

## REGULATION OF INTERNATIONAL TRANSPORTATION: MODERN ASPECTS

**Platonov, O. I. Multimodal transportation of goods: the state of affairs today and the prospects for implementation. Kiev, 2018, 160 p.**



### ABSTRACT

The reviewed monograph by O. I. Platonov «Multimodal transportation of goods: the state of affairs today and the prospects for implementation» explores the current state and prospects for further development of international transportation of goods using several modes of transport. The book presents the results of a comparative analysis of the provisions of many interstate, intergovernmental and industry agreements, international standards,

regulations, strategies and other governing documents related to organization of multimodal transportation. The author paid special attention to ensuring economic security in multimodal supply chains for foreign trade goods. The appendix contains a brief glossary of key terms and definitions developed by the author

In the context of the monograph review, a discussion was initiated on the approaches to classification of international transport according to various criteria.

**Keywords:** international transport, multimodal transport, multimodal transportation, combined transport, intermodal transport.

Improving efficiency of cargo transportation with participation of different modes of transport is an important condition for reducing the imbalance of transportation capacity of transport systems and for development of competition in the transport services market. Over 90 % of world trade is transported using several modes of transport. The imperfection of the used organizational, technological, regulatory, customs procedures and mechanisms has a negative impact on the growth of international trade and on the socio-economic situation of many countries, especially those deprived of access to the sea.

The monograph under review analyzes the provisions of both existing and not yet validated international agreements governing international transport of goods by various modes of transport, identifies current development trends, features of tariff and legal regulation of such transport, assesses the prospects for the use of multimodal technology for transportation through the international transport corridor «Europe–Caucasus–Asia» (TRACECA), describes the ways of organizing activities of multimodal transport operators, taking into account the specific market conditions.

The author paid special attention to the issues of economic safety within multimodal supply chains of foreign trade goods. The appendix contains a brief glossary of key terms and definitions, developed by the author.

The monograph is a good practical guide for the experts whose professional activities are related to foreign trade, as well as for the employees of transport companies engaged in international transport of goods by one or more modes of transport.

The author carefully analyzed the provisions of many interstate, intergovernmental and industry agreements, international standards, regulations, strategies and other guidelines related to organization of multimodal transport, including the General Agreement on Tariffs and Trade, the International

Convention on the Simplification and Harmonization of Customs Procedures (known as Revised Kyoto Convention), the Glossary of Terms of the United Nations Economic Commission for Europe (UNECE), Framework of Standards to Secure and Facilitate Global Trade (SAFE Framework), Convention on the Contract for the International Carriage of Goods by Road, the Agreement on International Goods Traffic by Rail (SMGS), Convention concerning International Carriage by Rail, ISO 28000:2005 «Specification for security management systems for the supply chain» [now replaced by ISO 28000:2007 – Ed. note], Basic Multilateral Agreement on International Transport for Development of the Europe–the Caucasus–Asia Corridor, Agreement on Development of Multimodal Transport TRACECA, Strategy for development of the international transport corridor Europe–the Caucasus–Asia for 2016–2026, Master Plan for the implementation of TRACECA LOGMOS, the UNCTAD/ICC Rules for multimodal transport documents.

The author pays attention not only to the practical aspects of application of these documents in the activities of foreign trade and transport companies, the monograph also highlights some topical theoretical problems. Based on the results of a comparative analysis, the author proposed several recommendations for improving the scientific classification of such transport and the terminology used. Since these proposals are debatable, it makes sense to dwell on them in more detail.

A significant part of the monograph is devoted to the analysis of the provisions of the «United Nations Convention on International Multimodal Transport of Goods» of May 24, 1980 (hereinafter – the Convention). It should be noted that the Convention has not yet received broad support in the international community and, therefore, has not yet entered into force. Nevertheless, its provisions reflect the cumulated level of theory and practices in the field of organization of multimodal transport, therefore they deserve close attention and detailed study.

The author has analyzed all sections of the Convention, reviewed the content of each article, discussed the terminology used, the provisions of the proposed contracts, transport documents, distribution of responsibility between transportation participants, the conditions for filing claims and complaints, the procedure for organizing customs transit and other rules. First, the author has drawn attention to the Russian-language title of the Convention, which, in his view, was incorrectly translated from English. In his opinion, the key word in the expression «Multimodal Transport» should be literally translated as «multimodal», and not as «mixed transport».

