IFG endorsement for the UN Convention on the Assignment of Receivables in International Trade

The International Factors Group is the global trade association that fully represents and promotes the interests of the factoring, invoice financing and asset based lending industry on a global basis.

In order to increase and facilitate financing of international trade, the IFG welcomes all efforts to remove trade or financing barriers. Legal harmonization is one of the most important steps for the removal of such obstacles for the benefit of small and medium-sized businesses who are unable to afford the high costs of legal expertise on one hand, as well as for the benefit of developing countries that are in need for new specific rules. Experience shows that a modern system of secured transaction laws increases the opportunities for businesses to obtain credit at lower costs, using as a collateral all kinds of assets, such as inventory, intellectual property or receivables.

IFG welcomes the longtime efforts by UNCITRAL to develop rules and regulations for the harmonization of International Trade Law. Those efforts resulted in the creation of the UN Convention on the Assignment of Receivables in International Trade (New York 2001). UNCITRAL continued its work generating a Legislative Guide on Secured Transactions, and nowadays a Model Law on Secured Transactions. These legal documents cover all kinds of secured transactions, factoring being one of them.

Unfortunately, until this date, the UN Convention on the Assignment of Receivables in International Trade (New York 2001) has not yet found the support it deserves. It does include important rules and regulations on the assignment of receivables; its ratification would greatly facilitate cross-border factoring transactions (as well as other cross-border secured transactions). Those rules if enacted would provide a firm legal basis for suppliers and factors, while giving high-level protection to the buyers.

Joining the support already extended by a number of international organizations, IFG endorses the ratification of the Convention and calls upon national governments and lawmakers to accept the convention as a firm basis for secured transactions. IFG encourages its members to make efforts in their countries for the ratification of the Convention, and will use its influence in international associations for an initiative to obtain acceptance of the convention as early as possible.

END

Note for the editors: About IFG – International Factors Group
IFG, the International Factors Group, is the global trade association that fully represents and promotes since 1963 the interests of the factoring, invoice finance and asset based lending industry on a global basis, with currently around 160 members in more than 60 countries. Based in Belgium, IFG is structured in a way that is both globally oriented and regionally aligned. More information can be found on www.ifgroup.com