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Chapter 6.

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Chapter 6

TRADE AND TRANSPORT EFFICIENCY

This chapter provides information on latest developments in the fields of transport, trade facilitation and multimodal transport and information on the status of the main maritime Conventions.

A. EFFICIENT TRANSPORT AND TRADE FACILITATION

1. UNCTAD intergovernmental meetings

An Expert Meeting on Efficient Transport and Trade Facilitation to Improve Participation by Developing Countries in International Trade was convened by UNCTAD and held in Geneva from 25 to 27 November 2002. Although trade facilitation is often regarded as only the simplification and streamlining of documents and procedures for border crossings, it also has a less visible component, namely creating a suitable environment for transport operations that benefit stakeholders and thus promote trade.

The meeting allowed the exhaustive coverage of trade facilitation issues. The general approach to trade facilitation highlighted the interest of this subject for developing and developed countries alike. The linkages of trade facilitation with the measures undertaken by the United States to improve security in the physical movement of goods in containers focused on the need to provide timely and accurate information so that meaningful risk analysis can be carried out. Major carriers explained their intensive use of "e-technology" for operations and marketing activities and for commercial transactions, and stated that its further implementation would require internationally agreed standards and rules.

Trade facilitation issues of interest to landlocked and transit countries were also discussed. Transit agreements that regulate transport and trade between these countries on the basis of equal access to transport markets, non-discriminatory treatment of transport operators and free competition are a starting point. The establishment of bilateral border points for joint customs, immigration and health controls and the creation of public–private sector partnerships (e.g. for operating the port of Djibouti, which is the main outlet for Ethiopian cargoes) are examples of specific measures that also contribute to the efficiency of transport operations.

A number of studies to measure the effectiveness of trade facilitation have been carried out. The quantification of benefits was an extremely difficult task even for the assessment of specific and well-defined trade facilitation measures. With regard to the WTO multilateral rules on trade facilitation, experts discussed the merits of having such rules either as binding or best-endeavour voluntary rules, and agreed that a combination of both might be required. There was also agreement that identification of needs and priorities for technical assistance in developing countries should include infrastructure, human and financial needs for implementing Articles V, VIII and X of GATS.[5] Experts agreed that an appropriate legal framework for trade facilitation would promote certainty, predictability and uniformity, and in particular should address the issue of multimodal transport activities and the use of electronic means for communication in international trade.

There were two diverging views on the implementation of trade facilitation measures. One held that trade facilitation is a issue to be taken up at a bilateral level. The other held that trade implementation is a truly international task. Therefore, standards and harmonized processes and regulations should apply worldwide, possibly enforced by a body such as WTO. Finally,

experts considered that international organizations should work in cooperation to provide the necessary multidisciplinary competencies and expertise required by trade facilitation.

The seventh session of the Commission on Enterprise, Business Facilitation and Development, held in Geneva from 24 to 27 February 2003, adopted a number of recommendations pertaining to trade facilitation. It requested UNCTAD to review and monitor developments relating to efficient transport and trade facilitation, including multimodal transport and logistics services. Accordingly, a website (www.un-tradefacilitation.net) was established to host and be a service exchange for trade facilitation work carried out by several United Nations bodies and international organizations.[6] The site also provides information to the public on the work carried out by individual organizations as well as the collective work produced by them.

The Commission also asked UNCTAD to study, with relevant intergovernmental organizations, the development of uniform international instruments affecting international transport; to provide technical assistance to developing countries in the field of information and communication technologies, in particular through the continuation of the ASYCUDA and ACIS programmes; and to analyse the impact of the new security measures on the international trade and transport of developing countries. Finally, UNCTAD should continue to analyse developments in trade facilitation and assist developing countries in defining their needs and priorities in accordance with paragraph 27 of the Doha Declaration and provide assistance in the area of transport services in the context of GATS.

B. MARITIME TRANSPORT IN WTO

Over the last 50 years successive multilateral trade negotiations for promoting international trade of goods under the aegis of GATT have made a substantial contribution to the phenomenal increase in international trade. At the last round of negotiations, the Uruguay Round, which was completed in December 1994, with the agreements resulting from it entering into force on 1 January 1995, it was agreed to set up the World Trade Organization (WTO) to supersede GATT and extend the coverage of these negotiations to the field of services. Accordingly, the General Agreement on Trade in Services (GATS) was established to include all services, with the exemption of those provided by Governments and those affecting air traffic rights. International transport services, including maritime and auxiliary transport services, are part of the agreement.

About 140 countries bound by GATS have agreed to general obligations and specific commitments in different services sectors. The former includes the principle of *most favoured nation (MFN) treatment*, whereby a country extends immediately and unconditionally to service suppliers of all member countries treatment no less favourable than that accorded to like suppliers of any other country. General obligations furthermore include the principles of *transparency* and *increased participation by developing countries*. Specific commitments refer to *market access* and *national treatment*. Under the former a country allows service suppliers from other countries to provide services in its territory and under the latter the treatment given to service suppliers does not discriminate in favour of the national ones. Commitments on *market access* and *national treatment* are listed in *schedules of commitments* as *positive listings* of sectors/subsectors covered and as *negative listings* of restrictions to market access and national treatment.

Four modes of delivery have been defined as ways in which a service can be provided and in which specific commitments are made. Mode 1 corresponds to *cross-border supply* (the consumer receives the service in his country provided by a non-resident service supplier), as is the case with a shipping line providing services to the international trade of a foreign country. Mode 2 corresponds to *consumption abroad* (the consumer moves to another country to receive the service) — for example, a shipper shipping cargo through a foreign port. Mode 3 corresponds to *commercial presence* (the foreign supplier establishes a presence to provide the service) — for example in the case of a terminal operator managing a container terminal in a foreign port or a shipping line establishing subsidiaries abroad. Mode 4 corresponds to the *temporary presence of natural persons* (the foreign supplier being an individual who moves into the country to provide services) — for example, foreign crews aboard ships.

