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Editorial

This first issue of the UNCTAD Transport Newsletter in 2011 highlights some work on trade and transport facilitation during the first quarter of the year. The Ad Hoc Expert Meeting on Trade Facilitation in Regional Trade Arrangements (RTAs) organized by UNCTAD in March analyzed convergences and divergences in trade facilitation measures in RTAs, and the relationship between regional trade facilitation commitments and future WTO rules (page 5). The session on Shipping and International Trade in Commodities at UNCTAD’s Global Commodities Forum in February explored how trade is impacted by transport costs, factors affecting maritime freight rates in various market segments, and options for traders and policy makers to reduce transport costs. Panellists discussed determinants of transport costs and provided insight into how trade can be further enabled through greater control of the factors that shape up maritime transport costs (page 7). On 14th March 2011, Albania was the 10th state to accede to the International Convention on Arrest of Ships 1999, which triggers the entry into force of the Convention on 14 September 2011. Arrest of ships is an issue of considerable importance to the international shipping and trading community. While the interests of owners of ships and cargo lie in ensuring that legitimate trading is not interrupted by the unjustified arrest of a ship, the interest of claimants lies in being able to obtain security for their claims (page 12).

Finally, the UNCTAD Transport Newsletter increasingly provides a forum for UNCTAD and its partners, including international organizations, NGOs and academic institutions, to share information on recent and upcoming events and publications on international transport and trade facilitation.

Feedback, as well as comments and suggestions for our next Transport Newsletter, are welcome until June 2011. Please contact jan.hoffmann@unctad.org or nishta.jogoo@unctad.org.

The Trade Logistics Branch Team, Geneva, May 2011
Contents

Trade Facilitation in Regional Trade Arrangements.................................................................................................5
Shipping and International Trade in Commodities ...............................................................................................................7
Container Terminal Capacity: new formula for the area required .............................................................9
International Convention on Arrest of Ships 1999 to enter into force in September 2011 .................................................9
Updated Technical Notes on Trade Facilitation Measures .........................................................................................15
Trade Facilitation: A Conceptual Review .........................................................................................................................15
Trade Facilitation in Regional Trade Agreements: Recent Trends in Asia-Pacific .........................................................15
Current Issues in Shipping, Ports and Logistics .............................................................................................................15
Transportation and Economic Development Challenges ..........................................................................................16
International Handbook of Maritime Economics ........................................................................................................16
Border Management Modernization .................................................................................................................................16
Ports, Logistics, and Trade in Africa .................................................................................................................................16
Connecting Landlocked Developing Countries to Markets .........................................................................................17
Integrating Seaports and Trade Corridors ......................................................................................................................17
The Cost of Being Landlocked: Logistics Costs and Supply Chain Reliability ..........................................................17
Information Technology and Trade Facilitation ........................................................................................................17
Bridges across Oceans in the Philippines ......................................................................................................................18
Overcoming Local Logistical Barriers to Global Connectivity ...................................................................................18
Trade and Transport Facilitation Assessment: A Practical Toolkit ...........................................................................18
OECD statistics on Transport Costs .............................................................................................................................18
UNCTAD’s Liner Shipping Connectivity Index (LSCI) ...............................................................................................18
Cost Structure for Inland Tanker Navigation 2010 and forecast for 2011 .............................................................19
Quantitative and Applied Spatial Economics Research in Trade .......................................................................19
Paper on Container Shipping by Deutsche Bank Research .......................................................................................19
Global Container Terminal Operators Annual Review and Forecast (2010) ...........................................................19
Container Forecaster (2011) .........................................................................................................................................19
EcoPorts portal ...............................................................................................................................................................19
The United Nations Network of Experts for Paperless Trade in Asia and the Pacific (UNNExT) .........................20
International Research Conference on Short Sea Shipping .......................................................................................20
UNCTAD’s Multi-year Expert Meeting on Transport and Trade facilitation to be held 7-9 December 2011........20
New Contracting Party to International Maritime Conventions adopted under the auspices of UNCTAD ........20
Trade Facilitation in Regional Trade Arrangements

In the period 1995-2010, the number of regional trade agreements (RTA) containing trade facilitation provisions grew five-fold. Today, about one-third of all RTAs in force include such provisions.¹ During this same period, negotiations at multilateral level made strong progress towards the adoption of a WTO agreement on trade facilitation. If and when such a multilateral agreement is in place, the compatibility between regional and multilateral trade facilitation rules will become crucial. There is an obvious linkage between the trade facilitation measures negotiated at the WTO and those covered by the RTAs. Most RTAs with trade facilitation provisions that have been concluded since 2005 contain “WTO-like” measures, similar to the ones tabled in the ongoing negotiations. The Ad Hoc Meeting on Trade Facilitation in Regional Trade Arrangements hosted by UNCTAD on 30 and 31 March 2011 provided a forum for experts to discuss the linkage.

The expert meeting attracted over 60 participants from 32 countries. The objective was to discuss:

a. Convergences and divergences in trade facilitation measures in RTAs; and
b. The relationship between regional trade facilitation commitments and future WTO rules.

Participants included several ambassadors, trade policy makers, trade negotiators, customs officials, trade facilitation practitioners, and representatives of the UNECA, the WTO, the World Bank, the Asian Development Bank (ADB) and the Common Market for Eastern and Southern African States (COMESA).

The meeting deliberations highlighted the positive effects of trade facilitation reforms for developing countries. At the same time, they pointed out the complexity of preferential trade facilitation measures in RTAs. For example, the measures could potentially lead to a “spaghetti bowl”² effect and cause problems for WTO members, namely, discrimination against non-members of RTAs containing these measures and vis-à-vis future commitments under the multilateral trade facilitation agreement at the WTO.

