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U N I D R O I T

INTERNATIONAL INSTITUTE FOR THE UNIFICATION OF PRIVATE LAW

GENERAL ASSEMBLY

56th session

(Rome, 6 December 2002)

REPORT

(prepared by the Secretariat)

Rome, December 2002

I. INTRODUCTION

Opening of the session and election of the Chairman

The 56th session of the General Assembly was held on 6 December 2002 at the seat of UNIDROIT. The session was attended by the diplomatic representatives in Italy of 44 member States and one observer (cf. list of participants set out in APPENDIX I). In the absence of the President, the meeting was opened by Mr J.H.E. Kronke, Secretary-General of UNIDROIT, at 9.50 a.m. Upon his proposal, Mr M.A. Cobban, Ambassador of Australia in Italy, was elected Chairman.

Documentation for the session

The General Assembly was seised of the following documents prepared by the Secretariat:

1. Provisional agenda (A.G. (56) 1 prov. rev. 1);
2. Legal Co-operation Programme (Secretariat memorandum) (A.G. (56) 2);
3. Consideration of the human and financial implications for the Institute of the depositary functions conferred upon it under the Cape Town Convention and Aircraft Protocol (Secretariat memorandum) (A.G. (56) 3);
4. Final modifications to the budget and approval of the accounts for the 2001 financial year (Secretariat memorandum) (A.G. (56) 4 and Accounts 2001);
5. Adjustments to the budget for the 2002 financial year (Secretariat memorandum) (A.G. (56) 5 rev.);
6. Arrears in contributions of member States (Secretariat memorandum) (A.G. (56) 6 rev.);
7. Approval of the draft budget for 2003 and fixing of the contributions of member States for that financial year (Secretariat memoranda) (A.G. (56) 7 and Add.);
8. Proposal of UNIDROIT Secretariat concerning the projecting of the Institute's financial needs on a three-year basis and proposal to modify the system of determining the contribution of the Italian Government (Secretariat memorandum) (A.G. (56) 8);
9. Appointment of the members of the Administrative Tribunal (Secretariat memorandum) (A.G. (56) 9).

II. CONSIDERATION OF THE BUSINESS ON THE GENERAL ASSEMBLY'S AGENDA

Item No. 1 - *Adoption of the provisional agenda* (A.G. (56)1 prov. rev. 1)

The General Assembly adopted the provisional agenda prepared by the Secretariat (reproduced in APPENDIX II).

Item No. 2 - *Statement regarding the Institute's activities in 2002*

The Secretary-General informed the Assembly that the customary annual report on the Institute's activities during 2002 would be sent out to member States at the beginning of 2003.

A new member of staff, Mr P. Paech, had joined the Institute during 2002. He had been seconded on a three-year contract by the German Banking Federation, with his salary being paid by German banks. In view of the commitment to the Institute's work which this represented, he proposed that the General Assembly authorise him to express member States' gratitude to the sponsors of Mr Paech's secondment to UNIDROIT.

The Working Group for the preparation of Part II of the UNIDROIT Principles of International Commercial Contracts had made good progress at its fifth session, held in Rome from 3 to 7 June 2002, and it was anticipated that its work would be completed by Spring 2003.

Good progress had also been made by the Working Group for the preparation of Principles and Rules of Transnational Civil Procedure at its third session, held in Rome from 27 to 31 May 2002. Regional workshops on the draft Principles and Rules were being held in different parts of the world.

At its 81st session, held in Rome on 24 and 25 September 2002, the Governing Council had approved the Institute's Model Franchise Disclosure Law as finalised at the second session of a Committee of governmental experts, held in Rome from 8 to 12 April 2002. The precise technique for promulgating the Model Law had raised not a few questions for the Institute since this was the first instance of its preparation of a model law: the vehicle of approval chosen by the Governing Council represented a sort of half-way house between adoption of the Model Law and its authorisation for publication. Special interest was being given to the Model Law in Asian and Central and Eastern European countries, in particular Thailand, Vietnam, Poland and the Russian Federation.

A restricted Study Group on the taking of security in securities in indirect holding systems had held its first session in Rome from 9 to 12 September 2002. The special importance of this work derived from the lack of any transactional rules which characterised the subject in most jurisdictions and the enormous potential systemic risk that this held for financial markets worldwide. One measure of its importance was to be gauged from the € 680 billion turnover in such transactions handled on a weekly basis by the European Central Bank, one of the leading players in this field. The working methods of the Institute had been adapted in the case of this new restricted Study Group to accommodate the desire expressed by certain member Governments to see central banks and regulatory agencies involved at an earlier stage than would normally be considered appropriate for a study group. A number of central banks (the Bank of England, the Bank of Italy, the Swiss National Bank and the European Central Bank), Governments (France, Germany and Japan) and regulatory agencies had therefore joined members of the restricted Study Group on the afternoon of 12 September for an exchange of views. Moreover, on the following day a seminar had been held at which members of the restricted Study Group had been joined by representatives of some 30 major private organisations. The Institute found itself under enormous pressure on this subject, given the potential systemic risks mentioned above. An Italian financial institution had offered funds to assist in speeding up work on this project but the funds had to date failed to materialise.

The follow-up work on the Cape Town Convention on International Interests in Mobile Equipment and Protocol thereto on Matters specific to Aircraft Equipment continued to occupy

the Institute's full attention, not least by reason of the depositary functions that had been conferred upon it in respect of both instruments. These functions had important implications for the Institute and there was a clear need for member States to focus on these at the earliest possible opportunity. 24 States had to date signed both Cape Town instruments and a number of ratifications were expected early in 2003. Meanwhile, work on two additional Protocols to the Cape Town Convention continued, the preliminary draft Protocol on Matters specific to Railway Rolling Stock being dealt with by a Committee of governmental experts convened jointly by UNIDROIT and the Intergovernmental Organisation for International Carriage by Rail (OTIF): this Committee had held a second session in Rome from 17 to 19 June 2002 and the Drafting Committee of that Committee had also held sessions in Rome from 4 to 6 February 2002 and from 23 to 25 October 2002, with the Registry Task Force of the Committee of governmental experts also meeting in Rome from 20 to 22 March 2002.

During 2002 the Institute had also organised two special events. The first of these was a brainstorming session, held in Rome on 26 September 2002, at which members of the UNIDROIT Governing Council had met representatives of 43 member States to discuss the direction to be taken by the Institute in the future. A report on this session, being prepared by Mr P. Winship (United States of America), who had acted as moderator, would be sent to member States in due course. The second special event was the Congress on Worldwide Harmonisation of Private Law and Regional Economic Integration, organised to celebrate the 75th anniversary of the Institute's foundation. The Congress had proven to be an excellent starting-point for an in-depth analysis of the special issues that arose for the relationship between those efforts directed by intergovernmental Organisations like UNIDROIT at the worldwide unification and harmonisation of private law and the activities of regional economic integration Organisations, in particular the European Union, by reason of the fact that legislative competence over certain matters was transferred from member States of such an Organisation to the Organisation itself.

In the context of relations between the work of the Institute and that of the European Commission, he informed the General Assembly that he had met the member of the European Commission responsible for Justice and Home Affairs in Brussels on 18 June 2002 in order to sound out the point of view of the Commission regarding competence in respect of those projects featuring on the Institute's Work Programme. He anticipated that UNIDROIT's work would as a result be followed more closely by the Commission in future, thus avoiding last-minute hitches of the kind that had arisen in the run-up to the Cape Town Conference.

