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DOCTORAL THESIS

INCOTERMS and the legal regime of loading and unloading. Particular study of traffic in the Black Sea

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INCOTERMS ARE LIKE A POLAR STAR FOR THE WORLD OF MULTIMODAL TRANSPORT AND TRADE - HER BRIGHT ALL DEPENDS ON GOOD DEVELOPMENT OF ALL THE MAJOR MARITIME COMPANIES TRANSPORT AND INTERNATIONAL TRADE

I dedicate this thesis to my daughter Nicole Noelia from six years old that loves the boats, the sea and alls activities from the maritime world.

ACKNOLEDGEMENTS

First, I would like to thank God for helping me get over all health and financial obstacles and helping me to conclude this stage of my life.

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Thank you to my mother for help me and support me, who acting like an angel with my daughter Nicole and thank to my daughter who exist in my life.

Thank you to all the people that trusted me.

INDEX

ABBREVIATIONS LIST

BCM - Billion cubic meters

BSEC - Black Sea Economic Cooperation

BSTDB - Black Sea Trade and Development Bank

CIF – Cost Insurance Freight

CIP - Carriage and Insurance Paid To

CFR - Cost and Freight

C.O.P - Custom of the Port

CPT - Carriage Paid To

CSCE - Conference on Security and Cooperation in Europe

DAP - Delivered At Place

DAT - Delivered At Terminal

DDP - Delivered Duty Paid

DWT – Deadweight tons

ECJ - European Court of Justice

EHS - Environmental Health and Safety

ENPI - European Neighborhood and Partnership Instrument

ETC - Et Cetera

EU – European Union

EXW - Ex Works

FAS - Free Alongside Ship

FCA - Free Carrier

FCL - Full Container Load

FD – Free Discharge

FILO - Free In Liner Out

FIO – Free In and Out

FIOCOP - Free In and Out Customs of the Port

FIOS - Free In and Out Stowed

FIOST - Free In and Out Stowed and Trimmed

FOB - Free On Board

FT – Freight Tons

ICC - International Chamber of Commerce

I.E. - In Example

IHS - Information Handling Services

IMO – International Maritime Organization

JUR – Jurisprudence

LASH - Lighter Aboard Ship

LC – Low cost, Limited Company

LCL - Less than Container Load

LIFO - Liner in Free Out

LNG – Liquefied Natural Gas

LPG – Liquefied Petroleum Gas

LTA -Land Transport Authority

M - Meters

MT – Metric Tons

NO - Number, Number of

NT – Net tonnage

PP - Prepaid

Ro / Ro – Roll on / Roll off

T – Tone

THC - Terminal Handling Charges

TEN –Transport European Network

TEU – Twenty feet equivalent unit

TRACECA - *Transport Corridor Europe-Caucasus-Asia*

TSS - Turkish straits system

UNDP - United Nations Development Program

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CHAPTER I – INCOTERMS 2010

1.1. STATE OF ART

The idea for this thesis came from my work in the last 10 years and my studies in this domain. The maritime transport always invited me to investigate it and know more about it. Doing this thesis was the biggest project in my life so far both academically and professionally. Even though the subject has not been easy I have enjoyed doing thesis and the challenge it brought tremendously.

The purpose of this thesis is to investigate the domain of the maritime transport and the commercial traffic in the Black Sea and Mediterrean Sea and the application of the INCOTERMS 2010 in the maritime transport in these regions.

Image 1 – Black Sea, Bosporus Strait map (Source: http://www.internationaltransportforum.org)

The research also aims to examine the particular ports and terminals of the Black Sea region.

By studying separately the commercial traffic of ports and the what benefits INCOTERMS brings in the commercial maritime traffic, we are able to compare and understand the evolution of the transport in this region, outline specific cases and sustain a good strategy of the development of the maritime traffic. INCOTERMS are a codification of current mercantile customs and usages. They represent the most consistent practices of international trade in regard to the delivery of goods and its associated obligations at a given time.

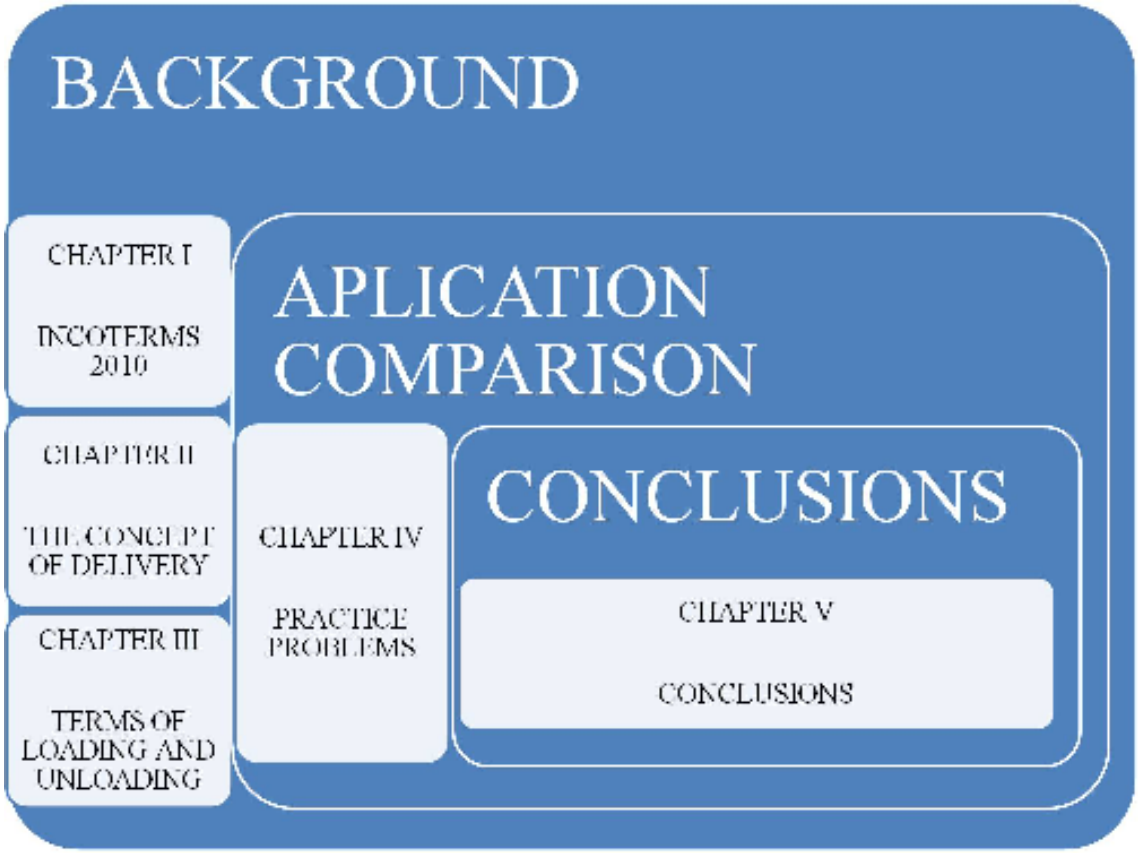

Figure 1 – Structure thesis

In the theoretical part INCOTERMS, general terminology and concepts related to INCOTERMS are defined.

There are two main goals of this thesis: firstly, to discover how using correctly the INCOTERMS in practice, and secondly, to investigate what are the opportunities in the Black Sea maritime traffic. Thus, the theoretical framework includes following areas: logistics, customs ports, maritime law presenting how an INCOTERM should be selected and correctly allocated, documents used in the commercial maritime traffic.

The theory first discusses the subject in general and then more precise information about in the maritime traffic in the principals ports of the Black Sea. The research project conducted in this thesis uses qualitative methods: interviews with people that working in the maritime transport in the Black Sea that were made through e-mail to get a practical view on the topic, statistics and studies makes by me in the practice.

The results indicate that there are no outstanding obstacles for the development of the commercial maritime traffic in the Black Sea and that the maritime companies of the world are very interested to start a large process to export and import in this region, of course applying correct the INCOTERMS. We analyze in this study the importance of the Bosporus Strait that connecting the Black Sea with the Mediterrean Sea and offers big opportunities to the global maritime transport. The studies in this field of maritime traffic conducted us to find out what are the standards in the maritime trade in the Black Sea but also in comparison with the Mediterrean Sea, Baltic Sea and Caspian Sea.

The scope of the thesis is to searching the potential of the maritime traffic in the Black Sea, the good application of the INCOTERMS in this region and the opportunities of maritime transport with the others seas. The ICC INCOTERMS is an effort to standardize trade term definitions at the hand of the most consistent mercantile customs and practices. The aim of this study is to investigate the efficiency of INCOTERMS as a form of standardization especially at the Black sea region.

We hope that this thesis may be able to help the future importers and exporters in the global maritime traffic.

Image 2 – The possibility of maritime transport

(Source: www.2wglobal.com)

1.2. PRELIMINARY - UNITED NATIONS CONVENTION ON CONTRACT FOR THE INTERNATIONAL SALE OF GOODS (CISG 1980)

The purpose of the CISG is to provide a modern, uniform and fair regime for contracts for the international sale of goods. Thus, the CISG contributes significantly to introducing certainty in commercial exchanges and decreasing transaction costs.

The contract of sale is the backbone of international trade in all countries, irrespective of their legal tradition or level of economic development. The CISG is therefore considered one of the core international trade law conventions whose universal adoption is desirable.

The adoption of the CISG provides modern, uniform legislation for the international sale of goods that would apply whenever contracts for the sale of goods are concluded between parties with a place of business in Contracting States. In these cases, the CISG would apply directly, avoiding recourse to rules of private international law to determine the law applicable to the contract, adding significantly to the certainty and predictability of international sales contracts.

Moreover, the CISG may apply to a contract for international sale of goods when the rules of private international law point at the law of a Contracting State as the applicable one, or by virtue of the choice of the contractual parties, regardless of whether their places of business are located in a Contracting State. In this latter case, the CISG provides a neutral body of rules that can be easily accepted in light of its transnational nature and of the wide availability of interpretative materials.

The CISG governs contracts for the international sales of goods between private businesses, excluding sales to consumers and sales of services, as well as sales of certain specified types of goods. It applies to contracts for sale of goods between parties whose places of business are in different Contracting States, or when the rules of private international law lead to the application of the law of a Contracting State. It may also apply by virtue of the parties' choice. Certain matters relating to the international sales of goods, for instance the validity of the contract and the effect of the contract on the property in the goods sold, fall outside the Convention's scope. The second part of the CISG deals with the formation of the contract, which is concluded by the exchange of offer and acceptance. The third part of the

CISG deals with the obligations of the parties to the contract. Obligations of the sellers include delivering goods in conformity with the quantity and quality stipulated in the contract, as well as related documents, and transferring the property in the goods. Obligations of the buyer include payment of the price and taking delivery of the goods. In addition, this part provides common rules regarding remedies for breach of the contract. The aggrieved party may require performance, claim damages or avoid the contract in case of fundamental breach. Additional rules regulate passing of risk, anticipatory breach of contract, damages, and exemption from performance of the contract. Finally, while the CISG allows for freedom of form of the contract, States may lodge a declaration requiring the written form.

The United Nations Convention on Contracts for the International Sale of Goods (CISG) does not refer to trade terms, but many commentators have concluded that the CISG risk rule is consistent with INCOTERMS[1]. From this perspective, the business practices, this study raises. The most important countries of the Black Sea have ratified the Convention CISG: Ukraine (1991) Russian Federation (1991), Romania (1992), Turkey (2011), etc.[2]

1.3. INCOTERMS 2010

In a world of commodity exchange transactions we need some rules and legal agreements that eliminate and resolve the misunderstanding from the international trade activities, some kind of the standardization of trade term content.

The INCOTERMS provide such a form of standardization, because they could determine who is responsible for transport, who pays the delivery costs and who bears the risk of damages and loss of goods

[1] See COETZEE, J in "*INCOTERMS as a form of standardization in international sales law : an analysis of the interplay between mercantile custom and substantive sales law with specific reference to the passing of risk"(http://hdl.handle.net/10019.1/5222)*

[2] See *Status Convention CISG*. The dates are is to entry in force. (Source: web. UNCITRAL.org.)

In 1936, ICC-Paris (*International Chamber of Commerce* in Paris), a nongovernmental organization, founded in 1919 that operates through the National Committees in 66 countries, working committees and liaison offices, the UN and other international organizations Geneva, New York, Hong Kong) published the first "Inco" (*International Commercial Terms*) comprising four terms of delivery. "*Trade Practices Working Committee"* of the ICC-Paris, reviewed, completed and systematized these conditions in more several times: 1953,1967,1976,1980,1990, 2000 and INCOTERMS-2010 last edition prepared by a working group of 40 members and representatives prince in the U.S. and Japan (U.S. and Japan have their own commercial usage) which contributed very much the "universalization" "Inco".

The tradition of incorporating trade terms started in Great Britain in the nineteenth century.[3] Although this practice encouraged the harmonization and standardization of international trade practices, differences in the interpretation of trade terms in various countries and branches of industry put a spoke in the wheels. There was no legal certainty regarding the true content of what was agreed upon in the contract of sale by reference to a trade term following elements:

- The nature of the goods: containerized, manufactured goods, bulk goods or commodities, etc.;
- The means of transport: maritime, non-maritime or multimodal;
- The conditions of payment and the documentary requirements imposed by these conditions and the capabilities of and the efficiency with which the seller or the buyer can perform the obligation to deliver the contracted goods.

In 1990, the International Chamber of Commerce grouped the INCOTERMS in four categories: starting with the term E ¨ by what the seller is limited to the goods to the buyer at his premises, followed by the second group of terms under which the seller is upon to deliver the goods to a carrier named by the buyer - the terms "F" - FCA, FAS, FOB, continuing the terms "C", under which the seller has to contract for carriage but without assuming the risk of loss or

[3] See SASSOON, D. M. "*Application of FOB and CIF Sales in common law countries*", *ETL* 1981, 51-52; D. M. SASSOON, "*The origin of FOB and CIF terms and the factors influencing their choice",* J.BUS 1967, 32-37.

damage to goods or additional costs - CFR, CIF, CPT, CIP and ending with the terms of the rump ¨ D ¨ under which the seller has to bear all costs and risks needed to bring the goods to destination.

The latest edition of the ICC INCOTERMS was carried out in 2010 when the INCOTERMS. Two major innovations are the number of rules and their classification. Under previous INCOTERM revisions, terms were grouped in order of increasing responsibility on the seller, now were classified according to the mode of transport. There are 11 rules instead of 13.

INCOTERMS 2010 includes two new rules, Delivered at Terminal (DAT) and Delivered at Place (DAP), and eliminates the Delivered at Frontier (DAF), Delivered Ex-Ship (DES), Delivered Ex-Quay (DEQ) and Delivered Duty Unpaid (DDU) designations. DAT replaces the current DEQ, while DAP replaces DAF, DES and DDU.

Why was this revision of INCOTERMS necessary?

• In the past, INCOTERMS have often been used incorrectly; during the contract negotiation purchaser and seller often chose INCOTERMS-clauses that did not fit with the agreements, the goods to be transported or the chosen way of transportation. Therefore, the INCOTERMS needed to become more understandable, more precise and more user-friendly.

• Since the last revision of the INCOTERMS in 2000 the process of international transports have been developed due to new techniques of transport and numerous modernizations – INCOTERMS 2010 takes account of the resulting amendments of the practice as well.

• By now, there exist increased requirements for the protection of the goods against all forms of manipulation, counterfeiting or access by unauthorized persons. At the same time persons and objects need to be protected from dangerous goods. These aspects have been considered by the revision of INCOTERMS as well.

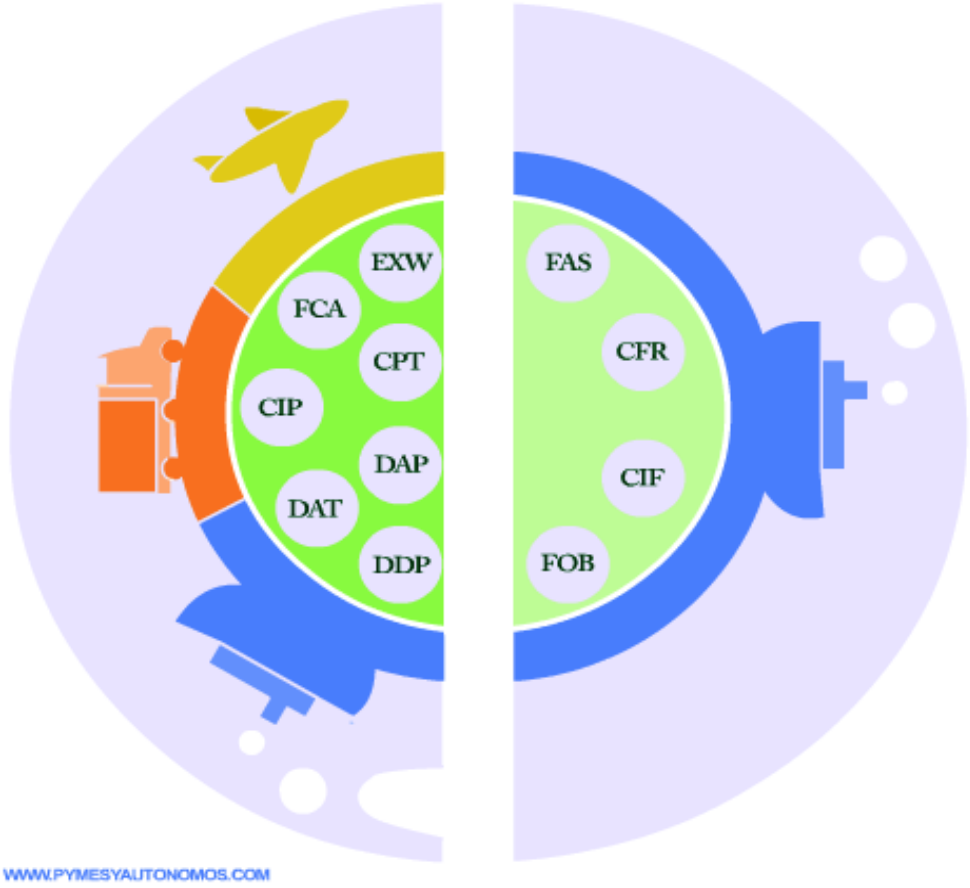

Figure 2 – INCOTERMS 2010 by mode of transport (Source: www.pymesyautonomos.com)

In addition, the new rules are classified according to the mode of transport (maritime and multimodal transport), reflecting a consolidation and updating of the delivered rules, replacing the precedent categorization into families of rules.

1.3.1 RULES FOR ANY MODE OR MODES OF TRANSPORT

EXW Ex Works

FCA Free Carrier

CPT Carriage Paid To

CIP Carriage and Insurance Paid To

DAT Delivered At Terminal

DAP Delivered At Place

DDP Delivered Duty Paid

It is also worth noting that the concept of "ship's rail" has been replaced with "on board." Thus, for FOB, CFR and CIF sales, goods are deemed delivered when they are on board the vessel. This eliminates past concerns of risk passing arbitrarily back and forth between the buyer and seller across an invisible line extending upward from the ship's rail.

The newly established DAP and DAT clauses are exclusively conceived for the Multimodal transport. DAT replaces the up till now DEQ clause and will better fulfill the requirements of modern port logistics. It appears that DAP is considered to be more of a backup clause, and also applicable in those cases where the recently repealed DAF and DES clauses were chosen.

A modernization arises in the case of those "*classic*" clauses: FOB, CFR, and CIF, which were considered for transport by boat. The passing of risk no longer takes place when the goods t Transcend the height of the ship's railing, but rather only when the goods are actually set down upon the ship. The application of the FOB, CFR and CIF clauses for the multimodal transport is however in the commentary, expressly discouraged. This indeed makes sense because the seller regularly already loses control over the goods if he surrenders them to the carrier.

The clauses CPT or CIP of Group C, where the risk passes to the buyer upon surrender to the carrier, are therefore more suitable for the multimodal transport.

A real novelty which is also now being determined is which one of the parties must make particular security-related information available.