¹ Some 474 RTAs, counting goods and services notifications separately, have been notified to the GATT/WTO. 283 of these RTAs are in force (http://www.wto.org/english/tratop_e/region_e/region_e.htm).
² The term was first used by Jagdish Bhagwati “U.S. Trade Policy: The Infatuation with Free Trade Agreements” in Jagdish Bhagwati and Anne O. Krueger, The Dangerous Drift to Preferential Trade Agreements, AEI Press, 1995. Subsequently, Bhagwati used the term on various occasions, describing an effect multiple RTAs may have vis-à-vis the multilateral trading system. Since, the term has become popular among scholars and experts who refer to regionalism as either the “stumbling block” or “building block” of multilateralism. In the context of trade facilitation measures in RTAs, a new type of a “spaghetti bowl” effect could potentially arise in the application of divergent and different trade facilitation measures found in multiple RTAs, concluded by one trading partner with several trading partners. It may be discriminatory towards the different RTA partners as well as non RTA partners.
Experts suggested that divergences exist among some trade facilitation provisions, as contained in legal texts of different RTAs. Such divergences can be found in the scope, depth and language used, especially in terms of “soft” (best endeavour) versus “hard” (binding) obligation. The question was raised whether divergences and differences in the rules under different RTAs can result in discrimination against non RTA trading partners. If so, another question is whether such discrimination is permissible under the existing WTO rules, especially GATT Article XXIV\(^3\), and how such regional measures will interact with the trade facilitation provisions under the anticipated WTO agreements on trade facilitation.

Experts also observed that in practice the implementation of differentiated customs procedures and other trade facilitation measures is often rather costly. They also pointed out that while some measures could be easier to apply equally to all the trading partners, other measures may still be implemented on a preferential basis among the RTA members. The first ones could certainly include transparency measures, such as public availability of information on trade laws and regulations, creation of Internet information portals, and advance ruling procedures. The latter ones could include trade security measures and technical assistance programmes that should remain exclusively available only to the preferential partners. Experts concluded that, by nature, trade facilitation should aim to make trade easier even for non-RTA countries.

To this end, experts made a number of recommendations to UNCTAD in the areas discussed above. These supported a role for UNCTAD in:

- Advocacy and consensus-building - i.e. to continue to organize similar type of gatherings on trade facilitation at regional and multilateral levels, and to promote trade facilitation as a tool for creating a level playing for all traders.

- Analysis and monitoring - i.e. to continue to study the trade facilitation provisions in all existing and forthcoming RTAs, and to conduct analysis of how some customs and other trade facilitation chapters in RTAs are implemented on the ground and whether they are discriminatory in real terms. It was suggested that UNCTAD could produce a study or develop an online monitoring tool in this respect.

- Technical assistance and capacity building - i.e. to continue to provide technical assistance and capacity building support to the negotiations and the implementation of trade facilitation measures at multilateral, regional and national levels. Such support should be channelled to mechanisms ensuring a coherent approach by individual countries to designing, negotiating and implementing customs and trade facilitation chapters across all the RTAs and vis-à-vis the WTO negotiations on trade facilitation. The role of national trade facilitation committees and working groups, which are actively promoted by UNCTAD in a number of countries and regions (such as the East Caribbean and Western Africa), was specifically highlighted.

The expert meeting was organized by the Trade Facilitation Section of the Trade Logistics Branch, Division on Technology and Logistics. The UNCTAD Secretariat prepared a working paper on the subject, which served as background document to facilitate discussions. The paper raised several important issues and aimed to tap into the expertise and experience of participants with regard to designing, negotiating and implementing customs and other trade facilitation measures in RTAs, and the potential discriminations against non-parties to such RTAs. Experts commended UNCTAD for the timely organization of this meeting and for its visionary role in sensitizing the experts to potential issues that may arise between divergent trade facilitation measures under RTAs and the future WTO agreements on trade facilitation.

For further information and to download the presentations made at the meeting, visit [http://www.unctad.org/AHEM_TF_RTA](http://www.unctad.org/AHEM_TF_RTA) or contact Ms. Maria Misovicova, [maria.misovicova@unctad.org](mailto:maria.misovicova@unctad.org), or Mr. Jan Hoffmann, [jan.hoffmann@unctad.org](mailto:jan.hoffmann@unctad.org), Trade Logistics Branch, Division on Technology and Logistics, UNCTAD.

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\(^3\) Article XXIV of the GATT 1994 allows the WTO members to enter into customs unions and free trade agreements.
Shipping and International Trade in Commodities

The Global Commodities Forum (GCF), held in Geneva between 31 January and 1 February 2011, was organized by UNCTAD and co-sponsored by the Common Fund for Commodities and the State Secretariat for Economic Affairs of the Swiss Federal Department of Economic Affairs. It was attended by more than 500 participants, including ministers and other policymakers, commodity producers, traders, financiers, consultants, academics and other experts, many of whom spoke and gave presentations in both plenary and parallel sessions at the meeting.

The session on 'Shipping and International Trade in Commodities' focused on how trade is impacted by transport costs, factors affecting maritime freight rates in various market segments, and options for traders and policy makers to reduce transport costs. The aim of the session was to improve UNCTAD's stakeholders' understanding of these determinants and to provide insight into how trade can be further enabled through greater control of the factors that shape up maritime transport costs.

Results from a recent study by Vivid Economics, commissioned by the International Maritime Organization (IMO) to look at the economic impact of carbon pricing, were presented. The study considered three main commodities - iron ore, grain and oil - as well as containerised trade, and revealed that the impact of higher bunker fuel prices would differ markedly across different cargo types and geographical markets. Notably, a 10% increase in bunker fuel prices will increase freight rates by between 1 and 10% depending on the vessel types and routes, and the rate of cost pass-through of higher freight rates into product prices ranged from nearly zero to over 100% depending upon the market structure and products. The study showed that it was important to consider the competitive structure of the market and not assume that any increase in freight rates will be fully passed on to consumers. Long-term changes in the price of fuel would lead to some shifts in the global pattern of trade, although in many cases the magnitude of the impact will be small. It could be mitigated by improvements in ship efficiency.

