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### **Report on the Session**

(prepared by the Secretariat)

#### **Item No. 1 on the agenda – Opening of the session and adoption of the draft agenda** (C.D. (85) 1 rev.)

In opening the 85<sup>th</sup> session, *the President* welcomed the members of the Council, H.E. Mr Vasco Taveira da Cunha Valente, Ambassador of Portugal in Italy, as well as Mr Joseph Renggli, Counsellor at the Embassy of Switzerland and Chairman of the Finance Committee. Messrs Bollweg and Zhang had indicated that they were unable to attend for health reasons. Mr Bollweg had asked to be represented by Mr Kannenberg in accordance with Article 6(6) of the Statute. The President asked the members of the Council to convey best wishes for a swift recovery to both absent colleagues.

The President then highlighted several events such as, in particular, the outcome of the competition for the post of Deputy Secretary-General. Professor Alessandra Zanobetti had won the competition against 23 other candidates from four continents. Professor Zanobetti and Mr Martin Stanford had been appointed Deputy Secretaries-General in accordance with the Statute. The President reiterated the Council's gratitude to the Government of the United Kingdom whose generous extra-budgetary contribution had made it possible to fill the vacancy.

The President concluded that the conditions for the smooth and efficient carrying out of the Institute's work had now been re-established.

The Council adopted the agenda as proposed in C.D. (85) 1 rev., amended in such a way as to inverse the order of Item No. 2 (Annual Report 2005) and Item No. 3 (Appointment of the First and Second Vice-Presidents of the Governing Council) and to permit Item No. 17 to be taken up in the context of Item No. 4.

#### **Item No. 2 on the agenda – Appointment of the First and Second Vice-Presidents** (C.D. (85) 2)

The Council, on a proposal by Mr Inglese, renewed *Professor Hartkamp's* appointment as First Vice-President and appointed Dr *Elaraby* Second Vice-President in both cases to the end of the 85<sup>th</sup> session.

**Items No. 3 and 4 on the agenda – Annual Report and implementation of the Strategic Plan (C.D. (85) 2, 4)**

*(a) Introduction*

*The Secretary-General* proposed to take up only the most important findings and suggestions contained in the written document (C.D. (85)2) in the context of the discussion of the Strategic Plan.

In this regard, the Secretary-General introduced document C.D. (85)4 and explained its structure, i.e. Part I evaluating the work done and the objectives achieved, or missed, during 2005/2006, Part II which set out the plans for 2006/2007 and, finally, the chart annexed to the document which was designed to provide a comprehensive overview of the Institute's activities, state of work as well as budget and staffing implications.

With respect to Part I, he reiterated the reasons for the considerable delay from which work on both the draft Rail Protocol and the preliminary draft Space Protocol to the Cape Town Convention were suffering. As to governance and administration, the Secretary-General indicated that the Secretariat was pleased with the new design of documents whereas the desirable progress on modernising office management procedures had, due to lack of resources, not yet been made.

With respect to Part II, the Secretary-General drew the Council's attention to the plans to publish an Arabic version of the Principles of International Commercial Contracts. While the investment (roughly € 11,000) funded under the general budget was significant, this attempt to target a geographic area where the Institute's presence was unsatisfactory was clearly in line with the recommendations made at the Joint Brainstorming Sessions.

With respect to the funding of three key *hors cadre* posts the Secretariat continued to navigate at sight: (1) the funding of Mr Paech's collaboration provided by the German Banking Federation would not be renewed at the end of 2006; (2) the Officer in charge of the depositary functions under the Cape Town Convention, currently still paid from extra-budgetary contributions of four Member States, would shortly need to be integrated in the regular budget; (3) the Deputy Secretary-General with functions of Chief Administrator was, notwithstanding the clear evidence that she was badly needed, still not a safe acquisition. As to the depositary functions, the Secretary-General raised the issue of whether (a) future protocols to the Cape Town Convention, and (b) other future UNIDROIT Conventions assuming the role of depositary. The latter question needed to be asked given the poor quality of depositary services displayed by some Governments that had been designated under past Conventions.

With respect to the relations with Governments and the strategic objective to raise the Institute's visibility and presence in certain regions, the Secretary-General indicated that the draft OHADA Uniform Act on the law of contracts, developed by Professor Marcel Fontaine, member of the Principles group, was ready for delivery but that without further financial assistance neither a high-level conference for the discussion among academics and practitioners in the region nor the meeting of ministers for the draft's adoption would materialise. The Secretariat had therefore entered into consultations with potential stakeholders and sponsors, first and foremost the French Government.

Following up on a number of contacts with Governments in South-East Asia and an official request from the Government of Indonesia, the Secretariat recommended that a special ASEAN initiative be launched. A first building block was to be a capacity-building workshop on techniques and strategies to implement international instruments domestically for civil servants and judges from

the region. The mid-term objective had to be the regular involvement and, possibly, the membership of Indonesia, Malaysia, Singapore, Thailand and Vietnam. Indonesia had placed on record that it wished to act as facilitator. The Government of Australia and the Netherlands had signalled that they were interested and might be able to support such a programme.

In concluding, the Secretary-General briefly reported on the relationship between the European Community and UNIDROIT. As members of the Council recalled, former Justice and Home Affairs Commissioner Vitorino had indicated that it was the Commission's intention to start discussions on the EC's accession to the UNIDROIT Statute once the accession to the Hague Conference on Private International Law had been completed. Since it was foreseeable that this was going to happen in the course of the year 2007, the Secretary-General was in contact with Justice Commissioner Frattini with a view to assessing the state of affairs and charting the way forward.

Before opening the floor for discussion, *the President* briefly introduced as a potential additional item on the UNIDROIT work programme a project on a liability regime for damages resulting from malfunctions in providing satellite-based services such as the European "Galileo", the United States' GPS and others.

*(b) Discussion*

*Messrs Govey, Inglese, Sturlese, Voulgaris and Widmer* congratulated the Secretariat on the new format and structured content of the preparatory documents. Mr Inglese suggested that an additional column identifying the benefits and the beneficiaries might be beneficial.

*Mr Inglese* stated that the United Kingdom continued to see a need for rigorous prioritisation of legislative projects; the draft Convention on intermediated securities, the model law on leasing and the implementation of the Aircraft Protocol to the Cape Town Convention were clearly his Government's priorities.

He furthermore indicated that the UK would be happy to share its experience in the areas of staff development with the Secretariat. Targeting the ASEAN Member States was very important and ways of extra-budgetary funding that initiative should be explored.

*Mr Sen* echoed that view and stated that the project on emerging capital markets was the key for getting access in the region.

*Mr Hosokawa* indicated that the Government of Japan would be prepared to send experts to the capacity-building workshop.

*Mr Sturlese* indicated that among all the issues currently under review the stabilisation of the post of Deputy Secretary-General had the highest priority. Efforts were needed to integrate the new Deputy into the regular staffing structure. As regards the question of the European Community's accession, Mr Sturlese indicated that, *procedurally*, the Hague Conference's example should be followed. The basic *substantive* question of whether the EC's membership was necessary and desirable had to be given detailed and careful consideration. He recommended that the Governing Council start to analyse all relevant issues and potential implications immediately and that the Secretary-General develop the channels of communication with European Commission.

*Mr Gabriel* raised the issue that an *ad hoc* working group should carry out a full review of the staff regulations because that document contained both potentially useful but also elements that were counter-productive if the Organisation wanted to make progress in the area of staff development.

*Ms Trahan* expressed some concern regarding financial implications in carrying out the work on the model law on leasing. As far as the procedure was concerned the Canadian Government wished the General Assembly to become more prominently involved.

*Mr Widmer* cautioned against a certain tendency to focus primarily on budget, administration, documentation and staff management. While the Council's responsibility was to provide, to the extent possible, the necessary means by persuading Governments to give more generously, the main task, i.e. the discussion of the substance of the various projects, was more and more marginalised.

*Mr Elaraby* addressed the issue of the Institute's depositary functions and indicated that, where possible, these should be carried out by the United Nations.

