

2026 Review of maritime transport

Chapter V

Legal issues and regulatory developments

This chapter provides an overview of key international legal and regulatory developments affecting maritime transport and trade. Part A focuses on the entry into force of the 2010 International Convention on Liability and Compensation for Damage in Connection with the Carriage of Hazardous and Noxious Substances by Sea (2010 HNS Convention), its main provisions, benefits for Contracting States and remaining regulatory gaps.

Part B considers the new IMO Guidelines on the Registration of Ships and their role in strengthening maritime governance and combating fraudulent ship registries and registrations.

Part C presents other key legal developments, including: (i) the adoption of the IMO International Code of Safety for Maritime Autonomous Surface Ships (MASS Code), (ii) the entry into force of the Agreement under the United Nations Convention on the Law of the Sea (UNCLOS) on the Conservation and Sustainable Use of Marine Biological Diversity of Areas beyond National Jurisdiction (BBNJ Agreement), (iii) the entry into force of the United Nations Convention on the International Effects of Judicial Sales of Ships (Beijing Convention) and (iv) the adoption of the United Nations Convention on Negotiable Cargo Documents (NCD Convention).

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Key takeaways

- The entry into force of the 2010 HNS Convention in November 2027 will close a significant gap in the global maritime liability and compensation framework. For the first time, it will establish a comprehensive system for prompt, adequate and predictable compensation for damage arising from the carriage by sea of hazardous and noxious substances, including chemicals, liquefied gases and other dangerous goods. This is particularly important as trade in such substances, including chemicals and alternative fuels, continues to grow. Modelled on the existing international liability regime for persistent oil pollution from tankers, the Convention establishes a two-tier compensation system. It combines strict shipowner liability backed by compulsory insurance with additional compensation from an international fund financed by hazardous and noxious substances (HNS) cargo receivers in Contracting States.

- Accession to the Convention would give claimants in Contracting States access to substantial compensation for loss of life, personal injury, pollution damage and preventive measures. This would not necessarily entail significant financial burdens, as contributions to the HNS Fund are only required if HNS receipts exceed a certain threshold. Accession may therefore be particularly beneficial for many coastal developing States and small island developing States, which are often highly vulnerable to HNS incidents despite importing little or no HNS cargo. All United Nations Member States are encouraged to accede to the Convention and promote its broad application. UNCTAD is available to provide advice and assistance.

- HNS Convention insurance will be required not only for ships registered in Contracting States but also for vessels carrying HNS cargoes to or from their ports. Shipowners should ensure compliance well in advance to avoid limitations on access to key ports and chemical trade hubs.

- Important regulatory gaps remain, notably because the Convention does not cover damage arising from the use of HNS, including alternative fuels, for ship propulsion and operation. Policymakers should engage actively in ongoing IMO work on this and related issues.

- To strengthen maritime governance and address fraudulent ship registration and registries, the IMO Legal Committee has adopted the Guidelines on the Registration of Ships. Although voluntary, they represent the first internationally agreed guidance on ship registration procedures. They are particularly useful for new registries and those seeking to improve existing practices. Implementation by all flag States is strongly encouraged.

- The non-mandatory IMO MASS Code, effective from 1 July 2026, establishes a global framework for the safe integration of artificial intelligence-enabled and remotely operated commercial vessels, while preserving requirements for human oversight and safety. A mandatory code is envisaged for adoption in 2030, following an experience-building phase. Given the implications of ship automation and the importance of effective regulation for navigation safety, pollution prevention and the future role of seafarers, United Nations Member States are encouraged to implement the MASS Code and participate actively in related IMO work.

- The BBNJ Agreement, which entered into force in January 2026, represents a major milestone for the conservation and sustainable use of marine biodiversity in areas beyond national jurisdiction. The Agreement addresses many critical issues for developing States, including fair and equitable benefit-sharing related to marine genetic resources and related digital sequence information, as well as capacity-building and technology transfer. Widespread accession is strongly encouraged, as is active engagement in the first session of the Conference of the Parties in January 2027, which is expected to make a number of important decisions to operationalize the Agreement. States are encouraged to develop or strengthen national legal frameworks for implementation, supported by available financial and capacity-building mechanisms Policymakers in Contracting States should also strengthen, as necessary, the effective implementation, enforcement and further development of the international maritime legal framework, in line with the Agreement's objectives.

- The Beijing Convention governs the international effects of a judicial sale of a ship that confers clean title on the purchaser. Its entry into force, on 17 February 2026, represents an important step towards harmonizing maritime law on the cross-border recognition of judicial sales of ships. To enhance its effectiveness and impact internationally, all United Nations Member States are encouraged to consider accession.

- The recently adopted United Nations Convention on Negotiable Cargo Documents creates a uniform framework for transferable paper and electronic documents of title representing goods in transit across all transport modes. It is intended to facilitate trade finance, the sale of goods in transit and multimodal transport. It does not, however, address carrier liability or protect cargo interests from potentially unfair contractual terms. States considering ratification are therefore advised to review domestic laws to ensure that adequate mandatory minimum standards of carrier liability are available to shippers and consignees.

A. Closing an important regulatory gap: The 2010 International Convention on Liability and Compensation for Damage in Connection with the Carriage of Hazardous and Noxious Substances by Sea

1. Entry into force of the 2010 HNS Convention

Following decades of negotiations and preparatory work, the International Convention on Liability and Compensation for Damage in Connection with the Carriage of Hazardous and Noxious Substances by Sea, 1996, as amended by its 2010 Protocol,[1] has reached a milestone.

The original HNS Convention, adopted in 1996, never entered into force because it did not reach the required number of ratifications. To overcome some obstacles to ratification, the Protocol adopted in 2010 introduced some important amendments (UNCTAD, 2010 and 2012). Ratification of the 2010 Protocol implies ratification of the 1996 Convention as amended by the Protocol, with both instruments being read and interpreted as a single instrument, referred to as the 2010 HNS Convention.

In April 2026, at the 113th session of the IMO Legal Committee, Belgium, Germany, the Kingdom of the Netherlands and Sweden deposited their instruments of ratification or accession, bringing the number of Contracting States to 12 and fulfilling the Convention's remaining State and tonnage requirements for entry into force (IMO, 2026a).[2] On 29 May 2026, the reported volumes of contributing cargo met the final requirement for triggering the 18-month period before the entry into force of the 2010 HNS Convention (IMO, 2026b), on 29 November 2027. Following ratification by Finland in June 2026 (IOPC Funds, 2026), the Convention now has 13 Contracting States (figure V.1).

The entry into force of the 2010 HNS Convention closes a longstanding regulatory gap. Despite the existence of a robust international liability regime for persistent oil pollution damage from tankers – comprising the International Convention on Civil Liability for Oil Pollution Damage, 1992 (CLC 1992) and the International Convention on the Establishment of an International Fund for Compensation for Oil Pollution Damage,1992 (IOPC Fund Convention 1992),[3] collectively known as the CLC–IOPC Funds regime – no relevant international civil liability and compensation framework is in force to cover damage arising from the carriage of HNS by sea.

