

UNCTAD Transport Newsletter

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NOTE

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UNCTAD/WEB/SDTE/TLB/2004/1

Editorial

Dear readers:

From this issue of the UNCTAD Transport Newsletter onwards, we would like to communicate with you more frequently. It is planned to publish this newsletter on a quarterly basis, and we hope to encourage as much feedback as possible from you. It is for this reason that most items are signed and complemented with contact information and web links. There will no longer be a printed version, but the Transport Newsletter will instead be distributed on the web and by e-mail only, which is faster, less costly and – we hope – allows us to reach a broader audience and receive more feedback from you, our readers.

We are writing this newsletter particularly for our colleagues in the transport ministries of our member countries, their port and maritime authorities, the private sector and for international and non-governmental organizations that deal with international transport and development. We hope that the information is also of use for member countries' delegates and participants at our UNCTAD meetings in Geneva.

The selected topics should be relevant for policy makers as they deal with relationships between trade, transport and sustainable development. In this issue, we have included articles about technologies (ICT in logistics), legal aspects (transport documents), capacity building (port training), maritime economics (maritime policies; trade competitiveness), and infrastructure development (the Panama Canal). Also, we briefly review recent publications and inform about our upcoming UNCTAD XI conference.

For feedback, comments, and also for suggestions for our next Transport Newsletter, please contact Jan Hoffmann at jan.hoffmann@unctad.org.

With best wishes from the Palais des Nations in Geneva,

Your Transport Section Team

Subscriptions

To subscribe or un-subscribe to the UNCTAD Transport Newsletter, please use the following on-line form: <http://extranet.unctad.org/transportnews>

UNCTAD XI

UNCTAD will hold its eleventh four-yearly conference from 13-18 June 2004, in Sao Paulo, Brazil. The conference theme is “Enhancing coherence between national development strategies and global economic processes towards economic growth and development, particularly of developing countries”. There will be four sub-themes: Development strategies in a globalized world economy; Building productive capacities and international competitiveness; Assuring development gains from the international trading system and trade negotiations; and Partnership for development.

Matters related to transport, trade logistics and E-commerce will mostly be covered on Thursday, 17 June. There will be a two-hour session on the topic “Trade and Transport Facilitation: Building a secure and efficient environment for trade” with panellists from the private and public sector and international organizations. We are pleased to announce that selected sessions from UNCTAD XI, including this one, will be transmitted live on the Internet via the United Nations web cast service. We will keep you informed about these sessions in our next Transport Newsletter.

Information about UNCTAD XI will be continuously updated under <http://www.unctad.org>. The United Nations Web cast, subtitled “streaming to the world” is available via <http://www.un.org/webcast>

ICTs in logistics

Information and communication technologies (ICTs) have become an inseparable component of international logistics services, which are themselves crucial for a country’s competitiveness. With this in mind, UNCTAD, in November 2003, organized a regional conference on “ICT Strategies for Competitiveness and Development: Promoting e-business, trade facilitation and logistics in Latin America and the Caribbean” in Rio de Janeiro, Brazil.

We reproduce excerpts from the Chairman’s Summary and Conclusions:

“Transport and logistics services are increasingly important elements of determining the competitiveness of foreign trade of countries of Latin America and the Caribbean. Improved market access through negotiated tariff cuts will benefit traders only if adequate transport and logistics services are available, and international transport costs on their own tend to be far higher for Latin American exports than the importing countries’ customs duties. National and international policies should therefore be geared to improve access by the trading community of the region to such services.

Transport and logistics infrastructure and services are essential prerequisites to advance regional integration. At the same time, regional integration is an important factor in improving overall international connectivity. Governments of the countries of Latin America and the Caribbean actively pursue integration efforts through transport infrastructure investments and facilitation policies. The development of the IIRSA programme is witness of these endeavours. A new initiative, NAP LA, seeks to develop an international Internet exchange based in Latin America that would speed up access, retain content within the region and provide business opportunities. A number of issues remain to be resolved, including those of competition and economies of scale.

It is necessary to pursue policies aimed at improving infrastructure and networks and, at the same time, seek soft solutions to improve infrastructure utilization and service qualities. The

latter approach involves managerial improvements and systematic application of facilitation tools using ICT, including through the creation of international service zones. The application of such soft solutions and the creation of a knowledge infrastructure are key elements in the region's efforts to increase the efficiency of transport and logistics services and, hence, the competitiveness of its foreign trade. Being part of transport and information networks within globalized production processes requires the use of common standards and technologies.