*Messrs Boggiano, Govey and Inglese* indicated that the Galileo/GPS project was interesting but that the Council needed to have more information before committing itself.

(c) *Conclusions*

*The Council took note of the Secretary-General's report on the activity of the Institute during 2005. It also took note of the Secretary-General's report on the implementation of the Strategic Plan during 2005, welcoming in particular the appointment of the new Deputy Secretaries-General and the new presentation of Council documents. It agreed that these should in future also provide an indication of the benefits to be expected under each project. While noting developments which gave cause for optimism, in particular the accession of a new member State (Latvia) as from 1 January 2006 and the likely accession of another as from 1 January 2007, it expressed concern at the budgetary constraints imposed by member Governments, requiring the rationalisation of existing resources and the need to establish priorities.*

**Item No. 17 on the agenda – Establishment of the draft budget for the financial year 2007 (C.D. (85) 17)**

(a) *Background*

The *Deputy Secretary-General* introduced Document C.D (85) 17 and the related Document C.F./S.C. (105) 2/rev., setting out preliminary estimates of receipts and expenditure for the financial year 2007. She gave the reasons why, despite the strict principle laid down by the Institute's financial organs to target zero budgetary growth, the Secretariat had been forced to propose an increase in member States' contributions.

The *Deputy Secretary-General* indicated that some members of the Finance Sub-committee had opposed such an increase, whereas others had kept an open mind. She also indicated that the Government of the United Kingdom had offered to make an extra-budgetary contribution of £ 50,000 in order to maintain the position of Deputy Secretary-General with functions of Chief Administrator.

(b) *Discussion*

*Mr Widmer* pointed out that the zero increase in Chapter 9 would entail a reduction in the number of books and reviews purchased which would imperil the Library holdings. He also recommended that Chapter 11 be maintained since the sum involved, though small, made an important contribution.

*Ms Trahan* requested the Secretariat to include a budget allocation for the computerisation of the archive.

*Mr Hogan* noted that the UNIDROIT budget was extremely modest, and that the members of the Council should therefore urge their Governments to make the necessary effort. He also suggested that steps be taken to promote the accession of new member States.

*Mr Sen* felt that the Indian Government would not object to a modest increase. He pointed out, however, that the UNIDROIT budget was too small to carry out all the work it was expected to do. Other sources of funding needed to be identified, and the possibility of staff secondments considered. He suggested that sponsors should be sought for the capital markets project.

*Mr Soltysinski* proposed that the Secretariat prepare, for the benefit of Governments, a document highlighting the financial benefits resulting from the various UNIDROIT instruments and the savings they implied, giving concrete examples.

*Mr Verdera y Tuells* noted that the Library was an important asset and that maintaining it should be a priority.

*Ms Trahan* likewise stressed the importance of the Library, and suggested a visit for members of the General Assembly.

*Mr Carbone* recalled the importance of the Institute's time-honoured work in the field of transport, and urged that it not be dropped entirely from the agenda but that UNIDROIT continue to participate in the work of the IMO and UNCITRAL. An effort should be made to establish co-operation between the banking world and the Institute, with a view to securing the necessary funding for the new Galileo project.

*Mr Renggli* (Chairman of the Finance Committee), whilst recalling the *leitmotiv* of zero-growth, recognised that funding was needed for the post of Deputy Secretary-General which was to be filled from outside the ranks of the Secretariat. He pointed out that the work of UNIDROIT was little known in the world's capital cities.

(c) *Conclusions*

*The Council took note of the Secretariat's estimates for receipts and expenditure for the 2007 financial year and of the reactions of the Sub-committee of the Finance Committee thereto, expressing particular concern at the reduction in the purchasing power of the budgetary allocation for the Library and urging the Secretariat to stress to the financial organs of the Institute the benefits to the trading position of member States resulting from the international instruments produced by UNIDROIT. It further took note with appreciation of the offer by the Government of the United Kingdom of a donation of £ 50,000 towards the maintenance of the post of Deputy Secretary-General filled from outside the ranks of the Secretariat on condition that UNIDROIT find the remaining shortfall in the Budget for 2007. The Council expressed its support for the position of the Secretariat that the inclusion of the new Deputy Secretary-General in the regular Budget and the Organigramme of the Institute was a matter of the utmost priority, as was the permanent funding of the officer attending to the Institute's depositary functions under the Cape Town Convention and the Aircraft Protocol.*

**Item No. 5 on the agenda – Report on the situation regarding correspondents**  
(C.D. (85) 5)

(a) *Introduction*

The *Secretary-General* introduced the item by giving a brief overview of current practices and statistical data regarding the correspondents' identifiable interest in the Institute's work (or rather: the lack thereof). While the general picture was certainly not encouraging a few correspondents provide useful advice and assisted the Secretariat in its programme-related work.

The *Secretary-General* furthermore proposed to appoint the law firm Jenner & Block the first of a new category of corporate correspondents, in recognition of an extraordinary contribution made to the Institute's work.

(b) *Discussion*

After a brief exchange of view in which *Ms Trahan* and *Messrs Boggiano, Gabriel, Govey, Hartkamp and Soltysinski* participated an *ad hoc* Working Group was set up and tasked with intersessional work on this issue.

With respect to the proposal to nominate the law firm Jenner & Block LLP corporate correspondent, the Council agreed.

(c) *Conclusion*

*The Council decided to set up a sub-committee, to be chaired by Professor. Gabriel, to consider the most appropriate means of revitalising the Institute's network of correspondents.*

*The Council also decided to appoint Jenner & Block the first of a new category of correspondent, to be denominated corporate correspondents, in recognition of an extraordinary contribution made to the Institute's work.*

**Item No. 6 on the agenda – Principles of International Commercial Contracts (C.D (85) 6)**

(a) *Introduction*

In introducing this item, *Mr Bonell* recalled that during the past year the Secretariat had made considerable efforts to promote the new edition of the UNIDROIT Principles of International Commercial Contracts and to monitor their use in practice. In addition to what had already been recalled by the Secretary-General in his Annual Report, mention might be made of a Vietnamese version of the integral version of the Principles which had just appeared, and of two forthcoming international conferences devoted, at least in part, to the Principles: one to be held in Recife (Brazil) from 18 to 20 May 2006, with two presentations on the Principles by Messrs Lauro Gama Jr. and M.J. Bonell; the other to be held at the Swiss Institute of Comparative Law in Lausanne from 8 to 9 June 2006, with the participation of numerous speakers from all over Europe and Messrs H. Kronke and M.J. Bonell representing of the Secretariat. He further recalled that the new Working Group for the preparation of Principles of International Commercial Contracts would meet for its first session in Rome from 29 May to 1 June, with the participation of Observers from eleven international organisations and arbitration centres. The Group would be seised of a position paper prepared by the Secretariat (UNIDROIT 2006 – Study L – Doc. 99) whose main purpose was to introduce the five additional topics suggested for inclusion in the new edition of the Principles.

Finally Mr Bonell drew attention to the proposal submitted by Council Member Justice A.-M. Trahan, in consultation with members of the Quebec Bench, Bar and Chair, to include in the Introduction to the new edition of the Principles a general statement on the ethical aspects of international commercial contracts: further details could be found in Appendix I of document UNIDROIT 2006 - C.D. (85) 6.

*(b) Discussion*

*Mr Soltysinski*, in congratulating the Secretariat on its achievement, pointed out that the Principles constituted by far the best known and most widely used instrument prepared by UNIDROIT. In this context he also stressed the importance of ensuring that the terminology used in other instruments under preparation by UNIDROIT such as the Model Law on Leasing conformed to that of the Principles. As to the preparation of the new edition, he suggested that the Governing Council be constantly updated on the status of work and be given the opportunity to discuss those issues which proved to be particularly controversial within the Working Group.

*Mr Kannenberg* fully agreed with Mr Soltysinski's remarks concerning the necessity of aligning terminology. He supported the additional topics suggested for inclusion in the new edition of the Principles but objected to the envisaged Drafting Committee being composed only of English and French native speakers.

*Ms Trahan* explained more in detail the idea behind her proposal. If the Council so agreed she would be willing to act as Rapporteur on this topic and prepare for the Council's next session a draft statement.