1 The consolidated text of the Convention is available at https://www.hnsconvention.org/.

2 For the text of reservations by some Contracting States in line with article 5 of the Convention, see IMO, 2026a.

3 Both Conventions have been in force since 1996 and are available at https://www.iopcfunds.org/. As of 30 October 2026, the CLC 1992 has 149 Contracting Parties; the IOPC Fund Convention 1992 has 124 (IMO, 2026a). Earlier versions of the two Conventions are still in force in several jurisdictions. For a detailed analytical overview, see UNCTAD, 2012.

Incidents involving HNS can have severe, widespread and costly consequences, highlighted by recent maritime accidents. These comprise the *X-Press Pearl* chemical spill,[4] the *MV Solong–MV Stena Immaculate* collision[5] and the *YM Mobility* chemical container explosion.[6] Fires, explosions and operational or accidental spills of HNS can result in loss of life and personal injury as well as environmental pollution, costly clean-up operations, port closures and extensive economic losses, and can have long-term ramifications for affected coastal communities. These may be particularly pronounced in coastal developing States, including least developed countries, as well as small island developing States, where ocean goods and services, including maritime transport, fisheries and tourism, are critical for livelihoods and food security.[7]

2. Main provisions

The 2010 HNS Convention is modelled closely on the CLC-IOPC Funds regime but differs in some material respects.

Scope of application

The 2010 HNS Convention has a broad material scope of application, covering damage arising from the carriage as cargo[8] of any substances, materials and articles considered HNS, irrespective of whether they are carried in bulk or packaged form.[9] While the CLC-IOPC Funds regime covers only pollution damage caused outside the ship by contamination and preventive measures, the concept of damage under the 2010 HNS Convention is broader. It includes loss of life or personal injury on board or outside the ship carrying HNS and loss of or damage to property outside the ship, in addition to loss or damage caused by contamination of the environment, loss of income in fishing and tourism, and the costs of preventive measures and further loss or damage caused by such measures.[10]

The 2010 HNS Convention does not cover pollution damage caused by persistent oil (e.g., crude oil, fuel oil, heavy diesel oil or lubricating oil), since such damage may be covered under the CLC-IOPC Funds regime.[11] Persistent oil is included in the list of substances in article 1(5) of the 2010 HNS Convention, however, and non-pollution damage caused by persistent oil (fire, explosion, loss of life or personal injury on board or outside the ship) would be covered by the Convention.[12] Therefore, it adds to the existing level of protection under the CLC-IOPC Funds regime in case of an incident involving an oil tanker by covering certain non-pollution damage.

Fires, explosions and operational or accidental spills of HNS can result in loss of life and personal injury as well as environmental pollution, costly clean-up operations, port closures and extensive economic losses

4 The 2021 *X-Press Pearl* incident off Sri Lanka involved a container ship carrying hazardous chemicals that caught fire, exploded, sank, and caused extensive marine pollution and coastal contamination (United Nations Environment Programme and United Nations Office for the Coordination of Humanitarian Affairs, 2021).

5 The collision between the *MV Solong* and *MV Stena Immaculate* in the North Sea in 2025 involved a container ship carrying dangerous goods and a tanker laden with aviation fuel. The incident caused explosions and fire, resulting in one crew member presumed dead, and posed a significant pollution risk (Marine Accident Investigation Branch, 2025).

6 The 2024 explosion aboard the *YM Mobility* in the port of Ningbo, China, was caused by unstable chemical cargo in a container. It led to a fire and explosion, major damage (estimated at $13 million) and the risk of environmental contamination in a port area (The Maritime Executive, 2025; Safety4Sea, 2025).

7 In 2024, developing State exports of marine fisheries, aquaculture and hatcheries accounted for an estimated value of $41,740 million. For the same year, the value of marine and coastal tourism, reached $400,423 million (UNCTAD, 2026).

8 The scope of application starts when HNS enter the ship's equipment (e.g., the manifold) or pass its rail on loading. It ends when HNS cease to be part of the ship's equipment or pass its rail on discharge (article 1(9) of the Convention; IOPC Funds, 2014).

9 Article 1(5) of the Convention defines HNS by reference to lists of substances identified in existing international conventions and codes on maritime safety and pollution prevention. To verify whether a cargo falls within the Convention's scope, the online HNS Finder tool is available at https://www.hnsconvention.org/hns-finder/.

10 Article 1(6)(a)-(d); see also the IOPC Funds explanatory note (IOPC Funds, 2014).

11 According to article 4(3)(a), the 2010 HNS Convention does not apply to "pollution damage as defined in the [CLC], whether or not compensation is payable in respect of it under that Convention".

12 Ibid. See also De la Rue and Anderson, 2009, and the IOPC Funds explanatory note (IOPC Funds, 2014).

In terms of geographical scope, article 3 of the 2010 HNS Convention provides that the Convention covers: (i) any damage caused in the territory or territorial sea of a State Party, as well as (ii) *pollution* damage caused in the exclusive economic zone, and (iii) preventive measures, wherever taken. This is relevant for coastal States that import or export HNS or have shipping lanes near their coastlines. The Convention also covers (iv) non-pollution damage – such as loss of life and personal injury – caused by HNS carried on board a ship flying the flag of a State Party outside the territory or territorial sea of any State. Thus, in case of loss of life or injury sustained on the high seas by the crew of an HNS-carrying vessel flying the flag of a Contracting State, compensation in line with the provisions of the Convention would be available.

Liability of the shipowner (first tier)

The first tier establishes the shipowner's strict liability, subject to defined financial limits and exceptions

Similar to the CLC-IOPC Funds regime, the 2010 HNS Convention adopts a two-tiered compensation system, with liability shared between the registered shipowner and cargo interests, more specifically, HNS receivers in Contracting States.[13] The first tier establishes the strict and channelled liability of the registered shipowner for damage covered by the regime. The shipowner is liable regardless of fault. Compensation claims may be brought only against the shipowner, excluding the liability of other parties and, once a limitation fund has been constituted (article 9), recourse against the shipowner's other assets.[14] Some exceptions to liability apply, notably in cases where damage is due to reasons beyond the shipowner's control.[15] The shipowner may limit its financial liability to an amount ranging between 10 million and 100 million Special Drawing Rights (SDRs),[16] depending on the vessel's tonnage, although the limit increases where the incident involves packaged HNS.[17]

To ensure the effectiveness of this system, shipowners are required to maintain compulsory insurance or other financial security covering their potential liability. Ships must carry certificates evidencing such cover, and claimants are granted a direct right of action against the insurer (article 12, specifically 12(8)). Enforcement of the compulsory insurance requirement is a matter for both the flag State, which "shall not permit a ship under its flag […] to trade unless a certificate has been issued […]" as well as the port State, which "shall ensure that insurance or other security […] is in force in respect of any ship, wherever registered, entering or leaving a port in its territory, or arriving at or leaving an offshore facility in its territorial sea" (articles 12(10) and (11)).

