



INTERNATIONAL INSTITUTE FOR THE UNIFICATION OF PRIVATE LAW
INSTITUT INTERNATIONAL POUR L'UNIFICATION DU DROIT PRIVE

LEGAL SUBCOMMITTEE TO THE U.N. COMMITTEE ON THE PEACEFUL USES OF OUTER SPACE

(61st session, Vienna, 28 March–8 April 2022)

Agenda Item 5: Information on the activities of international intergovernmental and non-governmental organizations relating to space law

STATEMENT

by the Permanent Observer representing UNIDROIT

1. Thank you, Honourable Chair. On behalf of the International Institute for the Unification of Private Law (UNIDROIT), please allow me to start by congratulating you on your appointment as the Chair of the Legal Subcommittee. We would also like to express our appreciation to Professor Aoki from Japan for her excellent work as the outgoing Chair.
2. Secondly, UNIDROIT would like to express its utmost appreciation and gratitude for the work and efforts of Director Simonetta Di Pippo, who excellently led the work of the United Nations Office for Outer Space Affairs since 2014. Indeed, it has been during her leadership of the Office that there has been an increasing focus on space sustainability, as well as the recognition of the role being played by the private sector in the space industry, both of which are important items for UNIDROIT. We were very pleased to host Director Di Pippo at our Headquarters in Rome in September last year when [UNIDROIT and UNOOSA successfully concluded a Memorandum of Understanding](#) to further the collaboration between our two organisations. We wish her the best of luck in the next stages of her career, where we are confident she will continue to do great things.
3. On this note, we would like to congratulate Mr Niklas Hedman for starting the role of Acting Director of UNOOSA. We are confident that with Mr Hedman, and his immensely talented team, the Office will continue to push the boundaries of items achievable through cooperation and collaboration in the area of outer space. We remain fully available to offer any support in this regard.
4. Madame Chair, and distinguished Delegates, my Secretary-General, [Professor Ignacio Tirado, addressed this Committee last year at its 60th Session and provided an update on the work of UNIDROIT in the space sector](#). Since then, I am pleased to report that COPUOS, at its 64th Session, kindly approved UNIDROIT's application to become a Permanent Observer to the Committee. For this, UNIDROIT expresses its gratitude to the Committee and all its Subcommittees for their kind consideration.
5. As a Permanent Observer, UNIDROIT will now seek to involve itself further in the activities of the Committee, particularly with a view towards building on the importance of private international law in the space sector, as well as secured financing. In this regard, you will recall that UNIDROIT adopted the Protocol to the Convention on International Interests in Mobile Equipment on Matters specific to Space Assets (the *Space Protocol to the Cape Town Convention*) in 2012. I will be providing a brief update on this as part of my remarks. Additionally, I note that

UNIDROIT is following COPUOS's work on space sustainability, as well as the utilisation of space resources with great interest, and hopes to contribute as relevant and appropriate.

6. With regard to the Space Protocol, since our last update to this honourable Subcommittee, UNIDROIT is pleased to report that good progress continues to be made, not only on the Space Protocol, but also the Cape Town Convention and its other Protocols more generally. As you might already be aware, the Cape Town Convention System has four Protocols which relate to the Aviation, Rail, Space, and Mining, Agriculture and Construction (MAC) sectors respectively.

7. The Cape Town Convention, now with 83 States Parties, and its Aircraft Protocol with 80 States Parties, have regularly been regarded by many as some of the most commercially beneficial international private law treaties ever adopted. They continue to attract new accessions and the International Registry for aircraft objects is expanding exponentially, having celebrated its one millionth registration in 2019. Additionally, implementation of the Luxembourg Rail Protocol has also begun to pick up speed. Just last week, [South Africa announced its signature of the treaty](#), now bringing the total number of signatories to 11. Negotiations with the bidder selected to operate the International Registry for railway rolling stock have been successfully completed, and the Luxembourg Rail Protocol is expected to enter into force soon. Furthermore, the development of the international infrastructure required to allow the Mining, Agriculture and Construction (MAC) Protocol is also well underway, with the [Request for Proposals to set up the International Registry for MAC Equipment presently open](#).