*Mr Komarov* announced the imminent publication of the Russian version of the integral version of the Principles. As to the proposal submitted by Ms Trahan, he expressed his support in principle but argued that further details such as the precise content and location of the envisaged statement could only be discussed once a first draft had been prepared.

*(c) Conclusions*

*The Council took note with appreciation of the efforts made by the Secretariat to promote the 2004 edition of the Principles of International Commercial Contracts and to monitor their use in practice.*

*It confirmed, first, the unwinding of failed contracts, secondly, illegality, thirdly, the plurality of debtors and creditors, fourthly, conditions and, fifthly, the termination of long-term contracts for cause as the topics to be dealt with by the Working Group to be responsible for the preparation of a third edition of the Principles. It also agreed that the topic of ethics of contracts at the transnational level should be considered and invited Ms Trahan to act as Reporter on this topic.*

**Item No. 7 (a) on the agenda - International Interests in Mobile Equipment – Draft Protocol to the Cape Town Convention on Matters specific to Railway Rolling Stock (C.D. (85) 7 (a))**

*(a) Background*

*Ms Schneider* introduced the relevant document (C.D. (85) 7 (a)), stressing that the Secretariat would do its utmost to organise a third regional seminar for the African countries before the end of the year in order to give greater publicity in that continent to the draft Rail Protocol, since few African countries had been involved in its drafting.

The *Secretary-General* announced that talks were underway with the authorities of a European nation to organise the diplomatic Conference which might be held in early 2007, but that he could say no more on this for the present.

*Ms Schneider* also indicated that, in the event of the diplomatic Conference being held before the next session of the Governing Council, the Secretariat would seek the Council's approval for UNIDROIT to accept the function of Depositary of the Rail Protocol.

(b) *Conclusion*

*The Governing Council took note of the information provided by the Secretariat on this item.*

**Item No. 7 (b) on the agenda - International Interests in Mobile Equipment –  
Draft Protocol on Matters specific to Space Assets  
(C.D. 85) 7 (b))**

(a) *Background*

*Mr Stanford* outlined the reasons for the delay the project had unfortunately suffered from and explained key member Governments' as well as the Secretariat's proposals regarding appropriate steps capable of relaunching the process.

(b) *Conclusions*

*The Council approved the Secretariat's proposals for relaunching and completing, in a timely fashion, the intergovernmental consultation process in respect of the preliminary draft Protocol to the Cape Town Convention on Matters specific to Space Assets.*

**Item No. 7 (c) on the agenda - International Interests in Mobile Equipment -  
Preparation of an additional Protocol to the Cape  
Town Convention on Matters specific to  
Agricultural, Construction and Mining equipment  
(C.D.(85) 7(c))**

(a) *Background*

Introducing this agenda item, *Ms Peters (UNIDROIT Secretariat)*, recalled that the proposal to prepare an additional Protocol to the Cape Town Convention on *Matters specific to Agricultural, Construction and Mining Equipment*, had been accepted by the Council the previous year, but without there having been available a background document which analysed the needs and requirements in these sectors. Document C.D.(85)7(c) was a first, very preliminary attempt to provide the Council with some information.

The study was based on data retrieved through the Internet, on which the organisations active in the field concerned, in particular the United Nations specialised agencies for agriculture, posted extensive materials. Fewer materials were available for construction and mining. The bodies active in these areas were mostly professional organisations that considered data on their businesses confidential, akin to trade secrets.

The three sectors were very different one from the other, and were possibly best dealt with separately. Environmental implications were also far greater than in the case of the Protocols already adopted or underway, and of course had economic effects. A growing phenomenon was

that of the hiring of equipment. This had happened, for instance, in Mexico when the huge cranes necessary for the construction of skyscrapers had been hired from an American company.

If the rationale for the proposed Protocol was to assist developing countries, then it was indispensable to consider whether the Protocol really was necessary. In the case of agriculture the data, which was very fragmentary, indicated that the land holdings were small, but admittedly the data was old and the Secretariat had no information on changes: for example had co-operatives been created? If they had, were the holdings large enough to require large and/or sophisticated high-value equipment?

Ms Peters suggested that an in-depth study on the effective needs should be made, and this study should be inter-disciplinary: economics and the environment, social factors all needed to be taken into consideration in addition to law. The UN Economic Commission for Africa, for example, had prepared an interesting study on *“Land Tenure Systems and their Impacts on Food Security and Sustainable Development in Africa”*, which considered also the social changes that had caused changes in land tenure or for which land tenure reform had been the origin. The importance of land tenure schemes for the organisation of land holdings was evident.

Depending on what the actual needs were found to be, the possibility of UNIDROIT being of assistance even if there was a need to facilitate the acquisition of smaller agricultural equipment should be considered. Potentially, the project was of great importance, but it was necessary to ensure that the focus given to it was correct.

The necessary information must of course be retrieved with the collaboration of the organisations that already worked in the field. A first meeting with the Director of Legal Affairs of the *Food and Agriculture Organization of the United Nations (FAO)* had already taken place. Although this first contact had been less fruitful than hoped, if the investigation were broadened to consider what problems existed in agriculture (especially as regards credit) in developing countries in particular, and to what extent these problems could be alleviated by an international legal instrument, better results might be achieved.

In document C.D.(85) 7(c) the Council was asked to give the Secretariat instructions on how to proceed. Four possible options had been suggested in the document:

1. to go back on the decision taken in 2005 by deciding that work should be discontinued;
2. to postpone work until such time as resources could be freed to pay for the fees of experts in the three fields concerned;
3. to request the Secretariat to continue its preliminary research until such time as resources could be freed to pay for the fees of experts in the three fields concerned, in particular by circulating a questionnaire among member States to elicit the information needed for the background document; and
4. to authorise the Secretariat to enlist the assistance of experts in the field.

(b) *Discussion*

The members of the Council expressed their appreciation for the document, which they stated was interesting and provided much information of which they had not been aware.

*Mr Sturlese* observed that the three fields considered, agriculture, mining and construction, were very different and that it would be a mistake to cover all three in one instrument. As regarded the

options for future work, he expressed a preference for Option 2. This preference was indicated also by Ms Trahan, who however stated that she could go along with Option 3.

A preference for Option 3 was indicated by Messrs Adensamer, Carbone, Elaraby, Elmer, Gabriel, Harmathy, Hogan, Kannenberg, Komarov and Sen.

*Ms Trahan* suggested that the project be presented to the General Assembly in consideration of its political implications. Member States might, if they realised the importance of the project, be prepared to provide extra funding.

*Messrs Elaraby, Carbone and Gabriel* stressed the importance of the project for developing countries. *Mr Harmathy* agreed, and stressed the economic and political implications. He considered the differences between the topics, and the legal means of obtaining security. He considered it important to try to find partners in the venture and to determine the priorities. *Mr Sen* drew attention to the great importance of deep sea mining in the exclusive economic zone, which was one topic that should be considered for this project. *Mr Carbone* felt that the legal problems would be the same for all three topics, and they could therefore be covered by the same instrument.

*Mr Hogan* considered the difficulty of determining equipment that was inherently mobile and inherently high-value. *Mr Elmer* on the other hand felt that consideration of the equipment, such as illustrated in Appendix I to the document, should be laid aside, and that the important thing was that the machinery existed. What had to be considered was whether there was a need for the system, and to this end the idea of asking Governments by means of a questionnaire was good. *Mr Adensamer* stated that, although the idea of a questionnaire was good, one should not be too optimistic about the possibility of obtaining information, as those States that needed the Protocol might not be able to provide answers to the questionnaire. He suggested that the questionnaire should not so much ask for factual information, as try to ascertain whether the States felt that a Protocol on these topics was needed.

*Mr Kannenberg* wondered whether, considering the budgetary constraints, it was wise to devote 0.4 research officer to this project at this stage, and whether it might not be better to shift that research officer to a priority project.