The door-to-door movement of goods with multiple operators and administrations results in information flows that are much more complex than the physical flow of goods. The development of port logistics community systems under multiple ownership are a proven means of coordinating the flow of cargo and thus making significant improvements in the productivity of transport services. Similarly, computerized operational packages for terminals and transport operators, such as the ACIS programme of UNCTAD, have been beneficial to improve productivity but require extensive training of staff. The ability to exchange information within the community and along the supply chain is made possible through the use of community and international standards and facilitated by the Internet. The development of these community systems takes time in order to define specific needs and to build trust amongst the various stakeholders.

ICT will play a major role in achieving a higher degree of security and in ensuring compliance with national and international requirements and regulations. Shippers and transport providers in the region will need assistance to comply with recent security requirements, be they mandatory or voluntary in nature. This particularly applies to those shippers who may have to reroute cargo through major ports thus increasing the delivery cost of goods. The implementation of security measures needs to avoid disrupting trade.

On the question of cargo theft, there is clearly a need for Government authorities to take action to improve the security of cargo along supply chains to reduce this multi-billion dollar cost to trade. There is, however, also a need for financial and technical assistance to ensure that traders and transport service providers be put in a situation not only to adhere to security provisions but also to draw long-term benefits inherent in the system.

Reducing the lead-time in international trade is crucial to be competitive. The largest component of this lead-time tends to be related to the importing procedures, including Customs. Improvement of risk management practices in customs using ICT tools – such as the ASYCUDA programme of UNCTAD – is one of the central elements not only of improving supply chain security but also of facilitating customs passage and improving customs revenue collection. Strategies need to be developed to enable customs to undertake risk analysis aimed at the same time at detecting security threats and customs irregularities.

One suggestion to possibly encourage trade facilitation in relation to Customs might be to transfer Customs Administration from the ministries in charge of finance to the ministries in charge of trade. A regional initiative for paperless Customs would also be beneficial. Another suggestion concerned the creation of public private facilitation partnerships on the national level. The necessary legal framework for ICT in trade facilitation mainly concerns the acceptance of electronic documents and of electronic signatures. The latter in particular has been found to be difficult to achieve given existing legal systems in Latin American countries.”

The complete chairman's summary is available under

http://r0.unctad.org/ecommerce/event_docs/rio_conference.htm.

Under the same address, you can also download the PowerPoint files of the presentations made during the conference, including topics such as “New safety and security requirements in international transport and ICT solutions”, “Transport information portals” and “ICT in Trade Facilitation”.

Port training in modular form?

In spite of port work being internationally recognized as a vocation since 1951, no international instrument is in force spelling out minimum training standards for port personnel. At the 16th International Port Training Conference (IPTC, Rotterdam, May 2001), conclusions were reached on problems concerned with the normalization of training curricula for the world port industry. As a result of these conclusions it was decided that 17th IPTC should examine the advantages of modular education when considering standardization of port training.

At this 17th IPTC (Hamburg, June 2003), the views were heard of representatives of government, workers' organizations, global terminal operators and training providers on prospects for introducing minimum port training standards by means of recognized international modular training programmes. Important papers were also delivered on new teaching technologies and their further impact on port training. Four working groups reached conclusions of the following subjects:

(i) The skill requirements needed by port personnel to ensure a practical application of the ISPS Code: It was concluded that the ISPS Code is a new instrument requiring clarification on a number of issues at international, regional and/or national level. The design of an international modular programme for training personnel in port security in line with the provisions laid down in the Code is considered feasible. Certification procedures recognized internationally should be established by IMO to ensure proper delivery of such an international programme. Training efforts should pursue the improvement of all aspects of port operations and not only the improvement of port security.

(ii) The role of global terminal operators and training providers in establishing minimum standards for port training: In practice, global terminal operators establish training standards for the terminals they manage. Personnel employed at levels ranging between supervisory and workplace functions are trained locally. Programmes delivered regionally and/or internationally train personnel above the supervisory level. Special courses are delivered for management and top management levels. Training providers will have to increasingly improve the quality of service they offer for designing and delivering training programmes in accordance with standards set by a global terminal operator. For reasons of competition, global terminal operators determine the training standards for the terminals they manage. For this reason global terminal operators would not favour international agreements on minimum port training standards. They may favourably consider standards in the field of safety and health subject to these standards being laid down in international conventions or regional agreements.

(iii) The benefit of modular programmes for training personnel to comparable competency levels required by the transport and logistic industries: Recognizing the existence of common competency requirements in the different links that compose the transport chain, modular training systems are important tools to train personnel requiring similar abilities but employed in different links composing the transport chain. Modular training systems allow training providers to offer flexible programmes based on what is needed to be known, what is nice to be known and what is good to be known by a trainee. Modular training systems are best suited to comply with established training standards. However, implementation of standards based on competency requirements and supported by recognized procedures for certification could be accomplished only if such standards are acknowledged in international, regional or national agreements.