According to the International Group of Protection and Indemnity Clubs, around 65,000 vessels currently carry or may carry HNS cargoes (IMO, 2026c), including many flying the flag of non-Contracting States. As insurance certification under the 2010 HNS Convention will be required to call at ports of Contracting States, shipowners should secure the necessary coverage before the Convention enters into force. Otherwise, they may risk losing access to major ports and chemical trade hubs in North-East and Baltic Europe and Atlantic Canada.

[13] Receivers in Contracting States of HNS cargo above certain thresholds contribute to the HNS Fund. The 2010 HNS Convention does not impose liability on the owner of the HNS involved in the incident.
[14] Articles 7 and 10; see also UNCTAD, 2012 and IOPC Funds, 2014.
[15] See article 7(2), providing an exhaustive list of exceptions to liability, including an "act of war, hostilities, civil war, insurrection or a natural phenomenon of an exceptional, inevitable and irresistible character", as well as a failure of the shipper to declare dangerous cargo.
[16] Article 9. The SDR is a basket currency updated daily by the International Monetary Fund; 100 million SDRs correspond to approximately $135 million (based on the exchange rate on 28 October 2026).
[17] Where damage is caused by packaged HNS, by both bulk and packaged HNS, or where it cannot be determined whether the damage was caused by bulk or packaged HNS, the relevant limits rise to 11.5 and 115 million SDRs, respectively (article 9(b)).

International Hazardous and Noxious Substances Fund (second tier)

The first tier of liability is complemented by a second tier, under which compensation is available from the International Hazardous and Noxious Substances Fund (HNS Fund). Similar to the IOPC Funds, the HNS Fund is financed by contributions levied on persons and entities that, in a calendar year, received cargoes after sea transport in a Contracting State in quantities above the thresholds laid down in the 2010 HNS Convention.[18]

The function of the HNS Fund is to compensate damage in connection with the carriage of HNS substances by sea to the extent that the damage is not adequately compensated by the shipowner. This includes three sets of cases: (i) where no liability arises for the shipowner under the provisions of the Convention (i.e., one of the exceptions to shipowner liability applies); (ii) the owner liable for the damage is financially incapable of meeting its obligations in full and financial security or insurance is inadequate; or (iii) the damage exceeds the owner's liability as provided in the Convention (article 14(1)). The overall maximum compensation available from the HNS Fund in respect of any one incident is 250 million SDR, including the sum paid by the shipowner or its insurer.[19] Compensation for damage arising from "an act of war, hostilities, civil war or insurrection or damage from HNS discharged from a warship or ship on Government non-commercial service" is exceptionally not borne by the HNS Fund in accordance with article 14(3), a fact of increasing significance, considering heightened geopolitical instability. As a result, related damage is not compensated under the Convention.[20]

The HNS Fund, when fully operational, will have four accounts: (i) a general account, for chemicals in bulk and other HNS substances, (ii) an oil account, (iii) an LNG account and (iv) an LPG account (article 16). Each account will meet the cost of compensation payments arising from damage caused by substances contributing to that account.[21]

The Convention also imposes detailed reporting obligations on receivers of HNS cargo in Contracting States, above certain thresholds, with non-compliance potentially leading to the suspension of compensation payments, except for death and personal injury claims.[22]

The HNS Fund provides a second tier of compensation financed by contributions from cargo receivers in Contracting States

Benefits of ratifying the 2010 HNS Convention

Collectively, these provisions create a predictable, internationally funded mechanism for prompt and adequate compensation for HNS-related damage. The strict liability of the shipowner facilitates the satisfaction of claims and reinforces the "polluter pays" principle (ITOPF et al., 2016). Combined with mandatory liability insurance and a right of direct action against the insurer, it also strengthens the practical enforceability of claims (UNCTAD, 2012; De la Rue and Anderson, 2009).

The second tier of compensation – the HNS Fund – provides substantial financial compensation of up to 250 million SDR per incident. This is significantly higher than compensation available to claimants

[18] The relevant thresholds vary depending on the substance carried (articles 18,19, 19(1)(a) and 19(1bis); see IOPC Funds, 2014.

[19] Article 14(5). In case of "damage resulting from a natural phenomenon of an exceptional, inevitable and irresistible character", where the shipowner is exempt from liability, the HNS Fund covers up to 250 million SDR per incident.

[20] Articles 7(2)(a) and 14(3)(a). The rise in war-loss incidents after 2021 (DNV, 2025) suggests greater exposure to conflict-related risks, including in the carriage of HNS cargoes.

[21] Although contributions are paid only by the receivers of cargo shipped in bulk, damage caused by packaged goods is also compensated by the HNS Fund. See the IOPC Funds explanatory note (IOPC Funds, 2014), paras. 4(i) and 40.

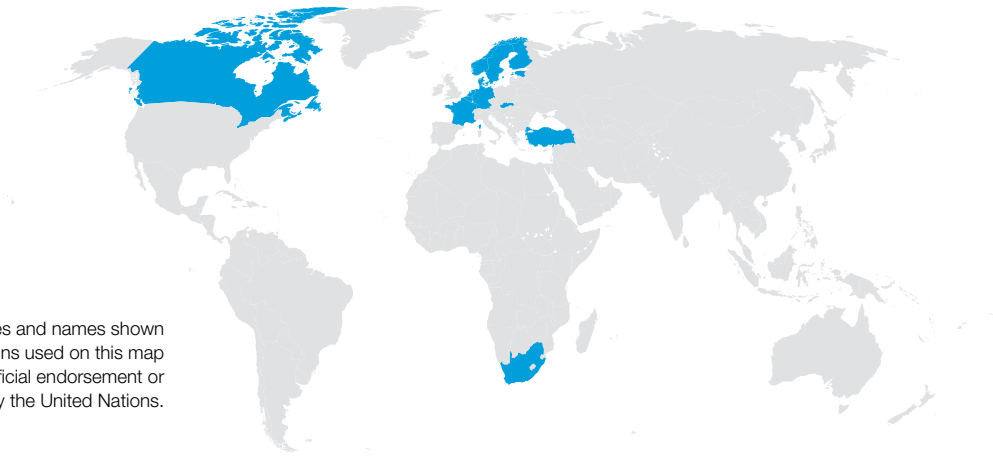
[22] Articles 21 and 21 bis. A set of guidelines and explanatory documents to facilitate reporting is available at https://www.hnsconvention.org/hns-reporting/.

