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Multimodal transport operations: model of Colombia

Ana Christina Acevedo Ramos

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MULTIMODAL TRANSPORT OPERATIONS
MODEL OF COLOMBIA

BY

ANA CRISTINA ACEVEDO RAMOS

A paper submitted to the WORLD MARITIME UNIVERSITY in partial satisfaction of the requirements for the award of a

MASTER OF SCIENCE DEGREE IN
GENERAL MARITIME ADMINISTRATION

The contents of this paper reflect my own personal views and are not necessary endorsed by the World Maritime University or the International Maritime Organization

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INTERNATIONAL CHAMBER OF COMMERCE
PARIS

Signature: Date: OCTOBER 31, 1990
TO

MY WONDERFUL PARENTS,
ENRIQUE ACEVEDO AND HIRALDA RAMOS

AND TO
MY ENTIRE FAMILY

WITH ALL MY LOVE
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MULTIMODAL TRANSPORT OPERATIONS MODEL OF COLOMBIA

INTRODUCTION

During the last few decades a multimodal transport system and containerization have had a deep effect on the transport industry, its structure, operation and management.

Indeed, a multimodal transport system is characterized by the movement of cargo by the same article of transport from the inland place of dispatch to the final place of delivery, and the whole transport in practice is considered as a single carriage operation by more than one means of transportation.

The concept itself has brought about the alteration of the organizational, logistical and regulatory structure of the transport industry at the national and international levels.

Given that in the transport system can be met a complex organization with many points of interest, certainly, they represented the users, the operators, the social - political system and the government’s wishes. Also this organization involves dependent and separate variables which are influencing and intervening in trade.
For instance, the transport of goods depends on technological, network modes, information and communication and logistical variables and according to Yehuda Hayuth these should be described, as follows:

- The technology of transportation dealing with new types of vessels in international trade; container, roll-on/roll of ship, lash among others, and new designs of cargo handling, other aspects are related to the means of propulsion, what is the most efficient and adequate marine engine and another sub-variable in the arena of technology is given by vehicle size, very large crude carrier, ultra-large, Panamax-size, among others.

- Transport networks refer to links and nodes. The former correspond to transport routes, i.a., rail lines, shipping routes, airways. The nodes represent the intersection points of the network and act as connection point among links, for example, ports, airports and rail terminals.

In the transportation system the main function is to transfer people and goods from one mode to another transport mode where networks represent the supply side of the transportation system so providing the infrastructure for the various modes and allowing the basic conditions for the flow of cargo. The quality of a network is the weakest point in the transportation chain such as, i.a., port activities. These can stop or accelerate transport process depending on the productivity at the specific port.
- The transport modes are means by which cargo is transferred. There is a general classification of the transportation modes, and it is given by five groups, as follows: motor-vehicle land transport, rail transport, water transportation, air transport, and pipelines. Each of them has its own structure. There is competition among them, where specialization is the most common phenomenon that characterizes the most recent joint developments with cooperation between various transport modes. Therefore, the intermodal concept has begun to permeate the transport industry at an ever-growing pace.

- Information and communications are means which are designed for achieving and maintaining administrative and managerial control and becoming a very important essential when there is close cooperation and coordination among transport modes in the movement of people or cargo.

- Logistics, the relationship between logistics and transportation is shown from the distribution point of view. It is obvious that neither shippers nor transport operators can consider transportation and logistics individually. (decision making process)

The selection of routes and transport modes and decisions about the location of an inland container depot or a specific marketing strategy are all part of the same system.
All of these variables shall be considered as a group to analyse and to suggest new changes and improvements in a transport system and consequently to promote the development of multimodal transport.

Furthermore, there are a lot of economical and social benefits derived from this transport system, such as less cost and time, increment of efficiency and competitive level of the transport, increment of the income given by a great movement of cargo and therefore the increment of living standard and any country shall accept the advantages offered by the system.

For this reason the Colombian government is looking for the best way to formulate and implement this modality with the necessary structural and legal instruments to achieve a coordinate development of the transport sectors.

Many studies about structural changes and necessary capacity have been written. Likewise there is a clear idea of the necessity for the regulation of the aspects which are acting in the system such as, i.a., multimodal operator, multimodal document, contract of transport.

It has been demonstrated that Colombia’s transport system needs adequate legislation to accomplish the requirements of multimodal transport system.

For the above mentioned reasons this thesis presents a proposal about two aspects of the multimodal transport
system and according to both the national legislation and International Multimodal Transport of Goods Convention, 1980 which has not enter into force yet.

First is suggested, how to reach the regulation and control of a Colombian multimodal transport operator, and second how to issue and regulate the multimodal transport document to be accepted as unique document to whole carriage of goods.

In addition, given that Colombian transport operates through a complex institutional relationship of separate organizations with their own responsibility and functions and their own budget and financial control, this situation is an obstacle to the execution of an adequate and coordinate multimodal transport policy.

Therefore, a proposal is given for the creation of a multimodal transport advisory body which should design the instruments and make polices to direct and promote the multimodal transport system and it also should give recommendations about the national fiscal and financial policy as well as the essential improvements and promotion of the transport modes for the development of multimodal transport.

This thesis is developed four chapters. The first chapter is entitled Transport in Colombia and it is a description of the maritime, inland, and air transport and the port role in the country. However, this chapter focuses on the
regulation given to each transport sector in the
documentation and carrier responsibility.

The second chapter, multimodal transport, explains the
main concepts, definitions and requirements of this
transport system according to the International Multimodal
Transport of Goods Convention, 1980. Although the
convention has not yet entered into force, this chapter
takes the concepts given in the convention and emphasizes
the multimodal transport document, operator and the
operator’s liability and limitation.

The third chapter takes the information of the two first
chapters and it combines both the actual Colombian
transport system and theoretical concepts given by the
Convention in order to present and suggest a Multimodal
Transport model for Colombia.

This chapter pays attention to only four considerations
such as, the national requirements of the multimodal
operator and his responsibility and limitation, a
multimodal transport document model to apply in Colombia;
procedures in the multimodal transport operation services
and factors and conditions to select the best combination
of transport modes as guidelines for operators.

The fourth and last chapter is entitled The Administrative
Structure of Multimodal Transport Operations. In this
chapter are given the objectives, functions and structure
of an advisory body of the national government and it
should be the machinery for coordination among public and private entities and organizations in the field of governmental policy, regulation and practices relating to logical, and technical matters of all classes affecting multimodal transport.

Finally, it shall be said that the multimodal transport system is a challenge for Colombia and its development depends on the efficiency of the transport services and this characteristic should be achieved with the legal facilitation and regulations which can be given by our national government.
CHAPTER I

I. TRANSPORT IN COLOMBIA

A. MARITIME TRANSPORT.

Colombia's international trade is mainly moved by maritime transport, accounting for 85% of the total trade, its efficiency being an essential goal of the national government.

However, the development of maritime transport has been slow in comparison with big changes in world maritime trade, in fact, the conditions of international and national port management are not adequate to respond to the international trade, as the port infrastructure is out of date, the tariffs and customs procedures are not efficient and there are not administrative and technical limitations on the merchant marine.

A presentation of maritime transport in Colombia on the basis of the above paragraph, make a difficult situation but fortunately there are many ways and methods to overcome these kinds of problems, and these have been applying to meet the required level of international trade.

1. Regulatory Bodies.

The main authority in the maritime transport activities is The Maritime and Port Directorate
which is an organization related to the Defense Ministry as a unit of the Navy Command, and it is in charge of controlling, and coordinating all maritime activities dealing with questions not connected with the commercial side of the ports.

This also includes the pilotage services, hydrographic department, including buoys and lights, and local port procedures.

As a matter of fact, the main functions of the Maritime and Port Directorate can be summarized as follows:

- The direction and control of merchant marine,
- The regulation and control of maritime transport at the international and cabotage level, and, i.e.,
- The control of achievement of the cargo reservation provisions.

At the same time DIMAR has as advisory group, the Maritime and Port Council, which is composed of transport sector representatives.

Also, there is an association at a private level composed of representatives of liner shipping which belong to any maritime conference.

On the other hand, at the international level there is the proposal to follow the recommendations given
by The International Maritime Organization, through international conventions on maritime safety and protection of marine environment.

2. Legislation.

According to maritime activity there are two main legal tools which get the procedures and conditions to operate in the maritime sector.

- Maritime Law Regime.

This regime is included in the National Commercial Code and it deals with questions relating to ships, shipowners and their agents, captain and crew, damage and risk in navigation, search and rescue, freight and chartering contracts, etc.

Furthermore, international conventions and treaties shall be followed, for example the Hague Rules on the carriage of goods by sea.

- Cargo Reservation.

In Colombia this concept gives Colombian shipowners the right to transport a certain amount of specified commodities on international traffic over a determined route.

In any importation of commodities to Colombia these must be applied the cargo reservation
provision, in the case of general cargo transport such an amount accounting for at least 50% and in the case of bulk cargo accounting for no more than 50%.

However, there are some exceptions to the application of the concept, whenever:

- Shipowners do not have the capacity to transport goods in their own ships under technical conditions and opportunities asked by a shipper or consignee.

- The payment of freight is going to have a negative effect on the national economy.

- Military cargo is transported, or in the case of special cargo trade according to international agreement or treaties, like the Andino Plan.

- Raw material is imported to an industrial free zone.

3. Shipping Companies.

The Colombian merchant fleet has 97 motorships which represent 412,321 gross tons and 548,596 deadweight tons. (1)

(1) Lloyd's Register of Shipping Statistical Tables to 1990.
Most of the Colombian fleet belongs to International conferences offering liner service, and few of them are tramp shipping companies.

All their maritime activities are regulated and controlled by the Maritime and Port Authority, DIMAR, whose functions and limits were explained earlier. Among the main shipping companies can be mentioned and included:

- Gran Colombiana Fleet.

The company offers liner services on conferenced vessels; general cargo and bulk liquid cargo are the main products transported by Gran Colombiana's vessels.

The fleet call ports are the United States, Canada, north of Europe and Middle East, the United Kingdom, Japan and the Pacific of South America.

The last data from the company, informs that there are 19 vessels with a capacity of 131,337 tons.

- Agromar lines.