Other presenters included a speaker from Clarksons Research Services who described recent trends and forecasts in relation to the dry bulk freight market and the volatility in freight rates. Dry bulk freight costs are expected to be under severe pressure in the coming years. In 2009-2010, the dry bulk market came down 66% for the capsize and 58% for panamax vessels from the peak levels seen in 2007 –2008. According to Clarkson’s analysis, the drop in average freight rates was due to ship capacity oversupply and not so much because of the financial crisis. It is a supply-side rather than a demand-related problem. The speaker emphasized that commodity prices have increased substantially in the last few months with lower freight. This means that freight cost as a share of the landed price is at record low levels. On the fleet side, the dry bulk fleet experienced extensive fleet growth in 2010 with a net fleet growth of 16.6% (more than double of 2009 deliveries). Fleet growth will continue in 2011 due to the large orderbook and will exert severe pressure on freight rates. The speaker argued that substantial growth in trade is required to restore market balance.

The OECD presented results from their recent study of trade costs. The study considered several determinants of maritime transport costs including policy as well as non-policy related variables. Data for the study was drawn from the OECD's maritime transport dataset for all types of goods, including processed and manufacturing goods. It found that in general the evolution of shipping costs over the last 20 years was rather ambiguous. It was difficult to discern any long-term rise or fall trend. However, the study showed a negative correlation between trade volumes and transport costs. The more the trade between any given two countries, the lower the maritime transport costs. In addition, larger and more efficient ships allowed for economies of scale. In coming years, ports will be forced, it was said, to increase efficiency. There will also be more competition among service providers and, as a result, shipping prices will fall. Inversely, lower maritime transport costs stimulate
trade, all other things being equal. The study showed that a doubling of imports would reduce maritime transport costs by up to 10% overall, other things remaining equal. This is partly due to greater economies of scale on shipping routes. The potential decrease was higher for containerized trade (9%) than for shipping in bulk (4%) for a doubling of imports.

The OECD study also highlighted port infrastructure as an important determinant of shipping cost. Deeper ports accommodate larger ships thereby allowing for greater economies of scale. Furthermore, technologically advanced ports can load and unload larger ships faster thereby generating gains in efficiency and reducing time spent at port and fuel used in the process. This has important implications for the policy debate, for example, on aid for trade and the importance of trade facilitation reforms as these are within the realms of national policy makers (unlike many other determinants of shipping costs).

Additional determinants of maritime transport costs discussed by the OECD were bunker fuel costs (doubling the price bunker fuel increases in maritime transport cost by 7-18%), time (for example, if the US market could be reached from China as quickly as from Mexico, shipping costs could be 12% lower), corruption (countries with less perceived corruption have better port infrastructure and more efficient ports in almost all cases - the correlation coefficient is 0.82), the level of competition (an increase of 10% in the number of carriers or shipping firms operating on a route will cause an approximate 0.8% reduction in shipping costs), piracy and the regulatory framework in which the shipping industry operates.

The Deputy Secretary General of the European Community Shipowners’ Association (ECSA), as a discussant from the carrier’s perspective, noted that dry bulk, tankers, and container liners have each their own specificities and that related cost factors are completely different from one market segment to another, including when it comes to capital costs. For instance, operational costs such as crewing costs are more important for the bulk sector as they account to about 40-50%.

The complications of international trade involving many participants with different documentary processes and many documentary flows were presented. These often create additional costs, delay in delivery of cargo as well as in receiving payment. In this respect, the representative from Bolero introduced their electronic alternative to the paper documents supporting international trade. A move from a paper to an electronic format will benefit all participants of international trade, limiting the problems of exchanging trade information and contractually binding trade documents.

In conclusion, the session illustrated the important role that shipping services and their costs play for commodity trade flows. Competition, port reforms and trade facilitation were highlighted as key issues that can be influenced by national policy makers.

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Container Terminal Capacity: new formula for the area required

The majority of ports in Latin America are surrounded by cities. Thus, to avoid disorganised port development and incompatibility with the environment, dynamic planning is essential. It enables anticipation of different scenarios, thereby enhancing port profitability and minimising the risk of losing markets.

Figure 1: Unplanned port development next to a city

Dynamic planning involves the modelling of port demand and capacity, and the use of simple formulae that generate numerical solutions to current and future scenarios. It aims to have tools available to resolve problems arising from both foreseen and unexpected situations (such as greater demand, new port policies, greater inter-port or intra-port competition, the loss or incorporation of areas with or without equipment, and interruptions to terminal access). The latter are taken together with other factors traditionally included in the calculation of terminal capacity. Dynamic planning can hence support the decision making process, and the simple formulae and models can be rapidly adapted to account for variations in demand and unexpected situations.

“A key principle in planning seaport facilities, therefore, is that development plans should be as flexible as possible to allow a prompt response to changing demand.” UNCTAD (1985), Port development: A handbook for planners in developing countries, pp. 27.

One of the first tasks when planning a terminal is to determine port demand and capacity. For the estimation of capacity, formulae are used frequently - one to determine what may be expected at the port berth and others for storage capacity. UNCTAD’s 1985 Port Development Handbook offers multi-dimensional tables - “Planning Diagram for the storage area” - with corresponding formulae to calculate capacity. Other publications, for example LIGTERINGEN (2000), also give simple formulae for the calculation of berth and storage capacity.

In the case of an import container, capacity is calculated from the time the container is unloaded to the time it leaves the port i.e. it is equivalent to the capacity to unload a container, have it remain for some period in the yard and eventually exit through the gate. For an export container, the steps are similar but in reverse and, for a transhipment container, capacity involves loading and unloading the container plus its stay in the terminal.