Accession to the 2010 HNS Convention would be particularly beneficial for coastal developing States with few or no imports of HNS substances

under national law or any otherwise applicable limitation of liability regime, such as the Convention on Limitation of Liability for Maritime Claims (LLMC) 1976, as amended.[23] Importantly, compensation is available from the Fund irrespective of the vessel's flag, cargo ownership or the location of the incident as long as the damage is suffered in a Contracting State.[24] Thus, compensation is available to claimants having suffered damage in a Contracting State irrespective of whether that State imports sufficient HNS cargo to require any financial contributions to the HNS Fund.

For many coastal developing States with few or no imports of HNS substances, accession to the 2010 HNS Convention would therefore be particularly beneficial, providing affected claimants with access to significant financial compensation, without entailing substantial financial burdens for (receivers in) the State concerned.[25] Given the relatively low level of ratification (map V.1), widespread accession to the Convention is strongly encouraged, together with technical assistance and capacity-building support for developing States to facilitate its implementation, application and enforcement.

Map V.1
States Parties to the 2010 HNS Convention
(As of 30 October 2026)



The boundaries and names shown and the designations used on this map do not imply official endorsement or acceptance by the United Nations.

Source: IMO, 2026a; IOPC Funds, 2026. States Parties to the 2010 HNS Convention include Belgium, Canada, Denmark, Estonia, Finland, France, Germany, the Kingdom of the Netherlands, Norway, Slovakia, South Africa, Sweden and Türkiye.

Note: Denmark has entered a reservation to exclude the application in Greenland. The map does not identify all island and overseas territories of Contracting States.

[23] By way of comparison, compensation under the HNS Convention regime would be available up to an overall limit of 250 million SDR per incident, irrespective of ship size or gross tonnage. In contrast, under the LLMC 1976, as amended in 1996, the applicable limits of shipowner liability, as last revised, are lower and depend on ship size or gross tonnage. For ships up to 2,000 gross tons, liability would not exceed 3.02 million SDR for claims relating to loss of life or personal injury on ships and 1.51 million SDR for property claims. For larger vessels, relevant limits are higher but remain significantly below those available under the HNS Convention regime (IMO, 2015).

[24] As noted above, the Convention further provides compensation for damage, other than environmental, caused outside the territory or territorial sea of a State if the damage was caused by HNS carried on board a ship registered in a Contracting State.

[25] Although all States are required to provide data on their bulk imports of HNS, both prior and subsequent to becoming Parties to the Convention.

3. Risks connected with the use of alternative fuels

The 2010 HNS Convention closes an important regulatory gap regarding the carriage, as cargo, of chemicals used as alternative fuels. The regime applies to incidents involving transport by sea of substances such as methanol, ammonia, LNG, LPG, blended fuels and most types of petrochemical products, including kerosene and light diesel oil,[26] but only when such substances are transported as cargo.

The Convention does not address risks from the use of alternative fuels for the propulsion/operation of ships. As highlighted in the *Review of Maritime Transport 2025* (UNCTAD, 2025, chapter V, section A.4), some alternative fuels used for ship operation or propulsion may be covered by the 2001 International Convention on Civil Liability for Bunker Oil Pollution Damage (Bunkers Convention),[27] which defines "bunker oil" as "any hydrocarbon mineral oil used or intended to be used for the operation or propulsion of ships" (article 1(5)). While this definition could potentially encompass certain hybrid fuels, it excludes alternative fuels such as LNG, ammonia, methanol or hydrogen. Moreover, none of the existing international conventions provide compensation in case of death or personal injury arising from an incident involving fuels used for ship operation or propulsion.

Several States have expressed concerns about a relevant regulatory gap (IMO, 2025). This prompted the IMO Legal Committee, at its 112th session, to include a specific output to explore the «suitability of IMO liability and compensation regimes with respect to alternative fuels» (ibid.). An informal group of interested member States and industry organizations, supported by a detailed discussion paper submitted by the Comité Maritime International (IMO, 2026d), presented an analysis to the 113th session of the IMO Legal Committee identifying regulatory gaps, key features of a liability and compensation regime for damage arising from alternative fuels, and possible legal options for a way forward (IMO, 2026e). The Committee further agreed to work on developing or amending a liability regime for alternative fuels and technologies used for ship operation and propulsion through an intersessional correspondence group coordinated by Canada (IMO, 2026f, para. 14.5). All United Nations Member States are strongly encouraged to engage constructively in related deliberations.

Alongside discussions on liability and compensation, efforts are underway to develop a comprehensive safety regulatory framework to support the uptake of alternative fuels, with a clear focus on addressing operational risks and strengthening health and safety standards at both the technical and crewing levels. At its 111th session, the IMO Maritime Safety Committee approved interim guidelines for the safe use of hydrogen and ammonia as marine fuels, alongside dedicated training guidance for seafarers serving on vessels using ammonia and methyl and ethyl alcohol fuels (IMO, 2026g).

The importance of addressing remaining regulatory and safety challenges and gaps is underscored by the anticipated increase in the use of alternative fuels (chapter I, section B.2. and chapter II, section A.5), driven by efforts to reduce greenhouse gas emissions and achieve the targets of the revised IMO Strategy on the Reduction of GHG Emissions from Ships (IMO, 2023a). This expansion is likely to be accompanied by the potential for increased risks to human health, fisheries and the environment, as these fuels differ significantly from persistent oil in their chemical properties and behaviour (ITOPF, 2024 and 2026).

While the HNS Convention closes an important regulatory gap, it does not address risks connected with the use of alternative fuels for ship propulsion and operation

[26] The CLC-IOPC Funds regime only applies to spills of persistent hydrocarbon mineral oil from tankers.

[27] The Bunkers Convention applies in case of pollution damage arising from bunker oil spills from ships other than tankers (which are covered by the CLC-IOPC Funds regime). It has been in force since 2008 and, as of 30 October 2026, has 111 Contracting States (IMO, 2026a). For background, see also UNCTAD, 2012 and 2023a, chapter V, section C.1).

B. Good governance in ship registration: A key tool against fraudulent registries and registration of ships

At its 113th session in April 2026, the IMO Legal Committee adopted the Guidelines on the Registration of Ships to be published as a circular (IMO, 2026f, annex 1; IMO, 2026h). The significance of this development must be understood against the backdrop of an important regulatory gap. At present, no binding international legal regime governs the registration of ships. The United Nations Convention on Conditions for Registration of Ships was adopted in 1986, under the auspices of UNCTAD,[28] with the stated objective of "ensuring or [...] strengthening the genuine link between a State and ships flying its flag", and facilitating the effective exercise of flag State jurisdiction and control "with regard to identification and accountability of shipowners and operators as well as with regard to administrative, technical, economic and social matters" (article 1). The Convention failed to attract the required number of ratifications, however, and never entered into force (IMO, 2024).