In the course of negotiations, the Negotiating Group on Maritime Transport Services (NGMTS) agreed on a Model Schedule of commitments reflecting the three pillars of maritime transport services, i.e. blue water

services, auxiliary services and (access to and use of) generally available port services, as well as the positive and negative listings of sectors and restrictions. In table 44, based on the Model Schedule, the sectors are listed in the first column; the second and third columns set out the limitations on market access and national treatment, with the number referring to the modes of delivery. The fourth column is used for any other positive commitment, generally additional commitments regarding access to and use of port services.

Current developments

Negotiations on maritime transport and ancillary harbour services were not concluded at the time of the Uruguay Round and continued until mid-1996 when the NGMTS group agreed to a Decision on Maritime Transport Services, later endorsed by the Council for Trade in Services of WTO, whereby negotiations would resume with the next round of comprehensive negotiations.

As a combined outcome of the Uruguay Round negotiations, those conducted in the Negotiating Group on Maritime Transport Services (NGMTS) and accession negotiations there are today 47 WTO member countries (13 from Asia, 12 from the Americas, 12 from Europe, 7 from Africa and 3 from Oceania) that have included maritime transport commitments in their GATS schedules, with considerable variances as to the breadth and depth of commitments. The commitments refer to freight and passenger services (30), freight only (5), passenger only (3), while 27 commitments refer to ancillary services, including port services.

Negotiations on maritime transport have been resumed under the new round in line with the built-in agenda of Article 19 of GATS and following the timeframe established in the Doha Ministerial Declaration. These negotiations are of critical importance for developing countries as they increasingly concentrate on auxiliary and multimodal and logistics services, areas in which developing countries are attempting to build supply capacities in order to maintain transport capabilities and minimum commercial control over their physical trade flows.

With regard to substantive coverage of maritime transport, there are a number of issues that go beyond the three original pillars of *blue water services*, *auxiliary services* and *access to and use of* port services and that are of particular interest and concern to developing countries.

Substantive issues for future negotiation will have to reflect decisions taken in 1996 by the NGMTS on future negotiating mandates, as well as commercial and organizational developments in transport. From these it clearly emerges that future negotiations will have to take into account new approaches to door-to-door transport and logistics. Given the degree of liberalization in the blue water sector, the major problems that need to be tackled would rather relate to the inland portions of the transport chain, i.e. the multimodal transport question and the treatment of inland depots and terminals.

Market access in the field of multimodal transport continues to be a particularly difficult issue. Given the way liner shipping is developing into door-to-door and logistics services, operators clearly look for the reduction or elimination of access restrictions and thus the need to include multimodal operations in the liberalization process. Possible scheduling options range from (a) *additional commitments* and thus as an issue of *access to and use of* multimodal transport to (b) that of an auxiliary service in the context of commitments on the second pillar or even (c) a new fourth pillar. The difficulties encountered with this issue in the context of the GATS negotiations raise doubts, however, as to whether agreement on market access can be reached in the near future. Resistance to progressive liberalization of the supply of multimodal transport might prevail because of the widespread concern that it may open up the inland transport sector to GATS coverage. Consequently, countries that did make conditional commitments on multimodal transport in their draft schedules chose to schedule it as an additional commitment.

Some proposals do not stop at multimodal transport, but extend the proposed liberalization process to logistics and value added services. While there is currently no separate classification entry for logistics services in the WTO Services Sectoral Classification List, logistics-related elements have already been included under various subheadings, such as the Transport Services sector (freight transportation, cargo-handling services, storage and warehouse services and freight transport agency services etc) and the Business Services sector (inventory management, and order processing etc.).[7] Finally, new proposals underscore the necessity to link logistics/maritime considerations to those of express delivery, an industry playing an increasingly important role in logistics.[8]

Table 44

Structure of schedule of specific commitments

Sector/Subsector	Limitation on market access	Limitations on national treatment	Additional commitments
11. Transport services	(1) None	(1) None	
A. Maritime transport services	(2) None	(2) None	
b. Freight transportation	(3) Establishing a registered company for operating vessels under national flag. Unbound.	(3) Unbound	
	(4) None	(4) None	
H. Services auxilliary to all modes of transport	(1) Unbound*	(1) Unbound*	
a. Cargo-handling services	(2) None	(2) None	
74110. Container handling services	(3) None**	(3) None	
	(4) None	(4) None	

Note: Terminology has been developed and agreed in order to facilitate the presentation, reading and discussion of the schedule. All commitments mentioned in the schedule are implicitly *bound* and when the country wants to maintain measures inconsistent with market access and national treatment for a mode of delivery it uses the word *unbound*. When a particular mode of supply is not feasible, such as the provision of stevedoring services across borders by a non-resident supplier, the term *Unbound** is used. The word *None* means no limitation either on market access or national treatment for the indicated mode of delivery, while *None*** indicates that special provisions apply (i.e. tendering when allocation of the public domain is included).

