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## REPORT

(prepared by the UNIDROIT Secretariat)

### **Item No. 1 on the draft Agenda: Opening of the session by the President of the General Assembly for 2004/2005**

1. The 59<sup>th</sup> session of the General Assembly was held on 1 December 2005 at the seat of UNIDROIT. The session was attended by the diplomatic representatives in Italy of 47 member States and three observers (cf. list of participants set out in Appendix I). The session was opened by *H.E. Mr H.A.H. Bedeir*, Ambassador of Egypt in Italy, President of the Assembly for 2004/2005.
2. H.E. Mr Bedeir welcomed participants, on his own behalf but also on behalf of *Mr B. Libonati*, President of UNIDROIT, who had been unable to attend. Mr Libonati had transmitted his address, and H.E. Mr Bedeir read it to the Assembly.
3. In his address Mr Libonati stated that he sincerely regretted that a sudden indisposition had made it impossible for him to participate in the session. He wished, however, to record his pleasure at the presence of a representative of the Government of Latvia, as a consequence of that Government's recent decision to accede to the Statute of the Institute.
4. Of the three major issues on the Agenda, the draft Budget took pride of place. He was greatly heartened by the recent displays of generosity by the private sector and other international bodies that had made it possible to take forward an UNIDROIT project specifically addressed to developing countries and countries in transition to a market economy, with no calls on the Institute's regular budget. He was especially pleased that this novel extra-budgetary support was scheduled to continue for the foreseeable future.
5. In recent years member States had increasingly urged the Institute to link its projects more effectively to the amount of funding that they were prepared to disburse. Both the Governing Council and the Secretariat had been particularly sensitive to this concern in the draft Work Programme for 2006/2008 that the Assembly had before it for approval. He believed that the concerns of member States had been duly addressed in the process of working out this new Work Programme and he therefore commended also this for the Assembly's approval.
6. Finally, all members of the Assembly recalled the shock of losing all three African candidates presented for election at the last elections to the Governing Council. In accordance with the decision taken in 2004, an *ad hoc* Committee of the Assembly had met in the interim to propose amendments to the Regulations of the Institute designed to ensure that this did not happen again. He commended these proposals for the approval of the Assembly.

7. He wished the Assembly every success in its deliberations and, while reiterating his apologies for not being present, stated that he looked forward to the pleasure of being with the Assembly again next year.

**Item No. 2 on the draft Agenda: Election of the President of the General Assembly for 2005/2006**

8. *H.E. Mr Bedeir* recalled that it was customary for the presidency of the General Assembly of UNIDROIT to rotate among the members of the different continents. The year 2005/2006 should have seen the election of an Ambassador from the Americas, but as the representative who had accepted at first, had at the last minute communicated his inability to take on this duty, it had been decided that there should be a swap between the continents to which the presidency was to fall for 2005/2006 and 2006/2007. Consequently, a representative of the continent to which the Presidency should have fallen in the year 2006/2007, namely Europe, had been contacted. He was pleased to inform the Assembly that *H.E. Mr Vasco Taveira da Cunha Valente*, Ambassador of Portugal in Italy, had kindly accepted to stand for election as President of the General Assembly for 2005/2006. No objections having been raised to the proposed election of H.E. Mr Valente as President, H.E. Mr Valente was duly elected.

9. Taking the Chair, H.E. Mr Valente thanked the members of the Assembly for the honour they did him in electing him President. He paid tribute to his teacher, Ms Isabel de Magalhães Collaço, Professor of Law and member for many years of the Governing Council of UNIDROIT, whose contribution to the work of the Institute had been appreciated by all.

**Item No. 3 on the draft Agenda: Adoption of the agenda (A.G. (59) 1 rev. 3)**

10. *The draft Agenda was adopted as proposed (it is reproduced in Appendix II).*

**Item No. 4 on the Agenda: (a) Statement regarding the Institute's Activity in 2005  
(c) Implementation of the Strategic Plan (A.G. (59) 2)**

11. The *Secretary-General* focused on those topics, areas of activity and problems where little progress had been made, or where there was reason to be concerned.

12. The year 2005 had provided tangible evidence that UNIDROIT's work was being perceived as increasingly relevant:

- ◆ UNIDROIT'S instruments were governing more commercial transactions world-wide and were relied on by more parties to commercial disputes than ever before;
- ◆ for the first time, world business leaders such as the Group of 30 made reference to, and based their policy recommendations on, the Institute's projects;
- ◆ for the first time in recent history, a member State's Government had seconded a senior official from its directly responsible ministry to the Secretariat; negotiations for the secondment of a high-level expert from another member State's Government were underway. On this point the Secretary-General invited all representatives attending the Assembly to draw their Government's attention to those examples and to find out whether they might wish and be prepared to contribute to UNIDROIT'S work through a secondment for a year or two;
- ◆ core legislative activities were funded by private donors and extra-budgetary contributions to an ever increasing extent;

- ◆ demand for UNIDROIT's outreach resources, in particular legal co-operation, technical assistance and use of the UNIDROIT library facilities, was rising steeply;
- ◆ the international competition for the filling of the post of Deputy Secretary-General had drawn no fewer than twenty-four candidatures from eighteen countries in four continents, among them senior Government officials and officials from other international Organisations, but also experienced practitioners from the private sector and academics; and
- ◆ last, but not least, UNIDROIT was able to welcome its 60<sup>th</sup> member State, while the 61<sup>st</sup> was expected to join shortly.

*Legislative activities: preparation of instruments*

13. With respect to the preparation of the second and third protocol to the *Cape Town Convention on International Interests in Mobile Equipment*, i.e. the rail-financing protocol and the protocol designed to facilitate privately financed space-asset operations and space-based services, work had fallen behind.

14. As regarded the *draft Protocol on Matters specific to Railway Rolling Stock*, preparations had almost been completed, with the exception of the third planned regional preparatory seminar, to be held in Africa. Unfortunately, the Government with which negotiations had been underway regarding the hosting of the diplomatic Conference for its adoption, had recently advised the Secretariat that it was not in a position to extend an invitation. Despite this unfortunate outcome, the Ministry of Foreign Affairs of the country concerned had extended its full support throughout the negotiations and he wished to place this on record. It was now necessary to look for an alternative.

15. Work on the *preliminary draft Protocol on Matters specific to Space Assets* had not advanced as planned at the 2004 session of the Committee of governmental experts for three reasons: firstly, Governments' failure to participate in urgent inter-sessional work for the clarification of one key issue; secondly, problems in securing the Space Working Group's continued involvement; thirdly and most importantly, the Principal Research Officer's taking on the role and duties of Deputy Secretary-General *a.i.* With Mr Stanford's 100% availability (instead of 20%) for the project, that delay would not have occurred.

16. As regarded the *preliminary draft Convention on substantive rules regarding intermediated securities*, work was advancing quickly and on schedule. The invitations for the second session, to be held in March 2006, had been sent out. He stressed that an estimated 85% of the costs of this project had so far been, and continued to be, borne not by Governments of member States, but by a private donor, namely the German Banking Federation. During the year 2005, the United Kingdom generously seconded *Ms Alison McMillan* to assist this project.

17. As regarded the implementation and promotion of UNIDROIT instruments, three additional accessions to the Cape Town Convention and the Aircraft Protocol (Oman, Ireland and Malaysia) would bring the latter into force and make the two instruments operational on 1 March 2006.

18. The International Registry for aircraft objects, located in Ireland, was up and running, the International Civil Aviation Organization (ICAO) had accepted the functions of Supervisory Authority, and UNIDROIT, in the person of *Mr John Atwood*, was geared up to attend to the depositary's functions under the Convention and the Aircraft Protocol.

19. Mr Atwood's work on editing the Acts and Proceedings of the Cape Town Conference, the participation of the organisation in seminars for the Asia-Pacific region in Singapore and central and eastern Europe in Prague, as well as the devotion of three UNIDROIT research scholarships to the Cape Town Convention (with recipients from Argentina, China and the Russian Federation), completed the Secretariat's efforts aimed at the implementation and promotion of these two instruments.