Shall we note that the question of the authenticity of the translation of the terminology used in the Convention was previously discussed in the professional community, and there were no comments on this term. The Convention states that «international multimodal transport means the carriage of goods by at least two different modes of transport». As you know, the English compound word «multimodal» means «many modes». Accordingly, the phrase «multimodal transport» corresponds to the Russian-language expression «transport by several modes of transport». In this case, it is desirable to supplement this expression with the words that the respective modes of transport are alternately (that is, not simultaneously) involved in implementation of a single transportation process. To simplify such a bulky formulation, the term «mixed transport» is traditionally used in Russian practices, which rather briefly and accurately reflects the technological features of the transportation process with the consistent participation of different modes of transport. By the way, for description of a complex structure of the process of cargo delivery, in which different modes of transport take part, each of them carries out independent transportation cycles, Russian scientific and regulatory sources use the expression «transportation in a mixed transport» along with the term «mixed (if translated literally, otherwise multimodal) transport». In our opinion, these formulations have substantial differences, however, in order not to go beyond the scope of the reviewed material, we will consider them as synonyms.

A similar interpretation of the term «multimodal transport» as of mixed transport is found on the official Internet Website of the European Commission Mobility and Transport department. It is worth noting that the experts of this organization are active supporters of the idea of harmonization of transport terminology involving several modes of transport. To clarify the essence of the concept of «multimodality» (or «multimodal transport»), European experts use the phrase «mixing transport modes», which, in our opinion, is very close to the Russian phrase «mixed transportation». It is noteworthy that 2018 was declared by the management of the EU Mobility and Transport a year of multimodality. Throughout the past year, EU countries have taken measures to promote the use of different modes of transport, since

organizing transportation based on multimodality improves the performance of supply chains, reduces harmful emissions, reduces congestion on city streets and country roads, improves traffic safety and enhances competitive position of European transport and logistics companies in the world market.

Therefore, in our view, the opinion of the author of the monograph on incorrect translation of the name of the Convention into Russian is not sufficiently reasoned. However, this statement does not mean that the expression «multimodal transport» is not used in Russian-language professional terminology, but this will be discussed later.

Another author's proposal for the Convention provides for the addition to its content of modern well-known logistics terms – «international supply chain», «logistics centers», «supply chain security» and others. However, in order to increase the scientific and practical value of these recommendations, it would be useful to clarify which characteristics of the process of international multimodal transport, the modification of which regulations, or changes in the content of transport documents require these terms. In this case, in our opinion, instead it is timely to clarify the content of terms already used in the Convention, but whose definitions are not specified, particularly, such terms as «multimodal transport operations», «export», «delivery».

The author's proposal on the need to supplement the Convention with provisions, clarifying the organizational requirements for the interaction of different modes of transport during joint international multimodal transport, deserves attention. Such rules seem to positively affect the efficiency of the transportation process.

From the scientific point of view, the proposal of the author about the need to use different approaches (criteria) for classification of multimodal transport is of interest. According to his fair comment, numerous concepts related to multimodal transport require clarification and systematization. As a contribution to the solution of this issue, the author gave a detailed description of the term «multimodal transport». The author of the monograph attributes five features to that type of transport:

- firstly, the cargo is transported by at least two modes of transport;
- secondly, during the whole transportation, including when changing the mode of transport, the cargo must be in one and the same transport unit;
- thirdly, transportation is carried out under the control of a single operator, who is fully responsible to the shipper for the whole range of services provided by subcontractors (carriers, terminals, etc.);
- fourthly, the «through tariff» is set by the agreement with the operator;
- fifthly, a «single transport document» is applied, which confirms both the fact of cargo acceptance from the shipper by the multimodal transport operator and the fact of transferring cargo from one mode of transport to another.



Within the framework of this review, it is not possible and expedient to analyze all the proposed criteria for «multimodal transport». It makes sense to confine ourselves only to the remark that the currently used concepts of «multimodal transport» and «mixed transport» do not respond to all the listed features. However, some of these features are used to characterize the concept of «mixed transport», its subspecies and varieties.

