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**ON SERVICES IN THE FIELDS OF MULTIMODAL TRANSPORT,
CONTAINERIZATION AND TECHNOLOGICAL DEVELOPMENT**

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Chapter III

DRAFT NEW PROGRAMME OF WORK IN THE FIELDS OF MULTIMODAL TRANSPORT AND TECHNOLOGICAL DEVELOPMENT

(Agenda item 5)

- (i) For its consideration of this item, the Group of Experts had before it the following documents:
- "Suggestions for elements of a new programme of work for the Committee on Shipping in the fields of multimodal transport, containerization and technological development" - note by the UNCTAD secretariat (TD/B/C.4/AC.11/7); and
 - "Inventory of existing mandates and new draft programme of work in the fields of multimodal transport and technological development" - report by the UNCTAD secretariat (TD/B/C.4/323).
- (ii) Taking into account the decision of UNCTAD VIII to suspend all existing committees, including the Committee on Shipping, the Group agreed to submit the draft programme of work to the Secretary-General of UNCTAD for submission to the Standing Committee on Services for adoption of its programme of work in the field of multimodal transport, containerization and technological developments.
- (iii) The Group of Experts carried out their work mindful of the "winds-of-change" generated at the eighth session of the United Nations Conference on Trade and Development recently held in Cartagena. This session was held against a background of political and economic changes which are transforming world order in a profound way and which are providing member States and participants with an unprecedented opportunity to lay the foundation for policies of cooperation aimed at promoting economic and social progress in all countries of the world.
- (iv) In order to confront this challenge, they decided to establish a new partnership for development which commits all member States to engage in a continuous and constructive dialogue inspired by the need to achieve a more efficient and equitable world economy.
- (v) The Group of Experts recognised the impact this new partnership will have on the development of multimodal transport, containerisation and technological development given the wide range of operational, institutional and commercial issues which go to make up multimodal transport.
- (vi) The Group noted that amongst many issues discussed at Cartagena, member States recognised the important contribution of the private sector in the development of complete service industries. In particular, corporations often facilitate job creation, human resource development, technology transfer, infrastructure development and expansion of export capacity and capabilities - all elements in the multimodal transport environment.
- (vii) It was further noted by the Group that UNCTAD member States at Cartagena had agreed that developing countries should pursue policies to create the appropriate conditions for the development of their national service sectors and, in particular, of product services. Such policies, could include, inter alia, the following elements:
- (a) Modernisation and expansion of necessary infrastructure, in particular of telecommunication and information services;
 - (b) Human resource development, including through on- the-job training arrangements; and development of knowledge-intensive services;
 - (c) Measures to encourage investment and cross-border trade by firms in the services sector in order to contribute to the objectives such as the transfer of technology, training, the strengthening of infrastructures, domestic capital formation, and access to information networks and distribution channels, as well as to make use of services from competitive domestic suppliers in developing countries;

(d) The progressive liberalisation of the services sector and the formulation of strategies to improve the domestic service capabilities and for internationally competitive services;

(viii) The Group considered these elements to be fundamental to the successful development of multimodal transport services in the continued quest for trading efficiency. Further, these elements encourages the fostering of entrepreneurial initiatives focused on improving efficiency, competitiveness and the contribution of the public and private sectors. The Group noted that governmental actions may, from time to time be necessary to complement the operation of markets or to correct market efficiencies from time to time.

(ix) The Group was mindful of the role of good management in the trading and transport sectors and that good management has several dimensions in that it encompasses governmental action to establish appropriate frameworks and rules of the game for the effective and proper functioning of markets and a healthy climate for economic activity. Good management also entails the provision of the necessary physical and social infrastructure, the pursuit of sound macro-economic policies, the creation of a conducive policy environment, and the development of human resources required to support the economic activity and policies that respect efficiency in the use and allocation of resources. Further, good management requires clear legal and rule setting and decision making as well as transparent processes for the sound management of resources. All of these "good management practices" are pre-requisite for effective development and use of multimodal transport.