20. The activities aimed at implementing and promoting the other instruments had become routine and routinely successful:

- ◆ the *Principles of International Commercial Contracts* were sailing;
- ◆ four new ratifications had rendered the *UNIDROIT Convention on Stolen or Illegally Exported Cultural Objects* the most successful of all UNIDROIT Conventions so far;
- ◆ the *ALI/UNIDROIT Principles of Transnational Civil Procedure* were meeting keen interest in Thailand, Lithuania, Botswana, Mozambique and three Latin American member States.

21. The Secretary-General considered that an overall assessment of the Organisation's legislative activities from the point of view of the Strategic Plan and the criteria and objectives set forth therein might be that:

- ◆ the quality criteria were being met;
- ◆ work had continued to reflect the priorities established by the Strategic Plan;
- ◆ work on the intermediated securities progressed satisfactorily; work on the two outstanding protocols to the Cape Town Convention had been delayed and must cause concern.

#### *Legal Co-operation Programme*

22. The first tier, the *Research Scholarships Programme*, was built on the quality and the development of the UNIDROIT Information Centre, notably the library. The second tier was *assistance in the preparation and implementation of domestic laws* based on or otherwise related to work carried out in UNIDROIT or in the other private law formulating organisations. The most prominent example of the latter was the *draft Uniform Act on Contracts* transmitted to OHBLA/OHADA. This project, based on the Principles of International Commercial Contracts and carried out with funding from Switzerland, was being praised throughout Western Africa for its inclusive approach. It had raised UNIDROIT's profile in that region significantly. Requests for follow-up work as well as requests to assist legislation in other parts of the world in a similar fashion were evidence of the programme's impact on the realisation of the relevant strategic objectives. The available funds were, however, not sufficient to make any commitment.

#### *Development of the UNIDROIT Information Centre*

23. The Centre's core feature was the library. Under a strategic perspective and applying private-sector accountancy criteria such as costs/profits, the library provided a valuable and noteworthy case study:

- ◆ costs for staff had decreased by almost 4.5% over the last seven years;
- ◆ costs (i.e. expenditure under the regular budget) for the acquisition of books and periodicals had remained unchanged over the last six years although prices for books and periodicals had increased by 30 – 40%;
- ◆ in 2005 private donors' contributions to the library had exceeded budgetary means at its disposal by more than 20%, testifying to the recognition of the library's, and its management's, outstanding quality;
- ◆ the decision, taken by the Secretariat and supported by the Finance Committee, to apply the savings to the only significant investment in technology in years, enabling the catalogue to be made fully accessible online, was beginning to bear fruit; users around the world would be able to reap the full benefits in two years' time.

*Staffing / internal organisation of the Secretariat*

24. The Secretary-General stated that the Secretariat was just about able to carry its burden thanks to the generosity of the Government of the United Kingdom and of the German banks. Recently, *Mr Ronald DeKoven* (3/4 South Square, London; Jenner and Block, Washington) had committed to seconding, for periods of one year each, a young top-level attorney.

25. As regarded the new Deputy Secretary-General, the Governing Council, encouraged by the commitment of the Government of the United Kingdom to make an extra-budgetary contribution of £ 50,000 (€ 74,000), had authorised the holding of an open, world-wide competition. The Permanent Committee had made its decision and produced a short-list of three persons. The top-ranked candidate would receive an offer of a one-year contract. He found it astonishing that some Governments had difficulty in acknowledging that a chief administrator who had always been provided for in the organigramme and who, in the person of Mr Rodinò, had generously but unwisely offered his work over the years at a 60% discount, was actually needed and needed to be replaced, and that a newly hired person would insist on being 100% paid for working full time. As long as this kind of uncertainty over member Governments' willingness properly to staff the organisation in accordance with an agreed organigramme persisted, a number of priority objectives identified in the Strategic Plan were likely to remain illusory.

*Relationship with member States / Efforts to convince other Governments that joining UNIDROIT was a good thing*

26. At the invitation of the Government of India, he had visited New Delhi and had had most fruitful discussions with representatives of the Ministry of Foreign Affairs and other stakeholder ministries. Thereafter, a joint seminar devoted to the capital market-related projects, organised by Mr B. Sen, member of the Governing Council and sponsored by the Securities Commission of India, had been held in Mumbai.

27. Immediately following that visit, he had gone to Brazil where he had had a series of useful meetings with representatives of the Government and the judiciary, arranged by the Ministry of External Relations.

28. A visit to Riga, at the invitation of the Government of the Republic of Latvia, had contributed to the accession of that Government to the Statute of UNIDROIT.

29. In Jakarta he had had meetings with the Minister of Justice as well as with high-level officials from the Ministry of Foreign Affairs, the Ministry for the Co-ordination of the Economy and the Ministry of Transport. A one-day seminar on UNIDROIT work, with almost 200 participants from among the legal professions, academics, business leaders and Government agencies, had followed. The Governments of Australia and Italy had very effectively supported this initiative. He hoped that the foundations for the accession of Indonesia had been laid.

30. Listening carefully to his Indonesian hosts, and looking back at the series of similar contacts he had had with the Governments of Vietnam, Thailand and Malaysia over the years, it was clear to him that even very intense "one-offs" were not enough. There needed to be a sustained follow-up. Since the Asia-Pacific region was, and must be, a key target in efforts to strengthen and widen membership, he intended to draw up proposals on how the organisation might structure these efforts and would revert to Governments on that matter shortly.

31. There was more than hope with respect to Ukraine. He was therefore pleased to welcome the Ambassador of Ukraine to the Assembly meeting which he was attending as observer.

32. A specific issue with reference to membership of UNIDROIT was the question of the European Union. How and when the European Union would become a member of UNIDROIT was awaiting the solution of the question of the European Union membership of the Hague Conference. This procedure was nearing its conclusion, which was in fact expected by mid-2006.

33. Turning to the monitoring of the implementation of the Strategic Plan as agreed by the Governing Council and the Finance Committee, he indicated that comments submitted by Governments, whether in the Finance Committee, the General Assembly or in response to the discussions in the General Assembly over the following weeks, would be reflected in a more comprehensive document that the Secretariat intended to submit to the Governing Council in 2006. He suggested that this would be the appropriate procedure, as it would permit the Secretariat to conduct the analysis and make projections on the basis of the new Work Programme 2006 – 2008 as adopted by the General Assembly. There was agreement that future updates would occur as an on-going dialogue between Governments, the Governing Council and the Secretariat.

**Item No. 4 on the Agenda: (b) Presentation of the draft Protocol to the Convention on International Interests in Mobile Equipment on Matters specific to Railway Rolling Stock**

34. *Mr John Atwood* (UNIDROIT Secretariat) recalled that in recent years it had become customary for a project on which the Institute was working to be illustrated in greater detail to the representatives of member States meeting in the General Assembly. This year, the project to be presented was the *draft Protocol to the Convention on International Interests in Mobile Equipment on Matters specific to Railway Rolling Stock*.

35. The draft Rail Protocol was part of what could be called the “Cape Town package”, which established a framework Convention, with Protocols to be developed to apply that framework to the context of particular categories of mobile equipment. The Convention had been developed over many years and had been adopted at a diplomatic Conference held in Cape Town in 2001. It had entered into force in April 2004. The Aircraft Protocol was due to enter into force on 1 March 2006, together with the International Registry for aircraft objects.

36. The Cape Town Convention was designed to overcome the problem of obtaining secure and readily-enforceable rights in items of high-value mobile equipment which by their nature did not have a fixed location. Different legal systems recognised different security interests in different ways and circumstances. This created uncertainty about whether financiers would be able to enforce their rights in the event of default. This inhibited the extension of finance for those categories of equipment, particularly to developing countries, and increased borrowing costs. The Convention’s approach was to create an internationally-recognised system for the recognition and enforcement of such security interests. This system would take precedence over national systems and would therefore enable financiers quickly and effectively to take action in the event of default. Under the Convention, the system would be applicable to different types of mobile equipment as set out in a Protocol.