The Institute's ancillary activities (publications, the library and the scholarships programme) continued to flourish. The legal co-operation programme was no longer intended to be limited to just the awarding of scholarships but also encompassed the future granting of technical legal assistance to the Organisation for the Harmonisation of Business Law in Africa (O.H.A.D.A.), the members of which were a group of French-speaking African countries.

No new member States had decided to join the Institute during 2002 but negotiations were continuing with two States with a view to their possible membership.

Spain, Cambodia and Portugal had become the 16th, 17th and 18th States Parties to the UNIDROIT Convention on Stolen or Illegally Exported Cultural Objects on 21 May 2002, 11 July 2002 and 19 July 2002 respectively.

By way of introduction to draft Resolution (56) 2 that had been laid before the General Assembly, he indicated that this was designed to deal with the totally inadequate nature of the

Institute's meeting facilities that had been particularly exposed not only at the previous session of the General Assembly itself but also at two sessions of committees of governmental experts held at the seat of the Institute during 2002. In effect, the purpose of the draft Resolution was formally to enlist the support of both the Institute's host State and its other member States in UNIDROIT's efforts to secure the use of the meeting facilities of one of the other international Organisations based in Rome on a rent-free basis. He acknowledged the Institute's gratitude to the Italian Government for the support that it had given to its efforts in this direction, as announced by its representative attending the 56th session of the Finance Committee, held in Rome on 22 October 2002. He also expressed the Institute's gratitude to the Italian Government for the more than € 335,000 it had invested during 2002 in essential maintenance to the fabric of the seat of the Institute, represented by the installation of a new lift and major repairs to the roof of Villa Aldobrandini and the resurfacing of the courtyard, and for the additional maintenance work, to a value of € 150,000, that it would be undertaking as from January 2003.

In response to a query from *the representative of the United States of America, the Secretary-General* added that the European Union was due to accede to the Hague Conference on International Private Law during the Danish presidency of the Council of Ministers of the European Union and that it was anticipated that the question of the European Union's accession to UNIDROIT would be taken up under the following two presidencies, those of Greece and Italy.

The General Assembly took note of the Secretary-General's statement regarding the Institute's activities in 2002 and passed draft Resolution (56) 2 as submitted by the Secretariat (cf. APPENDIX IV).

Item No. 3 – *Programme of legal co-operation (A.G. (56) 2)*

Ms F. Mestre (UNIDROIT Secretariat), introducing the Secretariat's memorandum on this item on the agenda, indicated that the programme of legal co-operation had been introduced in the Institute's Work Programme in 1978 with the aim of rendering the achievements realised in the uniform law area more accessible to developing countries and, subsequently, also to countries with economies in transition. In view of the extremely limited human and financial resources of the Secretariat but taking advantage of the rich library holdings of the Institute, the proposal had been made to establish a scholarships programme, under which scholarships would be awarded to high-level research students coming from either a university or a Government background and, in that capacity, involved in national law reform efforts. With a view to providing UNIDROIT with the necessary means to launch this programme, the General Assembly had decided at its 42nd session, held in Rome on 12 December 1989, to allocate under each year's budget a sum amounting to 1% of the contributions of member States other than Italy. The funding of the scholarships programme was subsequently reinforced by contributions from voluntary donors – the Governments of the People's Republic of China, Finland, France and the Republic of Korea currently provided such contributions – to the point where it currently accounted on average for 75% of the total annual funding.

In 2000, following an enquiry in which all the beneficiaries under the scholarships programme since 1992 were involved, the Governing Council, noting the advantages resulting from the promotion of the Institute's work in the countries concerned and the way in which the programme spread the benefits of the work carried out by the experts involved in the Institute's activities and the Secretariat, had recommended that the scholarships programme be extended. At its 54th session, held in Rome on 30 November 2000, the General Assembly had agreed to reinforce its funding with the allocation (the approval of which was to be on a case-by-case basis)

of a maximum amount of Lit. 30,000,000 from any budgetary surpluses from the preceding financial year. On this basis, the scholarships programme had been credited with a sum of Lit. 30,000,000 in 2001 and then a sum of € 5,164.57 in 2002, an amount barely sufficient to absorb the erosion suffered by the budgetary allocation under Chapter 11, which had by that time been effectively reduced from 1% in 1990 to 0,69% in 2002 (€ 10,329).

With a view to prosecuting the legal co-operation activities which the scholarships programme had to date opened up to 109 research students from some 50 countries, having regard to the limited budgetary resources involved and the interest which these resources nevertheless guaranteed from voluntary donors, the Secretariat strongly recommended that the principle of the budgetary allocation under Chapter 11 be maintained, while recommending that its title reflect the subject on the UNIDROIT Work Programme by being renamed “Legal co-operation programme”, and that the amount allocated thereto be fixed each year – in line with the intention at the time when the programme was first established – at 1% of the contributions of member States other than Italy, while leaving open the possibility that part of the budgetary surpluses from the previous financial year – up to a limit of € 15,493, as decided by the General Assembly in 2000 – might also be allocated to the Programme.

The General Assembly took note of the Secretariat’s report on the legal co-operation programme.

Item No. 4 - *Consideration of the human and financial implications for the Institute of the depositary functions conferred upon it under the Cape Town Convention and Aircraft Protocol (A.G. (56) 3)*

Mr M.J. Stanford (UNIDROIT Secretariat), introducing discussion of this item on the agenda, indicated that the Institute had been designated as depositary of the Convention on International Interests in Mobile Equipment and the Protocol thereto on Matters specific to Aircraft Equipment opened to signature at the conclusion of the diplomatic Conference convened in Cape Town in October/November 2001, at the invitation of the Government of South Africa and organised under the joint auspices of the Institute and the International Civil Aviation Organization (ICAO). Whereas it was customary for the State hosting the diplomatic Conference at which a draft treaty prepared under the auspices of UNIDROIT was adopted also to take on depositary functions in respect of the treaty adopted, the Government of South Africa had already before the diplomatic Conference made it known that, in its own words, it had “no particular desire” to exercise such functions on this occasion. And in the course of the Conference ICAO made it known that it too was neither able nor willing to accept such functions.

This decision had a certain logic in that it was anticipated that a number of additional Protocols to the Convention would in due course be adopted. It was intended that the depositary should organise Review Conferences from time to time to consider *inter alia* the practical operation of the Convention and the Aircraft Protocol from the point of view of their effectiveness in facilitating the asset-based financing and leasing of high-value mobile equipment, and in particular aircraft equipment, and the case for modifying them in the light thereof. The fact that the Institute would be the inevitable common factor regarding each of the Protocols meant that it would be particularly well placed to ensure that any review process took due account of the different types of experience acquired across the range of all the different Protocols.

He referred participants to A.G. (56) 3 regarding all the *traditional* responsibilities that had devolved upon the Institute as depositary, such as the sending out of certified true copies to all

member States, negotiating States, participating observers and Contracting States and the informing of all Contracting States as to each new signature or instrument of ratification, of the date of entry into force of the new instruments and of any denunciations. He recalled that, at the aforementioned 81st session of the Governing Council, a particularly qualified member of that body had noted that the responsibilities as depositary conferred upon UNIDROIT under the Cape Town instruments were some of the most onerous ever.

