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**ORGANISATION DE L'UNITE
AFICAINE**

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COUNCIL OF MINISTERS
Twenty-First Ordinary Session
Addis Ababa, May 1973

REPORT ON THE UN/IMCO CONFERENCE ON INTERNATIONAL
CONTAINER TRAFFIC



CM0519

MICROFICHE

1. INTRODUCTION

The UN/IMCO Conference on International Container Traffic was held in Geneva at the Palais des Nations from 13 November to 2 December 1972. The OAU General Secretariat was represented at this meeting by an officer of the Economic and Social Department who took an active part in the conference.

2. Indeed, it will be recalled that at its Nineteenth Ordinary Session held in Rabat, Morocco in June 1972, the OAU Council of Ministers adopted resolution CM/Res.278(XIX) on containers. While earnestly requesting OAU Member States to make every effort to attend the UN/IMCO Conference which was to be held in Geneva in 1972, this resolution called upon the Administrative Secretary-General of OAU and the Executive Secretary of the ECA to take all necessary steps to co-ordinate and harmonize the views of OAU Member States at the International Conference on the basis of recommendations of the preparatory regional meeting which was held in Addis Ababa in April 1972.

ATTENDANCE

3. The representatives of 85 countries including the following 17 African countries took part in the work of the Conference: Algeria, Burundi, Cameroon, Central African Republic, Egypt, Ethiopia, Gabon, Ghana, Ivory Coast, Morocco, Nigeria, Senegal, Sudan, Tanzania, Tunisia and Zaire.

OPENING

4. Mr. Goad, Secretary-General of the Inter-Governmental Maritime Consultative Organization welcomed the participants on his own behalf and on behalf of the Secretary-General of the United Nations Organization. In his opening statement, he said that considerable progress had been made in the field of containerization in recent years, particularly as regards the building of container ships, port installations, container handling equipment, the improvement of existing equipment for

internal transport and the invention of new techniques.

5. Referring specifically to the developing countries, the Secretary-General said that the countries which did not have the necessary infrastructure for employing containers would probably have two options open to them: employ the traditional system of combined transport (with break-bulk handling), or adopt one of the various methods of cargo unitization: containers, roll-on/roll-off technique, palletization.... The Conference would, no doubt, afford an opportunity to discuss these matters.

After reviewing all the items on the agenda, the IMCO Secretary-General expressed the hope that the Conference would find solutions to everyone's satisfaction.

ELECTION OF THE PRESIDENT

6. Mr. D.K. Zotov, head of the USSR delegation was elected President of the Conference by acclamation.

ADOPTION OF THE AGENDA AND ORGANIZATION OF WORK

7. In accordance with the recommendations, decisions and suggestions contained in resolution 1725(L III) of the United Nations Economic and Social Council concerning the provisional agenda, the organization, nature and scope of work as well as the duration of the Conference, the other points of the agenda were adopted and distributed among the plenary meetings and the three main committees as follows:

- A. Plenary: - Election of other officers (of the three
main committees)
- General Debate
 - Adoption of agreements and Final Act of
the Conference
 - Signing of the Final Act of the Conference
and Agreements

B. First Main Committee

- Consideration of the International Convention for Safe Transport Containers

C. Second Main Committee

- Consideration of the 1956 Customs Convention on Containers.
- Markings and identification as well as health control problems.

D. Third Main Committee

- Exchange of views on general policy questions relating to:
 - a) the liability and documentary regime for international intermodal transport (T.C.M.)
 - b) transport policy options with respect to containerization in international intermodal transport,
 - c) questions of container standardization.

8. The Conference decided that the First and Second Committees should appoint a small group composed of members of each of the two committees to study questions arising from the harmonization of provisions of the Safety and Customs Conventions.

Bishop (United States of America) and Mr. J.C. Cordier (France) were elected Chairman and Vice-Chairman of the First Main Committee respectively.

The Conference also elected Mr. J. Duquesne (France), Mr. R.P. Holloway (Australia) and Mr. Vivad (Yugoslavia) Chairman, First and Second Vice-Chairmen of the Second Main Committee.

Mr. Nair (India) and Mr. Kakolecki (Poland) were elected Chairman and Vice-Chairman of the Third Main Committee.

II GENERAL DEBATE

9. Several speakers took the floor to express their appreciation and their views on the items of the agenda of the Conference. The General Secretariat of the Organization of African Unity took various measures to ensure the implementation of the afore-mentioned resolution CM/Res.278(XIX).

