

**High-level celebratory event on UN Convention
on the international effects of judicial sale of ships
Valletta, Malta -19 June 2024**

Speech by Richard Sonnenschein, Director of Justice Policies, DG for Justice
and Consumers at the European Commission

High-level celebratory event on the United Nations Convention on the
International Effects of Judicial Sales of Ships

Valletta, Malta: 18 – 19 June 2024

Speech

- Excellencies, distinguished guests, good morning,

- Firstly, I thank our host H.E. Myriam Spiteri Debono, President of Malta for welcoming us here today. Thank you to the Honourable Ian Borg and the Ministry for Foreign and European Affairs and Trade of Malta, to Dr. Ann Fenech, President of CMI and UNCITRAL for the excellent organisation of today's event. I am very pleased to be here with you today.

- The European Commission very much welcomes this event. It is a unique opportunity to actively contribute to the Beijing Convention's entry into force. I am also looking forward to speaking with so many experts in the domain. Together we can reflect on the best way to meet the objectives of this Convention. It has the potential to promote legal certainty and predictability at international and European level.

- As you know, the European Commission represents the European Union as an observer at UNCITRAL. In this role we were actively involved in the negotiations for this Convention.

- The cooperation between the EU and UNCITRAL has strengthened in recent years. The scope of our respective initiatives is not always the same, but the links that we have developed ensure that consistency is preserved. The Beijing Convention is a case in point.

- I know that the negotiations at UNCITRAL were complex. However, I believe the outcome has been positive for all actors involved – the CMI, the UNCITRAL Secretariat and the members of the Working Group VI which included the European Commission as well as EU Member States. I also wish to take this opportunity to extend our sincere thanks to President Dr Ann Fenech and the expert members of the CMI delegation for providing their expertise to the Commission throughout the negotiations and for their continued cooperation with the European Commission.

- So, why is this Convention important to the EU and Member States? It will provide legal protection for purchasers of ships sold by judicial sale. At the same time, it will safeguard the interests of ship-owners and creditors.

- This means that EU stakeholders, and specifically prospective purchasers of ships can benefit from adequate protection. This will, at least this is what we hope, in turn strengthen international maritime trade and commerce.

- Moreover, it will allow EU investors to provide ship finance with greater confidence. Because the purchase of vessels is generally financed by a ship mortgage where the financier's main security for repayment is the ship itself.

- Against this background, we are confident that the Convention will meet the commercial needs of both the maritime industry and the financial industry. It could thus help to further boost the EU financial market.

- This Convention will complement the existing international legal framework on shipping and navigation. Thus, despite the existence of different legal and economic systems in different States, it should also contribute to the development of international economic relations.

- The EU consistently supports multilateral instruments which promote trade by providing a stable legal framework.

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- On 14 March of this year, the European Union signed the Beijing Convention. The signature of the European Union represents a significant step forward, demonstrating a firm political commitment to move, in due time, towards its ratification.

- This is an important date for the EU: from that day forward, our Member States were allowed to sign this Convention. Belgium signed it alongside the EU on 14 March 2024 and Luxembourg on 25 March 2024. Today our host Malta, together with Croatia, Cyprus, , Italy, and Spain will sign (together with Antigua and Barbuda and Côte d'Ivoire) bringing the number of signatory States to 27 including the European Union, and one State, El Salvador which has already ratified the Convention

- In conclusion, today's event thus also marks a significant milestone in our collective journey towards greater international cooperation and legal harmonisation.

- We, the European Commission, will continue working together with you to ensure the successful ratification and benefits of this Convention.

- Thank you.

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Background

Adopted by the UNCITRAL General Assembly on 7 December 2022, the United Nations Convention on the International Effects of Judicial Sales of Ships, also known as the “Beijing Convention on the Judicial Sale of Ships”, establishes a harmonised regime for giving international effect to judicial sales, while preserving domestic law governing the procedure of judicial sales and the circumstances in which judicial sales confer clean title.

A judicial sale of ship generally occurs as a means of enforcement based on a judgment that a creditor has against the owner of a ship. The ship is arrested and then sold in a judicial procedure, the proceeds of the sale going in full or in part to the judgment creditor. Without an international agreement the purchaser cannot be sure that he will be considered to be the owner of the ship without any restrictions or encumbrances (i.e. having a clean title) everywhere and that this ownership will be entered in the register where it is held. The related legal uncertainty also has adverse effects on the financing of ship purchases. By ensuring legal certainty as to the title that the purchaser acquires in the ship as it navigates internationally, the Convention is designed to maximise the price that the ship can attract in the market and the proceeds available for distribution among creditors, and to promote international trade.

The European Commission, having observer status in UNCITRAL, representing the EU and its Member States actively participated to the negotiation process from 2019 – 2022 acting on a mandate. A REIO clause (allowing the EU to become a party) and a disconnection clause (ensuring that EU law prevails in intra-EU relations) were secured.

On 5 September 2023, the Government of China hosted the signing ceremony in Beijing of the “Beijing Convention on the Judicial Sale of Ships”. Since then, the Convention has been signed by 17 States: Burkina Faso, China, Comoros, Ecuador, El Salvador, Grenada, Honduras, Kiribati, Liberia, São Tomé and Príncipe, Saudi Arabia, Senegal, Sierra Leone, Singapore, Switzerland, Syrian Arab Republic, United Republic of Tanzania. The Convention will enter into force upon its ratification by 3 States.

The Commission adopted a Proposal for Council Decision on the signing, on behalf of the European Union, of the Beijing Convention on 30 June 2023. It was discussed during the Spanish Presidency and adopted by Council on 12 December 2023.

On 14 March 2024, the European Union signed the Convention. Belgium signed on the same day as the EU and Luxembourg signed on 25 March 2024. To-date the EU and 19 States signed the Beijing Convention.