As noted in the Guidelines (para. 1), they were developed in response to the Committee's decision at its 112th session to support flag States in improving registration procedures, strengthening due diligence, identifying falsified documents and preventing fraudulent registrations and registries (IMO, 2026f, annex 1 and 2026h). Fraudulent ship registrations and registries are a growing global concern, given far-reaching implications, including for maritime safety and security, pollution, seafarers' welfare and effective ocean governance (UNCTAD, 2024). The topic has increased in importance in recent years given the emergence of a "dark fleet" or "shadow fleet"[29] and "an increase in the frequency of ship-to-ship crude oil transfers in international waters by ships using 'dark operations' in order to circumvent sanctions and high insurance costs" (IMO, 2023d, para. 1).[30]

Fraudulent practices include falsely claiming the flag of a State that does not possess a registry, continuing to fly a flag after deregistration, and submitting falsified records to obtain IMO documentation and ship identification records (IMO, 2026i). By February 2026, the number of ships flying a false flag had increased compared to the previous session of the Committee, with 529 ships falsely flying flags, including those of developing States in many cases (IMO, 2026j).[31]

While concerns about growing incidents of fraudulent ship registration and registries provided impetus for the Guidelines, it is important to note that, for the first time, internationally agreed guidance has introduced common, albeit voluntary, standards on ship registration. The Guidelines may therefore be seen as a

[28] The Convention was adopted on 7 February 1986 and has 15 Contracting States. See https://unctad.org/topic/transport-and-trade-logistics/policy-and-legislation/international-maritime-transport-law/maritime-conventions.

[29] As defined in IMO, 2023b, para. 5.1. See also IMO, 2023c, para. 1.

[30] See https://www.imo.org/en/mediacentre/meetingsummaries/pages/legal-committee,-110th-session.aspx. As noted by the IMO Legal Committee (IMO, 2023b), dark fleet tankers pose a significant risk of incidents, particularly during ship-to-ship transfers, by avoiding regulatory oversight.

[31] According to data in the report, approximately 45 per cent of false flag ships purport to fly the flag of a least developed country.

development that could strengthen efforts towards effective and improved ocean governance and implementation of article 91(1) of UNCLOS, requiring a State to "fix the conditions for the grant of its nationality to ships, for the registration of ships in its territory, and for the right to fly its flag".

The Guidelines may be particularly useful for developing States operating smaller, expanding or newly established registries. From 2021 to 2026, the number of registered vessels in some developing countries and small island developing States increased significantly.[32] For some other States, such as India, regulatory changes introduced in 2025 might lead to a considerable expansion of their registry in the future.[33] By providing guidance on verification, due diligence and registry management, the Guidelines can support capacity-building and strengthen administrative procedures where financial and human resources are constrained.

The Guidelines are structured to support flag States in managing registration procedures, identifying falsified documentation, and reducing and ultimately eliminating fraudulent registrations (box V.1).



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[32] Such as, for example, in the registries of Benin, Gambia, Guinea, Guinea-Bissau, Naoero and Sao Tome and Principe, where the increase in the absolute number of registered vessels ranges from 300 to 1,867 per cent over the last five years (UNCTAD, 2026).

[33] India's new Merchant Shipping Act, 2025 (No. 24 of 2025) implemented important changes to ship registration by relaxing ownership rules and expanded its scope of application (Shipping and Freight Resource, 2025; Research and Information System for Developing Countries, 2025).

Box V.1
Main provisions of the IMO Guidelines on the Registration of Ships

Section 1 (purpose and scope) clarifies the objective, scope and non-binding nature of the Guidelines.

Section 2 (flag State legislation, governance and control of who can perform registration of ships) emphasizes the need for a comprehensive legal and administrative framework governing the establishment, operation and oversight of registries. It recommends eligibility criteria for ships and shipowners, clear procedures for deletion or deregistration, and effective governmental oversight of all entities involved in registration, including private operators acting under formal contractual arrangements. The Guidelines also encourage notification of registry contact points through IMO's Global Integrated Shipping Information System (GISIS).[34]

Section 3 (procedures and quality assurance in ship registration) highlights the importance of documented procedures for provisional and permanent registration, consistent decision-making and internal controls to enhance transparency, accountability and consistency.

Section 4 (due diligence on ownership and ship identification) focuses on due diligence to prevent fraudulent registration and fraudulent registries. Recommended measures include verification of identity and ownership information of the applicant and screening against United Nations and national sanctions lists prior to and following registration. Particular importance is attached to confirming deletion from previous registries, a process greatly facilitated for vessels with flags of countries that have publicly accessible ship registers online.[35] The cross-checking of unique identifiers of the vessel, such as the IMO Ship Identification Number and the Continuous Synopsis Record, are specifically mentioned as good practices, along with the use of security features embedded in nationality documentation and publicly accessible online verification tools. The section emphasizes the need for oversight of recognized organizations acting on behalf of the flag State on matters of surveys, inspections and certifications.

Section 5 (information sources and tools during ship registration) underscores the value of cross-checking information submitted by applicants against official and reputable sources, including GISIS, open sources and commercial databases, to identify inconsistencies and discrepancies.

Section 6 (cooperation and information-sharing) stresses the importance of cooperation and timely information-sharing among States, including flag and port States. It highlights information exchange mechanisms among States and through IMO as practical tools to combat so-called "flag-hopping".

Section 7 (effective implementation of IMO instruments) links registration practices to inspections, monitoring and compliance with national legislation, IMO instruments and international conventions. It emphasizes that registration is only the starting point of flag State responsibility under article 94 of UNCLOS. Oversight of recognized organizations, monitoring of compliance and cooperation with other States to identify vessels requiring enhanced scrutiny are presented as key elements of an effective registration system.

Source: UNCTAD based on IMO, 2026h.

[34] As of 30 October 2026, only 101 national registry contact points had been reported in GISIS, compared to 176 IMO member States (IMO, 2026k).
[35] Such as, for example, Canada, Estonia and Denmark.

The Guidelines contribute to the formulation of a common standard on good practices in managing ship registration procedures. This may facilitate more effective implementation of a flag State's legal obligations to maintain a register and assume jurisdiction over ships flying its flag, as prescribed in article 94(2) of UNCLOS (IMO, 2024). The Guidelines do not address or provide any assistance, however, in relation to the requirement that "there must exist a genuine link between the State and the ship", as stipulated by article 91(1) of UNCLOS.

Further work is expected at the Committee's next session on other measures to prevent relevant unlawful practices not discussed during the 113th session due to time constraints. In parallel, the regulatory scoping exercise on IMO conventions and other instruments aimed at preventing unlawful operations and substandard ships will advance at the Committee's next session, supported by the ongoing work of an intersessional correspondence group coordinated by Germany (IMO, 2026f, paras. 6.13 and 13.9 and annex 2).

