

Statement by the Aviation Working Group – 28 April 2009

On the Occasion of the Accession by the European Community to of the Convention on International Interest in Mobile Equipment and its Aircraft Protocol

The European Community acceded today to the Convention on International Interests in Mobile Equipment and its Aircraft Protocol ('**Cape Town Treaty**'). The Aviation Working Group recognizes and notes the importance of that accession.

The European Community joins a number of its major trading partners, including China, India, and the United States as parties to this leading text, underscoring and strengthening the role of the Cape Town Treaty as the principal legal text providing a framework for, and facilitating, the financing and leasing of aircraft and engines.

The Cape Town Treaty is designed to attract aviation finance, producing economic benefits to be widely shared among all segments of the aviation and aerospace sectors. These risk-reducing texts reflect the best thinking and most advanced practices in the field of aviation financing and leasing. They have been carefully developed in light of the major policies of governments and legal systems around the world.

In accordance with European institutional agreements and the terms of the Cape Town Treaty, the European Community has acceded as a regional economic integration organisation. The accession covers those matters in respect of which legal competence has been transferred to the European Community from the European Member States.

The Cape Town Treaty is a so-called mixed treaty in which legal competence is shared between the European Community and the European Member States. Thus, ratification or accession is required by individual European Member States in order for the benefits to be realized in such States.

The Aviation Working Group encourages all European Member States that have not yet become parties to the Cape Town Treaty to accelerate their efforts to become parties. The global financial difficulties, as well as the related financial challenges financing the aviation industry, make timely action that much more important.

The Cape Town Treaty contemplates the making of a range of ***declarations*** at the time of ratification or accession. A select number of these declarations are specifically designed to assist in producing the economic benefits. Most notable in this regard is the selection of ***Alternative A to Article XI of the Aircraft Protocol (remedies on insolvency)***. These declarations, and/or, in the European context, related national law implementation, are of critical importance. They are discussed on the Aviation Working Group's website (www.awg.aero) and are specifically set out in the new OECD agreement on international export credit (the "qualifying declarations")(www.oecd.org).

The Aviation Working Group is chaired by Airbus and Boeing and comprises major aviation manufacturers, leasing companies and financial institutions. It was created, at the invitation of UNIDROIT, an intergovernmental organization, to contribute to the development of the Cape Town Treaty. The Aviation Working Group stands ready to consult with interested States and others, including on the important declarations contemplated by these texts, to help in ratification efforts. It is currently producing a consultative documentation for use in the European context. **END**