The first *extraordinary* responsibility that was incumbent upon UNIDROIT, as depositary, was the result of the extremely complex system of declarations authorised under the Cape Town instruments. Not only would it be essential for Contracting States to get their declarations right if they were to draw the full economic benefits of the new instruments but it would be crucial for them to do so if the computerised international registration system to be set up under the Convention and the Aircraft Protocol was to operate effectively. It would be incumbent upon the Institute, as depositary, to provide the Supervisory Authority and the Registrar, the key figures for the operation of the international registration system, with copies not only of each instrument of ratification but also of each declaration and withdrawal or amendment of that declaration. The fact that the International Registry would be fully computerised highlighted the need for speed if the international registration system was to operate effectively, in the sense of protecting the international interests to be created under the new Convention. But this was only part of the problem: not only was the system of declarations extremely complex but the guide on the declarations system that the Institute had put together, at the request of the African Civil Aviation Commission, on behalf of all African States, had shown that there were no fewer than 36 different declarations from which States would be able to pick and choose and a good many of these were couched in the form of alternatives.

The Convention and the Aircraft Protocol, as befitted treaties brought to signature at a Conference co-sponsored by a United Nations specialised agency, were drafted in all the different languages of the United Nations. Given that UNIDROIT only had two of these languages as working languages, it would be faced with an impossible task were Contracting States to deposit their declarations in Arabic, Chinese, Russian or Spanish. This was the starting point for draft Resolution (56)1 laid before the General Assembly by the Secretariat.

The Institute's second extraordinary responsibility as depositary would be the preparation of reports, either yearly or at appropriate intervals, for States Parties on the manner of the operation of the new instruments in practice. One of the fundamental requirements for the Institute to be able to carry out this task adequately would be the creation of a computerised case-law digest concerning the application and interpretation of the new instruments. The Institute was to prepare its reports in co-ordination with the Supervisory Authority, whose reports on the functioning of the international registration system it would therefore need to take into consideration in the preparation of its own reports. Moreover, it was clearly the intention of the authors of the new instruments that they should be "living" instruments and a centralised monitoring body would therefore need to be set up.

The third such extraordinary responsibility of the Institute would consist in the creation of working groups to assess the feasibility of extending the application of the Convention, through additional Protocols, to other categories of high-value mobile equipment.

The fourth extraordinary responsibility incumbent upon the Institute would be the convening of Review Conferences of States Parties, in consultation with the Supervisory Authority, where requested to do so by at least 25% of such States Parties.

In addition, the Secretariat had found itself obliged to take on quite alone the editing, publication and distribution of the Official Commentary on the Cape Town instruments, given that ICAO had indicated that it was not in a position to provide either human or financial resources to assist in this task. It was anticipated that the Official Commentary would be circulated among States later that month. At the same time, again without any assistance from ICAO, the Secretariat had embarked on the transcription and editing of the proceedings of the Conference. This was a task which would take many months more. Both of these mammoth editing and publishing tasks concerned publications which were eagerly awaited by States, to assist them in implementation of the Cape Town instruments.

At its 81st session the Governing Council had recommended that the draft budget for 2003 be amended to include financial provision for the carrying out of the Institute's new depositary functions. The draft budget for 2003 had however already been transmitted to member Governments of the Finance Committee. And the Finance Committee's discussion of the draft budget was due to take place only two and a half weeks after that session.

In these circumstances, the Finance Committee had little alternative but to conclude that it had been seised of the recommendation too late to be able to do anything under the draft budget for 2003. There was nevertheless a general feeling within the Finance Committee that, to quote the representative of Switzerland, "once a decision, such as that to confer depositary functions upon UNIDROIT, had been taken by Governments, then it was necessary to follow that decision through at the financial level" and the Government of one member State, Spain, actually declared itself ready to support the increase in member States' contributions that the Secretariat had estimated to be necessary in order to make financial provision for its carrying out of the new depositary functions. A number of members of the Finance Committee significantly expressed confidence that their authorities would be prepared to co-operate in the finding of an appropriate solution under the draft budget for 2004.

The draft budget for 2003 accordingly made no financial provision for the carrying out of the Institute's depositary functions. The Secretariat would therefore have to soldier on for the following twelve months as best it could. It nevertheless remained true that its new depositary functions were nothing less than treaty obligations. It therefore behoved member States to give urgent consideration to the matter, at the very least with a view to voting the necessary appropriation under the draft budget for 2004 and perhaps even, if there were some member States disposed to give a hand in advance, by seeing whether something might not perhaps be done in 2003 by such States on a one-off voluntary basis.

The Secretariat accordingly invited the General Assembly to give favourable consideration to that other limb of draft Resolution (56) 1 inviting member States to provide the Institute with the necessary human and financial resources to perform its depositary functions with the maximum urgency.

Upon further reflection, the Secretariat had come to the conclusion that the third limb of draft Resolution (56) 1 as proposed in A.G. (56) 3 was redundant, given the overriding nature of treaty obligations. It had therefore been removed from the new version of the draft Resolution laid before the General Assembly that day. Treaty obligations being what they were, the Secretariat would however, as a matter of course, be giving effect to the Governing Council's recommendation that the exercising of the Institute's new depositary functions be given absolutely top priority in implementation of the Work Programme. Member States should not however be surprised if the carrying out of the new depositary functions had a knock-on effect on the

Secretariat's ability to carry out the current Work Programme as originally envisaged, in particular so long as it remained unable to count on the additional human and financial resources that had been adjudged necessary for this purpose.

After *the Chairman* had invited discussion of draft Resolution (56) 1, *the representative of Sweden* proposed that it be amended in such a way as to clarify that the additional human and financial resources that member States were being asked to provide the Institute with pending adoption of the budget for the 2004 financial year were voluntary contributions additional to member States' statutory contributions under the budget for 2003. Her Government, for example, did not anticipate being in a position to provide UNIDROIT with anything more than its ordinary statutory contribution during 2003.

The representative of Austria supported the point made by the previous speaker, namely that what was envisaged in the first limb of the draft Resolution were voluntary one-off contributions designed to bridge the gap until, as he very much hoped, it would be possible to resolve the problem on a regular basis.

The representative of Japan, first, referring to what had been said by the previous speakers on this subject, emphasised the non-binding nature of draft Resolution (56) 1 and, secondly, sought clarification as to the nature and number of the human resources that the Secretariat had in mind in the first limb of the draft Resolution.

Taking the floor in his capacity of *representative of Australia*, *the Chairman*, first, supported the interpretation given to the draft Resolution by the representatives of Sweden and Austria, that is that it was to be seen as an appeal for voluntary extra-budgetary contributions. Secondly, he noted that the character of the new depositary functions, as treaty obligations, meant that these were obligations in respect of which the Secretariat would not have any choice and which therefore necessarily carried with them implications concerning resources. Thirdly, he took the view that, in particular in the difficult times that lay ahead for the Secretariat pending the voting of the necessary additional human and financial resources, these new depositary functions should be given the highest possible priority in relation to the other subjects on the Institute's Work Programme to which the Secretary-General had referred in his statement. For this reason, whilst he did not wish to make an issue of the matter, he personally regretted that the original third limb of the draft Resolution, however much it might be considered to amount to a statement of the obvious, had been removed, in so far as its removal seemed to lessen its effect.