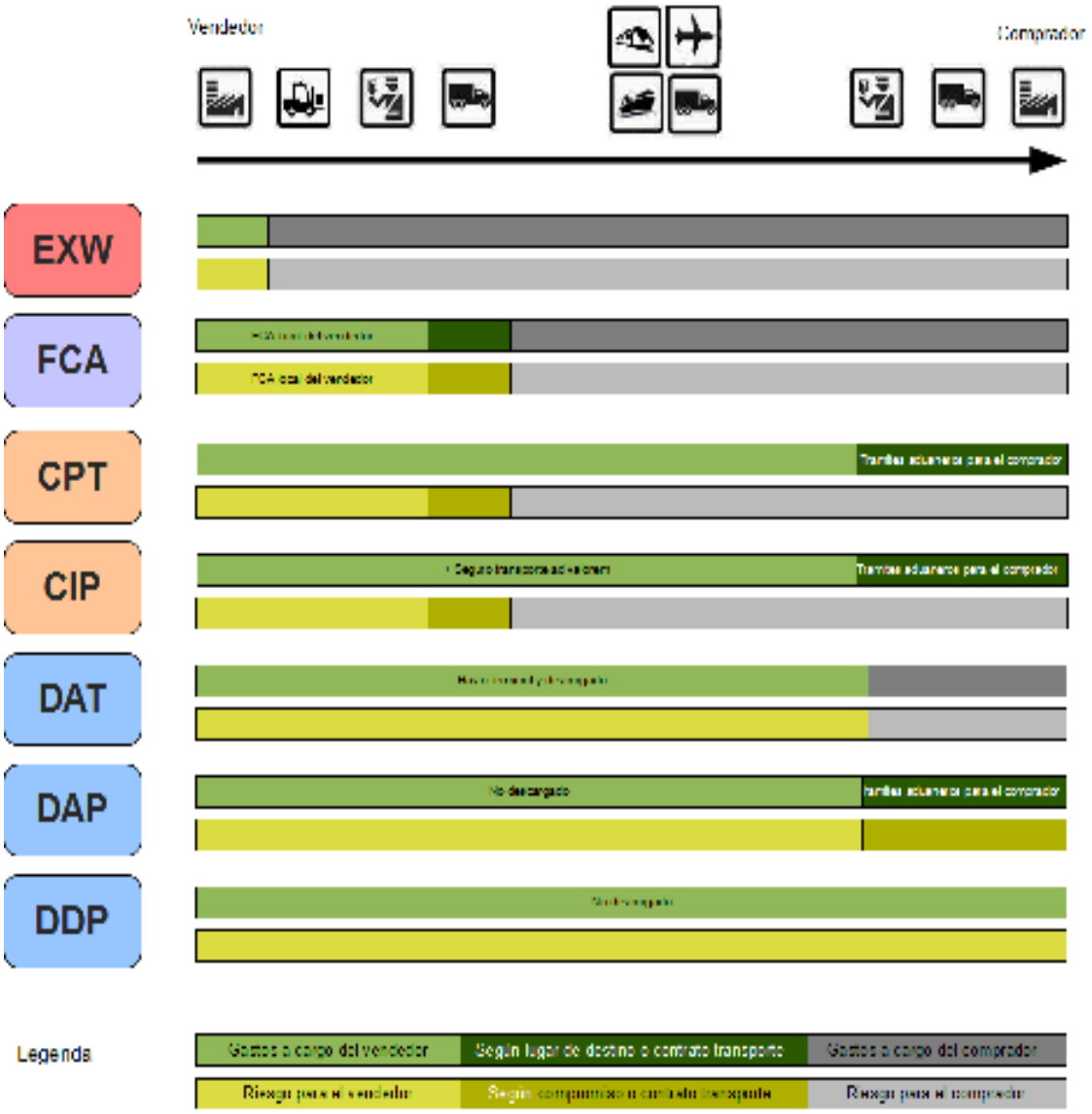

Figure 3 – Rules INCOTERMS 2010 for any mode of transport (Source: www.free-logistic.com)

1.3.2 RULES FOR SEA AND INLAND WATERWAY TRANSPORT

FAS Free Alongside Ship

FOB Free On Board

CFR Cost and Freight

CIF Cost, Insurance and Freight

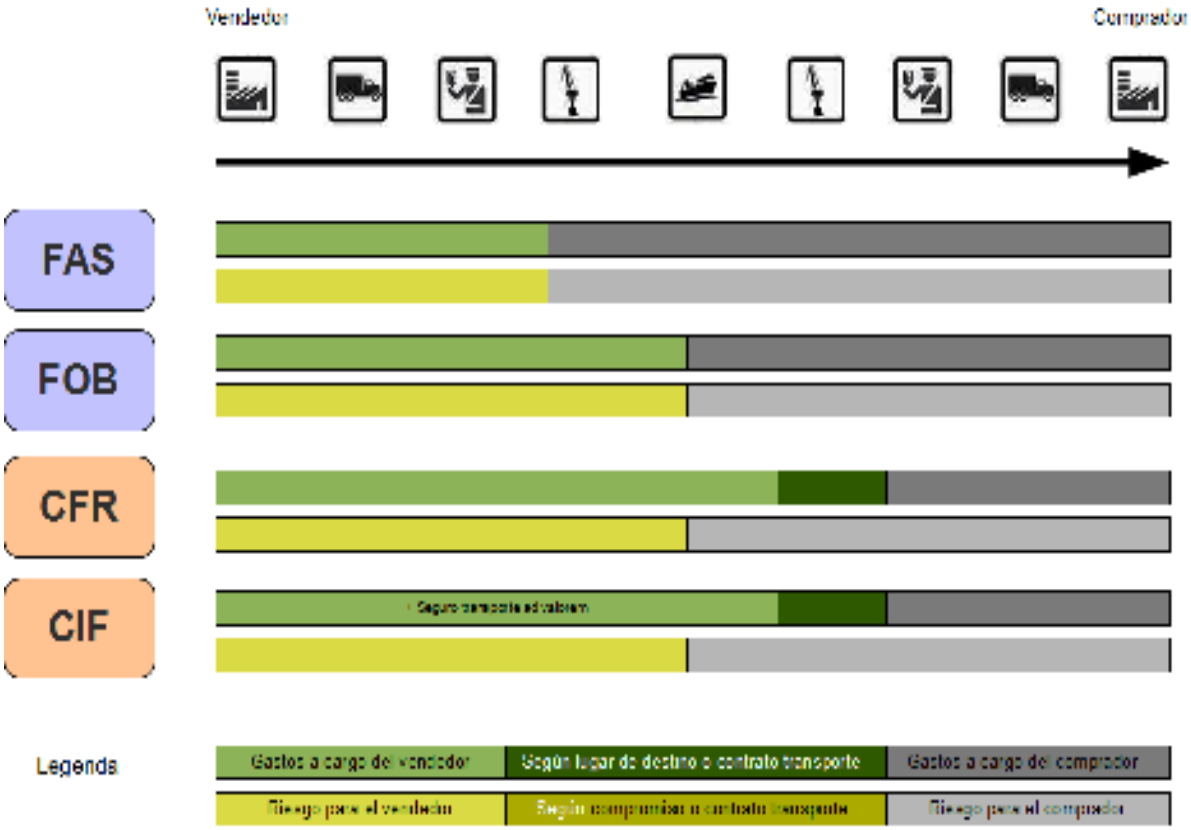

Figure 4 – Rules INCOTERMS 2010 for the sea and inland waterway transport (Source: www.free-logistic.com)

Contract of carriage DAP term is similar to DAT (seller retains all the risks in the movement of the goods until they are delivered), but the buyer becomes responsible for unloading of the goods from the arriving vehicle (road, rail, sea or air). The seller must enter into a contract of carriage and is also responsible for export clearance but is not responsible for import clearance.

The new DAT and DAP rules should help to simplify issues pertaining to the time and place at which risks are transferred. Under the new DAT rule, the seller bears all the risks involved in the movement of the goods until they are delivered. Goods will be considered delivered when they are unloaded at a named terminal and placed at the disposal of the buyer.

The seller also has the responsibility to clear the goods for export, but does not have the obligation to deal with import duties or other formalities. Under DAP, the seller retains all the risks involved in the movement of the goods until they are delivered, but, unlike DAT, the unloading of the goods from the arriving means of transport is the responsibility of the buyer. Thus, the goods are considered delivered when they reach the named place and are ready for unloading by the buyer. Like DAT, the seller is responsible for export clearance but is not responsible for import clearance.

Basically, with two exceptions, the time / place of transfer of expenditure corresponds to the time / place of risk transfer. The exceptions are the CFR and CIF conditions where costs are transferred to destination (as in other conditions in Group 'C'), while the risks are transferred to the port of shipment, for example the dispatch (as in group "F").

In the case of DDP condition, the seller is the one that bears all costs and charges resulting from obtaining documents and equivalent electronic messages of the kind mentioned, while the buyer is obliged to provide the seller, at his request, assistance in obtaining the documents. The seller will reimburse expenses incurred by the buyer when giving assistance.

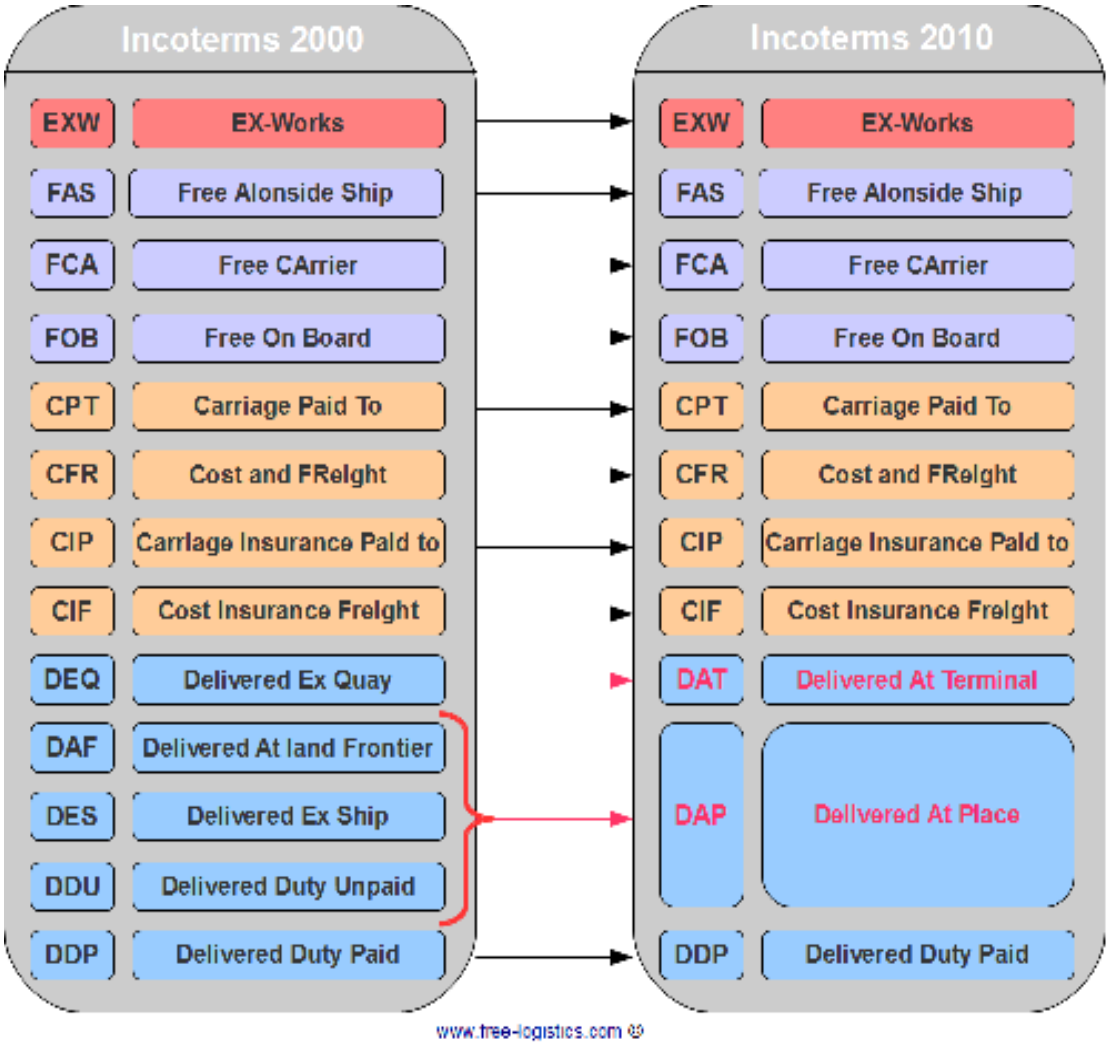

Figure 5 – Changes INCOTERMS 2010 (Source: www.free-logitics.com)

1.3.3 GROUP E

EXW Ex Works – "*Ex works"* means that the seller fulfills its delivery obligation in the moment in which he puts the merchandise at the buyer's disposal in its premises or in another named place (factory, plant, warehouse), without accomplishing the export formalities and without loading the goods in a vehicle sent to pick them up.

The buyer bears all costs and risks involved in taking the goods from the seller's premises to the desired destination. The seller's obligation is to make the goods available at his

premises (works, factory, and warehouse). This term represents minimum obligation for the seller. This term can be used across all modes of transport.

The EXW INCOTERMS rule is the only where the costs of such work are borne by the buyer. This rule expresses the buyer's obligation to provide the seller with adequate proof of acquisition of goods. In the case of EXW condition it is provided the buyer's obligation to bear the costs of the inspection also when it is mandated by the authorities of the exporting country.

Other obligations - The seller must offer the buyer, upon his request, at his risk and expense, every assistance to obtain any documents or equivalent electronic messages issued or transmitted in the country of delivery and / or origin which the buyer could claim for export and / or import of goods and, if necessary, for their transit through another country. At the buyer's request, the seller is obliged to provide him with information necessary to ensure procurement. In his turn, the buyer must pay all costs and expenses incurred in obtaining the documents or equivalent electronic messages mentioned above and to reimburse expenses incurred by the vendor in providing assistance.

JUDGMENTS - CASE LAW

The ECJ of 27 September 2007 (*Teleos and others*) and the test of intra-Community transport deliveries presented with the tax issue on the transfer of ownership of the goods.[4]

[4] This case concerns the tax issue and we have to show the character of Teleos obligation to bring goods available in the store and how that occurs the transfer of ownership of the property to the purchaser and provider test that it has physically left the territory of the Member State of delivery.

1.3.4 GROUP F

FAS (*Free Alongside Ship - named port of shipment*)

The seller must place the goods alongside the ship at the named port. The seller must clear the goods for export. Suitable only for maritime transport but NOT for multimodal sea transport in containers (see INCOTERMS 2010, ICC publication 715). This term is typically used for heavy-lift or bulk cargo.

Jurisprudence in the case of FAS:

Audience Provincial de Barcelona - 12th Section - Judgment of January 8, 2003 JUR 2003 \ 108 382[5], presents a substantial effect on a non-payment of the goods transported. In this case the seller and the carrier were limited to search for the goods at the place indicated by the buyer and at the risk of this.

The seller once the goods shipped and stored in the side of the ship at the port of embarkation does not become any liability.

The FAS term is used alone INCOTERM in maritime or fluvial transport and especially for the international transport of bulk cargo.

When using general cargo ships, which carry more sophisticated products than bulk, containerized and other cargo units that are delivered to the warehouse at the port, where the consignee consolidation container, which then is transported along with other containers transported and loaded into ships. As a result, most of the goods except bulk cargo cannot be left on the quay alongside the vessel. If the goods are delivered in the port have to use the term FCA.

[5] The conclusion of this is that the shipper of the goods in this case is the own buyer, by trucking companies contracted for the same, so that actions that may apply to the plaintiff for the unpaid price of the commodity sold must be exercised against such a purchaser, since there is no legal link nor straightforward, nor derived from the customs and rules governing the international transport of goods, including the selling company and the carrier, which was limited in this case to find the goods in the place indicated by the buyer and at the risk of this.

FOB (Free on Board - named port of shipment)

The seller must load themselves the goods on board the vessel nominated by the buyer. Cost and risk are divided when the goods are actually on board of the vessel (this rule is new!). The seller must clear the goods for export. The term is applicable for maritime and inland waterway transport only but NOT for multimodal sea transport in containers (sees INCOTERMS 2010, ICC publication nº 715). The buyer must instruct the seller the details of the vessel and the port where the goods are to be loaded, and there is no reference to, or provision for, the use of a carrier or forwarder. This term has been greatly misused over the last three decades ever since INCOTERMS 1980 explained that FCA should be used for container shipments.

JURISPRUDENCE IN THE CASE OF THE TERM FOB THE JUDGEMENT OF THE PROVINCIAL DE BARCELONA HEARING - SECTION 15 Th - JUDGEMENT OF 4 JULY 2003 JUR 2004 \ 14 697[6]:

This sentence states the liability for damage to the goods while the carrier of the evidence determined that the source of the moisture of the container were due to the rain water and therefore no liability for the seller that under INCOTERM this type of responsibility held at the time the merchandise was suspended from the crane and the ship's freeboard.

FCA (Free Carrier)

The seller's obligation is to hand over the goods, cleared for export, into the charge of the carrier named by the buyer at the named place or point. If no precise point is indicated by the buyer, the seller may choose within the place or range stipulated where the carrier shall take the goods into his charge. When the seller's assistance is required in making the contract with

6 Concerted import operation mode FOB means that the buyer would see a first transport contracts with JORDI NADAL S.L., who as Transportation Logistics Operator International, the importer bill all charges incurred in the operation. The defendant, in turn, bill Jordi Nadal SL sea freight, landing charges and inland transport to San Quirze De Valles. In turn, GREEN IBERICA S.A. bill charges the defendant landing and port handling the same internal transfer, to recruit staff.

the carrier the seller may act at the buyers risk and expense. This term can be used across all modes of transport.

JURISPRUDENCE IN THE CASE OF THE APPLICATION OF THE TERM FCA

With regard to liability in order to fulfill the contract, would be applicable common law derived from a breach of contract and tort liability accordingly[7].

1.3.5 GROUP C

CPT (Carriage Paid To)

The seller pays the freight for the carriage of goods to the named destination. The risk of loss or damage to the goods occurring after the delivery has been made to the carrier is transferred from the seller to the buyer. This term requires the seller to clear the goods for export and can be used across all modes of transport.

CIP (Carriage & insurance Paid to)

The seller has the same obligations as under CPT but has the responsibility of obtaining insurance against the buyer's risk of loss or damage of goods during the carriage. The seller is required to clear the goods for export however is only required to obtain insurance on minimum coverage. This term requires the seller to clear the goods for export and can be used across all modes of transport.

JURISPRUDENCE IN THE CASE OF THE TERM CIP

Commercial Court No. 1 of Bilbao - Vizcaya Province - Judgment No. 506/2007 of October 31 AC 2008 \ 95[8].

[7] Audience Provincial de Barcelona - 12th Section - Judgment of January 8, 2003 - The conclusion of this is that the shipper of the goods in this case is the own buyer, by trucking firms hired by it, so the actions that may correspond to the plaintiff for the unpaid price of goods sold must be exercised against such a purchaser, since there is no legal link nor straightforward, nor derived from the customs and rules governing the international transport of goods between the company vendor and the carrier, which was limited in this case to find the goods at the place indicated by the buyer and at the risk of this. If the exports came to deliver the goods without requiring pre-payment or the imposition of any obligation.

When the seller delivers the goods to the carrier transmits the risks to the buyer. Until then the product is your responsibility, and shall not relieve the sale. But when he delivers, if you have fulfilled your obligation for payment of transportation and insurance premium, the risk passes to the buyer, who has to bear those incurred in the course of such transportation.

CFR (Cost and Freight)

The seller must pay the costs and freight required in bringing the goods to the named port of destination. The risk of loss or damage is transferred from seller to buyer when the goods pass over the ship's rail in the port of shipment. The seller is required to clear the goods for export. This term should only be used for sea or inland waterway transport.

JUDGMENTS IN THE CASE OF THE TERM CFR Provincial Court of Barcelona - SECTION 15 Th – July [9]JUDGEMENT OF JUNE 2002 JUR 2004 \ 14 066

In this case the operator is completely forced against the shipper for the entire journey, from receipt and freight containers in port until delivery.

CIF (Cost, Insurance & Freight)

The seller has the same obligations as under CFR however he is also required to provide insurance against the buyer's risk of loss or damage to the goods during transit. The

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8 The INCOTERMS CIP under the provisions of the 1980 Vienna *Convention on the International Sale of Goods* means *¨ Carriage and Insurance Paid to.... Thus the seller bears the risk until delivery to the carrier, but must pay the cost of transport and insurance, which involves looking freight, customs fees, etc. the buyer is who bears the risks of transport, but the seller agrees to your subscription and to cover that risk with insurance".*

9 From the foregoing it is concluded that no agreed date of loading on the vessel as essential terms, promptly inform the plaintiff of the avatars that prevented the prompt shipment and notify the new expected dates. Fulfilled this duty of disclosure, if the transfer operation is maintained by the shipper and become effectively executed, remains intact the carrier's right to collect the price and other expenses, without which it can be argued successfully, as well as preventive in the fact integrates consideration taken either as stand-alone claim, a breach by delay in delivery, which in any case appears informed and accepted.

seller is required to clear the goods for export. This term should only be used for sea or inland waterway transport.

JURISPRUDENCE IN THE CASE OF THE TERM CIF

SUPREME COURT - Civil Division, Section 1, Judgment No. 309/2006 of 30 March JUR 2006 \ 5290[10]. Sale commercial shipping insurance: the insurer subrogation rights of the insured. The goods were sold under the CIF formula: payment of compensation payable by the insured loss to the seller not the buyer - partial and total charge of the goods on the ship. As a result, loading and stowage of cargo aboard the ship is the risk of the shipper, so that if any damage is from a faulty stowage would be attributable only to the merchant and not the shipping company.

