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ESTABLISHMENT OF MULTIMODAL TRANSPORT OPERATORS IN DEVELOPING COUNTRIES

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at the request of the UNCTAD secretariat

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ANNEXES

ABBREVIATIONS

BIMCO	-	Baltic and International Maritime Conference
CFS	-	Container freight station
c.i.f.	-	cost, insurance and freight
COMBICONBILL	-	BIMCO standardized combined transport bill of lading
COMBIDOC	-	BIMCO/INSA/ICC uniform combined transport document
COMBITERMS	-	ICC multimodal transport terms
CY	-	Container yard
ECE	-	Economic Commission for Europe
FALPRO	-	UNCTAD Special Programme on Trade Facilitation
FBL	-	FIATA combined transport bill of lading
FCL	-	Full container load
FIATA	-	International Federation of Freight Forwarders' Associations
f.o.b.	-	free on board
ICC	-	International Chamber of Commerce
ICS	-	International Chamber of Shipping
INCOTERMS	-	ICC standard international trade term definitions
INSA	-	International Shipowners' Association
IPG	-	Intergovernmental Preparatory Group on a Convention on International Multimodal Transport
LCL	-	Less than container load
MT	-	Multimodal transport
MTO	-	Multimodal transport operator
MY	-	Marshalling yard
NVO-MTO	-	Non-vessel-operating MTO
P and I Club	-	Protection and Indemnity Club
TEU	-	Twenty foot equivalent unit

INTRODUCTION

1. At its eighteenth session, the Trade and Development Board adopted an addendum to the terms of reference of the Committee on Shipping 1/ assigning to the Committee work on the global aspects of multimodal transport and containerization. Under this addendum, the Committee is required, inter alia, to make recommendations designed to promote the interests of consignors (shippers) 2/ and the participation of multimodal transport operators (MTOs) of developing countries in international trade.

2. International multimodal transport means the carriage of goods by at least two different modes of transport, on the basis of a multimodal transport (MT) contract, from a place in one country, at which the goods are taken in charge by the MTO, to a place designated for delivery, situated in a different country. 3/ The essential features of this system, which distinguish it from the conventional segmented transport, are firstly that it is based on a single contract and secondly that the MTO who assumes responsibility for the execution of the contract, acts as the principal and not as the agent of the consignor or of the carriers participating in the MT operations. The system is based on the principle that maximum efficiency in transport can be achieved if goods are transported from door to door on the basis of a single contract and a through freight rate. When such a door-to-door service is planned and co-ordinated as a single operation, the burden of documentation and other formalities connected with the conventional system is reduced to a minimum.

3. Although multimodal transport is not incompatible, in principle, with the carriage of cargo in break-bulk, its usefulness is greatest when cargo is unitized. Multimodal movement of cargo in break-bulk is comparatively slow and unproductive because of time-consuming and expensive cargo-handling operations at transshipment points. On the other hand, unitization reduces the amount of time and labour required in cargo-handling operations and brings down the overall cost of transport. The advantages of unitization have been dealt with in detail in a previous report prepared by the UNCTAD secretariat. 4/

1/ Trade and Development Board decision 169 (XVIII), annex.

2/ Article 1 of the draft convention on international multimodal transport defines "consignor" (shipper) as "any person by whom or in whose name or on whose behalf a multimodal transport contract has been concluded with the multimodal transport operator, or any person by whom or in whose name or on whose behalf the goods are actually delivered to the multimodal transport operator in relation to the multimodal transport contract." (see TD/MT/CONF/1).

3/ Cf. document TD/B/AC.15/50 ("Composite text of draft provisions of a draft convention on international multimodal transport"), Part II, draft provision A.

4/ See Unitization of cargo (TD/B/C.4/75) (United Nations publication, Sales No. E.71.II.D.2).

4. Although all forms of unitization are suitable for multimodal transport, it is containerization that has been most widely adopted mainly because it gives greater protection to cargo against damage, pilferage and contamination. Containerization has established itself in the trades between developed countries and is now spreading rapidly to the trades to and from developing countries. The increase in the number of container-carrying vessels in the world fleet and in the container-carrying capacity as expressed in 20 foot equivalent units (TEU) during the 10-year period 1967-1977 is illustrated by the following figures: 5/

	Fleet of container-carrying vessels	Container-carrying capacity as expressed in TEU
1967	71	34,430
1977	762	625,259

5. As at 1 January 1978, there were about 20 trade routes which were being served by full-container ships and 25 trade routes which were being served by semi-container ships and multi-purpose ships. The majority of the full-container ships were being employed in the trade routes between developed countries, while the majority of semi-container ships and multi-purpose ships were being employed in the trade routes between developed and developing countries. The participation of operators from developing countries in container services is, however, still relatively insignificant, particularly in the services operated by full-container ships.

6. The advantages of containerization have greatly facilitated the trend towards international multimodal transport. MT services have become widespread in the trades between developed countries. They have also been introduced to a lesser extent in the trades serving developing countries, the services in such cases being operated mostly by organizations from developed countries.

7. In order to assist developing countries to assume a greater share of control of their own resources and trade, it is desirable to further the establishment of indigenous MT organizations in developing countries. One of the primary objectives of establishing MT organizations in developing countries will be to promote continental inland MT arrangements which can facilitate and promote increased intra-regional trade to the advantage of developing countries, including land-locked countries. In achieving this objective, non-vessel operating MTOs (NVO-MTOs) whose operations are confined to land transport have an increasing role to play. Such overland-transport systems, if properly organized, can be made competitive with sea routes, particularly in those areas where port facilities, handling facilities, etc. pose major problems.

8. A study is therefore required on how indigenous MT organizations can be promoted in developing countries, taking into account the financial implications and other constraints faced by those countries. In addition, policy measures need to be explored to promote such organizations and to facilitate MT operations in developing countries. The object of the present report, is, accordingly, to study issues relevant to the establishment of such organizations in developing countries.

5/ Source: Containerization International Year Book, 1978, published by National Magazine Co.Ltd., London.

Chapter I

EXISTING ORGANIZATIONS OF MULTIMODAL TRANSPORT OPERATORS

A. Status of the MTO and the scope of services rendered by him

1. Status of the MTO

9. The MTO is a new legal entity which has emerged out of the introduction of multimodal transport. He acts as the principal for the performance of the MT contract and, in that capacity, undertakes to contract and provide for the different modes of transport and other services required for the expeditious, efficient and safe transport of goods from the place where he takes the goods in charge to the place where he delivers the goods according to the contract.

10. In the execution of the contract, he has necessarily to engage the services of several carriers and non-carriers except to the extent that he himself directly provides such services. The carrier/operators may be:

(a) shipowners;

(b) road operators;

(c) railways;

(d) airlines;

(e) inland waterway operators.

The non-carriers may be those who own or control:

(a) container terminals (in which case they may be called terminal operators);

(b) warehouses;

(c) container freight stations (CFS) or groupage or consolidation depots;

(d) container leasing organizations;

(e) organizations like freight forwarders attending to packaging, customs clearance, import/export formalities, foreign exchange transactions and connected documentation.

11. The MTO enters into separate contracts with each of the persons or organizations whose services he engages, subject to the applicable international convention, national law or customary practice, but the terms of such contracts in no way affect his obligations to the consignor of the goods under the MT contract. Some MTOs have subsidiary organizations, instead of sub-contractors, for rendering such services.

12. For the efficient performance of his duties, the MTO may also utilize the services of other persons or organizations who strictly speaking may not be his sub-contractors. For example, he may have recourse to an inspection service to ensure that the consignor's declaration of the weight or measurement of cargo is correct. Or he may use the services of a customs guarantee association for providing the necessary guarantee to the customs administrations of the transit countries through which the goods pass in cases where he does not utilize the services of his agents in those countries for the purpose. The practice followed in such matters varies from MTO to MTO and from country to country.

13. There are different types of organizations or enterprises functioning as MTOs as indicated below, although the majority of them at present are shipowners:

Vessel operating MTOs

(a) individual shipping companies or groups of consortia of shipping companies either completely foreign-owned or joint enterprises of foreign and indigenous shipping companies;

(b) producers/exporters of certain commodities who are the major users of their own multimodal transport operations.

Non-vessel-operating MTOs (NVO-MTOs)

(a) national or foreign enterprises who are road transport operators and/or freight forwarders;

(b) railways;

(c) airlines;

(d) new companies specialized in MT operations only.

2. Scope of services

14. Some MTOs may own one or more means of transport, handling equipment, containers, etc., particularly when they are ship operators, truck operators or operators of railways or airlines. They may also own container depots and warehouses. But some may not own any of these and may therefore engage transport undertakings under contract to them. Some MTOs may charter ships. The range of services which MTOs provide directly or through their sub-contractors vary from MTO to MTO and to some extent from country to country, depending upon the system of administration pertaining to port areas, inland terminals, inland modes of transport, etc., prevailing in each country. Individual MTOs may have to undertake different types of operations depending upon the requirements of the trade route which they serve.

15. The scope of the services rendered by the MTO in terms of the procedures covering the multimodal transport chain is as follows:

(a) When goods are carried in containers and when full container loads (FCL) are offered by the consignor, the packing is normally done by the consignor or freight forwarders or other agents acting on his behalf, and the loaded containers are delivered by the consignor at the container yard (CY) used by the MTO. Some MTOs provide an ancillary transport service between the CFS and the consignor's premises for collecting such loaded containers. Such service is also made available to the consignee's premises in the case of imports.

(b) In the case of FCLs, the MTO does not normally supervise the packing, but some MTOs have a packing advisory service in their organization which is available to the consignor on request.

(c) In the case of less than container loads (LCL), containers are usually packed under the supervision of the MTO or his agents at a groupage depot or CFS and unpacked under similar supervision at the CFS in the country of destination. Such CFS are usually set up adjacent to a marshalling yard (MY) for assembling containers located near the berth where the vessel which is to carry the containers is to be moored. But if they are packed at the groupage depot of a freight forwarder, the packing may not be subject to supervision by the MTO, who may treat the loaded containers as FCL cargoes.

(d) The weighing or measurement of cargo is done by the consignor or his agent under the supervision of the MTO or his agent.

(e) Many CFSs also function as inland clearance depots where customs inspection is carried out. The customs clearance, export/import formalities, execution of foreign exchange transactions, etc., are generally attended to by the consignor or his agent but these functions may also be performed by the MTO or his agent by mutual agreement with the consignor.

(f) The MT document evidencing the MT contract is issued by the MTO or his agent to the consignor or his agent. It may be issued as a negotiable or non-negotiable document, as desired by the consignor.

(g) Freight forwarders who work as groupage agents often issue their own house bills of lading to the individual consignors and deliver full container loads of individual LCL consignments to the MTO to take advantage of the FCL tariff rates. In such cases, the MT documents are issued in the name of the freight forwarders, and the individual consignments are released by the freight forwarder's agents at destination on the consignee's presenting the relevant house bills of lading.

(h) After having accepted the cargo from the consignor, the MTO reserves space on the different modes of transport concerned through his sub-contractors for the transport of cargo to the final destination.

(i) After the goods are taken into custody at the CY, the MTO is responsible for their safe custody until they are delivered to the consignee. The MTO or his agent supervises loading and unloading of the goods on or from each mode of transport used in the MT chain in order to ensure their expeditious and smooth movement to the destination.

(j) The MTO has to arrange to give the necessary guarantees to the customs administration of the transit countries and may station agents at national frontiers to ensure that customs formalities and any other requirements laid down under national laws are complied with.

(k) As the MTO is liable for the loss of or damage to goods according to the terms of his contract, he takes insurance coverage for this liability with the Protection and Indemnity (P and I) Clubs or with through transport clubs or in the open insurance market. Some MTOs also arrange insurance coverage for cargo on behalf of the consignor/consignee either through their own insurance departments or under arrangements with underwriters.

(l) In the deep-sea trades, most of the MTOs allow the consignor/consignee the option of making their own arrangements for the inland movement of goods at one or both the ends of the transport chain. In such cases, when the consignor/consignee designates the inland carrier, all expenses and responsibilities relating to that inland leg are to be borne by him.

(m) In cases when containers are taken on lease by the MTO, he or his agent will be required to return the containers to the container depots or other places stipulated by the leasing company, when they are released from lease.

(n) When the goods are in transit, it is the practice of some MTOs to send regular telex or telegraphic reports of the positioning of the goods at each stage to the consignor/consignee. Most of the MTOs also inform the consignor/consignee if the cargo will not move by the ship which was originally indicated by the MTO, or if there is any undue delay in the arrival of the cargo at the destination.

16. The range of movement of cargo under the MT system varies, depending upon the requirements of the parties concerned or the infrastructural or other facilities available for through transport. The sector covered by the through movement may be one of the following:

(a) From consignor's warehouse to consignee's warehouse. This type of movement is called "door-to-door", "house-to-house", "CY/CY" or "H/H" movements.

(b) From consignor's warehouse to the CFS located at the other end of the transport chain. This type of movement is called "door-to-pier", "house-to-pier", "CY/CFS", or "H/P" movement. The vice versa movement is a "pier-to-door", "pier-to-house", "CFS/CY" or "P/H" movement. This type of movement often takes place between developed and developing countries when adequate facilities for the movement of containers between the port and inland destinations are not available in the latter.

(c) From the CFS in the export country to the CFS in the import country. This type of movement is called "pier-to-pier" or "CFS/CFS" movement. This type of movement takes place particularly in the case of LCL containers.

17. Although the scope of the MTO's services outlined above refers to cargo carried in containers, it also applies mutatis mutandis to cargo carried in other unitized forms and in break-bulk form.

18. In this connexion a typical flow chart showing the movement of cargo and documents, both in respect of imports and exports, in the case of a vessel-operating MTO is annexed (see annex I).

19. MT systems are often maritime dominated, but there are important exceptions where the land segments are equally, if not more, dominant. Examples of such specialized services provided in certain specific routes are:

(a) Mini-bridge. 6/ This involves the movement of containers under a single through bill of lading, issued by the ocean carrier, by a vessel from a port in one country to a port in another country, thence by rail to a second port city in the latter country, terminating at the rail carrier's terminal in the second port city. The mini-bridge offers the consignor a through container rate inclusive of rail freight up to the second or final port city in the country of destination. The railways are paid a flat rate per container by the ocean carrier for the rail transit. The mini-bridge rate does not necessarily equate with the all-sea-transit rate from the port of origin to the port of destination. The railway portion of the freight also need not necessarily be equal to the rate normally charged by the railways for non-mini-bridge cargo. This system is in operation on certain routes covering the trade between the United States/Far East, United States/Europe, United States/Australia, etc.

(b) Land bridge. 7/ This system concerns itself with shipment of containers overland as a part of a sea-land or a sea-land-sea route. In this case also the railways are paid a flat rate by the ocean carrier who issues the through bill of lading. This system is in operation for the movement of containers on certain important international routes such as:

(i) between Europe/Middle East and Far East via the Trans-Siberian land bridge;

(ii) between Europe and Far East via the Atlantic and Pacific coasts of the United States of America, the continent of the United States being used as a land bridge.

(c) Piggyback. 8/ This is a system of unitized multimodal land transportation, a combination of transport by road and rail. It is in operation in Latin America and has proved particularly successful in the daily traffic of perishables such as tomatoes, cucumbers, red peppers, pumpkins, garlic, etc., between Mexico and the United States of America. These products are packed in refrigerated trailers, at the places where they are grown, and hauled by tractors to the rail station. At the station, the trailers are moved onto railroad flat cars and the tractors, which stay behind, are then disconnected. At destination, tractors again haul the trailers to the warehouse of the consignee. This system has proved to be advantageous to the trade.