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4 http://r0.unctad.org/ttl/ttl-docs-titles.htm
The traditional formulae for berth and storage capacity can be summarised as follows:

**Berth Capacity** = Productivity of StS x operative time = StS x P x t x r x u / (1 + tr)

where
- Berth Capacity: Annual capacity: expressed in TEUs/year
- StS: number of Ship to Shore container cranes on the berth
- P: productivity expressed in move/hour of the StS
- t: operational time on terminal
- r: TEU / number of containers
- u: factor of berth occupancy
- tr: transhipment ratio (i.e. transhipment TEUs /total TEUs)

**Storage Capacity** = Static capacity x turnover = Static capacity x R = TGS x H x R = TGS x H x (365/ T)

where
- Storage Capacity: Annual capacity expressed in TEUs/year
- TGS: Terminal Ground Slots: area of the container on the yard expressed in TGS
- H: Average stacking height (i.e. average height to which the containers are stacked in the yard, measured in TEUs)
- T: Dwell time: Average length of stay of containers in the yard expressed in days
- R: Rotation: Total days available for storage in the yard for one year / average length of stay of the containers in the yard as observed.

However, the above formulae for storage capacity do not consider the number of movements of the transtainer (Rubber Tired Gantry Crane, RTG) or the quantity of equipment. This has led to interest in developing a formula which introduces these additional variables. The methodology for this new formula centres on the mathematical expression for the operations of a container terminal. For example, if the capacity of a quay crane to move containers is less than the demand, the terminal will be saturated. Similarly the terminal will be saturated if the yard cannot cope with the demand.

Therefore, it is necessary to be able to provide movement capacity to meet demand on the berth and “in the yard”. Also, if the number of movements per container in the yard is greater than on the berth, that fact has to be taken into account. This concept, taken together with other analysis, gives storage capacity as a function of the operational productivity of handling the containers in the yard with the transtainers.

**New formula**

Storage Capacity = RTG x P x t x r x (1 / ((H+1) x Ftr)) x c

where
- Storage Capacity: Annual capacity (TEUs/year)
- RTG: number of transtainers in the yard
- P: productivity expressed in move/hour of the transtainers
- H: Average stacking height
- t: operational time on terminal
- r: TEU / number of containers
- c: peak coefficient
- Ftr: fx (percentage of transhipment)

In this formula the average stacking height is inversely proportional to the Storage Capacity. So for the same capacity, operating with higher container stacks will require a larger number of transtainers. The transhipment operation affects the Storage Capacity because it represents a flow of containers with identical characteristics, thus requiring fewer movements.

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5 These formulae combine concepts and formulae published by other authors (see references).
The average stacking height variable is a decisive element, both in the case of the new and the traditional formula, because of the flexibility in its determination. Thus, one main question to answer when using storage capacity formulae is what should be the average stacking height for the terminal design. This can be obtained by plotting occupation factor (%) against productivity (TEU/ha) using both the traditional formula and the new formula for storage capacity, with other variables remaining fixed. It gives two curves which cross at a point and that point is considered the average stacking height for the variables used. For example, Figure 2 shows that with the variables specified, a configuration of RTG 6 wide and 5+1 high results in 65% occupation of the terminal observed in practice, which gives an average stacking height of 3.2. Changing the values of the variables changes the average operative stacking height, thereby providing an indication of the value TEU/ha for what is considered to be an operating and efficient terminal.

**Figure 2: Determination of the average stacking height variable**

![Graph showing determination of average stacking height](image)

Figure 3 shows for two cases how the indicator can vary according to the variables used. The value chosen for each variable is a function of terminal strategy. So, for example, variations in the demand pattern and the operative planning and management of the terminal affects the average stacking height, which in turn determines the competitiveness of the terminal. This is demonstrated by the different performance indicators obtained.

**Figure 3: Variations in average stacking height**

![Graph showing variations in average stacking height](image)

The concepts used and the proposed formulae provide a tool kit for the creation of a dynamic model for container terminal planning. The new formula for storage capacity of a container terminal does not contradict the traditional formulae but, on the contrary, complements them. It is in line with productivity indicators referred to in other publications, for example in DREWRY (2005), DOERR (2006), CAMARERO (2006), ACCIARO (2008), KALMAR (2007). It can also show how changes in some variables impact on the productivity of a terminal.
This article is an abstract of the paper by Maria Alejandra Gómez Paz, “Container Terminal Capacity: new formula for the area required”, to be presented in the e-Magazine “On course” from PIANC. It follows Ms. Gómez Paz’s on-going doctoral work at the Polytechnical University of Madrid, under the direction of Dr Alberto Camarero Orive, Dr Nicoletta González Cancelas and Dr Pascual Pery Paredes. Ms. Gómez Paz would like to thank the late Martin Sgut for his initial encouragement and her colleagues for their technical comments.

References


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International Convention on Arrest of Ships 1999 to enter into force in September 2011

On 14th March 2011, Albania was the 10th state to accede to the International Convention on Arrest of Ships 1999, following earlier accession by Algeria, Benin, Bulgaria, Ecuador, Estonia, Latvia, Liberia, Spain and the Syrian Arab Republic. The latest accession triggers the entry into force of the Convention on 14 September 2011.

Arrest of ships is an issue of considerable importance to the international shipping and trading community. While the interests of owners of ships and cargo lie in ensuring that legitimate trading is not interrupted by the unjustified arrest of a ship, the interest of claimants lies in being able to obtain security for their claims. The 1999 Arrest Convention, like its predecessor, the 1952 Brussels Convention on the Arrest of Sea-Going Ships, which is currently in force in 77 countries, aims at striking a balance between these interests, bearing in mind the different approaches adopted by various legal systems.

The 1999 Arrest Convention refines and updates the principles of the 1952 Convention on Arrest of Ships, regulating the circumstances under which ships may be arrested or released from arrest. It
covers issues such as claims for which a ship may be arrested, ships that can be subject of arrest, release from arrest, right of re-arrest and multiple arrest, liability for wrongful arrest and jurisdiction on the merits of a claim. The new international rules on arrest apply to all ships within the jurisdiction of a State Party, whether or not they are seagoing and whether or not they are flying the flag of a State party; however, State parties may enter a reservation in this respect when acceding to the Convention⁶.

