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## WHY IRELAND SHOULD RATIFY THE LUXEMBOURG PROTOCOL

At a Diplomatic Conference in Luxembourg in February 2007, sponsored jointly by UNIDROIT and OTIF and attended by 42 states and 12 international organisations, the Luxembourg Protocol to the 2001 Cape Town Convention on International Interests in Mobile Equipment was adopted, creating a new world wide legal framework to recognize, regulate and prioritise the property interests of lenders, lessors and vendors selling under conditional sale agreements, where each are secured by rolling stock<sup>i</sup>. It applies where the corresponding borrower, lessee or purchaser has its principal business location in a ratifying state (irrespective of where the equipment is located) and security interests will be registered and searched against at an international registry operating 24/7 from Luxembourg.

The Republic of Ireland should ratify the Protocol quickly because it will:

- make it easier and cheaper for the government or local operators to finance (or re-finance existing) rolling stock, from local and foreign investors/financiers
- lower the barriers to entry for new operators, thereby acting as a catalyst for a more competitive, efficient and commercial local rail industry.
- create legal protection for rolling stock moving across borders (into Northern Ireland).
- facilitate the development of a rail finance sector in Ireland (alongside the aviation finance industry) by making it easier for Irish based financiers to raise money.
- support the Registrar, which will probably be closely associated with Aviareto, to develop registration expertise based in Dublin as the Protocol will protect registry data moved from Luxembourg to Ireland.

For more on the Luxembourg Rail Protocol, visit [www.railworkinggroup.org](http://www.railworkinggroup.org), or contact us at [info@railworkinggroup.org](mailto:info@railworkinggroup.org). Keep up to date with all the latest developments via the Rail Working Group's [LinkedIn group page](#).

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<sup>i</sup> Rolling stock includes conventional railway locomotives and wagons, trams and light rail rolling stock, monorail carriages, underground/metro train sets, mountain rail wagons, airport people mover carriages and anything other equipment which runs above on or below a guideway