6/ See Review of maritime transport, 1976 (TD/B/C.4/169/Rev.1) (United Nations publication, Sales No. E.78.II.D.5), paras. 153-154.

7/ Ibid., paras. 148-156.

8/ "Economic and institutional implications of the new transport technologies in Latin America", report by the Economic Commission for Latin America (E/CEPAL/L.113).

3. Pricing - costs and revenue

20. An MTO usually quotes a through rate of freight for the movement of goods from the point of origin to the destination. The through rate is built upon the basis of the rates applicable to each mode of transport used in the MT chain and other costs incurred by the MTO. Shipowner MTOs who are operating as members of conferences usually quote published conference rates for the sea leg of the transport chain. As mentioned earlier, most MTOs, while operating in deep-sea trades, allow the consignor/consignee the option of making their own arrangements for the inland movement of goods at one or both the ends of the transport chain. Some conferences set up inland transport freight rates in the form of zone tarrif on the basis of which the consignor may decide whether he should make his own arrangements for the inland leg. But in cases where this option is not given to the consignor, an MTO may decline to give the break-down of the through rate. The practice followed in this respect varies from MTO to MTO. 9/

21. In addition to the through freight, the consignor/consignee may have to pay several additional charges depending on the services rendered by the MTO or his sub-contractors, the terms of the MT contract and other relevant factors. For example, a separate terminal charge may be levied if it is not already included in the ocean freight. Other additional charges may arise such as currency adjustment factors, bunker adjustment factors or congestion surcharges. There may also be other charges based on the ancillary services performed by the MTO. If LCL cargo is packed or unpacked at a container base, there is likely to be a separate packing charge. On the other hand, FCL cargo often attracts a discount because the MTO is relieved of the task of packing. Some MTOs - particularly freight forwarders who have entered the field of multimodal transport - perform several other functions like packing, customs clearance, export/import formalities, documentation, execution of foreign exchange transactions, etc., and they charge the consignor/consignee separately for such services. In some countries, additional payments are involved on account of transit taxes, consular formalities, etc., and these too are passed on to the consignor/consignee.

22. The costs of multimodal transport of unitized cargo tend to be lower than the costs of segmented transport of break-bulk cargo mainly because of reduction in handling costs at transhipment points and in packaging costs. Besides, even for the carriage of unitized cargo the MT system has several inherent advantages over the segmented transport system as indicated below:

(a) The segmented transport involves loss of time and risk of loss, pilferage and damage to cargo at transhipment points because each carrier is responsible only for the particular sector for which he provides services. But under the MT system, the door-to-door service is planned and co-ordinated as a single operation with the result that such risks are minimized. The cost savings on this account may be reflected in the cost of cargo insurance.

9/ The advantages and disadvantages from the user's point of view of such through rates being quoted have been dealt with in paragraphs 43 to 46 of document TD/B/AC.15/13 and paragraphs 26 to 28 of document TD/B/AC.15/7.

(b) When the MTO is able to control the through transport system and maintain his own communication links he is able to co-ordinate interchange and on-carriage smoothly at transhipment points and thereby:

(i) enhance the efficiency of transport;

(ii) effect reduction in the period of through transport, leading to cost savings;

(iii) enable more intensive utilization of the transport facilities and equipment, leading again to cost savings.

(c) Statutory requirements relating to customs and documentation are usually simplified under the MT system and this again enhances the efficiency of the transport.

(d) To the user, who does not have to conclude contracts with more than one carrier, the MT system offers (i) saving in shipping procedures, and (ii) a more reliable and improved service.

The savings mentioned above generally enable an MTO to quote a through rate which is competitive as compared with the rates for the conventional modes of transport but which at the same time covers his costs. Some forwarding MTOs who operate by engaging transport undertakings under contract to them may receive a commission from such undertakings. MTOs may also have more opportunities to enjoy discounted tariff rates by increasing the number of containers or the volume of cargo.

23. As most of the MTOs - particularly vessel-operating MTOs - have diversified their business, their published accounts do not reflect the financial results of their MT operations. Annex II shows the structure of the assets, revenue and cost of an NVO-MTO specialized in MT operations in the trade between the Far East and Europe.

24. As the principal who is responsible for the performance of the MT contract, the MTO is primarily concerned with the choice of the most efficient and quickest modes of transport for the MT operations. But at the same time it is usual for him to consult his clients or consider their suggestions, particularly when there are different options in the choice of the modes of transport.

B. Organization

25. The organization and operation of MTOs vary widely depending upon the type of enterprise and the range of their activities. Shipowner MTOs operating container services are often formed by amalgamation of two or more shipping companies or by the establishment of subsidiaries by two or more parent companies. Such MTOs often function as members of consortia or under joint fleet arrangements within liner conferences.

26. An NVO-MTO, for example a freight forwarder providing MT services, will obviously have a different system of organization and operation. He may have to function independently and his main concern will be to so organize his services as to be competitively efficient in the market.

27. An MTO will normally have his head office in the country to which he belongs and will operate under the national laws of that country. But as the services which he provides extend to several countries, he will necessarily have organizations in those countries to look after his business. This is done generally by setting up branch offices, or subsidiary concerns or by appointing agents or correspondents in those countries. Many MTOs - particularly vessel-operating MTOs - prefer to have agents because they are considered to be familiar with the local conditions and the local laws and be in a better position to market the business of the MTO. Some MTOs have mutual agency arrangements, i.e. each MTO acts as the agent of the other in their respective home countries. Many NVO-MTOs have correspondents - exclusive agents - in other countries. Others have partners in foreign countries to conduct their business. Such partners may have a shareholding in the MTO's business and may share the financial results of their operations.

28. Depending on the volume of business and the range of activities, an MTO may also choose to establish subsidiary concerns or branch offices in foreign countries. In such cases, it often becomes obligatory on his part to employ nationals of the countries where such offices are situated, to the extent required under the national laws.

29. The establishment of subsidiaries, branch offices or agencies may become necessary even in the country where the MTO's head office is situated, depending upon the volume of business and the type of services rendered by the MTO. For example, he may require agents at different ports in the same country for conducting his business, or he may require subsidiary concerns for operating container terminals, groupage depots, warehouses, etc. The services provided by a vessel-operating MTO are usually confined to the specific trade routes in which he operates 10/ and the scope of services offered by him to the customers may be limited. For example, he may not perform functions such as packaging, documentation, customs clearance, export/import formalities, etc., which are required to be attended to by the consignor. His organizational set-up may not therefore be widespread or elaborate. However, in the case of multimodal transport wherein the sea leg is a major portion of the through journey the services of the vessel-operating MTO may be more reliable when he can provide his own services in the trade. On the other hand, an NVO-MTO who is specialized in MT operations may offer his services for transport of goods to any part of the world 11/ and may also undertake to perform a variety of functions on behalf of the consignor such as groupage of LCL cargoes, documentation, packaging, warehousing, customs formalities, cargo insurance, etc. He will therefore have to organize a network of agents/correspondents/partners abroad and also establish, wherever necessary, subsidiary concerns and branch offices. He will thus require a comparatively more comprehensive and elaborate organizational set-up. Shippers are, however, free to choose the types of MTOs best suited to their needs, depending upon the characteristics of cargo, destination, total transport costs, transit time, etc.

30. The organizational set-ups of a vessel-operating MTO and an NVO-MTO have been illustrated in the two charts annexed to the present report (see annex III below).

10/ The trade routes covered by containership operators are indicated in Containerization International Year Book, 1978 (op. cit.), pp. 181-231.

11/ Although not all the NVO-MTOs have global service coverage and some are confined to certain geographical routes, many such operators cover wider ranges than those of vessel-operating MTOs and several have an extensive network of subsidiary companies operating world-wide container services. Ibid., pp. 233-234.

C. Control of multimodal transport operations under national laws

31. The activities of carriers or freight forwarders who provide MT services are subject to regulation and licensing control in several countries, but the extent of control varies from country to country. In some European countries, MTOs are not subject to any special licensing procedures, while in others they have been brought under licensing control. The eligibility for licence depends upon their reputation, professional competence and financial capability. In the United States of America there are severe restrictions on the licensing of international freight forwarders and on the establishment of through rates by NVO-MTOs who organize MT operations.

32. In some Latin American countries, there are restrictions on the contracting of services and on the establishment of through rates. For example, in Brazil and Mexico, the MTOs are required to take out licences from the Government before they are permitted to operate. Such licences are only granted subject to several conditions, the more important of which are:

(a) The MTOs must be nationals of the countries concerned;

(b) In Brazil, the law requires that only legally constituted road, rail, air or sea transport firms can function as MTOs;

(c) In both Brazil and Mexico, the granting of a licence is subject to the condition that the enterprise must prove its technical and commercial competence.

33. In African and Asian countries, multimodal transport has not yet made significant progress, and with one or two exceptions, governments of these countries have not enacted any legislation to control or regulate MT operations and MTOs. Details of the nature and extent of control exercised by different countries in this respect are given in document TD/B/AC.15/30.

D. Consultation

34. The problems relating to consultation between consignors on the one hand and shipowners/MTOs on the other have been considered in several reports prepared by the UNCTAD secretariat. 12/ The Intergovernmental Preparatory Group on a Convention on International Multimodal Transport has recognized 13/ the importance of consultation in the context of multimodal transport and has incorporated a provision in the draft convention relating to the right of contracting States to adopt measures relating to consultation. At present, consultations between shipowner MTOs and consignors with regard to freight rates and other terms of multimodal service are held on the traditional pattern of consultations between conference lines and consignors to the extent that the conference is allowed to cover multimodal services. (The shipowner MTOs who are mostly operators of

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12/ "The effectiveness of shippers' organizations" (TD/B/C.4/154); "Problems of consultation in relation to multimodal transport" (TD/B/AC.15/28); "Protection of shipper interests" (TD/B/C.4/127/Supp.7); "Consultations in multimodal transport involving air and land transport" (TD/B/AC.15/36).

13/ "Common Understanding between all Groups as regards the scope of the draft convention", in report of the Intergovernmental Preparatory Group on a Convention on International Multimodal Transport on the second part of its third session (TD/B/640-TD/B/AC.15/23), annex I; and article 4 of the draft convention on international multimodal transport (TD/MT/CONF/1-TD/B/AC.15/56).

ships are, along with operators of conventional ships, in the majority of cases members of conferences.) In the case of NVO-MTOs, it is they who negotiate freight rates and other terms with the ocean carriers. They are nominal consignors in the eyes of the ocean carriers and they may or may not associate the actual consignors with such negotiations. No discriminatory treatment between NVO-MTOs and individual consignors is allowed by conference lines, but vessel-operating MTOs functioning outside conferences may offer favourable freight rates to NVO-MTOs.

E. Liability and insurance

35. The question of liability and insurance arising in connexion with international multimodal transport has been considered in several reports submitted by the UNCTAD secretariat to the Intergovernmental Preparatory Group on a Convention on International Multimodal Transport (IPG). 14/ In regard to the liability régime of the MTO, those reports have dealt with two alternative systems, viz., the "network system" and the "uniform system". In the absence of an international convention specially applicable to multimodal transport, many of the MTOs have adopted their own régimes based on the "network system", or have been following the International Chamber of Commerce (ICC) rules for a combined transport document, or corresponding rules issued by the Baltic and International Maritime Conference (BIMCO), or by the International Federation of Forwarding Agents Association (FIATA), or by the International Shipowners' Association (INSA). Basically these rules are the same, although they differ in detail. The rules, which are voluntary, have inter alia established a "network system" of liability. In the case of concealed damage, the limit of 30 gold (poincaré) francs per kilo of gross weight of goods lost or damaged, i.e. the limit of carrier's liability laid down under the Hague Visby Rules, is applied. Some MTOs express this limit in terms of US dollars, i.e. $US 2 or $US 2.5 per kilo. When the stage of transport at which loss or damage occurred can be identified, the MTO's liability is determined by the international convention or national law applicable to that stage. In regard to delay in delivery, the MTO becomes liable only when the stage of transport where the delay occurred is known and only to the extent that there is liability for delay under the international convention or national law applicable to that stage of transport. The compensation for delay is limited to the amount of freight payable for that stage of transport.

36. The vessel-operating MTOs normally cover their liability with the P and I clubs or the through transit clubs, while other MTOs insure their liability either with the through transit clubs or in the liability insurance markets. Such liability is not only towards the consignor/consignee in respect of the cargo, but also towards other third parties who may suffer loss or damage on account of MT operations. 15/ Some MTOs also arrange cargo insurance on behalf of the consignor.

14/ "Insurance and liability problems in international multimodal transport" (TD/B/AC.15/7/Add.3); "Liability and cargo insurance cover under international multimodal transport operations" (TD/B/AC.15/14), paras. 83-96; "International transport operations: scope of application, documentation, liability of the multimodal transport operator and other matters" (TD/B/AC.15/19).

15/ The different types of third party claims that may arise against the MTO have been dealt with in document TD/B/AC.15/20.

37. The settlement of claims also depends upon the terms and conditions of the MT document, but basically the procedure is as follows:

(a) The claimant is required to give notice of his claim to the MTO within a prescribed period.

(b) On receipt of the notice, the MTO investigates the claim by checking receipts, etc., signed by the individual carrier under the cargo discrepancy reporting system to determine his liability.

(c) In the case of cargo carried in containers, the MTO often rejects claims if the seal of the container is intact and there is no apparent damage to the container.

(d) When the claim is rejected, it is for the consignor to pursue the matter with his cargo insurer who, after paying the claim, may exercise his right of recourse against the MTO. (In actual practice, the notice of claim is only a formality to protect the insurer's right of recourse and the insurer may pay the claim in the first instance and proceed against the MTO, if the latter is considered to be liable.)

(e) If the MTO accepts liability, he settles the claim in accordance with the level of liability applicable under the terms and conditions of the MT document. In the case of large or contentious claims, it may be necessary for the MTO to consult his P and I club or other liability insurers for advice and/or authority before settling the claim. In some cases the P and I club may take over the defence/negotiation of the claim on behalf of its members.

(f) Having paid the claim, if the stage at which the damage or loss occurred could be identified, the MTO proceeds against the liable sub-contractor under the terms of his contract with him. Usually this is done by the P and I club (or other liability insurer) of the MTO on his behalf.

(g) After the recovery from any liable sub-contractor is completed the MTO may make recovery from his P and I club to the extent of the difference between the amount he paid to the claimant and the amount he recovered from the liable sub-contractor.

(h) If a dispute arises between the claimant and the MTO in regard to the admissibility of the claim and if it cannot be settled by direct negotiations, it is settled by legal process.

Documentation

38. The documentary aspects of international multimodal transport have been dealt with in reports 16/ submitted by the UNCTAD secretariat. On the basis of these documents, the IPG has formulated draft provisions on documentation - including documents, the IPG has formulated draft provisions on documentation - for incorporation in the proposed international contents of the MT document - for incorporation in the proposed international convention. 17/

16/ See TD/B/AC.15/7 and Add.1-2, and TD/B/AC.15/19.

17/ See the report of the Intergovernmental Preparatory Group on a Convention on International Multimodal Transport (TD/MT/CONF/1), part II.