10 This is a case of maritime transport of goods under bills of lading, which would apply the law of December 22, 1949, which introduces into our law the rules of the Brussels Convention of August 25, 1924, containing the Hague - Visby Rules¨. Under these rules, the carrier must proceed ¨ properly and carefully load, storage and unloading of goods transported ¨ and every clause, an agreement that exempts the carrier or the ship from liability for loss or damage relating to goods arising from negligence, fault or breach of the duties and obligations mentioned in this article or mitigate the liability otherwise than that determined in this agreement, shall be null and void and will not put ¨ - Article 3 .8. FIO clause - FREE IN AND OUT, means in the international shipping cost loading and unloading the vessel. The clause FIOS - FREE IN AND OUT STOWE means loading, unloading, stowage, unloading at no cost for ship stowed storage means that it applies to packaged or packaged goods. The variant FIOST - FREE IN AND OUT STOWE / Trimmer, applies to the leveling of bulk commodities. We have to emphasize the doctrine that the FIO clauses, FIOS or FIOST be translated into a cost sharing within the economy of the contract. Sometimes, however, the printed formulas indicate that the load must be carried out by shippers and their agents, without risk of loading - unloading and stowage - unloading. But stowage understood as the operation is to set and have the burden of genius inside that contains it, in the absence of a contraindication, stowage under all its aspects it is the charterer, and the indication that the costs will be borne by the shipper is not enough to invest in this rule. In principle, the clause is a clause FIOS financial, unless otherwise indicated. The principle is fully explained by the economics of the contract, as in the tempo cores freight against the charterer, whose interest is to see make the trip in the shortest time possible, freeing the ship to perform a new journey. In the Judgment of March 21, 2006, the shipper that has contracted on behalf own insurance, responding on behalf of poor execution own transport.

1.3.6 GROUP D

DAT (Delivered At Terminal)

At the terminal goods are placed at the buyer's disposal, unloaded from the arriving vehicle (previously in such situations the term DEQ (Delivered Ex Quay) was used).

This term may be used regardless of the chosen type of transport, as well as when several types of transport are used. A terminal should be understood as any closed or open place, such as a warehouse, container terminal, cargo terminal or quay.

The seller carries out the delivery when the goods, unloaded from the arriving vehicle, are placed at the buyer's disposal at the agreed terminal at the named port or destination.

The seller bears all expenses prior to the moment of transfer of the goods to the buyer, including expenses for loading the goods, shipping them to the terminal and further unloading.

The seller is also responsible for performing the customs formalities required for exporting the goods, if applicable. At the same time, the seller is not obligated to provide for customs clearance and pay import duties during the import of the goods. The seller is obligated to stow the goods on the vehicle and then deliver them by placing the goods at the buyer's disposal at the agreed port or destination on the agreed date or within the agreed period.

Generally, the risks of loss of or damage to goods until the moment of delivery lie with the seller. As of the transfer of the delivery they pass to the buyer. It is possible to pass the risks to the buyer earlier if the buyer does not perform its obligations to obtain required licenses and fulfill customs formalities for importing the goods, or if it does not notify the seller of the specific date or place of acceptance of the delivered goods, provided that the goods were individualized.

When using this term, parties are recommended to most precisely define the terminal and, where possible, the specific place at the terminal at the agreed port or destination. It is recommended that the seller provide for shipping contracts that clearly reflect the choice of terminal and the specific place thereat.

DAP (Delivered At Place)

En el case DAP, goods are transferred to the buyer in a form ready for unloading at the agreed place (previously this condition was regulated by the terms DAF (Deliver at Frontier), DES (Delivered Ex Ship) and DDU (Delivered Duty Unpaid)).

This term may be used regardless of the chosen type of transport, as well as when several types of transport are used. According to this term, the seller carries out the delivery when the goods ready for unloading are placed at the buyer's disposal on the arriving vehicle at the agreed destination on the agreed date or within the agreed period. The seller bears the expenses associated with loading and shipping the goods to the destination. Furthermore, the seller is responsible for fulfilling the customs formalities necessary for exporting the goods, if applicable. At the same time, the seller is not obligated to provide for customs clearance and pay import duties during the import of the goods.

Generally, the buyer bears the expenses connected with unloading the goods. However, a shipping agreement may assign these expenses as an obligation of the seller. If under shipping agreements the seller bears expenses for unloading at the agreed destination, it is not entitled to demand that the buyer reimburse the expenses, unless the parties agree otherwise. Generally, the risks of loss of or damage to goods until the moment of delivery lie with the seller. As of the delivery the risks pass to the buyer. However, in certain cases the risks pass to the seller earlier than as foreseen by the term DAT.

Parties are recommended to precisely agree upon the place at the destination, as the seller bears risks until the freight arrives at such place. It is recommended that the seller provide for shipping contracts that clearly reflect the choice of this place.

DDP (Delivered Duty Paid)

The seller is responsible for delivering the goods to the named place in the country of importation, including all costs and risks in bringing the goods to import destination. This includes duties, taxes and customs formalities. This term may be used irrespective of the mode of transport.

1.4. SPECIFICS INCOTERMS

The fact that INCOTERMS are not related to the transfer of ownership proves the need to find a solution of operational rights / obligations related to goods in international traffic, according to the inability so far to establish a standard for the transfer of ownership. In fact on this issue there were different views and different solutions.

The FOB condition means “free on board” or, in other words, that the seller delivers the goods when they pass over the gunwale of the ship at the port of shipment (in other words, cleared). As of this point, all the costs and risks pass to the buyer. This clause, in accordance with the ruling of INCOTERMS, would be for exclusive use of sea or waterway transport. For highway transport, the recommended clause would be FCA.

The term FOB Stowed (which appears in one of the cases heard by the Superior Court of Justice) is not an ICC standard, but a variable that may present questions regarding to the extension of the obligation of the seller: if they involve only the risk or the cost, depending on the fine detailing of the contracting parties33; for this reason it is not recommended.

The CIF clause (cost, insurance and freight), for its part, means that the seller delivers the goods when they pass over the gunwale of the ship at the port of shipment (in other words, cleared). It differs from the FOB clause to the extent that the costs of transport and insurance (minimum coverage) are also of the seller up to the port of destination. This clause, in accordance with ruling of INCOTERMS, would be for exclusive use of sea or waterway transport. For highway transport, the recommended clause would be CIP.

INCOTERMS allow parties to a purchase agreement to have a standardized transaction in both national and international trade. They serve the purpose of distributing risks and costs, as well determining each of the parties’ duty of care.

Out of the INCOTERMS arises for example:

- The place of delivery and of the passing of the risk;

- Who and to which extent is responsible for transportation and who bears the associated costs thereof;
- Who is responsible for the loading and unloading and who bears the associated costs thereof;
- Which party has to cover the transport insurance;
- Which party undertakes the export and/or import formalities and handles customs clearance.

INCOTERMS 2010 provide additional helpful guidance and clarify obligations. For instance, the revised terms also spell out rules regarding the use of electronic procedures; detail information on security-related clearances for shipments; and offer advice with respect to domestic trade.

When defining sales and delivery terms, it is important to understand the detailed explanations of the INCOTERMS 2010 update and reflect the substance of the term in the contract. We need to clarify from the outset that the INCOTERMS deal only with the relationship between sellers and buyers in a contract of sale and only some very well established as risk, cost, delivery, insurance and other obligations seller and the buyer that we will highlight in detail in later chapters. Besides all this, INCOTERMS deal with the obligations of the customs clearance of goods for export and import, the packing of goods, the buyer's obligation to take delivery, and check if they have fulfilled their respective obligations.

The needs of international trade require a single solution, accurate, unambiguous and easy to apply obligations of the parties relating to the goods. The contract partners are supposed not only to know the appropriate INCOTERMS, but also to insert then in the contract with all the necessary details, namely:

- specifying geographic point where the expense and risk transfer, therefore, will be inserted in the contract not FOB, but, for example, FOB Constanta;
- Indication of responsibilities for handling (multiple modalities of transport).

1.5 INCOTERMS 2010 – PRACTICE IN THE BLACK SEA

INCOTERMS conditions must also be properly correlated with other rules or practices which affect the enforcement of international contract of sale, such as: the regular transmission lines (Liner Terms), port usages, specific professional rules, etc.

As example, we present the next case: Roblux Company delivers valves and fittings to a customer in Fes. We study the compliance with various INCOTERMS. Calculation elements:

- CONSTANTA CIF value: 18,440.00 EURO
- Customs clearance: 570.00 EURO
- Customs fees: 15% of the CIF
- Local taxes: 22% of duty paid CIF
- Delivery to FES: 2,210.00 EURO

We determine the DEQ value of the delivery and then the DDU and DDP values. What is the difference between DES and CIF INCOTERMS?

The DEQ INCOTERM includes overseas shipment cost, insurance costs and commodities unloading, formalities and fees.

Another calculation: DDU = CIF + unloading + shipment.

The difference between CIF and DES: the first one is a sale INCOTERM at shipment, the transfer of risks being in the seller's country. The latter is a sale INCOTERM at arrival, the transfer of risk being on the ship, at the destination harbor. But, the costs paid by the seller are identical: overseas shipment and insurance to the destination harbor. The two INCOTERMS are used exclusively for overseas shipment.

Recommendations for choosing the delivery terms:

- the state wants to save foreign currency and stimulate development of its own overseas or air shipment companies;
- the exporter and importer have the opportunity to conclude long-term agreements with various shipment and insurance services providers;

- the trader has to follow the choice of the terms depending on costs minimization and providing the best quality for its services;
- The choice of the terms has to allow a good long-term collaboration with the partner.
- use depending on the shipment way

We have noticed lately a generalization trend of usage code that has undergone significant improvements lately.

INCOTERMS regulations are extending their effects upon all the stages and operations involved in commodities' transfer from the supplier to the beneficiary, by explicit reference to the following elements:

- Seller's obligation to deliver and purchaser's obligation to receive and pay the commodities. Thus, the seller has to deliver the commodity in compliance with the agreement from the point of view of quality, quantity, delivery term and delivery spot and submit the delivery related proofs (documents), and the purchaser has to receive the commodity at the due term and pay the commodity price according to the agreement;
- paying the packing expenses, are usually due to the seller, except for the case in which commodities are delivered without packing;
- quantitative and qualitative control – the seller has to develop all the operations (and pay all the costs) for the control, in order to make the commodity available to the purchaser, complying with the contracting terms;
- establishing the passing point of the expenses and risks from the seller to the purchaser;
- the seller's obligation to inform the purchaser that the commodity has been placed at his (or the conveyor's) disposal and if the conveyance has to be provided by the purchaser, his obligation to inform the seller upon the terms of delivering the commodity to the assigned conveyor;
- concluding the transport contract and acquiring the delivery related documents;
- Acquiring other export /import related documents: permit, origin certificate, consular invoice etc.

- Organization of customs clearance and paying customs tax.

INCOTERMS manage to take the latest trade practices into account, such as providing for multi-modal and container transport in the form of the FAS, CPT and CIP terms, but at the same time they respect long-established practices such as the "ship's rail" in the case of the FOB and CIF terms. INCOTERMS, furthermore, enhance their overall efficiency by following a pragmatic model, which provides for regular revisions of the rules to keep them in line with modern commercial practices and transportation techniques. INCOTERMS also acknowledge the use of technology to facilitate communication.[11] As an organization concerned with international business, the ICC has the necessary incentive to search for and correct inefficiencies in existing trade usages. Moreover, the wide range of INCOTERMS enable parties to choose a term best suited to their individual situation.[12]

Therefore, INCOTERMS will apply in those trades where they are indeed known and regularly observed.[13]The more commonly INCOTERMS are used in a specific trade or region, the greater the possibility that they are to be followed as trade usage or mercantile custom, which are binding on the parties even if they did not know about them.[14] INCOTERMS were originally aimed from Basedow a reconciling divergent international understandings of trade terms by means of a deliberate international compromise, but that through their continuous use they have over the course of one or two generations been gradually transformed into commercial custom.

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[12] GABRIEL, V.J., (2001), p. 43; RAMBERG, "*Guide to INCOTERMS 2000"*, (1999), pp. 19-20

[13] According to BRIDGE Michael G., *The International Sale of Goods: Law and Practice*, (1999), Oxford University; *INCOTERMS and the Lex Mercatoria.*

[14] EISEMANN, J.B.L., (1965), pp. 121-122; DASSER, "*INCOTERMS and the Lex Mercatoria",* (1995), 71. SCHMITTHOFF, "*The Law of International Trade*," in *Clive M Schmitthoff's Select Essays*, pp. 224 considers INCOTERMS as one of the sources of the law of international trade. He distinguishes between two sources, namely international legislation and international commercial custom. INCOTERMS are "*positioned on the borderline of normative and contractual trade usages*" and may have crossed this border in some jurisdictions.

Whether INCOTERMS can enjoy autonomous application independent of party agreement is, therefore, an issue which is largely dependent on the degree to which they are consistently recognized and applied by merchants in a particular trade.

Mercantile custom plays an important role in international commercial law, whether that is as a source of or merely as an element of the new law merchant. Customs and trade usages fulfill a harmonization function, whereby the problems created by arbitrary rules of private international law are reduced. Trade usages and practices tend to be linked to a specific location, trade or port in which they are used. Especially in the context of trade terms, differences in interpretation detract from their harmonization function. This necessitates the standardization of trade term meanings, such as provided by the ICC INCOTERMS.

INCOTERMS reduce transaction costs by providing legal certainty and clarity. Their efficiency is enhanced by their flexible and dynamic nature. However, because of their limited scope of regulation, INCOTERMS cannot function as an autonomous legal system INCOTERMS have to be supplemented by the governing law of the contract to address aspects that are beyond their scope of regulation. However, in combination with other international instruments of harmonization and unification, such as the UNIDROIT Principles or the CISG, they are capable of constituting a framework law that can facilitate international sales effectively. Given heightened security concerns internationally, INCOTERMS 2010 adds clauses relating to security clearances and the information required for such clearances. These rules apportion obligations between buyer and seller. For instance, under the term EXW, the seller must provide timely security-related information about the goods required by the buyer for import, export or transport purposes. Finally, INCOTERMS 2010 also accounts for newer modes of global electronic communications by extending to electronic means of communication the same effect as paper communication.

1.6. FREIGHT INSURANCE TERMS

Similar to INCOTERMS 2000, the INCOTERMS 2010 version mentions freight insurance only twice – in the terms CIF and CIP. As regards division of obligations concerning

freight insurance, INCOTERMS 2010 takes into account the change in the so-called *Institute Cargo Clauses* (freight insurance terms adopted by the Institute of London Underwriters).

In accordance with the terms CIP and CIF the seller is obligated to insure the freight at its own expense, where the insurance must provide for the minimum coverage stipulated in clause ”C” of the freight insurance terms adopted by the Institute of London Underwriters or other similar rules. Thus, the insurance must at a minimum cover the price specified in the contract plus 10% (i.e. 110%). The insurance must cover risks associated with the goods from the start of transport to arrival at the established destination. At the buyer’s request and at its expense, the seller shall enter into an additional freight insurance agreement, as specified in clauses ”A” or ”B” of the freight insurance terms adopted by the Institute of London Underwriters. It must guarantee more complete insurance of the freight. Clauses ”A”, ”B” and ”C” of the freight insurance terms adopted by the Institute of London Underwriters stipulate exclusions from the scope of insurance coverage, for example in the event of damage caused as a result of acts of war, strikes, civil unrest, etc. Such risks need to be additionally insured.

When choosing the type and scope of freight insurance the buyer must analyze the risks threatening the freight during transport. To a certain degree it is worth proceeding from the premise that during the shipment of finished manufactured goods there is a relatively high probability of theft or improper storage. Due to this, one should enter into a freight insurance agreement in accordance with clause A of the freight insurance terms adopted by the Institute of London Underwriters. For raw materials not exposed to particular external stress, it is sufficient to enter into a common insurance agreement in accordance with clauses B or C of the freight insurance terms adopted by the Institute of London Underwriters.

Since the other terms of INCOTERMS 2010 do not stipulate freight insurance, parties often forgo it. They hold the opinion that the risk of damage or loss is sufficiently covered by the insurance of the freight carrier. However, in practice difficulties sometimes arise when asserting claims against a carrier in connection with losses, as the scope of liability of a freight forwarder is often limited by national laws or international agreements .In this regard, parties to a sale and purchase agreement may be recommended to divide obligations regarding insurance also in the context of other terms of INCOTERMS 2010, since in the case of insuring freight, in contrast to insuring civil liability, the very fact of damage or loss entitles the owner to claim for

reimbursement of the losses from the insurance company. Moreover, the owner is not obligated to prove the cause and effect relationship between actions of the forwarder and the damage to or loss of the freight.

What do INCOTERMS regulate – what do they not regulate?

INCOTERMS regulate the allocation of transport costs between purchaser and seller, transfer of risk during the delivery, information obligations and further details of the handling of transport. However they do not include regulations concerning conditions of payment, choice of law and/or place of jurisdiction or transfer of property of the goods. Furthermore, INCOTERMS do not give any information about the consequences if one of the contractual partners does not comply with the commitments. INCOTERMS are internationally accepted and considered in the jurisdiction by the national courts. However, INCOTERMS have no legal status but they are standardized contract clauses and must be explicitly included in the respective contract. The INCOTERM rule responds to cargo inspection concerning the security of the goods, measures that have become necessary due to the rise of international terrorism during the last decade. The rules reflect the duty of each party regarding information obligations and allocation of cost. The A2/B2 and A10/B10 rules of each INCOTERM specify the obligation of the seller and the buyer regarding information to be given to the other party or assistance to be given for obtaining such information.

Changes of the “D” terms

International transport of goods has largely developed towards containerization. This has a direct impact on the place of delivery and the terminal handling charges. This has led the ICC to make significant changes in the “D” terms, which address the delivery of goods, as well as to introduce 2 new INCOTERMS rules. In fact, 3 of the INCOTERMS 2000 “D” rules have a place of delivery at destination in the buyer’s country (DAF, DES, and DDU). The co-existence of 3 INCOTERMS for such very similar situations required a clarification and a simplification. These 3 former “D” terms have been replaced by one single new INCOTERMS 2010 rule: DAP (Delivered at Place), which reduces the number of INCOTERMS from 13 to 11. INCOTERM

2000 “DAF” was no longer satisfying and created a problem when the buyer could not examine the goods before taking delivery at the frontier. The new INCOTERM 2010 rule “DAP” covers all situations in which the seller delivers the goods to the buyer on the arriving means of transport not unloaded, which the situation is covered before by DAF, DES as well as all deliveries at the buyer’s premises (DDU).

Another INCOTERM 2000 DEQ (Deliver (Delivered ex quay) has been modernized and replaced by a new rule DAT (Delivered at Terminal), which can be used with all modes of transport in case of a delivery at the place of destination. The difference between DAP and DAT is that under the DAT rule, the seller delivers the goods to the buyer unloaded from the means of transport. The INCOTERM 2000 gave no satisfying solution within the “D” terms for the situation where the goods are delivered unloaded from the arriving means of transport in a terminal. The new DAT (Delivered at Terminal) solves this problem and covers all situations formerly governed by the DEQ. This change was necessary to follow the changes of trade practice since the disappearance of the liner terms formerly negotiated by the maritime conferences between the shipping companies. The former liner terms have tended to disappear and have been replaced by freight conditions which are freely negotiated between the maritime transport companies and the users. Such freight conditions include more and more the entire handling charges which can best be negotiated by the transport companies with the port authorities at the port of destination. For this reason in the container transport practice conditions like “terminal in-terminal out” have become the normal practice and they include cost of unloading at destination. This is now reflected in the new DAT INCOTERMS 2010 rule. FCA and DAT are the INCOTERMS 2010 rules tailored to reflect today’s practice of container transport. The Introduction to INCOTERMS 2010 explains that the omission of the ship’s rail as the point of delivery in preference for the goods being delivered when they are “on board” the vessel reflects more closely modern commercial reality and avoids the rather dated image of the risk swinging to and fro across an imaginary perpendicular line. The old criterion clearly did not suffice anymore, as goods can be placed on board by ‘roll-on roll-off” (RORO) operations, which do not involve lifting the goods over the ship’s rail. Instead, goods are driven on the ship under the ship’s rail.