The company offers liner services among the ports of Argentina, Brasil, Mexico, Sudafrica, Australia and the United States and the Caribbean Gulfs.

There are 10 vessels with a capacity of 66,085.5 ton.
- Caribbean Lines.

The company offers services between Miami, Cristobal, Curazao, Aruba, and Margarita island ports. And it has only 1 vessel with a capacity of 1,599 tons.

- Granelco.

This company acts as a tramp shipping company carrying bulk cargo. And carries out its operations with 2 vessels which have a capacity of 36,056 tons.

- International shipping.

The company transfers general and bulk cargo from the Atlantic Coast and the North American Coast to Caribbean and Colombian Atlantic ports.

In the company’s services it has 3 vessels with a capacity of 9,811 tons.

- Interoceanica Shipping.

This company offers a tramp service in the Caribbean, Central America, Venezuela, and Guyana area. There are 3 vessels with a total capacity of 3,785 tons.
B. PORT ROLE.

Port activity can be considered as a way of maritime transport as well as of inland transport, which is very important in Colombian international trade. Colombia has three categories of maritime terminals composed of, as follows:

- Public ports.

They are generally multiports and under the control of COLPUERTOS (1). Ports of Barranquilla, Buenaventura, Santa Marta, Cartagena, Tumaco and Leticia and other specialized ports like Carbocol (cooper) and Ecopetrol port (petroleum) are classified in this category.

- Ports with private operations.

They are built and run by private organizations but they are used by other persons or entities. An example is the port of Uraba, administered by the Banana Union to the movement of its own cargo and goods of the Uraba area.

(1) COLPUERTOS, Colombian Port Authority. On the following page its functions will be explained.
This kind of port can only be built if a government authorization is given, according to the national laws and regulations.

- Private berths.

They only move their own cargo related to their industrial activity, moreover such cargo must be transformed in their own factories.

In this case Colpuertos controls private berth activities and they have to pay port service tariffs which are determined by Colpuertos.

1. Infrastructure.

Due to the importance of the public ports this description will concern movement and capacity of the port of Buenaventura, Cartagena, Santa Marta, Barranquilla and Tumaco.

- Buenaventura port.

It was founded on July 14 of 1540 in the San Buenaventura Day. In 1975 Buenaventura authorities were in charge of the administration of gold and silver produced on the Pacific coast, especially in Choco. For this reason Buenaventura became an important region and compulsory port for a merchant marine activities.
Though the city of Buenaventura lacks importance as a commercial place due to the consequences of two fires in 1981 and 1982 and of two tsunamis in 1906 and 1957.

Nowadays the port of Buenaventura is the most important port on the Colombian Pacific coast and one of the main ports in South America.

The terminal has two complementary areas, one of them for vessels of 32' draft and the other sector is designed for small ships and fishing vessels.

The port is connected with Bogota and Cali by railway and highway, Cali being the nearest commercial city. Moreover, the port belong to Cali Distric and operates by Colombia Port Authority.

- Cartagena Port.

This port is located in the biggest natural port of the north coast of Colombia, belonging to the Bolivar District and being operated by Colpuertos.

Coffee, oil, meat and fish are the main commodities which are transferred by the port reaching in the first semester of 1989 a movement of 203,137 ton of exports and 222,779 ton of imports; from this amount total container movement accounts for 146,502 ton.
Cartagena port is considered the third port in Colombia, but due to its port's services development, this port increased its commercial activities and the number of trade partners as, i.a., Belgium, Costa Rica, Chile, Denmark, Finland, France, Germany, Guatemala, Honduras, Italy, Mexico, Norway, Panama, Sweden, and Venezuela.

As Regards communications, Cartagena is connected by road to Barranquilla where better connection with the main national markets can be found.

On the other hand, there is a joint program between government and private enterprise to build a container terminal to improve the capacity of the port and to face a container era. The proposal is to reduce cost and maximize productivity, as a matter of fact, among others, to facilitate multimodal transport operations.

- Barranquilla port.

The port of Barranquilla is located on the north coast of Colombia and it is administered by Colpuertos.

The main characteristics of this port is its great industrial and commercial activities.

More data about these ports can be seen in the following chart. (chart No 1)
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<td>Panama</td>
<td>40% rail vessels, by sea, by air</td>
<td>Container, Bulk</td>
<td>Handling</td>
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</tbody>
</table>
In general and except for Bolívar and Covenas Ports, the Colombian port infrastructure is not adapted to requirements of the new maritime transport.

In general a small increment in the port productivity is not enough, in fact there is not an adequate installation to containers.

This operations are done with infrastructure designed for general cargo, consequently there is an increment of port cost.

The private berths have a major movement of cargo compared with public ports and they have showed a growth in the volume of cargo transferred through them in the last years.

While the volume of cargo movement is constant on public ports. Such a situation can be seen in chart No 2.

As regards as container trade, there was some adoption of new technology by Colombian vessels and ports, therefore the container movement has increased.

For example and according to Colpuertos's statistics, from 222,000 teu in 1981 to 922,000 teu in 1988, (chart No 3).
<table>
<thead>
<tr>
<th>YEARS</th>
<th>EXPORTS FOB</th>
<th>IMPORTS CIF</th>
<th>BALANCE</th>
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<tr>
<td>1979</td>
<td>3,300.4</td>
<td>3,293.2</td>
<td>67.2</td>
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<tr>
<td>1980</td>
<td>3,945.0</td>
<td>4,662.6</td>
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<tr>
<td>1981</td>
<td>2,956.4</td>
<td>5,199.2</td>
<td>-2,242.8</td>
</tr>
<tr>
<td>1982</td>
<td>3,095.0</td>
<td>5,477.7</td>
<td>-2,382.7</td>
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<td>1983</td>
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<td>3,551.9</td>
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<td>5,024.4</td>
<td>4,228.0</td>
<td>796.4</td>
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<td>1988</td>
<td>5,391.4</td>
<td>5,866.5</td>
<td>-475.1</td>
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<td>5,550.0</td>
<td>5,950.1</td>
<td>-400.9</td>
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SOURCE: DANE. Foreign Trade Yearbook.
INCOMEX, COLOMBIA.
## CONTAINER MOVEMENT
### 1981 - 1988
#### (TEU / TON)

<table>
<thead>
<tr>
<th>PORT</th>
<th>YEAR</th>
<th>EMPTY</th>
<th>LOADED</th>
<th>TOTAL TEU</th>
<th>TONNAGE</th>
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<tbody>
<tr>
<td>BARRANQUILLA</td>
<td>1981</td>
<td>3,890</td>
<td>6,863</td>
<td>10,753</td>
<td>64,857</td>
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<tr>
<td></td>
<td>1988</td>
<td>2,274</td>
<td>3,720</td>
<td>5,994</td>
<td>42,514</td>
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<tr>
<td>VARIATION</td>
<td>X</td>
<td>-41</td>
<td>-46</td>
<td>-44</td>
<td>-26</td>
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<tr>
<td>SANTA MARTA</td>
<td>1981</td>
<td>6,533</td>
<td>6,081</td>
<td>12,534</td>
<td>18,909</td>
</tr>
<tr>
<td></td>
<td>1988</td>
<td>18,999</td>
<td>12,682</td>
<td>23,681</td>
<td>147,218</td>
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<tr>
<td>VARIATION</td>
<td>X</td>
<td>68</td>
<td>109</td>
<td>88</td>
<td>679</td>
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<tr>
<td>CARTAGENA</td>
<td>1981</td>
<td>2,129</td>
<td>4,637</td>
<td>6,766</td>
<td>52,193</td>
</tr>
<tr>
<td></td>
<td>1988</td>
<td>17,299</td>
<td>16,289</td>
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<td>219,069</td>
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<tr>
<td>VARIATION</td>
<td>X</td>
<td>243</td>
<td>249</td>
<td>247</td>
<td>320</td>
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<tr>
<td>BUENAVENTURA</td>
<td>1981</td>
<td>6,614</td>
<td>8,134</td>
<td>14,748</td>
<td>85,995</td>
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<td></td>
<td>1988</td>
<td>13,575</td>
<td>25,582</td>
<td>39,077</td>
<td>362,451</td>
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<tr>
<td>VARIATION</td>
<td>X</td>
<td>185</td>
<td>213</td>
<td>165</td>
<td>321</td>
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</table>

**SOURCE:** The Colombian Port Authority Annual Report.
But this increment is not reflected in less costly operation and it is not also according to Colombian trade development, being one of the least value of container movement in Latin America.

As a wish to overcome this situation, at the moment Gran Colombiana Fleet, the main national shipping company, is building a container terminal in Cartagena port. The capacity of the terminal will be around 100,000 units per year.

2. Regulatory Bodies.

The Colombian Port Authority called "COLPUERTOS", is a decentralized organization which performs as a commercial institution of the state and related to the Public Works Transport Ministry.

Colpuertos was founded in 1959 and restructured in 1980.

The main functions of this organization are the administration, exploitation, preservation and control of maritime and river terminals such as Barranquilla, Buenaventura, Cartagena, Santa Marta, San Andres, Tumaco and Leticia ports and every port which will become state property.
In the case of labour operations in the port building, Colpuertos' activities can be described as follows:

- Through its own terminals, it organizes and supplies services, such as, loading, unloading, moving, storing of cargo and it also provides other port services.

- The construction of a new port facility with private organization's resources or with a government budget.

- The establishment of port tariff services even in its own terminals and private terminals. The right to fix any tariff must be given by a national government.

- The control and supervision of any construction of private building in any port which has been authorized by the Maritime and Port Directorate.
B. INLAND TRANSPORT.

The inland transportation in Colombia is composed of three systems where highway transport contains 95% of the total transport and the railway has 2.6%, while the inland waterways only reach 2% of the total.

At the same time the country is divided into four regions, and each region has the markets located in the main cities of the country, such as Bogota, Cali, Medellin, Barranquilla, and Bucaramanga.

In general, inland transportation becomes essential to national trade and to performance of the multimodal operations.


The motor-vehicle land transportation gave Colombia the capacity to handle a great volume of cargo and in a certain way supplied a major flexibility to transfer commodities according to the real needs presented since commercial trade development.