39. In the absence of an international convention pertaining to multimodal transport, a variety of MT documents have been evolved by shipowners, freight forwarders and international organizations. All these documents generally satisfy the essential requirements of an MT document, although their contents differ in detail. Broadly, these documents fall under two categories:

(a) Documents evolved by individual MTOs or groups of MTOs. There are two types of documents under this category: those evolved by carrier MTOs and those evolved by forwarding MTOs. The former type of documents have most of the characteristics of the ocean bills of lading, although they are adapted to the special circumstances of multimodal transport. The latter type of documents are sometimes based on the house bills of lading of the freight forwarders but adapted to the special circumstances of multimodal transport.

(b) Documents standardized by an international body of carriers or forwarders or other international organizations. BIMCO evolved, in 1971, a standardized combined transport bill of lading known as "COMBICONBILL" mainly for the use or guidance of shipping companies. FIATA attempted to unify the various forwarders' house bills of lading by the creation of a uniform FIATA combined transport bill of lading in 1970 for the use of its members (FBL). INSA adopted, in 1974, a standard combined transport document. ICC, representing carriers, forwarders and other interests like traders, bankers, insurers, etc., standardized in 1973 a set of minimum uniform rules to govern MT documents. The latest in the field is a combined transport document issued by BIMCO and INSA in 1977 - the "COMBIDOC" - which has been approved by ICC as meeting all the requirements of their Uniform Rules for a Combined Transport Document.

40. Some MTOs - particularly vessel-operating MTOs - have adopted the "COMBIDOC" document, while many others are still issuing their own bills of lading for combined transport. When MTOs allow the consignor/consignee the option of making their own arrangements for inland transport at either or both ends of the through transport chain, they indicate separately in the document the provisions applicable to port-to-port shipment and to combined transport. Forwarding MTOs either issue the FIATA combined transport bill of lading or their own house bills of lading incorporating the standard conditions of the Institute of Freight Forwarders suitably modified to meet the requirements of multimodal transport.

Copies of the following are annexed to the present report: 18/

(a) "COMBIDOC" transport document.

(b) FIATA combined transport bill of lading.

18/ See annex IV below.

41. The question of simplifying international trade procedures and documents, taking into account the changing trade patterns and the evolution of new transport technologies, has been engaging the attention of international bodies like the Economic Commission for Europe (ECE) and UNCTAD. 19/ The International Chamber of Shipping (ICS), which has been working in close co-ordination with ECE, has played an important role in evolving standard formats for maritime transport documents based on the ECE Layout Key. The format for a multimodal transport document evolved by the ICS is annexed. 20/

42. The scope of the services rendered by the MTO and his sub-contractors and the other institutional aspects of MT operations have been briefly dealt with in the foregoing paragraphs. The MTO's relationship with the various parties involved in those operations may be summarized as in the annexed chart. 21/

19/ UNCTAD, in close co-operation with the ECE secretariat, deals with facilitation of trade procedures, including the transport element of trade. The Special Programme on Trade Facilitation (FALPRO) within UNCTAD deals, inter alia, with technical facilitation matters arising within UNCTAD.

20/ See annex IV below.

21/ See annex V below.

Chapter II

PROMOTION OF INDIGENOUS MULTIMODAL TRANSPORT ORGANIZATIONS IN DEVELOPING COUNTRIES

A. Adaptation to new technologies and new transport structure

Present position

43. At present the majority of vessel-operating MTOs belong to developed countries. 22/ There are no statistics which indicate exactly the extent of participation of NVO-MTOs in international multimodal transport. One list of such operators 23/ at least indicates, however, that the participation of operators from developing countries, although very small, is growing. The MTOs in developed countries often control many of the component elements of MT systems in developing countries, such as road transport, container depots, container terminals, container berths, etc.

Need for adaptation to new technologies and new transport structure

44. For developing countries the control by the foreign MTOs of many of the component elements of the MT system is not a desirable trend, and it is in their interest that they should be in a position to establish indigenous enterprises for the operation of MT services, based on national needs and resources. As multimodal transport involves mostly the use of modern transport technologies like unitization/containerization, the developing countries should first consider adapting themselves to these technologies. Otherwise, the incompatability in this respect between developed and developing countries in the carriage of trade between them is likely to prove detrimental to the interests of the latter as indicated below:

(a) National shipping lines of developing countries may face the possibility of losing part of their existing share of international trade. Even at present, in most developing countries, national shipping lines are not able to carry their due share of the international trade, for want of sufficient number of suitable ships. If they do not keep pace with the shipping lines of developed countries in introducing unitization/containerization of cargo, their competitive position will suffer, resulting in loss of traffic in high freighted cargo.

(b) Ports in developing countries which do not provide facilities compatible with modern transport technologies may not be served by direct services, but only by feeder services, by foreign shipowners. This may, on the one hand, result in loss of trade to the ports in developing countries and, on the other, increase the cost of transport to those countries.

22/ "Follow-up report on aspects of economic and social implications of international multimodal transport in developing countries" (TD/B/C.4/181), annex III, paras. 13 and 14.

23/ Containerization International Year Book, 1978 (op.cit.), pp. 236-244.

(c) There may be pressure from trading partners in developed countries for the introduction of unitization/containerization, and if this is ignored the export trade of developing countries may be affected adversely.

(d) If imports into developing countries are containerized by the traders in developed countries and if exports are not containerized, the resultant imbalance in container traffic may push up the cost of imports to the extent of the cost of the return of empty containers.

(e) The relative bargaining position of consignors in developing countries may weaken if consortia of foreign container-service-operating shipowners, and their subsidiaries operating conventional vessels, monopolize the general cargo trades of those countries.

(f) In the absence of indigenous MT enterprises, foreign enterprises or their agencies in developing countries may gain more and more control over the component elements of the multimodal transport system and function in a monopolistic way against the overall economic and social objectives of the Governments of those countries.

45. The introduction of modern transport technologies, with their inherent advantages, will improve the efficiency and productivity of the transport system in developing countries and thereby help to maintain and strengthen their market position. Even if modern transport technologies are not introduced on a full scale extending to inland transport, it may be advantageous for developing countries to promote the activities of indigenous MTOs.

Problems

46. It has to be borne in mind that modern transport technologies were not tailored to suit the needs of developing countries. They originated in developed countries in response to specific socio-economic trends. Developing countries may therefore face several problems 24/ in adapting themselves to these technologies. Some of these problems peculiar to MT operations are briefly mentioned below.

1. Problems common to both indigenous and foreign MTOs

(i) The economic viability of investment - particularly when it is in a sophisticated type of technology like containerization - will depend largely upon the total volume of trade and its balanced movement in the inward and outward directions. The unsuitability of some items of exports for containerization, the seasonal nature of exports, etc, may also affect the viability of investment in such cases.

24/ These problems have been highlighted in the following reports: "Economic and social implications of international multimodal transport in developing countries", report by the UNCTAD secretariat (TD/B/AC.15/13 and Corr.1); "Economic and institutional implications of the new transport technologies in Latin America", report submitted by Economic Commission for Latin America (E/CEPAL/L.113); Report of OAU ad hoc Committee of Experts on multimodal transport (CMT/Rpt/(11)).

(ii) The introduction of these modern technologies will give rise to various institutional changes 25/ - changes in procedures, practices, documentation, data processing, customs inspection and other services and activities associated with those technologies. Such institutional changes, if unregulated, may have adverse economic effects on developing countries or may not be compatible with the overall economic and social objectives of their Governments.

(iii) Modern transport technologies like containerization are labour saving while the cargo handling operations of break bulk cargoes are highly labour intensive. The introduction of such modern technologies may therefore give rise to undesirable redundancy of port labour in developing countries, but some new jobs will also be created to service various stages of containerization.

2. Problems involving public investment in developing countries

Adoption of modern transport technologies will necessitate substantial public investment in infrastructural facilities like port facilities and inland transport facilities, the scale of investment depending upon the type of technology adopted and the extent of its application. This may create financial difficulties for developing countries whose financial resources are limited, quite apart from the social disruptions on account of redundancy of port labour, etc., referred to above.

3. Problems peculiar to indigenous MTOs

(i) Indigenous MTOs may face difficulties in finding the necessary capital for investment in ships, equipment, etc.

(ii) Indigenous MTOs may face competition from foreign MTOs already operating on the same routes. They may also face difficulties in securing cargoes in those trades (this problem may to some extent resolve itself when the Convention on a Code of Conduct for Liner Conferences enters into force).

(iii) Apart from considerable investment, international MT operations will call for organizing ability as well as marketing and planning expertise of a high order. Lack of experience and resources may create difficulties for indigenous enterprises in developing countries to market their services and organize a network of agents, correspondents, branch offices or subsidiaries abroad.

(iv) Developing countries may also experience shortage of trained and experienced managerial staff for dealing with the various aspects of MT operations, including legal and insurance aspects, and trained technical personnel for operating and maintaining the equipment used in modern transport technologies.

25/ The institutional changes have been highlighted in the report by the UNCTAD secretariat on "International multimodal transport operations" (TD/B/AC.15/7) and in "Economic and institutional implications of the new transport technologies in Latin America" (op.cit.).

(v) At present, in most of the developing countries, the exports are carried on f.o.b. terms 26/ while the imports are carried on c.i.f. terms, with the result that the choice of the carrier is left to the foreign buyer or seller of the goods, as the case may be, usually to the detriment of national carriers in developing countries. These terms will need re-definition in view of the fact that in multimodal transport the break points in the transport chain relevant for the allocation of rights and responsibilities and allocation of charges between the buyer and the seller are those at which the goods enter or leave the custody of the MTO and not the ports of loading and discharge as in conventional transport. In the context of the trade pattern of developing countries two questions will arise: firstly, how the terms should be re-defined for use in connexion with multimodal transport; secondly, how the new terms will affect the interests of developing countries.

Options in technology

47. Modern transport technologies provide a variety of options to developing countries in regard to the form of unitization of cargo, types of ships, cargo units, handling equipment, port facilities, inland transport system, etc. These options broadly pertain to three areas, namely:

(a) cargo unit (container, pallet, wheeled unit, barge, etc.)

(b) mode of transport (ships, road vehicles, trains, aircraft, etc.)

(c) routing (sea, road, rail, air, etc.)

48. These three areas are closely inter-dependent because each form of unitization has its own peculiar needs with regard to ships, handling equipment, port facilities, etc. The different types of vessels used in multimodal transport to suit different methods of unitization, their general features, handling equipment used in each type, etc., have been dealt with in the reports submitted by the UNCTAD secretariat. 27/

Guidelines

49. While developing countries have to make a choice of the type of unitization to be adopted and the types of ships to be acquired, it will be advisable for them, after a careful study of all the relevant factors, to follow some broad guidelines as indicated in the following paragraphs.

50. Developing countries are at different stages of development, their economic and social conditions varying from country to country. For many countries which are comparatively less developed, a capital intensive and labour saving technology like containerization may not be initially suitable. In the first place, considerable investment will be required, not only in ships and containers, but also

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26/ The issues arising in connexion with the terms of shipment have been discussed in two reports by the UNCTAD secretariat: TD/B/AC.15/7/Add.1 and TD/B/AC.15/13 and Corr.1.

27/ "Technical and financial aspects of modern transport technologies used in multimodal transport operations" (TD/B/AC.15/15 and Corr.1) and "Technological change in shipping and its effects on ports" (TD/B/C.4/129) and Suppl. 1-6).

in port facilities, inland transport and other infrastructural facilities. A sophisticated technology like containerization is comparatively less versatile and the rise in costs will accordingly be higher when the trade structure is not suited for its use. At the same time, these capital intensive facilities may not be fully utilized because of insufficient volume of trade or unsuitability of its pattern. This will result in rising costs. Besides, many developing countries may have abundant manual labour and the abrupt introduction of a labour saving technology may cause undesirable social disruption. In these circumstances, it will be desirable for them to introduce such technologies under a phased programme consistent with their economic and social conditions. This will ensure both that scarce capital resources are utilized effectively and that social disruptions are minimized. In the first stage it may be advisable for such developing countries to adopt an intermediate technology, i.e. a combination of the conventional systems and the modern sophisticated systems which will cater simultaneously to the movement of break-bulk cargo and of unitized cargo in different forms of unitization. A suitable type of "multipurpose" vessel may fit in with such intermediate technology. This type of vessel can be replaced in due course by more specialized vessels like fully containerized vessels and/or ro/ro vessels according to the requirements of the trade.

51. In this connexion, it will be advisable for developing countries to hold consultations with their trading partners, port authorities and carriers in developed countries in order to ensure against incompatibility arising out of dissimilar technologies adopted at the two ends of the trade routes.

Port facilities

52. The extent to which port facilities have to be developed to meet the needs of multimodal transport will depend mainly upon the type of unitization adopted and the facilities already available at the ports. 28/

53. Of the various forms of unitization, palletization is more compatible with conventional port layout provided sufficient forklift trucks are available.

54. The ro/ro system requires few, if any, specialized port facilities, the extent of which depends on operational parameters such as total units directly passing through the port, type of units carried, etc.

55. The barge carrier system requires little change in port layout provided the quay has sufficient water depth to accommodate shallow-draft barges and that a fleeting area is available. Barge carriers require sufficient mooring area with an adequate number of mooring points.

56. Limited container traffic can be catered to by a conventional wharf, provided such facilities as cranes and trailers for conventional handling of containers are available and the quay structure allows heavy lifts to be handled. But regular and sizeable container traffic will require a purpose-built container terminal. Depending upon the density and volume of traffic, such a terminal will need to be adequately equipped with handling equipment such as gantry cranes and straddle carriers, besides large areas of reinforced quays for marshalling and stationing containers.

28/ See Port development: a handbook for planners in developing countries (TD/B/C.4/175 and Corr.1) (United Nations publication, Sales No. E.77.II.D.8).

57. When cargo moves multimodally through a port, the port's functions become limited mainly to transit operations and consequently the port operations will require re-organization to some extent to meet the requirements of expedient delivery to inland transport such as road, rail or inland waterways. Documentation and information systems will need to be improved to cope with the large numbers of units passing through and the increased communications required with customers and receivers to ensure smooth operations.

Inland transport infrastructure

58. In regard to inland-transport-infrastructure facilities for multimodal transport, the railways, the road and inland-water transport have to play their respective roles. (Co-ordination with air transport will present some special problems because of the difference in size of air containers, etc.). The more important steps required to be taken in respect of each of these modes of transport for adapting itself to multimodal transport are briefly outlined below: 29/

Railways

(a) Adaptation, under a phased programme, of the existing rolling stock or provision of new rolling stock to ensure interchangeability of units, whether containers or pallets, so as to meet the carrying capacity and cubic content involved in the transportation of unit loads.

(b) Establishment of rail terminals with sufficient transloading equipment in the close proximity of container terminals.

(c) Provision of suitable rail vehicles for the carriage of ISO containers of different sizes.

Road Transport

(a) A review should be undertaken of the physical requirements and regulations applicable to road vehicle transport, suitability of roads, and the weight, load and length of vehicles which carry unit loads.

(b) For the carriage of ISO containers of different sizes, roads should satisfy the physical and technical requirements in regard to width, gradient, minimum stopping sight distance, minimum free height, etc. Bridges should also be suitably designed for the purpose.

Inland Water Transport

59. Inland waterways must be co-ordinated with other modes of transport and made suitable particularly for the movement of LASH and seabee barges. Unit load equipment such as shore based cranes must be installed at the appropriate inland distribution points and floating cranes may also have to be provided.