C. MULTIMODAL TRANSPORT: THE FEASIBILITY OF AN INTERNATIONAL LEGAL INSTRUMENT

1. Background

In view of the continuous growth of multimodal transportation and against a background of an increasingly complex and fragmented legal framework at the international level,[9] the UNCTAD secretariat conducted a study on the feasibility of establishing a new international instrument on multimodal transport. In order to ascertain the views of all interested parties, both public and private, a questionnaire was prepared by the UNCTAD secretariat and circulated widely. It was sent to all Governments and intergovernmental and non-governmental organizations, including all relevant industry associations, as well as to some experts on the subject (TDN 932(2) SITE).

The secretariat received a total of 109 replies to the questionnaire, 60 from the Governments of both developed and developing countries and 49 from industry representatives and others. Replies received from industry representatives reflect the views of virtually all interested parties. They include the views of operators of transport services (maritime, road and rail), freight forwarders, providers of logistics services and terminal operators, liability insurers and cargo insurers, as well as shippers and users of transport services.

A report setting out in some detail the views and opinions expressed in the responses to the questionnaire has since been completed by the UNCTAD secretariat (*Multimodal Transport: The Feasibility of an International Legal Instrument*—UNCTAD/SDTE/TLB/2003/1) and is available on the UNCTAD website.[10]

The following is an extract, namely parts C. IV and C. V, from the Report ("Overview and discussion of responses" and "Issues arising for further consideration"). For a more detailed reflection of currently held views and opinions, the full UNCTAD report may be consulted. The summary version of the document was also submitted to the UNCITRAL Working on Transport Law at its eleventh session (A/CN.9/WG.111/WP.30), which was to consider the scope of application of the Draft Instrument and whether it should apply to port-to-port or to door-to-door transport (see the UNCITRAL report A/CN.9/WG.111/WP.21; for the UNCTAD commentary on the Draft Instrument, see document A/CN.9/WG.111/WP.21/Add.1 and UNCTAD/SDTE/TLB/4).

2. Overview and discussion of responses to the questionnaire

In this part, the main results of the questionnaire, detailed in part C.III of UNCTAD report Multimodal Transport: The Feasibility of an International Legal Instrument (UNCTAD/SDTE/TLB/2003/1), are summarized and discussed.

2.1 Assessment of status quo and desirability of international instrument

A large majority of respondents (83 per cent), both among Governments and non-governmental and industry representatives, consider the present legal framework unsatisfactory, with a clear majority (76 per cent) considering the present system not to be cost-effective. The vast majority of respondents across the board (92 per cent) consider an international instrument to govern liability arising from multimodal transport to be desirable and virtually all (98 per cent) indicated they would support any concerted efforts made in this direction. In practice, it is clear that the level of support would depend on the content and features of any possible new instrument. However, the general assessment of the status quo suggests that there is both a demand for a more detailed debate and willingness to further engage in an exchange of views.

2.2 Suitability of different approaches

As regards the most suitable approach which might be adopted, views are, to a certain extent, divided. However, around two thirds of respondents from both Governments and non-governmental quarters (65 per cent) appear to prefer a new international instrument to govern multimodal transport or a revision of the 1980 MT Convention. In further discussions considering this approach, the views expressed on why the 1980 MT Convention did not attract sufficient ratifications to enter into force should be of some interest. Several central issues have emerged from the responses, in particular that the 1980 MT Convention, at least at the time, may not have appeared attractive enough to shippers' interests while at the same time containing elements which carrier interests found not acceptable. A number of respondents expressed their support for a new legally binding instrument based on rules which are currently used in commercial contracts, namely the UNCTAD/ICC Rules.

A minority of respondents (13 per cent), representative mainly of parts of the maritime transport industry, appeared to favour the extension of an international sea-carriage regime to all contracts for multimodal transport involving a sea-leg and some respondents expressly stated their support for the proposed Draft Instrument on Transport Law, which adopts this approach.[11] Another minority of respondents (13 per cent), representative mainly of parts of the road transport industry, considered the extension of an international road-carriage regime to all contracts for multimodal transport involving a road-leg to be the most appropriate approach.

Overall, the responses indicate that — with the important exception of the maritime transport industry — there appears to be only limited support for the approach adopted in the Draft Instrument on Transport Law. Accordingly, there is significant scope for the exploration of other options in consultation with all interested parties in transport.

2.3 Important features and key elements of any possible international instrument

Delay

The vast majority of respondents (90 per cent) think any instrument governing multimodal transport should address the issue of delayed delivery, albeit some believe that liability for delay should only arise in certain circumstances and should be limited at a level equivalent to the freight or a multiple thereof.

"Uniform", "network" or "modified" liability system

As regards the type of liability system which may be most appropriate, views are, as may be expected,

divided, with just under half of all respondents (48 per cent) expressing support for a uniform liability system and, among the remainder of respondents, broadly equal numbers expressing support for a network liability system (28 per cent) or for a modified liability system (24 per cent).

Among those favouring a network or a modified liability system, a majority (59 per cent) believes only the limitation provisions should vary depending on the unimodal stage where loss, damage or delay occurs. This view appears to be particularly prevalent among respondents representing Governments. Others, particularly among non-governmental respondents, believe that matters like basis of liability or exceptions to liability and time for suit should vary.

Early agreement on the most appropriate type of liability system, including the extent to which liability rules should be uniform, would clearly be central to the prospect of success of any discussions on a new international instrument.

Limitation of liability

Closely linked to the question of the appropriate type of liability system is the issue of limitation of liability on which, again, views are at this stage divided. Overall, a majority of respondents provided comments supportive of or accepting the need for limitation of liability. However, the responses reflect a broad variety of views on the issue. A considerable number, both among governmental and industry respondents, question the whole idea of limitation of liability, whereas others, particularly those representing the maritime and freight-forwarding industry, emphasize the desirability of limitation of liability in line with unimodal conventions, in particular due to the continued relevance of unimodal conventions in the context of recourse actions by multimodal carriers against unimodal sub-contracting carriers.