There are 10 main highways which go through the country from north to south and from east to west, such as can be seen in figure No 1.
These highways connect the main commercial cities and places, being the most important roads Bogota - Cucuta, Bogota - Cali, Cali - Ipiales, Bogota - Medellin and Medellin - Cartagena with a length longitude of 631 kms, 471 kms, 482 kms, 430 kms and 653 kms respectively.

a. Regulatory body.

Companies which offer motor - vehicle land transportation operate as private enterprise under governmental control and supervision of the National Transportation Agency - INTRA -, which is a regulatory agency related to the Public Works and transport Ministry.

The main INTRA's goals and functions are planning, control, directing and executing of governmental policy dealing with questions of motor - vehicle land transportation. Also this entity provides the needed regulations for the constitution of land transport companies.

b. Legislation.

Highway transport is regulated by Decree No 1452 of July 31, 1987 given in the National Commercial Code, which contains provisions to get a work license as a carrier company, liability and responsibilities for them, limitations and documentation.
The required documents for motor-vehicle inland transportation are:

- A cargo order which is issued by the carrier to ask the shipper for delivery of goods to a specified truck driver’s company.

- A note of consignment, which is an international document as evidence of a contract and with no negotiable character.

- Cargo manifest, which is a company’s document for the control of delivery of goods and to facilitate the inspection of cargo by customs and policy authorities.

In the above document are written conditions of payment and delivery cargo to a consignee.

c. Considerations.

Transport tariffs are fixed by market conditions having big variations when the demand for a specified product decreases given any seasonal reason. Moreover there are few organized land transport companies.

In general each carrier runs as a small enterprise, for this reason it presents an over supply under given conditions and dependency on strong demand.
Transport companies can cover any route on the country, but there is a lack of an efficient communication system in order to get information about the possibility of finding cargo not only in the original place, but also in the destination place or along the voyage.

Due to the above mentioned, sometimes trucks make long voyages without cargo creating sub-utilization of capacity. There are not organized companies which can offer an efficient service.

In the relationship with the carriage of containers there are not highway structure limitations. The roads, tunnels and bridges permit the easy transportation of 20 and 40 TEU containers wide and high enough for trucks which can pass without problems of inland ways whenever adequate trucks are used.

2. Inland Water Transport.

There are 17,678 kms navigable rivers, being navigable for 2704,2 kms. The movement of export and import trade are done through Magdalena and Cauca rivers, and Dique Canal.

For cabotage operation there are 2,900 kms of the coast line to transfer cargo among big ports; on the other hand, this kind of transport operation became fundamental to many small ports as a unique mode of communication.
As cabotage navigation is controlled by the Maritime and Port Directorate, and the river navigation is regulated by the Public Works and transport Ministry.

3. Railway Transport.

From the different modes of transportation the railway has made the biggest contribution to the national economy.

Before railway transportation the country was divided into independent regions as it was an impossible for commercial interchange due to a very high cost of movement of cargo from one city to another one, but with a railway the possibility of dealing among different cities with prices becoming more competitive open up.

The Colombian railway system offers a very great capacity for the cargo of goods and long distances with a very low cost.

It is divided into five lines which pass through most of Colombian territory and account for 2,749 km long, such as can be seen in the figure No 2.

There are five lines distributed as follows:

- The central line, contains 14 sub-lines with a total length of 1,271 km.
- The Antioquia line, contains 3 sub-lines with a total length of 218 km.

- The Pacific line, contains 7 sub-lines with a total length of 494 km.

- The Santander line, contains 6 sub-lines with a total length of 402 km.

- The Magdalena line, contains 1 sub-line with a length of 364 km.

a. Regulatory body.

The "Ferrocariles Nacionales" is the organization in charge of control, supervision, and direction, and, regulates all railway transportation activities.

It is a total public service and one of its principles is to establish a freight railway rate formula which is based on long distances and great volume of cargo.

For this reason tariffs are fixed in advantage terms when given these conditions.

There are four kinds of tariffs, namely full, ordinary, special and letter tariffs.

The former is applied when cargo occupies 40% of cargo capacity; the second one is applied when cargo volume is less than 40%; the third one is
applied when commodities have special characteristics and the last one is made when it is presented with special provisions between the carrier and shipper.

D. Air Transport.

Air transport offers special services which can not be compared with other services supplied by the remaining modes of carriage.

This service is characterized by speed to transport products like flowers, animals or fresh food; urgency of products like medicine, papers and films; economy due to less time and cost; satisfying demand, and security given by less risk or loss or damage.

Air transport has shown a major development in Colombia. This can be noted in the acquisition of new and sophisticated equipment with the respective increment of movement of cargo by this mode.

1. Regulatory bodies.

At the national level the Administrative Department of Civil Air Navigation is related to the national government.

The main functions of the department are the direction, regulation, and coordination of all questions dealing with civil air navigation even state or private companies.
FIGURE 2
RAILWAY SYSTEM
At the international level the national air system follows guidelines given by IATA, the International Air Transportation Association. At the same time, it follows the recommendations given by the International Civil Aviation Organization, created in 1944 as a result of a Chicago Convention.

2. Legislation.

Provisions, clauses and procedures are written in the following books which have an obligatory character:

- The National Commerce Code, Chapter on transport.
- The Warsaw Convention signed by Colombia in 1965. This is an international agreement for the unification of carriers responsibilities for the international carriage of goods by air. It prescribes a maximum limits for liability for negligence and a code of uniformity for the carriage of products by air.

Regarding the transport document, there is the air waybill or freight consignment note. It is not a negotiable document in international air transportation, having the following characteristics or functions:

- To be a document as evidence that a contract had been concluded.
- To show that cargo was received in apparent good condition.

- As a bill for transport of goods.

- To show and fix the insurance amount. To show the necessary data to comply with customs regulations.

- To provide guidelines for storing, loading and discharge of cargo, pointing out the destination place and the consignee.

On the other hand, there are two ways to determine air freight transportation. One of these is at international level, where freight rates are given by the IATA Conferences but these are submitted to a national government for its approval.

And the other one is at national level where freight rates are fixed by national private airlines but they are also approved or rejected by the national government.
CHAPTER II

II. MULTIMODAL TRANSPORT.

A. CONCEPT.

Since World War II the transportation industry has experienced many changes especially in three main matters: demand for transportation, transport technology and organization of a transport system.

During the 1950s and early 1960s general cargo trade met many obstacles due to old vessel capacity and not lack of efficiency in port operations. It was clear that there was a need to change to satisfy transport demand, so it came in through technological innovation in cargo handling equipment, in ship design and in port facilities.

The major changes were presented during the 1960s and 1970s with the unitization, containerization, cellular ships, roll-on / roll-off vessels and gentry cranes. Since this period small changes have been placed in the transport system. All of these changes have been set to reach a higher level of efficiency and effective in maritime service.

The transport supply always tries to meet demand by its services. It can not stay fixed and its changes depend on a phase of transport development. At this level multimodality has brought new development and systems where there is an emphasis on containerization and
a network distribution system. The distribution system includes procedures, shippers, ocean and land carriers, ports, inventory control, warehousing and freight, a forwarding organization, and each of them are playing an important role.

On the other hand, such a system involves close cooperation and coordination among these actors. It can be defined as an integrated logistical system or integrated transportation - distribution system.

"INTERMODALITY, consequently is determined as the movement of cargo from shipper to consignee by at least two different modes of transport under a single rate, through-billing and through-liability.

The objective of this mode of transport is transferring commodities in a continuous flow through the entire transportation chain, from the origin to final destination; in the most cost-effective way.". (1)

The concept presents itself the selection of modes of transport which have a relative advantage during the entire journey and it fixes the liability to carrier in a through bill of lading. There is only one carrier liable who is the person with which a shipper made the contract of transportation.

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(1) Yehud Hayuth, Intermodality Concept and Practice, Lloyd's of London Press, 1987, page 10.')
The structure of movement of cargo from an origin place to destination area within a modality system in fact requires intensive cooperation and coordination among transportation modes. Carriers shall operate on the basis of maximizing their profits taking into account requirements and considerations for others' links in the distribution system of transportation. One single mode can not run separately in transport marketing.

As a result in the 1980s it was seen that all modes of transportation were adopted for requirements of the multimodality era, such as can be seen in the chart on the next page. (figure No 3).

Therefore, the cooperation and integration among shipping lines, ports and railways is one of the characteristics presented nowadays and also multimodal companies have been founded or created.

Regards the international level in 1911 the first step to establish an adequate legal framework was made for multimodal operations with the proposal related to the International Code of Freight. (1) However, transportation was left on the basis of unimodal

(1) Faust P. Multimodal Transport in Port Management Textbook - Containerization, 1985, p. 221
FIGURE 3
CARGO FLOW

Through rate
Through bill of lading
Information and data flow

Inland container terminal
CARGO FINAL DESTINATION

River port

Trucks
Dedicated unit train
Scheduled trains
Feeder vessel
Barge

Customs
Marshalling yard
Consolidation

Port

Container vessel
Roll on Roll off
Lash
Multi-purpose ship

Marshalling
Consolidation

Port

Truck
Train
Barge

Cargo jet
Airport

-40-
operations and contracts and multimodal operations were not playing a central role, but with containerization specially since the late 1970s multimodal services became a way to offer a major level of efficiency.

The great step was on May 24, 1980 with the final act of the United Nations Conference on a Convention on International Multimodal Transport of Goods. It was signed in Geneva under the auspices of UNCTAD, following the resolution 33 / 160 adopted by the United Nations General Assembly on December 20, 1978.

B. THE PRINCIPLES OF INTERNATIONAL MULTIMODAL TRANSPORT OF GOODS.

The International Convention certainly is based on the following principles:

- "That the international multimodal transport is one means of facilitating the orderly expansion of world trade.

- The need to stimulate the development of smooth, economic, and efficient multimodal transport services adequate for the requirements of the trade concerned.

- The desirability of ensuring the orderly development of international multimodal transport in the interest of all countries and the need to consider the special problems of transit countries.
- The desirability of determining certain rules relating to the carriage of goods by international multimodal transport contracts, including equitable provisions concerning the liability of multimodal transport operators.

- That the Convention did not affect the application of any international convention or national law relating to the regulation and control of transport operations.

- The right of each state to regulate and control, at the national level, multimodal transport operators and operations.