60. Some of the problems faced by developing countries in providing inland transport and other infrastructural facilities - particularly those arising from physical and geographical constraints can be overcome by co-operation among them at the regional level so as to evolve an integrated approach to those problems.

29/ "Technical and financial aspects of modern transport technologies used in multimodal transport operations" (TD/B/AC.15/15 and Corr.1).

B. Organization of multimodal transport enterprises

61. The majority of the existing MTOs are located in developed countries and consist of shipping companies. If shipping companies or other enterprises in developing countries wish to become MTOs, they may face several difficulties already referred to in the previous section of this report. In view of these difficulties, and particularly in view of the limited resources of developing countries, it may be advantageous for them in the first instance to encourage existing enterprises connected with transport to enter the field of multimodal transport. Such enterprises may be either carriers (shipowners, road transport operators, railways, airlines, etc.) or non-carriers like shippers, freight forwarders, etc., depending upon their suitability, competence and other relevant factors. If, however, resources permit, developing countries may also consider whether new enterprises should be established and, if so, whether they should be non-carrier operators or carrier operators. Direct participation by governments in new enterprises may give them the necessary financial strength and status, particularly for winning the confidence of banks and financial institutions abroad. Subject to the above general guidelines, developing countries can consider the possibilities of establishing different types of enterprises as indicated below.

Types of enterprises

(a) Unimodal national carriers like shipowners, road transport operators or railways may be encouraged to enter the field of multimodal transport, provided they have the necessary resources and expertise.

(b) Alternatively the unimodal carriers listed above may be encouraged to join forces and through the pooling of their resources may provide many of the component elements of the MT system such as ships, containers, handling equipment, road vehicles, etc; and this may help to keep down the additional investment required.

(c) The third possibility is joint ventures of indigenous shipping lines and foreign shipping companies. This type of joint venture has been established in some Latin American countries. 30/ Apart from offering a fixed share of the trade to the national shipping lines, the foreign lines may offer substantial technical and financial aid to enable the national lines to adopt modern transport technologies and to carry their share of the trade. Under such a joint venture it will, however, be necessary to ensure that the effective control of the new organization is retained in the developing countries and that their national interests are adequately protected. For example, such ventures should not result in hardships to consignors of break-bulk cargo for want of shipping opportunities. Again, the normal procedure of consultation between consignors' organizations and shipping conferences must not be bypassed, even if such joint shipping enterprises operate outside the conferences.

30/ "Economic and institutional implications of the new transport technologies in Latin America" (op.cit.).

(d) Joint transport enterprises among developing countries - particularly between land-locked developing countries and their transit neighbours - may be able to overcome several difficulties faced by developing countries such as scarcity of capital, shortage of trained managerial and technical personnel, etc. Besides, because of the economic, commercial and institutional links they establish in the member countries, such joint enterprises may prove to be particularly suitable to act as MTOs. In the field of shipping, air transport and railways, several joint enterprises already exist among developing countries. 31/

(e) Consignors, exporting firms, producers of major export products and/or similar trading enterprises may be able to organize MT services, either on their own or jointly with other national enterprises. This may help to arrest the monopolistic tendencies of powerful shipowner MTOs and afford better protection to the interests of consignors. It may be mentioned in this connexion that, in some of the European countries, MT enterprises have been organized by transnational producers of certain commodities who are the major users of their own MT services. 32/

(f) The emergence of large container consortia and powerful groups of shipowners as MTOs is reported to pose a threat to the business of freight forwarders mainly because consignors, who were their customers in the past, now often find it more convenient and advantageous to approach the MTOs direct. It may therefore be advisable for freight forwarders in developing countries to re-organize themselves and perhaps the best way of doing so will be to enter the field of multimodal transport. It has been estimated that one-fifth of the freight forwarders in the world are located in developing countries, and the vast majority of them have been participating in the handling of general cargo. They can form MT organizations either separately or jointly with shipping lines or consignors organizations. They can also associate with their counterparts in neighbouring developing countries, including land-locked countries, and set up such organizations at the regional level. Many freight forwarders own or control several component elements of the MT system such as trucks, trailers and other road vehicles, warehouses, container depots, etc, and they render a variety of services such as procurement and co-ordination of various modes of transport: groupage of LCL cargoes, packing of export goods, documentation, import/export formalities, customs formalities, etc., which arise in multimodal transport. A joint organization of freight forwarders at the national or regional level will therefore have at its disposal not only much of the expertise needed for multimodal transport but also most of the requisite infrastructural facilities. Such organizations will be able better to resist the extension of the activities of foreign MTOs to gain control of inland transport facilities in developing countries.

31/ "Economic and social implications of international multimodal transport in developing countries", report by the UNCTAD secretariat (TD/B/AC.15/13 and Corr.1).

32/ "Economic and institutional implications of the new transport technologies in Latin America" (op.cit.).

Besides, a joint enterprises of freight forwarders can possibly play an increasing role in organizing "land bridge" or overland transport systems across developing countries, including land-locked countries. By combining the use of trailers and trucks by road and railways, such "land bridge" systems can be utilized for the multimodal movement of cargo in non-containerized or even in break-bulk form.

(g) Intermediaries like shipping agents, customs house agents, stevedoring firms, render several services at present to shipowners or consignors and can perhaps, individually or jointly, provide MT services.

62. Depending upon their financial resources, the indigenous MTOs can acquire ships, equipment, inland carriers, etc., under a phased programme. For example, in order to minimize investment, a MTO may charter space on ships and use leased containers and thus postpone heavy investment in ships and equipment to a later stage. But as the MTO acts as the principal and may have to engage several unimodal carriers, including even large container-vessel-operating shipowners as his sub-contractors, it is desirable that the financial standing of the MTO is sufficiently strong to command the confidence and good will of his sub-contractors.

63. The extent of financial investment required will depend upon the type of transport technology adopted for MT operations and the scale of its application. These and other relevant aspects pertaining to financial and technical assistance are dealt with separately in annex VI below.

Organizational set-up

64. The MTO should have a suitable organizational set-up, both in his own country and in foreign countries, to look after his business. The model organizational set-up for a vessel-operating MTO and NVO-MTO outlined in chapter I of this report will be of guidance in this connexion to prospective MTOs in developing countries.

65. In his own country, the MTO in a developing country may have to set up, besides his head office, subsidiaries or branch offices or agents at different places depending upon the extent of his business and the range of services rendered by him. Abroad he may have to establish a net-work of agents/ correspondents and, if necessary, subsidiaries and branch offices depending again upon the extent of his business. Appointment of competent agents/ correspondents abroad may not present problems, particularly in cases where the MT organization has been set up jointly with foreign interests, but shortage of trained managerial and technical staff in the head office or branch offices in the country of the MTO may pose problems. This can be resolved to some extent by means of regional co-operation among developing countries so that the experience and expertise available at the regional level is pooled and utilized to its maximum advantage. It will also be advisable for developing countries to establish training institutions, preferably under the auspices of the regional commissions of the United Nations, for imparting specialized training - both managerial and technical - in MT operations.

Liability and insurance

66. The other institutional aspects of MT operations pertain to liability and insurance, documentation, terms of shipment and impact on labour.

67. In regard to the system of liability to be assumed by the MTO, pending the adoption of an international convention 33/ applicable to multimodal transport, it will be advisable for MTOs in developing countries to follow the same practice as in being followed by established MTOs. 34/

68. Developing countries are, however, anxious that the introduction of MT operations in their territories should not adversely affect their cargo insurance industries which they have been building up during recent years. This can be taken care of partly by means of national laws under which MT operations will be regulated and controlled in each country, and partly by means of policy measures in regard to trade and insurance. In this regard co-operation of indigenous MTOs will be particularly required.

Documentation

69. In regard to documentation, pending the adoption of an international convention 35/ pertaining to multimodal transport which will give legal status to the MT document and also define its scope and functions, MTOs from developing countries may adopt one or other of the documents which are currently in use and which have been mentioned in chapter I of this report.

Terms of shipment

70. The questions that arise in connexion with the terms of shipment have been mentioned earlier in this report, namely:

(a) how the terms of f.o.b. and c.i.f. which are commonly applied to the export trade and import trade respectively of developing countries should be re-defined for use in connexion with multimodal transport;

(b) how the new terms may affect the interests of developing countries.

71. In regard to 70 (a), the terms of shipment corresponding to f.o.b. to be applied to the exports of developing countries moving under MT system will be equivalent to "received in the custody of the MTO". 36/ Similarly, in the case of imports, the term corresponding to c.i.f. will be equivalent to delivered at the consignee's premises or at any other place where the cargo leaves the custody of the MTO. The question as to how these terms will be re-defined clearly and

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33/ The present position in regard to formulation of draft provision on liability and insurance is indicated in document TD/MT/CONF/1 - TD/B/AC.15/56.

34/ Cf. chapter I, section E, above.

35/ The present position in regard to formulation of draft provisions on documentation is indicated in TD/MT/CONF/1 - TD/B/AC.15/56.

36/ See document TD/B/AC.15/13, para. 88.

comprehensively in order to take care of all situations arising under multimodal transport and avoid any misunderstandings or disputes between the parties concerned has been engaging the attention of the IPG and other bodies for some time. It may be mentioned in this connexion that the traditional terms including f.o.b. and c.i.f., known as the INCOTERMS, were evolved by the ICC. It will take some time before the terms are finally revised by the ICC. In the meantime, a set of terms known as the COMBITERMS is being adopted by several traders for use in multimodal transport. These terms are as follows:

COMBITERMS - Delivery Terms

2.01	Ex Works (unfranco)
2.02	Ex Works (incl. export customs clearance)
2.03	Free arrival wagon/truck terminal place of despatch
2.04	Free delivered place of despatch
2.05	Free departure wagon/truck place of despatch (FCR/FOT)
2.06	Free border country of despatch
2.07	Free tariff point
2.18	Free border destination country
2.19	Free arrival wagon/truck destination place
2.20	Free arrival destination place, uncleared
2.21	Free arrival destination place, cleared
2.22	Free delivered consignee's premises, uncleared
2.23	Free delivered consignee's premises, cleared (franco)

72. Pending the final revision of the INCOTERMS by the ICC, or evolution of internationally agreed terms, developing countries can perhaps take into consideration COMBITERMS in relation to MT operations.

73. As regards the question of 70 (b), if the exports and imports of developing countries moving under multimodal transport are governed by terms similar to f.o.b. and c.i.f. terms, the choice of the MTO and through him of the carriers involved may remain with the foreign buyer or seller of the goods as the case may be, and he is likely to show preference for MTOs of his own country. This may adversely affect the promotion of indigenous MT enterprises in developing countries as well as the viability of their transport industries in general and particularly their merchant marines. It may also affect their cargo insurance industries. It will therefore be advisable for developing countries to adopt, while introducing MT operations, suitable policy measures to ensure that their exports and imports are carried on such terms as will enable an equitable part of MT operations and cargo insurance to be retained in those countries.

74. The terms of shipment also have a bearing on the currency in which payment has to be made for MT services and its consequent impact on the balance of payments position. For example, a foreign MTO may quote a through rate payable in foreign currency to an importer in a developing country for delivering the goods into the latter's premises. At the same time, the MTO may pay in local currency for the expenses he incurs in the importing country and thereby save the equivalent foreign exchange component of the through rate. This will adversely affect the balance of payments of the importing country. Developing countries must therefore ensure that adequate foreign exchange regulations are in force to compel the foreign MTO to pay in foreign exchange for the expenses incurred by him in the importing country.

Impact on labour

75. Redundancy of port labour arising from the introduction of modern transport technologies like containerization has been referred to earlier in this report. If the introduction of such technologies is effected under a phased programme and an intermediate technology involving the use of multipurpose facilities at the ports is adopted in the first stage, the impact on port labour will be minimized. 37/ At the same time, it will be advisable on the part of developing countries to initiate suitable long-term measures to meet this problem, such as training part of the labour force in handling equipment used in modern transport technologies at the ports and at inland depots, retraining redundant labour force in other skills, provision of unemployment benefits, etc.

37/ For further details, see document TD/B/C.4/129/Supp.1.

C. Role of the State: legislation and policy measures

76. The introduction of IT operations, based on modern transport technologies, will call for legislative and policy measures on the part of developing countries.

Policy making and planning

77. The establishment of MTOs and their organizations must be decided in the context of over-all national policy and planning on multimodal transport in that country. Developing countries must give careful consideration to the following aspects before they take a decision on the establishment of MTOs:

(a) the type of technology to be introduced;

(b) the extent to which such technology should be applied to the national MTOs.

78. A cautious approach in taking a decision will be necessary to ensure that scarce capital resources of developing countries are used efficiently and effectively. The social, economic, geographical and physical conditions of developing countries vary from country to country depending upon such conditions, the type of transport technology to be adopted and the extent to which it should be applied to MT operations in each country will also vary. The unitized services introduced by foreign shipowners on the basis of their own assessment of the needs for economic operation in relation to their own cost levels may not be an adequate guide to shipowners of developing countries. In order to enable a correct decision to be taken consistent with national needs and resources, it will be advisable on the part of developing countries to have MT projects evaluated on the basis of comprehensive transport surveys and cost-benefit analysis. Such surveys must cover all aspects of investment alternatives and choice of technology including, inter alia, the following aspects:

(a) the total volume of trade available for multimodal movement, types of commodities moving, the extent to which movement of imports and exports is balanced, seasonal nature, if any, of their movement, additional traffic expected to be generated as a result of improved transport service, etc.

(b) the number and types of ports to be served, as well as the extent to which existing port facilities, inland transport and other infrastructure facilities are adequate to cope with the different types of technology.

(c) the possible repercussions of the different types of technology on domestic interests.

(d) an evaluation, in respect of each type of technology, of the investment costs and social effects as against the benefits by way of reduction in costs and any improvement in the quality of transport service.

79. An evaluation of an MT project, as suggested above, will be a complex and sophisticated exercise, however, calling for specialized knowledge and expertise in the field. It will therefore be advisable for developing countries to establish, as a matter of policy, national transport-study units consisting of transport economists and other experts for conducting such evaluations. Besides, since various administrative agencies and commercial interests are involved in

international multimodal transport, developing countries can also consider setting up transport co-ordination agencies in their territories for co-ordination of various modes of transport with a view to promoting multimodal transport. It will be advantageous if such transport study units and transport co-ordination agencies are also set up at the regional level, preferably under the auspices of the regional commissions of the United Nations in close co-operation with UNCTAD.

80. The draft international convention which has been drawn up by the IPG contains adequate provisions to safeguard the interests of developing countries. When the convention is finally adopted, developing countries ratifying it will have to enact corresponding national legislation. As the convention is expected to give freedom to contracting States to exercise licensing control over MT operations within their territories, developing countries may be able to frame suitable regulations under national legislation to exercise control along the lines as proposed in the following paragraphs. While the extent and nature of control vary from country to country, depending upon each country's social and economic conditions, it is desirable that in the exercise of such control there should be no discrimination against foreign MTOs.