The Convention had been adopted by consensus on 12 March 1999, at the Joint UN/IMO Diplomatic Conference, held in Geneva from 1-12 March 1999,⁷ under the auspices of UNCTAD. The preparatory work on a new international instrument on arrest of ships began following the adoption in 1993 of the International Convention on Maritime Liens and Mortgages (MLM Convention) by the UN/IMO Conference of Plenipotentiaries on Maritime Liens and Mortgages. Arrest of ships being a means of enforcing maritime liens and mortgages, it was considered necessary to revise the 1952 Convention on Arrest of Ships so as to closely align the two conventions and to ensure that all claims giving rise to a maritime lien under the 1993 MLM Convention would give rise to a right of arrest under the Arrest Convention. Furthermore, some of the provisions the 1952 Convention had become out-of-date requiring amendment, while others were considered ambiguous giving rise to conflicting interpretations.

With the 1999 Arrest Convention entering into force on 14 September 2011, Contracting States now need to ensure effective national implementation of the new international legal regime. Contracting States to both the 1999 and 1952 Arrest Conventions⁸ would also need to denounce the 1952 Convention, so as to avoid undesirable overlap between the two international legal instruments⁹. In view of the fact that the international regulatory landscape for ship arrest is to change soon, other States too may wish to consider the merits of accession more closely. In particular Contracting States to the International Convention on Maritime Liens and Mortgages 1993 that are not parties to the 1999 Arrest Convention may wish to give the matter of accession particular consideration, with a view to strengthening the relevant legal regime for the enforcement of maritime liens and mortgages. The Maritime Liens and Mortgages Convention entered into force in 2004 and currently has 16 Contracting States.

The text and status of the 1999 Arrest Convention and 1993 Maritime Liens and Mortgages Convention, can be found on the UNCTAD website at www.unctad.org/ttl/legal. Further information about relevant work in the field maritime law carried out in UNCTAD’s Division on Technology and Logistics is also available there. For further information please contact Regina Asariotis, regina.asariotis@unctad.org, Trade Logistics Branch, DTL, UNCTAD

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⁶ Spain has availed itself of this right and entered a relevant reservation (reserving the right to exclude the application of this Convention in the case of ships not flying the flag of a State party).

⁷ http://www.unctad.org/Templates/Most.asp?m=5674&intitemID=1942&lang=1

⁸ Algeria, Benin, Latvia, Spain and Syrian Arab Republic.

⁹ Denunciation of the 1952 Arrest Convention will take effect, pursuant to art. 17 of that Convention, twelve months after its deposit with the Belgian Government. Therefore, Contracting States to both the 1952 and 1999 Arrest Conventions will, for a transitional period at least, continue to be bound by the 1952 Convention after the Arrest Convention 1999 enters into force.

Relevant documents by the UNCTAD Secretariat

In the field of transport law, an important recent development is the adoption by the UN General Assembly, in December 2008, of a new UN Convention on Contracts for the International Carriage of Goods Wholly or Partly by Sea. The new Convention, to be known as the Rotterdam Rules, provides mandatory standards of liability for loss or damage arising from the international carriage of goods by sea and is intended to provide a modern successor to earlier international conventions in the field, namely the so-called Hague Rules 1924, the Hague-Visby Rules, 1968 and the Hamburg Rules 1978. In contrast to these conventions currently in force, however, the Rotterdam Rules also apply to multimodal transport involving an international sea-leg and deal with a range of issues not presently subject to mandatory international law.

The new Convention, which requires 20 ratifications to enter into force, had been in preparation for several years under the auspices of UNCITRAL and high hopes are pinned on its success. At the same time, the Convention is highly controversial in a number of respects - including in respect of the substantive compromise between shipper and carrier interests inherent in the Convention, the particular complexity of its provisions, as well as its treatment of multimodal transportation and of transportation under so-called “volume contracts”.

The UNCTAD Secretariat participated in the preparatory work that was carried out by the UNCITRAL Working Group III (Transport Law) as an observer and has, over the years, prepared a number of documents to provide technical legal analysis of the draft text for consideration by the Working Group; these include an article-by-article commentary (UNCTAD/SDTE/TLB/4) and comments on specific aspects of the draft text (UNCTAD/SDTE/TLB/2004/2).

Following the adoption of the new Convention in December 2008, Governments will be considering the potential implications of ratifying the Rotterdam Rules.

Against this background and to assist governments, in particular in developing countries, in their assessment of the merits of ratification, an analytical overview of key features of the Rotterdam Rules has been published as part of the Review of Maritime Transport 2009 (Chapter 6 A), with a brief update in the Review of Maritime Transport 2010.

For further information please contact Regina Asariotis, regina.asariotis@unctad.org, Trade Logistics Branch, DTL, UNCTAD

11 http://www.uncitral.org/uncitral/en/commission/working_groups/3Transport.html
Updated Technical Notes on Trade Facilitation Measures

The recently updated Technical Notes on Trade Facilitation Measures series by UNCTAD are now available on the UNCTAD website (in both English and French; Spanish to be published soon). Their purpose is to assist Geneva- and capital-based negotiators to better understand the scope and implications of the various trade facilitation measures being proposed in the context of multilateral negotiations on trade facilitation. The notes have been revised to reflect the evolution in multilateral trade facilitation negotiations over the past three years. Each of the 17 technical notes available introduces technical and practical details of major trade facilitation concepts and best practices as they relate to the consolidated draft text of the WTO negotiations on trade facilitation issued by the Chair of the Negotiating Group on Trade Facilitation in December 2009 (TN/TF/W/165 and its revisions).

www.unctad.org/technicalnotes. For further information contact Maria Misovicova, maria.misovicova@unctad.org, TLB, DTL, UNCTAD

Trade Facilitation: A Conceptual Review

Article by Andrew Grainger

“With falling tariff levels, it is probably not surprising that the non-tariff area and trade facilitation, in particular, are receiving growing attention [...]"