C. Other developments

1. Non-mandatory International Code of Safety for Maritime Autonomous Surface Ships entered into effect on 1 July 2026

The IMO Maritime Safety Committee (MSC), at its 111th session in May 2026, following extensive related work since 2017 (IMO, 2026l; UNCTAD, 2025) finalized its work on the goal-based, non-mandatory MASS Code (IMO, 2026g). It was published as a resolution (IMO, 2026m) and entered into effect on 1 July 2026.

The MASS Code provides an international framework governing the autonomous and remote operation of ship functions and systems. It seeks to ensure the safety, security and environmental sustainability of maritime autonomous surface ships (MASS), while supporting technological innovation and harmonized approaches to their design, construction and operation (section 1.1). The term MASS encompasses all ships that "to a varying degree, can operate independently of human interaction" (section 4.19).

The Code applies to "cargo ships to which SOLAS [International Convention for the Safety of Life at Sea,1974, as amended] chapter I applies", i.e., vessels of 500 gross tons and above[36] engaged on international voyages, "including any associated Remote Operations Centre(s) (ROC(s)), which have systems and functions that enable autonomous or remote operations [...]".[37] Certain types of vessels are expressly excluded, notably "cargo high-speed craft to which SOLAS chapter X applies; and warships, naval auxiliaries, and other ships owned or operated by a Contracting Government and used only on Government non-commercial service". Application of the Code extends to cases where a degree of automation is present, "even where persons are on board to handle other functions" (section 2.3).

The MASS Code comprises three parts and 24 chapters, covering all aspects of maritime safety and security. MASS must also comply with SOLAS and other applicable mandatory IMO instruments. As industry observers note (The Maritime Executive, 2026), the

[36] Section 2.1. Application is encouraged for MASS "of less than 500 gross tonnage" (preamble, para. 3).
[37] A ROC is a shore-based or other location from which some or all ship functions can be operated remotely, while a remote operator is a qualified person performing such functions from a ROC (sections 4.31 and 4.32).

Adoption of the non-mandatory MASS Code marks the beginning of an "experience-building phase" with a view to developing a mandatory MASS Code by 2030

Code sets out a long list of equipment requirements specific to unmanned ships. Without crew aboard, unmanned vessels need to be designed differently for safety and emergency responses so that they can operate safely in all conditions, including all "reasonably foreseeable degraded states".[38]

Section 8.7 of the Code requires human oversight and control. It specifically provides that a human master, who might not be on board, must be able to intervene and override any automatic system and remain responsible for the ship. Beyond safety considerations, this has significant implications for seafarers and labour-supplying States, which may need to upskill their maritime workforce and steer a just transition that delivers alternative employment opportunities, as one delegation highlighted during the MSC session (IMO, 2026g, para 5.5).

The adoption of the MASS Code marks the beginning of an "experience-building phase" that will provide a systematic and evidence-based process for reviewing and improving the text of the non-mandatory Code, with a view to developing a mandatory MASS Code, expected to be adopted by 1 July 2030 and to enter into force by 1 January 2032 (IMO, 2026g, para. 5.29). To that end, the MASS Working Group will be re-established at the 112th session of the MSC in December 2026 to develop a relevant framework that will feed into three workstreams. These will focus on data collection, data analysis and the development of amendments to incorporate the provisions of the mandatory MASS Code in SOLAS (IMO, 2026n, annex 3).

The entry into effect of the MASS Code will be followed by its assessment by other IMO bodies, including the Legal Committee. The Committee, by the spring of 2027, will consider the need for amendments to, or interpretations of, treaties under its purview. It will also consider proposals, including guidelines, on implementation of those legal instruments by MASS (IMO, 2026f, para. 8.5 and annex 6).

Given the importance of ensuring the safety of MASS operations, UNCTAD encourages all United Nations Member States, particularly developing countries, to actively participate in all IMO work addressing MASS issues.

2. Entry into force of the Agreement under the United Nations Convention on the Law of the Sea on the Conservation and Sustainable Use of Marine Biological Diversity of Areas beyond National Jurisdiction

Following the deposit of the sixtieth instrument of ratification, approval, acceptance or accession, the Agreement under the United Nations Convention on the Law of the Sea on the Conservation and Sustainable Use of Marine Biological Diversity of Areas beyond National Jurisdiction, which was adopted by consensus in June 2023, entered into force on 17 January 2026.[39] The BBNJ Agreement constitutes a historic milestone in the conservation and sustainable use of marine biological diversity of areas beyond national jurisdiction (ABNJ), for the present and in the long term. It contributes, among other ends, to levelling the playing field in terms of the capacity of developing States to participate in and benefit from key activities in ABNJ.[40]

[38] Such as equipment failures, system malfunctions or other situations in which the vessel can no longer operate within its normal operating limits and must transition to a predefined safe operating mode.

[39] For the text, see https://www.un.org/bbnjagreement/sites/default/files/2024-08/Text%20of%20the%20Agreement%20in%20English.pdf. As of 31 October 2026, the Agreement had 105 Contracting States. For the status of ratification, see https://treaties.un.org/Pages/ViewDetails.aspx?src=TREATY&mtdsg_no=XXI-10&chapter=21&clang=_en.

[40] According to article 1(2), these include the high seas and the international seabed area (see also articles 86 and 1(1) of UNCLOS), which cover approximately two thirds of the ocean.

The Agreement covers four main issues: (i) marine genetic resources (MGRs), including the fair and equitable sharing of benefits, (ii) measures such as area-based management tools, including marine protected areas, (iii) environmental impact assessments, and (iv) capacity-building and the transfer of marine technology. It also addresses cross-cutting issues such as financial resources and mechanisms to support the implementation of the Agreement (DOALOS, 2024).

The Agreement's entry into force is of particular importance for developing States (UNCTAD, 2023b). Part II establishes a framework for the fair and equitable sharing of benefits from activities with respect to MGRs of ABNJ and digital sequence information on such MGRs. With the annual value of products developed based on MGRs found in ABNJ estimated at between $400 million and $650 million (Oldham et al., 2025), these provisions offer opportunities for developing States, including small island developing States and least developed countries as well as landlocked countries. The last, while not having direct access to the sea, are entitled to high seas freedoms and to participate in the use and benefits of resources from the ocean, including in relation to activities in the international seabed area, which is, along with its resources, the common heritage of humankind.[41]

To support the conservation and sustainable use of marine biological diversity, part III of the Agreement establishes procedures for the establishment and implementation of area-based management tools, including marine protected areas, in ABNJ. Part IV operationalizes the environmental impact assessment obligations in UNCLOS for ABNJ. Part V sets out obligations for capacity-building and the transfer of marine technology to enhance the ability of Parties, in particular developing States, to implement and benefit from the Agreement; these efforts are also expected to address disparities in, among other dimensions, participating in ocean activities and accessing ocean-related knowledge, infrastructure and decision-making processes.

