



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**

(63<sup>rd</sup> session, Vienna, 15 - 26 April 2024)

*Agenda Item 4: 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 congratulate 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 Director Aarti Holla-Maini and the entire Secretariat for all their excellent work.
2. Honourable Chair and distinguished Delegates, as most of you are already likely aware, UNIDROIT is an independent intergovernmental Organisation established in 1926 as an auxiliary organ of the League of Nations, with a function to develop methods for harmonising international private and commercial law. In developing uniform law, UNIDROIT generally cooperates with other global and regional UN agencies, intergovernmental organisations, and other international bodies. In this regard, we greatly appreciate our Permanent Observer Status at this Committee and its Subcommittees since 2021 and the opportunity to update you on our activities in the areas of space law, space finance, and access to credit for space activities.
3. As distinguished Delegates are aware, the space industry has recently seen tremendous growth, which is expected to multiply in the near future. It has been 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. In particular, start-up space ventures attracted approximately \$8 billion in total financing in 2022 which involved more than 400 investors in 123 companies based in 20-plus countries.
4. As the market grows and diversifies, space ventures, particularly those involving start-ups and small and medium-sized enterprises, need more private financing. To assist in the growth and development of the space industry, an efficient international financial ecosystem also needs to be developed. The lack of such an international framework, particularly one involving the registration of security interests in space assets, demonstrates the existence of a massive hurdle for space ventures to attract funding.
5. We have seen the impact that an effective financial ecosystem brings. The UNIDROIT Convention on International Interests in Mobile Equipment, the Cape Town Convention, aims to give creditors greater confidence in their decision to grant credit by creating a robust international legal regime, ensuring the valid and effective creation and enforcement of international security interests and leasing. The Cape Town Convention system consists of a main framework treaty that is augmented by its four protocols, each dealing with a specific category of equipment: Aircraft, Railway Rolling Stock, more recently, Mining, Agricultural and Construction Equipment; and, most importantly, in the present context, Space Assets.

6. The Cape Town Convention and its most successful Aircraft Protocol have regularly been regarded by many as some of the most commercially beneficial international private law treaties ever adopted. They currently have 86 and 83 States Parties respectively and continue to attract new accessions. The International Registry for Aircraft Objects has well over one million registrations.

7. Additionally, the implementation of other Protocols has also begun to pick up speed. In March this year, the Luxembourg Rail Protocol under the Cape Town Convention, which specifically deals with the financing of Rail Rolling Stock, also met all the requirements for its entry into force. The International Registry of Interests in Rolling Stock is now fully operational 24/7, providing accreditation for users, allocating unique numbers for rolling stock, accepting registrations of security interests, and facilitating searches against these interests. The entry into force of the Luxembourg Rail Protocol will undoubtedly support access to private credit for the rail industry.

8. UNIDROIT hopes that the success of the Aircraft Protocol and the progress of the Rail Protocol demonstrates the potential of the Space Protocol.

9. Honourable Chair and distinguished Delegates, you will recall that UNIDROIT adopted the Space Protocol in 2012. The Space Protocol is designed to provide a stable and secure legal environment for transactions in space assets, based on the tried and tested mechanism of asset-based financing. 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 and the growth of start-up space ventures. The Space Protocol has the potential to reduce the cost of financing as a result of the increased level of transparency and predictability for financiers, thereby making financing more widely available to a greater number of players in the commercial space sector.

10. Honourable Chair and distinguished Delegates, ten 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. In this respect, we note with great satisfaction that Paraguay has indicated to us that they have nearly completed all of their internal procedures and is on the brink of ratifying the Space Protocol. This is most promising news. We encourage States to continue their consideration of this treaty, and we remain available to offer support and guidance to all Members of this Committee in this regard. By signing up to the Space Protocol, States expand and open up asset-based financing options for space projects. Taking up the Space Protocol fosters widespread investment, innovation, technological advancement, and space industry growth by providing a uniform and predictable regime for interests in space assets.

11. UNIDROIT looks forward to continuing to work closely with Member States and Observers to secure the implementation of the Space Protocol and promote the use of harmonised private law in the space sector. We wish the Subcommittee every success in its deliberations.