This article provides a general review of key elements and topics that are associated with trade facilitation and sets them against underlying challenges and obstacles in practice as well as for research. While much of the current effort in trade facilitation begins with a top-down premise, whereby governments seek to implement international conventions and recommendations nationally, the author argues that trade facilitation is inherently an operations-focused topic and deserves to be approached from a bottom-up approach too. Such an approach not only provides a strong case for an interdisciplinary research agenda, it also brings into question whether current institutions concerned with trade facilitation have the necessary capabilities to apply themselves to the more operational aspects associated with international trade.”

http://www.tradefacilitation.co.uk/content/view/53/46/

Trade Facilitation in Regional Trade Agreements: Recent Trends in Asia-Pacific

ESCAP staff working paper by Yann Duval

The paper finds an increased coverage of trade facilitation in six recent free trade agreements, with the details of provisions in some agreements matching that in the draft WTO agreement on trade facilitation. All agreements are said to commit to greater transparency, including through an obligation to publish laws and regulations affecting trade. The importance of using international standards is also recognized in all agreements. Other trade facilitation measures increasingly making an appearance are those on Automation/Use of ICT, Risk Management, Advance Ruling and Single Window. In general, transit facilitation issues were not specifically covered.

The paper argues that while trade facilitation provisions remained of a “best endeavour” nature in most agreements, mentions beyond customs cooperation will ensure that progress is made towards actual implementation of the many trade facilitation measures. For an assessment of actual progress, the paper suggests that we would need an analysis of each trade facilitation measure with respect to (i) the level of commitment (e.g., “endeavour to” or “shall”), (ii) the conditionality attached to its implementation (e.g., “to the extent that its national law permit”), and (iii) the level of detail.

www.unescap.org/tid/publication/swp211.pdf

Current Issues in Shipping, Ports and Logistics

Book edited by Theo Notteboom

This book brings together about 30 contributions on the most pressing challenges to shipping, ports and logistics. It covers several topics: current issues in shipping, the analysis of flows and networks, terminal operations and performance, logistics, and current issues in port development and governance.

With authors coming from six continents, the book offers an international approach. The papers aim to add value to existing literature on shipping, ports and logistics and help to initiate further systematic thinking on these and related themes.

www.aspeditions.be/article.aspx?article_id=CURRENT120N&language=en&ab
Transportation and Economic Development Challenges

Book edited by Kenneth Button and Aura Reggiani

Stemming from initiatives of the Network on European Communications and Transport Activities Research (NECTAR), this book brings together various academic thoughts on the relationship between transportation and economic development in light of the considerable changes in recent years with respect to the technology of transportation, e.g. the development of high-speed rail networks, more fuel-efficient automobiles and aircraft, and the widespread adoption of informatics in disciplines such as traffic management and supply chain logistics. It looks at transport interactions with employment and income, examines some of the policies that have been deployed to maximize the economic and social impacts of transportation provision at the local and regional levels and analyzes how advances in transportation technologies have, and will, impact future development. It also looks at the linkages between the changing institutional environment in which transportation is supplied, economic systems and development, and transportation networks. It serves as a guide to understanding the links between economics and transportation.

http://www.amazon.co.uk/Transportation-Economic-Development-Challenges-Communications/dp/1849801673

International Handbook of Maritime Economics

Book edited by Kevin Cullinan

This new Handbook brings together a group of scholars and practitioners to provide in-depth analysis and a contemporary perspective on a wide-ranging array of topics in maritime economics. Inherently global in nature, the economics of the maritime sector has proved pivotal in facilitating globalization and international trade. Chapter 2, on “The maritime industry: key developments in seaborne trade, maritime business and markets” is written by UNCTAD colleagues Hassiba Benamara, Jan Hoffmann and Vincent Valentine


Border Management Modernization

Book edited by Gerard McLinden, Enrique Fanta, David Widdowson and Tom Doyle

This publication by the World Bank highlights bottlenecks resulting from border clearance processes by customs and other agencies and identifies a range of strategies to help officials meet their traditional control responsibilities while at the same time facilitating legitimate trade. Delays and costs at the border undermine a country’s competitiveness, either by taxing imported inputs with deadweight inefficiencies or by adding costs and reducing the competitiveness of exports. It takes three times as many days, nearly twice as many documents, and six times as many signatures to import goods in poor countries than it does in rich ones. This book provides advice to development professional and key policy makers about what works, what doesn’t and why.

http://publications.worldbank.org

Ports, Logistics, and Trade in Africa

This 2009/2010 African Development Bank Group report looks at ports, logistics and trade in Africa in the context of the tremendous opportunities offered by globalization and the need for efficient harnessing of these opportunities. It expresses concern over Africa’s still negligible share of global trade and explores barriers to trade such as poor infrastructure relating to ports, transportation and border posts. These bottlenecks impose high transaction costs which adversely affect the competitiveness of African economies. The report examines the state and efficiency of port infrastructure, the regulatory framework, and the associated costs; areas that have constituted a vacuum in discussions on trade facilitation. It calls for greater efforts to be made to address these challenges and to improve the performance of ports and logistics, which are vital for boosting competitiveness and trade, and ultimately higher employment and national income growth.

The objective of the report is “to contribute to the debate on strategies to improve connectivity between and among African countries to regional and global markets with the aim of boosting trade and, ultimately, contributing to the economic development process.”

www.amazon.co.uk/African-Development-Report-2010-Logistics/dp/0199566054
Connecting Landlocked Developing Countries to Markets

Book by Jean-Francois Arvis, Graham Smith, Robin Carruthers

This World Bank publication aims to help policymakers and the development community to understand the nature of the problems and policy dilemmas that landlocked countries face to trade with the rest of the World. By recognizing that the main access problems for landlocked countries occur in the territory of the transit country, it provides a new approach to understand the set of incentives that drive the political economy and shape the institutions governing goods’ transit along corridors.

Policy levers available to overcome these barriers are based on universally applied principles, recognizing the need for re-engineering current transit regimes. A risk-approach to border control and technology use, along with trust building between private operators and public agencies, all point toward the need to encourage and formally recognize higher-quality trucking companies. Meanwhile, other modes of transportation represent an alternative to road transit, but they also entail disadvantages, suggesting that their role is likely to remain limited to niche segments, specific commodities and exceptional market circumstances.