The first meeting of the Conference of the Parties (COP) to the Agreement, to be held from 11 to 22 January 2027 (United Nations, 2026a), will consider several key procedural, financial and governance aspects. These include arrangements to enhance cooperation with other relevant legal instruments and frameworks and relevant global, regional, subregional and sectoral bodies.

Interactions with the international legal framework for shipping

BBNJ Agreement implementation may have significant implications for international shipping operations and governance

Although the Agreement does not address shipping as a distinct sector, maritime transport is among the principal human activities carried out in ABNJ. Accordingly, implementation of the Agreement may have implications for international shipping operations. UNCTAD details some of these in a forthcoming policy brief that focuses on the interactions of the BBNJ Agreement with the international legal framework governing maritime transport, together with some related policy considerations (UNCTAD, forthcoming).

For example, establishing an area-based management tool and conducting environmental impact assessments in ABNJ could have operational implications for shipping, particularly where routing measures, discharge restrictions or other limitations are considered necessary to achieve conservation objectives.

The BBNJ Agreement stipulates that its interpretation and application shall not undermine relevant legal instruments and frameworks and relevant global, regional, subregional and sectoral bodies (article 5(2)). Parties to the Agreement, however, are required to promote, as appropriate, the objectives of the Agreement when

[41] As highlighted in articles 87,140,148,152 and 254 of UNCLOS.

participating in decision-making under relevant instruments, frameworks and bodies. Relevant instruments and frameworks would include those aimed at ship source pollution prevention and control at the global, regional or subregional levels. These include the existing legal framework developed under IMO auspices, providing, for example, for Particularly Sensitive Sea Areas (IMO, 2006) and Special Areas (IMO, 2002) under the International Convention for the Prevention of Pollution from Ships (MARPOL). In this light, the BBNJ Agreement may act as a reference point for reconciling environmental protection with activities carried out in ABNJ, including in relation to shipping (Chircop, 2026).

Effective enforcement of existing maritime rules is essential to protecting marine biodiversity in line with the objectives of the BBNJ Agreement

Effective implementation of the existing legal framework for protecting the marine environment from shipping activities, and its enforcement by flag, port and coastal States, can contribute to the Agreement's objectives. Widely ratified IMO instruments, such as MARPOL and the International Convention for the Control and Management of Ships' Ballast Water and Sediments, 2004, already address some pressures on marine biodiversity from shipping, including operational discharges of polluting substances and the transfer of invasive aquatic species through the discharge of ballast water. The entry into force of the BBNJ Agreement underlines the importance of strengthening, where necessary, the effective implementation and enforcement of existing maritime rules by all States.

Contracting States to the BBNJ Agreement, in particular, should also take into consideration the Convention's conservation objectives when contributing to ongoing work to develop and revise legal instruments aimed at ship source pollution prevention and control at the global, regional or subregional levels.[42] This includes, for instance, ongoing work under IMO auspices on measures to address biofouling, underwater radiated noise and the risks associated with the carriage of alternative fuels.[43]

Considering the importance of regulatory consistency with and clarity between maritime legislation and the new Agreement, as highlighted by the private sector (World Economic Forum, 2024) and non-governmental organizations (IMO, 2026o), a proposal was put forward at the IMO Marine Environment Protection Committee for a new output to support the implementation of the Agreement to protect the seas and oceans and marine biodiversity in relation to activities within the IMO mandate (IMO, 2026p).

To support States in the accession to and implementation of the Agreement, the United Nations Division for Ocean Affairs and the Law of the Sea of the United Nations Office of Legal Affairs is producing publicly available capacity-building and technical assistance tools and materials. These include a toolkit to help States assess capacity needs and priorities related to becoming Parties to and/or implementing the Agreement.[44]

Financial resources and mechanism

To provide necessary support to Parties to the Agreement, the BBNJ Agreement provides for a financial mechanism[45] consisting of:

- A voluntary trust fund established to facilitate the participation of representatives of developing States Parties, in particular least developed countries, landlocked developing countries and small island developing States, in meetings of bodies established under the Agreement;
- A special fund, financed by: (i) annual contributions of developed States

[42] As highlighted in article 8(2).
[43] See more on this issue in chapter V, section A.3 of the current report.
[44] All materials are available at https://www.un.org/bbnjagreement/en/capacity-building-and-technical-assistance/tools-and-materials.
[45] Articles 52(4) and 14(6) and (7).

Parties (article 14(6)), (ii) payments resulting from the utilization of MGRs of ABNJ and digital sequence information on such resources (article 14(7)), (iii) additional contributions from Parties and private entities wishing to provide financial resources to support conservation and sustainable use of marine biological diversity of ABNJ; and

- The Global Environment Facility (GEF) trust fund.

The special fund and GEF trust fund will finance capacity-building projects under the Agreement, assist developing States Parties in implementing it, support conservation and sustainable use programmes by Indigenous Peoples and local communities, support public consultations at the national, subregional and regional levels, and fund any other activities as decided by the COP (article 52(6)). While the operationalization of the special fund remains to be agreed by the COP (United Nations, 2026b), the GEF trust fund allocated $34 million for early action and ratification support of the BBNJ Agreement during the eighth GEF replenishment cycle from 2022 to 2026, with another $75 million expected to directly support the Agreement in the ninth cycle from July 2026 to June 2030 (GEF, 2026).

Considering the Agreement's important benefits for developing countries and the wide range of issues to be tackled by the first COP, accession to the Agreement and proactive participation in relevant discussions are strongly encouraged. Given the implications for global shipping and port, coastal and flag States, early opportunities should be identified for capacity-building that supports the effective and consistent implementation of maritime legislative frameworks in line with the Agreement. UNCTAD will continue to support developing countries through its analytical work, advisory services and assistance.

3. Entry into force of the United Nations Convention on the International Effects of Judicial Sales of Ships

The United Nations Convention on the International Effects of Judicial Sales of Ships,[46] negotiated under the auspices of the United Nations Commission on International Trade Law (UNCITRAL) and adopted by the United Nations General Assembly on 7 December 2022 (UNCTAD, 2023a), entered into force on 17 February 2026. The Beijing Convention governs the international effects of a judicial sale of a ship that confers clean title on the purchaser (article 1), representing a significant step towards harmonizing maritime law on the cross-border recognition of judicial sales of ships. A "judicial sale" under the Convention signifies a sale ordered, approved or confirmed by a court and carried out under its supervision, typically for the enforcement of claims against a vessel, following the arrest of the ship (UNCITRAL, 2023).

The Beijing Convention harmonizes information-sharing and cross-border recognition of judicial sales of ships

The Beijing Convention establishes uniform rules to promote the dissemination of information on prospective judicial sales and to facilitate the cross-border recognition of judicial sales of ships sold free and clear of any mortgage or hypothèque and of any charge, including for ship registration purposes. A partial overlap exists between the new instrument and articles 11 and 12 of the International Convention on Maritime Liens and Mortgages, 1993,[47] adopted under the auspices of UNCTAD and IMO. The latter also addresses the notices and effect of forced sales of ships; relevant provisions complement each other.