- The need to have a regard for special interests and problems of developing countries, for example, the introduction of new technologies, participation in multimodal services by their national carriers and operators, cost efficiency, and maximum use of local labour and insurance.

- The need to ensure a balance of interests between suppliers and users of multimodal transport services;

- The need to facilitate customs procedures, giving due consideration to the problem of transit countries "(1)"

According to the convention, international multimodal transport involves the carriage of goods by at least two different modes of transport on the basis of a multimodal contract of transportation for the movement of commodities from one country at which the goods are taken by multimodal operator to a place designated for delivery which is located in a different country.

There are three elements in the system, first, two or more means of transport must be used to transfer goods; second, goods are carried from one country to another country.

The third element points out that the contract is given by a multimodal transport operator who has plenty of responsibility having freedom to choose transport modes for the carriage of goods and he must comply with an applicable law of the country where he operates.

The convention also appoints shippers, multimodal transport operators and national authorities to be consulted about the introduction of any new technology related to this transport concept.

On the other hand, this convention shall not affect or be incompatible with the application of any international convention or national law, giving each state the right to regulate and control, at the national level, multimodal transport operations and multimodal transport operators.
C. LEGAL STRUCTURE.

The multimodal transport system involves a multimodal contract whose main actors are the consignor or shipper and the multimodal transport operator (MTO).

There is complete freedom of contract between the consignor and the MTO who may subcontract with other carriers on the modes of transport selected.

In fact a "Multimodal Contract means a contract whereby a multimodal transport operator undertakes, against payment of freight, to perform or to procure the performance of international multimodal transport" (1)

"Consignor means any person by whom or in whose name or 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". (2)

The central point of this contract is to perform and procure the transport of cargo from a place of origin to a destination.

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(1) (2) International Multimodal Transport Convention, 1980, p.1
This new idea can be noted in the last part of the Article 1 of the convention, where it is described that "the operations of Pick - Up and delivery of goods carried out in the performance of a unimodal transport contract, as defined in such contract, shall not be considered as international multimodal transport."

Nowadays, the carriage of goods is based on transport contracts whose essence are the transport of goods, and a shipper and a carrier(*) are acting as principal parties, but generally a freight forwarder is intervening for the proper selection of the carriage.

The freight forwarder is a person who works on behalf of the cargo owner and depending on the destination, he fixes different transport contracts in different modes of transport for the cargo owner.

The cargo owner will sign a contract with each carrier responsible for the cargo during the carriage by his own transportation mode.

( * ) Shipper is any person by whom or in whose name or on whose behalf a contract of carriage of goods has been conclude. He is the person, company or agent who provides the goods for dispatch.

Carrier means any person by whom or in whose name a contract of carriage of goods has been concluded with a shipper. He is the person who provides the transport service which may be by rail, road, ship, air, hovercraft or canal.
There is another possibility. A freight forwarder \ carrier who, is a person acting on behalf of a carrier, will sign a contract with a shipper on one stage of the carriage. Furthermore that carrier can sub-contract as necessary, other means of transport for the shipper acting as his agent.

The different contracts of transport, held between shipper and carrier or shipper and forwarder \ carrier or carrier and other carriers, are governed by the relevant convention to each mode of transport, namely as follows:

- The Warsaw Convention ( 1929 ), it is related to transport by air, as amended by the Hague Protocol in 1955, it is only applied by air journey.

- The Convention on the Contract for the International Carriage of Goods by Road ( 1956 ), it is known as C.M.R. Convention.

The convention is statutory to every contract for the carriage of goods for reward by road loaded where the place of taking over the goods and the place of delivery are in two different countries of which one at least is a country which has adopted the convention. Where part of the journey is by sea, the whole journey will be governed by the C.M.R. provided that the goods remain loaded in the road vehicle while they are on the ship.
The International Agreement of Railway Transport (1961) is known as C.I.M. relating to the carriage of merchandise by rail.

The International Convention for the Unification of the Certain Rules of Law relating to Bills of Lading (1924), as amended by the protocol signed at Brussels (1968) on the carriage of goods by sea.

Due to the different types of contracts and relationship between shippers, carriers and freight forwarder, the multimodal transport system becomes one of the best solutions for the carriage of goods.

Therefore in the commercial transaction the overall transport is the primary responsibility of the multimodal transport operator. The MTO is linked to the consignor / cargo owner by a contract which does not exist between him and the actual carriers of the goods.

D. MULTIMODAL TRANSPORT OPERATOR. MTO.

1. Concept.

According to the International Multimodal Transport of Goods Convention a "Multimodal Transport Operator, MTO, means any person who on his own behalf or through another person acting on his behalf concludes a multimodal contract and who acts as a principal, not as an agent or on behalf of the consignor or of the carriers
participating in the multimodal transport operations, and who assumes responsibility for the performance of the contract".

In other words and in general form it can be said that under the convention a multimodal transport operator is a person who is in charge of carrying of goods by two or more means of transport to which he issues one transport document for entire process of carriage.

2. Kinds of multimodal transport operators.

There are different types of multimodal transport operators, but generally they are defined as four main groups, namely: owner vessel common carrier, non-owner vessel common carrier, non-owner transport mode and multimodal transport organizations. (1)

The group called Owners Vessel Cargo Carrier, is composed of companies which offer services as shipping companies and furthermore they assume responsibility for bringing the cargo to the delivery place. They act as owners of ships but at the same time they contract the others needed transport modes in the distribution process.

(1) United Nations Conference on Trade and Development, Directory of Services for Technical Assistance in Shipping, Ports and Multimodal Transport to Developing Countries, 1984
That is the case when a shipping company increases the range of its services. In fact, its function is the carriage of goods by sea, but given competition levels and to comply with transport demand, the scope of a company's activities is extended, therefore the company makes arrangements to get land or air transportation of the commodities but it does not appear as owner or operator of these contracted means of transport.

Consequently, these companies make transport contracts with land or air transport companies, an independent contract in which a MTO is party and the shipper acts as non-member of this contract.

On the other hand, sometimes the entire transportation system requires that the storage of goods by which the shipping company which acts as multimodal operator shall make all arrangements to store cargo for the needed time.

The second group Non-Owner Vessel Common Carriers, is composed of companies of people who are not owners of any maritime transport, in fact they are not owner of any marine transportation means but they contract a maritime service or another transportation service to achieve the movement of goods door to door.

They often appear as owners of a single mode of transportation in the place of voyage, for example, owners of trucks providing land transportation.
The third group is composed of operators who are not owners of any transportation means, as a result they must ensure the carriage of goods from a country to another one through contracts signed with transport companies which will be used during the distribution process.

At this level a freight forwarder or forwarding agent is included, as well as customs companies in charge of clearance of transport documents.

The fourth and last group is given by organizations which act as multimodal companies, providing services of multimodal transport without being owners of means of transportation.

This group is similar to the third group but the main function of these companies is to offer multimodal transport within international and national trade.

Under this categorization is presented the option of the development of multimodal transport in developing countries, due to great investments which are not required. In addition, the multimodal transport operator has the option to choose the best combination of transport modes to satisfy a shipper’s demand and also in order to obtain an efficient and effective service.

On the other hand, multimodal transport companies shall try to have a certain control through a big volume of cargo in order to reach satisfactory
contracts with maritime and land transport carriers. In fact, the capacity to get cargo will fix or influence the contract condition as regards transport’s prices or freight.

E. THE MULTIMODAL TRANSPORT DOCUMENT.

An ocean bill of lading, an air waybill, rail and road consignment notes are issued when deals with the transport of cargo by a single mode of transportation.

However, the use of a series of separate single documents has been changed by a "through start to finish transport document", because it has been increased the offer of a transport service from an origin to a destination.

This document is given by the person, company or agent who provides the transport and he will act as a principal in a transport contract.

In 1973, the International Commerce Rules, ICC Rules, were given to regulate the carriage of goods by different modes of transport and to avoid the issue of many documents in a combined transport operations.

Before the multimodal convention entered into force the ICC Rules will continue to be used, furthermore, the convention itself takes into account the general provisions given by the ICC rules. Therefore it is very important to explain some aspects relating to the use of these rules.
According to the ICC publication concerning combined transport document, there are basically three ways in which the rules are applied in practice.

"The first concerns standard combined transport documents elaborated by international organizations and bearing on their face the heading "negotiable (or non-negotiable) combined transport document issued subject to Uniform Rules for a Combined Transport Document (ICC publication No 298)". This is the case, for instance, with the COMBIDOC, and with FIATA. By this method a combined transport operator who uses these documents shall be subject to ICC Rules.

The second method for application is by individual combined transport operators who do not use a standard set of provisions but who nevertheless draft their conditions on the basis of ICC Rules.

The third way in which the rules are applied is by individual combined transport operators who draft their conditions on the basis of ICC Rules but also who make no mention of this fact on their document."

These rules are standard rules and not standard conditions, therefore these can be used as such in a combined transport document but many of them have to be adopted to put them in the form of the contract conditions. "(1)"

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In the convention the multimodal transport document is defined as a document which evidences a multimodal transport contract, the taking in charge of the goods by the multimodal transport operator, and an undertaking by him to deliver the goods in accordance with the terms of that contract. (Article 1, the Multimodal Convention).

1. Characteristics.

In the carriage of goods agreement under multimodal terms, the carrier or the person acting on behalf of him must issue and sign a multimodal document which can have a negotiable or non-negotiable character depending on the consignor's requirements.

A negotiable document shall be made out to order or to a bearer. The first one implies that such a document can be transferable by endorsement, while the second method makes a document transferable without endorsement.

The MTO shall demand the presentation of the negotiable multimodal transport document (duly endorsed when it is necessary), to the delivery of goods, once it has taken places the MTO shall be discharged from his responsibility.

In the case of a non-negotiable document where the consignee's name is indicated, the MTO shall be discharged from his responsibility when he delivers the goods to such as consignee.
2. Contents.

The multimodal transport document should contain the following items:

- General nature of the goods, such as weight, the number of packages or pieces, the character of the goods, etc., details expressed by the consignor.

- The apparent condition of the goods.

- Identification of MTO.

- Name of the consignor.

- Name of consignee when it is fixed by the consignor.

- Place and date when the MTO shall be in charge of goods.

- Date of the period of delivery of goods.