Integrating Seaports and Trade Corridors

Book edited by Peter Hall, Robert J. McColla, Claude Comtois and Brian Slack

Seaport gateways and the corridors which connect them to widely dispersed hinterlands are of vital importance to international trade and the world economy. Distributing goods to ultimate land destinations or bringing the goods to seaports from inland origins is organizationally complex involving multiple actors. This book explores how this movement is organized, the role of ports acting as gateways and the actions of corridor players.

A key question that confronts the shipping and port industries, as well as public authorities, is how to increase the benefits of maritime trade to the companies and institutions directly involved as well as the port city-regions where the transfers take place. This question is being posed in the midst of a global economic recession and trade downturn, and in the context of contemporary policy frameworks whose goals are to generate economic benefits and efficiencies rather than to maximize traffic volumes. The book discusses the reality, opportunities and challenges facing seaport gateways and corridors now and in the future.

http://www.ashgate.com/isbn/9781409404002

The Cost of Being Landlocked: Logistics Costs and Supply Chain Reliability

Book by Jean-François Arvis, Gaël Raballand, and Jean-François Marteau

This book from the World Bank proposes a new analytical framework to interpret and model the constraints faced by logistics chains on international trade corridors. It goes beyond the standard approach of developing regional transport infrastructure and ensuring freedom of transit through regional conventions to look at the performance of logistics service delivery to traders and other key bottleneck concerns and factors that contribute to the cost of being landlocked.

Based on data collected in several regions of the world, the book argues that although landlocked developing countries do face high logistics costs, these costs are not a result of poor road infrastructure, since transport prices largely depend on trucking market structure and implementation of transit processes. It suggests that high logistics costs in LLDCs are a result of low logistics reliability and predictability, which stem from rent-seeking and governance issues. The book aims to guide policymakers, supervisory authorities, and development agencies.


Information Technology and Trade Facilitation

Streamlining trade-related procedures has increasingly involved the use of modern information technologies to automate processes, possibly making it more difficult for small and medium-sized enterprises to engage in international trade. This publication by ESCAP brings together case studies from five different countries in Southeast and East Asia to examine the impact of IT-based trade facilitation measures already implemented, with a specific focus on their effect on small and medium sized-enterprises.

The development of IT systems to streamline the trade transaction processes has typically been partial and often uncoordinated across government agencies involved in trade control, often resulting in limited gains in trade efficiency. However, as big and small enterprises alike overwhelmingly rely on specialized third parties to complete trade procedures, IT-based trade facilitation measures are generally not found to have a discriminatory effect on smaller enterprises.

http://www.unescap.org/publications/detail.asp?id=1413
Bridges across Oceans in the Philippines

Initial Impact Assessment of the Philippines Nautical Highway System and Lessons for Southeast Asia

This report presents the findings of an initial Asian Development Bank impact study on the roll-on/roll-off system in the Philippines. The foremost development challenge for archipelagic Southeast Asia is improved connectivity among the region’s 24,000 islands. The success of the Strong Republic Nautical Highway in the Philippines, which uses an integrated system of roll-on/roll-off vessels to move people and cargo effectively, has proven to be a source of hope for the millions of poor in the region. Started in 2003, the roll-on/roll-off system has reduced transport costs and increased frequency of deliveries. As a result, businesses models have changed, farmers have gained market access, local government revenues have increased, and tourism has expanded. The report shows that relatively simple policy reforms in the area of sea transport can positively impact the lives of millions of poor who until now have lived in isolation, and it serves as an example of the benefits to be accrued by others in archipelagic Southeast Asia through the implementation of similar initiatives.


Overcoming Local Logistical Barriers to Global Connectivity

Book by Charles Kunaka

This study by the World Bank looks at small scale producers in developing countries and their lack of easy access to efficient logistics services. Unless these countries consolidate their trade volumes they face high costs which diminish their ability to trade. However, the process of consolidation is not without cost, and is typically handled by intermediaries.

Using case studies of sisl and soybean supply chains in Brazil and India respectively, the study explores the role and impact of intermediaries in facilitating trade in lagging regions. It finds that farmers with horizontal and vertical connections are more integrated to international supply chains or better able to manage supply chains longer than would otherwise be the case. Intermediaries play several roles including providing transport services and facilitating market exchanges, payments, risk sharing and quality improvements. Generally, information technology driven innovations make it easier to integrate adjacent steps in the value chain.


Trade and Transport Facilitation Assessment: A Practical Toolkit

This Trade and Transport Facilitation (TTF) toolkit from the World Bank is aimed at identifying inefficiencies in international supply chains that limit a country’s ability to compete in international trade. The TTFA examines problems that affect not only exports competitiveness, but also the ability to import and distribute inputs to production and consumer goods. This new TTFA toolkit was developed to meet the growing demand for facilitation and logistics reforms in an environment of increasing global competition and expanded trade in intermediate goods. It reflects practical experience and the change in the nature of demand from developing countries. The TTFA focuses on simplification and harmonization of trade-related procedures and identifies the opportunities for improving logistics services, infrastructure, and the overall performance of specific supply chains. It also outlines practices to develop plans of action with proper interactions with government agencies and stakeholders.


OECD statistics on Transport Costs

The OECD database of Maritime Transport Costs (MTC) contains data from 1991 to the most recent available year of bilateral maritime transport costs. Transport costs are available for 43 importing countries (including EU15 countries as a custom union); from 218 countries of origin at the detailed commodity level of the Harmonized System 1988.


UNCTAD’s Liner Shipping Connectivity Index (LSCI)

UNCTAD’s LSCI, which aims at capturing how well countries are connected to global shipping networks, appeared in a recent study by ESCAP as one of the primary explanatory variables for trade costs. It is also included in the World Bank’s database of World Development Indicators 2010 (WDI).

The LSCI was developed in 2004 and is based on five components of container ship deployment for liner shipping services, based on data from Containerization International: the number of ships deployed, their container-carrying capacity, the maximum vessel size, the number of services, and the number of companies that deploy container ships in a country’s ports.