In practice nevertheless, the ship's rail criterion did only occasionally pose a problem as the INCOTERMS criterion is only a default rule, should there be no port customs.[15] Indeed, if specific port customs exist as to the place of delivery under FOB (and thus also CFR and CIF) they have priority over the INCOTERMS.[16]

In the INCOTERMS 1980 the possibility was introduced to change the point of risk transfer from the 'passing of the ship's rail' to the delivery to the carrier before shipment on board takes place.[17] The maritime terms therefore should not be used anymore in container trade: 'If, under such circumstances, sellers continue to sell FOB, C & F or CIF, they have to assume the risk of loss of or damage to the goods during a period of time when they have absolutely no control. This means that if something goes wrong during that period, and before the goods have actually been placed on board the ship, the sellers have not fulfilled their obligation. Consequently, they could be called upon by the buyer to provide substitute goods or to pay liquidated damages or other compensation on account of delay or non-performance. Furthermore, it is frequently impossible to determine where loss or damage, discovered at the destination, actually occurred. This is particularly difficult in container traffic.'[18]The costs under maritime terms pass to the buyer when the goods are placed on board, although freight forwarders will often include terminal handling charges (THC) incurred between the inland point and the placing of the goods on board the ship in the freight invoice. If the FOB-buyer arranges transport, he will pay for these costs, although technically he is not required to pay them. The only alternative is a cumbersome division between buyer and seller of the freight forwarders invoiced price.

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[15] VANHEUSDEN K., *Leveringsvoorwaarden in international overeenkomsten. Van Trade Terms en INCOTERMS*, Antwerpen-Apeldoorn, Maklu, 2005, 166.

[16] *INCOTERMS 2010, FOB A4 'Delivery': 'In either case, the seller must deliver the goods […] in the manner customary at the Port';* See also X., INCOTERMS 2000, Paris, ICC Publication no 560, 1999, 20: '*To some extent it is therefore necessary to refer to the custom of the port […]'*

[17] *X., INCOTERMS 1980*, Paris, ICC Publication no 350, 1980, 10. However, CPT did already exist in the INCOTERMS 1953

[18] RAMBERG J., "*INCOTERMS 1980",* in N. HORN en C. M. SCHMITTHOFF (ed.), *The transnational law of international commercial transactions,* Deventer, Kluwer, 1982, 147.

Under maritime INCOTERMS, the seller has to tender a delivery document proving that the goods have been placed on board the ship. In container trade, a bill of lading stating that the goods were simply 'received for shipment' is usually tendered to the seller.[19] This is not a sufficient delivery document under maritime INCOTERMS.[20] And even if the seller provides a port-to-port onboard bill of lading, the buyer may find him unable to recover against the carrier if the goods were damaged between the inland point and the discharge port.[21]

Buyers have to be aware that when they change from FOB, CFR or CIF to FCA, CPT or CIP, not only the point of risk transfer, but also the point of cost division might change. Therefore, the terminal handling charges (THC) at departure (to be paid in the currency of the seller) will be for the account of the buyer instead of the seller when switching from FOB to FCA. If the buyer does not agree with the shift of costs, parties can apply the variant FCA 'THC for seller's account', or even a split of these costs can be agreed, FCA '50% of THC to be paid by the seller'.[22]

In practice, the 'misuse' of the maritime terms still frequently occurs.[23] In some situations this is caused by 'extra-delivery-circumstances' (financing or payment conditions requiring a title document for transport purposes) and of course it does not help if handbooks on international trade put the stress on FOB and CIF, and only cursory discuss the multimodal terms.[24] As has been mentioned in the introduction, the maritime INCOTERMS are the oldest

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[19] DEBATTISTA C., *"INCOTERMS 2010 rules and documents in international trade - INCOTERMS 2010 rules and other ICC Instruments",* ICC Master classes 17-18 February 2011 , p. 4, no. 20.

[20] GUEDON J, en B. VAN DE VEIRE, "*INCOTERMS and documents*", in DEBATTISTA C. (ed.), INCOTERMS in Practice, Paris, ICC Publication no 505, 1995, 29.

[21] DEBATTISTA C., "*INCOTERMS and the contract of carriage",* in C. DEBATTISTA (ed.), INCOTERMS in Practice, Paris, ICC Publication no 505, 1995, 15.

[22] RAMBERG J., *ICC Guide to INCOTERMS 2000,* Paris, ICC Publication no 588, 1999, 33.

[23] JIMÉNEZ G., *Guide to Export-Import Basics - Vital Knowledge for Trading Internationally*, Paris, ICC Publication no 685, 2008, 10; J. RAMBERG, *ICC Guide to INCOTERMS 2000*, Paris, ICC Publication no 588, 1999, 15.

[24] See CARR I., *International Trade Law,* Oxon - New York, Routledge - Cavendish, 2010.

trade terms, and traders are very familiar with them. Since 1990, the ICC has tried to convince them not to use the maritime terms for multimodal or container transport.[25]

In the INCOTERMS 2010, the whole layout was conceived in order to avoid traders applying the old maritime terms where they should actually apply multimodal terms.

1.7. WHEN TO USE THE MARITIME TERMS?

One could argue that if the abovementioned INCOTERMS are suitable for any mode of transport, then why do the INCOTERMS 2010 still provide for maritime terms?

Firstly, the INCOTERMS were conceived as a codification of international trade usages: '*These rules have been based upon the greatest common measure of practice now current in international trade, in order to obtain the widest possible adoption of them*.'[26]As of 1967, until then non-existing terms were introduced, such as DAF, DDP, FOB Airport, FCA, CIP, etc. As a result, the INCOTERMS were no longer only codifying but also introducing new standards. It is nevertheless clear that the INCOTERMS are only applied worldwide because they align with international trade practices. As traders still frequently apply the maritime terms they represent the largest volume of world trade[27] – they cannot be ignored in the INCOTERMS.

Secondly, a buyer is often not prepared to accept costs and risks – and execute payment - from the moment they are ready to be shipped from an inland terminal in the seller's country.

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[25] X., *INCOTERMS 1990,* Paris, ICC Publication no 460, 1990, 14; *X., INCOTERMS 2000*, Paris, ICC Publication no 560, 1999, 24.

[26] X., *INCOTERMS* 1953, Paris, ICC Publication no 166, 1953, 6.

[27] RAMBERG J., *ICC Guide to INCOTERMS 2000*, Paris, ICC Publication no 588, 1999, 18.

If a buyer only wishes to assume the risk of the goods (and pay) from the moment they are loaded on board the ship and embodied in a title document that is negotiable (the bill of lading), and not from the moment they are delivered to the carrier at an inland point, the maritime terms still offer a valid alternative. Indeed, only CFR and CIF require the seller to provide the buyer with an on board bill of lading. If the buyer (or his bank that is financing the operation) only wants to accept an onboard bill of lading as the delivery/payment document tendered by the seller, he should contract under these terms. This type of delivery document is required if the buyer wants to resell the goods afloat, which is done by endorsing the bill of lading.[28]This will mostly occur in the trade of bulk goods or commodities, such as oil, iron, ore and grain.

In a strict sense, FAS and FOB do not require a bill of lading, but only a 'usual proof' that the goods have been placed alongside or on board the ship according to the port customs. A mate's receipt or a received for shipment bill of lading might thus suffice, if this document qualifies as the usual proof that the goods have been delivered. These documents are however not a document of title to the goods, which means that the goods cannot be sold en route through transfer of the document[29]. In such situations, the seller's liability is limited to the provision of assistance to the buyer, at the buyer's request, risk and expense, in obtaining the bill of lading.[30]

To create clarity on this issue, it is advisable to incorporate a clearly drafted 'Documents' clause in the contract of sale listing and describing the type of documents the seller is to tender.[31]

Lastly, administrative authorities (such as customs) may require the parties to refer to an 'established' INCOTERM like FOB or CIF. In such situations, parties can still apply the

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[28] See JIMÉNEZ G., *Guide to Export-Import Basics - Vital Knowledge for Trading Internationally,* Paris, ICC Publication no 685, 2008, 113.

[29] GUEDON J. en B. VAN DE VEIRE, "*INCOTERMS and documents*", in DE BATTISTA C. (ed.), *INCOTERMS in Practice*, Paris, ICC Publication no 505, 1995, 30.

[30] See *A8 INCOTERMS 2010*.

[31] DEBATTISTA C., "*Bills of lading in export trade"*, Hayward's Heath, West Sussex, Tottel, 2009, p. 12, no. 1.25.

appropriate term in their contract of sale, whereas 'for administrative/customs purposes only' they can state the term preferred by the administration on the invoice.[32]

In the sale of commodities, as opposed to the sale of manufactured goods, cargo is frequently sold several times during transit "down a string". When this happens, a seller in the middle of the string does not "ship" the goods because these have already been shipped by the first seller in the string. The seller in the middle of the string therefore performs its obligations towards its buyer not by shipping the goods, but by "procuring" goods that have been shipped. For clarification purposes, INCOTERMS 2010 rules include the obligation to "procure goods shipped" as an alternative to the obligation to ship goods in the relevant INCOTERMS rules.

We can observe in the new INCOTERMS 2010 technological changes and developments in electronic communication have influenced contemporary trade and shaped the revision of INCOTERMS rules.

INCOTERMS give a clear solution for the problem of transfer of risk while delivering the goods in international traffic from seller to buyer.

In conclusion, the use of INCOTERMS has various advantages for the contractual partners as follows:

1. They allow to accurately establish the seller's and purchaser's responsibilities in developing the operations related to delivery: packing, storage for export, loading in the conveyance means, export customs formalities, import customs formalities, unloading at the destination enterprise or warehouse;
2. They establish the parties' obligations regarding the delivery-related documents acquiring: invoice, packing list, export license, commodity inspection certificate, origin certificate, consular invoice, delivery document, transport document, insurance policy import license;

[32] VANHEUSDEN K., *Leveringsvoorwaarden in International overeenkomsten. Van Trade Terms en INCOTERMS*, Antwerpen Apeldoorn, Maklu, 2005, 260.

3. Although they do not regulate the transfer of the ownership right, INCOTERMS give a clear solution to the problem of risk transfer regarding commodity delivery in the international trade from the seller to the purchaser.

CHAPTER II - THE CONCEPT OF DELIVERY IN THE INCOTERMS 2010

2.1. THE CONDITION OF THE DELIVERY

Transport is the essential link between supplier and receiver, and the aim is to receive the goods in good condition, when and where they are needed. This necessitates close collaboration between procurement staff, the supplier and the transporter. The journey involved, whether over land, sea and/or air, may introduce certain costs and risks that can be mitigated by appropriate methods of dispatch, insurance coverage, suitable packaging instructions, and by considering the roles and responsibilities of the parties involved in the chain of transport events up until final delivery to the client. In any international sale contract is a question of establishing the method of delivery, transfer and distribution of risks between buyer and seller of goods transport expenses (goods insurance, transport value).In the modern commercial relations, the condition of delivery has become one of the essential clauses in international commercial contract, representing an important element in generating economic and legal consequences.

The delivery is one of the essential clauses of a contract established between international partners through this regulating in fact the transfer of goods and risk from the seller to the buyer, including general economic and legal consequences. Even if buyers and sellers are often on different continents, in different parts of the world, they have used a set of international rules for interpreting trade terms. Delivery condition of contract stipulation is that when determining where, with the passage of goods from the seller to the buyer, there is transfer costs and possible risk involved in delivery. Once entered into the contract, delivery condition becomes a source of international commercial law and determine who, how, when and until when, from where to where and what pays.

Time and place of transfer of ownership of goods may be different the time and place of risk transfer from the seller to buy wheat, and this is reflected in a wide range of conditions delivery and commercial usage. Their knowledge facilitates negotiation and conclusion of international commercial contracts. Any omission or confused expression included in delivery condition contract may cancel the expected benefits of one or other of the parties contracting.

Condition of delivery and rights clause that sets the obligations and the rights incumbent seller and buyer in connection with the distribution each of the risks and costs of moving goods expeditions site (production) until at the destination, the definition documents or electronic messages traveling between the parties, as and formalities.

2.2. TERMS OF DELIVERY INCOTERMS 2010

INCOTERMS are internationally accepted commercial terms defining the states and the buyer and the seller carries out its role regarding the transport of goods, ownership of goods, ensuring goods. In terms of legal rules are optional and dependent INCOTERMS will of the parties, the partners may include in the contract and other specific requirements. In a contract action INCOTERMS is limited to the precise rights and obligations imposed on parties to the delivery of goods sold.

The concept of delivery in the practice of the INCOTERMS is a very important and decisive role, because depending on the place of delivery and terms of delivery of the goods we can correctly determine the transfer of risk and interpretation of INCOTERMS. Delivery time may be determined during contract negotiation and specifically included in the contract or can be determined later, either at a fixed or variable at a time, about a certain future events and parties known. If the resulting contract that delivery will be made in a given period (quarter, month, decade), the seller and buyer will be allowed to establish after the exact date of delivery. When the contract is not explicit mentions of the date of delivery, a term can be understood reasonable, at the discretion of the seller. Delivery system refers to the timing of deliveries. Expedition can be done either globally or in successive installments, installments over time. In principle, if the seller does not meet its obligations and quantitative qualitative accordance with the schedule of delivery, the buyer has the right to terminate the contract.

We do not make the mistake of identifying with INCOTERMS transport or insurance contract, that relate only to an interpretation of trade terms of international business transactions between a buyer and a seller, not affecting relations establish any of the carriers parties, whatever the means of transport used. A separate issue is the impact it can have on both contracts.

If an accident occurs during transport of the goods will always be the insurance company receiving the risk, that is, which is transferred to you and therefore you indemnify according to the stipulations of the policy, or if, with the relevant regulations, the amount applicable to the injured.

This does not prevent INCOTERM used according to determined the cause of the accident and once to delimit who holds responsibility for the goods at the time in which the incident occurred, the Insurer exercise recovery actions for the transaction, provided that the insured is not the carrier.

In each of the 11 trade terms we get to see if it requires the buyer and seller as to the following:

A) Who bears the costs and various expenses (transportation, insurance, loading unloading, etc.) that generated in the shipment of goods being transacted over the entire route, that is, from the factory or warehouse of the seller to the purchaser?
B) Where there is delivery, or provision of the goods.
C) Who is responsible for administrative and customs formalities of import and export operation.
D) Who should accept the risk of deterioration or damage of the shipment and how far.

On countless occasions, we are even in their own invoices, delivery terms of incompatible goods, obviously, with the designated transportation. We can find terms that can be arranged, regardless of the medium transport used, as are others that can only be used with another determined. If, for example exported came to Slovakia and the transport chosen from Spain there is the truck, we use a FOB, since it uses only two shipments by boat.

Proof of delivery, transportation document or equivalent electronic message - at its expense, the seller must provide the buyer, the document used to prove delivery of goods. In the case of the transport document, the seller has the obligation to provide the customer, upon his request, at his risk and expense, with all the assistance to obtain a transportation document. The

e-mail replaces the document provided the seller and buyer have agreed to communicate electronically.

In the case of EXW condition this proof is not mandatory, but the parties may stipulate in the concluded contract the seller's obligation to make this proof.

In the case of DAF condition, if the parties agree to continue transportation beyond the border, the seller has the obligation to provide the buyer, upon his request, at his risk and expense, a direct transportation document, usually obtained in the country of expedition, normally covering the dispatch of goods to the final destination of the importing country, named by the buyer.

Originally, the INCOTERMS were eminently maritime, gradually with the development of transport, were incorporated and vanishing terms, it is appropriate to establish a relationship between the INCOTERMS and the means of conveyance that has been chosen to perform the operation, not fall into the incompatibilities described above, especially when you can have an impact on the transport documents as proof of delivery due to the good.

The delivery of the goods and taking delivery depending on the place of delivery of the goods provided in each INCOTERM.

2.3. THE INCOTERMS 2010 IN CONNECTION WITH THE DELIVERY

Main characteristics of each INCOTERMS in connection with the delivery:

EXW - FACTORY - EX WORKS

Typically, the buyer bears all costs and risks of receiving the goods on the premises of the seller. If the parties wish the seller to be responsible for loading the goods on departure and to bear the risks and all costs (FCA), must be expressly specified in the contract of sale. The transfer of risks is the buyer from the time of receipt of the goods, or from the agreed date or expiry date fixed for taking delivery, he has not given notice. Breakdown of expenditure:

The seller bears all costs until delivery of the goods.

Buyer bears all costs from the time of receipt of the goods, additional costs for failing to take delivery of the goods when it was made available, not to give notice to support the export customs clearance, taxes and loads.

EXW represents the minimum obligation for the seller.

In comparison with other INCOTERMS, EXW represents the minimum obligation for the seller. However, when opting for this rule the seller has to take into consideration that under EXW the buyer is not obliged to provide any information regarding the export of the goods (if applicable) to the seller. The seller might require such information for tax or other purposes for instance thus consideration of this fact is crucial.

FCA - Free Carrier - FREE CARRIER

The place of delivery affects the obligations of loading and unloading of cargo.

The seller delivers the goods at the predetermined place, shipped for export, the carrier or another different person, but always designated by the purchaser.

If delivery is made on their own premises the goods loaded on the carrier means. If deliver at a different location, not download the goods from your vehicle.

If you have not designated any specific point within the agreed place, the seller can choose the place of delivery point that best suits his purpose.

Transfer of risks:

The seller bears all risks until delivery of the goods.

The buyer bears the risks from the agreed date or expiration of term, should he fail to notice, if the carrier is not responsible for the goods at the agreed time.

Division of costs:

Seller until delivery of the goods, but customs procedures, taxes, export charges.

The buyer bears all costs from the time of delivery, plus additional expenses if the carrier fails to appoint or not to give notice, plus the expenses of import customs formalities.

FAS - FREE ALONGSIDE SHIP - Free Alongside Ship

The merchandise is delivered alongside the vessel at the port of origin agreed. Be the seller who will ship for export, but if both parties wish that these procedures are carried out by the buyer, should be made explicit in the contract of sale.

Transfer of risks:

The seller assumes all risks, to place the goods alongside the vessel nominated by the buyer.

The buyer from the agreed date or date of expiry, if fails to give notice, if the ship does not arrive at the same time, if not in charge of the goods or supporting the load before the time notified.

Division of costs:

The seller bears all costs up to delivery, but the costs with customs procedures, taxes and export fees.

The buyer bears all costs of receiving the goods, plus additional expenses, if the ship does not arrive on time, to give notice, if not in charge of the goods, whether for cargo earlier than the time, all duties, taxes, charges, import formalities.

FOB - Free On Board - FREE ON BOARD

At the time when the goods pass the ship's rail carrier at the port of loading agreed and once dispatched for export, the goods are delivered to the buyer.

If the merchandise is transferred at the time that passes the ship's rail INCOTERM we find the FCA.

Transfer of risks:

The seller bears the risk until delivery of the goods, once exceeded the ship's rail at the port of shipment.

The buyer from the time the goods have passed the ship's rail at the port of shipment from the agreed date, if it expires before the deadline for delivery, if no notice has been given, if the ship does not arrive in time, no can take care of the goods, if you stop for cargo earlier than the time notified.

Division of costs:

The seller bears all costs until they have passed the ship's rail at the port of shipment, but the cost of export customs procedures, taxes, fees and charges.

The buyer from the time of receipt of the merchandise, plus additional costs if you have not given notice, but the import paperwork.

CFR - COST AND FREIGHT - COST AND FREIGHT

The delivery of the goods is realized at the time that passes the ship's rail at the port of origin. The transfer of risk of loss or damage of the same, or even spending occurred after delivery, fall upon the buyer, despite being the seller pays the main transport.

The export clearance rests with the seller.

Division of costs:

The seller bears the freight costs more cargo on board, port of discharge destination, as the contract of carriage.

The buyer bears the costs and charges in transit, unloading costs, barges, plus costs, plus wharfage, if no notice, all fees, duties, taxes and charges, import customs formalities.

CIF - COST, INSURANCE AND FREIGHT - COST, INSURANCE AND FREIGHT

As in the previous case, delivery is also produced in the ship's rail at the port of shipment and risk of loss or damage to property and the extra costs generated after the delivery of it, fall on the buyer.

The seller pays the transport and main and compulsory insurance contract, which will be minimal coverage.

The seller undertakes to perform only export clearance procedures and therefore the import buyer.

CPT - CARRIAGE PAID TO - CARRIAGE PAID TO

The seller will ship the goods for export and pay the principal transport, despite the availability of the merchandise is made in the time of delivery to first carrier responsible for transport, therefore it is at that time, the delivery when the risk is transferred to the acquirer.

Transfer of risks:

The seller runs the risk so far it has delivered the goods.

The buyer, from the time of receipt of the merchandise.

Division of costs:

The seller pays all costs until they have been delivered the goods, but the costs of loading, plus shipping, plus customs formalities necessary for export.

The buyer bears all costs of receiving the goods, but the cost of loading and unloading in transit, but the import customs clearance, if not warned, if it expires the period of hiring agreement.

CIP - CARRIAGE AND INSURANCE PAID TO - CARRIAGE AND INSURANCE PAID TO

Export procedures, transportation and insurance principal minimal coverage, paid by the seller, even though the provision of goods occurs when it is delivered to the carrier that the seller chooses it, when the risk is transferred to the buyer.

Division of costs:

The seller pays all costs until they have been delivered, plus freight, plus loading and unloading costs, plus insurance and export customs formalities.

The buyer bears all costs and constraints in transit, unloading of goods, if no warning, duties, taxes, charges, costs and import customs clearance.

DAT (Delivered at Terminal)

The seller delivers and unloads from the transport at the terminal (the port or place) set with the buyer.