In relation to the various possible monetary levels of limitation mentioned, it is noticeable that those concerned with or representing the interests of sea carriers tend to advocate lower limitation amounts than most other respondents. Limitation of liability is clearly a central issue, as views on limitation appear to both affect and be influenced by views on the nature and type of liability system. Although in negotiations for any international convention the issue of limitation of liability traditionally arises at a relatively late stage in the proceedings — once agreement on substantive rules has been achieved — it may be that some earlier principled discussions on possible levels of limitation would benefit constructive debate on other central issues.

Basis of liability

Both among Governments and among other respondents, broadly equal numbers expressed support for (a) a fault-based liability system (53 per cent) and (b) a strict liability system (47 per cent). However, a clear majority across the board (85 per cent) considered that certain exceptions to liability should apply in any event.

Mandatory or non-mandatory?

Overall, a majority of all respondents (58 per cent) considered that any international instrument should be in the form of a convention which applies on a mandatory basis and provides mandatory liability rules. However, a sizeable minority (35 per cent) considered that a non-mandatory convention, which could be contracted into or out of but provided mandatory liability rules overriding any conflicting contractual terms, would be appropriate. This suggests that it may be worthwhile to explore in more detail the advantages and disadvantages of possible non-mandatory options for an international instrument.

Contracting carrier's responsibility throughout the multimodal transaction

A clear majority of respondents from all quarters (76 per cent) considered that any international instrument governing multimodal transportation should adopt the same approach as existing statutory and contractual multimodal liability regimes by providing for continuing responsibility of the contracting carrier/MTO throughout the entire transport. In particular, the responses indicate that the use of standard clauses in a transport document (or electronic equivalent) to limit the scope of contract and thus the contracting carrier's responsibility and liability is generally not considered to be acceptable.

In this respect, the responses may be of particular relevance to any further consideration of provisions in the Draft Instrument on Transport Law under the auspices of UNCITRAL. As has been pointed out by UNCTAD in its commentary,[12] Articles 5.2.2 and 4.3 of the Draft Instrument, as proposed, would arguably allow a contracting carrier to disclaim liability arising out of (a) certain functions (e.g. stowage, loading, discharge)

and (b) certain parts (stages) of the contract performed by another party. In its current form, the Draft Instrument does not preclude the use of standard terms to this effect in the transport document (or electronic equivalent) and thus does not safeguard against abusive practice. As a result, a shipper might engage a carrier to transport its goods from door-to-door against the payment of freight and find that the carrier, under terms of contract issued in standard form by the carrier, was not responsible throughout all stages of the transport and/or for all aspects of the transportation. This situation would not conform to the legitimate expectations of transport users, who in many cases arrange with one party for the transportation of goods from door-to-door so as to ensure that one party will be responsible throughout all stages of the transaction. Responses to the UNCTAD questionnaire suggest strong opposition across the board to any change in approach along the lines currently proposed in the Draft Instrument.

3. Issues arising for further consideration

The main aim of the UNCTAD questionnaire was to take a step towards establishing the feasibility of a new international multimodal liability regime, in particular, the desirability in principle of international regulation, the acceptability of potential solutions and approaches and the willingness of all interested parties, both public and private, to pursue this matter further.

The large number of responses to the questionnaire and the detail, in many cases, of the comments provided by public and private parties across a broad spectrum suggest that there is a general willingness to engage in an exchange of views on future regulation of liability for multimodal transport. This is encouraging, given the continuous growth of multimodal transportation against a background of an increasingly fragmented and complex legal framework at the international level. Both users and providers of transport services as well as Governments and other interested parties clearly recognize that the existing legal framework is not satisfactory and that, in principle, an international instrument would be desirable. However, views on how the aim of achieving uniform international regulation may be accomplished are divided, partly as a result of conflicting interests, partly due to the perceived difficulty in agreeing a workable compromise, which would provide clear benefits as compared with the existing legal framework.

The apparently broad divide in opinion on closely linked key issues, such as type of liability system (uniform, network or modified), basis of liability (strict or fault-based) and, importantly, limitation of liability may be seen as an obstacle to the development of a successful international instrument. However, it may equally be seen as a reflection of the fact that — despite the expansion of multimodal transportation and a proliferation of national multimodal liability regimes — there has, in recent times, been little focused debate, involving all interested parties at the global level.

The need for increased dialogue on controversial matters as well as on potential ways forward is illustrated by the fact that some possible options, which have tentatively been suggested by a number of respondents, have yet to be explored in any international forum. For instance, several respondents indicated support for the development of a binding international liability regime based on commercially accepted contractual solutions, i.e. the UNCTAD/ICC Rules. The UNCTAD/ICC Rules share significant characteristics with the 1980 MT Convention in that both operate a modified liability system, which (entirely or to an extent) retains the network approach in relation to limitation of liability. However, while the 1980 MT Convention has not generated much support within the transport industry, the UNCTAD/ICC Rules have clearly been quite successful and have been adopted by FIATA in their FBL 92 and by BIMCO in Multidoc 95. As proposals for a legally binding international instrument building on the UNCTAD/ICC Rules as a basis for negotiations have not yet been considered in any international forum, their further exploration may be worthwhile.

An altogether different approach to liability regulation for international multimodal transport lies in proposals for the development of a non-mandatory regime, which provides uniform and high levels of liability. Proponents of this approach argue that such a non-mandatory regime would, as a matter of commercial decision-making, appear an attractive proposition to both shippers who are interested in a simple and cost-effective regime and to carriers who wish to offer such a regime as part of their service. A non-mandatory solution of this kind has not yet been considered in any international forum[13] and may also be worth investigating.