*The Secretary-General* replied to Mr Hogan what kind of high-value mobile equipment was being considered by indicating that in forestry equipment of this kind moved from Norway to Sweden to Russia, and also between the USA and Canada. In the case of agricultural equipment combined harvesters would be covered, as would satellite-guided equipment moving in North and South America or between Russia and the Ukraine. He thought the idea put forward by Ms Trahan of a presentation to the General Assembly to be excellent. It would be an opportunity to acquire additional information that it would otherwise not be possible to retrieve. He observed that some of the players in this project were the same as in the project for the preparation of a *Model Law on Leasing*. Once the Model Law was available, perhaps they would be more inclined to provide the information now considered to be trade secrets. There was also a strategic aspect to the project, in that a number of States would be pleased to see the Institute collaborating with the UN specialised agencies based in Rome and this project would be the right occasion to do so. As regarded Mr Kannenberg's observation of the staff restraints, he conceded that it might be too much to devote 0.4 research officers to this project and that it might be wise to channel that resource into the high-priority topics until they had been completed.

(c) *Conclusion*

*The Council expressed its deep appreciation for the interesting document prepared by the Secretariat and indicated that work should continue by adopting Option 3 of the suggested possibilities for future work, to the effect that “the Secretariat [should] continue its preliminary research until such time as resources can be freed to pay for the fees of experts in the three fields concerned, in particular by circulating a questionnaire among member States to elicit the information needed for the background document”.*

**Item No. 8 (a) on the agenda - Preliminary draft Convention on Substantive Rules regarding Intermediated Securities (C.D. (85) 8(a))**

(a) *Background*

*Mr Paech (UNIDROIT Secretariat) drew the Governing Council’s attention to the most relevant recent documents, i.e. the report on the second session of the Committee of Governmental Experts on Substantive Rules regarding Intermediated Securities (Doc. 42), the text of the preliminary draft Convention as amended by the CGE at its second session (Doc. 43), and, informally, an extract from the recently published G30 Monitoring Report on Global Clearing and Settlement which displayed the closest possible interest in the work of UNIDROIT on this subject.*

Thereafter, Mr Paech gave a short overview of the development of the project from its beginning to the present, emphasising (a) the great number of participating Member States; (b) the importance of intersessional work, including fact-finding missions to Member States; and (c) the general sense of excellent co-operation by the delegations in order to work on solutions that did not discriminate against certain systems.

In detail, as regards the recent second session of the CGE, he reported that the original conceptual approach of the draft Convention, as developed by the former Study Group under the chairmanship of Dr B. Sen, had been retained. In particular the so-called functional approach opened the possibility to accommodate a great variety of different legal systems. The Secretariat stressed that, at the second session, several issues had been referred to domestic non-conventional law but that at the same time, delegations had pledged to check whether this jeopardised the necessary minimum level of uniformity.

Furthermore, the Secretariat reported on the excellent co-operation with other international private law-formulating Organisations, in particular the EU Commission, the Hague Conference on PIL and UNCITRAL.

Finally, the Secretariat set out the preliminary timetable for the next steps of this project: a third session of the CGE was planned from 6 to 15 November 2006, and a Diplomatic Conference tentatively scheduled for December 2007. In this context, the Secretariat sought guidance from the Governing Council regarding (a) timetable, and (b) the raising of necessary funding for this project for the budgetary year 2007 and afterwards.

(b) *Conclusions*

*The Governing Council approved the results of the projects and endorsed the plan of the Secretariat to hold a Diplomatic Conference in late 2007. The Governing Council urged the Secretariat to step up its efforts in raising additional funds.*

**Item No. 8 (b) on the agenda – Principles and rules capable of enhancing trading in securities on emerging markets (C.D. (85) 8(b))**

The Council took note of the state of affairs as explained in the document. *Mr Sen* reiterated that the resources necessary to take up work on this item needed to be found as a matter of urgency.

**Item No. 9 on the agenda – Preliminary draft Model Law on leasing (C.D. (85) 9)**

*(a) Background*

*Mr Stanford* (UNIDROIT Secretariat) briefly introduced to the history, i.e. the request from the International Finance Corporation, a member of the World Bank Group, that UNIDROIT draw up a Model Law which was urgently needed in developing countries in Africa, Asia and Latin America. The Secretariat had set up an Advisory Board chaired by Chief Tinu Oyekunle (Nigeria) and made up of some ten from amongst the best leasing experts in the world. *Mr Ron DeKoven* (United States of America), the Advisory Board's Rapporteur then introduced the general policy decisions underlying the draft as well as key provisions.

*(b) Discussion*

The discussion, in which *Ms Trahan* and *Messrs Carbone, Kannenberg, Soltysinski* and *Voulgaris* as well as *Mr Sorieul* (Observer from UNCITRAL) intervened, focused on aspects of the lessee's rights, compatibility with the terminology used in the UNIDROIT Principles of International Contracts and on the procedure for the Model Law' adoption.

*(c) Conclusion*

*The Council agreed to authorise the Secretariat to transmit the preliminary draft model law on leasing established by the Advisory Board for the preparation of a model law on leasing to Governments, once certain provisions had been amended and the preliminary draft model law had in general been brought into line with the Principles of International Commercial Contracts, in the light of comments made by Council members, for finalisation by Governments in a two-stage procedure, to culminate in an extraordinary session of the General Assembly, to be held in conjunction with the 60<sup>th</sup> session of that body.*

**Item No. 10 on the agenda – Uniform rules applicable to transport (C.D. (85) 10)**

*(a) Background*

The Council took note of the document and the Secretary-General's additional information regarding the discussion process at the UN ECE. *Messrs Carbone* and *Elmer* confirmed that at this stage little else could be done through the good services of Professor Putzeys.

*(b) Conclusions*

*The Council confirmed the task given to Prof. Putzeys in relation to the draft additional Protocol to the Convention on the Contract for the International Carriage of Goods by Road (C.M.R.), agreed that the joint proposal drafted by the Secretariat of the United Nations Commission on International Trade Law (UNCITRAL) and Prof. Putzeys should be submitted to the United Nations*

*Economic Commission for Europe and expressed its gratitude to him for the invaluable work he was accomplishing on its behalf.*

*It agreed that, to the extent possible, the Secretariat should be represented by an observer at the work of UNCITRAL directed toward the preparation of a draft Convention on the carriage of goods [wholly or partly] [by sea].*

**Item No. 11 (a) on the agenda - Status and promotion of UNIDROIT instruments**  
(C.D. (85) 11 (a))

*(a) Background*

*Mme Schneider* introduced the relevant document (C.D. (85) 11 (a)), emphasising the fact that although this subject was one of the Strategic Objectives of the Institute (Objective No. 11), a severe shortage of funds formed a serious obstacle to the promotion of existing instruments. The Secretariat accordingly requested the Governing Council to lend its support to a proposal aimed at increasing the budget for this item by 5% annually during the financial years 2008-2012, failing which the priority status of these promotional activities would have to be re-considered.

*(b) Discussion*

*Mr Sanchez Cordero* referred to the seminar on PTCP held in Mexico, while *Ms Trahan* underlined the importance of promoting the work of the Institute along the lines of the objectives it had adopted.

*Ms Trahan* felt that while this activity was indeed a matter of priority, the proposal would not help to solve the current problems which were common to all the activities of the Institute.

*(c) Conclusion*

*The Governing Council took note of the information provided by the Secretariat on this point.*

**Item No. 11 (b) on the agenda – Implementation and promotion of UNIDROIT instruments: (b) Exercising of the Institute's depositary functions under the Cape Town Convention and the Aircraft Protocol (C.D. (85) 11 (b))**

*(a) Background*

*Mr Atwood* (UNIDROIT Secretariat), in introducing this item, noted that since the preparation of C.D. (85) 11 (b), the Republic of Angola had become a Contracting State to the Convention and the Aircraft Protocol, and that the Secretariat was in contact with a number of other States that were progressing towards ratification or accession. He noted that the administrative machinery under the Convention and Aircraft Protocol had been established, and that the Secretariat was enjoying good working relations with the Supervisory Authority and Registrar of the International Registry. He noted that the Acts and Proceedings were being printed and were expected to be distributed shortly.