Terminal means any place, such as: breakwater, storage, street, cargo terminal, railway terminal.

The seller covers all costs for delivery and unloading at the terminal set. It is recommended that the concept of Terminal to be well defined. DAT covers the export customs clearance formalities, but does not include the cost of import customs clearance formalities.

DAP (Delivered at Place)

The seller delivers the goods in suitable transport at the place set with the buyer.

The seller covers all costs for delivery and unloading at the terminal set with the buyer. It is recommended that the concept of terminal to be well defined. If the seller bears the costs of unloading the goods at destination, he is NOT entitled to re-invoice these costs to the buyer. It is recommended that the concept of PLACE to be well defined. DAP covers the export customs clearance formalities but DOES NOT include the cost of import customs clearance formalities. In the INCOTERMS see that its various forms ranging from a maximum liability to the buyer with minimal liability for the seller, up to a maximum liability to the vendor with minimal liability to the buyer from the seller to the buyer makes available products in their own facilities to the extent of having an obligation to bring products across the crossing to the purchaser - load the products in his factory, take them to a air port, sea, or land, unload the goods loaded for transport relevant to transport the products to the destination port, download transport, land transport load in another, and finally download the purchaser.

INCOTERMS focus on the seller's delivery obligation.The terms of delivery (INCOTERMS) are trade clauses used in a sales contract. They determine the rights and obligations of parties in a sales contract regarding delivery of sold goods .It is very important to note that the term "delivery" is used in two different senses in INCOTERMS. A hand is used to

determine when the seller has fulfilled his obligation to deliver, which is specified in clause A4 of INCOTERMS.

Alternatively, the term "delivery" is also used in context of the buyer's obligation to receive or accept delivery of goods, an obligation which appears in the B4 clauses throughout INCOTERMS. Used in this context, the word "surrender" means first that the buyer "accepts" the nature of the terms "C", if the seller meet its obligations upon the goods and, second, that the buyer is obliged to receive the goods. The latter obligation is important to avoid unnecessary charges for storage the goods until receipt by the buyer. For example, the CFR and CIF contracts, the buyer must accept delivery of the goods and to receive the carrier and if so can become liable to pay damages to the seller who has made the contract of carriage with the carrier or otherwise, may have to pay demurrage levied on goods so that the carrier's delivered.

When it says in this context that the buyer must "accept delivery "does not mean that the buyer has accepted the goods as conforming to the contract sale, but only that he has accepted that the seller has fulfilled his obligation to deliver the goods for carriage in accordance with the contract of carriage, which was concluded under the A3 clauses a) the terms "C". Therefore, if upon receiving the goods at destination the purchaser considered as not conforming to the stipulations of the contract of sale may raise against the seller of any defense that give it the purchase agreement and applicable law – the scope of INCOTERMS.

The exact distribution of functions and costs in connection with the delivery of the goods by the seller does not usually cause problems when the parties have a continuing commercial relationship. Establish a practice among them ("line negotiation") which remain in the post just as they did with previously. However, setting a new business relationship or conclude a contract through an agent, as is common in the sale of base-should apply the provisions of sales contract and when the INCOTERMS have been incorporated into the contract, the applicable division functions, costs and risks accordingly.

It would have been desirable, of course, that would INCOTERMS specified in more detail the possible obligations of the parties in connection with the delivery of goods.

Compared to INCOTERMS 1990, further efforts have been made on some specific cases (see for example FCA A4). But it was not possible to avoid reference to the uses of traffic in FAS and FOB A4 ("the manner customary at the port"), because, particularly in the trafficking of commodities, varies exactly how the goods are delivered for carriage in FAS and FOB contracts as various seaports.

The exact distribution of functions and costs in connection with the delivery of the goods by the seller does not usually cause problems when the parties have a continuing commercial relationship. Establish a practice between themselves ("course of dealing"), which remain in the post just as they did before. However, if establishing a new business relationship or conclude a contract through an agent, as is normal in the sale of base-should apply the provisions of the contract of sale and, when INCOTERMS are incorporated the contract, the applicable division functions, costs and risks accordingly. The risk of loss or damage to the goods and the obligation to bear the costs associated with them passes from seller to buyer once the seller has fulfilled his obligation to deliver the goods.

As the buyer should not be given the possibility of delaying the transfer of risk and costs, all terms stipulate that transmission can occur even before delivery, if the buyer does not take as agreed, or miss the instructions (with respect at the time of shipment and / or place of delivery) required the seller to fulfill its obligation to deliver the goods.

Is a requirement for such premature passing of risk and costs that the goods have been identified as intended for the buyer or, as expressed in the drafting of the terms, have been set aside for him.

This requirement is particularly important under EXW because, in other words, the goods have been identified as intended for the buyer when steps have been taken for shipment or dispatch (terms "F" and "C"), or to delivery (terms "D").

In exceptional cases, however, the seller can ship the goods in bulk without identification of the quantity for each buyer and, if so, the transfer of risks and costs will not occur until it has been appropriated the goods, as stated (see also art. 69.3 of the United Nations Convention on Contracts for the International Sale of Goods, 1980).

Depending on the selected INCOTERM, determining the limits of cost and risk to both the seller and buyer. According to ICC, the delivery can be used both in national purchase contracts, and in the international. Contracts based on versions old, for example, INCOTERMS 2000 are not affected by new changes. The seller and buyer must clearly define the contract which is the version that is INCOTERMS based it - for example, "FOB Hamburg INCOTERMS 2010 ". INCOTERMS 2010, four conditions "Delivered" were replaced with two new conditions: DDU, DAF and often with DAP and the DEQ with DAT, DDP remains in force and in INCOTERMS 2010.DAP means that the seller bears costs and risk up to the supply of goods ready loaded at said destination. This may be, for example, port or airport of arrival, a transport company's warehouse, where crossing border or store buyer.

Defining the exact place according to Klemens Strohmer, Director of Operations Division aviation and maritime transport for Europe Central and Eastern Europe in the Gebrüder Weiss, "DAP Shanghai "*can be interpreted in several ways*:" *And namely, goods are considered delivered when provided, unloading, the ship reaches Shanghai port in a truck from a terminal Transport firm or Shanghai port buyer's warehouse*."*To avoid misunderstanding and conflict, besides "DAP Shanghai" should be specify whether it refers to "DAP port", "DAP terminal transport company "or" DAP store purchaser* "(*in any case the name + address*).

In earlier versions of INCOTERMS, DEQ, Delivered Ex Quay, was the only term defined risk and costs taken over by the buyer as soon as transport is made available by downloading from the middle of transport reached its destination but the means of transport could be just a ship.

With DAT, the ICC has created a single replacing the DEQ term and can be used for other means of transport and places of delivery within transport chain. Thus, one can use, for example, "Given the firm's terminal specified transport", then the seller has to bear both the costs and risks that terminal until delivery in the transport company, and the costs and risks for download from truck or railway car.

The term terminal as defined by the ICC, refer to any place, whether covered or not. *"However, it is Note also that the buyer must be given and the ability to take goods from this place,* "adds Strohmer and in this case, it is essential to specify exactly place.

Specifically, this means: do not specify only city in which they are incurred costs and risks, but also exact address. In this way we can avoid many misunderstandings and litigation resulting there from but be careful: If you specify only the name of the city and in this case can be part of inconvenience; because there are some cities worldwide with the same name (for example, Athens, Greece, and Athens, Georgia, USA), you're always specify the country and possibly postal code. In place of delivery, the risk is assumed by seller buyer. In the case of CFR and CIF, place of delivery is the port dispatch. In practice, however, specify the most often only port of destination. This means that although there is clear information on the acquisition costs. by the buyer, sometimes the buyer does not know, But, where you take the risk. "If states, in addition, a certain time of teaching, "according to Strohmer," for CFR and CIF, is reference to the date on which the goods are loaded on vessel and not the date at which they must arrive at the port destination. "*Stipulation in the contract is recommended so port of shipment and the date on which the goods must arrive at the port of destination. Same CPT and CIP applies to the seller fulfills obligation to deliver the goods immediately after delivery carrier, and not when the goods arrive at destinations*." Therefore, in this case should be provided place of delivery contract and the date of arrival at destination used, as before, except for transport sea leg and river cargo. Even though the temptation than to specify "FOB Airport" (to emphasize so that merchandise is delivered as soon as it is loaded to board), this is not allowed.

If Use one of these terms for transport air or truck, there is a possibility in case of occurrence of damage or in case of dispute, to conclude that the goods were not delivered. Accordingly, taking risks that the buyer has place, although the goods have reached the destination airport, because in the entire process of transport, goods not loaded on a ship in no time. "*Instead of" FOB airport specified* ", it is recommended using "*FCA airport specified, loaded on aircraft,* '" Klemens informs us Strohmer. Additional specification "Loaded on Aircraft" in this case is essential because or "FCA specified airport" could be interpreted as "FCA airport terminal." This would result taking risks and costs to the buyer where the seller has delivered the goods ready for download. In terms of risk on products, is where insurers, contracted by the seller and the buyer.

Insurance is essential for international trade transactions. To the extent that is created and perfected the insurance contract, is how you respond to the development of trade relations,

not only at national or domestic trade, but an international level, which is becoming more global, to the point to reach an international division of labor. After reviewing both the insurance contract and the terms of negotiation on the transport of goods in international transactions, we understand the vital importance of insurance. One can say that without their existence, international trade and development would not reach it has now. It is very easy to verify this if we go back to the beginning of mercantilism, when trade routes were unsafe, and transportation, which hindered the transactions, the loss of shipments could mean bankruptcy for the retailer, these risks are not covered prompted potential traders simply do not participate in this important economic activity is trade.

Coverage of losses of the port authorities

The port coverage varies in each infrastructure is exposed to various risks and responsibilities. This service began offering in 1988 because, due to the increasing responsibility of port authorities - especially in the case in which they themselves had their own equipment and infrastructure - was a consequence of the legal, environmental and business that had occurred in recent years. For this reason safeguard coverage for these needs have been structured so peculiar a very special and detailed.

The standard coverage Port Authority risks include:

- Liability for losses and damage to goods, equipment and vessel customers.
- Responsibility for errors and omissions including delivery delays and unauthorized.
- Liability (including sudden and accidental pollution).
- Fines and taxes.
- Expenditure on research, advocacy and litigation.
- Costs of disposal, quarantine and disinfection
- Wreck removal expenses.
- Loss and damage to equipment owned or leased, including terrorism (also available separately).
- Maintenance of channel buoys and lights.
- Practice maneuvers.
- Especially as insurance.

Besides these risks, there is the additional possibility of adding to the standard coverage of the following: business interruption (covering the costs due to the interruption), "Legal Fire" (loss and damage caused by fire, which is legally responsible for the policy holder) and other risks to property, damage to piers; violation of personal rights (including libel and slander); responsibility for consultation and information; insurance hull and P & I insurance, medical expenses, etc.

It is of the utmost importance that traders apply a trade term that is appropriate for their transaction.[33]INCOTERMS standardize contract practices, but problems remain because the parties inadvertently choose the wrong term. [34]The choice of the 'right' INCOTERM prevents disputes[35], but an INCOTERMS is only 'right' if it is in harmony with the other contracts (contract of carriage, of insurance, L/C, etc.) parties engage into to execute their obligations under the contract of sale[36]. An ICC Belgium enquiry[37] indicates that Belgian traders more often than not apply the 'wrong' INCOTERM. Certainly for smaller companies (SME's) the problem is significant: they misuse, do not apply or apply certain terms too much[38]. This of course harms exportation[39] and international trade as a whole.

Choosing the 'right' INCOTERM requires the parties to a contract of sale to consider, amongst others, the following elements:

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[33] X, *INCOTERMS 2010,* Paris, ICC Publication no 715E, 2010, 5.

[34] RAMBERG J, *ICC Guide to INCOTERMS 2000*, Paris, ICC Publication no 588, 1999, 13.

[35] RICHARDSON J. W., *The Merchants Guide* 1998 Edition, Rotterdam, P&O Nedlloyd, 1997, 11.

[36] DEBATTISTA C., "*INCOTERMS and the contract of carriage",* in C. DEBATTISTA (ed.), *INCOTERMS in Practice*, Paris, ICC, Publication no 505, 1995, 10.

[37] *ICC Belgium enquiry about the application and revision of the INCOTERMS 2000,* conducted in spring 2008, http://www.iccwbo.be/index.html?file=142.

[38] CHEVALIER D., "*INCOTERMS - bien les connaître pour mieux les utiliser",* Le MOCI 2003, 84-89.

[39] VAN DOOREN P., "*Onvoldoende kennis INCOTERMS schaadt Belgische export",* De Lloyd 4th of July 2008, http://www.iccwbo.be/index.html file=218.

• The nature of the goods: containerized, manufactured goods, bulk goods or commodities, etc;

• The means of transport: maritime, non-maritime or multimodal;

• The conditions of payment and the documentary requirements imposed by these conditions;

• And the capabilities of and the efficiency with which the seller or the buyer can perform the obligation to deliver the contracted goods: someone will have to do it, but who does it most cheaply?

This contribution takes into consideration how these factors influence and sometimes even impose the choice for a particular term. In container trade, the goods are received either at a container freight station (CFS) or at a container yard (CY), for subsequent loading of the containers on board the ship[40]. In other cases, the containers are loaded by the seller and then collected at the seller's premises (often FCL deliveries)[41]. The seller thus hands over the goods to the carrier at an inland point, instead of placing them on board the ship.

In the INCOTERMS 1980 the possibility was introduced to change the point of risk transfer from the 'passing of the ship's rail' to the delivery to the carrier before shipment on board takes place[42].The maritime terms therefore should not be used anymore in container trade: 'If, under such circumstances, sellers continue to sell FOB, C & F or CIF, they have to assume the risk of loss of or damage to the goods during a period of time when they have absolutely no control. This means that if something goes wrong during that period, and before the goods have actually been placed on board the ship, the sellers have not fulfilled their obligation. Consequently, they could be called upon by the buyer to provide substitute goods or to pay liquidated damages or other compensation on account of delay or non-performance.

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[40].RAMBERG J, "*To what extent do INCOTERMS 2000 vary articles 67 (2), 68 and 69*", Journal of Law and Commerce 2005-06, vol. 25, http://www.uncitral.org/pdf/english/CISG25/Ramberg.pdf, 220.

[41] RAMBERG J., I*CC Guide to INCOTERMS 2000*, Paris, ICC Publication no 588, 1999, 15.

[42] *X., INCOTERMS 1980*, Paris, ICC Publication no 350, 1980, 10

Furthermore, it is frequently impossible to determine where loss or damage, discovered at the destination, actually occurred. This is particularly difficult in container traffic.'[43]

This could lead to a liability and/or insurance gap, should something happen to the goods in terminal, before they are placed on board the ship68. It does indeed happen that port terminals suffer from fire damage. Even if the buyer's insurance policy contains a so-called transit clause, to the effect that the insurance protection lasts from warehouse to warehouse, the seller cannot benefit from this insurance. There are two reasons for this: first, the seller is not a contracting party to the buyer's insurance contract, and second, when contracting under maritime terms, the buyer does not have an insurable interest before the goods have been placed on board. Then, the seller can only appeal to his insurer if he is fully insured under an 'open' cover[44].

The costs under maritime terms pass to the buyer when the goods are placed on board, although freight forwarders will often include terminal handling charges (THC) incurred between the inland point and the placing of the goods on board the ship in the freight invoice. If the FOB-buyer arranges transport, he will pay for these costs, although technically he is not required to pay them. The only alternative is a cumbersome division between buyer and seller of the freight forwarders invoiced price. Under maritime INCOTERMS, the seller has to tender a delivery document proving that the goods have been placed on board the ship. In container trade, a bill of lading stating that the goods were simply 'received for shipment' is usually tendered to the seller[45]. This is not a sufficient delivery document under maritime INCOTERMS[46]. And even if the seller provides a port-to-port onboard bill of lading, the buyer may find him unable to recover against the carrier if the goods were damaged between the inland point and the discharge port[47].

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[43] RAMBERG J, "*INCOTERMS 1980",* in N. HORN en C. M. SCHMITTHOFF (ed.), *The transnational law of international commercial transactions,* Deventer, Kluwer, 1982, 147.

[44] RAMBERG J, *ICC Guide to INCOTERMS 2000,* Paris, ICC Publication no 588, 1999, 26.

[45] DEBATTISTA C., *"INCOTERMS 2010 rules and documents in international trade - INCOTERMS 2010 rules and other ICC instruments"*, ICC Master classes 17-18 February 2011 , p. 4, no. 20.

[46] GUEDON J. en B. VAN DE VEIRE, "*INCOTERMS and documents*", in C. DEBATTISTA (ed.), INCOTERMS in Practice, Paris, ICC Publication no 505, 1995, 29.

[47] DEBATTISTA C., "*INCOTERMS and the contract of carriage",* in C. DEBATTISTA (ed.), INCOTERMS in Practice, Paris, ICC Publication no 505, 1995, 15.

Luckily, INCOTERMS are not 'fixed' in a treaty or in legislation[48], and can easily be adapted to changes in trade practices. As a result, the INCOTERMS 1980 introduced the terms FCA (Free Carrier) and CIP (Carriage and Insurance Paid to), and revised CPT (Carriage Paid To).

These new INCOTERMS replaced the point of the passing of risks and costs from 'on board the ship' to the 'delivery of the goods into the custody of the carrier', before shipment on board takes place[49]. The documentary obligations were equally adapted, so that the seller was not required to tender an on board bill of lading as a proof of delivery. Buyers have to be aware that when they change from FOB, CFR or CIF to FCA, CPT or CIP, not only the point of risk transfer, but also the point of cost division might change. Therefore, the terminal handling charges (THC) at departure (to be paid in the currency of the seller) will be for the account of the buyer instead of the seller when switching from FOB to FCA. If the buyer does not agree with the shift of costs, parties can apply the variant FCA '*THC for seller's account',* or even a split of these costs can be agreed, e.g. FCA '50% of THC to be paid by the seller'[50].

In practice, the 'misuse' of the maritime terms still frequently occurs[51]. In some situations this is caused by 'extra-delivery-circumstances' (e.g. financing or payment conditions requiring a title document for transport purposes) and of course it does not help if handbooks on international trade put the stress on FOB and CIF, and only cursory discuss the multimodal terms[52]. As has been mentioned in the introduction, the maritime INCOTERMS are the oldest trade terms, and traders are very familiar with them.

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[48] The incorporation of INCOTERMS in national law has occurred in the past, namely in Spain, Iraq and Ukraine, see J. MALFLIET, "*De rechtsaard van de INCOTERMS en de voorwaarden voor hun toe passing*", in DEPARTEMENT VORMING EN OPLEIDING VAN DE ORDE VAN ADVOCATEN VAN DE BALIE VAN KORTRIJK (ed.), *Recente ontwikkelingen en topics van het handelsrech*t, Brussel, Larcier, 2010, 226-228.

[49] *X, INCOTERMS 1980, Paris,* ICC Publication no 350, 1980, 10.

[50] RAMBERG J., *ICC Guide to INCOTERMS 2000,* Paris, ICC Publication no 588, 1999, 33.

[51] JIMÉNEZ G., *Guide to Export-Import Basics - Vital Knowledge for Trading Internationally*, Paris, ICC Publication no 685, 2008, 103; J. RAMBERG, *ICC Guide to INCOTERMS 2000,* Paris, ICC Publication no 588, 1999, 15.

[52] CARR E.g. I., *International Trade Law*, Oxon - New York, Routledge - Cavendish, 2010, 5.

Since 1990, the ICC has tried to convince them not to use the maritime terms for multimodal or container transport. In the INCOTERMS 2010, the whole layout was conceived in order to avoid traders applying the old maritime terms where they should actually apply multimodal terms.

Merchants often do not sufficiently analyze the possible effects of choosing one or another trade term but rather, without much reflection, continue to sell as they and their predecessors have done previously[53]. Often, the chosen INCOTERM will not vary from transaction to transaction and is part of the business strategy[54].Nevertheless, a trader should evaluate thoroughly which INCOTERM to choose as it has a huge impact on cost, risks, liabilities and formalities… and thus of the profitability of the transaction. In order to make a carefully thought-out choice, one of the considerations to be taken into account is the mode of transport.

It is not without reason that the INCOTERMS 2010 put so much stress on the division between 'any mode' and 'multimodal' on the one hand and maritime INCOTERMS on the other hand. The former can be used for any mode of transport e.g. goods shipped in containers, and the latter may only be used when the goods are shipped by sea or inland waterway.The reasons for this division are threefold: firstly, the maritime terminology does not apply to other modes of transport, secondly, the delivery in multimodal or container transport occurs at an inland point, instead of alongside or on board the ship, and thirdly, the documentary requirements differ. Whereas the difference in terminology is obvious, the difference is not that obvious with respect to the point of delivery.

The legal consequences are however important: if sellers wrongfully continue to contract under maritime terms, they have to assume the risk of loss of or damage to the goods during a period of time when they have lost control over the goods as the goods are already handed over for shipment. The risk during this period might not be covered by the transport

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[53] HORN N. en C. M. SCHMITTHOFF, *The transnational law of international commercial transactions,* Deventer, Kluwer, 1982, 139.