37. Work on the draft Rail Protocol had begun prior to the adoption of the Cape Town Convention. A Rail Working Group had been established in 1996. The draft Rail Protocol would apply the Convention to railway rolling stock. In its current state the Protocol differed from the Aircraft Protocol in a few technical areas, but it largely followed the model that had been successfully adopted with the Aircraft Protocol.

38. The reasons for the preparation of the first version of the draft Rail Protocol were that the rail sector urgently needed additional capital expenditure (e.g. in Europe the average life of freight rolling stock was close to its recommended useful life). Furthermore many operators were State-owned, and resources were limited. Investments had been frustrated because of the absence of public national registries where financiers could register their interests. Lenders did not have the security that they needed to advance funds. The draft Rail Protocol would address these problems by providing a mechanism for private and public sector rail operators to utilise the private capital markets.

39. The advantages were multiple. Firstly, for the operators there would be increased sources of capital for investment, and greater flexibility in how they funded (e.g. purchased, leased) their rolling stock. The manufacturers would see an increase in demand for rolling stock, which would enable manufacturers to explore extending credit to customers. For the banks there would be greater security, lower risks, lower financing costs and a larger number of transactions. There were also socio-economic reasons for Governments to develop freight transport by rail, and the draft Protocol would enable this to be financed by the private sector.

40. As regarded the future, work on this project had to all intents and purposes been completed. Three sessions of governmental experts had been held (March 2001, June 2002, May 2003), four meetings of the special Rail Registry Task Force had also been held (March 2002, March 2003, September 2004 and February 2005), as had one registry workshop (Rome, February 2005) and regional seminars for Central and Eastern Europe (Warsaw, April 2004), and Latin America (Mexico City, October 2004). A third regional seminar, this time for Africa, was being planned. Thereafter the following step would be the diplomatic Conference for the adoption of the draft Protocol, which it was expected would be held in 2006.

41. The *representative of the United States of America* thanked Mr Atwood for the presentation, which, he stated, had given a good explanation of the benefits to be derived from the draft Protocol. Whereas, however, those present in the room who had benefited from this presentation now had a clear picture of these benefits, he was not sure that the benefits were clear to those who had a wider interest. He suggested that documents produced by the Institute, such as the Annual Report or specific reports on this matter, highlight the benefits that would be brought to both member States and industry by the adoption of the draft Rail Protocol.

42. *The General Assembly took note of the presentation of the draft Protocol to the Convention on International Interests in Mobile Equipment on Matters specific to Railway Rolling Stock.*

**Item No. 5 on the Agenda:      Composition of the Finance Committee for the 2006/2008 triennium (A.G. (59) 3)**

43. Introducing this item on the Agenda, the *Deputy Secretary-General a.i.* stressed the importance of the role played by the Finance Committee and the Sub-committee of the Finance Committee. The composition of the Finance Committee was due for renewal at this session, and it was for the General Assembly to decide on the composition of the Finance Committee for the three years commencing on 1 January 2006.

44. The current membership of the Finance Committee was the following: Austria, Canada, France, Germany, India, Islamic Republic of Iran, Italy, Japan, Mexico, Romania, Russian Federation, Spain, Switzerland, United Kingdom and United States of America.

45. None of the current members of the Finance Committee had communicated their wish to stand down. They were therefore to be interpreted as accepting renewal of their membership for a further three-year period.

46. No other member States had indicated that they would like also to serve on the Finance Committee in its new composition. He stated that should there be any such States, the Secretariat invited them to make themselves known.

47. *No observations having been made, the members of the Finance Committee currently serving on that Committee were confirmed for the three-year period 1 January 2006 – 31 December 2008.*

**Item No. 6 on the Agenda: Approval of the Work Programme for the 2006/2008 triennium (A.G. (59) 4)**

48. Introducing this item on the Agenda, the *Secretary-General* recalled the procedure for the adoption of the Work Programme. He indicated that discussions in the Governing Council in April had led to a number of criteria for the selection of topics to insert in the Work Programme. These were whether there was evidence of the need for the instrument that it was suggested should be prepared, whether it was feasible to complete work within a reasonably foreseeable time-frame, whether UNIDROIT was better placed to work on the item suggested than other organisations, whether a cost-benefit analysis indicated that work should be done, and whether a particular group of member States, in particular developing countries and countries with economies in transition, stood to benefit from work on the item proposed.

49. The consultation process with member Governments had yielded eleven replies. The criteria suggested by member States had to a large extent coincided with those discussed in the Council. The criterion of the benefits of the projects for developing countries and countries with economies in transition had been particularly emphasised by the Government of Sweden.

50. The Governing Council had recommended that the items listed in document A.G. (59) 4 be included in the Work Programme for the coming triennium.

51. The *representative of the Czech Republic*, who was himself a delegate to the Committee of governmental experts for the preparation of a draft Protocol to the Cape Town Convention on Matters specific to Space Assets asked what the following steps would be, considering that it was expected that the diplomatic Conference for its adoption would be held in 2007. He also wondered what had determined the choice of the proposed fourth protocol to the Cape Town Convention, considering that the equipment dealt with was quite different in nature from that dealt with in the other three Protocols.

52. The *Deputy Secretary-General a.i.* replied that the situation in relation to the preliminary draft Space Protocol was quite uncertain. The Committee of governmental experts had decided that a great number of inter-sessional tasks should be carried out, none of which had been performed. As regarded the issue of public services, a Note Verbale had been sent to member States in January 2005 requesting member States to inform the Secretariat of the services that were considered to be public services in their countries and on how those services were protected at present. The Czech Republic had replied, as had a few other States, but most States had not. A reminder had been sent out in May, but only a few further replies had been received. He took advantage of the meeting of the General Assembly to urge those member States not yet having replied to send the Secretariat the information requested.

53. A second issue concerned the International Registry for space assets. The Committee of governmental experts at its last session had decided that an informal Sub-committee should be created and work by electronic means only. The International Telecommunication Union (ITU) had set up a discussion forum on their website, which they had made available to delegates. To date, only two delegates had posted any comments on that site. He appealed to Governments also on this point, urging that they use the website.

54. A third issue concerned the availability of the Space Working Group (SWG). This was a group that had been founded by the Institute, so that its members naturally regarded it as natural that UNIDROIT should assist in finding support. The Secretariat had expended considerable effort in locating sponsors: two major banks, BNP Paribas and the Royal Bank of Scotland, had recently become sponsors.

55. As regarded future meetings, what was now envisaged was an *ad hoc* meeting of the SWG and key Governments participating in the Committee of governmental experts to be organised by the Royal Bank of Scotland. It was hoped that such a meeting could be held in March 2006. Subsequently, with the support that that meeting would hopefully be able to arouse among the



international commercial aerospace and financial communities, it was hoped that it might be possible to hold the following meeting of the Committee of governmental experts in September or October 2006.

56. The *Secretary-General* referred to the proposed new protocol on agricultural equipment, and indicated that there was high-value agricultural, construction and mining equipment, with a value of millions of dollars, which moved from one country to another. This was the case, for example, of equipment that moved from Scandinavia to Russia. The countries that had proposed the drafting of this Protocol had indicated that there were regions or countries that would never be in a position to acquire such equipment without a protocol.

57. The *representative of Canada* congratulated the Secretariat for the work it had done on linking the Strategic Plan, the Work Programme and the Budget. He did, however, express concern that the sources available would not permit all items on the Work Programme to be carried out. Canada considered the legislative activities and the promotion of existing instruments to be the first priority of the organisation, and that other activities should only be undertaken when these had been carried out. He stated that Canada considered the indirectly held securities project and the promotion of the Aircraft Protocol to the Cape Town Convention to have the highest priority. They did not have sufficient information on the leasing project to be able to assess its importance. They did not see in what the value-added consisted of the work UNIDROIT would be able to carry out in relation to multimodal transport, considering that UNCITRAL was working on transport. As regarded non-legislative activities, Canada encouraged the prioritisation of the different items, considering the costs and the interest of each.