Under article 3(1), the Beijing Convention applies where judicial proceedings are conducted in a State Party, and the ship is physically located in that State at the time

[46] For the text and status of ratification, see https://treaties.un.org/pages/ViewDetails.aspx?src=TREATY&mtdsg_no=X-21&chapter=10&clang=_en. See also UNCITRAL,2023, for the text in English and an explanatory note.

[47] The Convention entered into force on 5 September 2004 and has 21 Contracting States. See https://treaties.un.org/pages/viewdetails.aspx?src=treaty&mtdsg_no=xi-d-4&chapter=11&clang=_en.

of the sale.[48] It establishes an information-sharing system based on two publicly accessible elements: prior notification of a judicial sale and the issuance of a certificate of judicial sale.

Before the judicial sale is concluded, a notice of judicial sale containing predetermined minimum information must be provided to designated interested parties, including the registry of the ship, creditors and other relevant stakeholders. It must be published in the press and by the designated repository (article 4). Such notice is a prerequisite for the court or other public authority that conducted the judicial sale to issue a certificate of judicial sale to the purchaser upon completion of the sale.

The certificate confirms that the purchaser acquires a "clean title" to the vessel and ensures recognition of the legal effects of the judicial sale in all other States Parties, including protection from arrest of the ship for claims arising prior to the judicial sale (articles 5 and 6). Notices and certificates are made available through a dedicated module of the GISIS IMO system (article 11; IMO, 2026q), which serves as the Convention's official repository.

The certificate confirms that the purchaser acquires a "clean title" to the vessel and ensures recognition of the legal effects of the judicial sale in other States Parties

The Convention's entry into force has been welcomed by IMO, the International Chamber of Shipping and the Baltic and International Maritime Council (IMO, 2026r; ICS, 2026; BIMCO, 2026), reflecting its expected contribution to greater legal certainty within a complex and fragmented legal environment. This is anticipated to benefit a broad range of stakeholders, including shipowners, creditors, ship financiers, purchasers, ship registries and, ultimately, global trade.

Achieving the Beijing Convention's objectives of legal certainty, predictability and effective enforcement of maritime claims will require widespread ratification. Although more than 30 States, including major maritime and registry jurisdictions, have signed the Convention, it has so far attracted only five ratifications.[49] All United Nations Member States are encouraged to consider acceding to the Convention to promote its widespread application and effectiveness.

4. Adoption of the United Nations Convention on Negotiable Cargo Documents

The United Nations Convention on Negotiable Cargo Documents, developed under the auspices of UNCITRAL,[50] was adopted by the United Nations General Assembly in December 2025. It will be open for signature in Accra, Ghana, on 26 October 2026.[51] The Convention requires 10 ratifications for entry into force.

The Convention establishes a uniform legal framework for the issuance and use of negotiable cargo documents (NCDs). This is a new type of transferable document of title, in paper or electronic form, representing goods in transit, regardless of the transport mode. The Convention sets out clear rules on issuance, use, legal effects, and the rights and liabilities of holders with the aim of facilitating trade finance, enabling the sale of goods in transit, promoting multimodal transport, and supporting trade digitalization. Like a marine bill of lading, an NCD can serve as a transferable document of title and provide independent documentary security for goods in transit.

[48] The Convention does not apply to warships or naval auxiliaries or "vessels owned or operated by a State and used, immediately prior to the time of judicial sale, only on government non-commercial service" (article 3(2)).
[49] For the status of ratification, see https://uncitral.un.org/en/judicialsaleofships/status.
[50] All documentation relating to the preparatory work under the auspices of UNCITRAL Working Group VI (2022–2025) is available at https://uncitral.un.org/en/working_groups/6/negotiablecargodocuments.
[51] The text and an explanatory note are available at https://uncitral.un.org/en/ncdconvention.

Unlike a marine bill of lading, however, the NCD is not a transport document but an entirely new type of document, conceptually distinct from a unimodal or multimodal transport document that "evidences or contains the transport contract" (articles 2(5) and (7)). In contrast to existing international transport conventions, which establish mandatory cargo liability regimes, the new Convention regulates an NCD as a "document of title" (and addresses assignment of rights to the holder) and as a "receipt" but does not regulate the underlying unimodal or multimodal transport contract or the liability of the carrier (articles 1(1) and (3)).

As highlighted by UNCTAD throughout the preparatory work for the NCD Convention, given that no international convention is in force to provide for mandatory minimum standards of carrier liability for multimodal transport,[52] cargo claimants under a multimodal transport contract covered by an NCD could be exposed to a unilateral exclusion of carrier liability contained in the carrier's standard terms of contract. In these cases, if goods are lost or damaged during transit, the holder of the NCD[53] could be left empty-handed. This state of affairs undermines a key objective of the Convention: to enable the performance of sales of goods in transit and the raising of finance against the security inherent in a document of title, which ultimately facilitates international multimodal transport and trade.

Relevant concerns were detailed in comments submitted to the UNCITRAL Commission in 2025 (UNCITRAL, 2025), together with a proposal to consider including a new provision in the draft Convention to provide for the statutory application of liability in line with the UNCTAD/ICC Rules on Multimodal Transport Documents (UNCTAD, 1992), as a fallback where no mandatory international or national cargo liability regime would otherwise apply to the claim in question.

The final text of the Convention, however, does not address carrier liability for cargo loss or damage and contains no guardrails to protect cargo claimants against potentially unfair contract terms in the transport document issued by the carrier.

States considering adoption of the Convention should review their national legal frameworks to assess whether adequate rules are in place to ensure that shippers and consignees benefit from mandatory minimum standards of carrier liability in disputes potentially arising under multimodal or unimodal transport contracts involving an NCD. In the absence of such protection under existing law, regulatory action to complement the national legal framework may need to be considered, in parallel with ratification, so that transactions involving NCDs accord with the legitimate commercial and security interests of cargo interests and banks.

States considering ratifying the NCD Convention should review their national legal frameworks to ensure that cargo claimants benefit from mandatory minimum standards of carrier liability

[52] The United Nations Convention on International Multimodal Transport of Goods, 1980, adopted under the auspices of UNCTAD, never entered into force as it did not attract the required number of ratifications (40). For some background and the results of a survey, see UNCTAD, 2003. For the text, see https://unctad.org/system/files/official-document/tdmtconf17_en.pdf.

[53] Including: (i) the final consignee under a string of cost insurance freight contracts, having paid its seller in full, (ii) a seller whose buyer does not pay or rejects the document, (iii) a bank that holds an NCD as a security but does not get reimbursed under the letter of credit, or (iv) a subrogated cargo insurer.

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