Commenting on the Chairman's final remark, *the Secretary-General* explained that the Secretariat had finally decided to remove the third limb of the draft Resolution to remove any implication that it might have considered itself free to disregard the clear priority nature of the Institute's treaty obligations as depositary. He confirmed that it was precisely because the Secretariat was aware of the absolute priority nature of these new obligations that it had felt able to remove the third limb of the draft Resolution, as being redundant. He confirmed the understanding of the representative of Austria that what was being requested by the Secretariat was a bridge pending the establishment of a clearer organisational framework for the carrying out of the Institute's depositary functions under the budget for 2004. Responding to the question raised by the representative of Japan, he noted that the experience that other international Organisations had gained as depositaries showed that a full-time treaty clerk would be necessary to carry out these new depositary functions, all the more so as the Cape Town Convention was an umbrella Convention and it was to be anticipated that a whole range of additional Protocols to this Convention would be brought to signature in due course. The nature of the functions to be carried

out by the treaty clerk meant that it would be essential for this person to be a professional with a legal background. It was also to be anticipated that, in carrying out these depositary functions, the future treaty clerk would probably require a certain amount of clerical assistance but this had not to date been quantified.

The General Assembly took note of the Secretariat's report on the human and financial implications for the Institute of the depositary functions conferred upon it under the Cape Town Convention and Aircraft Protocol and, with the amendment proposed by the representative of Sweden, passed draft Resolution (56) 1 as submitted by the Secretariat (cf. APPENDIX III).

Item No. 5 - *Final adjustments to the budget and approval of the accounts for the 2001 financial year (A.G. (56) 4 and Accounts 2001)*

The Deputy Secretary-General, introducing this item on the agenda, reported that at the close of the financial year 2001 the Institute had to its credit a surplus of Lit. 157,620,596. This was essentially due to the surplus that had been carried over from the financial year 2000.

At its previous session the General Assembly had decided to apply part of the surplus from the financial year 2000 to the budget for 2001, in particular allocating Lit. 30,000,000 to Chapter 11 (Programme of legal assistance to developing countries), that is the Institute's scholarships programme, and Lit. 70,000,000 to Chapter 13 (Convening of a diplomatic Conference for the adoption of one of the Institute's draft Conventions or a scientific event), in this case the Cape Town diplomatic Conference. The General Assembly had decided that the remaining surplus should be carried forward to the financial year 2002 to finance the holding of the fourth Congress on Private Law, that had been held in September 2002.

In addition to the surplus from the financial year 2000, during the financial year 2001 the Institute had also received unbudgeted income of Lit. 30,000,000 by reason of the increase in the Italian contribution from Lit. 470,000,000 to Lit. 500,000,000 and Lit. 54,502,939 from other sources, principally bank interest and the sale of UNIDROIT publications.

The financial year 2001 was also marked by a shortfall of Lit. 60,772,641 in the contributions of member States other than Italy and additional expenditure of Lit. 107,613,989 explained mainly by the aforementioned allocation of additional funds to Chapters 11 and 13 authorised by the General Assembly but also by the additional expenditure on stationery and printed matter and the use of telephone and fax necessitated during preparations for the Cape Town diplomatic Conference.

As requested by certain members of the Finance Committee, it was intended as from the following year to modify the way in which the appendix to the document corresponding to A.G. (56) 4 was presented, by the addition of another column. This was designed to make it easier to read the document in question, independently of the Accounts themselves.

He indicated that the Finance Committee had given a favourable opinion on the final adjustments to the budget and the accounts for the financial year 2001 and had agreed in principle that the Sub-committee of the Finance Committee should be convened towards February or March 2003 to examine the trend in savings under the 2003 budget and to assist the Secretariat in the preparation of the preliminary estimates for the draft budget for 2004.

The General Assembly approved the final adjustments to the budget and the accounts for the financial year 2001.

Item No. 6 – *Adjustments to the budget for the 2002 financial year* (A.G. (56) 5 rev.)

The Deputy Secretary-General, introducing this item on the agenda, proposed that the appropriation under Chapter 11 be increased from € 10,329 to € 16,000 and that the appropriation under Chapter 10 (Promotion of UNIDROIT instruments) be reduced by the amount of that increase, namely € 5,671. He indicated that this adjustment would be without any effect on the total amount of expenditure under the budget for 2002 as approved by the General Assembly in 2001.

The General Assembly approved the adjustments to the budget for the financial year 2002 proposed by the Secretariat.

Item No. 7 – *Arrears in contributions of member States* (A.G. (56) 6 rev.)

The Deputy Secretary-General, introducing this item on the agenda, indicated that as of 5 December 2002 the total contributions outstanding from member States in respect of the financial year 2002 and previous financial years stood at € 281,117.77. Of this amount only € 110,637.57 related to contributions outstanding in respect of financial years prior to the financial year 2002. About 90% of the total amount due by way of member States' contributions for 2002 had already been settled, which meant that outstanding contributions for the current financial year amounted to only € 175,290.32.

Only one member State had accumulated arrears amounting to more than two years' contributions and the Secretariat was devoting special attention to ensuring early regularisation of that State's position. Just that week he had heard that the Government of Brazil, which had already settled its outstanding contribution in respect of the financial year 2000 during 2002, expected also to be settling its outstanding contributions in respect of the financial years 2001 and 2002 in a matter of weeks. He expressed the Institute's gratitude to the Government of Brazil as indeed to all other member Governments for their much valued support. He added that it was hoped that the balance of the Italian Government's contribution for 2002, which, in so far as approved by the General Assembly in 2001, had become an international obligation of that Government, would be settled early in 2003.

He noted that at its following session the General Assembly would be electing members of the Governing Council for the 2004-2008 quinquennium and that traditionally this election acted as a spur to member States to settle arrears in their contributions so as not to jeopardise their voting rights on such an important occasion.

The General Assembly took note of the Secretariat's report on arrears in the contributions of member States.

Item No. 8 – *Approval of the draft budget for 2003 and fixing of the contributions of member States for that financial year* (A.G. (56) 7 and Add.)

The Deputy Secretary-General, introducing this item on the agenda, indicated that the draft budget for 2003 was the result of several adjustments that had had to be made as the result of a number of events that had been unforeseen at the time when it was first drafted.

In February 2002, preliminary estimates of expenditure had, as usual, been submitted by the Secretariat to members of the Governing Council, on this occasion by correspondence, as the annual session of the Governing Council in 2002 was to be held toward the end of September and it would have been too late for a draft budget approved by the Governing Council so late in the

year to be able to be transmitted to member Governments in time for the General Assembly. Members of the Governing Council had approved the draft budget as communicated to them in February but when the Council had met on 24 and 25 September it decided that, with the Cape Town Convention and the Aircraft Protocol thereto poised to enter into force, it was absolutely essential for the Institute to be provided, as a matter of urgency, with the human and financial resources necessary for it to perform in an efficient and timeous manner the depositary functions conferred upon it in respect of those instruments and accordingly invited the Secretariat to revise the draft budget for 2003 in such a way as to seek to provide the Institute with these resources.