58. The *Secretary-General* stated that he shared the concerns expressed by the representative of Canada. The Council and he himself were well aware that the resources of the organisation were over-stretched. As regarded the relative importance that the Secretariat attached to the various projects, regarding the preparation of the instruments he felt it had been helpful to insert the asterisk in document A.G.(59)4 to mark what the Secretariat thought it would be able to do. The Model Law on Leasing was of no concern, as it was totally privately funded, both as regarded the financial resources available for meetings and as regarded staff. The first meeting of the Advisory Board had taken place, and he was confident that, also with the input of the *International Finance Corporation (IFC)*, it would complete its work very quickly.

59. The *representative of Italy* complimented the Secretariat on the work done in relation to the *Preliminary draft Convention on harmonised substantive rules regarding intermediated securities*. He suggested that the work conducted within UNIDROIT should take into consideration the work within the European Union, and that the presence of an EU delegate would be required. The EU could give its experts the mandate to participate in the work of the Group. It was necessary to work on the compatibility of the Institute's instrument with the EU regulation.

60. The *President* observed that the EU was fully apprised of the UNIDROIT project, and stated that in any event the EU could itself keep itself informed of other initiatives.

61. *No other observations being forthcoming, the President concluded that the General Assembly approved the Work Programme (as proposed in Appendix III).*

**Item No. 7 on the Agenda: Final adjustments to the Budget, and approval of the Accounts for the 2004 financial year (A.G. (59) 5 and Accounts 2004)**

62. Introducing this item on the Agenda, the *Deputy Secretary-General a.i.* stated that the Budget for the 2004 financial year, as approved by the General Assembly at its 57<sup>th</sup> session in 2003, provided for actual expenditure of € 1,883,850 to be met by receipts of € 1,833,850 and an

estimated surplus from 2003 of € 50,000. The 2004 Budget also provided for receipts and expenditure in the special accounts to balance at € 15,000.

63. The accounts for 2004 showed actual receipts, excluding the surplus from 2003, as totalling € 1,769,716.51 and actual expenditure as totalling € 1,768,620.01, yielding a surplus for the year 2004 as a whole of € 1,096.50. This meant that, with the surplus of € 23,757.58 from the 2003 financial year, the surplus standing to the Institute's credit at the close of the 2004 financial year had amounted to € 24,854.08, as opposed to € 50,000 as estimated by the Secretariat in the Budget for 2004.

64. He indicated that if it had been possible to close the 2004 financial year with € 13,659.08 to the Institute's credit, this had been thanks only to the year-long pursuit of a rigorous policy of containing expenditure, once it had been clear that there would again be a number of member States not settling their contributions on time. The welcome improvement in receipts in respect of the sale of the Institute's publications together with the settlement of the substantial amount that the Italian Government owed by way of arrears had enabled the Secretariat to meet the basic expenditure required for the implementation of the Work Programme, even if it had been found necessary to put some meetings back to the following year.

65. Among the savings forced upon the Secretariat had been the postponing to 2005 of a session of governmental experts, with the corresponding reduction in the bill for simultaneous interpretation.

66. The savings of 2% realised in respect of staff salaries and the savings of 8% realised in respect of the social security charges for staff had been the result of a delay in filling the new secretarial position, the financial implications of which had, therefore, been put off to 2005.

67. The savings that the Secretariat had been able to make on maintenance costs, and in particular on electricity and heating, had been essentially the result of the modernisation work carried out on the relevant infrastructure. It was, however, to be noted that these savings had in the meantime been offset by the increased costs resulting from the rise in the price of oil. The savings that had been possible under these two articles were also linked to the fact that the bills for some of the periods of the Institute's highest consumption of electricity and heating during 2004 had only been issued in 2005.

68. In urging the General Assembly to approve the accounts for the 2004 financial year, the Deputy Secretary-General *a.i.* noted that, at its 60<sup>th</sup> session, held on 6 October 2005, the Finance Committee had given an opinion favourable to their approval.

69. *No observation having been made, the President concluded that the Assembly approved the Accounts for 2004.*

**Item No. 8 on the Agenda: Adjustments to the Budget for the 2005 financial year (A.G. (59) 6)**

70. The *Deputy Secretary-General a.i.* stated that the Secretariat did not anticipate the need for any adjustments to be made to the Budget for the 2005 financial year.

71. *The General Assembly took note of the fact that no adjustments to the Budget for the 2005 financial year were envisaged as being necessary.*

**Item No. 9 on the Agenda: Arrears in contributions of member States (A.G. (59) 7)**

72. Introducing this item on the Agenda, the *Deputy Secretary-General a.i.* reported a significant improvement in the situation of the arrears owed by member States in respect of their statutory contributions to the UNIDROIT Budget. This improvement was in no small measure to be attributed

to the indefatigable efforts deployed by the Secretariat in this connection and to the effect of the sanctions passed at the last session of the General Assembly in 2004 in respect of member States having accumulated more than three years' arrears.

73. Between November 2004 and May 2005 the Government of Venezuela had settled all its four years' arrears (2001 - 2004). In July 2005 the Government of Nigeria had settled all its six years' arrears (1999 - 2004). In October 2005 the Government of Colombia, with arrears running over three years (2002 - 2004) had settled all these, as well as a substantial part of its contribution for the 2005 financial year. Lastly, in November 2005 the Government of Serbia and Montenegro had settled its arrears for the 2003 and 2004 financial years.

74. As a result, the overall figure representing arrears had gone down successively from € 354,164.29 (April 2005) to € 186,218.50 at the time of the holding of the session of the General Assembly. The corresponding figure for arrears at the session in 2004 had been € 205,910.93.

75. It was a source of satisfaction for the Secretariat that it had not to date had to impose the sanctions agreed by the General Assembly in November 2004 on any member State. This could change, in so far as one member State, Bolivia, had already accumulated three years' arrears and was, therefore, on the verge of laying itself open to the imposition of the first level of sanctions agreed by the General Assembly as of 1 January 2006. Given the importance that the Institute attached to keeping member States and the scope for flexibility in implementing the sanctions left to the Secretariat by the General Assembly, the *Chargé d'affaires* of Bolivia in Italy had been contacted with a view to proposing to his authorities a programmed settlement of their arrears. He had reported to his authorities and the Secretariat was awaiting their response.

76. He stated that the arrears owed by the Governments of Brazil, Israel and Uruguay gave cause for concern, as, without any improvement in their situation by the end of the current financial year, all three would automatically lose the right to vote in the General Assembly, under the basic sanction existing in the Statute of the Institute.

77. The Secretary-General's visit to Brazil in April had given hope for settlement of the two years' arrears currently owed by that Government. He had been given oral assurances by the Ministry of External Relations that the arrears in question would be settled by the end of 2005.

78. The situation regarding the Government of Uruguay's arrears was somewhat complicated, in so far as the previous Ambassador of Uruguay in Italy had recently been recalled following the change of Government in his country.

79. The situation with the Government of Israel was also complicated, as there was no longer any UNIDROIT desk officer - or indeed any UNIDROIT desk - in the Israeli Government ministry responsible for its participation in the Institute. The Secretariat had, therefore, been only too happy to take up the kind offer made by certain members of the Finance Committee at the 60<sup>th</sup> session of that body to have their ministers intervene personally with their counterparts in the Israeli administration with a view to seeking the early settlement of that Government's arrears.

80. Of the assessed contributions of member States for the 2005 financial year, amounting to € 1,890,960, € 1,669,377's worth had been settled. This corresponded to 88.28% of the amount due from all member States for the 2005 financial year. The amount still outstanding in respect of 2005 came to € 221,619.

81. The *representative of Brazil* stated that his Government had experienced some problems with respect to the settlement of its contribution, but that these difficulties would soon be overcome and the arrears of his Government settled.

82. *The President concluded that the General Assembly took note of the report of the Secretariat on arrears and of the statement made by the representative of Brazil, expressing its confidence that the problems faced by the Government of Brazil would be overcome in the near future.*

**Item No. 10 on the Agenda: Approval of the draft Budget for 2006 and fixing of the contributions of member States for that financial year (A.G. (59) 8)**

83. Introducing this item on the Agenda, *the Deputy Secretary-General* a.i. stated that the draft Budget for the 2005 financial year had been the subject of the traditional broad consultation, first among the Sub-committee of the Finance Committee and latterly amongst all member States.