(x) Finally, the Group recognised that attainment of trade efficiency in the future will rely heavily on the use of information technology in the areas of trade facilitation and Customs automation.

(xi) The Group noted that multimodal transport and containerization include many complex issues, requiring detailed analysis, examination and reflection, and it recalled that the Committee on Shipping had felt unable to deal with these issues because of their very technical nature.

(xii) Without a reallocation of resources within the UNCTAD secretariat, the Shipping Division will not be able to undertake much more than it already manages. Consequently, it will be necessary to rely not only on co-operation with the Regional Commissions, but also on regional or sub-regional institutions to supply part of such technical assistance. The greatly expanded level of requests for assistance in the fields under consideration makes this a matter of some concern.

(xiii) With these complex and profound issues in mind, the Group of Experts submits the following draft programme of work to the Committee on Services for its consideration and adoption.

(xiv) The draft programme of work is annexed to this report as annex I.

Chapter IV

OTHER BUSINESS

(Agenda item 6)

(xv) On the question of dissemination of information on multimodal transport, containerization, and technological development, the Group found the secretariat's publication of the Multimodal Transport Newsletter very useful. Because of the rapidly evolving circumstances and specific nature of the subjects covered in the newsletter, the Group felt that a semi-annual publication of the Multimodal Transport Newsletter would be desirable. The Group suggested that the "newsletter" be included in the annual printing programme of UNCTAD. The Group appealed to trade and transport specialists in multimodal transport, containerization and technological development to make contributions to the MT Newsletter.

(xvi) The Group also suggested that an informal network be established in all countries to enable the dissemination and collection of information on these issues.

Annex

DRAFT NEW PROGRAMME OF WORK IN THE FIELDS OF MULTIMODAL TRANSPORT AND TECHNOLOGICAL DEVELOPMENT

(xvii) The Group is convinced that multimodal transport and containerization are fundamental ingredients for the expansion of trade which in itself is a key element in the elimination of poverty. With this in mind, and noting also the need for ecologically sound development policies, the Group asked the secretariat to assist with the identification of a "relevant set of issues in the field of multimodal transport and containerization which will facilitate trade and transport over the next few years.

(xviii) In identifying these relevant issues, the Group emphasized the need for the secretariat to embrace the "spirit of Cartagena" and then to ensure the programme of work is implemented in a dynamic and progressive sequence supported by the necessary levels of policy analysis, conceptual innovation research, and inputs from both the governmental and non-governmental experts and actors.

(xix) Quality of outputs of the programme of work must be constantly evaluated so as to enable the secretariat clearly to identify the determinants of success. The Group of Experts recommended to the &cos that it establish a list of priorities which will permit the secretariat to develop appropriate implementing strategies and timetables.

Involvement of both the private and public sectors

(xx) In order to encourage better cooperation in the national trade and transport fields, the public and private sectors should be encouraged jointly with the Government, to establish national working groups which can discuss and thus understand the complex issues of the multimodal transport environment.

Substantive work by the UNCTAD secretariat

(xxi) Substantive work by the UNCTAD secretariat will focus on three areas in the field of multimodal transport, containerisation and technological development: (a) Monitoring of worldwide developments and preparation of periodical reports on such developments; (b) Preparation of substantive reports; and, (c) Technical assistance activities.

(xxii) The Group of Experts therefore recommends the following programme of work for the &cos.:

1. Monitor worldwide developments

(a) On structural changes in transport supply:

- (i) Development of new multimodal transport systems with potential global effect;
- (ii) Possible entry barriers to freight forwarders and multimodal transport operators from developing countries and countries in transition wishing to enter the international transport market;
- (iii) Migration of multimodal transport into physical distribution or "total transport" chains;