The Secretariat had accordingly immediately seized the Finance Committee, which was due to meet on 8 October 2002, of a variation to the draft Budget involving an increase in total expenditure of € 73,000 (€ 48,000 for the taking on of a new member of staff and € 25,000 for the acquisition of the necessary hardware and software support). The Finance Committee had however taken the view that it had been seized of this proposed variation too late and accordingly suggested that a decision on the matter be postponed, also in the light of the announcement by the representative of Italy that the contribution of his Government to the budget for 2003 could not be more than € 220,000, rather than the € 258,000 budgeted for in the original draft budget for that year prepared by the Secretariat.

The Secretariat had accordingly gone back to the drawing board. After analysing the various Chapters of the draft budget to see where savings might be made, it had reached the conclusion that it might be wise to concentrate the Institute's financial resources on the Chapters that funded the carrying out of its principal statutory function, i.e. the preparation of international instruments and the activities related thereto. It was for this reason that it had proposed suspending the allocation of funds to Chapter 11, in particular in view of the fact that the scholarships programme was also funded by extra-budgetary contributions. However, the Finance Committee at its meeting on 22 October 2002 had expressed a number of objections to this approach and requested the Secretariat to go back to the drawing board again.

The draft budget for 2003 as subsequently revised by the Secretariat was carried in A.G.(56) 7. It was supplemented by A.G.(56) 7Add., containing proposals for replenishing Chapter 11. It notably reflected the consensus that had emerged within the Finance Committee in favour of the draft budget that had been laid before it, subject to a solution being proposed to the General Assembly that would permit the replenishment of Chapter 11. Taken together, these two documents proposed the following alterations in expenditure, both ordinary and extraordinary, when compared with the budget for 2002:

1. *Re* Chapter 1 (Reimbursement of expenses)

Expenditure under three Articles of this Chapter would be substantially increased, giving an overall increase of 3% when compared with the budget for 2002. These increases related to the Governing Council and those sessions of study groups and committees of governmental experts scheduled for 2003. They reflected both the increases in *per diem* allowances fixed by the Co-ordinated Organisations and the increases in air fares.

2. *Re* Chapter 2 (Salaries and allowances)

Expenditure under Article 1 of this Chapter (Salaries of Categories A, B and C staff) would be increased by 3.2% to allow for the increase in the cost of living, which, at the time when the draft budget was prepared, was estimated at approximately 2.5% on a yearly basis, and the annual or biannual increments in salary given to certain members of staff on the basis of seniority. Whilst it was hoped that the rate of inflation would be lower in 2003 than it had been in 2002, the

effects of such a fall would only be felt in 2004, given that salaries for 2003 would be worked out by the Co-ordinated Organisations on the basis of the rate of inflation and the trend in salaries in Italy in 2002. It could not therefore be excluded that the Institute might be in for some unpleasant surprises in this respect.

While the Secretariat had originally proposed increasing expenditure under Article 2 (Remuneration for occasional collaborators and special work (legal research, translation and various studies)), in view of the increasing recourse that the Institute had to external consultants, in particular for the software used by its library and data bases, the appropriation under this Chapter had in fact been cut from € 36,152 in 2002 to € 12,500 to offset the reduction in the Italian contribution for 2003, in the hope that savings made under Article 1 might still permit the Secretariat to have some recourse to external consultants, where necessary, subject to subsequent approval by the General Assembly.

3. *Re* Chapter 3 (Social security charges)

Expenditure under this Chapter would be increased by 1.94%, in line with the increase in salaries in 2003.

4. *Re* Chapter 4 (Compensatory payments for retired members of staff)

A slight reduction would result from rounding off expenditure under this Chapter, which was moreover doomed to constant reduction, at least in real terms.

5. *Re* Chapter 5 (Printing Costs)

Expenditure under this Chapter would be increased by less than 1%. This would cover the cost of printing the four issues of the Uniform Law Review which appeared each year as well as the French-language version of the Official Commentary on the Cape Town Convention and Aircraft Protocol – the cost of printing the English-language version, which would be available shortly, had been covered under the budget for 2002 – and the English-language version of the Acts and Proceedings of the Cape Town Diplomatic Conference.

6. *Re* Chapter 6 (Administrative expenses)

Expenditure under this Chapter, all of which would take place in Italy, would rise by 1.11%. This increase was less than the estimated rate of inflation for Italy. Expenditure under Articles 4, 5 and 6 had been rounded off. Following a suggestion made by the Finance Committee, a new system for the distribution of UNIDROIT documents was being proposed that would have the effect of reducing expenditure under Articles 1 (Stationery) and 3 (Postage). The idea in future would be mainly to use electronic means, rather than the postal services, for the distribution of documents. Those Governments happy with the proposed new system were invited to complete the form that had been addressed for this purpose to the Embassies in Rome of member States and return it to the Institute at their earliest convenience. Once replies had come in, the Secretariat planned to make an estimate of the savings that were to be expected under this new distribution system with a view to assessing the likely impact on the Institute's accounts and budget for future years.

7. *Re* Chapter 7 (Maintenance costs)

Expenditure under this Chapter would rise by 2.6%. This was essentially accounted for by expenditure under Articles 5 (Office equipment) and 6 (Upkeep of building). Expenditure under

all the other Articles of this Chapter had been rounded off and was in line with actual expenditure under the same Articles during the current financial year. The higher expenditure on office equipment was due to the need to repair or replace the hardware put at the disposal of the staff, interns and the beneficiaries of the scholarships programme. The same was true of the upkeep of the building, where the increase in expenditure was explained by the efforts being made to create new office space and the consequential need to furnish such offices as well as the need to renew obsolete furniture supplied to the Institute 70 years previously. The expenditure proposed under both these Articles (€ 21,000 and € 15,000 respectively) would barely suffice to repair some of the old furniture and the occasional door or window damaged in the course of daily use as well as to renew a limited amount of obsolete furniture.

8. *Re Chapter 9 (Library)*

The fact that expenditure under this Chapter had merely been rounded off and did not therefore represent a real increase was due to gifts received and announced from the Max-Planck-Institute of Hamburg (consisting mainly in duplicates of publications already held in their library), the Deutsche Forschungsgemeinschaft (this gift had not actually materialised in 2002 but it was hoped that it would be forthcoming in 2003) and the Italian Ministry of Culture, the contribution of which to the library was reduced in 2002 as a result of the reduction in the funds allocated to the relevant chapter of that Ministry's budget.

9. *Re Chapter 10 (Promotion of UNIDROIT instruments)*

As explained in A.G.(56) 7 Add., extraordinary expenditure under this Chapter would be cut from € 10,329 to € 5,500 with a view to permitting, in part, the replenishment of Chapter 11.

10. *Re Chapter 11 (Programme of legal assistance to developing countries)*

Again as explained in A.G.(56) 7 Add., extraordinary expenditure under this Chapter would be slightly increased from € 10,329 to € 10,500. He invited the General Assembly to pronounce itself as to whether it already wished to implement the Secretariat's proposals for the replenishment of Chapter 11 raised under item No. 3 on the agenda in the draft budget for 2003 or whether it considered it more appropriate to refer these proposals to the Finance Committee with a view to their consideration in the context of the draft budget for 2004.