84. As was UNIDROIT practice, a first set of estimates of receipts and expenditure had been prepared by the Secretariat for preliminary consideration by the Sub-committee of the Finance Committee at its 103<sup>rd</sup> session, held in April 2005. On the basis of the Sub-committee's preliminary opinion, the Secretariat had then prepared a draft Budget for consideration by the Governing Council at its 84<sup>th</sup> session, held later that month. Given the introduction by the Governing Council of new factors into the equation, this draft had then been resubmitted for consideration by the Sub-committee at its 104<sup>th</sup> session, held in June 2005. The draft Budget for 2006 as it came out of that session had then been transmitted to the Governments of all member States for comment by 30 September. The only comments that had been received by the Secretariat had been those of the Government of Poland. The Government of Poland had officially informed the Secretariat that, having only recently accepted upward reclassification in the UNIDROIT contributions chart to Category VI, it found it difficult to accept the proposed increase in its contribution for 2006. This notwithstanding, the Finance Committee, after careful consideration, had given a favourable opinion on the draft Budget for 2006 and authorised its transmission to the General Assembly for approval.

85. The major issue that still needed to be resolved in the context of the draft Budget for 2006 concerned the finding of the funding necessary to appoint a new Deputy Secretary-General.

86. The Governing Council had reiterated its attachment to the post being filled on the basis of an open competition, open in the sense of being open to both candidates from within the ranks of the Secretariat and candidates from without. The United Kingdom member of the Council had announced his Government's decision to make a special extra-budgetary donation of some £ 50,000 (corresponding to approximately € 74,000) earmarked for the purpose of such an open competition. The Governing Council had decided that this donation should be accepted and applied to the purpose for which it had been made.

87. Given the financial implications of this donation on the Institute's Budget, and in particular for the financial years following the 2006 financial year, the question had been referred back to the Sub-committee for further consideration. At its 104<sup>th</sup> session, the Sub-committee had recognised the risks inherent in going ahead with an open competition on the basis of a one-off extra-budgetary contribution and without any commitment, on the part of those member States attending that session, to accept the increase in member States' contributions that would be necessary to ensure the continuation of the contract of employment of the successful candidate beyond 31 December 2006.

88. On the other hand, the Sub-committee had indicated that it had no objection to the Secretariat going ahead with the holding of the open competition and making use of the United Kingdom's Government's donation for that purpose.

89. The funding proposed for the filling of the post of Deputy Secretary-General in 2006 was an amalgam of the donation made by the United Kingdom Government and an appropriation of € 57,000 under the draft Budget for 2006. This reflected the fact that the amount of € 57,000 provided for in the draft Budget would only be enough to permit the taking on of a Deputy Secretary-General from within the ranks of the Secretariat, with the sum in question being made up of € 9,000 to cover the difference in salary of the person advanced to the position of Deputy Secretary-General and € 48,000 to permit the taking on of a new Category A1, step 1 officer to

take over those functions that the member of staff advanced to the position of Deputy Secretary-General would as a result no longer be able to carry out. This amount was the amount provided for in the original budgetary estimates laid before the Sub-committee in April, before the Governing Council session. The difference between this amount and the amount that had been calculated as being necessary to permit the recruiting of a Deputy Secretary-General from without the ranks of the Secretariat was made up by the extra-budgetary donation from the Government of the United Kingdom. In effect, the Secretariat had calculated that, should a Deputy Secretary-General be recruited from outside, the draft Budget would need replenishing, over and above the aforementioned sum of € 57,000, by a sum varying from € 42,342 - should the successful candidate be unmarried and resident in Italy - to € 69,200 - for a successful candidate who was married and non-resident with two children.

90. As regarded the overall structure of the draft Budget for 2006, the Deputy Secretary-General *a.i.* indicated that this followed the basic structure of the Budget for 2005, with one innovation, namely the annotation of each chapter and article of the draft Budget, in line with the request addressed to the Secretariat by the Finance Committee.

91. The first Article in respect of which the Secretariat proposed an increase was that relating to the salaries of Categories A, B and C staff (Chapter 2, Article 1). The Secretariat was proposing an increase of € 57,000 under this Article, either to permit the taking on of a Deputy Secretary-General from within the ranks of the Secretariat combined with the taking on of a new junior officer, or as part of the amount needed, with the British Government's extra-budgetary donation, to permit the taking on of a Deputy Secretary-General from outside.

92. The first saving that the Secretariat would expect to be in a position to make under the draft Budget for 2006 concerned compensatory payments for retired members of staff (Chapter 4). With the ongoing reduction in the number of members of staff entitled to such payments, the Secretariat expected a saving of € 500 to be made under this Chapter. This saving would, however, be eaten up by the increase that the Secretariat anticipated being required in respect of the Secretariat's use of the telephone and fax (Chapter 6, Article 2).

93. An increase of € 1,000 in expenditure was anticipated for postage (Chapter 6, Article 3). This reflected the increase in postage rates introduced in Italy.

94. The Secretariat had estimated that it would be able to make a saving of € 3,000 on expenditure in respect of interpretation. This saving resulted from the increasing number of meetings that the Institute was able to hold in English only, thanks to the greatly appreciated co-operation of French-speaking member States.

95. Another saving concerned the heating bills (Chapter 7, Article 2).

96. The Secretariat believed that it was necessary to provide for additional expenditure of € 3,000 on office equipment (Chapter 7, Article 5). There was a need for a sustained investment in office equipment in the years ahead if the improvements in document management, administration of the archive and communications with member Governments outlined in the Strategic Plan were to be achieved. The additional yearly expenditure under this heading for the forthcoming triennium had been estimated as between € 4,000 and € 5,000.

97. In consideration of the above, the Secretariat anticipated actual expenditure in 2006 rising to € 2,026,850, involving a percentage increase of 2.42% over that provided for in the Budget for 2005 (€ 1,978,850). The Secretariat was only too aware of the oft-repeated insistence of member Governments that it observe the principle of zero budgetary growth in nominal terms and it assured the Finance Committee that it had made every effort possible to contain expenditure, in particular seeking, as far as possible, to offset proposed increases by corresponding savings elsewhere. The fact that the Secretariat had managed to contain the effects of a projected increase in actual expenditure of 2.42% to a proposed increase in the contributions of member States other

than Italy of 1.25% had to do essentially with the additional miscellaneous receipts that the Institute expected to receive in 2006, in particular, by way of the sale of publications.

98. The Secretariat therefore:

- ◆ first, proposed to increase the statutory contributions of all member States other than Italy in 2006 by 1.25%;
- ◆ secondly, proposed to maintain the contribution of the Government of Italy at € 250,000;
- ◆ thirdly, estimated the surplus to be carried forward from the 2005 financial year as € 30,000;
- ◆ fourthly, estimated miscellaneous receipts for 2006 as bringing in € 78,945;
- ◆ fifthly, considered it reasonable to anticipate that one new Category VIII member State should accrue in 2006, bringing in a further € 11,525;
- ◆ sixthly and finally, expected to be able to count on an estimated € 6,000 under the special accounts.

99. Turning to the effects on individual member States, other than Italy, of the proposed increase in contributions of 1.25%, the unit of contribution would be increased from € 2,276, the figure employed in 2005, to € 2,305. Category by category the contributions would rise as follows:

Category	Contributions for 2005	Contributions for 2006
Category I	€ 113,800	€ 115,250
Category II	€ 50,072	€ 50,710
Category III	€ 40,968	€ 41,490
Category IV	€ 29,588	€ 29,965
Category V	€ 25,036	€ 25,355
Category VI	€ 20,484	€ 20,745
Category VII	€ 18,208	€ 18,440
Category VIII	€ 11,380	€ 11,525
Special category	€ 2,276	€ 2,305

100. As regarded the make-up of miscellaneous receipts, these were made up of € 5,000 by way of interest, € 16,500 by way of the contributions to overhead expenses to be made by the Office for Italy and San Marino of the International Labour Organization and the United Nations Industrial Development Organization in return for the use of certain services connected with parts of Palazzo Aldobrandini and € 57,445 by way of sales of publications. The expected increase in the contributions to overhead expenses resulted from the signing of an agreement between UNIDROIT and UNIDO for the use by that organisation of part of Palazzo Aldobrandini for the carrying out of investment and technology promotion activities.

