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**REPORT**

**FOLLOW-UP AND IMPLEMENTATION OF THE MEMORANDUM OF  
UNDERSTANDING ON MARITIME TRANSPORT COOPERATION  
IN THE ARAB MASHREQ**

**Summary**

This report deals with the issue of the Memorandum of Understanding on Maritime Transport Cooperation in the Arab Mashreq, the first of its kind in the Arab region. The following issues are considered:

- (a) Procedures for signature of the Memorandum;
- (b) The countries that have signed or ratified the Memorandum;
- (c) Proposals for implementation of the Memorandum.

## CONTENTS

<i>Chapter</i>	<i>Paragraphs</i>	<i>Page</i>
<b>I. PREPARATION OF THE MEMORANDUM OF UNDERSTANDING AND THE CURRENT STATUS OF ACCESSION .....</b>	1-8	3
<b>II. PROPOSALS FOR IMPLEMENTATION OF THE MEMORANDUM.....</b>	9-22	4
A. National merchant fleets .....	13-14	5
B. Seaports and harbours .....	15	5
C. Coastal transportation between the seaports of the region.....	16-17	5
D. Marine safety and security and the protection of the marine environment .....	18	6
E. Maritime protection and indemnity; marine insurance; and vessel classification .....	19	6
F. International multimodal transport .....	20	6
G. The marine labour force, education and training .....	21-22	7
<b>III. THE NETWORK OF SEAPORTS, HARBOURS AND SHIPPING ROUTES IN THE ARAB MASHREQ.....</b>	23	7
<i>Annex.</i> Map of the network of seaports, harbours and shipping routes in the Arab Mashreq .....		8

## **I. PREPARATION OF THE MEMORANDUM OF UNDERSTANDING AND THE CURRENT STATUS OF ACCESSION**

1. The Economic and Social Commission for Western Asia (ESCWA) prepared the Memorandum of Understanding on Maritime Transport in the Arab Mashreq, and it was presented, discussed and amended at two expert group meetings that were held in 2002 and 2004 and at the fourth, fifth and sixth sessions of the Committee on Transport. Amendments were introduced by member countries and members of the Committee on Transport, as may be seen from the five drafts of the Memorandum that were produced. It should be noted that, at its sixth session, the Committee on Transport made the following recommendations:

(a) It should be agreed to call the instrument a memorandum rather than an agreement;

(b) The memorandum should be adopted in the form in which it appears in E/ESCWA/23/6 and submitted to the twenty-third ESCWA session for adoption;

(c) The memorandum should be submitted to the twenty-third ESCWA session for signature by member countries;

(d) ESCWA should be invited to submit the Memorandum to the Council of Arab Ministers of Transport for adoption and signature by Arab countries non-members of ESCWA, under the aegis of the League of Arab States.

2. The adoption of the Memorandum\* is a singular success for ESCWA in the field of maritime transport. It is the first of its kind in the Arab region and at the United Nations regional commission level. It was adopted by member countries on 9 May 2005 at the twenty-third ESCWA session, which was held in Damascus from 9 to 12 May 2005, and initialed in the presence of the United Nations Legal Counsel, representing the Secretary-General, by the following member countries: Egypt, Jordan, Lebanon, Palestine, Qatar, Saudi Arabia, the Syrian Arab Republic and Yemen. On 31 December 2005, in New York, Oman appended to the Memorandum a signature that requires verification.

3. On 4 August 2005 ESCWA contacted those countries that initialed the Memorandum, and those that did not, and urged them to complete the legal procedures for definitive signature and the deposit of the instrument of ratification with the United Nations Secretary-General in New York.

4. ESCWA has been notified that the Council of Ministers of Yemen has approved, by resolution 196 of 2005, accession to the Memorandum; the Syrian Arab Republic will ratify the Memorandum pursuant to legislative decree No. 4 dated 17 January 2006; and Bahrain, Iraq, Lebanon, Qatar and Saudi Arabia have conveyed the Memorandum to their respective official bodies for the taking of the legal and constitutional procedures necessary for accession thereto.

5. On 9 May 2005 Palestine appended to the Memorandum a final signature that needs no verification; and on 27 September 2005 and 29 December 2005 respectively Jordan and Lebanon deposited instruments of ratification with the United Nations Secretary-General. There are therefore three parties to the Memorandum, which will enter into force 90 days after the date on which five ESCWA member countries have either appended a definitive signature thereto or deposited instruments of ratification, acceptance, approval or accession.

