene in particular contested cases is excluded. National and international touristic operators foresee, in advance, competences of particular mechanisms – arbitrations or selected economic courts, respectively. Generally, both national and international touristic operators avoid to apply in their contracts the national rights and courts, since, in this way, they create a particular system of sanctions that could be employed toward those parties that refuse to implement the decisions of arbitration.

Basic attentions that are reasonably paid toward “the right of the form” are merely based in facts that the Usages regularly fix in different ways touristic agreements-relations; or because they are in contradiction with the law; that do not offer judicial
insurance to touristic operators; that have no basic principles of positive judicial system which could fill possible gaps; that
do not properly determine issues of national right; and that, finally, are converted into a instrument of pressure in the hands
of huge business partners. Independently of positive and negative elements the “right of the form” has, in practice it is being
developed by arranging issues in details, and based on the clauses of the autonomy of the will of parties that reach
contracts.

The role of special Usages is primary in the contractual right because the Usages with competence and professionalism
regulate the most part of the business operators’ activities for juridical – business issues e.g. the hotel services contract;
tourist agency contract when providing hotel services; contract for the supply of food and drinks; good faith agreements to
resolve disputes etc. The implementation of the Usages in business field have influenced in the creation of professional
right that is not established by the government but the different business organizations or potential touristic operators. From
the international business practices in the theory of the right is nominated as autonomous tourism right. The unification
through national and international contracts chronologically has influenced in the spontaneous process of unification.

**The Beginning of Usages as a Source of Law in Kosovo Autonomous Trade**

Usages are regulations and for these reasons are implemented only when the parties agree for the specific relation and
the contract is regulated according to this. These rules are considered lex contractus, respectively as a set of rules that the
interested parties will apply in a particular case if the contract is not specified differently. In the hierarchy of rules that are
implemented for contracts, the specific Usages are listed after the contracts, then are the good habits and in the end the
general Usages. In the case when for a contractual issue exist two or more Usages then the parties must agree which one
they want to implement.

The history of the Usages, as an important juridical resource for contractual relations in Kosovo, as well as the legislation,
dates back to the early 50th of the XX century, when the country was part of the former Yugoslavian Federation. Since
then, the publisher of the general Usages, with legal competences has been the Supreme Court, respectively its
professional college; meanwhile the Federative Chamber of Commerce was responsible for the specific Usages. In the
former Yugoslavia the special and general Usages were valid for the entire state territory. So, the Usages’ compilers were
the non governmental bodies or state agencies closely related with the businesses and independently by who were issued
the Usages have been treated as a part of autonomous commercial right. These institutions codified the best practices in
the field of business function (Savremenja Administracija, 1964, pg. 1012). Based on an autonomous right of traders
established in the former Yugoslavia, the Usages were considered valid only if there was the will of the parties and the
approval for their implementation in a contractual relationship has been possible in one of the following ways:

Voluntary membership of the operator within an organization where the contractual relations are regulated based to the
Usages. This means the fact that the membership declares the willingness that the parties wish to apply usages. So, the
operators, members of the organization agree to apply the Usages;

Persons, respectively the operators that are not members of the organization are not obligated to implement Usages but
this will be possible only if have expressly agreed or clearly stated to adapt these practices (operations within the
organization that brings the commercial use).

The public bodies have limited control over the Usages if with a decision have transfer the authorization to anybody for
their formulation and publication. The aim of the control is to protect the public (Velimir, 2003). The special and general
Usages have been into force from the moment they are published in the Official State Gazette.

In the beginning of 50th of the past century until 22 March 1989 in the time when the Republic of Serbia violently suspend
the autonomy of Kosova living the country out of the juridical system, have been effective the Usages for the movement of
goods, the special Usages for potatoes, legumes, rice, vegetables, flour product commerce, special Usages for hospitality, construction materials, blocks, marble and granite (Velimir, 2003). It should be
noted that some of these Usages are complemented by several times before and after March 1989.

With the establishment of Kosovo under UNMIK administration - based to the Regulation nr. 2000/59 Article 1, paragraph
1.1 determines that applicable law in Kosova that includes: paragraph (a) Regulations promulgated by the Special
Representative of the Secretary-General and subsidiary instruments issued there under and paragraph (b) applicable Law in Kosovo on 22 March 1989. In the article 1. Paragraph 1.2. Also this situation is regulated, citing...