10. In his statement at the fourth plenary meeting, the representative of the ORGANIZATION OF AFRICAN UNITY defined the OAU stand on container traffic. The main part of this statement was previously submitted by the OAU delegate, on behalf of the African Group, to the Group of 77 should be outlined here.

11. In substance, the point of view of the General Secretariat of the Organization of African Unity is that : the system of container transport has made considerable progress during recent years. Admittedly, the use of container has the undoubted advantage of reducing the number of handling operations, producing a higher return on the capital invested, reducing damage to goods and so forth.

However, for the developing countries, this system of transport entails disadvantages which are far more numerous than the few advantages listed above. The first problem which comes to mind is that of investment and infrastructure. The adoption of this transport method implies enormous capital expenditure on the purchase of specialized ships and the establishment of the corresponding port installations and adequate domestic transport facilities. Furthermore, the use of containers presupposes the existence of highly skilled national personnel to service the new equipment. However, the resources of the African countries are scanty and are urgently required for vital development programmes.

The second problem facing our countries is that of profitability. The commodities and raw materials which constitute 80 per cent of the Third World's exports are ill-

suited to container transport. Moreover, the metal containers now being used are entirely inappropriate for the agricultural exports of the under-developed countries. In addition, because of the imbalance between the exports and imports of our countries, the containers have to be returned empty. The storage and transport of these empty containers constitute an increasingly serious and costly problem. The third problem is the social and human aspect. The very essence of containerization is a reduction in the number of handling operations needed, an increase in the rate of vehicle and train utilization and consequently, a higher return on the capital invested.

Such mechanization logically implies a considerable reduction in the labour force. In the Third World, however, labour is very abundant and relatively cheap. The introduction of mechanization and containerization would cause a serious unemployment problem.

12. The OAU delegate concluded his statement by making the following recommendations to the African countries participating in the Conference;

(a) since the economic aspects of container transport have not yet been studied, the viability of the system should be the first subject for consideration;

(b) the socio-economic problems particularly unemployment should be studied thoroughly and given careful consideration;

(c) before signing the various conventions of the Geneva Conference - particularly the Customs Convention, the safety rules and standardization - the African countries should first make a thorough study of the question. They should therefore refrain from signing these conventions for the time being.

13. This statement was highly appreciated by the Group of 77 which felt that it would be of considerable help to its work, particularly, in the Third Main Committee. On behalf of the Group, the representatives of Ghana, Nigeria, Brazil, and Sri Lanka (formerly Ceylon) officially proposed that the text be translated into the other two languages (English and Spanish) and distributed as a conference document. This proposal was approved and the text of the statement by the OAU delegate was adopted as a working document of the Conference under reference E/CONF 59/L.52.

III. DELIBERATIONS OF THE COMMITTEES:

First and Second Main Committees: Africa's stand:

14. In view of the importance of the questions submitted to these two Committees for consideration, the Secretariat deemed it expedient to outline briefly, the common stand adopted by the Group of 77 in general and the African Group in particular. In fact, the First and Second Main Committees were to study and harmonize the draft International Convention for Safe Containers and the Customs Convention on Containers.

15. After making a general survey of the situation, it was noted that the developing countries had not sufficiently studied the problems of Containerization and that they also did not have any significant practical experience in the matter. Thus the developing countries could hardly appraise, at the time, the various economic and legal implications which the proposed Conventions would entail in their economies. The general understanding therefore, was that the developing countries did not have sufficient basis to enable them discuss the issue and to defend the interests of their countries effectively. They were, therefore, likely to make mistakes that would be detrimental to the development of their transport infrastructure.

16. It was therefore, wondered whether or not they should participate in the discussions notwithstanding all

these drawbacks. After discussing the matter, the Group of 77 adopted a stand which seemed more flexible.

(a) It was agreed that each delegation of the group should be represented on two Committees and contribute actively to the deliberations especially, by participating in the preparation of the two Conventions and by defending the interests of its region as best it could. The motive behind this was that the Group of 77 should reduce; limit as much as possible, "losses" or "damages" by proposing amendments in consonance with the development of their trade and by modifying or deleting articles or paragraphs which were clearly unfavourable to their trade;

(b) The Group agreed that on the OAU representative's recommendation, no delegation of the African Group should sign the two Conventions soon after they had been adopted;

- (c) The Group decided that at the end of the Conference, delegates should return to their countries with the texts of the two Conventions and to submit them to their legal, economic, sociological and even building engineering experts for a more detailed study.

B. Third Main Committee:

17. The Third Main Committee was to study problems relating to combined transport of goods. Earlier on, a draft TCM Convention had been prepared by the IMCO/ECE joint meetings for the Conference. The study made on this subject by the United Nations Secretary-General specially for the developing countries was considered inadequate and could not possibly be used to make an exhaustive evaluation of all the consequences of the draft TCM Convention.