Although it would be presumptuous to try to foreshadow the substance and development of any further detailed discussions involving all interested parties, it appears

that there is significant interest in further constructive debate. In order to facilitate and support this process, it would seem that the convening of an informal international forum under the auspices of UNCTAD, together with other interested UN organizations, such as UNCITRAL and UNECE, would be both appropriate and timely. The forum would enable frank discussion of controversial key issues highlighted in this report and serve as a platform by which priorities and potentially attractive ways forward may be explored more fully by all interested public and private parties. While, clearly, there is at present much controversy regarding the best approach that might be pursued in relation to several key issues, certain areas of consensus have also emerged. These, it is hoped, will serve as a basis for constructive and fruitful discussion of possible regulation of multimodal transportation.

D. PRODUCTION AND LEASING OF CONTAINERS

Production of new freight containers was projected to reach 1.6 million TEU in 2002 (see figure 9), a substantial recovery from the 2001 slump. The largest share of this production corresponded to lessors' demand, which accounted for about 50 per cent of the total, a substantial increase from the 35 per cent share of the previous year. Demand from carriers for new slots in the containership fleet, which expanded by about 10 per cent in 2002, was about 0.1 million TEU. Lessors and carriers also contributed to the demand as they replaced obsolete boxes, and this was expected to account for almost 0.7 million TEU or 46 per cent of production.

China's dominance in container production increased during 2002 to reach 87 per cent of world box production (see table 45). Production from other regions shrank slightly as additional factories were built in China that allowed large-scale production using intermediate materials such as high-strength weather-resistant steel. Producers from other regions faced relatively higher costs of similar materials and thus lost market share.

Most container production was the standard dry freight container, which represented about 1.3 million TEU in 2002. As figure 10 indicates, the balance is made up of integral reefer containers, dry freight specials, tank containers and non-ISO containers adapted to the special needs of the European (i.e. wide bodies) and North American markets. Production of the latter two types has been falling over the last years.

Table 45

Percentage shares for container production

Region/country	2001	2002
China	82	87
Other Asia	8	6
Europe	8	6
Others	2	1

Source: *Containerisation International*, January 2003.

Average prices for new built containers in China bottomed in the first quarter of 2002, after declining during 2001 (see table 46). The drop between the first quarter of 2001 and that of 2002 was around 22 per cent – relatively uniform across regions. During 2002, prices increased and by the third quarter they were up 17 per cent from the levels that had prevailed at the beginning of the year.

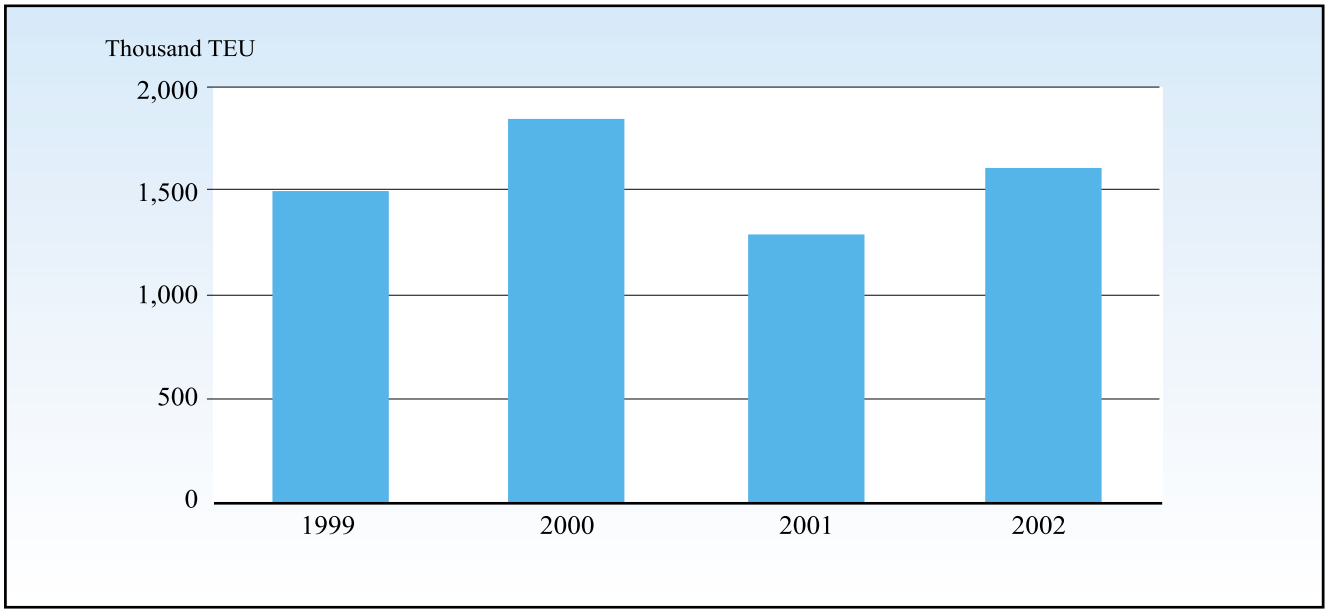
There were several reasons for the price increases. Manufacturers operating at reduced capacity since 2001 were reluctant to raise production to full capacity in view of the evolution of the shipping market. The delay in increasing production resulted in declines in inventory, which partially explains the increase. The cost of container manufacturing also increased as prices of intermediate and raw materials, which were at their lowest level as a result of the dip in box production in 2001, increased owing to their limited availability (i.e. Corten steel and plywood).