- Indication whether the document is negotiable.

- The place and date when the document is issued.

- The MTO's signature of his representative.

- The freight for each mode of transport.
- If the intended journey route is known places and date of transshipment should be indicated.

- The provision by which it is established that the document is a subject of a multimodal convention.

- Any agreement made by the parties, if not inconsistent with a law where the multimodal document is issued.

When MTO does not receive all needed information to determine the conditions and character of goods, he shall express such as situation on the document as a reservation specifying these inaccuracies, grounds of the absence of reasonable means of checking.

3. Functions.

The main functions of the document should be grouped into three big areas. The first aspect is that the multimodal document is evidence that the goods have been taken in apparent good condition by a MTO.

This function is very important function because the document becomes a receipt for the goods, and it is very strong proof against the carrier in the case of claims for loss or damage of the goods.

At the same time, it is evidence that a contract was concluded previously among the parties, and when the document is issued as negotiable paper this represents a document of title of goods.
4. Other Considerations.

When the MTO writes on the document false information or omits very important data, he will be responsible without the benefit of limitation for any loss or damage to the goods.

At the time that the cargo is taken, the consignor shall give a MTO all information relating to the goods, i.a., nature of goods, their marks, number, weight and quantity, and in the case of dangerous goods, all requirements for their transportation.

If there is any loss or damage to cargo due to inaccuracies in or inadequacies of the information given by the consignor, he shall indemnify the MTO against such damage or loss.

On the other hand, one of the main characteristics of the document given by its use does not preclude the issue of other documents relating to transport or other services involved in international multimodal transport. Even if these other documents are issued, they shall not affect the documents legal character.

On the other hand, when the MTO is not sure about good conditions of cargo he can express in written form on the document that the goods are not apparently in good condition, this is put as a clause in the document.
Under this situation some financial problems arise, due to banks not paying a shipper when he presents a MTD which contains this clause, because there is a third person involved in the process such as the consignee who is going to claim for compensation against bank and shipper.

The bank is playing a very important role here. It is a representative of the consignee so he can not accept a document under these conditions, therefore the shipper shall ask a carrier for a clean document and the carrier will ask a shipper for a back letter (letter of indemnity) which protects carrier from the claims which will arise for damages or loss of cargo.

F. MULTIMODAL TRANSPORT OPERATOR’S RESPONSIBILITY AND LIMITATION ON THE CONVENTION.

In the common flow of movement of cargo, each transport company only accepts this responsibility when the loss or damage to cargo occurred in its own mode of transportation.

It is the case, for example, with shipping companies where a shipowner assumes his responsibility under the received cargo but he only admits his responsibility during the period that such cargo is transported in his own vessel. In fact, any claim must be brought against the shipowner even if the transport mode vessel is under chartering contract.
The procedure to determine who was the liable carrier, according to the time in which cargo is damaged or lost, is the main problem and on the basis of this matter many solutions have be given to protect shippers in these cases.

One of the most important achievements is shown in the Hamburg Rules by which the shipowner's responsibility is extended but his liability is limited until the delivery of goods to customs officers when a required inspection due to national rules in some countries is applied.

But before and during XVIII and XIX centuries British legislation gave the shipowner whole responsibility for the carriage of cargo without limitation. However, contracts of transportation were made on the basis of free negotiation and exception clauses. This freedom permitted a carrier to write many exception clauses on bills of lading, giving carriers the possibility to limit and sometimes avoid their responsibility.

For this reason how the risk in transport process was distributed among carriers, shipowners and cargo owners can be explained.

Later on, international conventions and national legislation gave regulations by which this practice has been controlled.
Nowadays, there is specified legislation for each mode of transportation, air, highways, railways and sea transport in which the principle of responsibility is given to a carrier who is entitled to limit his liability under certain considerations.

For example, for the carriage of goods by sea and in order to establish the liability or how much a carrier has to pay, there were the Hague Visby Rules (1924), and the stipulations given in the charter party contracts. The Hague Visby Rules are compulsory and they are related to bill of lading. In fact, they lay down that any carrier is liable for the cargo from the time that goods are loading to the time that goods are discharged. This rule is called "Tackle to Tackle" period.

In addition, the Hague Visby Rules presumes that carriers are not liable for any loss or damage of cargo in the case of error in navigation, management of the ship and fire.

Others examples are the C.I.M. Agreement, the Warsaw Convention, and the C.M.R. Convention, all of them apply a strict liability by which the carrier will be responsibility for the cargo from the time that he takes the goods in his charge to the time of delivery.

1. Responsibility and Limitation Right.

Nowadays, carrier responsibility legislation varies from one mode of transport to another, and it is one of the problems to establish an
international uniform regulation for multimodal transport as regards carrier liability.

The first steps were given by the International Maritime Committee and the Rome Institute for the unification of private legislation. They fix the carrier liability depending on the place of the occurred damage or loss. In this way the first thing to do was to determine in what part of the whole transportation system goods were damaged or lost, and then transport means regulation should be applied.

The system is called the "Responsibility Principle of the System". Latter on the Tokio Rules were established that applied the same principle but once the stage where goods were damaged or lost was located, the International Convention related to the mode of transportation should be applied.

This means that international conventions which have a compulsory character shall be used to find the rights and obligations to carrier and shipper, therefore, liability and limitations will depend on transport mode by which goods were transported at the moment of damage or loss.

The above mentioned process did not permit the establishment of the amount of limitation and clear liability when a contract was made, consequently it was another consideration in the Multimodal
Transport Convention by which the responsibility and limitation to carrier is independent of any responsibility under signed transport subcontracts.

In the Multimodal Transport Convention, the situation is simplified due to MTO who will be responsible for delay, loss or damage of goods during a whole period during which he is in charge of the cargo, without the identification of the actual carrier, so a shipper or owner of the cargo must make his claims against the responsible operator for the cargo.

As a matter of fact, "the MTO shall be liable for loss resulting from loss of or damage to the goods, as well as from delay in delivery, if the occurrence which caused the loss, damage or delay in the delivery took place while the goods were in charge" (Article No 16, The Multimodal Transport Convention).

At the same time the principle of fault or neglect is held on the MTO by which he will not be liable if the proof that he, his employees or his agents had adopted or token all measures that could reasonably be required to avoid the occurrence and its consequences.

Once it is determined that a MTO is liable, his liability shall be limited to an amount not exceeding 920 units of account per package or other
shipping unit or 2.75 units of account per kilograms of gross weight of the goods, whichever is the higher.

In addition, when damages or loss to the goods occurred during one particular stage of the multimodal distribution where the provisions of the Multimodal Convention are determining an amount of limitation less than another one fixed by a mandatory national law or an applicable international convention, the Multimodal Convention gives a shipper the opportunity to use other regulations to obtain the higher compensation.

2. Period of Responsibility.

It should be mentioned that under the Hague Visby Rules the period of responsibility will start from the moment that a vessel takes cargo and it will finish when goods are unloading in the port of destination. ( tackled to tackled period ).

Then in order to have a major range of responsibility, the Hamburg Rules extended the above concept and scope from the moment that the carrier is in charge of the cargo until the moment in which he will not be liable for the cargo, in others words until the moment that cargo is delivered. ( Article 4 Hamburg Rules ).
Consequently, in the Multimodal Convention the aforesaid principle is applied "The responsibility of the multimodal operator for the goods under this convention covers the period from the time he takes the goods in his charge to the time of delivery". (Article 14, Multimodal Transport Convention).

Generally the MTO has cargo terminals in the port of destination where goods will be received and then they will be delivered to a consignee, therefore the multimodal transport operator will finish his responsibility for damages and loss or damage of cargo.
CHAPTER III

III. MULTIMODAL TRANSPORT MODEL OF COLOMBIA.

A. MULTIMODAL TRANSPORT OPERATOR.

1. National Requirements.

The multimodal transport operator is a new actor in the transport system, and he acts as a main person in the contract of transport assuming the task to look for all needed modes of transport and storage facilities to transfer goods according to conditions given in the multimodal contract.

Regarding this concept and the conditions given in chapter II about the multimodal carrier, it should be stressed that any MTO shall have the capacity to offer a service "door to door" through transport subcontracts and the supply of other services such as packing and storing of the cargo when this service is required by a consignor.

In Colombia the concept is applied and there are some organizations which are acting as multimodal operators but under individual responsibility for each transport carrier, and sometimes they assume the whole responsibility for loss or damage of cargo as a response to a consignor's requirements.
Therefore, it can be said that these organizations (in general shipping companies) are doing multimodal practice under an non-defined legal operator concept.

These companies can be classified into two groups, the owner vessel common carrier and the non-owner vessel common carrier.

The first group is composed of shipping companies which can be national, multinational or foreign companies but this group is generally represented by exporter companies making their own multimodal operations for their cargo.

The second group is represented by air companies, national and foreign companies and owners of land transport means, and by exclusive multimodal companies without being owner of any transport mode, such as was described in chapter II.

In fact the National Commerce Code allows carriers’ companies to offer a single or multimodal service (1) without separating his responsibilities and conditions. As regards the liability topic it will be discussed in the following part. Now attention will be given to the conditions of being

(1) Colombia National Commerce Code, Article 985 and 986, page. 236, TEMIS Publication.
a multimodal transport operator and providing him with a license of operation to give him a legal character.

According to the guidelines of the United Nations Convention on Commerce, Trade and Development, UNCTAD, and given the legal situation in Colombia, the entity or organization going to give the multimodal operator license, shall ask an operator for the following conditions:

- The person or company interested in offering a multimodal service shall have a very great financial capacity needed to cover and accomplish this compromise and responsibilities for his clients.

So, the company shall have a very high amount of capital for investment and also very effective working capital. (* *)

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(* *) Working capital: the capital available for conducting the day to day operations of an organization; the excess of current assets over current liabilities.

Investment capital: It refers to the first amount of money to support the whole operation in any activity.
- The multimodal company or association must at least have an amount of social capital accounting for 60% of national citizens.

- The multimodal operator, as a company must prove its structural and logistic capacity to reach the achievement of its objectives, such as, experience, skilled personnel, propriety or control of transport modes, and, i.a., propriety of facilities to obtain a place for packing and storing cargo.

- In the case of a foreign company, this must have national companies' branches to running in the country.