To clarify this statement, we briefly consider classification of mixed transport. For dividing it into groups, we will use two criteria: firstly, organizational and legal features of relations between participants in the transportation process, including the forms of transport documents used; secondly, the technological aspects of transportation (in terms of the implementation of reloading). For each of these criteria, two groups of mixed transport are formed. We would like to draw your attention to the fact that the model of division of multimodal transport into subspecies proposed below is one of the transport classification options that are well known to researchers.

As noted above, in domestic practices, carriage of goods, passengers and baggage with participation of several modes of transport is traditionally called «mixed transport» or «transport in a mixed traffic». At the same time, in some Russian legislative acts (for example, in the Charter of the Russian railway transport) the category of «mixed transport» includes only intrastate transport within the territory of the Russian Federation, while transport by several modes of transport involving railway transport between stations in different countries, including transit, is called «international transport». The need to distinguish between international and mixed railway transport is largely due to industry specifics, since when a train crosses the state border, the cargo (wagon with cargo) is transferred to a foreign carrier, while in other modes of transport, the foreign segment of the international transport, as a rule, is performed by one and the same carrier. If there is no agreement on international transport between the administrations of the railways, then the transport documents for the cargo are re-issued. If such an agreement exists there is no need for re-issuing of the documents.

The main classification criterion for transportation in mixed transport, including international transport involving railway transport, relies on organizational and legal conditions for the interaction and the used shipping documents. If multimodal transport is carried out under conditions of close interaction between different modes of transport on the basis of previously concluded agreements, and a single transport document (waybill) issued for the entire route is used while transferring cargo (passenger transfer) then such transportation is deemed to be a «direct mixed transport». At transfer (transshipment) points, transport enterprises should provide uninterrupted and uniform supply of cars, ships and vehicles for loading (transfer), opportunities for transferring goods from one mode of transport to another directly (without unloading into a warehouse).

If mixed transport is carried out by each mode of transport based on separate transportation documents, then such transportation is considered «indirect mixed transport».

The organization of direct and indirect multimodal transport of goods is usually handled by a professional intermediary (freight forwarder, logistics) who, on the basis of an agreement with the shipper, acts as his agent (or representative) and concludes contracts with actual carriers or performs the corresponding services. This chain of legal relations may include another additional link – the so-called «multimodal transport operator», who concludes a multimodal transport contract with the shipper (or with his intermediary) and undertakes to deliver the goods using different modes of transport, and also assumes all responsibility for quality of performance of the service, including for violations of the terms of the contract through the fault of the carriers attracted by him.

The multimodal transport operator issues to the consignor a document (bill of lading) certifying the multimodal transport agreement, acceptance of the goods by the operator, as well as his obligation to deliver the goods in accordance with the terms of this agreement. However, the bill of lading does not perform the function of a single transport document (waybill), which is used in direct mixed transport. Therefore, participation of the multimodal transport operator is not decisive for classification of multimodal transport as of direct or indirect transport. The involvement of the multimodal transport operator, as well as the use by the parties of the multimodal transport of the «through tariff», are criteria for further separation of direct and indirect mixed transport into varieties. For example, direct mixed transport with the participation of the operator of the multimodal transport; indirect mixed transport with participation of the multimodal transport operator based on the «through tariff», etc.

Multimodal transport can also be classified by subspecies by technological criterion, which reflects the characteristics of implementation of reloading when changing modes of transport. The standard variant of reloading when changing the mode of transport involves the transfer of the cargo itself from one vehicle to another. Such a type of mixed transport, according to our data, is often referred to as «multimodal transport». For supporters of the use of the term «multimodal transport» as of a synonym of «mixed transport», we can suggest the term «discrete modal transport» to refer to the above subspecies.

The second option provides for reloading not of cargo, but of the so-called intermodal loading unit (container, demountable body, semi-trailer, etc.) or vehicle. In domestic practices, such a sub-type of multimodal transport is traditionally called «reloading-free transport». However, in the latter time the English-language term «intermodal transport» is more commonly used. At the same time, multimodal and intermodal transport can be carried out both under the control of the multimodal transport operator and without his participation.