World Bank: http://data.worldbank.org/indicator/IS.SHP.GCNW.XQ
UNCTAD: http://unctadstat.unctad.org/TableViewer/tableview.aspx?ReportId=92
Cost Structure for Inland Tanker Navigation 2010 and forecast for 2011

This NEA Transport Research analysis examines the cost structure of inland tanker navigation in 2010 in light of the deteriorating market conditions and the substantial overcapacity anticipated in the tanker shipping market. NEA gathered information and data, principally by means of a survey conducted among a large number of inland tanker operators and additional interviews, to present the 2010 cost structure of 10 different types of vessel under time charters (looking at fixed costs such as labour, capital, repairs and maintenance, insurance and other costs) and 6 representative journeys.

http://english.nea.nl/index.cfm/13,831,122,html

Quantitative and Applied Spatial Economics Research in Trade

QASER applies Complex Adaptive System (CAS) modelling and uses real time data on the movement of cargo to examine the worldwide maritime system. The last decade has seen an exponential growth of the international maritime shipping network. The group aims to understand global dynamics through a spatial model-based analysis and to forecast national and local economic trends in order to provide support to industry, public bodies and policy makers.

https://www.ucl.ac.uk/qaser/research/trade

Paper on Container Shipping by Deutsche Bank Research

According to Deutsche Bank, container shipping achieved an impressive turnaround in 2010. Global container throughput rose by at least 11% last year, after declining for the first time ever in 2009 (-9%). The level of global container throughput was thus at a higher level than before the crisis. The reasons for the recovery were identified as the stockbuilding of industrial goods and the rapid upturn in Asia above all. Container throughput was forecasted to increase by 7% in 2011. Also, container shipping is the fastest growing mode of transport and global container throughput is projected to increase by an average of 7%-8% per year until 2015. However, the fall of 50-80% of freight and charter rates during the crisis shows that container shipping is not immune to economic challenges and risks. These include stricter environmental regulation, capacity bottlenecks at ports, rising fuel prices and protectionist tendencies.

www.dbresearch.com/

Global Container Terminal Operators Annual Review and Forecast (2010)

This publication by Drewry Shipping Consultants contains revised medium term container trade growth projections in line with brighter economic prospects. According to Drewry, container throughput is projected to increase globally by an average of 7.2% a year between 2009 and 2015. As a result, global container port volumes are forecast to increase by over 50% in this same period. The capacity of the world’s container terminals, on the other hand, is forecast to grow by just under 20%. The slower rate of container terminal capacity growth relative to throughput will increase global container terminal utilisation rates unless more projects are brought back to life. “Several parts of the world could see the spectre of congestion returning by 2015 if some of the originally planned expansion projects cannot be reactivated within the next three to five years.”

www.drewry.co.uk/publications/view_publication.php?id=356

Container Forecaster (2011)

Drewy’s Container Forecaster provides (i) regularly updated assessments of world and regional container traffic activity by quarter, (ii) short term forecasts by quarter of global and regional container volumes, (iii) assessments of quarterly movements in the global container market supply-demand balance, and accompanying forecasts, (iv) forecasts of containership charter rates by quarter for the next two years, (v) assessments of changes in global industry revenue, (vi) assessments of demand, supply, rate and competition developments on the main east-west and north-south trades, and (vii) a global/macro context against which to benchmark corporate planning.

www.drewry.co.uk/publications/view_publication.php?id=312

EcoPorts portal

The European Seaports Organization (ESPO) has launched the new EcoPorts portal. The portal marks the integration of EcoPorts within the structure of ESPO. Through this website, ESPO manages the EcoPorts network of ports and offers the opportunity to port authorities within its broad membership to use the EcoPorts tools, the Self Diagnosis Method (SDM) and Port Environmental Review System (PERS). SDM and PERS have been updated and re-launched as part of the services ESPO offers to its members.

www.ecoports.com
The United Nations Network of Experts for Paperless Trade in Asia and the Pacific (UNNExT)

Established by the ESCAP and UNECE, UNNExT is a community of knowledge and practice for experts from developing countries and transition economies from Asia and the Pacific involved in the implementation of electronic trade systems and trade facilitation. It aims to support national, sub-regional and transcontinental Single Window and paperless trade initiatives through training, knowledge sharing and the application of international standards. The UNNExT website offers useful links to events and activities, reference materials, an online expert database and various policy briefs and tools.

www.unescap.org/unnext/

International Research Conference on Short Sea Shipping
Lisbon, 2-3 April 2012

An opportunity for the international shipping community to come together and discuss the present issues, recent trends, technological, operational and legislative developments and the challenges to be faced by short sea shipping in the future. It will build upon the body of knowledge and research carried out so far. It aims at encouraging ongoing international information exchange, strengthening the regional network, building knowledge upon difference of opinion and experience, and fostering exchange of expertise and learning through active participation of community representatives, academia, governments, private research agencies and national research centres.

www.sss2012.org/conference.html

UNCTAD’s Multi-year Expert Meeting on Transport and Trade facilitation to be held 7-9 December 2011

This fourth session of UNCTAD’s Multi-year Expert Meeting on Transport and Trade facilitation will reflect on changes occurred and progress made in the issues addressed at previous sessions, and draw the lesson learned for UNCTAD in the (post-Doha) future.

The themes to be discussed include the:
- relationship between international transport and climate change;
- importance of Private-Public collaborative schemes for competitive transport infrastructure and services; and
- relevance of technical assistance and capacity building for trade facilitation and Customs automation also with regard to the implementation of WTO rules on TF.

Further details will be posted at http://www.unctad.org/Templates/Page.asp?intItemID=4714&lang=1

New Contracting Party to International Maritime Conventions adopted under the auspices of UNCTAD

United Nations Convention on Arrest of Ships, 1999
Entry into force: 14 September 2011; Contracting States: 10
Albania – 14 March 2011

For more information on the latest status of this and other Conventions, please visit www.unctad.org/tti/legal