- Furthermore, the company shall have a commercial and financial category in its documents to be accepted by banks and other entities into the country and at the international level.

In addition, national legislation should have competence and knowledge of the registered company in the countries in which the company runs as multimodal operator, at the same time as the routes, and responsibilities, and regulations relating to insurance and inland transport.
2. Responsibility, Liability and Limitation.

a. Responsibility.

There are two aspects which must be considered to give a uniform rule related to the carrier's responsibility and limitation in the carriage of goods.

The first refers to a human business attitude, like general rule, shipping companies, terminal operators, stevedores, etc. try to avoid fixing their responsibility and limit this to a very low level.

The second refers to the national responsibility legislation which varies from one mode to another.

As a matter of fact, concerning liability of sea transport the Colombian legislation establishes carrier's responsibility on the basis of fault or neglect on the part of the shipowner, carrier, his servants or agents or any other person acting on behalf of him, given as exceptions the error of navigation, management of the vessel and fire. (1).

(1) Colombia National Commerce Code, Article 1066 and 1067.
For the other means of transport there is strict responsibility to carrier unless when the damage or loss is caused by the shipper, by the cargo's characteristics or by any exceptional, irresistible and inevitable event.

Taking into account these considerations and keeping the principle that any multimodal policy shall not affect or be incompatible with international conventions or national law as regards a regulations and control of transport operations, an uniform rule of responsibility and limitation of the multimodal transport operator can be suggest.

The scope of the national regulations permit fixing the whole responsibility on the MTO, due to this regulation laying down that the carrier must transfer goods in good condition to an agreed place and time, also, the carrier shall move the cargo by the transport means given on a transport contract.

Also the national legislation allows the carrier to be in charge of the whole or part of the movement of goods to other carriers, but the responsibility is remained to the carrier who celebrates a contract with the consignor.

In spite of that, there is not contradiction to apply the general rule given to a multimodal transport operator by which he can offer his services including all means of transport which
are necessary for the movement of such cargo from the time of taking the goods in charge to the time of delivery, and he accepts responsibility for such transport.

Due to the principle that the carrier responsibility start at the moment of taking the goods in the place determined by the consignor, is not clearly defined in the national regulations, as a result, the concept should be added. Therefore, the carrier will be responsible for during whole period of the transport process.

Also, the MTO must accept his responsibility for acts and omissions of his agents or servants, when they are acting in the accomplishment of their tasks as employees of the operator. At the same time, he assumes and accepts responsibility for acts and omissions of any other person whose services he uses for the achievement of the transport contract.

b. Liability and limitation.

The National Commerce Code stated that the carrier who is liable for loss or damage of cargo and for delay in the delivery of cargo, must pay the consignor a compensation according to the amount of limitation fixed for each mode of transportation. (1)

(1) The National Commerce Code, Article 922
The rule permits the application of the regulations given in the Multimodal Convention, taking into account and making emphasizing that the multimodal operator has the right to limit his liability except if it is proof that the damage, delay or loss of cargo was caused by:

- An act or omission of the consignor or consignee.

- A person who is not a representative of the multimodal operator but such a person is in charge of handling, loading, stowage or unloading of the goods.

- Inadequate or defective conditions of the marks, likewise inherent vice of the goods.

- Any irresistible, inevitable and exceptional reason.

Then the amount of limitation will be equal to nine hundred and twenty (920) units per package or two point seventy five (2.75) units per Kilogram, whichever is the higher.

Regarding procedures to determine the liability for loss or damage of goods among the carriers who have transported goods, and in order to solve the conflicts of responsibility, each carrier should be liable for damage or loss
occurred during transport by his own means of transportation. On the other hand, when it is not possible to define in which stage of the whole transportation system the cargo was damaged or lost, the liability shall be shared and the payment of the compensation will be distributed in equal parts among different carriers who were participating.

It shall be noted that the aforesaid paragraph deals with the relationship between multimodal operator and the other carriers.

B. MULTIMODAL TRANSPORT DOCUMENT MODEL TO APPLY IN COLOMBIA.

1. Considerations.

In Colombia each transport mode has its own document for carriage of goods, such as an ocean bill of lading, an airway bill, rail or road consignment notes.

Such documents must be given by the carrier who is contracted to the transport operation and his responsibilities and limitations are written in the National Commerce Code in questions relating to damage or loss of cargo.

In addition, such documents contain the conditions or contract terms and they are based on national law and international conventions concerning each mode of transport.
Talking about the multimodal transport document and its implementation in Colombia, it is important to suggest an elaboration of an adequate document taking into account that the document can be negotiated or not during the journey depending on a consignor's wish.

There is a serious contradiction when goods are carried by air, rail, and highway transportation, by which it is used as a way bill (non-negotiable document), therefore the national regulations given to air and land transportation should be modified in this matter and should acquire a new concept as a multimodal document to coordinate among transport modes.

In fact the Multimodal Transport Convention gives the option to choose between negotiable or non-negotiable documents, because the goods are not often sold, especially when they are moved by air and and, due to short distances and time employed.

But to deliver goods it is necessary to present an accepted document from a contract parties, and this will be required by the carrier delivering the cargo.

The problem starts when the goods arrive before that the document's negotiate character arrive to the consignee, who needs to present the original document to obtain his cargo.
There will be a congestion problem and goods must be brought to a warehouse until that original document has been given.

To avoid these kinds of inconveniences it should be regulated by the national authorities, many recommendations have arisen.

For example, the International Commerce of Chamber modified the INCONTERMS and added two new concepts to replace free on board term - FOB, cost and freight terms - C&F, and cost insurance and freight term - CIF, which determine the presentation of original documents at the moment of delivery of goods.

Consequently, the Chamber of Commerce introduced the following terms, Free carrier to named point FCA, and Freight/carriage paid to named destination, CPT, and, freight/carriage and insurance paid to named destination, CIP.

All of them permit a MTO in charge of goods from the place that these goods are taken instead of on board the vessel, so the process become less complicate and reduces the demand for negotiable document at the moment of delivery.

Also, many commercial terms, which are used in the import and export documents, are not much applied the transfer of containers when there is a movement "door to door" or from shipper to consignee.
Therefore, there were given other INCONTERMS, which make easy the transportation under a multimodal system and the containers use.

For the major scope of the concept, the new inconterms are defined as follows:

- Free Carrier ..... named point (FCA) " the FCA term could be used whenever the seller should fulfill his obligation by handing over the goods to a carrier named by the buyer ". (1).

As regards the concept, it is similar to a FOB term in which the carrier assume his liability over cargo when the commodities are put on board, from this moment he is in charge of the cargo.

But the new concept has a major scope because the carrier is taking the cargo at the place fixed by the shipper and the carrier become responsible for any loss or damage of cargo at this moment and his responsibility will finish when he has delivered cargo at the destination.

(1) INCONTERMS 1990, page 10, The International Commerce Chamber.
- Delivered duty paid - DDP.

"The seller is responsible for the arrival of goods at the agreed place or point of destination, the seller must bear all risks and costs in bringing the goods thereto...... and the seller has delivered the goods cleared for import". (1)

- Freight / carriage paid to named destination term - CPT.

"The seller must contract for carriage on usual terms at his own expense, a point up to which he would have to pay transportation cost must necessarily be indicated". (2).

However, for any damage or loss the buyer shall make claims against the carrier instead of the buyer who did not assume this risk under this kind of contract.

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(1) INCONTERMS 1990, page 14, The International Commerce Chamber.

(2) INCONTERMS 1990, page 11, The International Commerce Chamber.
- Freight / carriage and insurance paid to named destination term. - CIP.

The use of this concept applies the CPT term conditions and in addition the seller must take out insurance and bear the insurance cost.

On the other hand, there are other examples of new recommendations and projects which try to overcome the documentation problems. It is the use of liner ways bills or sea way bills which are not negotiable documents and can be transferred by electronic means.

But these receipts do not represent the title of the goods and the cargo shall only be delivered to the named person in the document.

In addition, due to problems with documentary credit operations there were some solutions associated with the credit calls for a transport document, as a result, when the carriage of goods involves a combination of more than one mode of transportation, a combined transport bill of lading is given.

The combined transport document ICC is a negotiable or non-negotiable document evidencing a contract for the performance of multimodal transport of goods.
This document is a receipt for the goods and when it is in negotiable form constitutes a document of title to goods and as well it can be used to support an insurance claim.

2. Colombian Model.

Considering the aforesaid and basis of international recommendations and the national law applied to the carriage of goods, such as described in chapter one, there are no conflicts in using a model similar to a combined transport document by which the issuer of the document is responsible for the whole transit, whether by sea, land, rail or inland waterway.

Consequently, the document which will support multimodal operations in Colombia must constitute the functions and characteristics suggested by the International Multimodal Transport Convention and it is required that the document indicates the place of origin or delivery of goods, and it also includes the transshipment that will be dealt with.

Therefore, the document itself must provide the needed information for transport of cargo and it must also represent commercial and financial aspects, such as, receipt of goods, evidence of contract and title of the cargo when it is in negotiable form.
According to Colombian legislation, the proposal as a multimodal document should contain the following:

- Name and address of the multimodal transport.
- Name and address of the owner of cargo or his agent.
- Name and address of the consignee.
- Identification marks and numbers shown on individual packages and container numbers.
- Description of the nature of goods, weight, measure, and value.
- Freight rates and other expenses to transfer the cargo.
- Modes of transportation and possible date of transshipment.
- Place's name and date to take of cargo.
- Place's name and date to deliver cargo.
- Signature of the multimodal operator or his agent.
- Description of negotiable or non-negotiable documents.