(iv) The procedures to be followed for achieving international comparable training: The STCW Convention includes detailed provisions of competency requirements for all maritime functions covered by this instrument. With this example in mind, training providers for the

transport and logistic industries would benefit from the availability of a recognised data bank, listing the competency requirements for these industries. The compilation of such a competency data bank could only be accomplished by efforts of either an international organization of the United Nations or by regional authorities such as the European Union. The realization of this data bank could be a step forward for establishing minimum training standards for the transport and logistic industries.

The conclusions reached and all papers presented, including those delivered on new teaching technologies and their further impact on port training, are recorded in the Summary of Proceedings of the Conference.

The 18th International Port Training Conference will be held from 8-11 May 2005 in Setubal, Portugal.

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Further information and the complete IPTC proceedings can be obtained upon request from the author. See also the Hamburg IPTC web site <http://www.iptc-online.net>.

Towards an updated and consolidated single ILO Convention on maritime labour

According to UNCTAD's *Review of Maritime Transport, 2003*, 47.2 per cent of the world fleet (dwt) currently fly a flag belonging to a major open-registry country. The creation of FOCs has sometimes led to a substantial decrease in the quality of onboard working and living conditions for seafarers. To address the ongoing erosion of seafarers' rights, seafarer and shipowner representatives within the ILO Joint Maritime Commission adopted the Geneva Accord in 2001. Under this agreement, the Social Partners established that there was a need to consolidate and update the existing maritime labour instruments. This was the starting point for the International Labour Organization (ILO) to pursue the ambitious goal to create a comprehensive Maritime Labour Code. This new ILO Convention is designed to consolidate all 69 Conventions and Recommendations on Maritime Labour Law into one single instrument.

Given the importance and inherent complexity of this project and the ILO's strong commitment to create a widely ratifiable instrument, the organization has given Social Partners and interested Member States the opportunity to shape this instrument already from its early beginnings. To this effect, the ILO's Governing Body decided to form a High-level Working Group on Maritime Labour Standards, which met several times during the last two years and held its final session from 12 to 14 January 2004.

Held in the French city of Nantes, a town with a notable maritime past and present, this fourth meeting allowed the Working Group to develop a final draft of the Convention, which has been referred to as the "seafarers' bill of rights".

While earlier meetings had been focused on fundamental questions, such as the creation of a mechanism to easily update the instrument, this meeting provided for the opportunity to further shape its main body of substantial provisions. Four working parties concentrated on four main aspects of the Consolidated Convention's regulatory issues and allowed for the fine-tuning of existing text.

The hard work and invaluable guidance provided by the delegates will be reflected in the draft to be presented to the Technical Preparatory Conference in September 2004 and should allow

for the adoption of the new Consolidated Convention in 2005 by a Maritime Session of the International Labour Conference.

Considering the high level of participation at such an early stage, the prospects for the Consolidation are high. It can safely be assumed that every single one of the 210 delegates, who have been working so feverishly on the new Convention, will advocate and further promote decent work in the maritime industry.

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Global Facilitation Partnership and United Nations Trade Facilitation Network

The joint Global Facilitation Partnership (GFP) and United Nations Trade Facilitation Network (UNTF) Web Site is a collaborative tool for practitioners and policy makers involved in trade and transport facilitation. It provides brief explanatory notes and comprehensive coverage of topics and projects, and aims at stimulating exchanges on trade and transport facilitation policies and operational experience. The site is maintained by the partners active under the Global Facilitation Partnership for Transportation and Trade and the UN Trade Facilitation network.

The site is organized by topic and by sub-items. Topics include, for example, Border Agency Modernization, Customs Procedures, Logistics Costs and Export Earning, Trade Logistics and Developing Countries, Maritime Transport and Port Operations, as well as around 80 further topics. Under each topic, information is shared concerning News, Events, Recommendations, Work Groups, Discussion Groups, Activities, Training, Reference Readings, Links and Newsletters.

Visit the Site at <http://www.gfptt.org>. For questions related to the Partnership and contributions to the website, please contact Gerald Ollivier admin@gfptt.org. For questions related to data entry or technical features of the website, please contact Kremena Gotcheva support@gfptt.org. For comments and suggestions concerning the multimodal transport operation topic, contact José María Rubiato jose.rubiato@unctad.org. For comments and suggestions concerning the maritime transport and port operation topic, contact Jan Hoffmann jan.hoffmann@unctad.org.