6. On the basis of the ongoing cooperation between ESCWA and the League of Arab States, as evinced by ESCWA's participation in the meetings of the League's Arab Sea Ports Federation and technical committee for maritime transport, at which it brought the matter of the Memorandum to the attention of League members, and on the basis also of the recommendations made with respect to the Memorandum by the Committee on Transport at its sixth session, ESCWA and the Arab Sea Ports Federation submitted the

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\* The final text of the Memorandum, which was adopted by resolution 256 (XXIII) dated 12 May 2005, was issued in English and Arabic in E/ESCWA/GRID/2005/11 on 17 November 2005.

Memorandum to the Council of Arab Ministers of Transport at its eighteenth session, which was held in Damascus on 22 and 23 November 2005. The Council made the following statement:

Note has been taken of the Memorandum of Understanding on Maritime Transport in the Arab Mashreq that was prepared by ESCWA and of the fact that related work is being extended under the aegis of the League of Arab States to include all the Arab countries. Those countries which have not signed the Memorandum are invited to study it, with a view to acceding thereto.

7. The efforts of the General Secretariat of the League of Arab States, represented by the Arab Sea Ports Federation and the technical committee for maritime transport, in supporting the ongoing coordination between ESCWA and the League with respect to all transport-related fields and, in particular, the Memorandum, and distributing the Memorandum to all Arab countries non-members of ESCWA, must be duly commended.

8. The ESCWA secretariat hopes that, at its seventh session, the Committee on Transport will make a recommendation in which it urges member countries that have not yet appended to the Memorandum a definitive signature or deposited instruments of ratification, acceptance, approval or accession, to do so at the earliest possible opportunity, in order to permit the Memorandum to enter into force. Similarly, countries which are parties to the Memorandum should be urged to implement and apply the articles of the Memorandum at the national and regional levels as soon as it enters into force.

## **II. PROPOSALS FOR IMPLEMENTATION OF THE MEMORANDUM**

9. The principles and aims of the Memorandum include the harmonization and coordination by States party thereto of their policies with respect to maritime transport and ports at both the regional and subregional levels; the strengthening of bilateral and multilateral cooperation; and the preparation of studies that will promote those ends. Pursuant to those principles and aims, ESCWA member countries, upon becoming party to the Memorandum, are required to include its aims and articles in their national legislation in order to ensure that they are implemented by all parties in the public and private sectors. They are further required to respect those articles when concluding bilateral and multilateral agreements on commercial interchanges by sea and other agreements relating to port services, maritime facilities, coastal transportation services between States parties and the exchange of maritime work forces; and to respect the frameworks for cooperation and coordination with neighbouring and other countries that are parties to the Memorandum with regard to the application of laws and measures on marine safety and security and the protection of the marine environment and multimodal transport in the region.

10. In view of the fact that the private and mixed sectors in the region control the greater part of the national maritime fleets, including shipping companies and maritime services, the Memorandum represents a legal document and reference for the cooperation by those companies with their counterparts in other States party to the Memorandum with respect to mergers and the exchange of slots; joint service operations; coordination in the field of insuring goods and vessels with marine protection and indemnity clubs; and other subjects related to shipping and marine services that appear in the Memorandum.

11. It is required from any ESCWA member country that becomes a party to the Memorandum that it, represented by its ministry of transport and communications, should notify its national shipping companies of the provisions of the Memorandum with respect to ways of supporting the activities of the maritime transport sector, developing and updating fleets, and the opportunities for cooperating and coordinating with the national shipping companies of other States party to the Memorandum. The same applies to national maritime insurance companies and the operators of international multimodal transport.

12. Set forth hereunder are the areas of maritime transport and ports to which the Memorandum accords priority and which require support and cooperation for their development and modernization and the implementation of joint projects by States party to the Memorandum. The aim of highlighting those areas in this context is to consider and discuss satisfactory ways of providing support and development and putting them into practice on the ground in the ESCWA region and the Arab region as a whole.

## A. NATIONAL MERCHANT FLEETS

13. While several of the countries of the region do not have national maritime fleets, those that do exist are no longer suitable for the transportation of foreign commercial goods by sea. With a view to strengthening cooperation with respect to national maritime fleets, the Memorandum urges that such fleets should be modernized and that alliances should be contracted between the national companies in the region that include involvement in joint shipping services, in order to make optimum use of slots, goods reservation operations and the interchange between the countries of the region of marine work forces. With respect to the establishment of joint maritime companies in order to link the Arab countries, the study that was carried out by the Arab Sea Ports Federation on Egypt, Morocco and Tunisia concluded that it was not currently feasible for the Arab countries to establish regular shipping lines, for the following reasons:

(a) The area between Morocco and the northern Indian Ocean, including the Mediterranean, the Red Sea and the Gulf, is covered by giant shipping lines that operate within the framework of alliances;

(b) There is currently an insufficient volume of interregional trade between the Arab countries to justify the establishment of any further Arab shipping lines, particularly with respect to container freight;

(c) The decision to establish an Arab shipping company funded by joint capital and liable to make losses in the initial stages of operation is subject to the political will of the countries involved to transport their goods by sea in the face of cut-throat competition from the big shipping lines;

(d) The investment necessary to acquire large-capacity container ships is prohibitive; and the Arab countries have no experience of managing such vessels in a ruthlessly competitive market;

(e) The international companies are able to cover their costs from freight charges and offering competitive charges for long distances, and frequent services in the Mediterranean and Red Seas and Indian Ocean areas.

14. The aforementioned study found that, if there was a political will to support the establishment of marine transport services between the eastern and western Mediterranean, a minimum level would be required of the goods to be transported; preferential freight charges would have to be offered; reductions would have to be made in the Suez Canal transit fees and harbour charges; and fuel would have to be available at lower prices, all of which conditions would be difficult to fulfil at present because of prevailing global conditions in the industry and the fierce competition offered by the union lines. However, that does not mean that alliances cannot be formed between the national companies of States parties with a view to making best use of, inter alia, slots, goods reservation operations, joint marketing and the exchange of marine labour forces.

## B. SEAPORTS AND HARBOURS

15. In view of the fact that the countries of the region transport more than 90 per cent of their foreign trade by sea and that seaports and harbours represent an important part of the integrated transport system in the region, the Memorandum urges that those ports and harbours should be developed and upgraded, made more efficient, their procedures simplified, their activities diversified, electronic means used for the interchange of data, and cooperation instituted with other ESCWA member countries in a variety of operation and training fields. ESCWA provides certain countries of the region, including Iraq, the Syrian Arab Republic and Yemen, with technical assistance in developing and modernizing ports and formulating the strategies necessary for that purpose. Towards the end of 2006, ESCWA will hold an expert group meeting on investment in ports and information and communications technology applications, with the aim of developing and modernizing the ports of the region.

## C. COASTAL TRANSPORTATION BETWEEN THE SEAPORTS OF THE REGION

16. In ancient times, the ESCWA region was famous for its fleets of wooden ships and small boats that linked the seaports and harbours of the Mediterranean, the Red Sea, the Arabian Sea and the Gulf with other

neighbouring regions and transported goods between them. That type of transportation has fallen to a very low level because of modern developments in the field of global maritime transport, the control of the giant international companies over maritime transport in this and other regions, and national lack of interest in the quality of their vessels. ESCWA is therefore attempting, by means of the Memorandum, to urge States parties to support and facilitate coastal transportation between the seaports of the region, with a view to increasing the volume of interregional commercial exchanges by encouraging the movement of such transportation, providing all possible facilities and support to coastal transportation companies and making available requirements and ports that are appropriate for the reception of that type of vessel.

17. For that purpose, a study is required of the current status of coastal transportation in the countries of the Arab Mashreq, including such issues as the economics and requirements of coastal transportation, the role of ports therein, the administration and planning of that type of transportation, the types and capacities of vessels that are in operation, the inspection of the vessels and crews involved, the technical certificates necessary for the operation of those vessels, administrative and legal arrangements, passage service systems for coastal transportation vessels, the putting in place of standards for such vessels and their operation and the application of administrative and technical measures to operating lines. The Committee on Transport, at its seventh session, may recommend that such a study should be carried out as part of the ESCWA programme of work for the biennium 2008-2009.

#### D. MARINE SAFETY AND SECURITY AND THE PROTECTION OF THE MARINE ENVIRONMENT

18. In view of the fact that all the countries of the region are geographically linked by virtue of their position on seas or gulfs, the Memorandum invites States parties to cooperate in fighting marine pollution, protecting the marine environment and the safety of marine navigation in the territorial waters of the countries of the region and providing the requirements for the security of ships and harbours. The cooperation of the countries of the region is necessary, particularly in the fields of compliance with the pertinent regional and international laws and measures, the interchange of information, and the conducting of joint exercises in combating pollution and protecting the marine environment. In cooperation with the International Maritime Organization, ESCWA will assist certain countries of the region in preparing workshops and training courses on marine safety and security and the protection of the marine environment. Countries are requested to identify their needs for technical assistance in that field.