(b) *Discussion*

*Mr Sánchez Cordero Davila* stated that Mexico's accession to the Convention and Aircraft Protocol should be finalised within the coming months. *Mr Sturlese, Ms Trahan, Mr Verdera y Tuells, Mr Kannenberg, Mr Boggiano* and *Mr Elmer* noted the importance of the Acts and Proceedings being produced in a French language version.

(c) *Conclusions*

*The Council took note with appreciation of developments regarding the exercising of the Institute's depositary functions under the Cape Town Convention and the Protocol thereto on Matters specific to Aircraft Equipment (hereinafter referred to as the Aircraft Protocol), in particular the entry into force of the latter - and, therefore, the Cape Town Convention as applied to aircraft objects - and the imminent publication of the Acts and Proceedings of the Cape Town diplomatic Conference in English. It decided that a French-language version of the Acts and Proceedings, which might be shorter than the English, should be undertaken.*

**Item No. 12 on the agenda – Legal Co-operation Programme (G.C. (85) 12, Study LXV Scholarships Exec. 17)**

(a) *Background*

Reference is made to Items 2 and 4 and Secretary-General's remarks with respect to ASEAN Member States.

*Ms Mestre* focused her intervention on co-operation with the Organisation for the Harmonisation of Business Law in Africa (OHADA), at the request of which UNIDROIT (in the person of Professor Marcel Fontaine) has prepared a preliminary draft Uniform Act on contract law, with the financial support of the Swiss co-operation authorities. *Ms Mestre* stressed the quite exceptional scope of this project, not only for UNIDROIT – in that it was based on an instrument regarded as one of the most promising initiatives ever undertaken by the Institute, and one of the objectives of which was precisely to serve as a model for national legislation – but also because it offered a decidedly novel approach to the reform process in respect of contract law within OHADA whose impact was likely to reverberate well beyond this particular corner of the African continent. This was why the UNIDROIT Secretariat was persuaded that an informative Colloquium offering a forum for debate with African legal scholars was a must in follow-up to the legislative work that had now been completed, an initiative, what was more, that would enhance the credibility of the project vis-à-vis all the various partners, not least in business circles which would be the first to benefit from a new, modern and fair contract law, and which would mark an important step towards final adoption of the Uniform Act. With this in mind, the Secretariat had engaged in informal discussions which confirmed the need for such a meeting which might be held in an OHADA member State as early as the beginning of 2007. In practical terms, such a Colloquium would depend on external financial sponsorship and the active collaboration of members of the Governing Council would be essential in this respect.

*Mr Sturlese* stated that the promotion of this quality product was of paramount importance. It was necessary to ensure that this hybrid, impartial law instrument geared to local conditions met OHADA's expectations, and that the OHADA bodies were able to accept the text in its entirety. France was strongly in favour of the modernisation process set in motion by OHADA, and *Mr Sturlese* expressed his personal confidence in the promotion of the preliminary draft Act on contracts.

*Mr Widmer* turned to another aspect of legal co-operation, i.e., the Research Scholarships Programme for lawyers from developing and transition countries. He reported on the meeting of the Scholarships sub-committee (cf. ANNEXE III), which had expressed its gratitude to external donors and stressed the importance of maintaining the corresponding budget allocation to underline the role which this programme played in the life of UNIDROIT. The Programme had amply demonstrated its importance in buttressing the Institute's legislative activities.

*Mr Gabriel* suggested that a Governing Council Scholarships be created, to be funded by personal contributions on a *pro rata* basis by the Governing Council members as a body. This proposal was adopted by the Council with immediate effect. The *Secretary General* announced that he would personally sponsor a research scholarship in 2006.

(b) *Conclusions*

*The Council took note with appreciation of the activities deployed by the Secretariat under the Institute's legal co-operation programme and of the need for financial support to enable the holding of a colloquium in Africa on the draft OHADA Uniform Act on contract law. The Council noted that this programme was an integral part of Strategic Objective No. 11 set out in the Strategic Plan.*

*The Council decided to establish a new research scholarship, to be denominated the UNIDROIT Governing Council Scholarship, to be funded in equal shares by members of the Council, with immediate effect. The Council took note of the Secretary-General's consequent decision personally to fund another research scholarship.*

**Item No. 13 on the agenda – Situation of the Library (C.D. (85) 13)**

(a) *Background*

In introducing this item, *Ms Maxion* underlined that the main issue in 2005 as regards the Library was indisputably the replacement of the library management software. Following the decision taken in 2004 to replace the then current library software, in December 2005 that software had been successfully replaced by a new EDP-system, the 'Aleph 500' – integrated library system. The WebOPAC (Online Public Access Catalogue on the Web) in four languages (English, French, Italian and German), was currently under preparation. The integration of the new library site into the UNIDROIT homepage and the presentation of the library holdings on the Internet were scheduled for August 2006. The library catalogue could already be accessed using the web address <http://app01.exlibris.easynet.de/F>.

After the implementation of the new software in December 2006, several training courses had been held by the Librarian for all staff required to use the new software.

Furthermore, a start had been made on the complete reorganisation of all administrative levels of the library management. The sections *Book Processing* (selection, ordering, receiving, stamping, classification & cataloguing, labelling, preparation for circulation, final inspection) as well as administration of Periodicals (subscriptions, schedules, registration of the arrival of issues, requests for missing issues, binding) had been completely transferred into the new library management system.

The new sophisticated library management system allowed a detailed overview of the status of the library material with regard to both budget allocations (acquisitions, exchanges, gifts) and contact details of library suppliers.

Work on the catalogue data had continued in 2005 to conform in particular to international library standards. Apart from the work-intensive preparation of the catalogue data for the software migration, the Librarian and her assistant had also to catalogue some 2500 new acquisitions received by the library in 2005 thanks to various generous extra-budgetary contributions. Furthermore, some minor data correction was still needed after the software migration to ensure conformity with the new system. These corrections would be completed in the course of 2006.

The UNIDROIT Library was now able, via a so-called "Z39-connection", to access the catalogues of the Max Planck Institutes in Germany (Hamburg and Heidelberg). Access to such external catalogues had made it possible to speed up the retrospective cataloguing of the library holdings with fewer corrections needed.

With regard to external relations, the co-operation programme between UNIDROIT and the *University Paul Valéry* in Montpellier (France) had been continued. Thanks to this programme, the Authority Database for author names had been successfully completed. Owing to the staffing situation, the preparation of an Authority Database for corporate bodies was still outstanding but would be completed in 2006.

In 2005, the training programme of the European Law Students Association (ELSA) which enabled European law students to take part in the everyday life of the Library and to familiarise themselves with the functions and activities of the Organisation, was successfully continued. In 2005, 18 students from all over Europe had been accepted for an internship in the UNIDROIT Library.

As regards staff attached to the library, the situation in 2005 had been as follows:

1 Librarian (100 %), 1 Library assistant (100 %), 1 Library assistant (50 %), 1 Library assistant (50 %), 1 Secretary (40 %).

In 2005, the library's holdings had increased by 2439 titles, 342 of which had been outright purchases, 124 had been obtained on an exchange basis for a total value of € 7,023.00, and 1973 other titles had been received as gifts for a total value of € 98,650.00. The Library's acquisition policy has been very difficult owing to the considerable increase in the prices of publications. It should be pointed out that publishing costs, in general, are increasing on average by 10% a year.

Of particular importance among the donations had been those received from the library of the Department of Trade and Industry of Her Britannic Majesty's Government, the Max Planck Institute for Foreign Private and Private International Law, Professor Chiomenti Rome, and the Library of the Law Faculty in Lucerne, Switzerland. The Library is very grateful for those donations.

The Library had succeeded in obtaining new materials by means of exchange programmes with the Uniform Law Review.

The UNIDROIT library continued to attract readers from all over the world. Among the 3044 visitors in 2005 had been 57 foreign guests hailing from 16 different countries.