[54] VANHEUSDEN K., Leveringsvoorwaarden in International overeenkomsten. *Van Trade Terms en INCOTERMS*, Antwerpen-Apeldoorn, Maklu, 2005, 255.

insurance policy. Moreover, it is often difficult to determine if loss or damage occurred before placing the goods on board the ship (in the terminal) or after, if this loss or damage has only been discovered at destination, upon opening the container. It is not only the passing of risk that poses problems, but also the point of cost division can lead to a cumbersome split-up of the freight forwarders invoice, which often includes the costs of bringing the goods on board the ship.

Under CFR and CIF, the seller has to tender a negotiable on board bill of lading. Under FOB and FAS, this document would certainly suffice, but a mate's receipt, a received for shipment B/L or a sea waybill might equally be acceptable if they are regarded as the usual proof of delivery. In door-to-door transport, the buyer will often not be tendered such a delivery document, but he will instead receive a CMR, multimodal or 'through' bill of lading. In container transport, the seller usually hands over the goods to the carrier against a FCR or 'received for shipment' bill of lading. These documents do not meet the documentary obligations under the maritime terms. This is an important consideration, because when prices go up in a volatile market, buyers may be inclined to avoid the contract under the pretext of a contractual breach, if the seller does not procure the required delivery document.

EXW, suitable for any mode of transport, seems to offer an easy and carefree solution for sellers. In reality, 'avoiding costs and risks at all cost' comes at a high price … certainly if the seller depends on certain documents and formalities the buyer has to perform for tax and accounting purposes. EXW moreover is not in line with international trade practice. Parties are advised to contract FCA seller's premises instead.

FCA, CPT and CIP place the point of delivery at the moment they are handed over to the carrier, and impose less strict documentary obligations. In most cases, traders are advised to use these terms instead of the maritime terms.

The latter have been retained in the INCOTERMS, because sometimes buyers are reluctant to assume any risk before the goods are on board the ship. They are equally the proper terms for the trade of bulk goods or commodities, which are often resold in transit, whereby a negotiable transport document is required. As for the question to which party should be in charge of carriage, the basic economical rule is that the transport obligation should be put in one basket and thus borne entirely by either seller or buyer. Often, it will be more efficient and thus

cheaper to have the seller organizing carriage, but sometimes buyers can consolidate at departure and are more accustomed to organize international transport and therefore in a better market position to do so. This leads to a general trend in international trade towards the D-terms. As all the D-terms can be used for any mode of transport, including multimodal, this also avoids that traders use the wrong term and international traders are well advised to take a specific look at the newly introduced terms DAP and DAT.

2.4. DELIVERY FEATURES OF THE BLACK SEA

International cargo delivery involves the following activities: preparation of goods for export and external billing, shipping and international transport, freight insurance, customs clearance. In this process the parties are involved in addition to commercial contract - seller and buyer - and a number of firms or organizations providing specialized services: senders, intermediaries, transit, home insurance, customs bodies, institutions, etc. quality control. In case of export or export indirectly through commission, the commercial relationship there is three basic parts:

- producer (supplier goods for export)
- foreign trade company (which may act alone or as an intermediary)
- external customer (which in turn can be a distributor, dealer intermediary on their own or final beneficiary of the goods)

The basic problem of international payments is to establish the payment means and techniques. In principle settlement mechanism involved four parts: the exporter, the payee, the importer, debtors pay, the bank of the exporter and the importer's bank, rendering it a range of services for the benefit of their customers, partners, and commercial contract.

It is important to the process of packing the goods, because transport depends on the package reliability. Packaging has many functions:

Training delivery is considering making or buying goods, packaging and labeling, then the effective delivery and external billing.

1. Protects cargo against shock, corrosion and their preservation during transport.

2. Ensure the inviolability of the product and its protection against theft.
3. Facilitate the operations that involve transportation, loading unloading goods respectively, transshipment and other manipulations, and verification operations cargo.
4. Facilitate the sale of products through promotional appearance.

In the international trade a special importance it represents delivering pallets and containers using. Pallets allow the aggregation into a single unit load more goods packed deposited palette.

The range is composed of one or two superimposed plates, usually made of wood. Travel by cargo handling range is faster, easier loading, storage and distribution of the product. Blades are relatively low cost, they are often provided free, along with merchandise.

The container is a container, mobile and tightly designed to be loaded with goods in bulk or packaged easily, or that transport took place without manipulation or transshipment of goods from the place of departure to the destination. He is the packaging, the goods movement "from door to door" , without any intervention on this one during transport.

According to INCOTERMS, the packaging always falls the task and responsibility of the seller. The importer may give; to send the order or contract, precise instructions on the package, if it does not he leaves the exporter's choice of nature and type of packaging.

In choosing the package must be taken into account several parameters, such as:

- risks affecting the goods, and merchandise pertaining to nature, environment (climate, condition of transport infrastructure, the solution chosen for transport);
- packaging costs, taking into account the ratio between the container and cargo value and savings that allows packaging in terms of transport, cargo handling and insurance;
- technical aspects: heavy and bulky packaging increases the cost of transport and handling, packaging and low volume light has a lower protection capacity;
- commercial aspects: negative influence on customer relations disaster, theft or loss, damage the brand image of the exporter;

- Legal and financial issues: disaster, whether it is attributable to the packaging of the sender is liable goods, on packaging regulations in some countries or for certain products.

Receipt of the goods where, on receipt of goods, the recipient finds discrepancies between goods received and how they were determined in the contract, it may make complaints, we send the counterparty.

Complaints may relate to:

- quantity of goods, if found lacking quantitative;
- quality goods if it does not meet the contractual clauses;

Seller's liability is always engaged damage if qualitative or quantitative deficiencies were at fault. In case of loss or damage of goods during transport carrier is liable fault it (except for the exemptions). As such, the importer shall submit the complaint to the carrier, as well as the exporter. Upon receipt of goods at the point of destination merchandise importer proceeds to take over the carrier. If the goods arrive loss or damage, the importer must undertake timely issuance of complaints (reserves) to the last carrier, taking measures to conserve the property. Also, he will call an expert to determine damages. Regarding reserves, to be valid they must be: written, accurate, complete, dated, written on all copies of the transport document, made only on the gross weight, number of packages or cargo status, confirmed by a letter sent carrier (three days).

To establish damages, their assessment and establishing their responsibilities importer appeals, in principle, to an independent expert. If he will appeal to maritime emergency commissioner appointed by the insurance company.

In maritime and air transport can use friendly expertise (often initiated even by carrier) or legal expertise (at the request of the recipient, in serious cases or controversial).

The rail carrier shall, in case of loss or damage to goods, a report of findings, if it was issued in the absence of the sender, the buyer may request a judicial expertise.

Another problem that arises in relation to transport is the movement of goods to the consignee without major delay. In general, international conventions on transport carrier compliance by talk of "reasonable duration". To be a specified period of delivery respected

importer may request the sender to sign the agreement with the carrier on the transport document delivery once imperative and delay penalties. In terms of total loss of cargo a separate international practice within 60 days, after passing which, if merchandise was not delivered, be deemed to have been lost. The importer will be asked in this regard, the carrier a certificate of loss. Taken to achieve international expedition formalities and documents required in this respect differs depending on the type of transport, delivery terms, and the specific transaction. If FOB export, exporting firm will advise on foreign buyers that the goods are ready for delivery, was singled out as such and will require the provision, in place at the time and agreed to ship the necessary capacity dispatch goods.

Regardless of the fact that external transport task, depending on the condition of delivery, is the exporter or importer, specialized departments will prepare and transport device clearance (DTV) for export, which the organization reverse transport goods up customs border of the exporting country and export customs clearance. This document is sent to the company specialized in international expeditions. If transport will be made by land, international shipper will draw on material contained in the DTV set international carriage of letters, which through the exporting firm if the contract brokerage, domestic suppliers are delivered and that the carrier will complete the takeover time to load cargo, cargo quantity and number of the car or truck on site and will individualize the expedition, very important in the mechanism of settlement in LC.

If shipping, delivery terms CFR and CIF, the operative section of the company called application form completed and tonnage, which is sent to international forwarding company as a charter for maritime space to rent or retain necessary. Heavy demand data includes: name of goods, quantity, packaging, port of loading (unloading), sender, recipient, delivery terms, if so allowed loading parts. Heavy application is submitted to the sender in sufficient time so that it can market prospect and choose the most advantageous route of transport. Submit notice of freight shipper exporter, which contains data on the charterer, ship owner, and ship name, year of construction, flag, freight and way of payment. If the charter does not comply with the opinion requested by the exporting company, it has a right to protest within 48 hours. This document is sent to the attention of the international department of transport and forwarding company, which records data in the register, then submitting the relevant document operational department. The purposes of the bill of lading according to contractual conditions, make note order form and send shipper bill of lading, bill of lading clauses must be identical to those of

contract and documentary letter of credit. Following the instructions received from the company exporting, loading cargo on ship sender organize and get signature on the bill of lading the ship's captain, his teaching is a set of documents handed to the destination, the goods receiver. Bill of lading is issued by the master and exporting company sent the number of copies requested.

Exporting firm advises foreign buyers about shipping goods.

If the contract does not mention information that the exporter must provide the importer in this respect, endorsement, or wire is made can usually includes: name of ship, departure date, port of destination, name of goods, bill of lading number, quantity , weight, number of packages. In the CIF delivery firm opinion resolves sender (application) to ensure that serves the insurance contract the goods with a company specialized in providing international. Besides items for merchandise, shipping, receiving, in the application for insurance to include data on the value of goods and ensure risks. After receiving the exporting company and customs provisions for transport, the sender sends its necessary transport documents. They are submitted by domestic suppliers with built-in exporter or separately. To these are attached and set of customs declarations export. Domestic producer goods ready for delivery, while respecting the instructions for marking and packaging of external contracts, and the dispatch of foreign trade goods company send the following documents: copy of the waybill, invoice internal quality certificate and other certificates required (veterinary , plant health, the analysis - depending on the nature of foreign goods and the contract, specifications of weight).

2.5. THE DELIVERY, RECEIPT AND INSPECTION

When a consignment is delivered to the final end-user, the carrier will request a receipt. The external condition of packages must therefore be verified. If in apparent good order, it is recommended that the endorsement be given along the following lines: “received in good external condition – contents unchecked.” This allows further action should discrepancies be noticed when unpacking. If, however, there are signs of tampering with the packages, then the receipt should be given with reservations such as: “cases broken, contents exposed/rattling/leaking, cartons opened with signs of pilferage/shortages.” If possible,

packages should be weighed to determine differences between declared and actual weights, and such differences be stated on delivery notes.

Insurance normally extends its coverage to include a period from 30 to 60 days in storage at destination. There can be ambiguity here as sometimes it means days in warehouse at destination to allow clearance and collection and/or stopping after delivery to site, or it means days at site after delivery has taken place. If this is not clear from the documents in hand or not clearly understood in a standing arrangement, then it should be clarified with the party who negotiated the coverage. Even if the coverage includes 60 days at site, however, it is always preferable to check supplies as soon as possible after delivery has taken place. Carriers and/or suppliers may be involved in a claim, but they are not party to the 60 days agreement. It always weakens the case when a claim is submitted with a delay.

Case Study

A UNDP Country Office has ordered pharmaceuticals from a procurement agent with whom UNDP has an LTA. Although goods often arrive later than promised in this case UNDP received the goods 5 days before the due date. UNDP was not aware of the early arrival of the goods. The goods remained for 5 days at the airport in a non-cooled area before UNDP became aware of the situation.

Upon notification of the case the pharmacist rushed to the airport to measure the temperature in the storage facility – which was 29 ºC, higher than the recommended storage temperature of 4 ºC.

Key questions to consider:

1. Should UNDP accept the products; should the all medicines be disposed of or are some batches undamaged?

2. If yes, should UNDP spell out certain conditions?

3. What is the INCOTERM used for the delivery?

4. Who has insured the shipment?

5. Who is responsible for payment of any damage – UNDP, manufacturer, procurement agent, freight forwarder or custom clearance agent?

6. What is the urgency of the supply – should replacement be procured immediately?

7. Should samples be taken and sent to testing laboratory?

8. Make enquiries into where the lines of communication broke down.

9. Were instructions for the distribution of documents in the purchase order complete and accurate?

Suggested way forward:

Discuss with the supplier the potential impact of heat exposure. Contact the insurance company immediately; ask for their advice. The insurer may only accept claims pertaining to specific damaged batches and not to the entire shipment in general. If necessary and prudent, engage a testing laboratory to document the extent of the damage. If the products are indeed rejected, check with the supplier if alternate medicines are in stock and can be shipped urgently and who will bear the cost. Ensure that instructions in the purchase order are complete and provisions are made for adequate notification for future shipments.

The option of applying one or another INCOTERM of the delivery conditions or practices known worldwide should consider a number of criteria, such as the following: the ratio of currency and foreign currency contract for payment of transportation, insurance and other charges related to delivery; market situation and the charges of air and land transport, participation in international conventions on transport, which involves preferential rates of transport, customs outlets in markets or supplies. In the case of a saturated market, where there is a strong competition, the exporter can earn a segment of this market, providing certain favorable conditions to the importer within the meaning of risk and minimal costs that the latter must bear. Delivery condition is one of the essential terms are agreed between international contract partners, thereby regulating the transfer actually goods and the seller to the buyer risks, including legal consequences and general economic. As we know, when ownership transfer cargo may be. When different risk transfer, this time reflected a wide range ways of delivery, evidenced by various usages, which later became a source of commercial law, facilitating the negotiation and conclusion of commercial contracts between parties. Since the implementation of the each entry in the various delivery methods, costs, which can´t be neglected, their enrollment contract specifications require is especially important to establish who and what pays any omission of this view may or cancel benefits buying or selling expected at closing.

In foreign trade practices have been established habits of character normative on completion of contracts. For people interested to know usage in market practitioners, chambers of commerce, professional associations, exchanges and other public institutions collections of Use. Of general usage, the most important foreign trade are those relating to delivery and payment international conditions. Purpose "Inco" is to provide a set of rules international interpretation of the most commonly used trade terms foreign trade. Thus, different interpretations of these ambiguous circumstances, in different countries can be avoided or at least reduced to a considerable extent. Frequently, Contracting Parties are not aware of the various commercial practices in the countries partners. This can give rise to misunderstandings, controversy and litigation, with all the time and money they generate.

The concept of delivery in the practice of the INCOTERMS 2010 is a very important and decisive role, because depending on the place of delivery and terms of delivery of the goods we can correctly determine the transfer of risk and interpretation of INCOTERMS.

The INCOTERMS delivery conditions play a vital role in concluding contracts between parties from different countries, having an important role in the ongoing international transactions.

They allow rigorous determination of the responsibilities of seller and buyer in conducting the operations involved in delivery: packaging goods, warehousing for export, loading on transport vehicle, customs formalities for export, mainly transport, insurance during transport, import customs formalities, unloading at factory or warehouse of destination. The table below lists the obligations relating to operations, the obligation transposed in the costs incurred which are reflected in the contract price.

CHAPTER III – TERMS OF LOADING AND UNLOADING AND THE DELIVERY

The scope of this chapter is to explain the terms of loading and unloading and the delivery in the maritime transport. Transport is the essential link between supplier and receiver, and the aim is to receive the goods in good condition, when and where they are needed. This necessitates close collaboration between procurement staff, the supplier and the transporter and a series of legal terms. The contract signed may introduce certain costs and risks that can be mitigated by appropriate methods of dispatch, insurance coverage, suitable packaging instructions, and by considering the roles and responsibilities of the parties involved in the chain of transport events up until final delivery to the client.

Any clause relative to agreements on operations of load and unload contains or is in the habit of containing two requirements to the time:

a) The one who has to his post the obligation to execute for if or for others the operations of load and unload and the one who runs with the expenses of the execution of such operations.

b) Where there takes place the receipt or delivery of the load and therefore where it begins and finishes the obligation of custody of the shipment.

These clauses can divide in the following categories:

a) Clauses for common transport.

b) Clauses for special transport.

a) Clauses for common transport.

These clauses can divide in:

A) CLEAR CONDITIONS – *"NET TERMS"*

B) BRUTE CONDITIONS – "*GROSS TERMS"*

For the interpretation of the diverse clauses will be necessary to be first the definition that on such clauses is established in the contracts, and in his fault to the uses and customs of

port. Likewise, the shipment returns under the prop of the nose finishing there the obligation of custody on the part of the charterer.

3.1. CLEAR CONDITIONS OR “NET TERMS”

In this type of clauses, the obligation of the charterer diminishes to the strict one of maritime transport being received and the goods being delivered to boron and being at the expense of the charterer all the expenses and risks of the execution of operations of load and unload.

1. FOB (free on board): related to conditions of loading and unloading at a charter party, the FOB means:

a) That the charterer is responsible for the obligation to perform by himself or by other loading and stowage, paying if necessary, the costs of implementing such transactions and at their own risk.

b) That the delivery or "tradition" of the goods takes place on board of the nose as soon as him shipment remains placed in the warehouses, beginning for the obligation of custody for the charterer.

2. FD (free discharge):

This term means:

a) That the charterer has to his post the obligation to execute for if or for others the operations of unload solvent his expenses and running with the risk of such operations.

b) That the shipment is delivered inside the warehouses of the nose in the port of unload, finishing there the obligation of custody for the charterer.

3. FIO (free in and out):

This clause can be considered to be the sum or addition of both previous ones, that is to say:

a) The charterer has to his post the obligation to execute for if or for others the operations of load, rammer, desestibo and it comes out, assuming his cost and risk.

b) The transfer of the possession of the shipper produces the charterer to on board of the nose in the port of load and the delivery in destination takes place, likewise, of the charterer to the recipient, in the warehouse of the nose in the port of unload.

Special attention must offer to l to use these terms, since, the clauses that delimit the presentation of the charterer with relation to the load and unload they must understand in a strict sense (for lack of use) and they do not spread to what expressly does not demonstrate: this way, if it is not said expressly that the rammer is at the expense of the charterer (free stowage), this one will be at the expense of the charterer.

4. FIOS (free in and out stowed):

This clause, similar to the previous one, they have for object clarifies the possible doubts on which it runs with the expenses and responsibilities of the placement of the shipment inside the warehouses. Since already it has been said, the clauses that delimit the responsibility of the charterer with relation to the operations of load and unload, they must be dealt with his terms mast strict. Of here that some decision jurisprudence has demonstrated that the operation that specifically is not excluded or limit will be in any case at the expense of the charterer. Consistently, this closing is equal to that of FIO but it clarifies that the rammer or placement of the goods in the warehouses is for account and risk of the charterer.

In the Black Sea the contracts are normally on a voyage charter basis with lump sum freight payable, and on FIOS terms because of the specialist nature of the load-out and tie-down arrangements, which are normally contracted out by the shipper to specialist subcontractors. Sea fastenings are usually prefabricated in advance ready to be installed once the load-out is completed, whilst the barge arrives when all load-out arrangements are finished. There is an ongoing debate surrounding the pros and cons of transporting erected container cranes over long distances, particularly if sea conditions are poor.

This type of clause is used Bulk expressly needing trimming, leveling or pale within the crowded cellars and places the cargo in a good navigation conditions. Regarding the meaning of the clauses FIO / FIOST is given by all the room THE SUPREME COURT JUDGEMENT dated 30 March 2006, No. 309/2006, (EDJ 2006/37245)[55]:

[55] Most of the judgments and rulings have been extracted from the Spanish law, since that part of the study was done in Spain. It should be noted that the clauses relating to loading and unloading the concept

"This is a case of maritime transport of goods bill of lading system, which would apply the Act December 22, 1949, which introduced into our legislation rules of the Brussels Convention of August 25, 1924 (amended by the Protocols of 1968 and 1979), which contains the so-called "Rules the Hague-Visby. According to the rules of that Convention, carrier is to proceed "properly and carefully load, storage and unloading of goods carried "(Article 3 º .2) and any clause, covenant or agreement that "exonerates the carrier or ship from liability for loss or damage relating to goods arising from negligence, fault or breach of duties and obligations outlined in this article or attenuate the liability otherwise than that determined in the present Agreement shall be null and void and will not put "(Article 3 ° .8). The clause "FIO" (Free In and Out) means, in transport international traffic "loading and unloading at no cost to the vessel," mode while the "FIOS" (Free In and Out Stowe) would to be translated as "loading, unloading, stowage, unloading at no cost for the ship "(" stowed "is the storage that applies to packed or packaged goods). The variant "FIOST" (Free In and Out Stowe / Trimmed) applies to leveling bulk commodities".