The Panama Canal expansion

The dream of building an interoceanic Canal across the Isthmus of Panama, uniting the Atlantic and Pacific oceans, dates back to the early 16th century, when Charles V of Spain ordered the Panama regional governor to survey a route to the Pacific following the Chagres River. This was the first survey for a proposed ship canal through Panama, and it more or less followed the course of the current Panama Canal. At the time the survey was completed, it was the governor's opinion that it would be impossible for anyone to accomplish such a feat.

More than three hundred years later, in 1880, the French, headed by Ferdinand De Lesseps, the builder of the Suez Canal, embarked on a mission to construct a sea-level Canal across Panama, only to be defeated by yellow fever, financial burdens and the engineering problems faced. In

1904, the French sold the Canal rights to the United States for \$40 million. Ten years later, on 15 August 1914, the Panama Canal was inaugurated.

From 1914 until its transfer at noon, 31 December 1999, the Panama Canal was managed as a not-for-profit utility of the United States Government, its major user. Upon the Panama Canal's transfer to the Republic of Panama, the managerial focus changed dramatically to a profit-oriented corporation with a long-term horizon to plan and project wealth creation for its owners, the people of Panama, while providing world-class quality service to its customers.

Since 1914, the Panama Canal has played a vital role in international trade. The 51-mile waterway serves as the nexus of numerous major trade routes, allowing them to connect and to intersect, thus strengthening commercial ties between the U.S., Asia, Latin America and Europe. Each year, more than 13,000 vessels transit the Canal carrying a significant portion of the world's goods and commodities – from grains to coal, crude oil to iron ore, fruits to automobiles.

Approximately 4 per cent of the world's maritime trade flows through the waterway. The United States remains its principal user as 12 per cent of U.S. international trade transits the waterway. More significantly, about two thirds of the cargo moved through the Canal has as an origin or destination a U.S. port.

In the last few years, the preference for the "All-Water Route", the trade link between Asia and the East Coast of the United States by way of the Panama Canal, has been surging and today, container trade is the number one commodity, representing 25 per cent of total cargo shipments in fiscal year 2003. The increasing share of Chinese exports and the physical limitations of the intermodal system (the Canal's main competitor) have provided a major impulse to the "All-Water Route" with shipping companies maximizing the number of slots deployed in the route.

As current growth outpaces capacity improvements, the Panama Canal Authority (ACP) is under severe pressure to keep up with business. The Canal administration is looking into the future to ensure that the waterway remains a relevant player in the international transportation system. As a result, the Canal is engaged in a permanent modernization programme to improve the existing facilities. A project to raise draft by one foot is currently under way, and the illumination of the locks to extend daylight operations is under consideration, at the experimental stage. More than 1 billion dollars have already been invested in widening the Gaillard Cut, the narrowest section of the Canal, to permit two-way traffic, and in acquiring new towing locomotives, tugboats, and modern traffic management systems to provide faster and safer transit services to customers.

The improvements have resulted in significant reductions in transit time and in outstanding safety records. However, today's improvements will not satisfy demand at current growth rates. For this reason, more than 150 studies are under way to create a "roadmap" that will enable the ACP to continue to be responsive to evolving changes in the market. Important studies include: market demand, social and environmental impact assessments.

These studies contemplate a lock design of 427 metres in length, 61 metres in width and allowing for 15.2 metres of draft. Innovative systems and ideas for operating the Canal are under consideration. These include water-recycling methods, which are to be weighed against other alternatives, such as new lakes and dams that have a social impact as they could affect existing towns and settlements. Land reclamation projects are also being considered. Given that the volume of excavation required in the Pacific exceeds 50 million cubic metres, its disposal could open the opportunity for the construction of a major port facility that could become the maritime hub of the Pacific.

Technical reports are due over the next several months and they will lead to a Master Plan for the Canal to the year 2025. The Master Plan will provide sufficient insights and recommend, among other things, the construction of a third set of locks, if proven feasible. The final decision will be subject to a referendum, which will require from 12 to 18 months to execute. Only upon a favourable response of the Panamanian people will the Canal be ready to start its expansion.

This article has been prepared by the Department of Corporate Planning and Marketing of the ACP. For further information contact Marianela Dengo at mdengo@pancanal.com and visit <http://www.pancanal.com>.

The use of transport documents in international trade

What is the current commercial practice, including the factors, which affect/motivate commercial parties' choice of transport document? Is there scope for an increased use of non-negotiable rather than negotiable transport documents and their replacement with electronic alternatives?