(c) *Conclusions*

*The Council took note of the significant efforts made and the results achieved, in particular with respect to approaching the goal of an electronically searchable catalogue, and encouraged member Governments to be more generous when discussing the relevant chapter of the budget.*

**Item No. 14 on the agenda – Uniform Law Review/ Revue de droit uniforme and other publications (C.D. (85)14)**

*(a) Background*

*Ms Mestre* referred to the background document submitted to the Council, pointing to the publications themselves as ample evidence of the viability of this activity. She recalled that the New Series of *Uniform Law Review / Revue de droit uniforme* had completed its first ten years and was now distributed directly by UNIDROIT. She also reported on the state of play with regard to the preparation of the complete collection of the Review for on-line access, possibly by end 2006.

*(b) Discussion*

*Mr Verdera y Tuells* expressed his appreciation of the Review, and said that a paper-based index of its contents would also be useful.

*(c) Conclusions*

*The Council took note with appreciation of the efforts made by the Secretariat to improve and develop the Uniform Law Review, in particular in an on-line version. It advocated the publication of an index to the Uniform Law Review.*

**Item No. 15 on the agenda – The UNIDROIT web site and depository libraries for UNIDROIT documentation (C.D. (85) 15)**

*(a) Background*

*Ms Howarth* (UNIDROIT Secretariat) reported that the UNIDROIT web site continued to be an extremely effective means of making the Institute and its work known to a vast public worldwide. Development and updating were being carried out on an ongoing basis.

She then recalled the work done to achieve the two objectives of the Strategic Plan involving the website – Objective 2 (pro-active use of outreach resources) and Objective 5 (creation of a governments' forum on the website): development of the web site page on "Legal Cooperation and Technical Assistance" to include not only information on the UNIDROIT Scholarships Programme but also information on the technical assistance States may need in implementing UNIDROIT Conventions (e.g. explanatory reports, the texts of model instruments of ratification/accession, information as to formalities to be carried out at the time of ratification/accession); the creation of a section of the website reserved to governments of member States.

*Ms Howarth* pointed out that Governing Council and General Assembly documents issued since 2005 (restricted access) had been posted on the web site as well as studies and reports of the various working groups and committees of governmental experts, on items on the UNIDROIT Work Programme since 1997 (public access) .

An updated cd-rom containing UNIDROIT Proceedings and Papers 1997-2005 had been prepared for distribution to the 46 depository libraries for UNIDROIT documentation, two of which had been recently designated: the library of the Ministry of Justice of the Republic of Latvia (Latvia having acceded to the UNIDROIT Statute on 1 January 2006) and the library of the Faculty of Law of the Libera Università Maria Santissima Assunta designated by the Holy See.

(b) *Conclusions*

*The Council took note with appreciation of the efforts made by the Secretariat to develop and improve the UNIDROIT Web Site, as of the new depository libraries for UNIDROIT documentation.*

**Item No. 16 on the agenda - The Uniform Law Data Base (UNILAW) (C.D.(85) 16)**

(a) *Background*

Introducing this item on the Agenda, Ms Peters (UNIDROIT Secretariat) recalled the information to be found in the document submitted to the Council. She indicated that work was continuing, the number of cases increasing constantly. She recalled that the decision to set up a data base had been taken by the Governing Council in 1995, as part of the policy review that had been started in 1994 by the late Secretary-General Mr Malcolm Evans. The idea was that UNIDROIT should become a Centre of Excellence, a point of reference, for uniform law, and the Council had felt that the best way to achieve this was by means of a data base. Clearly, a data base was expensive to set up and to run, and the budget of the Institute being fully allocated, it had been decided that the data base should be funded by outside sources. To that end, the *Uniform Law Foundation* had been set up in 1996. It had not become operational until recently, when a former member of the Governing Council, Sir Roy Goode, had decided to take it in hand and had become its President. A report from Sir Roy on the activities of the Uniform Law Foundation and the connected national foundations had been distributed to Council members.

Considering the very limited possibilities that existed due to budgetary restraints, Ms Peters called for the assistance of Council members in:

- ◆ having case summaries prepared for cases from the courts of their countries;
- ◆ assisting the Secretariat in retrieving data to be inserted in the data base; and
- ◆ assisting the Secretariat to identify potential sources of funding for the data base.

As regarded the retrieval of information, Ms Peters referred in particular to the need for UNIDROIT to publish the text of cases in the UNILAW data base and to the fact that in the United Kingdom cases were covered by copyright. She called for assistance in acquiring permission to publish the text without having to pay expensive fees for copyright.

(b) *Discussion*

*Ms Trahan* referred to the CLOUT system of national correspondents put in place by the *United Nations Commission on International Trade Law (UNCITRAL)*. She suggested that member States might be requested to designate correspondents, just as they had designated depository libraries.

*Mr Kannenberg* observed that in the document Council members were invited to determine the priority status of this project. Considering the interest of the project, he regretted that, by reason of the great number of priority items on the Work Programme, he felt that it was not possible to afford it high priority.

*Ms Moss*, representing *Mr Inglese*, indicated that low priority should be afforded this project, but nevertheless stated that she would look into the question of copyright and report back.

*Mr Harmathy*, intervening during the discussion on the nomination of correspondents, suggested that the system of correspondents of the Institute should be linked to the data base and their

assistance in the retrieval of cases for the data base be enlisted. He also stated that considering the strategic importance of the data base, it should not be afforded low priority, but rather high.

*Mr Komarov* supported the statement made by *Mr Harmathy*.

(c) *Conclusion*

*The Council, while recognising the importance of the data base, indicated that in view of the large number of priority items on the Work Programme of the Institute, medium-to-low priority status should be afforded this project.*

**Item No. 18 on the agenda - Date and venue of the 86th session of the Governing Council (C.D. 85) 18)**

*The Council decided that its 86<sup>th</sup> session should be held at the seat of the Institute from 16 to 18 April 2007.*

**APPENDIX I  
ANNEXE 1****PROVISIONAL LIST OF PARTICIPANTS /  
LISTE DES PARTICIPANTS PROVISOIRE**

(Rome, 8 - 10 May 2006 / Rome, 8 – 10 mai 2006)

**MEMBERS OF THE GOVERNING COUNCIL  
MEMBRES DU CONSEIL DE DIRECTION**

Mr Berardino LIBONATI	President of UNIDROIT / <i>Président d'UNIDROIT</i>
Mr Martin ADENSAMER	Head of Department Federal Ministry of Justice Museumstrasse 7 P.O. Box 63 1016 Vienna (Austria) Tel.: (+43 1) 52152 2131 Fax: (+43 1) 52152 2829 e-mail: <a href="mailto:martin.adensamer@bmj.gv.at">martin.adensamer@bmj.gv.at</a>
Mr Tuğrul ARAT (Prof. Dr)	Head of the Private International Law Department Ankara Üniversitesi Hukuk Fakültesi Cemal Gürsel Caddesi, No 58 06590 Cebeci-Ankara Tel.: (+90 312) 436 8993 (home) Tel.: (+90 312) 319 1398 (office) Fax: (+90 312) 363 5696 e-mail: <a href="mailto:tugrularat@yahoo.com">tugrularat@yahoo.com</a>
Mr Antonio BOGGIANO	Professor of Law, Judge and former President Emeritus of the Supreme Court Avenida Alvear 1708 2° 1014 Buenos Aires (Argentina) Tel.: (+54 11) 4812 9208  University of Buenos Aires Tel.: (+54 11) 4371 0837 Fax: (+54 11) 4372 1525 e-mail: <a href="mailto:antonioboggiano@argentina.com">antonioboggiano@argentina.com</a>
Mr Sergio CARBONE	Professor of Law at the University of Genoa Studio Carbone e D'Angelo Via Assarotti, 20-9 16122 Genova (Italy) Tel. (+39 010) 8317082 Fax (+39 010) 8314830

e-mail: [smcarbon@tin.it](mailto:smcarbon@tin.it)

Mr Nabil ELARABY

former Judge to the International Court of Justice  
Senior Partner  
Zaki Hashem and Partners  
Attorneys at Law  
23, Kasr El Nil Street  
Cairo 11211 (Egypt)  
Tel: 202-393-3766  
Fax: 202-393-3585  
e-mail: [nabil.elaraby@hashemlaw.com](mailto:nabil.elaraby@hashemlaw.com)