In general, highlighted by the FIO clause doctrine, FIOS or FIOST be translated into a cost sharing within the economy of the contract. Sometimes, however, the formulas printed indicate that the load must be carried out by shippers and their agents free of risk, responsibility and cost of any kind the ship, so that you try to put in charge of the charger and the cost but the risk of loading-unloading. Stowage understood as the operation which consists of establish and provide for the charge inside the mill that contains, in absence of a contraindication, stowage under all its aspects responsibility of the charterer, and the mere indication that the costs will be Supported by the shipper is not enough to reverse this rule. This is what is follows the rule of Article 3 0.8 of the Rules of the Hague-Visby, already recalled. Thus, in principle, the clause "FIOS" is a financial covenant, unless otherwise indicated. The principle is explained well for the economy of the contract, because in the time charter runs against the charterer, whose interest is to see to make the trip in shortest time possible, freeing his ship to carry a new trip.

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and meaning is universal. Containerization and other factors have extended its meaning, for example LINER TERMS.

That same sense is found in judgments of the House of Lords as of November 25, 2004 (*Jindal Iron and Steel Co. Ltd. and Others vs. Islamic Solidarity Shipping Jordan Co. Inc.) collects case Pyrene vs Scindia Navigation* of 1954, among others. Solution, moreover, compatible with which, for cases that are different but with this certain relationship, established the Judgments of this Court April 19 2001 and October 3, 1996, since in the latter case the deteriorated in the loading dock, receiving operations, stacking and drag, and that of February 22, 1999, in which goods are fire on the ship when it was carried on deck, where the risk was not covered by insurance. Just as in the Judgment of 21 March 2006, as the consignee has hired name of the poor response performance of the carriage. "

5. FIOST (free in and out stowed and trimmed): As the previous one, this clause has for object specify with major detail the operations that are at the expense of the charterer to avoid that his not specification harms the charterer. This type of clause is in use expressly for bulks that need a trimmed, leveling or I shovel inside the warehouses the shipment to overstock and to place them in conditions of a good navigation.

6. FIOSTLSD (free in and out stowed trimmed lashed secured and dunnaged): As the previous one, they have for object specify without beech place to doubts which are the operations that are at the expense of the charterer, since of not demonstrating it and for lack of use serial at the expense of the charterer the not specified operations.

3.2. GROSS-CONDITIONS "GROSS TERMS"

In these terms and in general the ship owner is responsible for the obligation to execute itself or other loading, stowage, trimming, etc. And unloading and unloading of freight to be included within the cost of such operations.[56] Also, the shipment is received alongside the vessel at the port of loading and delivering on the dock at the port of discharge, running the ship owner

56 View all SOROA RUIZ, J.M.: "*Handbook of Maritime Transport Law",* ed. Basque Government, Vitoria 1986, pp. 205 et seq. ; RODRIGO DE LARRUCEA, J "*Clausulas Contractuales de Carga y Descarga* (2009) – UPCOMMONS, open Access (http://hdl.handle.net/2117/6158)

to the risks of such operations and taking custody of the shipment from receipt to delivery alongside.

The most usual clauses in this respect are:

1. Liner terms:

This term literally means "line conditions" and therefore broadly indicates any conditions that apply to vessels or cargoes partial line is operating this scheme. Frequently and understood the term in its strict sense, this means that the shipment is received at the first side of the ship and delivered to the ship consisted of running the ship owner the costs and risks of loading, stowage, etc., loading and unloading. The use of this term is common on vessels that load outlined in small batches to be absolutely impossible for each shipper uses its own stevedore for loading and unloading them. Sometimes the terms "liner terms" usually refers to another different meaning, namely: The shipment is received by the ship owner on the side of the ship being forced to guard the execution of the tasks of loading and / or downloading and running the risks of the operation. However, a part of the costs, specifically the cost of loading, are supported by the shipper paying the owner only the costs of loading and lashing and the receiver's unloading costs. This lack of clarity leaves little to recommend the use of the clause.

For lack of custom one will be to the ordinary meaning of the words and in his fault a clause that extends the obligation of the charterer beyond what the art establishes. For the interpretation of various clauses will be first defined on such clauses in contracts are set, and in default to the customs port. The shipment is received to the side of the nose in the port of load and is delivering in the wharf in the port of unload, running the charterer with the risks of such operations and having the custody of the shipment from the receipt to the side up to the delivery to the side. Frequently and understood the term in his strict meaning, this one means that the shipment receives to the side of one nose and is delivered to the consisted one of the nose running the charterer with the expenses and the risks of the load, rammer, etc., desestiba and it comes out. The use of this term is frequent in the noses delineates in that small items are loaded being absolutely impossible that every shipper uses his own longshoreman for the loading and unloading of the same ones.

With some occasions the clauses " liner terms " it is in the habit of understanding by another different meaning, namely: The shipment is got by the charterer to the side of the nose being the outfitter the obliged one to the execution of the tasks of load and / or unload and running with the risks of the operation. Nevertheless, a part of the expenses, concretely the loading expenses, they are supported by the shipper paying the outfitter exclusively the expenses of rammer and nabbed and the recipient the unloading charges. This lack of clarity makes the use of the clause slightly advisable.

2. C.O.P (Custom of the Port):

The term means that the operations remain submitted to the "customs of the port ". Frequently used her to for goods destined for Arabic ports (Algeria, Egypt) they imply generally a local use equivalent to the previous one (assuming the charterer all or part of the expenses and risks according to the ports).

3. Berth terms:

The concept "berth terms" is equivalent to" liner terms" and is in the habit of using frequently in the freightments tramp.

4. Under derrick. Under prop:

Under this clause the outfitter receives the shipment in the vertical one of the prop of the nose (or of the derrick if derricks of land are contracted), effecting at one's own risk the operations of load and rammer delivering the goods in the vertical one of the prop (or derrick uses derrick of land) in the port of unload. In the practice, the clause is similar to the previous ones and his interpretation of agreement with the uses and customs of some ports can change attended the circumstances.

5. (F.A.S) Free alongside ship (free to the side of the nose):

This clause is similar to the previous one. The obligation of the shipper is completed when the shipment has been delivered under the props of the nose. The later costs of loading are at the expense of the outfitter.

3.3. CLAUSES OF MIXED CHARACTER

Each type of clauses comes to fill certain needs of the maritime traffic.

This way, we have the following ones:

1. FILO (EDGE) (free in liner out):

This clause is very usual in the goods that are transported of countries European to Egypt, Iran and, in general to countries of this zone, where there exist port congestions that prevent the shippers from agreeing ordinarily on conditions of plate or from running with the expenses of the port of unload.

By virtue of this clause:

a) The charterer has to his post the obligation to execute for if or for others the operations of load and rammer in the port of load paying if it is precise and running to his risk such operations.

The outfitter or charterer binds to execute, for if or for others, the operations of desestiba and it comes out into the port of destination, running to his account and risks such operations.

b) The goods submit on board in the port of load and are received in the wharf to the side of the nose in the port of unload.

2. FIOCOP (Free in and out customs of the port):

In general, and depending of use turns out to be very similar to the FILO

3. LIFO (Liner in free out):

This clause is the opposite one to FILO

Case law has also spoken about the meaning of terms FILO / LIFO specifically in the aforementioned Judgment Tarragona Court 12 January 2009 (Rec 591/2007), (EDJ 2009/24598): *at which time "FIOS", whereby the total of port operations are Transport to the contractor of the goods, so that the only covers freight shipping, with two shades of "FILO" ("Free in Liner Out", no loading, unloading itself) and "LIFO" ("Liner In Out Free Freight ", yes loading, not download) ... Also, in As for the responsibility and cost of loading, the*

expression "LSD" ("Lashing / Securing / Dunange", which translates as "Lashing, Fixing and Materials") is used to determine whether runs by the shipper, charterer or ship owner. "

SEPARATING CLAUSES AND EXPENSES

Often in liner charter clauses set as follows:

"*The goods will be loaded and / or downloaded by OEMs such conduct at the risk of charterers."*

This type of clause is define, by a party who agrees to perform the loading and unloading (the ship-owner or ship-owner) on behalf the third, and where does the transfer of possession of the cargo (a board). Their use often leads to complicated problems of legitimating.

Provisions for special trades:

1) Container traffic. They often use the following clauses: Door / Gate. The shipper delivers the container (previously received by the carrier) in its warehouses, once loaded at your own risk make delivery or transfer of possession of the cargo to the shipper to the carrier at the source depot.

The carrier transports containerized cargo at their own risk from the source depot delivered to the receiver in the destination store for the account and risk being receptor unloading of cargo from the container.

The courts have had occasion to rule on several occasions respect to this clause by all decisions of the Valencia Court dated December 16, 2008, (EDJ 2008/340113) with quote other judgments of the Court itself and other Provincial Courts "*The decision of the Audience Provincial de Alicante, cited supra, - Section 4 of the Provincial Court of Alicante on 20 October 1999) - explores the activities and responsibilities who acts as freight transport, including:*

The job of a commercial mediator, broker or freight forwarder transportation, all activities matched case-law and legally arts. 244 et of the Commercial Code EDL 1885 / 1, according 26.01.1943 and 10.07.1984 of SSTS, deserves the epithet of work transportation commission and interest in the success of the operation. According to the most authoritative doctrine of the legal nature of freight is the intermediary between the producers or exporters

goods and buyers, whose basic task is to planning and evaluation at the level of costs of goods movement in the foreign markets."

Acting on behalf of producers or exporters, and negotiate with one or more operators or carriers sea or consignees of these, the transport conditions of the goods, apart from negotiating with other parties other conditions required, documentation, management procedures, hiring motor carriers, port operators, customs brokers, etc..

Its functions are clearly different from the ship agents, who often compete in the location and close to transport goods. Freight not usually represents the owner at all, but to producers or exporters whose transport cargo "door to door" organized, with the consequent relief in the effort of organization and management of these producers and exporters.

Thus, the obligations of freight are greater than the carrier. In accordance with the Judgment of the Court Supreme October 11, 1986 which contains the sentence itself appeal, *"because the transport committee means that the commission not obliged to do by themselves or through their subsidiaries, but contract with a carrier or employer directly assumes obligation to carry it out does not have it, the commission's condition carrier, limited to fulfill the commission, whose business executive is the contract of carriage and transport it, to shift the performance of it on the actual carrier, although our code to protect the principal position, let's go against the person of commission that is who he hired, instead of forcing him to seek responsibility of a carrier for non-elected and subject him to another contract, the transport, the conditions nor the covenant, clause tacit and non-derivable guarantee that compels the transport commission the same obligations and responsibilities of the carrier, subrogation in its legal position, as laid down in Article 397 above. "He adds later "... freight forwarder or transportation commission, liable for the successful completion of the transport, which ends with delivery to the consignee of the charge of the thing carried, and for freight transportation is door to door, whichever is delivered to the consignee of the cargo " ... "We have said that the freight be responsible for all intermediaries, including ship port ...*"

To similar effect is manifested in the Provincial Court of Valencia sentence of Section 7 th of March 24, 2003 and more recently, the sentence of Section 11 ª of 30 March 2004 (states: "*... The reality of the bill undermines the argument of the defendant and allows attributing the condition of freight, as organized transport: "...*

Its function is to organize international transport and For all those who are carried in transit customs characterized as those like them in principle *"hire in name 'to both the carrier and the user or charger therefore occupy the position of the latter against the carrier and the latter against the former, so that according to that provision against effective charger carrier ranked ...*", (Santa Cruz Tenerife Court, Section 1, Judgment of January 14, 2002). For the fact the bill to make his name and not the other reveals that with whom the plaintiff established the legal relationship with the defendant and was not business entity other than third on the list of those not any invoice delivered to the collection of transport. For others this Court coincides with the narrative of facts contained in the second base the decision under appeal.

As the defendant acted as a mediator, (no owner's representative), the exporter (the plaintiff) whose transport " door to door "organized, and its obligations greater than that of carrier, and different from the consignee, "*... in that the commission transport means that the commission is not obligated to do by themselves or through its subsidiaries, but to contract with a carrier or employer directly assumes the obligation to carry out, not is therefore the commission carrier status, merely to comply The committee, whose business executive is the contract of carriage and not transport itself, to carry out this fall on the carrier effective, although our Code, to protect the position of principal, allowed to address the commission against the person with whom he is hired, instead of forcing him to seek the responsibility of a carrier not chosen by him and according to another contract, transport, whose conditions nor the covenant, implied warranty clause and non-derivable which requires the commission to transport the same obligations and responsibilities of the carrier, substituting his legal position; as provided in Article 397 above ... " (* Supreme Court of 11 Oct. 1986)."

FCL (Full container load)

The clause FULL CONTAINER LOAD (FCL) inserted in a bill of lading is usually quite common and we indicates that it is a door-to-door (house to house) and who have been among the various players involved in transportation, responsible for loading or consolidation of goods within the container. In this sense when we find ourselves with this clause understand that the container has been filled / consolidated at home customer, i.e. the container is removed from the tank by the exporter or manufacturer, which makes the stowage of the goods at your

own risk delivering the container closed and sealed to the carrier generally delivered to the receiver who will be the final charge of the deconsolidation good in its own store.

The clause has been widely treated by our jurisprudence less, since it is of vital importance in order to establish and define responsibilities in a loss of damage to goods in respect of characteristics of such a clause is pronounced as an example the Sec Vizcaya Provincial Court 4th, (EDJ 2001/77020) in a ruling dated June 29, 2001.

FULL CONTAINER LOAD (FCL/FCL)

The shipper stuffs the container himself. Inland transport is taken care of by the shipper (merchant's haulage) or by the transport company (carrier's haulage). The container will not be opened until it is on the consignee's premises.

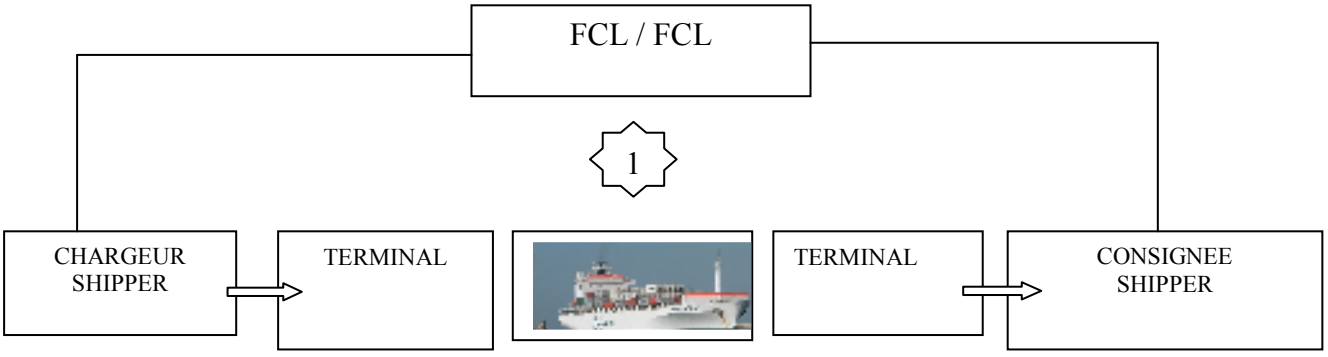

Figure 6 - FULL CONTAINER LOAD (FCL/FCL)

"*The bill of lading clause is transcendental FCL / FCL, contained in it, full container load, meaning that the transport it is "door to door" (house to house), with the obligation of the ship-owner deliver the target store the container in which is the goods."*

Containers are sealed at origin and opened at the destination, offering high security and minimum handling. The majority of containerized cargo is FCL.

Furthermore itself Vizcaya Provincial Court Sec 4 Th, Pte: Enrique Garcia (EDJ 1999/42675) is pronounced in decision dated September 9, 1999:

"*Moreover, it is even more plausible to assume the recurrent it could be that the plaintiff had not sent such goods as said, according to references in the bill of lading (folio no. 41 car) the type of service FCL / FCL (which according to certificate the Chamber of Commerce, Industry and Navigation of Bilbao folio no. 127 auto means that the dealer was not responsible for the ship packing and unpacking in the container*)".

Another most recent pronouncement regarding these clauses we find in Judgment of the Provincial Court of Barcelona sec. 15 th, in decision dated March 4, 2008, No. 74/2008, rec. 333/2007. EDJ 2008/75614

"Although shipping arrangements are made in knowledge of shipment clause agreed FCL / FCL (full container load), so The container should be delivered to the shipping carrier that extended bill of lading closed and sealed by the shipper, in case considering that the damage results from a defect of arrangement of the sacks within the container, it just would exempt from liability shipping (GENEVE MEDITERRANEAN SHIPPING COMPANY, SA), but not the forwarder who first handled the transport and therefore assumes shipping address that condition loader. As the responsibility of the freight amounted to all transportation, to delivery to the consignee of the cargo, liability for damage defect resulting from cooling of the containers during transport, as evidenced not properly accommodated cargo and containers, unless proven otherwise he would corresponded. In this respect, between the forwarder and the actual carrier, would govern Hague Visby rules for governing the international transport regime of lading, together with clause FCL / FCL, why the actual carrier could damage exceptions come from a default arrangement of the bags inside the container, and therefore an operation corresponding to the charger (in this case forwarder).But between the forwarding and NESTLE, in relation to that transport section, govern the Hague Visby Rules, in particular Our Shipping Act, without the forwarder may oppose clause FCL / FCL. "

In the same sense Provincial Court of Barcelona, sec. 15 meetings, of dated May 26, 2008, No. 196/2008,(EDJ 2008/169178):

"SEVENTH.- But in the present case, as is apparent from copy provided by EVGE (d. 191), the transport regime bill of lading with the clause was agreed FCL / FCL (full container load) and, therefore, the container should be delivered to the shipping porter that extended the bill of lading closed sealed by the shipper.

If any damage resulting from moisture generated by condensation inside the container, it could have assumed a default arrangement of the bags inside the container, which had been the responsibility of the loader of the goods, in this case, as the bill of lading, TANGARA IMPORTADORA E EXPORT, SA (F.192). But, as we concluded earlier, the damage have resulted from a wetting produced either by a defect sealing of the container or because it would have remained in long time in a puddle, which may have occurred Also during the trip or the time he was holding the goods in the Port of Barcelona Terminal, which was more than a month."

LCL (Less than container load)

Under this arrangement the shipper deposited the goods in a warehouse or store other than their own (Usually a container terminal) for transportation in the container. The goods are deemed to be delivered to such warehouse expense of the ship-owner or ship-owner packaging or stowage goods within the container, and also delivering the goods in another warehouse in the port of destination (usually a terminal containers), being paid by the owner or unpacking unloading of cargo inside the container.

LCL is a "Terminal to Terminal" concept. When a shipper does not have enough cargo to load a container to its full capacity, a forwarder running a "consolidated container service" may be contacted and allowed to add, i.e. using one container for several loads originating from various shippers. This is of greatest interest in the case of shipments to land-locked countries, as the use of containers practically eliminates the risks of loss, pilferage and delays in the port of unloading for transshipment over land. However, if reloading is required before the final destination, this method offers lower security, a higher risk of theft or damage during loading/ offloading and/or exposure to adverse weather conditions.

LESS THAN LOAD CONTAINER (LCL/LCL)

The shipper delivers his goods to a grouping centre. They are containerized with other goods then the bulk is broken on arrival.

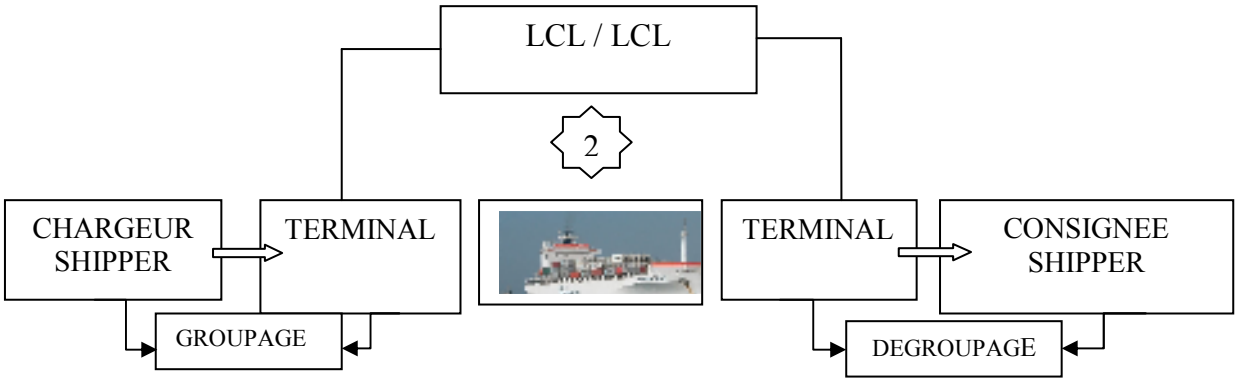

Figure 7 - LESS THAN LOAD CONTAINER (LCL/LCL)

The loading and stuffing of a container to safely secure the cargo preventing movement and/or collisions inside the container is a specialized procedure that is normally carried out by professionals to reduce the risk of cargo damage. Whether the buyer or the seller carries the cost and risk. Also the clause has been recognized in our courts among other judgments of the Provincial Court of Barcelona 15th section: dated January 28, 2004 (EDJ 2004/7926):

" *FIRST .- The two parties, Zurich Company Spain Insurance and Reinsurance, Inc., applicant (insurance status surrogate transport in the position of its insured) and Barnatrans, SA, defendant (in the quality of freight forwarding, organizer of the transport), have appealed the Judgment dismissing the application (in the that the sentence that it intended to pay the three million two hundred and fourteen thousand three hundred ninety pesetas, in compliance insurance contract, had met Company Roca Radiators, SA, for injuries received in sheets of copper for solar panels transported in containers, LCL / LCL, from a port in India to that of Barcelona and from there to Gavá).*"

In the Black Sea, the LCL is very useful. It is safe, good quality and competitive service for LCL deliveries from countries of Asia and Turkey to Ukraine and Moldova.