- (v) Developments in the container-leasing industry including their effects on developing countries and countries undergoing the process of transition to market economies;
 - (vi) Development of new transport infrastructure with potential global effect (alternatives to the Panama Canal, new major transshipment ports, the advent of double-stacked trains in countries other than those where they already exist, etc.);
 - (vii) Effects of increased competitiveness and liberalization policies on the transport sector of developing countries and countries undergoing the process of transition to market economies.
 - (viii) The changing requirements for shippers' councils in the context of the new economic environment in developing countries and countries undergoing the process of transition to market economies; and
 - (ix) Dissemination of experience of those developing countries and countries undergoing the process of transition to market economies with an already advanced stage of container block trains development to other interested countries.
- (b) *On structural changes in transport demand:*
- (i) Emerging transport and total distribution needs of infant industries in developing countries and countries undergoing the process of transition to market economies; and
 - (ii) Changes in economic systems and their impact on international trade flows and international transport needs.
- (c) *On changes in transport technology:*
- (i) Developments in EDP in the context of modern transport and effects of the introduction of EDI development for highly sophisticated "multimodal transport systems" relying on EDI and similarly advanced procedures;
 - (ii) Developments in containerization and related transport technology with potential impacts on countries' transport infrastructure, investment requirements including maintenance and rehabilitation of those facilities with a view of estimating the cost to be recovered from the transport operators/users;
 - (iii) Developments in the field of standardization of containers by monitoring and participating in the work of ISO TC104.
- (d) On changes in the institutional environment in developing countries and countries undergoing the process of transition to market economies:
- (i) liberalization;
 - (ii) privatization;
 - (iii) transport legislation;
 - (iv) management efficiency; and
 - (v) success sharing.

2. Prepare substantive reports

(a) *On economic and commercial issues:*

- (i) Impact of multimodal transport systems on trading opportunities economies of indigenous multimodal transport operators in developing countries and countries undergoing the process of transition to market economies and including the need to encourage the creation of large-sized joint-venture multimodal transport operations;
- (ii) Feasibility of creating national or sub regional container pools among multimodal

transport operators in developing countries; and

- (iii) Evaluation of the impact of the introduction of ISO 9000 quality standards on commercial and human resource of transport providers and users from developing countries and countries undergoing the process of transition to market economies.
- (b) *On operational issues:*
- (i) Development of inland waterway transport operations;
 - (ii) Impact on the transport industry of developing countries and countries undergoing the process of transition to market economies of the introduction of EDI and the importance of EDIFACT to effective trade and transport;
 - (iii) Human-resource development management in the field of freight forwarding and multimodal transport, including aspects such as increased management awareness of the importance of manpower planning, selection, job placement and rotation, creation of external training structures, and establishment of a recognized professional grid system to promote mobility within the profession.
- (c) *On legal issues related to the development of multimodal transport and technological development:*
- (i) Aspects to be considered in the harmonization and subregional co-ordination of the development of multimodal transport, including the need for the establishment of recommended minimum standards for non-vessel-operating multimodal transport operators and freight forwarders in consultation with FIATA and other NVO-MTO organizations as appropriate;
 - (ii) Introduction of guidelines and models for the harmonization and simplification of administrative (and Customs) procedures taking into account the possibility of greater adherence to the Customs Convention on the International Carriage of Goods under the cover of TIR Carnets (TIR Convention of 1975) as well as the Customs Convention on Containers (CCC).
 - (iii) Reference document (MT-Handbook) for officials and practitioners setting out the basic concepts of multimodal transport, and the major issues to be tackled by the private and public sectors in the process of developing multimodal transport in a country.

C. Technical assistance activities

(xxiii) Under the heading of technical assistance activities, it is possible to distinguish three main elements in the programme of work: (a) the creation of awareness among governmental bodies, users and transport operators; (b) a programme of assistance with the implementation of multimodal transport, containerisation, and technological development issues; and, (c) the implementation of the suggested actions, including actions to adjust the transport sector in countries moving towards market economies.