Mr Michael B. ELMER

Vice-President of the Danish Commercial  
High Court  
Bredgade 70-72  
1260 Copenhagen (Denmark)  
Tel. (office): (+45 33) 47 92 03  
Tel. (home):(+45 33) 55 49 63  
Fax: (+45 33) 47 92 82  
e-mail: [michael@elmer.as](mailto:michael@elmer.as)  
[elmer@shret.dh](mailto:elmer@shret.dh)

Mr Henry D. GABRIEL

DeVan Daggett Professor of Law  
Loyola University  
School of Law  
526 Pine Street  
New Orleans, LA 70118 (United States of America)  
Tel.: (+1 504) 861-5667  
Fax: (+1 504) 861 5894  
e-mail: [gabriel@loyno.edu](mailto:gabriel@loyno.edu)

Mr Ian GOVEY

Deputy-Secretary  
Civil Justice and Legal Services  
Attorney-General's Department  
National Circuit  
Barton, A.C.T. 2611 (Australia)  
Tel.: (+61 2) 6288 0580 (home)  
Tel.: (+61 2) 6250 6012 (office)  
e-mail: [ian.govey@ag.gov.au](mailto:ian.govey@ag.gov.au)

Mr Attila HARMATHY

Professor, Judge of the Constitutional Court  
Donáti u. 35-45  
H-1015 Budapest (Hungary)  
Tel.: (+36 1) 488 3170  
Fax: (+36 1) 488 3179  
e-mail: [harmathy@mkab.hu](mailto:harmathy@mkab.hu)

Mr Arthur Severijn HARTKAMP

former Procureur-Général at the Supreme Court of  
The Netherlands;  
Professor of Private Law  
Alexander Gogelweg 21  
2517 JD Den Haag (The Netherlands)

Tel. (home): (+31 70) 355 2540  
e-mail: [a.hartkamp@hetnet.nl](mailto:a.hartkamp@hetnet.nl)  
e-mail: [a.hartkamp@jur.ru.nl](mailto:a.hartkamp@jur.ru.nl) (office)

Mr Gerard HOGAN

Fellow, Trinity College  
19 Charleville Road  
Rathmines  
Dublin 6 (Ireland)  
Tel.: (+353 1) 496 3744  
Fax: (+353 1) 497 9074  
e-mail: [ghkq@eircom.net](mailto:ghkq@eircom.net)  
[hogang@tcd.ie](mailto:hogang@tcd.ie)  
[ghogan@lawlibrary.ie](mailto:ghogan@lawlibrary.ie)

Mr Kiyoshi HOSOKAWA

President  
Tokyo Family Court  
Kasumigaseki 1-1-2  
Chiyoda-ku  
TOKYO 100-0013 (Japan)  
Tel.: (+81 3) 3502 4271 / 3502 8311  
Fax: (+81 3) 3581 5513  
e-mail: [kokubunjikh@s9.dion.ne.jp](mailto:kokubunjikh@s9.dion.ne.jp) (home)  
[hosokawa.kiyoshi717@courts.jp](mailto:hosokawa.kiyoshi717@courts.jp)

Mr Anthony INGLESE

Solicitor and Director-General  
Legal Services  
Department of Trade and Industry  
10 Victoria St.  
LONDON  
SW1H 0NN (United Kingdom)  
Fax: (+44 207) 215 3376  
e-mail: [Anthony.inglese@dti.gsi.gov.uk](mailto:Anthony.inglese@dti.gsi.gov.uk)

Mr Werner K. KANNENBERG

Desk Officer  
Federal Ministry of Justice  
Mohrenstr. 37  
10117 Berlin (Germany)  
Tel.: (+49 30) 2025 9129  
e-mail: [kannenberg-we@bmj.bund.de](mailto:kannenberg-we@bmj.bund.de)  
*representing Mr Hans-Georg BOLLWEG*

Mr Alexander S. KOMAROV

Professor of Law  
Head of Private Law Department  
Russian Academy of Foreign Trade  
Pudovkin Str. 4A  
Moscow 119 285 (Russian Federation)  
Tel.: (+7 495) 688 8720 (home)  
Fax: (+7 495) 688 8720 (home) / 929 0153  
e-mail: [komarovas@mtu-net.ru](mailto:komarovas@mtu-net.ru)  
[aleksandr\\_komarov@vavt.ru](mailto:aleksandr_komarov@vavt.ru)

- Mr Byung-Hwa LYOU  
President and Professor of Law  
TLBU Graduate School of Law in Seoul  
300, Naeyu-dong  
Koyang-si, Kyunggi-do  
412-751 Seoul (Repubblica di Corea)  
Tel.: (+82 31) 960 1001  
Fax: (+82 31) 964 7196  
e-mail: [lyou@tlbu.ac.kr](mailto:lyou@tlbu.ac.kr)  
[tlbu@tlbu.ac.kr](mailto:tlbu@tlbu.ac.kr)
- Mr Didier OPERTTI BADAN (Prof. Dr)  
Secretary-General of the  
Asociación Latinoamericana de Integración (Aladi)  
Cebollatí 1461  
11200 Montevideo (Uruguay)  
Tel. (office): (+59 82) 410 3363  
Tel. (home): (+59 82) 711 7790  
Fax (home): (+59 82)  
e-mail: [dopertti@aladi.org](mailto:dopertti@aladi.org)
- M. Jorgé SÁNCHEZ CORDERO  
Director of the Mexican Center of Uniform Law  
Professeur et notaire public  
Arquimedes 36  
Polanco  
11560 Mexico City (Mexico)  
Tel.: (+52 55) 5281 2108  
Fax: (+52 55) 5281 0337  
e-mail: [jorgeas@mx.inter.net](mailto:jorgeas@mx.inter.net)  
[notario@notaria153.com.mx](mailto:notario@notaria153.com.mx)
- Mr B. SEN  
Senior Advocate at the Supreme Court of India  
6 Southern Avenue  
Maharani Bagh  
New Delhi 110065 (India)  
Tel. / Fax.: (+91 11) 26310545 – 26318014
- Mr Stanislaw SOLTYSINSKI (Prof.)  
Professor of Law, A. Mickiewicz University, Poznan  
Soltysinski Kawecki & Szlezak  
Legal Adviser Company  
Ul. Wawelska 15 B  
Warsaw 02-034 (Poland)  
Tel.: (+48 22) 608 7001  
Fax: (+48 22) 608 7070  
e-mail: [stanislaw.soltysinski@sklegal.pl](mailto:stanislaw.soltysinski@sklegal.pl)
- M. Bruno STURLESE  
Directeur des Affaires européennes et  
internationales  
Ministère de la Justice  
13, place Vendôme  
75042 Paris Cedex 01 (France)  
Tel.: (+33 1) 4486 1440  
Fax: (+33 1) 4486 1441  
e-mail: [Bruno.Sturlese@justice.gouv.fr](mailto: Bruno.Sturlese@justice.gouv.fr)

Mme Anne-Marie TRAHAN

Juge à la Cour Supérieure du Québec  
Palais de Justice  
1, rue Notre Dame est, bureau 15-45  
Montréal (Canada H2Y 1B6)  
Tel.: (+1 514) 393 2193  
Fax: (+1 514) 393 2773  
e-mail: [amtrahan@judex.qc.ca](mailto:amtrahan@judex.qc.ca)  
[amtrahan@judicom.qc.ca](mailto:amtrahan@judicom.qc.ca)

M. Evelio VERDERA y TUELLS

Professeur émérite des Universités  
Complutense-San Pablo-CEV de Madrid  
Almagro 46, 2º B  
28010 Madrid (Espagne)  
Tel.: (+34 91) 308 2509 / 319 3722  
Fax: (+34 91) 308 3412  
e-mail: [verdera@evelio.e.telefonica.net](mailto:verdera@evelio.e.telefonica.net)