18. As you are aware, a Convention on combined transport requires an exhaustive study on its repercussions in fields like international trade, balance of payments, maritime and other modes of transport, freight rates, insurance and so forth. It was in view of the foregoing that the Economic and Social Council had besides, rightly recommended that the deliberations of the Third Main Committee of the Conference should be organized in the form of a seminar with the object of exchanging information in a general debate.

19. Consequently, the countries of the Group of 77 considered it proper to devote greater attention to the deliberations of the Third Main Committee because in their view:

- (a) this was the only way they could identify the various "ills" and "afflictions" of the developing countries;
- (b) it was a forum for the developing countries to outline the implications of container traffic in general for their countries and to submit them in

the form of a document to the ECOSOC and UNCTAD for more detailed studies. This document is precisely report No.E/CONF.59/39 of the Third Main Committee, its addenda and annexes;

- (c) it was an opportunity to study, parallels with the mode of container traffic, all the other forms of multi-modal transport, palletization, barge-carrying systems... and to make a useful comparison;
- (d) it was the unique moment to agree, at the international level, on suggestions and directives concerning this mode of transport for the developing countries;
- (e) it would make it possible, with the interests of the developing countries in view, to formulate useful recommendations for the Economic and Social Council, the UNCTAD and the IMCO. These have been condensed into resolution E/CONF.59/39 Add.3 on International Container Traffic hereto attached as Annex I and which we shall talk about later.

20. This therefore, is the justification for the special importance which the Group of 77 attached to the Third Main Committee. The same goes for the co-operation, co-ordination and the efforts made by each delegation in the deliberations of the Conference.

21. After a lengthy debate on how to organize the Items on the Committee's Agenda, it was agreed that the following should be discussed:

(a) Legal problems

1. Liability regimes - basis - system - limit of liability;
2. Documents (advantages of a new thorough document and what it should contain);
3. Scope of application, optionality, different modes of transport;
4. Relations between a new regime and existing Conventions.

(b) Transport policy options:

1. various types of unitization of cargo and relative costs.
2. Containerization, port installations and inland transport infrastructure.
3. Social aspects of containerization (labour).
4. Aspects of capital intensive.

(c) Technical and Economic Assistance required by developing countries.

22 It is needless to dwell at length on the legal problems because during the Conference it was noted that on the one hand, the developing countries wanted to know the viability of this system of transport before studying the Convention. On the other hand, each delegation gave its point of view on the major legal problems bearing on the preparation of the proposed T.C.M. Convention. It was emphasized that it was necessary to have regard as much as possible to all the points of views expressed in preparing the draft Convention. It should be mentioned that there were divergencies of opinion. In fact, some delegations advocated the uniform liability system, others preferred the network system. Still others supported the optional regime and territorial link in the Convention contrary to the proponents of the obligatory aspect without territorial link.

23 In considering the Items on "Transport policy options" and "Technical and economic assistance required by the developing countries", the Third World countries were apprehensive of "containerization" as a new technique of transport. Their main fears were that though containerization brought a number of advantages to the developed countries, it could however, not be implemented in the developing countries in the near future for the following reasons:

- capital requirements for these new transport systems were far beyond the reach of the developing countries;

- inland transport systems which had been established at great expense and large difficulties were now facing disruption;
- the developing countries had, besides, abundance of labour and the new technologies envisaged could make the burning problem of unemployment worse since it called for less manual effort;
- it should also be feared that small national amateurs would disappear with the formation of container shipping lines' consortia and import and export trade would thus be controlled by big multinational companies with their headquarters abroad;
- problems caused by imbalance of trade, shortage of qualified personnel, the reconstruction of roads and railways....

24. As regards other types of unitization of cargo and relative cost, it was realized that unitization by means of pallettes might be a solution requiring less investment and making it possible to use more versatile ships. Another possibility would be to employ barge-carrying vessels that do not need special ports and can carry all sorts of cargo. However, the developing countries realized the need to keep abreast with technology. They therefore, requested technical and financial assistance. In fact, they observed that "in fostering the development of their transport systems, the developed countries have had at their disposal, virtually unlimited capital accumulation to draw upon. They have had a developed technology and a wealth of technically qualified personnel. The developing countries have got to bridge the ever-widening gap and they have neither the capital nor technology nor qualified personnel. In order to be prepared for inter-modal transport, the developing countries were faced with a need for a complete revolution in their transport infrastructure"

25. They therefore, proposed that the UNO should set up a research centre on containerized transport and to undertake to make special in-depth studies on a regional, and if necessary country basis. A delegate pointed out that at the regional meetings in Addis Ababa, some outlines were given : about the possibilities of adopting containerization in Africa. Actually, specific and detailed studies were required based on the technical knowledge already available, i.e., technical and financial assistance were required. It was also necessary to create a technical research centre.