In the European Union, the so-called «combined transport» is commonly used. According to experts of the Inland Transport Committee of the United Nations Economic Commission for Europe, who have developed a special glossary on combined transport, this method is a kind of intermodal transport, in which most of the European voyage falls on rail, inland waterway or sea transport, and any start/terminal segment of the route on which road transport is used is as short as possible. In accordance with the provisions of EU Directive 92/106/EC of December 7, 1992, combined transport is carried out between EU member states, while the length of the road route (measured by a straight line) should not exceed 100 km for road and rail traffic and 150 km for transport by road and inland waterway or by road and sea. The active use of combined transport in EU countries as an alternative to road traffic is supported by government bodies by providing administrative and financial preferences in order to reduce the load traffic on the main road network.

Expert community is discussing classifying combined transport as a direct mixed transport, in which a single transport document (waybill) can be applied. According to the current Russian legislation, the procedure for organizing carriages with direct mixed transport is determined by agreements between organizations of the respective modes of transport. According to article 788 of the Civil Code of the Russian Federation, the terms of these agreements must comply with the requirements of the «law on direct mixed (combined) transportation».

Since at the time of the entry into force of the Civil Code of the Russian Federation in 1996 such law was missing, in accordance with the rule specified in article 788 to regulate relations between carriers in case of direct mixed transport a special legislative act should be adopted. Of course, the emergence of a separate law with uniform transport rules for all modes of transport in a direct mixed transport will have a positive impact on the industry, will stimulate the interaction of different modes of transport, regardless of their ownership and departmental affiliation.

Currently, a revised draft federal law «On Direct Mixed (Combined) Transport» is being discussed. From the literal name of the draft law we can assume that the terms «direct mixed» and «combined» transport are synonymous. At the same time, in the text of the draft law, combined transport is defined as a type of direct multimodal transport, which is carried out using intermodal technology, that is, without reloading the cargo when changing the mode of transport. However, this interpretation of combined transport is somewhat different from the definition of this term that is common in international practices, in which the emphasis is not on using a single transport document, but on limiting the length of a voyage performed by road. In addition, it seems

acceptable that any kind of intermodal transport, and not only combined, can be carried out in a direct mixed transport. Therefore, it makes sense to further discuss feasibility of using the word «combined» in the title of the law on direct multimodal transport, which is specified in article 788 of the Civil Code of the Russian Federation.

The variety of criteria for dividing mixed transport into subspecies and varieties determines the relevance of developing a generalized classification model in that scientific and practical category. However, development of such a model seems to be quite a difficult theoretical task, since the principles of proportionality, continuity and non-intersection of concepts should be observed when constructing classification models, while many types of multimodal transport, for example, intermodal direct multimodal transport, are formed on several classification grounds, in particular, organizational and technological ones. Therefore, it is necessary to identify the most common criteria for division of mixed transport into categories or types, to identify also all the types of this transport used by business, and to distribute them into taxonomic groups based on common properties and features. To reflect the interconnectedness of the elements of the generalized classification model of multimodal transport, it is likely that it will be necessary to use the complex multi-level structure of the matrix type.

At the present stage, the operation of all types of transport as well as other sectors of the economy is rapidly transforming under the influence of digital technologies. For example, private business and government agencies are increasingly interacting through electronic data exchange systems, many documents, including bills of lading and customs declarations, are transferred from paper form to digital format. Some trends in digitalization of the transport industry are reflected in the monograph, and that fact confirms the relevance of the monograph under review, and its focus of its provisions on the future. However, domestic and foreign researchers have yet to study the impact of digital technologies on the operation of different modes of transport in domestic and international transport, to identify rational forms of their interaction and, possibly, to supplement the glossary with new terms that will reflect the characteristics of multimodal transport within the digitalized industry and promote the integration of transport systems of Eurasian states.

In conclusion, I would like to reiterate the unconditional value of the monograph under review, since it – and this follows the goal stated by its author – is an incentive for a broad discussion, and the considerations I made are not critical comments, but part of such discussion, an invitation to its continuation, since the theme initiated by the author of the book is, of course, among the most important for modern transport. ●

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