Control and regulation under national laws

81. As mentioned in chapter I of this report, MTOs and their activities are subject to regulation and control in several countries and the extent of control varies from country to country. Some developing countries have established a general legislative framework - such as commercial codes, corporate acts and trade practice legislations - which, inter alia, enables such control to be exercised; while some others have enacted specific laws applicable to MTOs. Countries which have not yet adopted any legislative measures in this regard should consider doing so either by establishing a general legal framework under which MT activities can be controlled and regulated or by enacting specific laws applicable to MTOs. It is in the interest of developing countries that such regulations and controls be exercised over MTOs whether foreign or indigenous, and that this be done preferably through a licencing system prescribed under national laws. Those laws should, inter alia, lay down certain minimum qualifications or requirements to be satisfied by MTOs, foreign or indigenous, operating in their territories. These stipulated qualifications or requirements may vary from country to country, depending upon several factors, but the broad guidelines may be as follows: 38/

(a) The financial capacity of the MTO should be guaranteed and he should be able to meet all his commitments, including his liability to the consignor. For this, he should have a minimum working capital, or paid up capital (in the case of a company) and assets of a minimum value, covered by insurance, depending upon the extent of MT operations proposed to be undertaken.

(b) He must furnish proof of his ability to organize MT services based on his experience and resources. This must include an adequate and efficient organization manned by competent personnel with subsidiaries

38/ In this connexion, see document TD/B/AC.15/30 and Add.1.

or agents at different ports or places covered by his MT operations, and ownership or control of physical means of transport engaged in such operations, as well as storage and warehousing facilities in port areas and inland depots, etc.

(c) If he is a foreigner, he must have subsidiary concerns owned and operated by nationals for carrying out MT operations within the country.

(d) He should have sufficient commercial and financial status so that his documents are recognized under the rules of documentary credit and are accepted by banks and other institutions advancing credit against goods in transit.

(e) In fixing such minimum qualifications or requirements, provision may be made:

(i) for compulsory registration in each country in which the MTO operates and for the permission to operate being subject to a licence granted by the administration of each country;

(ii) for compliance with national laws or national policies in regard to choice of routes and for obligations as regards national carriers;

(iii) for compliance with national laws or national policies in regard to insurance, inland transport, coastal shipping, cargo reservations, consultation between consignors' organizations and shipping conferences/shipping lines, exchange and customs regulations, tariff regulations, etc;

(iv) for compulsory record of tariffs, commissions or other emoluments which the MTO receives for participation in MT operations.

82. Such regulation and control of MT operations will be beneficial to indigenous MTOs and will enable them to overcome some of the difficulties mentioned earlier. For example, if an MTO enjoys the status of a licensed MTO in his country and if he is a vessel-operating MTO, his admission to the membership of a conference is likely to become easier. Similarly, a licensed MTO will be in a better position to command the confidence of banks and financial institutions abroad for the purpose of acceptance of the MT documents issued by him. (The convention on international multimodal transport will, when adopted, give legal status to the MT document and will thus help in securing universal recognition for the MT document issued in developing countries). In the case of foreign MTOs, the licensing control will ensure that his activities within the country are in conformity with national policies and are not in any way detrimental to national interests.

83. The licensing control must, in particular, protect consignors' interests. It must ensure that MTOs do not become monopolistic and that consignors always have a free choice between multimodal transport and conventional segmented transport so that carriers at every stage continue to be subject to competition. The MTOs must be required to quote rates in such a way as to enable the consignors to identify the specific services offered.

84. From the point of view of protecting the interests of consignors, it may be advantageous to licence non-carrier enterprises like freight forwarders because, unlike vessel-operating MTOs, they have a wider option and may be in a position to procure the most economic, efficient and safest modes of transport. But at the same time, it must be ensured that they have no loyalty arrangements with conference lines/shipping lines.

Consultation between interested parties

85. The licensing control must also impose an obligation on MTOs to observe the following consultation procedures:

(a) Before the introduction of MT services and new transport technologies, there should be consultation between MTOs on the one hand and the consignors (shippers' organizations), port authorities and the appropriate government authorities on the other. At that stage the consignors' organizations should examine the nature, scope, costs and benefits of the proposed MT services. The port authorities and the appropriate government authorities should also examine whether the ports are adequately equipped, whether the other infrastructural facilities are adequate, and whether the introduction of the proposed MT services will affect domestic interests.

(b) The object of the consultation machinery is to resist monopolistic tendencies of carriers which are not subject to government control. In the MT system, the need for such a machinery does not seem to arise in the case of road, rail, or air transport, which in most countries are usually already subject to government control in some form or other. But consultation on specific issues between users and carriers on such modes of transport may be held as and when necessary.

86. After the introduction of MT services in which a sea-leg is involved, consultation should cover all matters envisaged in the Convention on a Code of Conduct for Liner Conferences, such as level of freight rates, imposition of surcharges, loyalty arrangements, adequacy of shipping services, etc. Such consultation should be:

(a) bi-partite, if the MTO is a sea carrier; i.e. consultation should take place direct between consignors' organizations and shipping lines as under the existing procedure;

(b) tri-partite, if the MTO is a non-vessel operator; i.e. consultation should be between shipping lines/conferences, the consignors' organizations and NVO-MTOs. This will afford the consignor an opportunity to protect his interests by entering into consultation with the shipping lines/conferences despite the interposition of the MTO between the consignor and the carrier. In such tri-partite consultation, the NVO-MTO may be usefully assigned the role of an associate member of the consignors' organization since the bargaining strength of the consignors in developing countries may be adversely affected by a combination of shipping lines and NVO-MTOs, if both belong to developed countries.

In any case, it is essential that consignors, as signatories of conference loyalty agreements, maintain control over all negotiations which affect the general level of freight rates, and NVO-MTOs must not be permitted to negotiate with conferences without the concurrence of consignors. This will ensure that no concessional rates are granted to NVO-MTOs without the knowledge of consignors.

87. Finally, developing countries must endeavour to regulate, by means of licensing control or by other measures, the institutional changes arising from the introduction of MT services within their territories lest such changes have adverse socio-economic repercussions.

88. It will be advisable for developing countries to limit legislative measures to the minimum and adopt suitable policy measures, wherever necessary, to safeguard national interests in the different areas pertaining to MT operations. For example, securing favourable terms of shipment for exports/imports or retention of an equitable part of MT operations and cargo insurance within developing countries can be satisfactorily dealt with by evolving suitable policy measures. Co-operation with other developing countries at the regional level in the provision of inland transport and other infrastructural facilities is another sphere where such policy measures can be adopted.

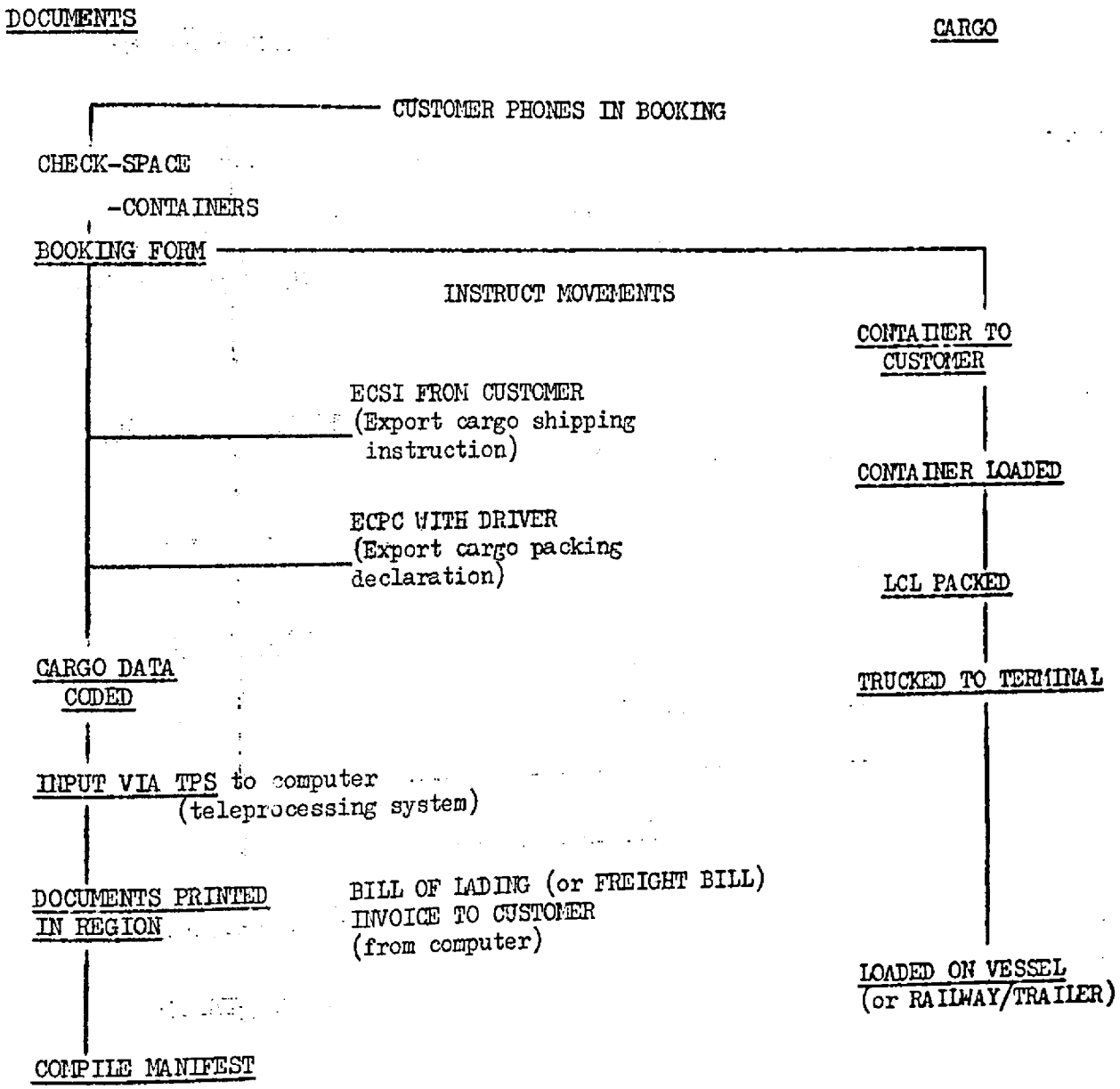
89. Simplification of documentary procedures and commercial practices, consistent with national needs, is yet another area where governmental measures can facilitate international multimodal transport. This question has already engaged the attention of international bodies like UNCTAD, ICC and ECE, which have recommended uniform procedures and practices, including standard formats for transport documents. It will be advisable for developing countries to fall in line with such international procedures and practices, subject to the provisions of the international convention which is being elaborated.

90. The customs procedures relating to multimodal transport also call for concerted action on the part of governments. The IPG has formulated certain guidelines on customs procedures which it will be advisable for developing countries to follow, particularly because they are not parties to most of the existing international conventions relating to customs. Developing countries can also consider establishing, on a regional basis, customs unions or intertransit agreements so that customs formalities already completed under the transit system of one country are not repeated under the transit system of another country through which the goods pass under the MT system.

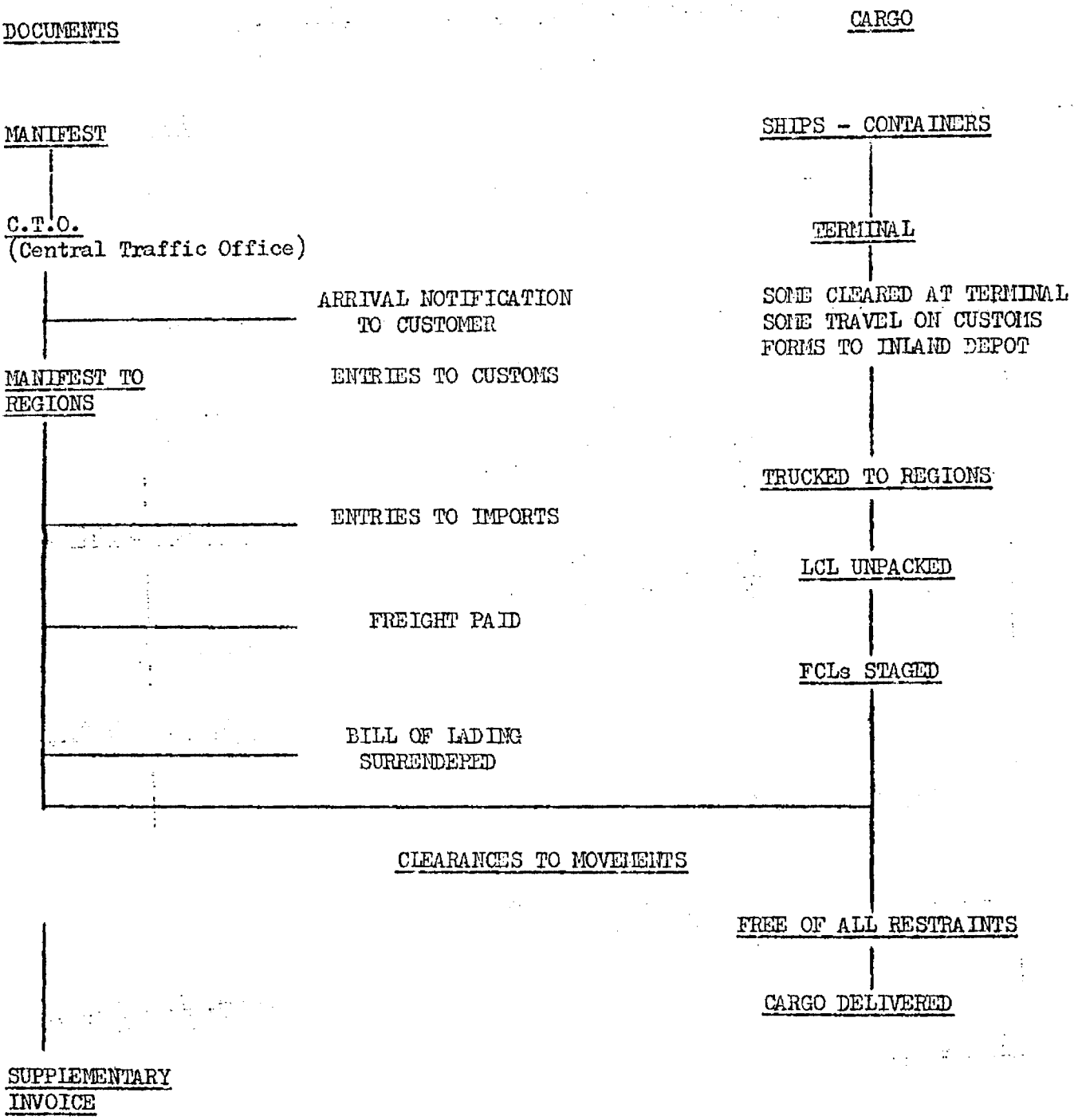
Annex I

Flow chart showing movement of cargo and documents

A. Exports



Annex I (continued)
B. Imports



Annex II

Financial results of MT operation

Structure of assets, revenue and cost of a non-vessel operating MTO specialized in multimodal transport operations in the trade between Far Eastern and European countries