101. The Deputy Secretary-General *a.i.* stated that, in commending the draft Budget for 2006 to the General Assembly, the Secretariat underlined the significant efforts that it represented to contain expenditure right across the board and, in particular, the fact that the proposed increase of 1.25% in the contributions of member States other than Italy was considerably lower than either the current rate of inflation in Italy (running at about 2%) or the projected rate for 2006 (which was estimated at between 2.5% and 3%). In commending the draft Budget to member States, the Secretariat also drew their attention to the increasing success of its efforts to find extra-budgetary means of support to assist the fulfilment of its statutory objectives, and in particular the implementation of its Work Programme and thus the justification for its existence in the eyes of member States.

102. The *representative of Poland* confirmed that his Government had problems increasing its contribution for 2006, as it had only just accepted reclassification in the contributions chart of the Institute.

103. The *representative of the United States of America* stated that as a member of the Finance Committee they had not blocked consensus on the proposed Budget, nor did they wish to do so. He did, however, wish to note, that although the increase in member States' contribution was 1.25%, it reflected a 3.1% increase in actual expenditure. They acknowledged the need for a full-time, fully compensated Deputy Secretary-General, but it would be difficult for the Government of the United States to agree with any arrangement that would result in costs in the years beyond 2006 that would be greater than those proposed in the draft 2006 Budget.

104. The *President of the General Assembly*, with reference to the difficulties expressed by the Government of Poland, stated he had full understanding for the situation as he had gone through the same experience. His Authorities however felt that it would only be fair to accept the small increase that was being proposed. The Institute was trying hard to keep the work going and showing great creativity in finding alternative sources of funding other than the contributions of member States. The reservation expressed by the Government of Poland would be noted, but all agreed on the proposed budget and it was to be considered approved.

105. *The General Assembly, while noting the reservation expressed by the Government of Poland as concerned the increase in its contribution approved the draft Budget for the 2006 financial year.*

**Item No. 11 on the Agenda: Amendment of Article 7 of the Regulations (A.G. (59) 9 and Add.)**

106. Introducing this item on the Agenda, *H.E. Mr J.F. Cogan, Ambassador of Ireland in Italy*, Chairman of the *ad hoc* Committee on the amendment of Article 7 of the Regulations, informed the Assembly of the findings of the *ad hoc* Committee, which had met on 28 February 2005. He stated that the task of the *ad hoc* Committee had been to try to fulfil the mandate given to it by the General Assembly at its previous session, i.e. to recommend an appropriate modification to Article 7 of the Regulations to overcome the problem of the under-representation of one region in the Governing Council, a problem which was adverted to in document A.G. (59) 9. The meeting of the *ad hoc* Committee had seen a full discussion of the issues involved in relation to that problem and the various aspects of it, as well as of possible solutions which might be found. As Chairman, his aim had been to pave the way to consensus on the matter on the basis of finding a textual amendment to Article 7(5). He had been greatly assisted by the textual proposals put forward by the Governments of Spain and South Africa, which had been a very good basis for discussion and for the eventual agreement which had been found. This agreement had been reflected in the recommendation which the *ad hoc* Committee had put forward to the Governing Council for its consideration. The Governing Council had subsequently endorsed the recommendation put forward by the *ad hoc* Committee.

107. The *ad hoc* Committee had also adverted to the desirability of amending Article 7(4), on the procedure to be followed in the event of a tied vote in the election of a member of the Governing Council. The Governing Council had subsequently also taken up this matter and had proposed a suitable amendment to Article 7(4).

108. In relation to Article 7(5), the balance to be found on the question of the definition of the regions for the purposes of Article 7(4) had been between a far-reaching modification on the basis of defining constituent regional groups, such as were enshrined in the rules of procedure of United Nations organisations, or a minimal modification sufficient to fulfil the mandate given to the *ad hoc* Committee by the General Assembly – or indeed no modification at all, as would have been preferred by one member State. While different options had been explored in the discussions of the *ad hoc* Committee, the views of the great majority, and indeed the basis of the consensus, were to be found in a recommendation for four regions. This was defined in Article 7(4)*ter* as proposed. There remained the possibility of reviewing the geographical region division in the future, to take into account the evolution which might occur in the membership profile of the Institute in the years

to come, but at least for the present and for the proximate future a modification to the rules to incorporate the concept of four regions and minimal representation would, he stated, seem to be the consensus view of the membership as reflected in the discussions of the *ad hoc* Committee.

109. The *President of the Assembly* thanked the Chairman of the *ad hoc* Committee for the excellent work done. The solution proposed was very good. The *ad hoc* Committee had not only tried to find a balance in geographical distribution but it had also been wise enough to leave open the possibility of a revision clause to permit the reviewing of the issue with the changing membership of the organisation.

110. The *representative of Mexico* stated that to her Government the proposal was acceptable, but wished to underline that they would have preferred to see a broader proposal that took account of Latin America as a region.

111. The *representative of Japan* stated that his Government was of the view that the members of the Governing Council should be elected on the basis of the merits of the candidates, and that members of the Governing Council participated in the work of the Council on an individual basis and not as representatives of their Governments. In view of this stance, the Government of Japan wanted to register its objection to any amendment to Article 7 of the Regulations, which tried to allocate minimum representation to every region of the world. However, his Government had no intention to oppose a general agreement on this issue.

112. The *representative of the United States of America* stated that his Government had been one of those that had advocated a more far-reaching solution to the dilemma, but recognised that the proposal of the *ad hoc* Committee was a good and necessary step.

113. The *representative of Canada* expressed support for the proposed solution. The new rules would provide adequate regional representation, which was the mandate of the *ad hoc* Committee, while departing as little as necessary from the principle of individual merit that had been recalled by the representative of Japan. He suggested that the recommendation should be accepted. As regarded the modification of Article 7(4), he supported the proposal that the rule be modified to require a further ballot.

114. The *representative of South Africa* expressed support for the solution proposed by the *ad hoc* Committee and agreement with the views expressed by the representative of Canada. He wished to thank the *ad hoc* Committee for taking this issue into consideration, in particular the Ambassador of Ireland in Italy.

115. *The President concluded that the compromise solution proposed by the ad hoc Committee found favour with the Assembly, that there were countries which preferred different arrangements, but did not want to block the settlement of this important question. The amendment of Article 7(4) as proposed by the ad hoc Committee and of Article 7(5) as proposed by the Governing Council were therefore approved by the Assembly (see Appendix IV).*

**Item No. 12 on the Agenda: Depository libraries for UNIDROIT documentation (A.G. (59) 10)**

116. Introducing this item on the Agenda, *Ms Paula Howarth* (UNIDROIT Secretariat) recalled that, with a view to making UNIDROIT documents more readily available to nationals of UNIDROIT member States, in 1998 each member Government had been invited to designate a library to serve as depository for UNIDROIT documentation. Response had been very good and there were now depository libraries in 39 member States.

117. The depository libraries received the annual collection of documents “UNIDROIT Proceedings and Papers” on CD-ROM, the Uniform Law Review, as well as a selection of other UNIDROIT publications. Depository libraries for UNIDROIT documentation were listed on the UNIDROIT website.



Links on the website provided easy internet access to the depository libraries, thus further facilitating access to UNIDROIT documentation.

118. Those member States that had not yet designated a depository library were invited to do so in order to make UNIDROIT and its work better known to a wider public in their countries.

