

UNCTAD contribution to the Report of the Secretary-General on Oceans and the Law of the Sea.

I. Developments relating to international shipping activities

As noted in UNCTAD's *Review of Maritime Transport 2012*¹, in tandem with the world economy and global merchandise trade, world seaborne trade grew by 4.5 per cent in 2011, taking the total volume of goods loaded worldwide to 8.8 billion tons. Many of the factors that face the world economy continued to remain relevant in 2012, and depending on how they evolve, they could impact dramatically on the global economic and trade outlook. More than three years after the economic and financial crisis of 2008, the world fleet continued to expand during 2011, reaching more than 1.5 billion deadweight tons (dwt) in January 2012, an increase of over 37 per cent in just four years. At the same time, continued deliveries and a drastic downturn in new orders following the economic crisis has led to a reduction in the world order book by one third during the same period. Developing countries continue to expand their market share in different maritime sectors, including shipbuilding, ownership, registration, operation, scrapping and manning. Freight rates in 2011 and the beginning of 2012 have often remained at unprofitable levels. Within the three segments – dry bulk, liquid bulk and containerized cargo – substantial freight rate drops have been reported. Vessel oversupply can be identified as a driving factor behind this development. World container port throughput increased by an estimated 5.9 per cent to 572.8 million 20-foot equivalent units (TEUs) in 2011, its highest level ever. The UNCTAD Liner Shipping Connectivity Index (LSCI) showed a continuation in 2012 of the trend towards larger ships deployed by a smaller number of companies.

II. Protection and preservation of the marine environment and sustainable development.

Sustainable freight transport

A special chapter in UNCTAD's *Review of Maritime Transport 2012* focused on the growing concerns regarding sustainable freight transport. The importance of freight transport as a trade enabler, engine of growth and a driver of social development is widely recognized. However, the associated adverse impacts of freight transport activity on the environment, human health and the climate are also cause for concern. If left unchecked, these unsustainable patterns are likely to intensify, may potentially result in global energy and environmental crises, and undermine any progress being made in world sustainable development and growth.

Ship-source oil pollution

Around half of the global crude oil production is carried by sea. Much of this navigation is taking place in relative proximity to the coasts of many countries, in some cases transiting through constrained areas or chokepoints, such as narrow straits and/or canals. At the same time, the steady growth in the size and carrying capacity of

¹ www.unctad.org/rmt.

ships transporting cargo of any type means that significant quantities of heavy bunker fuel are carried across the oceans and along coastal zones. Exposure to oil pollution incidents poses a potentially significant economic threat for coastal States, including in particular coastal developing countries and Small Island Developing States (SIDS) with economies heavily dependent on income from fisheries and tourism.

While the international legal framework governing oil-pollution damage from tankers is very robust and provides significant compensation, not all States that are potentially vulnerable to ship-source oil-pollution are Party to the latest international legal instruments in the field. Against this background, and to assist policy makers, particularly in developing countries, in assessing the merits of adoption and implementation of the relevant international legal instruments, the UNCTAD secretariat, in 2012, published a substantive analytical report, “*Liability and Compensation for Ship-Source Oil Pollution: An Overview of the International Legal Framework For Oil Pollution Damage from Tankers*.”²

III. Climate change

Enhancing the climate resilience of seaports

With over 80 per cent of the volume of world trade carried by sea, international shipping and ports provide crucial linkages in global supply-chains and are essential for the ability of all countries, including those that are landlocked, to access global markets. Ports are likely to be affected directly and indirectly by climatic changes, such as rising sea levels, extreme weather events and rising temperatures, with broader implications for international trade and for the development prospects of the most vulnerable nations, in particular least developed countries (LDCs) and Small Island Developing States (SIDS). Given their strategic role as part of the globalized trading system, adapting ports in different parts of the world to the impacts of climate change is of considerable importance. A good understanding of risks and vulnerabilities is a pre-condition to well-designed and effective adaptation response measures that enhance the resilience of port systems, structures and processes and minimize the adverse effects of climatic factors.

Building on insights gained at a number of expert meetings, UNCTAD continues its work in the field,³ including through collaboration with other international organizations, such as the UNECE and its *Expert Group on Climate Change Impacts and Adaptation for International Transport Networks*, which had been set up following a joint UNECE-UNCTAD workshop on the subject. Following a specific call in the *Doha Mandate* (para. 56(j)) to focus on the particular transport-related challenges facing SIDS, further technical assistance aimed at enhancing the adaptive capacity of SIDS in relation to climate change impacts on coastal transport infrastructure, in particular ports and airports is in preparation. Also worth noting in this context is an UNCTAD edited volume on *Maritime Transport and the Climate Change Challenge* was co-published in May 2012 with Earthscan/Routledge, one of the major publishers in the field of environment and sustainability. Prefaced by the

² UNCTAD/DTL/TLB/2011/4. Available electronically on UNCTAD’s website at www.unctad.org/ttl/legal.

³ Further information about these initiatives is available on the UNCTAD website at www.unctad.org/ttl/legal.

Secretary-General of UNCTAD and including contributions from 25 experts from academia, international organizations such as the IMO, the UNFCCC secretariat, OECD, IEA and the World Bank, as well as the shipping and port industries, the book is the first of its kind, adopting a multidisciplinary approach and providing detailed insight on a range of the potential implications of climate change for this key sector of global trade.