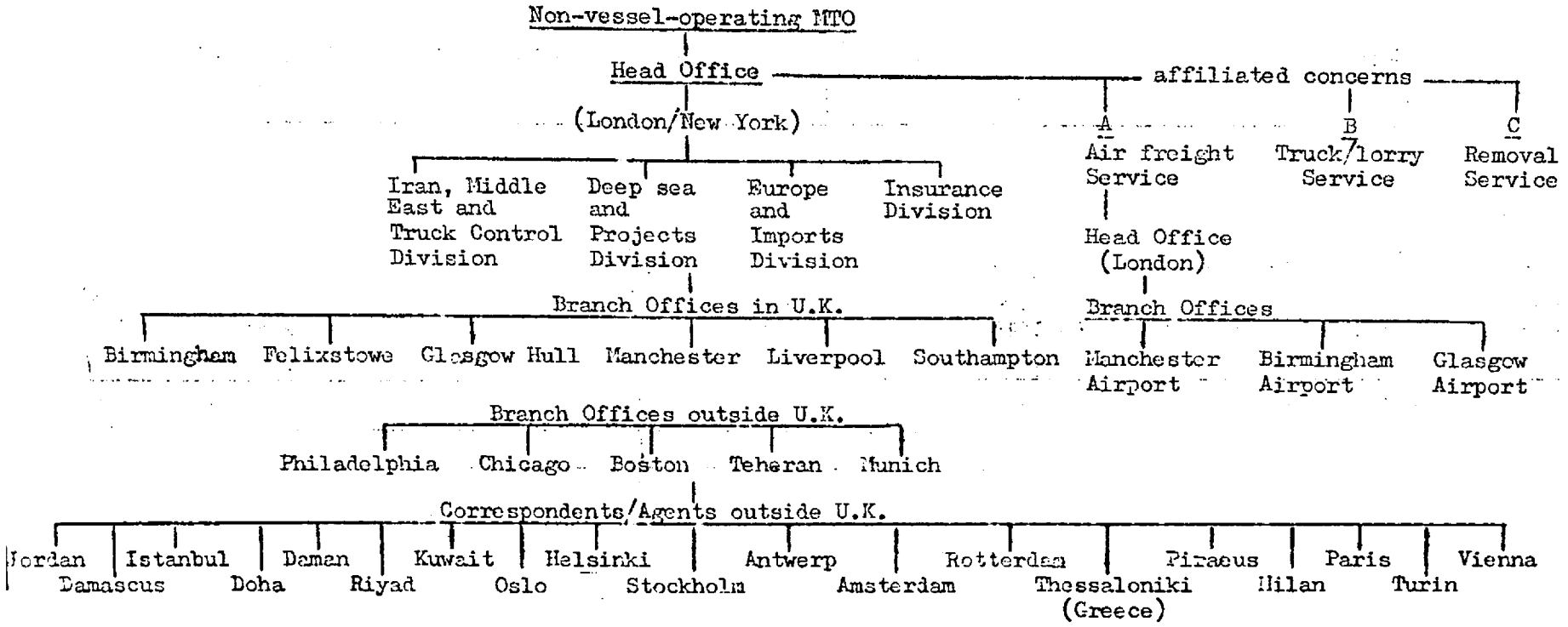
Assets (as of 31.1.1978)			Revenue and cost relating to operations (for one year from 1.2.77 to 31.3.78)	
	Percentage			Percentage
Current Assets		57.5	Revenue	100.0
Cash deposit	19.4		Freight revenue	96.6
Outstanding freight revenue	16.2		Container rental	3.4
Securities	11.8		Cost	100.0
Other items	10.1		Cargo handling cost (payment to actual carriers)	92.7
Fixed Assets		42.5	Container handling cost	2.7
Containers	10.9		Overhead cost	4.6
Container yard	5.8			
Long-term advance payment for leased containers	22.4		Cost - Revenue	99.5
Other items	3.4			
Total assets		100.0		

Source: Annual Business Report (1 February 1977 - 31 January 1978), JEURO Container Transport Inc., Yokohama, Japan.

Annex III

ORGANIZATIONAL CHARTS

A. Non-vessel-operating MTO



Range of Services: (1) Procurement of different modes of transport both break-bulk and unitized cargo. (2) Croupage of LCL Cargoes. (3) Warehousing. (4) Packaging. (5) Documentation. (6) Customs formalities. (7) Export/Import formalities. (8) Foreign exchange transactions. (9) Cargo Insurance

Routes of operation:- Mainly services to Middle East, Far East, Europe, Africa, North America and South America.

ANNEX IV

Multimodal transport documents

A. Combined transport document (COMBIDOC)

B. Negotiable FIATA combined transport bill of lading (FBL)

C. Combined transport bill of lading: format recommended by ICS

Code Name: "COMBIDOC"

ANNEX IV.A

Consignor

CT Doc. No.

Reference No.

Negotiable

COMBINED TRANSPORT DOCUMENT

Issued by The Baltic and International Maritime Conference (BIMCO) and the International Shipowners' Association (INSA), subject to International Chamber of Commerce Uniform Rules for a Combined Transport Document (ICC Publication No. 298).

July 1st, 1977

Consigned to order of

Notify address

Place of receipt

Ocean vessel	Port of loading	Name of sub-contractors for carriage by inland waterways *
Port of discharge	Place of delivery	Date of sub-contract for carriage by inland waterways *

Marks and Nos.	Quantity and description of goods	Gross weight, kg, Measurement, m³

Particulars above declared by Consignor

Freight and charges

RECEIVED the goods in apparent good order and condition and, as far as ascertained by reasonable means of checking, as specified above unless otherwise stated.

The CTO, in accordance with and to the extent of the provisions contained in this CT Document, and with liberty to sub-contract, undertakes to perform and/or in his own name to procure performance of the combined transport and the delivery of the goods, including all services which are necessary to such transport from the place and time of taking the goods in charge to the place and time of delivery and accepts responsibility for such transport and such services.

One of the CT Documents must be surrendered duly endorsed in exchange for the goods or delivery order.

IN WITNESS whereof CT Document(s) has/have been signed in the number indicated below, one of which being accomplished the other(s) to be void.

Freight payable at	Place and date of issue
Number of original CT Documents	Signed for the Combined Transport Operator (CTO)

Note:
The Merchant's attention is called to the fact that according to Clauses 10 to 12 of this CT Document, the liability of the CTO is, in most cases, limited in respect of loss of or damage to the goods and delay. The liability of the CTO in respect of loss or damage occurring during carriage by inland waterways shall be covered by the provisions of his contract with the sub-contractors mentioned above (*) and dated as likewise indicated (*).

As agent(s) to the CTO

p.t.o.

COMBINED TRANSPORT DOCUMENT

CODE NAME: "COMBIDOC"

Issued July 1st, 1977

I. GENERAL PROVISIONS

1. Applicability. Notwithstanding the heading "Combined Transport Document", the provisions set out and referred to in this CT Document shall also apply, if the transport as described on the face of the Document contrary to the original intentions of the parties is performed by one mode of transport only.

2. Definitions. "CTO" means the party on whose behalf this CT Document has been signed. "Merchant" includes the Shipper, the Receiver, the Consignor, the Consignee, the Holder of this CT Document and the Owner of the Goods.
"Delivery" means delivering the goods to or placing the goods at the disposal of the party entitled to receive them.
"Goods" means the cargo accepted from the Consignor and includes any container, transportable tank, not supplied by or on behalf of the CTO.
"Franc" means a unit consisting of 65.5 milligrammes of gold of millesimal fineness 900.

3. CTO's Tariff. The terms of the CTO's applicable Tariff at the date of shipment are incorporated herein. Copies of the relevant provisions of the applicable Tariff are available from the CTO upon request. In the case of inconsistency between this CT Document and the applicable Tariff, this CT Document shall prevail.

4. Time Bar. The CTO shall be discharged of all liability under this CT Document unless suit is brought within nine months after,
i) the delivery of the goods, or,
ii) the date when the goods should have been delivered, or
iii) the date, when in accordance with Clause 14, failure to deliver the goods would, in the absence of evidence to the contrary, give to the party entitled to receive delivery the right to treat the goods as lost.

5. Law and Jurisdiction. Disputes arising under this CT Document shall be determined at the option of the Claimant by the courts and subject to Clause 11 of this CT Document in accordance with the law at
(a) the place where the CTO has his principal place of business, or
(b) the place where the goods were taken in charge by the CTO or the place designated for delivery.
No proceedings may be brought before other courts unless the parties expressly agree on both the choice of another court or arbitration tribunal and the law to be then applicable.

II. PERFORMANCE OF THE CONTRACT

6. Methods and Routes of Transportation.
(1) The CTO is entitled to perform the transport in any reasonable manner and by any reasonable means, methods and routes.
(2) In accordance herewith, for instance, in the event of carriage by sea, vessels may sail with or without pilots, undergo repairs, adjust equipment, drydock and tow vessels in all situations.

7. Optional Stowage.
(1) Goods may be stowed by the CTO by means of containers, trailers, transportable tanks, flats, pallets, or similar articles of transport used to consolidate goods.
(2) Containers, trailers and transportable tanks, whether stowed by the CTO or received by him in a stowed condition from the Merchant, may be carried on or under deck without notice to the Merchant.

8. Hindrances, etc. Affecting Performance.
(1) The CTO shall use reasonable endeavours to complete the transport and to deliver the goods at the place designated for delivery.
(2) If at any time the performance of the contract as evidenced by this CT Document is or will be affected by any hindrance, risk, delay, difficulty or disadvantage of whatsoever kind, and if by virtue of sub-clause (1) the CTO has no duty to complete the performance of the contract, the CTO (whether or not the transport is commenced) may elect to
(a) treat the performance of this contract as terminated and place the goods at the Merchant's disposal at any place which the CTO shall deem safe and convenient; or
(b) deliver the goods at the place designated for delivery.
In any event the CTO shall be entitled to full freight for goods received for transportation and additional compensation for extra costs resulting from the circumstances referred to above.

III. CTO's LIABILITY

9. (1) The CTO assumes liability and undertakes to pay compensation for loss of or damage to the goods occurring within the time of taking them into his charge and the time of delivery, to the extent set out in this CT Document.
(2) The CTO accepts responsibility for the acts and omissions of his agents or servants, when such agents or servants are acting within the scope of their employment, as if such acts and omissions were his own; further, he accepts responsibility for the acts and omissions of any other persons whose services he uses for the performance of the contract evidenced by this CT Document.

10. When the Stage of Transport Where the Loss or Damage Occurred Is Not Known.
(1) Compensation as per Clause 9 (1) shall be calculated by reference to the value of such goods at the place and time they are or, in accordance with the contract of combined transport, they should have been delivered to the Consignee.
(2) The value of the goods shall be determined according to the current commodity exchange price or, if there is no such price, according to the current market price, or, if there is no commodity exchange price or current market price, by reference to the normal value of goods of the same kind and quality.
(3) Compensation shall not exceed 30 francs per kilo of gross weight of the goods lost or damaged, unless, with the consent of the CTO, the Consignor has declared a higher value for the goods and such higher value has been stated in this CT Document, in which case such higher value shall be the limit.
(4) The CTO shall not, in any case, be liable for an amount greater than the actual loss to the person entitled to make the claim.
(5) The CTO shall not be liable to pay compensation if the loss or damage was caused by:
(a) an act or omission of the Merchant, or person other than the CTO acting on behalf of the Merchant, or from whom the CTO took the goods in charge;
(b) insufficient or defective condition of the packing or marks;
(c) handling, loading, stowage or unloading of the goods by the Merchant or any person acting on his behalf;
(d) inherent vice of the goods;
(e) strike, lockout, stoppage or restraint of labour, the consequences of which the CTO could not avoid by the exercise of reasonable diligence;
(f) any cause or event which the CTO could not avoid and the consequences of which he could not prevent by the exercise of reasonable diligence;
(g) a nuclear incident if the operator of a nuclear installation or a person acting for him is liable for this damage under an applicable international Convention or national law governing liability in respect of nuclear energy.
(6) The burden of proving that the loss or damage was due to one or more of the causes or events mentioned in sub-clause (5) shall rest upon the CTO.
When the CTO establishes that, in the circumstances of the case, the loss or damage could be attributed to one or more of the causes or events specified in (b) to (d) of sub-clause (5), it shall be presumed that it was so caused. The claimant shall, however, be entitled to prove that the loss or damage was not, in fact, caused wholely or partly by one or more of these causes or events.

11. When the Stage of Transport Where the Loss or Damage Occurred Is Known.
(1) The liability of the CTO in respect of such loss or damage shall be determined:
(a) by the provisions contained in any international Convention or national law, which provisions:
i) cannot be departed from by private contract, to the detriment of the claimant, and
ii) would have applied if the claimant had made a separate and direct contract with the CTO in respect of the particular stage of transport where the loss or damage occurred and received as evidence thereof any particular document which must be issued in order to make such international Convention or national law applicable; or
(b) in respect of any carriage by sea, by the Hague Rules contained in the International Convention for the Unification of Certain Rules relating to Bills of Lading, dated 25th August, 1924, even if these Rules do not apply to the carriage by sea by virtue of sub-paragraph (a) of this Clause. Furthermore, the Hague Rules shall apply to all goods, whether carried on deck or under deck, or
(c) by the provisions of Clause 10 in cases where the provisions of sub-paragraphs (a) and (b) of this Clause do not apply.
(2) Without prejudice to the provisions of Clause 15, when, under the provisions of sub-clause (1), the liability of the CTO shall be determined by the provisions of any international Convention or national law, this liability shall be determined as though the CTO were the carrier referred to in any such Convention or national law. However, the CTO shall not be exonerated from liability where the loss or damage is caused or contributed to by the acts or omissions of the CTO in his capacity as such, or his servants or agents when acting in such capacity and not in the performance of the carriage.

12. Delay. The CTO is liable to pay compensation for delay only when the stage of transport where a delay occurred is known, and to the extent that there is liability according to the provisions in Clause 11, sub-clause (1), paragraph (a). However, the amount of such compensation shall not exceed the amount of the freight for that stage of transport, provided that this limitation is not contrary to the applicable international Convention or national law.

13. Notice of Loss. Except in respect of goods treated as lost in accordance with Clause 14 of this CT Document the CTO shall be deemed prima facie to have delivered the goods as described in this CT Document unless notice of loss of, or damage to, the goods, indicating the general nature of such loss or damage, shall have been given in writing to the CTO or to his representative at the place of delivery before or at the time of removal of the goods into the custody of the person entitled to delivery thereof under this CT Document, or, if the loss or damage is not apparent, within seven consecutive days thereafter.

14. Delivery/Non-Delivery of Goods.
(1) If the goods are not taken delivery of by the Merchant within a reasonable time after the CTO has called upon him to take delivery, the CTO shall be at liberty to put the goods in safe custody on behalf of the Merchant at the Merchant's risk and expense.
(2) Failure to effect delivery within 90 days after the time it would be reasonable to allow for diligent completion of the combined transport operation shall, in the absence of evidence to the contrary, give to the party entitled to receive delivery the right to treat the goods as lost.

15. Defences and Limits for the CTO, Servants, etc.
(1) The defences and limits of liability provided for in this CT Document shall apply in any action against the CTO for loss of, damage or delay to the goods, whether the action be founded in contract or in tort.
(2) If an action for loss or damage to the goods is brought against a servant, agent or independent contractor, such person shall be entitled to avail himself of the defences and limits of liability which the CTO is entitled to invoke under this CT Document.
(3) The aggregate of the amounts recoverable from the CTO and his servants, agents or independent contractors shall in no case exceed the limits provided for in this CT Document.
(4) The CTO shall not be entitled to the benefit of the limitation of liability provided for in Clause 10 if it is proved that the loss or damage resulted from an act or omission of the CTO done with intent to cause damage or recklessly and with knowledge that damage would probably result.