119. *The Assembly took note of the Secretariat's statement regarding the designation of depository libraries and urged those member States that had not already done so to designate a depository library and communicate this designation to the UNIDROIT Secretariat.*

**Item No. 13 on the Agenda: Classification of one or more new member States in the contributions chart of the Institute (A.G. (59) 11)**

120. Introducing this item on the Agenda, the *Deputy Secretary-General* a.i. stated that the Secretariat had just received official communication from the Italian Ministry of Foreign Affairs that the Republic of Latvia had acceded to the UNIDROIT Statute and had therefore become the 60<sup>th</sup> member State of the Organisation with effect from 1 January 2006.

121. Close behind Latvia was Ukraine. The Embassy of Ukraine in Italy had indicated that the process for the Government of Ukraine also to become a member was at an advanced stage.

122. He recalled that, in deciding in which of the eight categories of the UNIDROIT contributions chart to classify a new member State, the General Assembly traditionally placed great reliance on the percentage of that State's contribution to the United Nations Budget.

123. According to the current United Nations contributions chart, the Government of Latvia contributed 0.015% to the United Nations Budget and the Government of Ukraine 0.039%. The percentage contribution to the United Nations Budget of those member States classified in Category VIII of the UNIDROIT contributions chart ranged between 0.005% and 0.114%.

124. The Secretariat therefore proposed that the General Assembly classify the Government of Latvia in Category VIII and the Government of Ukraine, as and when it became a member, in the same category.

125. *The General Assembly approved the classification of the Governments of Latvia and the Government of Ukraine in Category VIII of the UNIDROIT contributions chart.*

**Item No. 14 on the Agenda: Any other business**

126. No other business having been raised, the President declared the session closed at 12.30 p.m.

LIST OF PARTICIPANTS/*LISTE DES PARTICIPANTS*

ARGENTINA/ <i>ARGENTINE</i>	Mr Jorge Omar IREBA, Counsellor Embassy of Argentina in Italy
AUSTRALIA/ <i>AUSTRALIE</i>	Mr Ross EDDINGTON, Second Secretary Embassy of Australia in Italy Ms Shannon TORRENS, Intern Embassy of Australia in Italy
AUSTRIA/ <i>AUTRICHE</i>	Ms Ingrid PECH, Minister Embassy of Austria in Italy
BRAZIL/ <i>BRESIL</i>	Mr João André PINTO DIAS LIMA, Counsellor Embassy of Brazil in Italy
BULGARIA/ <i>BULGARIE</i>	Ms Albena PEEVA-SMILKOVA, Chief Expert Ministry of Foreign Affairs
CANADA	Mr Kent VACHON, Counsellor Embassy of Canada in Italy
CHILE/ <i>CHILI</i>	Mr Julio FIOL, First Secretary Embassy of Chile in Italy
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CROATIA/ <i>CROATIE</i>	Ms Lidija LUKINA-KARAJKOVIĆ, Minister Counsellor Embassy of Croatia in Italy
CZECH REPUBLIC/ <i>REPUBLIQUE TCHEQUE</i>	Mr Vladimír KOPAL, Expert Ministry of Public Education and Youth / Ministry of Foreign Affairs
EGYPT/ <i>EGYPTE</i>	H.E. Mr Helmy Abdel Hamid BEDEIR, Ambassador of Egypt in Italy; <i>President of the Assembly for 2004/2005 / Président de l'Assemblée pour 2004/2005</i> Mr Hatem ABDELKADER, First Secretary Embassy of Egypt in Italy

ESTONIA/ <i>ESTONIE</i>	Mr Roman VINARTŠUK, Third Secretary Embassy of Estonia in Italy
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GERMANY/ <i>ALLEMAGNE</i>	Mr Peter ADAMEK, Consul Embassy of Germany in Italy  Mr Christian ROTMANN Embassy of Germany in Italy
GREECE/ <i>GRECE</i>	Mr Gerassimos DAVARIS, First Counsellor Embassy of Greece in Italy
HOLY SEE/ <i>SAINT-SIEGE</i>	M. Gianluigi MARRONE, Juge unique de l'Etat de la Cité du Vatican
HUNGARY/ <i>HONGRIE</i>	H.E. Mr István KOVÁCS Ambassador of Hungary in Italy  Ms Andrea PERNYE, Counsellor Embassy of Hungary in Italy
INDIA/ <i>INDE</i>	Mr M. SUBBARAYUDU, First Secretary Embassy of India in Italy
IRAN (Islamic Rep. of / <i>Rép. Islamique d'</i> )	Mr Gholam Reza MAHDAVI, First Secretary Embassy of the Islamic Republic of Iran in Italy
IRELAND/ <i>IRLANDE</i>	H.E. Mr J. Francis COGAN Ambassador of Ireland in Italy  Mr John McINNES, Second Secretary Embassy of Ireland in Italy
ITALY/ <i>ITALIE</i>	Mr Agostino CHIESA ALCIATOR Counsellor Head, Office II (Treaties and Multilateral Affairs), Office of the Legal Adviser Ministry of Foreign Affairs  Mr Pietro POPONCINI, Attaché Ministry of Foreign Affairs
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NORWAY/ <i>NORVEGE</i>	Ms Aud Ingvild SLETTEMOEN, Legal Adviser Ministry of Justice and Police
PAKISTAN	Mr Abtaul Munim SHAHID, First Secretary Embassy of Pakistan in Italy
POLAND/ <i>POLOGNE</i>	Mr Marek SZCZEPANOWSKI, First Secretary Embassy of Poland in Italy
PORTUGAL	H.E. Mr Vasco Taveira da Cunha VALENTE Ambassador of Portugal in Italy; <i>President of the Assembly for 2005/2006 / Président de l'Assemblée pour 2005/2006</i> Ms Carla SARAGOÇA, First Secretary Embassy of Portugal in Italy
REPUBLIC OF KOREA <i>REPUBLIQUE DE COREE</i>	Mr Eun-chul LEE, First Secretary Embassy of the Republic of Korea in Italy
RUSSIAN FEDERATION <i>FEDERATION DE RUSSIE</i>	Mr Evgeny TYUSIN, Legal Adviser Trade Representation of the Russian Federation in Italy
SAN MARINO/ <i>SAINT-MARIN</i>	Ms Daniela ROTONDARO, Counsellor Embassy of San Marino in Italy
SERBIA AND MONTENEGRO/ <i>SERBIE ET MONTENEGRO</i>	Ms Ana PETKOVIC, First Secretary Embassy of Serbia and Montenegro in Italy
SLOVAKIA/ <i>SLOVAQUIE</i>	Mr Milan KOVÁČ, Counsellor Permanent Representative of Slovakia to the Food and Agriculture Organization and World Food Programme of the United Nations
SLOVENIA/ <i>SLOVENIE</i>	Ms Mojca NEMEC, Second Secretary Embassy of Slovenia in Italy
SOUTH AFRICA/ <i>AFRIQUE DU SUD</i>	Mr Viresh VALLABHBHAI, Third Secretary Embassy of South Africa in Italy
SPAIN/ <i>ESPAGNE</i>	Mr Salvador ROBLES FERNÁNDEZ Deputy Secretary-General (Technical) Ministry of Foreign Affairs

SWEDEN/ <i>SUEDE</i>	Ms Lisa BJUGGSTAM, First Secretary Embassy of Sweden in Italy
SWITZERLAND/ <i>SUISSE</i>	Mr Josef RENGGLI, Counsellor Embassy of Switzerland in Italy
TUNISIA/ <i>TUNISIE</i>	M. Nabil Ammar, Ministre Plénipotentiaire Ambassade de Tunisie en Italie
TURKEY/ <i>TURQUIE</i>	Ms Çimen KESKIN, Third Secretary Embassy of Turkey in Italy
UNITED KINGDOM/ <i>ROYAUME-UNI</i>	Mr Carl WARREN, Director Legal Resource Management and Business Law Department of Trade and Industry  Ms Lynne McGREGOR, Political Officer Embassy of the United Kingdom in Italy
UNITED STATES OF AMERICA/ <i>ETATS-UNIS D'AMERIQUE</i>	Mr Bruce BERTON, First Secretary Alternate Permanent Representative United States Mission to the United Nations Agencies for Food and Agriculture
VENEZUELA	Ms María Elena DOS SANTOS RUSO, Third Secretary Embassy of Venezuela in Italy