To answer these questions, the UNCTAD secretariat conducted a survey that sought to establish the current rate and pattern of use of different types of transport documents as well as commonly held views and opinions among industry representatives. The survey also sought to establish the status quo as regards the use of any electronic alternatives to traditional transport documents as well as views on obstacles and benefits associated with such electronic alternatives.

By way of background, it may be useful to recall the advantages and, increasingly, the disadvantages, associated with the use of negotiable bills of lading.

As is well known, the negotiable bill of lading has traditionally played a key role in international trade, as it fulfils a number of functions facilitating trading in an international environment. It operates as a receipt providing evidence that goods conforming to the contract have been shipped as agreed and are in the physical possession of the carrier for delivery to the consignee at destination. The bill of lading also contains or evidences the terms of contract with the carrier. Most importantly, however, the negotiable bill of lading operates as a transferable document of title, and it is this aspect which sets the document apart from non-negotiable seaway bills. Thus, while goods are in the physical possession of a carrier during transit, a seller is able to pass possession and property in the goods to a subsequent buyer simply by passing on the negotiable document of title.¹ By the same token, the document can be pledged to a bank and thus may be used as a security to raise finance.

The use of a negotiable bill of lading provides clear advantages, if sale of goods in transit is envisaged and/or if documentary security is required by banks or buyers involved in an international sale or its financing. As, however, the document needs to be physically transferred to the final consignee, possibly along a chain of buyers and banks, a number of problems may be associated with the use of negotiable bills of lading. These include high administrative costs related to the issue, processing and transfer of paper documentation and additional costs due to delayed arrival of the document at the port of discharge, in particular where travel times are

¹ In some jurisdictions, the negotiable bill of lading is truly negotiable in the sense of providing any transferee with good title, i.e. property in the goods, free from any existing defect in ownership. In other jurisdictions, such as the United Kingdom, the same effect is achieved through statutory provisions, but the document itself is not considered to have the same inherent proprietary value.

fast, e.g. in short-sea shipping. While in practice, a carrier may frequently agree to release the goods against a letter of indemnity, this may seriously compromise the position of an unpaid seller or bank and may expose the carrier to a claim for misdelivery.² The successful development of an electronic alternative to the negotiable bill of lading would potentially avoid these problems to a large extent. At the same time, any efforts in this direction are made more difficult by the need for (a) secure "electronic replication" of the unique document of title function and (b) full legal equivalency of any electronic alternatives.

Against this background, there is general agreement that negotiable transport documents should only be used in cases where a negotiable document of title is required. In fact, commercial parties have been encouraged to use non-negotiable alternatives in all cases where sale of goods in transit is not envisaged.³

In order to assess the extent to which negotiable bills of lading remain necessary for modern-day international trade and the extent to which they could be substituted by non-negotiable documents and electronic alternatives, the UNCTAD secretariat prepared a questionnaire, which was circulated widely to the industry. The questionnaire focused on (a) the current rate and pattern of use of different types of transport document and factors relevant to the choice of document; (b) the degree to which the use of electronic alternatives is practiced or being contemplated; (c) the main obstacles and advantages perceived to be associated with the use of such electronic alternatives.

The survey confirms that negotiable rather than non-negotiable transport documents are still used in the majority of transactions, although in some trades and routes the use of seaway bills is common. It is interesting to note that while security concerns and/or requirements arising from finance arrangements appear to be a major factor in the choice of negotiable transport documents by commercial parties, in many cases, these types of documents are also used as a matter of standard practice without there being a need for the use of a document of title. Moreover, legal or regulatory requirements imposed by some governments currently necessitate the use of negotiable transport documents even in cases where the commercial parties may not require a document of title. These are clearly areas where review of the relevant commercial practices and governmental requirements would be appropriate. As regards the successful transition to an electronic environment, the results of the survey confirm that electronic alternatives are not yet in widespread use. In this context, it is worth noting that one of the major obstacles identified by respondents is the fact that the legal framework is not sufficiently clear or is otherwise inadequate.

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The full results of the survey are presented, together with an overview over the relevant issues and some recent developments, in the report "The Use of Transport Documents in International Trade (UNCTAD/SDTE/TLB/2003/3), www.unctad.org/en/docs/sdtetlb20033_en.pdf

² Where delivery is made against a letter of indemnity to the wrong consignee, or to a consignee who has failed to pay his seller, the carrier faces a claim for misdelivery and may not in all cases be able to enforce the indemnity.

³ See the UN/CEFACT Recommendation No. 12, 2nd ed. 2001, *Measures to facilitate maritime transport documents procedures*, ECE/TRADE/240, available at <http://www.unece.org/cefact>.