Summing up, total expenditure under the draft budget for 2003 would amount to € 1,818,050. This represented a reduction of 2.6% over 2002, when total expenditure had amounted to € 1,860,861. This reduction had been made possible by the elimination of expenditure under Chapter 13, which in 2002 was financed out of a surplus of € 55,320 from the previous financial year.

To cover the expenditure of the Institute for 2003, the Secretariat expected to have receipts of € 1,818,050, made up as follows:

- € 22,500 by way of the expected surplus on the current financial year (the final amount of this surplus would depend on the settlement of those contributions of member States still outstanding);
- € 1,524,600 by way of the statutory contributions of member States other than Italy;
- € 220,000 by way of the Italian Government's contribution, as announced in the Finance Committee by the representative of Italy;

- € 8,000 by way of bank interest;
- € 8,420 by way of the contribution to maintenance expenses of the Rome Branch office of the International Labour Office, which occupied offices on the top floor of Villa Aldobrandini; and
- € 34,530 by way of sales of UNIDROIT publications.

The variations that were being proposed to the draft budget for 2003 as originally submitted to member Governments for comment did not involve any alteration in the proposed new value of the unit of account, which remained fixed at € 2,200, as opposed to the € 2,170 at which it had been fixed in 2002. The reduction in the contribution of the Italian Government to the draft budget for 2003 had been compensated for by proposed cuts in expenditure under Chapter 2, Article 2 and Chapter 10. In order to finance Chapter 11 at least in part, it proved necessary to adopt a policy of increased savings with a view to being able to carry a larger surplus forward to 2003 and also to avoiding asking member States other than Italy for additional funding.

The draft budget for 2003 did not take account of the human and financial implications of the Institute's new depositary functions: it was planned that these would be considered by the Sub-Committee of the Finance Committee at its meeting in February or March 2003. He proposed that, pending resolution of this matter by the General Assembly, the Secretariat be authorised, to the extent necessary, provisionally to have recourse to the Revolving Fund.

He stressed that, whereas he had told the General Assembly in 2001 how difficult it would be to maintain zero nominal growth in member States' contributions, the figures proposed in the draft budget for 2003 still reflected zero real growth.

As already indicated, in February or March 2003 it was the Secretariat's intention to convene a meeting of the Sub-Committee of the Finance Committee designed to associate members of the Finance Committee as closely as possible from the earliest possible opportunity in the preparation of the draft budget for 2004, prior that is to its submission to the Governing Council, the 82nd session of which would be held in May 2003. He indicated that one item, in addition to the Institute's new depositary functions, that would require special consideration on that occasion would be the likely impact on the Institute's budget of the appointment of a new Deputy Secretary-General, which was expected to take place in late 2004. It was to be anticipated that this appointment would have significant budgetary repercussions, especially as from 2005.

The Chairman, first, suggested that, in view of the detailed nature of the Deputy Secretary-General's presentation of the draft budget for 2003, it would doubtless be of great assistance to those following the Institute's funding if the Secretariat could circulate a copy of that presentation after the session.

Secondly, he proposed that the Secretariat's proposals concerning the future funding of Chapter 11 be referred to either the Finance Committee or the Sub-committee of that Committee.

Thirdly, he indicated that he had in the run-up to the session, in his capacity of Chairman-elect of the General Assembly, been approached by a number of members of the Finance Committee concerned at the situation that had arisen in respect of the Italian Government's contribution. Those Governments had asked him to seek clarification from that Government as to not only its contribution for 2003 but also the longer-term question subsumed under item No. 9 on the agenda. He had as a result had a very interesting discussion with Mr U. Leanza, Head of the Office of the Legal Adviser to the Italian Ministry of Foreign Affairs, and his colleague Mr G.

Lajolo in the course of which it had become clear that the position that had been reported to the Finance Committee would appear to result from a confusion within the Italian system as to the classification of the Institute for the purposes of the settlement of its contribution to UNIDROIT. The latter had accidentally been classified as an Italian institution working in the area of international relations, thus making it subject to the mandatory cuts imposed on all such institutions by the Italian Ministry of Economic Affairs, whereas it should have been classified as an international Organisation and thus, in theory at least, exempt from the legislation imposing those cuts. On behalf of the Governments that had approached him and on the basis of the advice that he had been given by Mr Leanza, he had submitted a third person Note to the Italian Ministry of Foreign Affairs for the attention of the department responsible for the making of such classifications asking that the situation in respect of the Institute be urgently reviewed with a view to restoring the Italian contribution to the levels at which it had previously stood.

Although he had only submitted that Note at the beginning of the week, he indicated that he would be interested to hear whether the representative of Italy had anything to report regarding the reaction of his Authorities. Alternatively, he proposed continuing to engage in a dialogue with the Italian Authorities, on behalf of those member Governments with a particular interest in the matter, with a view to attempting to resolve the situation.

The representative of Italy regretted that he could only repeat what had been reported to the Finance Committee by his Government's representative, that is that the Italian Government's contribution to UNIDROIT for 2003 could not exceed € 220,000. He added that this was not so much the result of a misclassification of the Institute for the purposes of his Government's contribution as that the classification of the Institute was linked to the special structure of that contribution, which was not like the Italian contribution to any other international Organisation, and this was why his Authorities were currently negotiating the amendment of Article 16(1) of the Statute with the Secretariat with a view to converting that contribution into a compulsory contribution corresponding to a fixed share of the Institute's total annual ordinary expenditure. He believed that the Italian contribution to the Institute's budget featured in the section covering Italian institutions working in the area of international relations for historical reasons: in the past the view had been taken that such a classification permitted greater flexibility and rapidity in responding to the need to increase the Italian contribution to the Institute. His Government was committed to continuing the negotiations designed to convert its contribution into a compulsory contribution more in line with that which it gave to other international Organisations.

The representative of the United States of America, first, indicated that the comments she had already made in the Finance Committee on the draft budget still represented the view of her Government. She expressed herself to have been heartened by the clarification that had been given regarding the Italian Government's contribution and promised the Chairman her support in his efforts to resolve the situation. Her Government nevertheless regretted that it had not been possible to move more rapidly toward the proposed change in the contribution of the Italian Government, which would have the effect of placing that contribution on the same basis as other member States' contributions and would allow for a greater degree of predictability and stability. Secondly, she sought clarification as to the status of the Chairman's proposal that the matter of the future funding of Chapter 11 be referred to the Finance Committee, given that the General Assembly had also been seised of specific proposals designed to restore the funding of Chapter 11 to its former level. She noted that the memorandum submitted on this question by the Secretariat talked about applying a surplus from a previous financial year to a maximum of € 15,493, which was somewhat different from a straight 1% of the contributions of member States other than Italy. She indicated that she read the Chairman's proposal as suggesting that the Assembly approve the

draft budget as presented and then refer the various alternative proposals for Chapter 11 to the Finance Committee.

The Chairman replied that the thrust of his proposal in this regard had been that the General Assembly should approve the draft budget for 2003 as presented and refer proposals for increasing the appropriation under Chapter 11 to the Finance Committee.

The Deputy Secretary-General suggested that the Sub-committee of the Finance Committee take a look at the question as to how best to attain the objective of allocating a full 1% of the contributions of member States other than Italy to Chapter 11 at the meeting that body was due to hold in February or March 2003.

In a response to a query from *the representative of Switzerland*, the *Deputy Secretary-General* confirmed that the draft budget for 2003 was made up of A.G. (56) 7 and A.G. (56) 7 Add.