This was how the Group of 77, assisted by the socialist countries, participated in the drafting of resolution E/CONF.59/39 Add.3.

C. Resolution on "INTERNATIONAL COMBINED TRANSPORT"

26. The substance of the resolution on International Combined Transport, the full text of which is hereto attached as Annex I, is that until the developing countries fully understand the implications of inter-modal transport and unitization, no decision should be taken on a Convention on Combined Transport of Goods. The industrialized countries had envisaged combined transport as a solution to their problems. It was therefore, very difficult for the developing countries to deal with this subject without having sufficient documentation in the form of a general study in order that each country may be in a position to adapt it to its own situation and thereby, form a clear picture of this complex subject.

27. The first recommendation consequently advocated a complete study of the question of inter-modal transport by the UNCTAD in co-operation and in collaboration with the Regional Economic Commissions of the United Nations and other international organizations. These studies will be based especially on questions like the repercussions of this mode of transport in the fields of international trade and transport,

balance of payments, the cost of international transport, insurance and the consistency of international combined transport of goods with national transport policies, trade and insurance, having regard in particular, to the needs of the developing countries.

28. Parallel with these studies, an inter-governmental group with sufficient representation of the developing countries, would be established to study a preliminary draft convention. A third inter-governmental preparatory group would be convened later to find out if the studies envisaged and the preliminary draft prepared were in perfect harmony. It is then and only then that the United Nations General Assembly should convene a Plenipotentiary Conference to finalize a convention on International Combined Transport of Goods (T.C.M.).

IV. CONCLUSION:

29. The foregoing lead to the conclusion that the developing countries did a praise-worthy work at the UNO/IMCO Conference. In fact, through their cohesion and joint action, as appears above,

- (a) a draft Convention which had been prepared without them was rejected;
- (b) a document was prepared expressing their misgivings and fears about the consequences of container traffic on their economies; the document will be submitted to the UNCTAD and other international organizations for a more detailed study;
- (c) a resolution recommending in-depth study of the subject in the developing countries was finalized. Their role in the preparation of the future convention was acknowledged.

- (d) the signing of the two previously prepared Conventions on Customs and safe containers was deferred to enable the developing countries to submit them first to their national Experts.

30. In the view of the General Secretariat, it would be highly desirable for the various studies envisaged by the Geneva Conference to be made by the African governments themselves at their national level. Each country should place at the disposal of experts to be sent by the international organizations for these studies, national experts who should plan, direct and guide these experts. It cannot be over-emphasized that it is the technicians and experts in the various countries who know much better, their national problems and who can find suitable solutions to them in the very interest of the development of their countries.

Moreover, experience has proved that studies entrusted to foreigners suffer from lack of essential data, detailed research, hasty generalizations, unprejudiced conclusions and qualitative recommendations.

31. Lastly, the General Secretariat proposes to African Governments to envisage the possibility of convening a meeting of their Experts under the auspices of OAU to study in detail, at the continental level, the two Conventions already prepared and to carry out researches in collaboration and in co-operation with officials of international organizations on the economic and social implications of container traffic for the economies of African countries.

Resolution adopted by the Conference on International Container Traffic.

"The UN/IMCO Conference on International Container Traffic

Recalling the International Development Strategy for the Second United Nations Development Decade, in particular paragraphs 53(a) and 54,

Recalling also Resolution 68 (III), adopted by the United Nations Conference on Trade and Development, particularly paragraph 4,

Noting the conclusions of the sub-regional meetings of the African countries in Addis Ababa in April 1972 (contained in document E/CN.14/TRANS.58) and Latin American countries in Brasilia, Lima and Mexico, in June 1972 (contained in document E/AC.6/L.460/Add.4), the meeting of the Council of Ministers of the OAU in Rabat in June 1972 (contained in document CM/RES.278) and the ECAFE report of the Working Group of Experts on Containerization held in Bangkok in 1972 (contained in document E/CN.11/TRANS/194),