Export performance and its determinants: supply and demand constraints

What are the major determinants of export performance? Does the importance of these determinants vary with export performance itself? Determinants of export performance can be split into internal and external components. External factors are related to market access conditions and other factors affecting imports demand. Internal factors refer to supply-side conditions.

During recent research in UNCTAD, we first constructed an econometric model of bilateral trade flows using gravity techniques, and tested this model using data series representing foreign market access and supply capacity for a sample of 84 countries. We then investigated the impact on export performance of various supply capacity factors controlling for foreign market access. We are thus able to observe relationships between export performance and its components.

As to supply capacity elements, our findings suggest that internal transport infrastructures have a significant and positive impact in lifting performance. This result echoes other recent empirical analysis indicating that levels of trade flows observed for African countries are relatively low essentially because of poor transport infrastructures. We further use the contribution of foreign direct investment (FDI) to capital formation in order to include a technology-related element, possibly linked to the structure of the external sector. The finding is that FDI is significant and has a positive impact on export performance at all levels.

The general policy implication is that foreign market access and supply capacity have to be considered equally important along the development process of the external sector. Acting simultaneously on both supply capacity and foreign market access drives the performance and structural deepening of the external sector. Important elements of supply capacity at the early stage of development of the external sector are transport infrastructure and macroeconomic stability. FDI is a significant determinant at all levels of export performance.

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For the complete text of the study, as well as other working papers of UNCTAD's Trade Analysis Branch see <http://192.91.247.38/tab/bluepubs.asp>

Maritime policy goals and economic research

What are the areas and directions in the field of maritime economics that are of most relevance to policy makers in coming years? Probably, there will be as many views on this as there will be readers of this newsletter, and any feedback on the following thoughts will be more than welcome.

In order to produce relevant research, probably the distinction between “maritime” and other fields of economics will need to be somewhat blurred. Just as there are ever fewer “maritime nations”,⁴ maritime transport today is but one component of international logistics, demand for which is derived from international trade. Equivalently, on the supply side, there are now many different maritime businesses, as countries tend to specialize in different components of this

⁴ Sletmo, G. (2002). National Shipping Policy and Global Markets: A Retrospective for the Future. IAME Panama 2002 introductory speech, Panama, November. The speech is available on-line under http://www.eclac.cl/transporte/perfil/iame_papers/proceedings/SletmoI.doc

industry.⁵ In the context of globalization, international maritime trade is becoming increasingly relevant for development, implying that those who work as “maritime” researchers find themselves with a growing field of action. I see principally three main areas into which policy relevant fields of maritime economics could be grouped:

The first such area is related to the environment and other externalities such as safety and security. This is relevant, for example, for international conventions at the IMO, the policies that aim to promote coastal shipping, or the incorporation of environmental standards into port privatization processes. Also, new security requirements have been a common topic at recent UNCTAD events. As transport policy has to make choices about investment, subsidies and taxes that affect different transport modes, the economic, environmental and social impacts of maritime transport will need to be estimated, and those estimates need to be incorporated into trade and transport forecasts. This represents a complex research task, where those who specialize in ports and shipping need to cooperate with those who know about global warming, terrorism, or unemployment.

A second area where I see a growing “demand” for research by maritime economists is related to international trade, economic integration and competitiveness. A rich literature is evolving around this topic, although it appears that it is rather the mainstream economists that are entering the field of maritime transport, rather than port and shipping specialists who would be moving into the broader field of international trade economics. An example is Fink *et al* (2000), from the World Bank’s Development Research Group, who caused some quite polemical discussions among maritime economists with their recommendations about liner shipping cartels.⁶ International trade models used to take transport for granted, assuming that distance would be a good “proxy” for these transport costs. Recent research, however, has shown that distance is a bad proxy for transport costs.⁷ Demand for transport services is a derived demand from trade. Hence, the virtuous cycle between better and less expensive transport services, higher volumes of trade, and thereafter even better transport services due to economies of scale is a topic where port and shipping analysts can make valuable contributions to trade forecasts and transport policies.

A third area of maritime research that increasingly touches upon other fields of economics is the maritime business as such – or rather the different maritime businesses. Whereas, in the past, a “maritime nation” had its own, sometimes even state owned, shipping companies, using the national flag, employing seafarers from its own nautical schools and vessels from national shipyards, which were classed, financed and insured by other national companies, today the situation is quite different. Increased transit and transshipment of cargo allows countries to participate in the port business even without much national trade. Those countries that today build ships also build cars or machinery, but are not necessarily known for long seafaring traditions. To identify comparative advantages in any of these maritime businesses requires complex industry analysis that needs to go beyond the ships and their ports of call.