The General Assembly adopted the budget for 2003 as set out in A.G. (56) 7 and A.G. (56) 7 Add., deciding to refer the various proposals regarding Chapter 11 to the Finance Committee and agreeing that negotiations should continue with the Italian Government with a view to resolving the situation regarding its contribution.

Item No. 9 – *Proposal of UNIDROIT Secretariat concerning the projecting of the Institute's financial needs on a three-year basis and proposal to modify the system of determining the contribution of the Italian Government (proposed amendment of Article 16(1) of the Statute) (A.G. (56) 8)*

The Chairman noted that the Secretariat believed that it was not possible to go any further with this item on the agenda for the time being, given the statement made by the representative of Italy, bearing in mind, however, the statement made by the representative of the United States of America under the previous item on the agenda. He invited the representative of Italy to indicate with whom he should pursue the longer-term question of the modification of the structure of his Government's contribution on behalf of the General Assembly.

The representative of Italy responded that this was a matter falling within the competence of the Ministries of Foreign Affairs and Economic Affairs.

The Chairman proposed that he write a letter to the Ministers of Foreign Affairs and Economic Affairs on behalf of the General Assembly urging that the negotiations on these matters be advanced as fast as possible with a view to bringing the contribution of the Italian Government into line with that of other member Governments.

It was so agreed.

Item No. 10 – *Appointment of the members of the Administrative Tribunal (A.G. (56)9)*

The Secretary-General, introducing this item on the agenda, indicated that the terms of office of the three members of the Administrative Tribunal, Messrs P. Cahier (France), F. Durante (Italy) and F.G. Jacobs (United Kingdom), as well as the term of office of the additional member of that Tribunal, Mr E. Jayme (Germany), would expire on 31 December 2002. All four having

indicated their willingness to see their terms of office renewed, he proposed that they be confirmed in office for a further five-year term, to expire on 31 December 2007.

It was so agreed.

Item No. 11 – *Classification of a new member State in the contributions chart of the Institute*

The Secretary-General, introducing this item on the agenda, indicated that it had been included in view of the progress that the Secretariat seemed to be making with a potential new member State in the run-up to the General Assembly session. However, this progress had not to date resulted in a commitment by the Government of the State in question. He accordingly limited himself to requesting the General Assembly's authorisation to inform the State in question, as well as the other State which, as mentioned in his statement on the Institute's activities in 2002, was considering accession to the Statute, of the category or categories in which they would in all probability be placed in the Institute's contributions chart, on the basis of the criteria traditionally applied in such matters, in the event of their accession.

It was so agreed.

Closure of the session

No other business being raised, *the Chairman* declared the session closed at 12.02 p.m.

**APPENDIX I
ANNEXE I**

LIST OF PARTICIPANTS/*LISTE DES PARTICIPANTS*

ARGENTINA/ <i>ARGENTINE</i>	Mr Claudio Javier ROZENCWAIG, Secretary, Embassy of Argentina in Italy
AUSTRALIA/ <i>AUSTRALIE</i>	Mr Murray A. COBBAN, Ambassador of Australia in Italy
AUSTRIA/ <i>AUTRICHE</i>	Mr Karl PRUMMER, Counsellor, Embassy of Austria in Italy
BELGIUM/ <i>BELGIQUE</i>	Mr Luc de CLERCK, Consul, Embassy of Belgium in Italy
BOLIVIA/ <i>BOLIVIE</i>	Ms Jacqueline CUELLAR, Second Secretary, Embassy of Bolivia in Italy
BRAZIL/ <i>BRESIL</i>	Ms Claudia VIEIRA SANTOS, Second Secretary, Ms Ana Paula KOTLINSKY SEVERINO, Lawyer, Embassy of Brazil in Italy
BULGARIA/ <i>BULGARIE</i>	Excused/ <i>excusé</i>
CANADA	Ms Nathalie DUBÉ, Counsellor, Embassy of Canada in Italy
CHILE/ <i>CHILI</i>	Excused/ <i>excusé</i>
CHINA/ <i>CHINE</i>	Mr GUO Shaowei, Third Secretary, Embassy of People's Republic of China in Italy
COLOMBIA/ <i>COLOMBIE</i>	Mr Juan Carlos ESPINOZA, First Secretary, Embassy of Colombia in Italy
CROATIA/ <i>CROATIE</i>	Mr Neven BORIC, First Secretary, Embassy of Croatia in Italy
CYPRUS/ <i>CHYPRE</i>	Excused/ <i>excusé</i>

CZECH REPUBLIC/ <i>REPUBLIQUE TCHEQUE</i>	Mr Petr JAROS, Second Secretary Embassy of the Czech Republic in Italy
DENMARK/ <i>DANEMARK</i>	Excused/ <i>excusé</i>
EGYPT/ <i>EGYPTE</i>	Mr Bassam RADY, First Secretary, Embassy of Egypt in Italy
ESTONIA / <i>ESTONIE</i>	Mrs Eva-Maria LIIMETS, Second Secretary, Embassy of Estonia in Italy
FINLAND/ <i>FINLANDE</i>	Mr Seppo TUNTURI, Counsellor, Embassy of Finland in Italy
FRANCE	Ms Marine de CARNE, First Secretary, Embassy of France in Italy
GERMANY/ <i>ALLEMAGNE</i>	Mr Peter SEIDEL, Consul, Embassy of Germany in Italy
GREECE/ <i>GRECE</i>	Excused/ <i>excusé</i>
HOLY SEE/ <i>SAINT SIEGE</i>	Mr Gianluigi MARRONE, Juge Unique de l'Etat de la Cité du Vatican
HUNGARY/ <i>HONGRIE</i>	Mr Zoltán FEJES, Counsellor, Embassy of Hungary in Italy
INDIA/ <i>INDE</i>	Excused/ <i>excusé</i>
IRAN	Mr Ali GHOLAMPOOR, Third Secretary, Embassy of the Islamic Republic of Iran in Italy
IRELAND/ <i>IRLANDE</i>	Mr Dermot O'MAHONY, First Secretary, Embassy of Ireland in Italy
ISRAEL	Excused/ <i>excusé</i>
ITALY/ <i>ITALIE</i>	Mr Gianluigi LAJOLO, Minister Plenipotentiary, “Contenzioso Diplomatico”, Ministry of Foreign Affairs
JAPAN/ <i>JAPON</i>	Mr Masaharu SATO, Counsellor, Embassy of Japan in Italy
LUXEMBOURG	Excused/ <i>excusé</i>