A model of the document can be the following:
# Multimodal Transport Document

<table>
<thead>
<tr>
<th>Code Name:</th>
<th>MULTIMODAL TRANSPORT DOCUMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consignor</td>
<td>ISSUED BY THE ...</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Consigned to Order of</th>
<th>Negotiable</th>
<th>Non - Negotiable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Notify Address</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Place of Receipt</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Ocean Vessel</th>
<th>loading port</th>
<th>Subcontractors' Names Carriage Land/Air</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Discharge Port</th>
<th>Delivery Place</th>
<th>Date of Subcontract Land/Air</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Marks and Nos.</th>
<th>Quantity Goods</th>
<th>Description</th>
<th>Gross weight kg</th>
<th>Measurement Cubic Meters</th>
</tr>
</thead>
</table>

Particulars Above Declared by Shipper

<table>
<thead>
<tr>
<th>Freight and Charges</th>
<th>DECLARATION FOR EXCEPTION OF CARGO IN APARENTLY GOOD CONDITIONS</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Freight Payable at</th>
<th>Place and Date of Issue</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Number of Original Transport Documents</th>
<th>Signed for Multimodal Transport Operator</th>
</tr>
</thead>
</table>
With the performance of this document there a need to modify the National Commerce Code in the part dealing with transport documents issued by the carrier as a receipt for the goods and evidence of a transport contract (Article 767 and 1008).

In the topics and matters before appointed, making emphasis that the use of the only one document MULTIMODAL TRANSPORT DOCUMENT to the whole journey, and fixing a directly responsibility to the person who issued this.

On the other hand it should be noted that, the document will reflect the relationship between the multimodal transport operator and the consignor, and it will constitute an essential document for any commercial and financial activity between them.

The issue of other needed documents is permitted regarding transport of cargo dealt with between the MTO and the consignor.

In spite of that, these documents will reflect a new relationship between the MTO and other single carriers through the utilization of single transport documents and under the actual national legislation by which in the case of combined or multimodal transport to each transport mode will be applied its own regulations.
C. PROCEDURES IN THE MULTIMODAL TRANSPORT OPERATION SERVICES.

The type of services offered by multimodal operators can vary from company to company or from country to country, and can also be in containers, cellular cargo of bulk cargo, and can be "door to door" from the consignor’s place to the consignee’s place; port to port, etc., but in general the service procedure should include the following steps:

- In the case of fuel container load (FCL). The consignee or the person who acts on behalf of him make the package of cargo and delivers the container in the depot indicated by the multimodal operator.

However, some operators offer to pick up the container in the container station or in the place indicated by a consignee when there is an importation.

Under the system described above the MTO normally does not make an inspection of packing although they use to give this service when required by a consignee.

- When cargo is partially packed in a container, it is called Less Container Load (LCL) and the MTO always supervises the packing process although sometimes their agents can do this work of controlling, and it is done in a container station and the same procedure shall be given in the destination place.
Generally the container station should be located near the berth called by the vessel which is going to carry the container. On the other hand if the packing process is made in a transit place or intermediary place between the station and consignor place the MTO assume such containers to be Fuel Container Load.

- In order to comply with customs procedures, there is often a special place located near or in the container station as an internal depot.

Generally these classes of services as an exportation and importation process are given by a consignor’s agent but this service can be given by a MTO under common agreement with the consignor.

- Once the transactions above are reached, and the multimodal transport document is issued by a MTO or its agent, it is necessary to note that this document which is issued can be a negotiable or non-negotiable document according to a consignor’s requirements.

- Some forwarders can issue a document which includes the characteristics of the cargo as evidence of the contract to an individual consignor, and then they will make a contract with a MTO.

In this way forwarders get a FCL of an individual LCL which they have gotten from individual consignors. As
a result they will obtain better prices for FCL containers and in this case forwarders will be a consignor person to a MTO and a MTO to his consignor.

As the to transport document is issued in forwarder’s name, he is the person who is going to receive goods of the destination and then he will realize an individual consignee’s cargo when the acquired bill of landing is presented by a consignee or his agent.

- At the moment that a MTO receives and accepts a shipper’s cargo and has given it over, the MTO must book reservation of cargo space in the different transport means which will be used to ensure the arrival of cargo to a destination place.

On the other hand, under this contract the MTO acquires a very great level of responsibility, as a result of which he shall take an insurance to protect from claims which can be given due to his responsibility in the case of damage or loss to the cargo.

The insurance can be obtained in insurance companies or clubs which protect maritime operators. Nowadays there is as an insurance company, the Through Transport Club, in which a premium is fixed depending on many variables that reflect a company’s operations and casualties.

The following flow cargo graph gives a clearer idea of the general procedure service.
GENERAL PROCEDURE SERVICES

EXPORTS FLOW

DOCUMENTS

CARGO SPACE

CLIENT'S REQUEST CARGO SPACE

BOOKING

MOVEMENT ORDERS

INFORMATION PACKING

PACKING DECLARATION

CARGO DATA

COMPUTER SYSTEM

ISSUE DOCUMENTS

MANIFEST

CONTAINER TO CLIENT

LOADING CONTAINER

LCL

TRANSFER TO TERMINAL

LOADING CONTAINERS ON THE VESSEL

BILL OF LADING BILL / FREIGHT
D. FACTORS AND CONDITIONS TO SELECT THE BEST COMBINATION OF TRANSPORT MODES.

From the operator's point of view the question is how a transport system must run with maximum efficiency, what is the best route, adequate transport mode, schedule and services to offer where the cargo flows' structure plays a very important role.

The delivery of cargo from the production places to consumption points requires a massive flow over a complex network system of links varying in length and capacity and employing multiple modes; moreover, sometimes it is needed at a level of specialization.

Consequently, it is helpful for the MTO to consider and compare some essential factors which influence the selection of transport modes and at the same time these variables permit the MTO to assess and evaluate costs and expenses in an easy form.

The first step is related to the analysis of actual situation of the sector including matters such as:

- An activities inventory concerning distribution flow of the cargo.

- Size and frequency of orders of transport.

- Necessary time to deal with any order.
- Conditions and requirements to store in any port.

- Conditions to transport cargo as regards national regulations, as well as, international recommendations.

- Analysis of the product's demand and supply.

- Location of producers and consumers.

The analysis of the diagnostic gives the MTD the actual situation of the market and the conditions which he will need to consider in order to comply with the demand under given certain conditions.

Once this study is made and given a transport order, the next step is to select the accurate transport mode flow which depends on contract terms, a required time to deliver and the means of transport which are available to carry out the distribution process.

To obtain the best combination modes option to transfer goods from a production point to a destination point, the analysis, quantification, and comparison of all variables intervening in the transport system is the most important key.

In general these variables can be divided into five groups in relation to cargo and means of transport.
The first two groups are related to commodities and refer to both origin and characteristics of the product, such as, weight, state, package conditions, type of cargo, volume, etc.

The third group is composed of the conditions of packing to transfer cargo, indicating its adequate name and label and complying with national and international requirements for packing and storing.

The fourth group is given by routes and ports to take a cargo, port of destination, port of departure and place of origin on delivery of goods.

The fifth and last group regards the structure of transport modes, the capability of units, legal aspects, such as, insurance, customs procedures, national and international regulations, conventions and treaties, types of services (liner or tramp), needed documentation, etc.

From this study a decision will be taken in order to reach the maximum benefits with a minimum cost and time, satisfying the needs of transport demand; the question is to reduce cost and to achieve greater efficiency, a high level of managerial control and a rigid structure of cargo flow.
CHAPTER IV.

IV. ADMINISTRATIVE STRUCTURE TO MULTIMODAL TRANSPORT OPERATIONS.

Any government is looking for the protection of its national interests and to the benefit of its people, therefore, it adopts a political system by which can be seen to be its political, social, and economic philosophies.

Colombia was organized democratically by the Constitution of August 1886, on the basis of which its performance has very important machinery to move the system. There is the body or authority which is the legislative, the executive (government administration), and the judiciary.

From this concept is derived the main functions of the system, namely: the legislative, that is, to pass necessary laws and regulations to provide for the control of the country.

The second important function is to approve the budget proposed by the executive wherein both aspects of revenue and expenditure, and the judiciary function is to dispense justice to litigants, as well to act as a vigilant guard on the executive.

To ensure the running of the system the administration is playing a very important role. This includes ministers and civil service or experts inducted into the administration.
by the political executive, and the tasks assigned to the administrative machinery will always depend on the objectives which the political authority wants to reach.

With this principle the national government has delegated and given responsibility to some organizations of the administration for the development, control, and promotion of national activities. As an example, the Port and Maritime Directorate to maritime activities.

Also there are other entities which have power over some maritime activities, as is the case of the Public Works and Transport Ministry in the relationship with port activities.

Furthermore, this ministry is in charge of transport activities by all modes except maritime transport.

The Colombian transport structure involves many independent organizations, with their own responsibilities and functions, figure No 4, it should be noted that conflicts arise in the transport activity, especially when we are talking about multimodal operation. Because there are conflicts of competence at every level of the system components in the multimodal transport.

Therefore, at this point, it is necessary to ensure an adequate coordination among different transport elements and modes involved in the transport system, for example, to an operator the main interest is to obtain efficiency with high profit; from the users point of view, they are people who select the route and mode of transport to carry
their goods. They are (shipper) responsible for creating demand levels in the transportation industry and consequently the kinds of services which should be offered to comply with their requirements, for example the construction of specified vessels and the introduction of containers.

Another and third component is the social and economic systems which provide the basic framework in which the transportation system operates. Although the transport elements have little impact on the social and economic parameters, they have an immediate effect on the transport modes or on the structure of the transport network.

The most crucial point is to note the availability of an efficient transport system in the region which may serve as a point for social and economic growth.

Finally, the fourth and last component in the system is the government itself. It can be said that the impact of transportation on countries depends on national policy and the level depending on the effect on inhabitants. These considerations are more general, economic, social, and political aspects, and this policy will affect the transport industry.

In fact, the power of the government to impose regulations on the transport elements, as the rate structure, merges between transport modes, allocation of routes, and restrictions on vehicle dimension, etc., all of them are critical in the development of the performance and level of service in the transport industry.
For instance, the relationship between government and transportation will be encouraged through national regulations, for example, the promotion of the introduction of new technology in order to increase the efficiency of the system.

Therefore the best option to achieve the multimodal development is creating a MULTIMODAL TRANSPORT ADVISOR BODY, and its main function will be the coordination of all activities and elements intervening in the transport system. The new advisor body will be governmental machinery and this organization will ensure and cover the obligatory and regulatory function of the multimodal transport, as well as the voluntary functions involved in the promotion of multimodal development.

A. OBJECTIVES AND FUNCTIONS OF THE MULTIMODAL TRANSPORT ADVISORY BODY. ( A PROPOSAL ).

The advisory body of the national government will be an organism related to the President of the Republic and it will be the machinery for coordination among public and private entities and organizations in the field of governmental policy, regulation and practices relating to logical, technical matters of all classes affecting multimodal transport at the national and international trade.