⁵ Kumar, S. and Hoffmann, J. (2002). Globalization, the Maritime Nexus. Handbook of Maritime Economics. LLP, London, October. Information about the Handbook is available under <http://www.informalaw.com/LPP909>

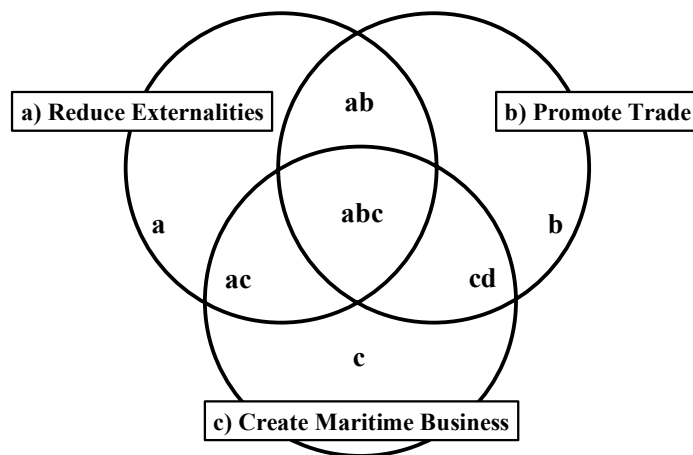
⁶ Fink, C., Mattoo, A. and Neagu I.C. (2000). Trade in International Maritime Services: How much does Policy Matter? Mimeo. World Bank; Washington DC. The working paper is available under http://econ.worldbank.org/files/1338_wps2522.pdf

⁷ See for example United Nations ECLAC, FAL Bulletin 191, available under <http://www.eclac.cl/Transporte/noticias/bolfall/2/11072/FAL191e.htm>

A next step could be to formulate the above broad areas of research into goals of a maritime policy, and then to see how these areas are related to each other (Figure 1). The goals would thus be:

- a) to reduce environmental and other transport-related externalities;
- b) to promote economic integration and trade competitiveness through better transport services; and
- c) to generate employment and taxable income in the transport business.

Figure 1: Goals of a Maritime Policy



Among these different goals there may exist synergies (i.e. “overlaps”), or conflicts of interest. An example of a conflict of interest is the reservation of cabotage to nationally flagged vessels. This is usually done to maintain a “national fleet”, creating employment and taxable income. It is, however, detrimental to lowering transport costs because it tends to prevent international vessels that carry the country’s exports from making use of spare capacity along the coast. Also, it makes coastal shipping less competitive as compared to the environmentally less desirable truck traffic. Such a situation could be represented by field “c” in Figure 1. Similarly, one could argue that an example for field “ac” would be the compulsory introduction of double-hull tankers because it encourages new-buildings and is expected to reduce the risk of oil spills; and an example of field “abc” – a win/win/win situation – could be a green field port outside a city, which attracts employment, improves trade efficiency, and reduces congestion and contamination in the old city centre. Further examples are manifold.

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IAME 2004 Annual Conference

30 June – 2 July 2004, Izmir, Turkey. Dokuz Eylul University School of Maritime Business and Management will organize the Annual Conference 2004 of the International Association of Maritime Economists (IAME) in Izmir, Turkey, 30 June – 2 July. Papers will be presented by academics and practitioners in the fields of maritime transport, logistics, port business and management, maritime and logistics education, shipping finance and supply chain management. The conference provides a forum to present and discuss current issues with a theme that will focus on global maritime challenges and the contribution of Mediterranean maritime developments. Particular topics include Ship Repair and Impact of Shipping Economics, Short Sea Shipping, Maritime Safety and Security, Human Resources and Education, Logistics and Multimodal Transport, Shipping and Port Financing, Port Governance and Alternative Approaches to Port Privatization, E-Business, Developments in Port and Shipping Technology, Marketing in Shipping, Mediterranean Gateways to Europe, and Maritime and Logistics Education.

For further information contact Guldem Cerit and Mahir Akarsu at iame-2004@deu.edu.tr or visit the conference web site <http://www.deu.edu.tr/maritime/iame2004.htm>.

Publications

Container Security: Major initiatives and related international developments

Report by the UNCTAD secretariat, 47 pages.