#### **OBSERVERS/OBSERVATEURS**

LATVIA/ <i>LETTONIE</i>	Ms Elita EKTERMANE Deputy Director for Affairs of Legal Acts State Chancellery  Mr Ivars MEKONS, Legal Adviser State Chancellery
UKRAINE	H.E. Mr Georgiy CHERNYAVSKIY Ambassador of Ukraine in Italy  Ms Oksana DRAMARETSKA, First Secretary Alternate Permanent Representative of Ukraine to the Food and Agriculture Organization of the United Nations
SOVEREIGN MILITARY ORDER OF MALTA/ <i>ORDRE SOUVERAIN MILITAIRE DE MALTE</i>	H.E. Mr Aldo PEZZANA CAPRANICA DEL GRILLO, Ambassador

#### **UNIDROIT**

Mr Herbert KRONKE, Secretary-General/*Secrétaire-Général*  
 Mr Martin J. STANFORD, Deputy Secretary-General *a.i./Secrétaire Général adjoint a.i.*  
 Ms Lena PETERS, Research Officer/*Chargée de recherches*  
 Mr John ATWOOD, Research Officer/*Chargé de recherches*  
 Ms Paula HOWARTH, Translator-Drafter/*Traductrice-Rédactrice*

## AGENDA

1. Opening of the session by the President of the General Assembly for 2004/2005
2. Election of the President of the General Assembly for 2005/2006
3. Adoption of the agenda (A.G. (59) 1 rev. 2)
4. (a) Statement regarding the Institute's Activity in 2005  
(b) Presentation of the draft Protocol to the Convention on International Interests in Mobile Equipment on Matters specific to Railway Rolling Stock  
(c) Implementation of the Strategic Plan (A.G. (59) 2)
5. Composition of the Finance Committee for the 2006/2008 triennium (A.G. (59) 3)
6. Approval of the Work Programme for the 2006/2008 triennium (A.G. (59) 4)
7. Final adjustments to the Budget, and approval of the Accounts for the 2004 financial year (A.G. (59) 5 and Accounts 2004)
8. Adjustments to the Budget for the 2005 financial year (A.G. (59) 6)
9. Arrears in contributions of member States (A.G. (59) 7)
10. Approval of the draft Budget for 2006 and fixing of the contributions of member States for that financial year (A.G. (59) 8)
11. Amendment of Article 7 of the Regulations (A.G. (59) 9 and Add.)
12. Depository libraries for UNIDROIT documentation (A.G. (59) 10)
13. Classification of one or more new member States in the contributions chart of the Institute (A.G. (59) 11)
14. Any other business.

**WORK PROGRAMME FOR THE 2006/2008 TRIENNIUM  
AS ADOPTED BY THE GENERAL ASSEMBLY \***

PART I: PREPARATION OF UNIFORM LAW INSTRUMENTS AND EXERCISING OF DEPOSITARY  
FUNCTIONS IN RESPECT THEREOF

1. ***International interests in mobile equipment*** - Cape Town Convention and related Protocols
  - \* (a) *Convention on International Interests in Mobile Equipment (Cape Town, 16 November 2001) and Protocol thereto on Matters specific to Aircraft Equipment (Cape Town, 16 November 2001)* - exercising of depositary functions, in particular in relation to the International Registry for aircraft objects and the Supervisory Authority of that Registry;
  - \* (b) *Draft Protocol to the Cape Town Convention on Matters specific to Railway Rolling Stock* - organisation of a regional seminar for Africa and of a diplomatic Conference of adoption by mid-2006;
  - \* (c) *Preliminary draft Protocol to the Cape Town Convention on Matters specific to Space Assets* - completion of a draft Protocol capable of being laid, as soon as possible, before a diplomatic Conference of adoption; and
  - (d) *Future Protocol to the Cape Town Convention on agricultural, construction and mining equipment* - subject to the case for such work being confirmed in a preliminary study, that should also examine the possibility of including industrial and civil works equipment within the scope of the project.
- \*2. ***Principles of International Commercial Contracts*** - with work following the same lines as hitherto, with the Secretariat being invited to consider the membership of the Working Group and also who might usefully be invited to participate as observers and with wide support being expressed for work focussing on, first, unwinding of failed contracts, secondly, illegality, thirdly, plurality of debtors and creditors, fourthly, conditions (that is suspensive conditions or conditions precedent and resolutive conditions or conditions subsequent) and, fifthly, suretyship and guarantees but with more detailed proposals being due to be laid by the Secretariat before the Governing Council at its 85<sup>th</sup> session, as soon as possible after which the reconvened Working Group should hold its first session.
3. ***Capital markets***
  - \* (a) *Preliminary draft Convention on harmonised substantive rules regarding intermediated securities* - completion of a draft Convention capable of being laid, as soon as possible, before a diplomatic Conference of adoption; and
  - \* (b) *Principles and rules capable of enhancing trading in securities on emerging markets* - decentralised preparation of an instrument, probably to take the form of a legislative guide.

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\* Those topics granted priority under the Work Programme are marked by an asterisk.

4. **Model law on leasing** - subject to the availability of external support, with it being noted that, thanks to the efforts of Mr Ronald DeKoven, a UNIDROIT correspondent, such external support is indeed being provided.
5. **Multimodal transport** - with, given UNIDROIT's longstanding involvement in the drafting of transport law instruments, consideration being given to the possibility of working in co-operation with the relevant international Organisations.

## PART II: ACTIVITIES CONNECTED WITH THE UNIFICATION OF LAW

1. **Programme of legal co-operation** - for developing countries and countries in economic transition
  - (a) *Research scholarships programme* and
  - (b) *Assistance in legal drafting* - in particular, co-operation with the Organisation for the Harmonisation of Business Law in Africa (O.H.A.D.A.) for the preparation of a draft Uniform Act on Contracts.
2. **Promotion of UNIDROIT activities and instruments** - in particular the Institute's web site.
3. **UNIDROIT publications** - in particular
  - (a) *Uniform Law Review/Revue de droit uniforme*;
  - (b) *Digest of Legal Activities of International Organizations and other Institutions*;
  - (c) *UNIDROIT Proceedings and Papers* and
  - (d) *Acts and Proceedings of the diplomatic Conference at which the Cape Town Convention and the Aircraft Protocol were opened to signature.*
4. **Data base on uniform law (UNILAW)**
5. **Uniform Law Foundation.**



**MODIFICATIONS TO ARTICLE 7(4) AND (5) OF THE REGULATIONS  
as approved by the General Assembly at its 59<sup>th</sup> session  
(Rome, 1 December 2005)**

**Article 7(4)** as modified reads as follows (amendments highlighted in italics):

"4. – If no name obtains a majority on the first ballot, a further ballot shall be held for the two candidates who have obtained the highest number of votes. If the number of votes cast for each candidate is equal, *another ballot shall be held among the candidates in question and the candidate obtaining the highest number of votes in such a ballot shall be elected*".

**Article 7(5)** as modified reads as follows (amendments highlighted in italics):

"5. When the Assembly is called upon to proceed simultaneously to several appointments, *other than appointments to the Governing Council*, under identical conditions, candidates with an absolute majority of votes shall be elected. Should the number of candidates be lower than that of the appointments to be made, a second ballot shall be held among the remaining candidates and those obtaining the highest number of votes shall be elected.

*5 bis - When the Assembly is called upon to proceed simultaneously to several appointments to the Governing Council under identical conditions, the first four appointments shall be reserved for the candidates having secured the highest number of votes from each region and the remaining appointments shall be filled by those of the other candidates having secured an absolute majority of votes. Should the number of candidates elected be lower than that of the appointments to be made, a second ballot shall be held among the remaining candidates and those obtaining the highest number of votes shall be elected.*

*5 ter - For the purposes of the preceding paragraph, the term "region" shall refer to each of the geographic regions into which the membership of the Institute is divided by the General Assembly. The General Assembly, at its 59<sup>th</sup> session held in Rome on 1 December 2005, fixed these regions as Africa, the Americas, the Asia-Pacific region and Europe."*

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