Container lease rates also bottomed in the first quarter of 2002 (see figure 11) in conjunction with the low level of container leases – only 303,302 TEU, as compared with 680,932 TEU the previous year. In the following months of 2002, lease rates improved owing to carrier demand, with carriers preferring to lease rather than purchase new boxes as freight rates improved only marginally during most of the year. In fact, re-hiring aged and idle boxes accumulated in low demand areas was preferred by many carriers. As demand and prices for new boxes increased, lease rates and the number of leases improved slightly.

By the start of 2002, the fleet of leased dry freight containers stood at little more than 7 million TEU. For other types of leased boxes – such as tanks, reefers, open tops and open-side boxes – the variation of fleet sizes reflected different market demands (figure 12). For the

Figure 9

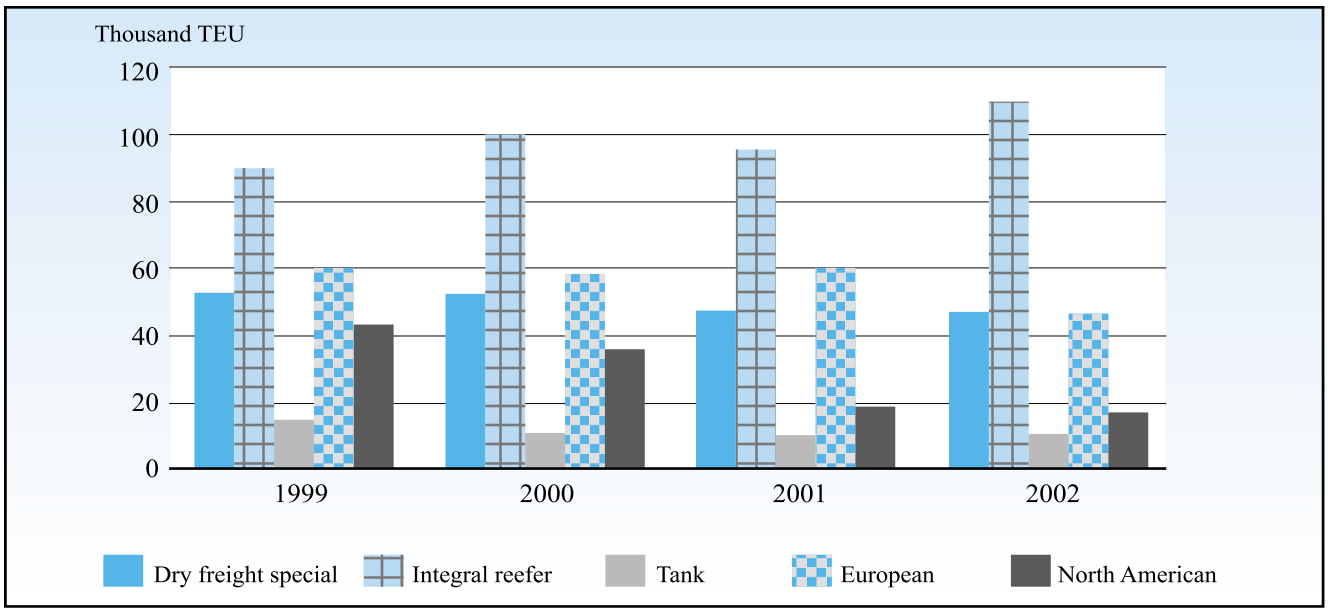
Total annual box production



Source: *Containerisation International*, January 2003, and *Containerisation International Yearbook 2002*.

Figure 10

Annual production of boxes other than for standard dry freight



Source: *Containerisation International*, January 2003, and *Containerisation International Yearbook 2002*.

Table 46

Container prices in China

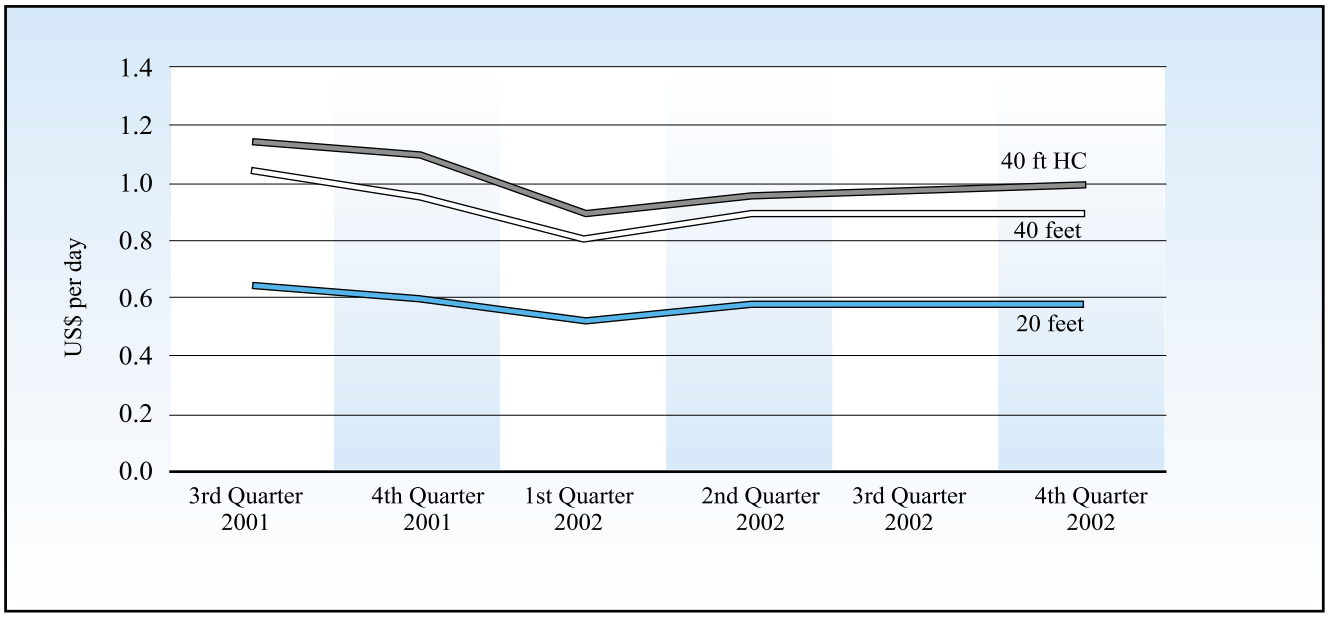
(in $)