M. Ioannis VOULGARIS

Professeur émérite de droit international privé et  
de droit comparé  
Faculté de droit  
Université "Démokritos" de Thrace  
Spefsippu Str. 45  
10676 Athènes (Grèce)  
Tel.: (+30 210) 721 4765  
Fax: (+30 210) 725 1264

M. Pierre WIDMER

Professeur émérite  
Ancien Directeur  
Institut suisse de droit comparé  
Egelbergstrasse 40  
3006 Berne (Suisse)  
Tel. (privé) : (+41 31) 351 4448  
Tel. (office) : (+41 21) 692 4965/11  
Fax: (+41 21) 692 4949  
e-mail: [Pierre.Widmer@gmx.net](mailto:Pierre.Widmer@gmx.net)  
[pierrewi@bluewin.ch](mailto:pierrewi@bluewin.ch)

OBSERVERS:

Ms Sally MOSS

Head  
Legislation and International Policy Unit  
Department of Trade and Industry  
10 Victoria St.  
LONDON  
SW1H 0NN (United Kingdom)  
Tel.: (+44 207) 215 3006  
Fax: +(44 207) 215 3376  
e-mail: [sally.moss@dti.qsi.gov.uk](mailto:sally.moss@dti.qsi.gov.uk)

Mr Renaud SORIEUL

Administrateur  
UNCITRAL/CNUDCI  
Centre International de Vienne  
B.P. 500  
A-1400 VIENNE  
e-mail : [renaud.sorieul@uncitral.org](mailto:renaud.sorieul@uncitral.org)

## UNIDROIT

Mr Herbert KRONKE  
Mr Martin STANFORD

Secretary-General / *Secrétaire Général*  
Deputy Secretary-General / *Secrétaire*  
*Général Adjoint*

Ms Alessandra ZANOBETTI

Deputy Secretary-General / *Secrétaire*  
*Général Adjoint*

Mr Michael Joachim BONELL

Consultant

Ms Frédérique MESTRE

Research Officer / *Chargée de recherches*

Ms Lena PETERS

Research Officer / *Chargée de recherches*

Ms Marina SCHNEIDER

Research Officer / *Chargée de recherches*

Ms Paula HOWARTH

Translator-drafter / *Traductrice-rédactrice*

Mr Philipp PAECH

Research Officer / *Chargé de recherches*

Mr John ATWOOD

Research Officer / *Chargé de recherches*

Ms Bettina MAXION

Assistant librarian / *Assistante bibliothécaire*

**APPENDIX II****REVISED DRAFT AGENDA**

1. Adoption of the agenda (C.D. (85) 1 rev.)
2. Annual Report 2005 (C.D. (85) 2)
3. Appointment of the First and Second Vice-Presidents of the Governing Council (C.D. (85) 3)
4. Implementation of the Strategic Plan (C.D. (85) 4)
5. Report on the situation regarding correspondents (C.D. (85) 5)
6. Principles of international commercial contracts (C.D. (85) 6)
7. International interests in mobile equipment:
  - (a) Preparation of a diplomatic Conference for the adoption of a draft Protocol to the Cape Town Convention on Matters specific to Railway Rolling Stock (C.D. (85) 7(a))
  - (b) Preliminary draft Protocol to the Cape Town Convention on Matters specific to Space Assets (C.D. (85) 7(b))
  - (c) Preparation of an additional Protocol to the Cape Town Convention on Matters specific to agricultural, construction and mining equipment (C.D. (85) 7(c))
8. Transactions on transnational and connected capital markets:
  - (a) Preliminary draft Convention on substantive rules regarding intermediated securities (C.D. (85) 8(a))
  - (b) Principles and rules capable of enhancing trading in securities on emerging markets (C.D. (85) 8(b))
9. Model law on leasing (C.D. (85) 9 rev.)
10. Uniform rules applicable to transport (C.D. (85) 10)
11. Implementation and promotion of UNIDROIT instruments:
  - (a) Status of implementation and promotion of UNIDROIT instruments (C.D. (85)11(a))
  - (b) Exercising of the Institute's depository functions under the Cape Town Convention and the Aircraft Protocol (C.D. (85) 11(b))
12. Legal co-operation programme (C.D. (85) 12, Study LXV Scholarships Impl. 17)
13. Situation of the Library (C.D. (85) 13)
14. Uniform Law Review/*Revue de droit uniforme* and other publications (C.D. (85) 14)
15. The UNIDROIT Web Site and Depository Libraries for UNIDROIT documentation (C.D. (85) 15)
16. The Uniform Law Data Base (C.D. (85) 16)
17. Preparation of the draft budget for the 2007 financial year (C.D. (85) 17)
18. Date and venue of the 86<sup>th</sup> session of the Governing Council (C.D. (85) 18)
19. Any other business.

**APPENDIX III**

## REPORT OF THE MEETING OF THE SCHOLARSHIPS SUB-COMMITTEE OF THE GOVERNING COUNCIL

Tuesday 9 May 2006, 9 am

The Scholarships Sub-committee was made up of Messrs Gabriel, Komarov, Lyou, Sen, Verdera y Tuells, and Widmer as well as Mr Kronke and Ms Schneider of the Secretariat. The meeting was chaired by Mr Widmer.

The following documents were submitted to the sub-committee in addition to Council document (C.D. (85) 12):

- The Report on the Implementation of the Programme in 2005: Study LXV – Scholarships exec. 17, and an update listing the beneficiaries of the Programme from January 2005 to May 2006
- An updated table setting out funding details for 2005 and 2006;
- The work, conclusions and research reports of the beneficiaries of the programme in the period January 2005 – April 2006 (for consultation)
- Applications received by the Secretariat for the year 2005-2006 (for consultation)

The Chairman briefly reported on the implementation of the Programme since the last session of the Governing Council and stressed its role not only in the context of legal co-operation but also as a tool to promote UNIDROIT and its work. He noted the particularly high level of researchers hosted this year, all of which had made optimum use of the opportunity offered them.

As to funding, the Sub-committee expressed its gratitude for the support extended by the Governments of the Republic of Korea, noting the modest but essential contribution made by the General Budget of the Institute which had been renewed the day before in the same amount as last year (€ 15.000) While expressing his satisfaction for this decision, he noted however that the amount under Chapter XI of the Budget did not correspond to 1% of the contributions by States other than Italy – following the principle which had been adopted when this allocation was first made in the budget (i.e. 16.500 euros for 2007 instead of the actual amount of 15.000 euros which appeared in the budget 2006). He reiterated its satisfaction at the Spanish Government's announcement that it intended to sponsor the Programme from 2006 onward by funding four research scholarships, and noted the Secretariat's efforts to ensure that the best use was made of the resources at its disposal and to encourage the beneficiaries to identify external sources of finance. The Sub-committee stressed the importance of the Programme for UNIDROIT and for the beneficiaries and several members indicated that they will do their best efforts to identify other sources of funding (in particular in promoting joint scholarships with other institutions).

The Secretary-General indicated that in view of the current budgetary restrictions and the difficulty to obtain extrabudgetary funding, he had decided to sponsor one scholarship in 2006, and he expressed the hope that he would be joined by other sponsors.

As to the applications received by the Secretariat for the coming year, the sub-committee took note of the large number of applications (35, from 20 countries), some of which were already partially financed (the sub-committee asked that this information appear in the document submitted to his next meeting). It agreed to mandate the Secretary-General to establish an order of precedence in accordance with the usual selection criteria (i.e., the conditions stipulated by

donors, the general guidelines laid down by the Scholarships Sub-Committee in April 1999 – see below –, the “strategic” objective of forging closer links with certain member States or with potential new member States).

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[General criteria established by the Scholarships Sub-committee in April 1999 :

- (a) preference to be given to applicants conducting research on topics relevant to the activities of UNIDROIT (past achievements, items on the current work programme, private law in the broadest sense);
- (b) preference to be given to graduate or post-graduate level applicants;
- (c) the widest possible geographical variety to be sought as to applicants’ countries of origin;
- (d) preference to be given to applicants with research projects likely to have maximum practical impact;
- (e) preference to be given to applicants possessing sufficient linguistic ability to use the bibliographical materials to best advantage.]