(xxiv) The technical assistance programme will play an important role in assisting decision-makers from developing countries, and from countries in transition to market economies in two ways:

- (a) By providing and monitoring technical assistance and training in specific areas, such as those analysed by the Group of Experts, leading to the implementation of modern transport technology; and,
 - (b) By creating awareness concerning multimodal transport issues, by preparing reference documents for decision makers on key issues, and by keeping the decision-makers abreast of institutional and technological development which have been demonstrated to be propitious for the promotion of efficient multimodal transport services.
- (xxv) These two approaches to technical assistance are complementary in that one concerns actions

considerations of these issues. They collectively will provide the secretariat with valuable inputs for use in the preparation of substantive reports.

(xxvi) The first approach to technical assistance (sub-paragraph (a) above) will involve many technical assistance activities to be undertaken by the private sector in co-operation with governmental agencies. There will also be the opportunity for technical co-operation among developing countries; and additionally, there may, in certain circumstances, be a need to provide assistance to intergovernmental organisations.

(xxvii) Without limiting the scope of field oriented technical services to be provided by the secretariat, and mindful that in this changing world, technical assistance must be dynamic and relevant to the issues of the day, the secretariat is expected to provide technical assistance covering:

- (a) Assistance with implementation of specific actions, such as:
 - (i) Advice on the organisation of awareness campaigns;
 - (ii) Advice to governmental and the private sector on specific measures which will facilitate the introduction of multimodal transport, containerisation, and technological development in a country or sub-region;
 - (iii) Advice on modifications to organisational structures for organisations to undertake multimodal transport operations; and
 - (iv) Advice on the creation of Working Groups which can discuss and thus understand the complex issues of the multimodal transport environment.
- (b) Assistance with group-training activities.

(xxviii) The second approach (sub-paragraph (b) above) will rely on the secretariat's substantive work. In particular, as a form of technical assistance, the secretariat will play a prime role in creating the necessary awareness of the possible enhancement of trading efficiency through the implementation of multimodal transport systems.

(xxix) To this end the secretariat is required, in co-ordination with international organisations, both inter-governmental and non-governmental, as well as donor and recipient countries, to organise specific campaigns concerning the overall concept of multimodal transport aimed at top representatives from transport providers, users and governmental bodies, as described below.

- (a) Specific awareness campaigns for transport operators on the importance of their role, particularly in countries located along transit routes leading to land-locked countries and remote regions. These campaigns will propose improved organisation of modal/interface operations and increased use of modern technology (containerisation, computerisation and the use of EDI). They will also propose the creation of freight forwarders and MTOs to serve as official counterparts in all negotiations with governmental bodies and transport users on trade and transport issues;
- (b) Specific awareness campaigns for transport users and traders on how to benefit from the development of multimodal transport in their respective countries. These campaigns would include the need to adopt modern commercial practices (trade, banking, insurance) and to reach common positions when negotiating with governmental bodies and transport operators; and,
- (c) Specific awareness campaigns for governmental bodies on actions to be taken in order to create an efficient transport environment which facilitates the development of multimodal transport systems in their respective countries. These campaigns would consider, where appropriate, the necessity to create working groups with the participation of all the public and private parties concerned, including national associations of transport users and transport operators which can discuss and thus understand the complex issues of the multimodal transport environment. These working groups must include technical sub-committees on legislation and EDP/EDI in the trading and transport sectors.

The campaigns would emphasize the importance of revising existing national laws and regulations to promote maximum efficiency in and between all transport modes and interfaces. They would also cover such issues as Customs and banking procedures imposed on freight forwarders and NVO-MTOs, including the ques-

tion of performance bonds and procedures for the payment of import duties and taxes. Finally, the campaigns would stress the importance for governmental bodies to take into consideration international transport issues in the formulation of national (transport) development plans, particularly with respect to the planning of transport-related infrastructure developments.

(xxx) Finally, the programme of work at the level of technical assistance will be closely coordinated with other United Nations Agencies particularly the World Bank and Regional Commissions, and with non-governmental organisations, in order to avoid any duplication of effort and take advantage of synergies.