Period	China – Central			China – South			China – North		
	20ft	40ft	40ft HC	20ft	40ft	40ft HC	20ft	40ft	40ft HC
1Q-2001	1 480	2 370	2 485	1 520	2 430	2 555	1 540	2 465	2 585
4Q-2001	1 350	2 160	2 270	1 380	2 210	2 320	1 400	2 240	2 350
1Q-2002	1 150	1 840	1 930	1 180	1 890	1 980	1 180	1 890	1 980
3Q-2002	1 350	2 160	2 270	1 380	2 210	2 320	1 400	2 240	2 350

Source: *Containerisation International*, August 2002, and *Containerisation International Yearbook 2002*.

Figure 11

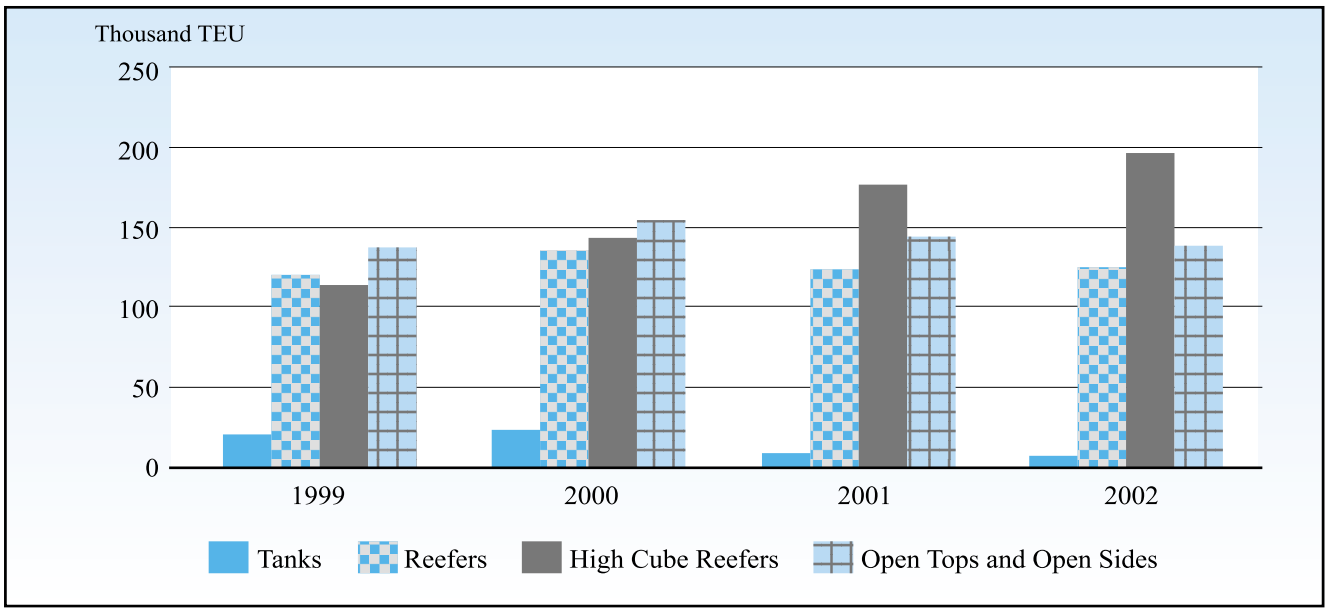
Term lease rates



Source: Institute of International Container Lessor, 14th Annual Leased Container Fleet Surveys.

Figure 12

Fleets of leased tanks, reefers and HC reefers, and open tops and open sides



Source: Institute of International Container Lessors, 11th - 14th Annual Leased Container Fleet Surveys.

past three years, lessors chose to expand their supply of high-cube reefers, while reducing their fleets of regular reefers, tanks, and open-top and open-side boxes. This trend was consistent with the annual production of the respective special boxes. Lessors acquire about a quarter of the total of the special boxes produced every year.

E. RAILWAY DEVELOPMENT

In 2002, a number of countries continued to improve their rail systems as part of their strategies in improving their shares in the world trade. In July 2002, Australia started the construction of the final segment of the AustralAsia Railway, which will eventually connect the Darwin deepwater port and Adelaide, and thus improve access to Asian markets. This project is funded by several states and the Federal Government (about $285 million), and by private investors syndicated in the Asia Pacific Transport Consortium (APTC), which contributes $421 million. The latter holds the contract to build, own and operate the project, which includes the building of 1,420 km of standard gauge line between Darwin and Alice Springs, the lease and maintenance of the existing 830 km line between Tarcoola (near Adelaide) and Alice Springs, and the operation of the completed transcontinental railway line from Tarcoola to Darwin for 50 years.