IV. DESCRIPTION OF GOODS

16. CTO's Responsibility. This CT Document shall be prima facie evidence of the taking in charge by the CTO of the goods as therein described in respect of the particulars which he had reasonable means of checking. Proof to the contrary shall not be admissible when this CT Document is issued in negotiable form and has been transferred to a third party acting in good faith.

17. Consignor's Responsibility. The Consignor shall be deemed to have guaranteed to the CTO the accuracy at the time the goods were taken in charge by the CTO, of the description of the goods, marks, numbers, measurements, quantity and weight, as furnished by him, and the Consignor shall indemnify the CTO against all loss, damage and expenses arising or resulting from inaccuracies in or inadequacy of such particulars. The right of the CTO to such indemnity shall in no way limit his responsibility and liability under this CT Document to any person other than the Consignor.

18. Dangerous Goods.
(1) The Consignor shall comply with rules which are mandatory according to the national law or by reason of international Convention, relating to the carriage of goods of a dangerous nature, and shall in any case inform the CTO in writing of the exact nature of the danger before goods of a dangerous nature are taken in charge by the CTO and indicate to him, if need be, the precautions to be taken.
(2) If the Consignor fails to provide such information and the CTO is unaware of the dangerous nature of the goods and the necessary precautions to be taken and if, at any time, they are deemed to be a hazard to life or property, they may at any place be unloaded, destroyed or rendered harmless, as circumstances may require, without compensation, and the Consignor shall be liable for all loss, damage, delay or expenses arising out of their being taken in charge, or their carriage, or of any service incidental thereto.
The burden of proving the CTO knew the exact nature of the danger constituted by the carriage of the said goods shall rest upon the person entitled to the goods.
(3) If any goods shipped with the knowledge of the CTO as to their dangerous nature shall become a danger to the ship or cargo, they may in like manner be landed at any place or destroyed or rendered innocuous by the CTO without liability on the part of the CTO except to General Average, if any.

19. Consignor-packed Containers, etc.
(1) If a container has not been filled, packed or stowed by the CTO, the CTO shall not be liable for any loss of or damage to its contents and the Merchant shall cover any loss or expense incurred by the CTO, if such loss, damage or expense has been caused by
(a) negligent filling, packing or stowing of the container;
(b) the contents being unsuitable for carriage in container; or
(c) the unsuitability or defective condition of the container unless the container has been supplied by the CTO and the unsuitability or defective condition would not have been apparent upon reasonable inspection at or prior to the time when the container was filled, packed or stowed.
(2) The provisions of sub-clause (1) of this Clause also apply with respect to trailers, transportable tanks, flats and pallets which have not been filled, packed or stowed by the CTO.
(3) The CTO does not accept liability for the functioning of reefer equipment or trailers supplied by the Merchant.

V. FREIGHT AND LIEN

20. Freight.
(1) Freight shall be deemed earned on receipt of the goods by the CTO and shall be paid in any event.
(2) The Merchant's attention is drawn to the stipulations concerning currency in which the freight and charges are to be paid, rate of exchange, devaluation and other contingencies relative to freight and charges in the relevant tariff conditions. If no such stipulation as to devaluation exists or is applicable the following clause to apply:
If the currency in which freight and charges are quoted is devalued or revalued between the date of the freight agreement and the date when the freight and charges are paid, then all freight and charges shall be automatically and immediately changed in proportion to the extent of the devaluation or revaluation of the said currency. When the CTO has consented to payment in other currency than the above mentioned currency, then all freight and charges shall – subject to the preceding paragraph – be paid at the highest selling rate of exchange for banker's sight draft current on the day when such freight and charges are paid. If the banks are closed on the day when the freight is paid the rate to be used will be the one in force on the last day the banks were open.
(3) For the purpose of verifying the freight basis, the CTO reserves the right to have the contents of containers, trailers or similar articles of transport inspected in order to ascertain the weight, measurement, value, or nature of the goods. If on such inspection it is found that the declaration is not correct, it is agreed that a sum equal either to five times the difference between the correct freight and the freight charged or to double the correct freight less the freight charged, whichever sum is the smaller, shall be payable as liquidated damages to the CTO notwithstanding any other sum having been stated on this CT Document as the freight payable.
(4) All dues, taxes and charges levied on the goods and other expenses in connection therewith shall be paid by the Merchant.

21. Lien. The CTO shall have a lien on the goods for any amount due under this contract and for the costs of recovering the same, and may enforce such lien in any reasonable manner.

VI. MISCELLANEOUS PROVISIONS

22. General Average.
(1) General Average to be adjusted at any port or place at the CTO's option, and to be settled according to the York-Antwerp Rules 1974, this covering all goods, whether carried on or under deck. The New Jason Clause as approved by BIMCO to be considered as incorporated herein.
(2) Such security including a cash deposit as the CTO may deem sufficient to cover the estimated contribution of the goods and any salvage and special charges thereon, shall, if required, be submitted to the CTO prior to delivery of the goods.

23. Both-to-Blame Collision Clause. The Both-to-Blame Collision Clause as adopted by BIMCO to be considered incorporated herein.

Printed and sold by Fr. G. Knudtzon Ltd., 55, Toldbodgade, Copenhagen by authority of The Baltic and International Maritime Conference (BIMCO), Copenhagen.

ANNEX IV.B

Shipper

Emblem of National Association

FBL No.

NEGOTIABLE FIATA COMBINED TRANSPORT BILL OF LADING

issued subject to ICC Uniform Rules for a Combined Transport Document (ICC publication 298)

Consigned to order of

Notify address

Place of Receipt

Place of Delivery

Marks and numbers	Number and kind of packages	Description of goods	Gross weight	Measurement

according to the declaration of the merchant

The goods and instructions are accepted and dealt with subject to the Standard Conditions printed overleaf.

Taken in charge in apparent good order and condition, unless otherwise noted herein, at the place of receipt for transport and delivery as mentioned above

One of these Combined Transport Bills of Lading must be surrendered duly endorsed in exchange for the goods. In Witness whereof the original Combined Transport Bills of Lading all of this tenor and date have been signed in the number stated above, one of which being accomplished the other(s) to be void

Freight amount	Freight payable at	Place and date of issue
Cargo Insurance through the undersigned ☐ not covered ☐ Covered according to attached Policy	Number of Original FBL's	Stamp and authorized signature
For delivery of goods please apply to:		

Standard Conditions (1978) governing FIATA COMBINED TRANSPORT BILLS OF LADING

Definitions «Merchant» means and includes the Shipper, the Consignor, the Consignee, the Holder of this Bill of Lading, the Receiver and the Owner of the Goods. «The Freight Forwarder» means the issuer of this Bill of Lading as named on the face of it.

The headings set forth below are for easy reference only.

CONDITIONS

1. Applicability
Notwithstanding the heading «Combined Transport Bill of Lading», the provisions set out and referred to in this document shall also apply if the transport as described on the face of the Bill of Lading, contrary to the original intention of the parties, is performed by one mode of transport only.

2. Issuance of the «Combined Transport Bill of Lading»

2.1 By the issuance of this «Combined Transport Bill of Lading», the Freight Forwarder:
a) undertakes to perform and/or in his own name to procure the performance of the entire transport, from the place at which the goods are taken in charge to the place designated for delivery in this Bill of Lading.
b) assumes liability as set out in these Conditions.

2.2 For the purposes and subject to the provisions of this Bill of Lading, the Freight Forwarder shall be responsible for the acts and omissions of any person of whose services he makes use for the performance of the contract evidenced by this Bill of Lading.

3. Negotiability and title to the goods

3.1 By accepting this Bill of Lading the Merchant and his transferees agree with the Freight Forwarder that, unless it is marked «non-negotiable», it shall constitute title to the goods and the holder, by endorsement of this Bill of Lading, shall be entitled to receive or to transfer the goods herein mentioned.

3.2 This Bill of Lading shall be prima facie evidence of the taking in charge by the Freight Forwarder of the goods as herein described. However, proof to the contrary shall not be admissible when this Bill of Lading has been negotiated or transferred for valuable consideration to a third party acting in good faith.

4. Dangerous Goods and Indemnity

4.1 The Merchant shall comply with rules which are mandatory according to the national law or by reason of international Convention, relating to the carriage of goods of a dangerous nature, and shall in any case inform the Freight Forwarder in writing of the exact nature of the danger, before goods of a dangerous nature are taken in charge by the Freight Forwarder and indicate to him, if need be, the precautions to be taken.

4.2 If the Merchant fails to provide such information and the Freight Forwarder is unaware of the dangerous nature of the goods and the necessary precautions to be taken and if, at any time, they are deemed to be a hazard to life or property, they may at any place be unloaded, destroyed or rendered harmless, as circumstances may require, without compensation, and the Merchant shall be liable for all loss, damage, delay or expenses arising out of their being taken in charge, or their carriage, or of any service incidental thereto.
The burden of proving the Freight Forwarder knew the exact nature of the danger constituted by the carriage of the said goods shall rest upon the person entitled to the goods.

4.3 If any goods shipped with the knowledge of the Freight Forwarder as to their dangerous nature shall become a danger to the vehicle or cargo, they may in like manner be unloaded or landed at any place or destroyed or rendered innocuous by the Freight Forwarder, without liability on the part of the Freight Forwarder, except to General Average, if any.

5. Description of Goods and Merchant's Packing

5.1 The Consignor shall be deemed to have guaranteed to the Freight Forwarder the accuracy, at the time the goods were taken in charge by the Freight Forwarder, of the description of the goods, marks, number, quantity, weight and/or volume as furnished by him, and the Consignor shall indemnify the Freight Forwarder against all loss, damage and expenses arising or resulting from inaccuracies in or inadequacy of such particulars. The right of the Freight Forwarder to such indemnity shall in no way limit his responsibility and liability under this Bill of Lading to any person other than the Consignor.

5.2 Without prejudice to Clause 6 (A) (2) (c), the Merchant shall be liable for any loss, damage or injury caused by faulty or insufficient packing of goods or by faulty loading or packing within containers and trailers and on flats when such loading or packing has been performed by the Merchant or on behalf of the Merchant by a person other than the Freight Forwarder, or by the defect or unsuitability of the containers, trailers or flats, when supplied by the Merchant, and shall indemnify the Freight Forwarder against any additional expenses so caused.

6. Extent of Liability

A. 1) The Freight Forwarder shall be liable for loss of or damage to the goods occurring between the time when he takes the goods into his charge and the time of delivery.

2) The Freight Forwarder shall, however, be relieved of liability for any loss or damage if such loss or damage was caused by:
a) an act or omission of the Merchant, or person other than the Freight Forwarder acting on behalf of the Merchant or from whom the Freight Forwarder took the goods in charge;
b) insufficiency or defective condition of the packaging or marks and/or numbers;
c) handling, loading, stowage or unloading of the goods by the Merchant or any person acting on behalf of the Merchant;
d) inherent vice of the goods;
e) strike, lockout, stoppage or restraint of labour, the consequences of which the Freight Forwarder could not avoid by the exercise of reasonable diligence;
f) any cause or event which the Freight Forwarder could not avoid and the consequences whereof he could not prevent by the exercise of reasonable diligence;
g) a nuclear incident if the operator of a nuclear installation or a person acting for him is liable for this damage under an applicable international Convention or national law governing liability in respect of nuclear energy.

3) The burden of proving that the loss or damage was due to one or more of the above causes or events shall rest upon the Freight Forwarder.
When the Freight Forwarder establishes that, in the circumstances of the case, the loss or damage could be attributed to one or more of the causes or events specified in b) to d) above, it shall be presumed that it was so caused. The claimant shall, however, be entitled to prove that the loss or damage was not, in fact, caused wholly or partly by one or more of these causes or events.

B. When in accordance with clause 6. A.1 the Freight Forwarder is liable to pay compensation in respect of loss or damage to the goods and the stage of transport where the loss or damage occurred is known, the liability of the Freight Forwarder in respect of such loss or damage shall be determined by the provisions contained in any international Convention or national law, which provisions
(i) cannot be departed from by private contract, to the detriment of the claimant, and
(ii) would have applied if the Claimant had made a separate and direct contract with the Freight Forwarder in respect of the particular stage of transport where the loss or damage occurred and received as evidence thereof any particular document which must be issued in order to make such international convention or national law applicable.

7. Paramount Clause
The Hague Rules contained in the International Convention for the unification of certain rules relating to Bills of Lading, dated Brussels 25th August 1924, or in those countries where they are already in force the Hague-Visby Rules contained in the Protocol of Brussels, dated February 23rd 1968, as enacted in the Country of Shipment, shall apply to all carriage of goods by sea and, where no mandatory international or national law applies, to the carriage of goods by inland waterways also, and such provisions shall apply to all goods whether carried on deck or under deck.

8. Limitation of Liability

8.1 When the Freight Forwarder is liable for compensation in respect of loss of or damage to the goods, such compensation shall be calculated by reference to the value of such goods at the place and time they are delivered to the Consignee in accordance with the contract or should have been so delivered.

8.2 The value of the goods shall be fixed according to the current commodity exchange price, or, if there be no such price, according to the current market price, or, if there be no commodity exchange price or current market price, by reference to the normal value of goods of the same kind and quality.

8.3 Compensation shall not, however, exceed 30 Francs («Franc» meaning a unit consisting of 65,5 mgs of gold of millesimal fineness 900) per kilo of gross weight of the goods lost or damaged, unless, with the consent of the Freight Forwarder, the Merchant has declared a higher value for the goods and such higher value has been stated in the CT Bill of Lading, in which case such higher value shall be the limit. However, the Freight Forwarder shall not, in any case, be liable for an amount greater than the actual loss to the person entitled to make the claim.

9. Delay, Consequential Loss, etc.
Arrival times are not guaranteed by the Freight Forwarder. If the Freight Forwarder is held liable in respect of delay, consequential loss or damage other than loss of or damage to the goods, the liability of the Freight Forwarder shall be limited to double the freight for the transport covered by this Bill of Lading, or the value of the goods as determined in Clause 8, whichever is the less.

10. Defences

10.1 The defences and limits of liability provided for in these Conditions shall apply in any action against the Freight Forwarder for loss of or damage or delay to the goods whether the action be founded in contract or in tort.

10.2 The Freight Forwarder shall not be entitled to the benefit of the limitation of liability provided for in paragraph 3 of Clause 8 if it is proved that the loss or damage resulted from an act or omission of the Freight Forwarder done with intent to cause damage or recklessly and with knowledge that damage would probably result.

11. Liability of Servants and Sub-contractors

11.1 If an action for loss of or damage to the goods is brought against a person referred to in paragraph 2 of Clause 2, such person shall be entitled to avail himself of the defences and limits of liability which the Freight Forwarder is entitled to invoke under these Conditions.

11.2 However, if it is proved that the loss or damage resulted from an act or omission of this person, done with intent to cause damage or recklessly and with knowledge that damage would probably result, such person shall not be entitled to benefit of limitation of liability provided for in paragraph 3 of Clause 8.

11.3 Subject to the provisions of paragraph 2 of Clause 10 and paragraph 2 of this Clause, the aggregate of the amounts recoverable from the Freight Forwarder and the persons referred to in paragraph 2 of Clause 2 shall in no case exceed the limits provided for in these Conditions.

12. Method and Route of Transportation
The Freight Forwarder reserves to himself a reasonable liberty as to the means, route and procedure to be followed in the handling, storage and transportation of goods.