Noting also that the Secretary-General's study of the economic implications, in particular for developing countries of the proposed convention on international combined transport of goods (ST/ECA/160 of 8 May 1972) does not provide an answer to all the questions arising in connexion with the effects of the development of containerization on the developing countries' economies, social development and transport infrastructure,
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Having taken note at the Conference of the exchange of views on general policy questions relating to (a) the liability and documentary regime for international inter-modal transport, and (b) transport policy options with respect to containerization and the international intermodal transport, so as to assess the need for a possible Convention on the international combined transport of goods, taking

into account the particular situation and requirements of developing countries,

Recognizing that despite the valuable exchange of views at the Conference, the developing countries are still apprehensive of the consequences of international intermodal transport,

Considering the benefits which may be derived from the new techniques of unitized and intermodal transport and the developing countries' need for assistance in order to participate in these benefits,

Recognizing that the development of intermodal transport has given rise to a new type of transport contact with differing contents, and that international uniformity in the solution of the problems related thereto is desirable and will be beneficial to international trade;

1. RECOMMENDS to the organizational meeting of the fifty-fourth session of the Economic and Social Council in January 1973:

(a) that further studies be carried out and completed by the end of 1974 by the United Nations Conference on Trade and Development in co-ordination with the United Nations regional economic commissions and with the co-operation of the appropriate regional and sub-regional bodies and other international organisations, on all the relevant aspects of international combined transport of goods including such matters as repercussions in the fields of international trade and transport, balance of payments, costs of international transport, insurance and the consistency of the international combined transport of goods with national policies on transport, trade and insurance, bearing in mind particularly the needs and requirements of developing countries and taking into account the report of the Third Committee of the UN/IMCO Conference held in Geneva from 13 November to 1 December 1972, and the studies already

made on the subject;

(b) to establish as soon as practicable an intergovernmental preparatory group, with adequate participation by the developing countries, to prepare a preliminary draft of a convention on international intermodal transport, taking into account the report of the Third Committee of the Conference and other relevant reports;

(c) to convene, prior to the Conference mentioned in (d), the intergovernmental preparatory group to review, on the basis of the studies mentioned in (a), the preliminary draft Convention mentioned in (b), with a view to amending, where appropriate, the said draft, so as to take into account the legitimate interests of developing countries;

(d) to request the General Assembly of the United Nations, subject to the completion of the review mentioned in (c), to convene by the end of 1975, a Plenipotentiary Conference to finalize a convention on International Intermodal Transport on the basis of the draft resulting from the said review.

2. FURTHER RECOMMENDS that developed countries should give due consideration to requests by developing countries for technical and other types of assistance for and advice on ways and means of increasing their participation in unitized and intermodal transport.

The UN/IMCO Conference on International Container Traffic

DEEMING it desirable to promote, at the world level, the safe, efficient and economical use of transport facilities and handling equipment for international multi-modal movement of containers, i.e. the successive movement of containers by two or more modes of transport (air, inland waterway, rail, road, sea).

CONSIDERING that international standards will be conducive to the widest and most economic use of containers and will facilitate their transfer between different modes of transport,

CONSIDERING further that such standards will also be of considerable benefit to the planning of new facilities and to the adaptation of existing facilities and equipment to the requirements of international container traffic,

RECOGNIZING the desirability of taking due advantage of developing technologies,

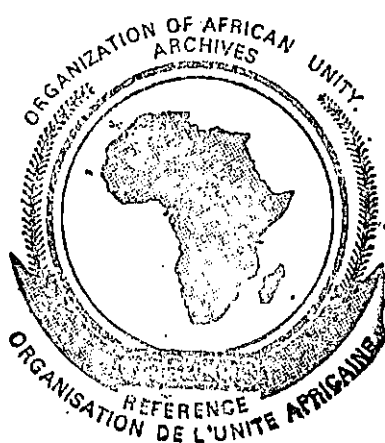
BEING convinced of the desirability of flexible procedures in developing international standards and in adapting them to changing conditions,

DEEMING it appropriate that such work should be pursued at the national and international level,

RECOGNIZING in this connexion the work done by the International Organization for Standardization (ISO) with regard to the "specifications, dimensions and ratings of freight containers",

RECOMMENDS that the International Organization for Standardization (ISO) should accelerate its research on interrelated dimensions of containers, pallets, packaging, handling equipment and transport equipment on the basis of modular systems designed for international transport of goods in the interest of all countries,

FURTHER RECOMMENDS that Governments should give support and encouragement to the work of the ISO on "freight containers" inter alia through national standards bodies,



FURTHER RECOMMENDS to ECOSOC that an ad hoc intergovernmental group be convened at the end of 1975, so as to assess the work done by the International Organization for Standardization (ISO) and to determine what future action to take in this field, with a view to considering the practicability of eventually drawing up an international agreement on container standards.

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