MALTA/ <i>MALTE</i>	Ms Mikela TABONE, First Secretary, Embassy of Malta in Italy
MEXICO/ <i>MEXIQUE</i>	Ms Ursula DOZAL, Third Secretary, Embassy of Mexico in Italy
NETHERLANDS/ <i>PAYS-BAS</i>	Ms Quirine van de LINDE, Second Secretary, Embassy of the Netherlands in Italy
NIGERIA	Mr Harold A. KOKO, Minister Counsellor, Embassy of Nigeria in Italy
NORWAY/ <i>NORVEGE</i>	Ms Aud Lise NORHEIM, Minister Counsellor, Embassy of Norway in Italy
PAKISTAN	Excused/ <i>excusé</i>
POLAND/ <i>POLOGNE</i>	Excused / <i>excusé</i>
PORTUGAL	Ms Carla SARAGOÇA, Secretary, Embassy of Portugal in Italy
REPUBLIC OF KOREA/ <i>REPUBLIQUE DE COREE</i>	Mr LEE Won-jae, Second Secretary and Consul, Embassy of the Republic of Korea in Italy
ROMANIA/ <i>ROUMANIE</i>	Ms Diana TURGONI, Counsellor, Embassy of Romania in Italy
RUSSIAN FEDERATION/ <i>FEDERATION DE RUSSIE</i>	Mr Alexander SILIKOV, Legal Consultant, Trade Representation of the Russian Federation in Italy
SAN MARINO/ <i>SAINT-MARIN</i>	Mr Victor CRESCENZI, Professor
SLOVAKIA/ <i>SLOVAQUIE</i>	Mr Milan PAKSI, Permanent Representative, Embassy of Slovakia in Italy
SLOVENIA/ <i>SLOVENIE</i>	Ms Gaja PEREC, Third Secretary, Embassy of Slovenia in Italy
SOUTH AFRICA/ <i>AFRIQUE DU SUD</i>	Ms Tienie DU TOIT, First Secretary, Embassy of South Africa in Italy
SPAIN/ <i>ESPAGNE</i>	Ms Alegría BORRÁS RODRÍGUEZ, Professor of Private International Law, Ministry of Justice

SWEDEN/ <i>SUEDE</i>	Ms Victoria LI, First Secretary, Embassy of Sweden in Italy
SWITZERLAND/ <i>SUISSE</i>	Mr Josef RENGGLI, First Secretary, Embassy of Switzerland in Italy
TUNISIA/ <i>TUNISIE</i>	Mr Naceur BEN FRIJA, Counsellor, Embassy of Tunisia in Italy
TURKEY/ <i>TURQUIE</i>	<i>excused/excusé</i>
UNITED KINGDOM/ <i>ROYAUME-UNI</i>	Ms Emma LOCKWOOD, Third Secretary, Embassy of the United Kingdom in Italy
UNITED STATES OF AMERICA/ <i>ETATS-UNIS D'AMERIQUE</i>	Ms Lucy TAMLIN, First Secretary, Alternate Permanent Representative, United States Mission in the United Nations Agencies for Food and Agriculture
URUGUAY	Mr Carlos Alejandro BARROS, Ambassador of Uruguay in Italy Mr Gerardo ARIEL RUSIÑOL SALLÚA, Minister Counsellor, Embassy of Uruguay in Italy
VENEZUELA	<i>excused/excusé</i>
YUGOSLAVIA / <i>YUGOSLAVIE</i>	Mr Nenad GLISIC, Counsellor, Embassy of the Federal Republic of Yugoslavia in Italy

OBSERVER/*OBSERVATEUR*

SOVEREIGN MILITARY ORDER OF MALTA/ <i>ORDRE SOUVERAIN MILITAIRE DE MALTE</i>	His Excellency Marquis Aldo PEZZANA CAPRANICA DEL GRILLO, Ambassador
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UNIDROIT

Mr Herbert KRONKE, Secretary-General/*Secrétaire-Général*
Mr Walter RODINO', Deputy Secretary-General/*Secrétaire Général adjoint*
Mr Martin STANFORD, Principal Research Officer / *Chargé de recherches principal*
Ms Frédérique MESTRE, Research Officer / *Chargée de recherches*

AGENDA

1. Adoption of the provisional agenda (A.G. (56) 1 prov. rev. 1)
2. Statement regarding the Institute's activities in 2002
3. Programme of legal co-operation (A.G. (56) 2)
4. Consideration of the human and financial implications for the Institute of the depositary functions conferred upon it under the Cape Town Convention and Aircraft Protocol (A.G. (56) 3)
5. Final adjustments to the budget and approval of the accounts for 2001 financial year (A.G. (56) 4 and Accounts 2001)
6. Adjustments to the budget for the 2002 financial year (A.G. (56) 5 rev.)
7. Arrears in contributions of member States (A.G. (56) 6)
8. Approval of the draft budget for 2003 and fixing of the contributions of member States for that financial year (A.G. (56) 7; A.G. (56) 7 Add.)
9. Proposal of UNIDROIT Secretariat concerning the projecting of the Institute's financial needs on a three-year basis and proposal to modify the system of determining the contribution of the Italian Government (Proposed amendment of Article 16(1) of the Statute) (A.G. (56) 8)
10. Appointment of the members of the Administrative Tribunal (A.G. (56) 9)
11. Classification of a new member State in the contributions chart of the Institute
12. Other business.

RESOLUTION (56) 1

**adopted by the General Assembly of UNIDROIT member States
(Rome, 6 December 2002)**

THE GENERAL ASSEMBLY,

WHEREAS depositary functions under the Convention on International Interests in Mobile Equipment (hereinafter referred to as *the Convention*) and the Protocol thereto on Matters specific to Aircraft Equipment (hereinafter referred to as *the Protocol*) have been conferred upon the Institute by the diplomatic Conference to Adopt a Mobile Equipment Convention and an Aircraft Protocol, held in Cape Town from 29 October to 16 November 2001,

CONSCIOUS of the need to make urgent provision for the human and financial implications of these depositary functions in such a way as to enable the Institute to perform such functions in an efficient and timeous manner,

CONSIDERING the importance of the complex system of declarations authorised under the Convention and the Protocol for the effective operation of the International Registry for aircraft equipment due, under Resolution No. 2 adopted by the Cape Town diplomatic Conference, to be fully operational at the latest by the time of the entry into force of the Convention and the Protocol,

INVITES

1. UNIDROIT member States to provide the Institute, on a voluntary basis, pending adoption of the budget for the 2004 financial year, with the necessary human and financial resources to perform its depositary functions under the Convention and the Protocol with the maximum urgency.

2. All Contracting States to the Convention and the Protocol to submit such declarations as they may decide to lodge thereunder in one or other of the working languages of the Institute.

RESOLUTION (56) 2

**adopted by the General Assembly of UNIDROIT member States
(Rome, 6 December 2002)**

THE GENERAL ASSEMBLY,

CONSIDERING the need of UNIDROIT to have access to larger premises for the holding of meetings and sessions of Committees of Governmental Experts illustrated by the Secretary-General and evidenced by the experience of the Organisation on the occasion of the recent meetings of the Committees of Governmental Experts on Franchising and on the Preliminary Draft Protocol to the Cape Town Convention on Matters specific to Railway Rolling Stock,

TAKING NOTE of the Resolution adopted on 26 September 2002 by the participants attending the informal Brainstorming session,

AWARE OF the increasing number of States approaching UNIDROIT with a view to becoming members of the Organisation,

CONSIDERING it desirable to increase this membership still further,

NOTING that the largest meeting room currently available at the seat of UNIDROIT cannot accommodate more than 40 persons at a time,

INVITES

the Government of the UNIDROIT host State and the representatives of its other member States to support the initiative of the UNIDROIT Secretariat aimed at providing UNIDROIT at the earliest with a meeting room capable of accommodating the growing number of member States that participate in the sessions of the General Assembly and of the Committees of Governmental Experts in the headquarters of other international Organisations located in Rome.