8. Moving to what this Committee is most interested in - the Space Protocol. Madame Chair, and distinguished Delegates, UNIDROIT continues its efforts to advance the understanding of the importance of an international system of secured transactions law for the space industry, particularly with the rise of private financing, as well as the fast growth of the NewSpace sector. The Space Protocol has the potential to increase the amount of credit available for space businesses, which is one of the key economic challenges faced by this industry, as was identified in a [report published jointly by the European Commission and the European Investment Bank in 2019](#).

9. Furthermore, in a document entitled '[Orientations on the European contribution in establishing key principles for the global space economy](#)', the European Council highlighted the benefits of reducing financing costs for satellite operators and of providing creditors with valuable and accessible securities for their loans; and of promoting awareness on international financial instruments. This is the main purpose of the Space Protocol and UNIDROIT continues to work with governments, space agencies, industry, and others to promote the use of asset-based financing in the space industry.

10. The UNIDROIT Secretariat has continued to promote the Space Protocol in order to facilitate building the international infrastructure necessary for its entry into force, as well as to encourage States and industry participants to recognise the benefits of asset-based financing for the space sector. This includes specific consideration of the benefits of the Space Protocol, as an international system of secured transactions law specifically designed for the space sector, for NewSpace, including innovative technologies such as space resource utilisation, in-orbit servicing, mega-constellations, space manufacturing, as well as for further promoting space sustainability.

11. In 2021, among other things, UNIDROIT organised two international seminars with its partners highlighting the [importance of asset-based financing for the space industry in a post-Covid space economy](#), and on [examining the use case of the Space Protocol in light of emerging space technologies, such as on-orbit manufacturing, space mining, and life-extension of satellites](#).

12. Institutionally, as noted by my Secretary-General last year, the [Space Preparatory Commission](#), which works under the auspices of the UNIDROIT General Assembly, as per a Resolution of the Space Protocol Diplomatic Conference, continues to work towards the entry into force of the Treaty. Negotiations are underway with candidates for the role of Supervisory Authority of the Space Protocol, and there are many States which are presently examining ways to adopt the Protocol as part of their broader implementation of the Cape Town Convention.

13. The space industry has recently seen tremendous growth which is expected to multiply in the near future, it is estimated that the revenue generated by the global space industry will increase to \$1.1 trillion or more in 2040, with significant parts of this coming from the private sector. Prior to the Space Protocol, there existed no international legal framework providing for asset-based financing within the space industry. To assist in the development of the space industry, an efficient international financial ecosystem needs to be developed and this is exactly what the Space Protocol provides. It provides a stable and secure legal environment for transactions in space assets, based on the tried and tested mechanism of asset-based financing.

14. The Cape Town Convention has been a remarkable success in providing a sound and efficient basis for international financing of high-value equipment. The Aircraft Protocol entered into force alongside the Convention in 2006. Since then, there have been over 1.25 Million registrations recorded in its International Registry against more than 300,000 aircraft objects, with an estimated value of collateral of over 600 billion USD. Moreover, recent economic assessments of the Luxembourg Rail Protocol, as well as the MAC Protocol have shown significant financial benefits for the sectors they apply to.¹

15. Madame Chair, and distinguished Delegates, 10 ratifications or accessions are needed to trigger the entry into force of the Space Protocol, as well as a certification by the Supervisory Authority that the future International Registry for space assets is fully operational. We encourage States to continue their consideration of this treaty and we remain available to offer support and guidance to all Members of COPCOUS in this regard.

16. UNIDROIT looks forward to continuing to work closely with COPUOS Member States and Observers in the process of securing the implementation of the Space Protocol, and to promote the use of harmonised private law in the space sector, and wishes the Subcommittee every success in its deliberations. Thank you.

¹ For economic assessments of the Cape Town Convention and its Protocols, see <https://ctcap.org/repository/economic-assessment/>