Following the events of 11 September 2001, safety and security considerations have been at the forefront of international concerns. A variety of different unilateral and multilateral security measures regulations and legislative initiatives have been developed or are under consideration. Given that world trade is largely dependent on maritime transport, much of the focus has been directed at enhancing maritime transport security and at addressing the particular challenges posed by containerised transport. The different sets of rules and measures which have been implemented or are being considered internationally need to be properly understood and their potential impacts on trade and transport, particularly of developing countries, needs to be assessed. This report provides a first step in this direction, by focusing on the main measures relevant to maritime container security, namely those initiated by the U.S., and by presenting the most important international developments in context. The aim of the report is to present a clear overview over the new security environment and to offer some preliminary analysis of potential impacts for the trade and transport of developing countries.

The document can be downloaded at http://www.unctad.org/en/docs//sdtetlb20041_en.pdf

African ports: reform and the role of the private sector

Report by the UNCTAD secretariat, 38 pages.

The development of ports is one of the keys to African countries' integration into international trade. Until recently, African ports were run as a State monopoly and the majority of them were characterized by low productivity, inadequate investment and low standards of service. As a result, Africa's maritime transport costs were among the highest in the world, which was one factor in the lack of competitiveness of African products in the international marketplace. If

these problems were to be solved, it was essential to undertake institutional reforms and open port operations up to private partners. The first public-private partnerships were set up in the late 1990s, in most cases as a result of pressure from regional competition and/or the international financial institutions. The differences between African countries in terms of development and history make it difficult to pick out a standard “African” model of reform and public-private partnership. Cooperation with the private sector takes many forms, which vary from region to region and even within the same country. It is in the East and Southern Africa region that most progress has been made in privatizing port operations, thanks to the political impetus for regional development. It is still too early for any significant, quantifiable results that might make it possible to evaluate the impact of public-private cooperation on port efficiency. A sharp improvement in the main indicators has nevertheless been observed, with enhanced productivity at container terminals, an increase in traffic and greater efficiency in services, for example, as well as keener intra-regional competition, from the very first year of private-sector involvement. Certain ports, however, are still suffering the deleterious effects (delays, missing goods, etc.) of the behaviour of other partners such as customs and security services and of the deficiencies of overland transport such as railways and roads. In the medium term, nearly all African ports will move towards independent management and a separation of the regulatory and operational functions. Given the limited capacity of most African ports and the danger that a State monopoly will merely give way to a private monopoly, the “landlord port” option is considered particularly relevant.

The document can be downloaded at http://www.unctad.org/en/docs/sdteitb5_en.pdf

The Handbook of Maritime Economics and Business

This 930-page Handbook brings together contributions of over 50 internationally-known academics from 30 different countries. The diversity of the subjects covered is unique and the results of research developed over many years are not only comprehensive, but also have important implications for policy makers and business. It covers a vast number of topics in the broad areas of maritime economics and business, including Shipping Economics, International Seaborne Trade, Maritime Safety, Shipping and Maritime Policies, Management and Operations, Shipping Finance and Risk Management, Port Economics and Management, International Logistics, and IT in Logistics and Maritime Transportation. It is edited by Prof. Costas Grammenos from City University Cass Business School, London and published by Lloyd’s of London Press, October 2002, USD 230 (approximately), ISBN 1-84311-195-0.

Further information is available under <http://www.informalaw.com/LPP909/?source=tnl>

UNCTAD Review of Maritime Transport, 2003

Report by the UNCTAD secretariat, 150 pages.

The Review of Maritime Transport, an annual publication prepared by UNCTAD’s Trade Logistics Branch, provides comprehensive and up-to-date statistics and information on maritime and ancillary services. The Review focuses on developments concerning maritime activities in developing countries as compared with other groups of countries. It provides a complete view of the development of world seaborne trade, world fleet size by principal types of vessel, ownership of the world fleet by countries of registration, fleet development, tonnage oversupply, the average age of the world fleet, productivity, and freight markets and rates. The

Review also contains chapters on port development, including container port traffic and container terminal throughput, as well as developments in trade and transport efficiency. As the Review has been published annually since 1968, a significant historical time series has been built up, and the Review uses this to compare current statistics with those of the past few years and with the figures from 1970, 1980 and 1990. Developments in African trade and maritime transport are featured in a special chapter in this edition. The 2003 edition indicates that world output grew by 1.9 per cent in 2002 and world seaborne trade (goods loaded) increased by 2.5 per cent. Indicators for world fleet productivity (calculated in tons carried per dwt and thousands of ton-miles per dwt) showed decreases of 1.4 and 1.8 per cent from the figures for 2001. World container port traffic expanded by 2.2 per cent over that of the previous year, reaching 236.7 million TEUs. The ports of developing countries handled 96.6 million TEUs, or 40.8 per cent of the total.

The document can be downloaded at http://www.unctad.org/en/docs/rmt2003_en.pdf.