13. Delivery
If delivery of the goods or any part thereof is not taken by the Merchant, at the time and place when and where the Freight Forwarder is entitled to call upon the Merchant to take delivery thereof, the Freight Forwarder shall be entitled to store the goods or the part thereof at the sole risk of the Merchant, where upon the liability of the Freight Forwarder in respect of the goods or that part thereof stored as aforesaid (as the case may be) shall wholly cease and the cost of such storage (if paid by or payable by the Freight Forwarder or any agent or sub-contractor of the Freight Forwarder) shall forthwith upon demand be paid by the Merchant to the Freight Forwarder.

14. Freight and Charges

14.1 Freight shall be paid in cash without discount and, whether prepayable or payable at destination, shall be considered as earned on receipt of the goods and not to be returned or relinquished in any event.

14.2 Freight and all other amounts mentioned in this Bill of Lading are to be paid in the currency named in the Bill of Lading or, at the Freight Forwarder's option in the currency of the country of dispatch or destination at the highest rate of exchange for bankers sight bills current for prepayable freight on the day of dispatch and for freight payable at destination on the day when the Merchant is notified of arrival of the goods there or on the date of withdrawal of the delivery order, whichever rate is the higher, or at the option of the Freight Forwarder on the date of the Bill of Lading.

14.3 All dues, taxes and charges or other expenses in connection with the goods shall be paid by the Merchant.

14.4 The Merchant shall reimburse the Freight Forwarder in proportion to the amount of freight for any costs for deviation or delay or any other increase of costs of whatever nature caused by war, warlike operations, epidemics, strikes, government directions or force majeure.

14.5 The Merchant warrants the correctness of the declaration of contents, insurance, weight, measurements or value of the goods but the Freight Forwarder reserves the right to have the contents inspected and the weight, measurements or value verified. If on such inspection it is found the declaration is not correct it is agreed that a sum equal either to five times the difference between the correct figure and the freight charged, or to double the correct freight less the freight charged, whichever sum is the smaller, shall be payable as liquidated damage to the Freight Forwarder for his inspection costs and losses of freight on other goods notwithstanding any other sum having been stated on the Bill of Lading as freight payable.

15. Lien
The Freight Forwarder shall have a lien on the goods for any amount due under this Bill of Lading including storage fees and for the cost of recovering same, and may enforce such lien in any reasonable manner which he may think fit.

16. General Average
The Merchant shall indemnify the Freight Forwarder in respect of any claims of a General Average nature which may be made on him and shall provide such security as may be required by the Freight Forwarder in this connection.

17. Notice
Unless notice of loss of or damage to the goods and the general nature of it be given in writing to the Freight Forwarder or the persons referred to in paragraph 2 of Clause 2, at the place of delivery before or at the time of the removal of the goods into the custody of the person entitled to delivery thereof under this Bill of Lading, or if the loss or damage be no apparent, within seven consecutive days thereafter, such removal shall be prima facie evidence of the delivery by the Freight Forwarder of the goods as described in this Bill of Lading.

18. Non delivery
Failure to effect delivery within 90 days after the expiry of a time limit agreed and expressed in a CT Bill of Lading or, where no time limit is agreed and so expressed, failure to effect delivery within 90 days after the time it would be reasonable to allow for diligent completion of the combined transport operation shall, in the absence of evidence to the contrary, give to the party entitled to receive delivery, the right to treat the goods as lost.

19. Time Bar
The Freight Forwarder shall be discharged of all liability under the rules of these Conditions, unless suit is brought within nine months after
(i) the delivery of the goods, or
(ii) the date when the goods should have been delivered, or
(iii) the date when in accordance with Clause 18, failure to deliver the goods would, in the absence of evidence to the contrary, give to the party entitled to receive delivery, the right to treat the goods as lost.

20. Jurisdiction
Actions against the Freight Forwarder may only be instituted in the country where the Freight Forwarder has his principal place of business and shall be decided according to the law of such country.

COMBINED TRANSPORT BILL OF LADING

Shipper

B/L No.

Reference

Consignee

FREE DISPOSAL AREA

Name of Carrier †

Notify Address

Place of Acceptance

Place of Delivery

Vessel | Port of Loading

Port of Discharge

Marks and Nos; Container Nos;	Number and kind of Packages; description of Goods.	Gross Weight	Measurement

Total No. of Containers/Packages

Movement

Freight/Charge Indicator

FREE DISPOSAL AREA

Place and Date of Issue

Number of Original B/s/L

Signature

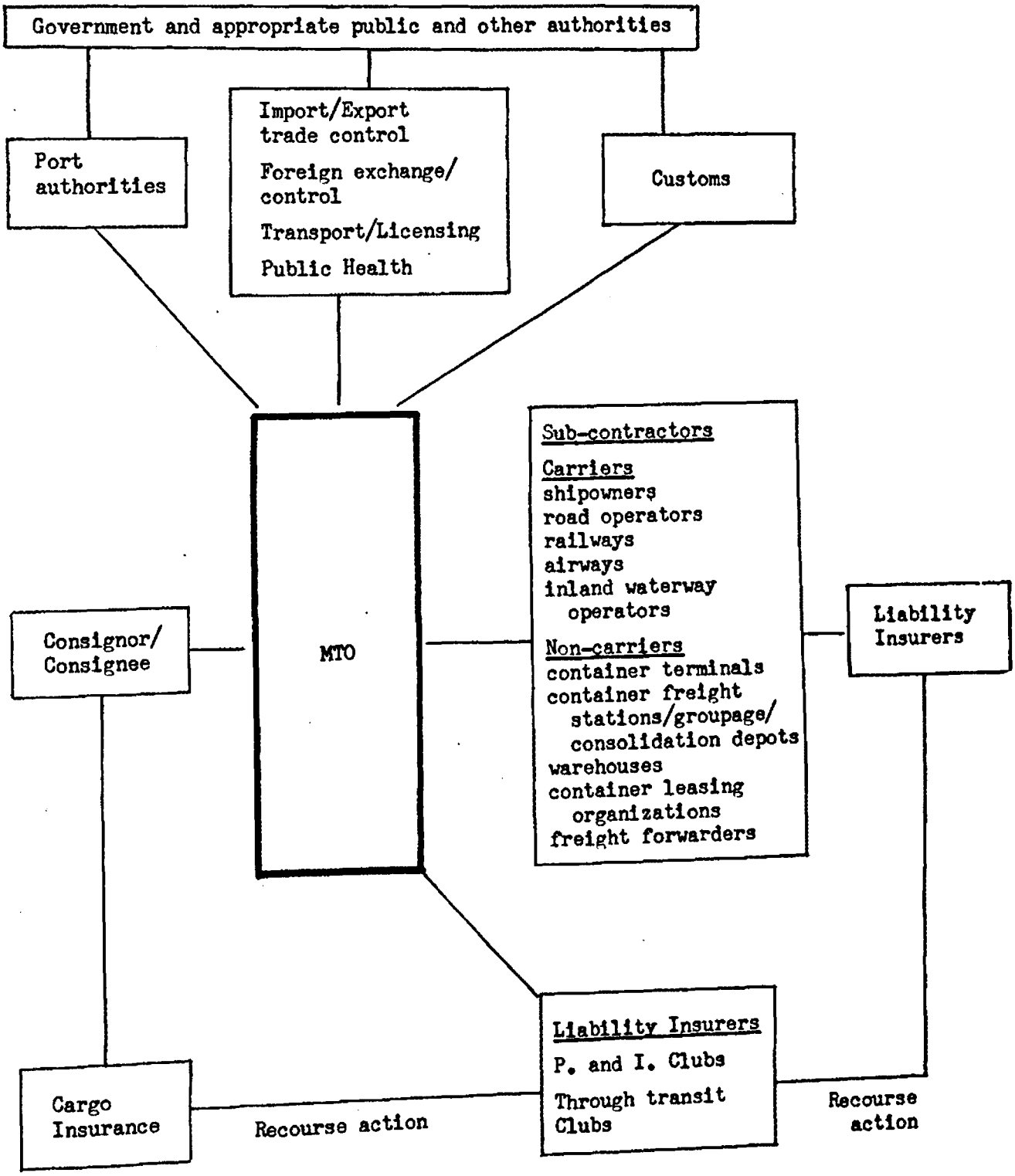
ICS
CT B/L
April 78

FREE DISPOSAL AREA

† "Name of Carrier" applicable only in the case of common documents.

Annex V

MTO's relationship with the various parties



Annex VI

Investment: financial and technical assistance

1. Modern transport technologies are capital intensive and the main problem faced by developing countries in adapting themselves to these technologies is the inadequacy of capital resources. Although investment can be spread out under a phased programme it has to be undertaken in a concerted fashion; for example, investment in any type of unitized ship has to be matched with investment in port facilities and inland transport facilities, otherwise the economic viability of the investment may be seriously at risk. It is this aspect which creates problems for countries whose financial resources are limited. It has therefore been suggested that developing countries adopt a cautious approach and take an investment decision only after carrying out evaluation of the project on the basis of a comprehensive transport survey and cost-benefit analysis. The following specific suggestions made in regard to the choice of technology, the development of port facilities and the organization of indigenous MT enterprises are intended, inter alia, to keep down the level of initial investment to be undertaken by developing countries:

(a) Adoption of sophisticated technology, such as containerization, under a phased programme and introduction of an intermediate technology in the initial stage involving the use of multi-purpose ships and the provision of multi-purpose terminals at the ports;

(b) Formation of joint enterprises of foreign shipowners and national shipping lines for the operation of multimodal transport services;

(c) Formation of joint transport enterprises among developing countries for the operation of MT services;

(d) Commencement of MT operations with chartering of space on ships and use of leased containers, thus postponing investment in ships and equipment to a later stage.

2. The need for regional co-operation among developing countries for promoting MT services referred to earlier is particularly important from the investment point of view. Such co-operation at Government level could bring about harmonization of Governmental policies and co-ordination of transport undertakings resulting in reduction of investment burden on each country, and may be required to keep down transport costs when one country provides overland transit routes and other infrastructure for use by carriers of another country. Besides, co-operation and consultation among port authorities and other concerned governmental agencies can prevent wasteful competition among ports in the region. Similar co-operation among carriers and other enterprises can improve the economics of operation by enlarging the scope of their services and the pooling of resources.

3. The main components of the MT system, based on unitized cargo, which involve financial investment are:

(a) Ships (pallet ships, container ships, ro/ro ships, barge carriers, multi-purpose ships, etc.);

(b) Cargo units (pallets, containers, wheeled units, barges, etc.);

(c) Port facilities (container berths/multi-purpose berths, gantry cranes, mobile cranes, forklift trucks, straddle carriers, etc.);

(d) Transport vehicles (trucks, trailers, etc.);

(e) Inland transport facilities (roads, railways, inland waterways, etc.);

(f) Container depots/inland clearance depots, groupage stations, etc.;

(g) Warehouses, packaging organizations, etc.

Statements are appended[a/] showing the estimated present-day costs of:

A. Construction of a container berth;

B. Construction of a multi-purpose berth;

C. Different types of equipment for handling unitized cargo.

The over-all cost of investment will depend upon the type of technology adopted and the scale of its application. Apart from the capital investment required, cost of maintenance, repairs, spare parts, etc., have necessarily to be included in the total cost. For most developing countries, the major portion of the total cost will have to be incurred in foreign exchange and this may pose difficult financial problems for them.

4. The need may also arise for technical assistance. Such technical assistance can make good the shortage of trained managerial and technical staff, and provide the necessary expertise and technical know-how of MT operations. The question of assisting developing countries needs to be considered at the international level so as to make available financial and technical assistance from the following sources:

(a) Technical and financial assistance by developed countries at government level. Such assistance has been granted in the past by several developed countries to assist the development of shipping and ports in developing countries;

(b) Technical and financial assistance by private enterprises in developed countries. In the past, shipowners of some developed countries have granted such aid to developing countries in the field of shipping and ports by way of either making available the services of experts and advisers or by granting loans for procuring technical equipment, etc.;

(c) Financial assistance by international financial institutions like the World Bank and the regional development banks. These institutions have also granted substantial aid to developing countries in the past in the field of shipping and ports;

(d) Financial assistance by shipowners/shipyards, private banks and other financial institutions in developed countries. Shipowners of developing countries have availed themselves of this type of assistance in acquiring tonnage;

(e) Technical and financial assistance by United Nations agencies like UNCTAD, UNDP and IMCO.

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a/ See the appendix to this annex. A new document on the "Economic and Social implications of modern transport technologies to developing countries" has been prepared by the UNCTAD secretariat (TD/B/C.4/181) which inter alia contains the current prices of different types of ships suitable for carrying unitized cargo.

Appendix to annex VI

ESTIMATED COSTS OF TERMINAL CONSTRUCTION AND EQUIPMENT

A. Container terminal - estimated cost 1973*/

(Based on pure straddle carrier operation)

	Million US dollars
Berth cost	4.5
Surfacing (120,000 sq. metres)	6.0
Gantry cranes - 2	7.0
Straddle carriers - 12	4.2
Additional equipment	2.3
	24.0

B. Multi-purpose terminal - estimated cost 1970*/

	Million US dollars
Berth cost	6.5
Surfacing and sheds	7.7
Handling equipment**/	8.6
Miscellaneous	1.2
	24.0

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*/ TD/B/C.4/129, Supplements 1 and 2.

**/ Gantry crane - 1
Heavy lift crane - 1 (30 tons)
Mobile cranes 15 tons - 2
Mobile cranes 6 tons - 2
Tractors - 6
Chassis - 18
Fork lift trucks 3 tons - 15
Fork lift trucks 10 tons - 5
Straddle carriers - 3
Mobile crane 20 tons - 1
Mobile cranes 5 tons - 2

C. Different types of equipment for handling unitized cargo: Estimated cost - December 1978

	US dollars
1. Containers - Steel general cargo	
20 ft	2,800
40 ft	6,800
2. Insulated containers	
20 ft	7,000
40 ft	11,000
3. Integral containers (with own refrigerating machinery)	
20 ft	17,000
40 ft	24,000
4. Container chassis semi-trailers for road use	
20 ft	7,000
40 ft (or 2 x 20 ft.)	9,000
5. Rolltainer	
20 ft/25 ton trailer	3,000
40 ft/65 ton trailer	10,500
Gooseneck coupler	5,500
Tractor unit	55,000
6. Economy container gantry crane	
30 tons (ISO containers 20ft/30ft/40ft)	3,000,000
7. Container gantry crane	
40 tons 115 ft. outreach with spreader	4,000,000
8. Mobile cranes	
11 tons at 3 metre radius	85,500
15 tons	89,500
32 tons	130,000
40 tons	175,000
60 tons	255,000
9. Sideloader	
20/25 tons (20/30 ft. containers)	246,000
35 tons (20/30/40 ft. containers)	380,000
10. Forklift truck	
3 - 5 tons	18,500
7 - 12 tons	80,000
20 - 25 tons	260,000
11. Sidelift spreader frame	
20 ft	3,200
40 ft	4,200

	US dollars
12. Side transfer equipment	
(Capable of 20 ft/40 ft off either side of lorry)	120,000
13. Roller jack	
Joloda (jack trolleys and rail)	200/2000 depending on complication
14. Ramps	
Mobile ramp (for forklifts to enter containers)	1,000 est.
Pallet ramp (for conveyer belt to load parcels into container)	200/2000 depending on reach/capacity
15. Straddle Carrier	
3 high stacking	350,000/400,000