#### E. MARITIME PROTECTION AND INDEMNITY; MARINE INSURANCE; AND VESSEL CLASSIFICATION

19. The Memorandum covers a number of fields relating to cooperation between States parties in respect of maritime protection and indemnity; marine insurance; and vessel classification, because those issues entail huge and direct costs for the ships of national companies, which are, for the most part, paid to foreign companies. Cooperation offers the companies and countries of the region great opportunities, through the establishment of clubs for maritime protection and indemnity and marine insurance; or by joining, participating in or supporting clubs that already exist, as is already the case in many other regions. With regard to ship classification as it appears in the Memorandum, ESCWA, in cooperation with the technical committee for maritime transport of the League of Arab States, has formulated a mechanism for activating the establishment of an Arab institution for such classification, under the aegis of the League of Arab States, which will reduce the cost of operating national fleets in the region.

#### F. INTERNATIONAL MULTIMODAL TRANSPORT

20. The Memorandum invites States parties to cooperate in applying to the operation of international multimodal transport the internationally recognized procedures and instruments and to make available the legislation and operators required, with a view to facilitating the movement of goods and commodities through the ports and territories of the region. International efforts are being made to review the United Nations Convention on International Multimodal Transport of Goods; follow-up and participation by specialists in member countries is required. ESCWA will keep member countries abreast of developments with regard to that issue.

## G. THE MARINE LABOUR FORCE, EDUCATION AND TRAINING

21. The large shipping companies in the region rely on non-Arab crews, which has a negative impact on the employment of national labour and efforts to overcome unemployment at the national level. The Memorandum invites States parties to make use of the regional maritime work force and employ it on national fleets; to establish and support centres and institutions for education and training and the exchange of information in the marine transportation sector in the region.

22. ESCWA recommends that a plan should be formulated for the support and activation of assistance in technical, administrative and research fields between the institutes and training centres of the region, including those in Bahrain, Egypt, Jordan, Lebanon, Oman, Qatar, Saudi Arabia, the Syrian Arab Republic, the United Arab Emirates and Yemen, with the support of the United Nations special agencies and the World Bank. Programmes, training curriculums and specialized teachers should be exchanged between those institutions and education and training relationships should be activated. A committee of transport experts could play an active role in that field by activating marine training and education.

### III. THE NETWORK OF SEAPORTS, HARBOURS AND SHIPPING ROUTES IN THE ARAB MASHREQ

23. Upon the entry into force of the Memorandum, ESCWA will prepare studies and projects that will help to strengthen its practical application on the ground. Those will include a draft network of seaports, harbours and shipping routes in the Arab Mashreq that will comprise the maritime data on routes and channels, including those known as sea roads, their laws and marine characteristics, in accordance with the international systems applied in such other regions as the European Union. It should be noted that the Memorandum includes for reference in its annex a map of the network of seaports, harbours and shipping routes in the Arab Mashreq. Routes are as set forth below:

AM 10 Mediterranean: Syrian coast (Latakia-Tartous-Banias), Lebanese coast (Tripoli-Beirut-Sidon-Tyre), Palestinian coast (Gaza), Egyptian coast (Al Arish-Port Said-Damietta-Alexandria).

AM 20 Gulf of Suez: Egyptian coast (Suez-Ain Sukhna-entry of Red Sea).

AM 30 Gulf of Aqaba: Jordanian coast (Aqaba), Egyptian coast (Nuweiba-Sharm el-Sheikh).

AM 40 Red Sea: Saudi coast (Daba'-Yanbu-Jeddah), Yemeni coast (Salif-Hodeidah).

AM 50 Gulf of Aden and Arabian Sea: Yemeni coast (Aden-Mukalla), Omani coast (Sallalah-Daqam-mouth of Gulf).

AM 60 Gulf of Oman: Omani coast (Sultan Qaboos-Sahar-Shanas), United Arab Emirates coast (Fujeirah-Khor Fakkan-mouth of Gulf).

AM 70 Arabian Gulf: Omani coast (mouth of Gulf at Khasab), United Arab Emirates coast (Khalid port-Dubai-Zaid), Qatar (Doha-Musayid), Bahrain (Salman), Saudi coast (King Abdul Aziz at Dammam-Jubeil), Kuwaiti coast (Shuaibah-Shuwaikh), Iraqi coast (Umm Qasr).

AM80 Shatt al Arab: Iraqi coast (Fao-Basra).

AM01 Nile: Damietta-Rosetta-the Sudan.

AM02 Tigris: Basra-Qurnah-Al Kut dam.

AM03 Euphrates: Basra-Qurnah-Nasiriyya-Samawah.