At the same time, this advisory body will encourage and facilitate the adoption and implementation of standards in matters regarding multimodal transport efficiency.
operation, effective service, infrastructure improvements, and promotion of multimodal transport activities.

The body will provide for the consideration and approval by the government of the national multimodal transport plan and once it is approved its main goal, is to coordinate the development of this national plan, likewise provide for government consideration of any matters concerning practices and effects on trade.

In order to reach the objectives of the body, the roles and functions of this body can be classified into the following four categories:

- Advisory functions.

Any policy process itself has three aspects and attendant phases, such as, formulation, implementation and evaluation. All of these phases are made by the government.

However, at the level of formulation and implementation, the advisory body shall be in the form of suggesting / drafting of such formulation for consideration and approval at the political level.

- Administrative functions.

The advisory body will be not only part of the overall public entity of the government but also the specialized executive arm of the government as
regards multimodal transport matters, i.a., suggesting documents, process of operation, agreements among concerned entities, conditions and requirements of the multimodal transport operator, etc.

Therefore, it has to coordinate the implementation of the national multimodal policy, also to carry out mandated specialized functions pertaining to the coordination of multimodal transport matters.

- Regulatory functions.

It can be seen that nearly all such functions are usually the responsibility of maritime and public transport administration, however, since such regulatory functions have to have a basis in law, the advisory body has to propose the matters that are to be covered by the legislation, assisting in the drafting of legislation through the elaboration of proposed law projects.

- Development/promotional functions.

The activities regarding promotion of multimodal development can consist of variables, depending on the transport circumstances and policy. It may cover any or a combination of the following:

- Conducting studies to find ways and means to ensure adequate distribution flow.
Ensuring availability of multimodal operators in an effective and efficient service.

Encourage national shippers in the utilization of national companies in the carriage of their products.

Formulation of proposals for expansion of multimodal transport activities, i.a., infrastructure, documentation, computerization, etc.

Encourage national programs of multimodal transport training.

Suggesting functions to improve the running of transport administration, in matters concerning the activity of its control and regulations.

Recommending the incorporation of the contents of international conventions into national legislation, and among others,

Creating a coherent system of modern regulations for the well running of multimodal transport activities.

The activities arising in connection with the fulfillment of these functions will be undertaken by internal bodies and specialized committees given in the organization chart of the multimodal transport advisory body.
B. STRUCTURE OF THE ADVISORY BODY.

The proposed new governmental body will establish three principal organs, such as can been seen in figure No 5, namely:

- The General Council, that is the main organ and it is composed of ministers of the corresponding ministries and representatives of all entities involved in multimodal transport activity.

Also it will meet once every three months. Having a permanent character the members of this Council will include the following persons:

- The public works and transport ministry.
- The national defense ministry.
- The economic development ministry.
- The president of the national planning department.
- The president of the civil air navigation department.
- The trade ministry and the Justice ministry.
- One national representative of shipowners and users of transport.
- The president of the national customs body.
FIGURE No 5
MULTIMODAL TRANSPORT ADVISORY BODY

PRESIDENT OF REPUBLIC

GENERAL COUNCIL

SECRETARIAT

LEGAL OFFICE

FINANCIAL OFFICE

LAND TRANSPORT DIVISION

MARITIME TRANSPORT DIVISION

AIR TRANSPORT DIVISION

LAND TRANSPORT COMMITTEE

MARITIME TRANSPORT COMMITTEE

AIR TRANSPORT COMMITTEE
The functions of the General Council will include, as follows:

. To bring the requirements of their own transport sector.

. To discuss any questions relating to multimodal transport operations in order to suggest and give the guidelines to proceed given a specific or normal situation.

. To consider and order policy coordination between involved organizations to run multimodal transport system well.

. To analyse studies and reports from the secretariat and suggest an international and national transport policy.

. To consider the priorities of the sector and approve the budget and its distribution among the national projects which are given by the secretariat.

. To submit to government a proposal for the a national multimodal policy.
- The Secretariat administers the programs and policies established by the General Council, and it is its function to bring to the attention of the Council projects and programs which are necessary for the improvement of multimodal transportation.

For the achievement of its functions, the Secretariat will be in charge of:

- Administering national multimodal policy.
- Studying and analysing the national transport requirements according to guidelines given by the Council.
- Presenting an actual assessment and giving the general procedure and policy to be considered by the Council.
- Preparing the needs and distribution of the budget to be submitted to the Council.
- Promoting a multimodal transport policy.
- Directing, controlling and coordinating the activities of the different commodities of work members of the multimodal transport advisory body.
- Organizing national and international conferences and workshops on new technology and improvements in multimodal transport.
. Suggesting immediate actions to solve conflicts arisen among the different modes of transport.

. Advising regulation and control of multimodal operations.

. Suggesting the needed investment for the improvement or change in the national infrastructure, as regards multimodal transport operations.

At the same time, this Secretariat is divided into three divisions and two offices at the level of executive divisions and advisory offices. The Land Transport Division is one of these bodies and it includes the railway, inland waterways and highway transport sections. This division will deal with matters concerning land transportation.

This will work in horizontal relationships with the other divisions and in a vertical relationship with the Secretariat, that is, it is related to the Secretariat and depends on the secretariat's decisions and it also works in coordination with the Air and the Maritime transport division.

The remaining divisions will operate under equal conditions in the Land Transport Division.
The Committees, they are bodies composed of representatives of entities that are dealing with national and international transport. And in addition these committees are established by each division to the achievement of their national objectives.

Each committee will be created by the agreement of the General Council and in accordance with the needs, i.a., the coordination, promotion, and implementation of national policy for multimodal transport, consequently, there will be three committees, one for each coordinator division.

The basic idea of committees is to meet people from public and private entities and organizations which directly or indirectly have been working in transport activities, the multimodal system being one of their interests. Therefore any change in policy or introduction of new technology will affect their own operation.

Periodically committees will examine their work program which has been approved by the General Council. Depending on this program, each committee will establish priorities, allocate work, elaborate projects of any technical or legal matter and will also prepare an annual project on needed financial resources.
For instance, each committee will concentrate on the preparation of recommendations to implement new regulations concerning multimodal activities, likewise, to encourage an exchange of information on technological developments.

The projects which have been elaborated will contain a specific indication of the required action, a preliminary report on the need for the measure and its relation to the current objectives of the national transport policy.

Furthermore, the projects should determine its scope, analyse the involved issues, including costs, the legislative and administrative burdens involved and other benefits which would accrue.

When the committee has elaborated any project, it will be brought to the legal and financial offices for its complementation and consideration of viability from the legal and economical point of view.

Once the committee has approved the project it will submit it to the General Council for its approval and postpone presentation to the government.

On the other hand, the legal office includes functions, such as, advising the General Council, Divisions and Committees in legal matters, studying national or
international regulations and their influence on multimodal transport, issuing concepts of legal interpretation and their application to multimodal operation.

Moreover the office will study the international conventions and treaties regarding the matters and suggest its convenience or not to the country, and other functions according to its competence.

The financial office will be in charge of all economic activities, such as, the elaboration of the budget, the coordination and control of the execution of projects approved by the General Council from the financial resources point of view, the execution of the financial analysis of the project, and another functions concerning to its activities.

It will also, search for economic resources from the national budget, also from national and international organizations. On the other hand, the office coordinates the management of the budget depending on General Council Decisions.

Finally, it should be noted that The Multimodal Transport Advisory Body’s objectives and goals do not go against the rights or duties given to national administrations concerning maritime authority and transport authorities.
Therefore, the responsibility which has been given by the national government to these authorities will continue but in certain ways these authorities will accept the coordination of the advisory body through governmental decisions. These will also support the activities of the committees gathering their representatives together in the formulation of the National Multimodal Transport Plan.
CONCLUSIONS

It has been seen that multimodal transport is a system by which any country can reach a competitive and efficient transport industry not only in national but also in international trade, and its implementation brings many benefits to any country, solving, among others, the risk of having many transport documents and different responsibility systems.

A multimodal transport system establishes total responsibility of the operator during the whole journey, therefore, it is given a solution to one of the main problems to the carriage of cargo by more than one mode of transportation.

Moreover, the International Multimodal Transport of goods Convention recommends an amount of limitation and system which permits consignees or consignors to claim for additional limitation when it is given that the goods were damaged or lost during a specified transport mode by which its regulation allows an amount of limitation higher than the amount fixed by this.

On the other hand, it uses only a transport document for the movement of cargo by different transport means, and this document allows every commercial transaction, its utilization facilitates the control and determination of any obligation to carrier and consignor.
In fact the main subject of this thesis was given to regulate the multimodal transport operations from two points of view, both the multimodal operator and multimodal document, and taking into account a comparison between the Convention requirements and international trade, and Colombia’s legislation.

Once the analysis is made, ways are suggested for implementation of these two important concepts in the Colombian transport system.

In fact, the national legislation permits under certain modifications of the Commerce Code, the implementation of requirements for a multimodal transport operator and the needed document to be dealt with in transportation.

Structural problems have already been studied and some solutions were given and at the moment have been overcome, but one of the major problems makes reference to institutional matters. Therefore, it is urgent that there is the creation of an advisory body in order to control the coordinated development of multimodal transport and to ensure effective and efficient commercial trade.

This advisory body will control the governmental organizations in charge of executing the multimodal policy for each mode and it will coordinate its operation in relationship with the transport carriers and users of the service.
At the same time the development of the transport modes should be complementary and it should not be competitive, making the selection of the best combination of the modes of transport according to less cost and efficient service, regarding origin and kind of goods.

There are other matters which shall be studied and solved within the aspects given to the multimodal transport system but the most important is to start with the acceptance of the new system and to open the door to the changes in international trade, adopting the country’s technology to respond to these and maintaining a sustainable development.

Finally, it should be noted that this document does not suggest that Colombia becomes a member of the International Multimodal Transport of Goods Convention. This document suggests that the national government should take into account other countries’ experience and it should adopt its own regulations to apply the recommendations given in the Convention while the country achieves the conditions to accomplish with the principles of this and changes in international trade.
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