



Sub-Committee of the ICAO Legal
Committee on the study of
international interests in mobile
equipment (aircraft equipment)

UNIDROIT Committee of governmental
experts for the preparation of a draft
Convention on International Interests
in Mobile Equipment and a draft
Protocol thereto on Matters specific
to Aircraft Equipment

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COMMENTS

(by the International Chamber of Commerce (ICC) Commission on Air Transport)

The ICC Commission on Air Transport is made up of representatives of all segments of the air transport sector, including airlines, passengers, forwarders, airports and express carriers around the world.

ICC shares UNIDROIT's purpose in developing and promoting the uniformity in laws to further world trade. In particular, ICC strongly supports the initiative of UNIDROIT in drafting its Convention on International Interests in Mobile Equipment and its preliminary draft Protocol on Matters specific to Aircraft Equipment.

We believe that the proposed Convention and Protocol will achieve significant economic gains and we would urge an early finalization and adoption of these instruments.

National legal rules which make it difficult for those having a financial interest in an asset to seek recourse in case of default impose costs: financing is more costly, or where there is excessive risk: unavailable. As a result the cost of aircraft acquisition is greater than it would otherwise be with true asset-based financing, putting strains on availability of capital, often increasing sovereign debt and limiting the market for acquisition of aircraft equipment, particularly in emerging markets with developing legal systems where the growth of air transport should be seen as a critical economic development objective.

The proposed Convention and Aircraft Protocol will reduce the risk associated with asset-based financing in many regions of the world. The risk reduction will increase the availability and reduce the cost of aviation credit, and will broaden the spectrum of financing alternatives available to users of aircraft equipment.

The proposed Convention and Protocol will result in savings for airlines on acquisition and leasing of aircraft, enhanced security for lending and export credit institutions, and expanded markets for manufacturers. It can thus be expected to generate important benefits to the world economy.

In conclusion ICC fully supports UNIDROIT's initiative and attaches the highest importance to substantial progress being achieved at the Second Joint Session on the texts, toward their finalization and entry into force without delay.

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