"If a court of competent jurisdiction or a body or person required to implement a provision of the law, determines that a subject matter or situation is not covered by the laws set out in section 1.1 of the present regulation but is covered by another law in force in Kosovo after 22 March 1989 which is not discriminatory and which complies with section 1.3 of the present regulation, the court, body or person shall, as an exception, apply that law." 2

Since the UNMIK administration – June 1999 and after the declaration of the Independence 2007 and until now the legislative and executive institutions of the Republic of Kosovo have not taken initiatives to authorize any governmental and nongovernmental institution to review the special and general Usages issues in our country.

We are aware that the country economy is operating on the basis of free principles trade and the operation of the foreign subjects is big. Until now we have a completed juridical system although the delays are noted in its implementation. However, we are aware that the majority of these relations are contractual and therefore realized according to businesses standards and Usages. Since these Usages are very important for the contractual right how should act the business entities? When concluding the contract to which Usages should be referred? Is it possible to recall usages issued by the former Yugoslavia and if so to which year? Why with the Law for Chamber of Commerce of the country is not regulated the way and the competences to issue general usages? Should the Supreme Court mandate - authorize a team of experts to handle, gather, edit and publish usages that are with juridical security interest? Should Kosovo Government, respectively the Ministry of Trade and Industry together with the Ministry of Justice support a law that would regulate this issue in defining the institutional responsibilities?

Conclusions

Kosovo is passing a completion process of the primary and secondary legislation and building institutions that will guarantee for social and economical development as the other countries of Europe. In this function with the help of USAID has been created the Permanent Tribunal of Arbitration with the competences to resolve the possible disputes in the field of trade and economy in general. Despite these advantages, there are gaps and ambiguities regarding the existence or juridical formal resources that will guarantee to the operators the qualitative implementation of their contractual duties. Until now, no national competent institution has not handle the role and function of general and specific Usages, which are an indispensable resource of trade contractual transactions.

The Usages represent collected and systemized trade habits, codified and published by the competent bodies or professional associations (Chamber of Commerce and other international specialized institutions that deal with international exchange). The Usages represent the rights of the contractual parties (lex contractus) and have made of those an integral part of their contracts. If the contracting parties do not want to apply these Usages during the contract execution the same can be removed from the contract. The competent body that brings, systemize, modify the existing trade habits, the general conditions of commerce and the commercial practices by adapting to the economy needs and the movement of goods creating in this way clear and effective rules which enable the all the trade participants (internal and external) to resolve different unclear cases that can be presented during the contractual period, especially if it is about business transactions in foreign trade and international exchange of goods and services. The Usages can be general and specific. The general Usages include trade habits which regulate all forms of goods and services exchange. The specific Usages include commercial habits which regulate specific business relations and others during the contracting of different forms of goods and services exchange.

Is necessary that the Government of the Republic of Kosova, through relevant ministries sponsor the Law which will initially determine which institutions will be responsible for the identification, collection, codification and publication of general and specific Usages. Another issue is the granting of essential responses if the general and specific Usages published in former

---

1. The Special Representative of the Secretary-General, pursuant to the authority given to him under United Nations Security Council resolution 1244 (1999) of 10 June 1999, taking into account United Nations Interim Administration Mission in Kosovo (UNMIK) Regulation No. 1999/1 of 25 July 1999 on the Authority of the Interim Administration in Kosovo, for the purpose of defining the law applicable in Kosovo, promulgates the Regulation nr. 2000/59
2. Ibid
socialist Yugoslavia until 22 March 1989 are effective or not? Also, referring to Regulation no. 2000/59, paragraph 2, of the applicable law in Kosovo, promulgated by UNMIK, how will handle the implementation of Usages issued after this date.

From this work it comes out that the situation in this field is not only regulated but it can be concluded that the existence of a permanent Arbitration Tribunal without formal legal Usages resources will be insufficient. This is because the majority of commercial contractual transactions explicitly or implicitly are regulated by Usages. Therefore, national claim to adapt to global trade trends and European integration appears to be not serious and this reflects the lack of legal uncertainty for operators and potential investors in our economy.

**Bibliography**

Alishani. A (1986). E drejta e detyrimeve. Prishtinë:


Hetemi, M. (1996). E drejta me njohuritë themelore të së drejtës afariste. Prishtinë:


The Law on Tourism and Hospitality in Kosova, Nr. 2004 / 16, Gazette:
