



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

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Agenda Item 3: General exchange of views

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 all your efforts towards ensuring the success of the Legal Subcommittee. UNIDROIT would like to also express its utmost appreciation and gratitude for the work and efforts of Acting Director Niklas Hedman, and the entire Secretariat for all their excellent work and kind cooperation.
2. Madame Chair, and distinguished Delegates, as most of you are already likely aware, the International Institute for the Unification of Private Law (UNIDROIT) is an independent intergovernmental Organisation established in 1926 as an auxiliary organ of the League of Nations. It is integrated by 64 Member States, representing over 74% of the world population and 90% of the global GDP. It has a primarily legislative function to develop methods for modernising, harmonising and coordinating international private and commercial law by formulating uniform law instruments, principles and rules. In developing uniform law, UNIDROIT generally cooperates with other global and regional UN agencies and intergovernmental organisations, as well as with other international bodies. In this regard, we greatly appreciate our Permanent Observer Status at COPUOUS and its Subcommittees, and the opportunity to update you on our activities in the area of space law, space finance, and access to credit in space.
3. Honourable Chair, Members of the Committee, 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.
4. The Cape Town Convention, now with 84 States Parties, and its Aircraft Protocol with 81 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. In fact, in January 2023, the Kingdom of Spain ratified the treaty. This ratification is the fourth thus far, following those of Luxembourg, Sweden and Gabon, as well as of the European Union in regard to its competencies, thereby satisfying the first condition for the Protocol's entry into force. It marks the beginning of the treaty's next phase: the opening of the International Rail Registry in Luxembourg City, which will be available online 24/7.

5. 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](#).

6. Furthermore, since signing an MOU with UNOOSA in September 2021, our two organisations have collaborated in this area to further promote access to credit in the space sector. This culminated with a presentation by UNIDROIT at the United Nations/Chile Conference on Space Law and Policy in May 2022.

7. Additionally, 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.

8. 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. Recently, Madame Chair, on 15 February 2023, UNIDROIT signed an MOU with the Space Economy Evolution (SEE) Lab of the SDA Bocconi School of Management, now managed by former UNOOSA Director Simonetta Di Pippo, to further studies on issues related to space law and finance, with a focus on private sector investment into the space industry globally.

9. 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.

10. 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 1.3 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

11. 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

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

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.

12. 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.