During 2002, a number of plans to modernize existing networks were under consideration. In Viet Nam, a 20-year programme to upgrade the metre-gauge national rail network, which is part of the Trans-Asia network, was approved by the Government. The investment is considerable, about $11 billion, and includes the upgrading of the 1,726 km north–south link between Hanoi and Ho Chi Minh City to reduce voyage time to 10 hours. Indian railways have budgeted $5.5 billion over five years for modernization; this includes gauge conversion, track doubling and security measures. These are complemented by client-oriented initiatives such as volume discounts, flexible rates for station-to-station traffic, facilitation of private participation in warehousing at existing terminals, and the use of containers for non-bulk transportation. In Canada, a Federal Government proposal was under consideration to invest up to $2 billion to upgrade the country's rail network to allow more and heavier trains to operate safely at higher speeds and to enhance rail links at the US border.

In other countries railway operations and investments were competing with or complementing other transport modes. In China the plan for a 147 km ferry route to link Dalian with Yantai City in northern Shandong was an alternative to the 1,000 km rail route that currently link these two locations. The construction of a train-ferry route between Zhangjiang Hai'an and Hainan Island started. The ferry has been designed to carry 40 freight wagons, 40 cars and 1,200 passengers. In New Zealand, there were complaints about the efficiency of the railway network for exports. Government efforts to redress this situation were made difficult as the transport needs of this small country with a limited population and predominantly rural economy could already be met by its trucking industry. In Austria, the 317 km Westbahn rail line between Vienna and Salzburg was being upgraded and modernized to cut journey times and augment capacity, and thus foster the role of the country for Eastern European destinations. In Duisburg plans were underway to connect this major intermodal hub on the Rhine with rail links to Southern European ports.

F. STATUS OF CONVENTIONS

There are a number of international conventions affecting the commercial and technical activities of maritime transport. Box 4 gives the status of international maritime conventions adopted under the auspices of UNCTAD as of June 2003. Comprehensive and updated information about these and other relevant conventions is available on the United Nations website at *www.un.org/law.* This site also provides links to, *inter alia*, the following organizations' websites, which contain information on the conventions adopted under the auspices of each organization — the International Maritime Organization (IMO) (*www.imo.org/home.html*), the International Labour Organization (*www.ilo.org*) and the United Nations Commission on International Trade Law (*www.uncitral.org*).

Box 4

Contracting States of selected conventions on maritime transport as of 31 August 2003

Title of Convention	Date of entry into force or conditions for entry into force	Contracting States
United Nations Convention on a Code of Conduct for Liner Conferences, 1974	Entered into force 6 October 1983	Algeria, Bangladesh, Barbados, Belgium, Benin, Bulgaria, Burkina Faso, Cameroon, Cape Verde, Central African Republic, Chile, China, Congo, Costa Rica, Côte d'Ivoire, Cuba, Czech Republic, Democratic Republic of the Congo, Denmark, Egypt, Ethiopia, Finland, France, Gabon, Gambia, Germany, Ghana, Guatemala, Guinea, Guyana, Honduras, India, Indonesia, Iraq, Italy, Jamaica, Jordan, Kenya, Kuwait, Lebanon, Madagascar, Malaysia, Mali, Mauritania, Mauritius, Mexico, Morocco, Mozambique, the Netherlands, Niger, Nigeria, Norway, Pakistan, Peru, the Philippines, Portugal, Qatar, Republic of Korea, Romania, Russian Federation, Saudi Arabia, Senegal, ierra Leone, Slovakia, Somalia, Spain, Sri Lanka, Sudan, Sweden, Togo, Trinidad and Tobago, Tunisia, United Kingdom, United Republic of Tanzania, Uruguay, Venezuela, Yugoslavia, Zambia **(78)**
United Nations Convention on the Carriage of Goods by Sea, 1978 (Hamburg Rules)	Entered into force 1 November 1992	Austria, Barbados, Botswana, Burkina Faso, Burundi, Cameroon, Chile, Czech Republic, Egypt, Gambia, Georgia, Guinea, Hungary, Jordan, Kenya, Lebanon, Lesotho, Malawi, Morocco, Nigeria, Romania, Senegal, Sierra Leone, Syrian Arab Republic, Saint Vincent and the Grenadines, Tunisia, Uganda, United Republic of Tanzania, Zambia (**29**)
United Nations Convention on International Multimodal Transport of Goods, 1980	Not yet in force – requires 30 contracting parties	Burundi, Chile, Georgia, Lebanon, Malawi, Mexico, Morocco, Rwanda, Senegal, Zambia **(10)**
United Nations Convention on Conditions for Registration of Ships, 1986	Not yet in force – requires 40 contracting parties with at least 25 per cent of the world's tonnage as per Annex III to the Convention	Bulgaria, Côte d'Ivoire, Egypt, Georgia, Ghana, Haiti, Hungary, Iraq, Libyan Arab Jamahiriya, Mexico, Oman **(11)**
International Convention on Maritime Liens and Mortgages, 1993	Not yet in force – requires 10 contracting parties	Estonia, Monaco, Russian Federation, Spain, Saint Vincent and the Grenadines, Tunisia, Ukraine, Vanuatu **(8)**
International Convention on Arrest of Ships, 1999	Not yet in force – requires 10 contracting parties	Bulgaria, Estonia, Latvia, Spain, Syrian Arab Republic **(5)**

Source: For the current official status of these conventions see *www.un.org/law.*