Combinations of FCL and LCL are also possible:

- **FCL/LCL:** the shipper himself stuffs the container, the contents of which will be de-consolidated among the various purchasers at the destination.

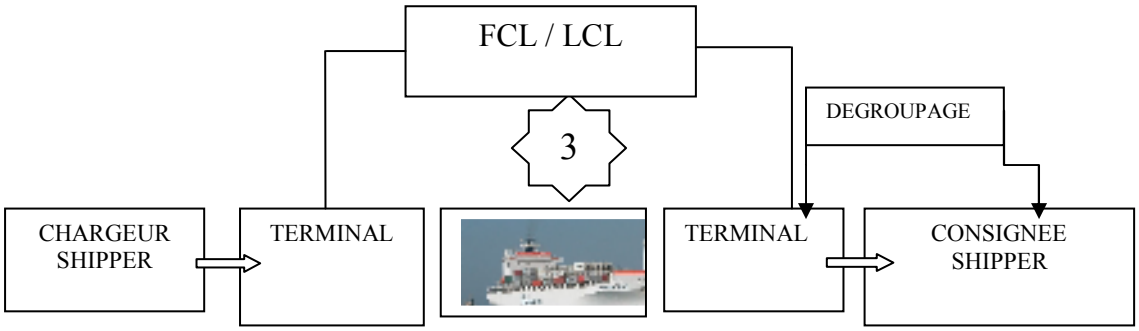

Figure 8 - Combinations of FCL and LCL - FCL/LCL

- **LCL/FCL**: the shipper has his goods and those of his subcontractors for example delivered to the same stuffing location. They will then be conveyed to the one purchaser.

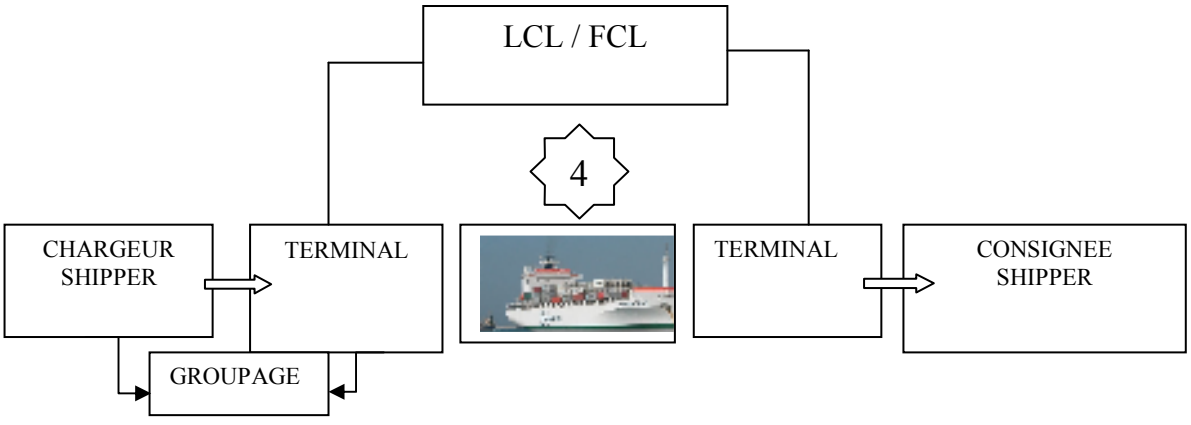

Figure 9 - Combinations of FCL and LCL – LCL/FCL

RO-RO ships and Lash

In connection with this type of cargo, should be pacts be existing transport conditions, which change according to the goods transported (if RO-RO depends on whether the cargo is loaded or on-board. Drivers are accompanied vehicles). For their calculation and price takes into account the occupation meters. The RO-RO vessel (RO-RO or RORO) derived from the traditional car ferry, where motor vehicles are driven on and off by their drivers and non-mobile traffic is loaded on flat racks. The RO-RO is equipped with ramps that make loading and unloading from the side and/or bow (front of vessel) and/ or stern (rear of vessel) possible. Benefits include fast loading and unloading. Some modern RO-ROs are designed as a trailer/break-bulk/container carrier suitable for deep-sea voyage (long haul), making loading and unloading of containers from the top using a crane, like a full container ship. The type of cargo that can be carried on a RO-RO is flexible, including large objects. The disadvantage is low security and the risk of damage occurring during loading/unloading and during on-forwarding to an inland destination. For example, when transporting a large quantity of vehicles, RO-RO may not be the optimal mode of transport, depending on the road conditions and safety and security over-land. A car carrier or “own-wheels” offers considerably less protection against theft or damage when compared with FCL delivery by truck where vehicles are safely secured inside closed containers. Thus low freight rates offered on certain routes for RO-RO may not yield overall best value for money; the entire transport chain must be considered when selecting appropriate methods of transport.

Lighter aboard Ship (LASH) is a system of water transport.

LASH vessels each carry about 82 LASH barges. The barges, all of a standard size with cargo capacity of 385 tons, are towed into ports and inland waterways to various shipping points where they are loaded with cargo and then returned to the ocean-going vessel. They are hoisted aboard by a special shipboard gantry-type crane and transported overseas where the process is reversed. LASH ships do not require special docks or terminals.

I) Regarding the LASH system, similar terms are often used to General, only referred to the shipment to the barge, which is considered carrying vessel for all purposes. Not currently used, after the virtual disappearance of LASH vessels.

II) Oil and tankers. For tankers, the ordinary is that the merchandise is pumped from the ground installations through pipe lines with hoses connected to the "manifolds" or

distributors of the ship. The discharge, the vessel uses their own pumps to unload the shore tanks through hoses attached.

Any agreement on loading and unloading tankers and general liquid loading is done taking into account these facts. Thus, for example, the policy TANKERVOY 87 states.

(A) A charge that is detrimental to the vessel will be charged.

The load will be loaded into the ship on account of risk and danger charterers as regards the permanent connections ship hoses only, and will be pumped out of the vessel account, risk and danger of the owner with respect to the permanent connection of the hoses of the ship only. The hoses for loading and unloading must be affixed by the charterers and will be connected and disconnected by the charterers to charterers' option for owners at the risk of these.

(B) If the vessel is equipped with COW and, if so required by the charterers or any competent authority responsible for the captain the cleaning of oil tanks at the port of loading discharge is made simultaneously with unloading of the load.

Any additional time by reason of use COW operations will be counted as download time, except in all cases that lost time was caused by a failure or poor functioning of the COW

III) Grain. General clauses are used. The charter- party of GRANVOY BIMCO s allows the following options:

a) GROSS TERMS.
b) FIXED PRICE (Gross terms charterers making operations gives fixed price paid by the ship-owner).
c) FREE IN - Stow.
d) Including FREE IN TRIMMING.
e) Excluding IN FREE.
f) FREE OUT.

As is ESTABLISHED In These Laws, Will Be Applied charges for the Following items:

- Ship charges
- Passenger charges
- Goods charges
- Fresh fish charges
- Sport and pleasure vessel charges
- Special use of the transit zone charges
- Activity charges
- Charges for help with navigation

Charges for shipping services and fluctuates constantly fluctuated from month to month and from customer to customer, depending on several factors. Among these factors were:

- The port of loading and unloading;
- Type of transport used (bulk or general cargo);
- Pricing of the carrier;
- Weight of goods loaded;
- Customer loyalty;
- The seasonality of the goods transported;
- Statement of available equipment ports;
- Transport demand since then correlated with the degree of loading of ships;
- For container transport, container transshipment number;
- Hotels plan on oil price;
- Disponible fleet at that time.

U.E. committed to pay particular attention to shipping and to take appropriate measures to stimulate the development sector. In these circumstances, in January 2009 the European Commission in a Communication to the Council, European Parliament, the Economic and Social Committee and has outlined a 10-year horizon of the main objectives of the Community maritime transport policy and the main instruments to be used.

The document is known as the Community strategy on maritime transport 2018. The main objective of this strategy is to maximize the use of maritime transport, encouraging the development of competitiveness and safety.

CLAUSE THAT SEPARATE RISKS AND EXPENSES Frequently in the freightments of regular line establish clauses of the following tenor: „The goods will be loaded and / or unloaded by the armatures such operations being effected to account and risk of the charterers ".

This type of clause tries to define, on one hand the one who promises to execute the operations of load and unload (the outfitter or charterer) at the expense of the third party, and where there takes place the transfer of the possession of the shipment (on board of the nose). His utilization gives place frequently to complicated problems of legitimization.

b) Clauses for traffics special

I) Deal of containers. They are in the habit of using the following clauses:

Door / door. The shipper delivers the container (before got for the carrier) in his stores, once loaded at one's own risk; it was affecting the delivery or transfer of the possession of the shipment to that of the shipper to the carrier in the store of origin.

The carrier transports the shipment containerized at one's own risk from the store of origin delivering it to the recipient in the store of destination being for account and at the risk of the recipient the operations of unload of the shipment from the container.

All covenants clause loading and unloading contains or usually contains two provisions at the time, namely:

a) Who is responsible for the obligation to perform by him or by others loading and unloading operations and who bears the cost of execution of such operations.

b) Where there is the receipt or delivery of cargo and therefore where begins and ends the responsibility to protect the cargo.

These clauses can be divided into the following categories:

a) Provisions for common carrier.

b) Provisions for special transport.

a) Provisions for common carrier.

However, a portion of expenses specifically the cost of loading, are supported by the shipper owner paying the fees only and stowage and lashing receptor unloading costs. In relation to container traffic and is used by the Most shipping companies / terminals implies that the container is handled to the loading and unloading on the side of ship, on behalf of the terminal / shipper, and so on from lifting, account of the ship is. Container traffic has coined the expression THC (*Terminal Handling Charge)* as an economic concept understanding of the costs of container from his arrival at the terminal until they hoisted the ship - this is the terrestrial - (gate, concourse, classification, transfer to the pier, etc.).. Internal movements of container in the hold of the ship (removals, transfers, etc.) are three account the shipping; it is contemplated within the freight ocean and are not transferable to the load.

The Court has had occasion to decide on the meaning of "*Liner Terms*", for all JUDGEMENT OF SUPREME COURT, dated June 30, 1983:

"Without that nothing that is exposed is impaired by the existence on the same bills of lading, another clause called "liner terms", in the opinion of the appellant refers to the uses of the Port of London as the incumbent on the shipping and both his agent, the costs of unloading the goods, which unfounded because to do so, by applying the standard number five of article ten of the Civil Code would require an agreement expressed that there would be zero and there, to go against the provisions of Act 1949 refers to the Brussels Convention, and the third clause ("Paramount") and Spanish law prohibited by Article Two of the Commercial Code, in accordance with the first paragraph three, the Civil, who admits, only detected law, "trade practice observed in each square" with the particularity that here would be the Port of Light Las Palmas, which, according to the Association of Certified Shipping agents and the Chamber of Commerce and Navigation that city, consistent with the Act, to impose on the owner of the goods, cough discharge expenses discussed".

Also the lower case has spoken about, among other Judgment of the Provincial Court of Tarragona Sec 3 rd of dated January 12, 2009 ECR 591 / 2007, (EDJ 2009/24598)

"On this particular, and in relation to freight, or more specifically, with the obligations of the ship-owner assumes in exchange for freight, usually resorted to the use of the terms

"Berth to berth" means that in freight costs includes all loading, stowage, unloading and discharge; LT Liner Terms", under which comprises freight loading and unloading";

On the same lines, the decision of the Provincial Court Pontevedra dated December 21, 2006, (EDJ 2006/381011)

"*And so it should be noted regarding the use of terms and acronyms, the Anglo-Saxon origin, tending to form concrete detail the rules under which regulate the rights and obligations of the parties. In this regard, and in relation to freight, or more specifically, with the obligations of the ship-owner assumes in exchange for freight, usually resorted to the use of the terms "Berth to berth" means that in freight costs includes all loading, stowage, unloading and discharge.*

LNG-LNP: Gas carriers are divided into two main groups: LPG, which transport oil-based liquefied gases (propane, butane, etc.) and LNG which transport natural gas (methane)[57]The *EHS Guidelines for Liquefied Natural Gas* (LNG) Facilities include information relevant to LNG base load liquefaction plants, transport by sea, and degasification and peak shaving terminals. For coastal LNG facilities including harbors, jetties and in general coastal facilities (e.g. coastal terminals marine supply bases, loading / offloading terminals), additional guidance is provided in the EHS Guidelines for Ports, Harbors, and Terminals. For EHS issues related to vessels, guidance is provided in the EHS Guidelines for Shipping. Loading / unloading activities (e.g. transfer of cargo between LNG carriers and terminals) should be conducted by properly trained personnel according to pre-established formal procedures to prevent accidental releases and fire / explosion hazards. Procedures should include all aspects of the delivery or loading operation from arrival to departure, connection of grounding systems,

57 Despite being considered as oil tankers for the purposes of the MARPOL Convention, readers are referred to the work by the author, RODRIGO DE LARRUCEA, J. See *Seguridad en buques Gaseros (Safety on Gas carriers);* UPCommons (http://hdl.handle.net/2117/2448 http://hdl.handle.net/2072/12923)

verification of proper hose connection and disconnection, adherence to no-smoking and no-naked light policies for personnel and visitors.[58]

Let´s present a case from oil transport in the Black Sea:

Oil Terminal can carry out a wide range of special operations, of which:

- Oil Terminal has the only oil berth in the Western Black Sea with a draught that allows the unloading/loading of ships up to 150,000 DWT. As the shipping cost is influenced by the capacity of the vessels, this operation facility for high tonnage ships is beneficial for Oil Terminal traders/customers. High capacity ships can be unloaded and subsequently, the goods may be loaded in smaller ships, depending on the capacity of port reception facilities in other ports.

- The pipe network that connects the 7 oil berths ensures the possibility of transshipping merchandises between two ships that are moored in different berths;

- If pumps are mounted on a berth pier, river barges loaded with gasoline can be unloaded;

- After unloading the gasoline and the barges are cleaned, they are loaded with diesel oil and shipped to riparian countries on the Danube. Thus, the barges are always full which offers advantages to their owners.

As transport and storage equipment have their own specific requirements for design and construction it is essential to ensure the correct design of equipment for loading and unloading facilities.

Loading and unloading facilities should be designed and located to meet appropriate engineering standards having due regard to the hazards associated with the handling of styrene

58 Several methods exist for inspecting tanks. Visual inspection may reveal cracks and leaks in tanks. X-ray or ultrasonic analysis can be used to measure wall thickness and pinpoint crack locations. Hydrostatic testing may indicate leaks caused by pressure, while a combination of magnetic flux eddy current and ultrasonic analysis can be used to detect pitting.

and the transfer rates which are to be achieved. Particular attention should be given to the ergonomics of connecting transportation equipment and to the health and safety protection of operators. Closed loading systems, i.e. vapor return, incineration or vapor adsorbing systems should be considered. The loading and unloading terms have a great importance in terms of not only time and cost but also regular flow of transport works.

CHAPTER IV – PRACTICE PROBLEMS

In the last years, the Black Sea region has become the center of strategic interests, a large number of international and regional organizations dealing with the political aspects of security and foreign policy.

The activities have focused more on resolving bilateral or sectorial issues, while the effort to perceive the whole issue of the Black Sea was less obvious.

Image 3 – Map of Black Sea and Mediterranean Sea (Source: www.seanews.info)

4.1. FORELAND STUDY SPECIFIC CASE BLACK SEA MEDITERREEAN SEA

In this geographical area, the trends have become evident, both in terms of regional cooperation and urgency of solving problems.

Why is it so important region for the United States and Europe?

Euro region in the Black Sea led to permissiveness boundaries in terms of trade flows which could mean a big step forward in supporting local communities.

States bordering the Black Sea have a large number of inhabitants, around 450 million, and the differences between living standards in poor countries and the richest states in the region are high.

Energy issues, environment, economic development is important not only for the area, but throughout Europe.

The main event is the strategic security of energy supply in this region, the Black Sea which is so important to the security of Europe and its Member States.

The pipeline from Russia to Turkey across the Black Sea has transformed the Black Sea and surrounding states in a very busy route economically, is an area that represents the crossroads between the EU and the Caucasus.

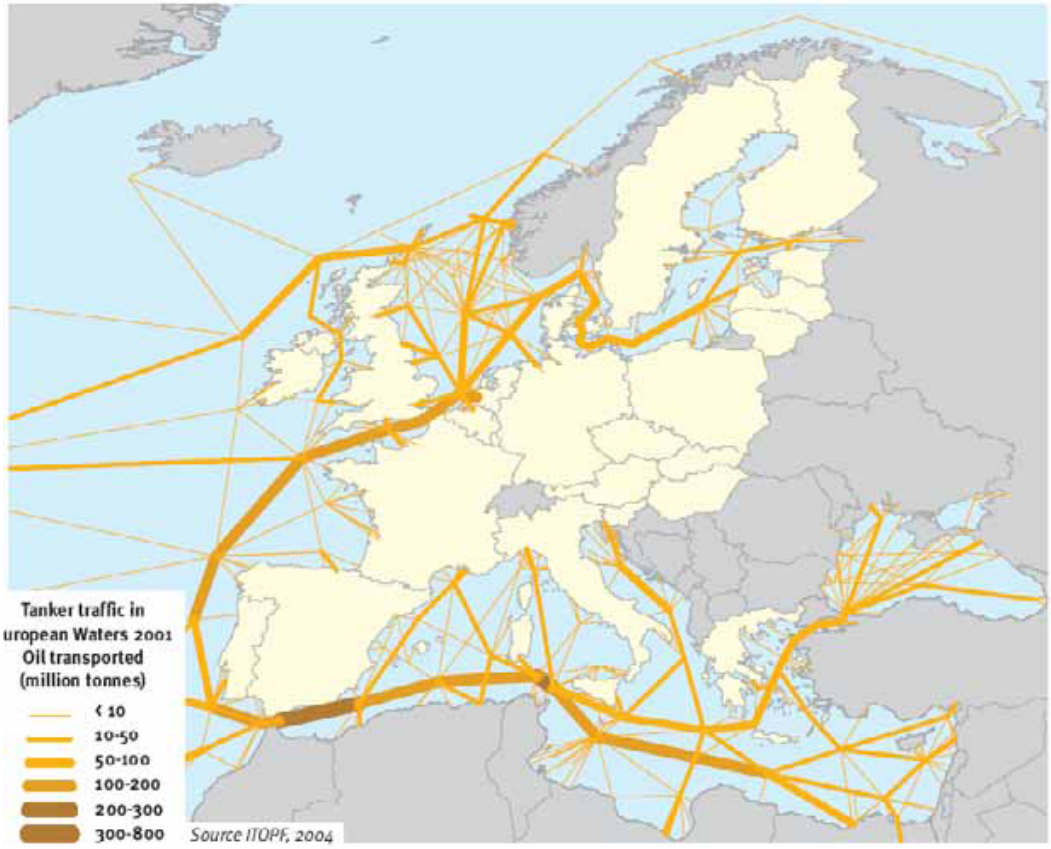

Image 4 – Tanker traffic in European Waters (Source: www. .internationaltransportforum.org)

The most important oil traffic lane - 90% of tanker traffic - connects Suez and the Sid Kerir terminal in Egypt with Gibraltar, passing between Sicily and Malta and then following the

coasts of Tunisia, Algeria and Morocco. From the Arabian Golf, through the Suez Canal, the loading terminals from the Middle East and from the Black Sea, through the strait of Dardanelles realize the transport of crude oil. Moreover, there are a significant number of refineries in the region and a heavy network for distribution of oil refined products. The traffic was accompanied by an energy transition and economic growth of a region belonging to the former USSR, and see reactivation of terrorism and smuggling illegal immigrants as a result of going to Western Europe.

Proliferation of gas and oil routes is linked to concerns about energy diversification, environmental security, and above all, the future of relations with Russia and to a lesser extent Iran. Russia is an important external energy supplier to the EU, currently accounting for over 25 % of its oil and gas deliveries.

The EU will remain Russia's most important energy export market and European companies are Russia's most important foreign investors. Moreover, all scenarios show that the EU's energy imports will continue to grow significantly. According to some estimates, EU dependence on external energy supplies by 2030 will amount to 81 % of its oil consumption and 93 % of its gas consumption.

The energy interdependence between the EU and Russia can be regarded as a window of opportunity for their cooperation, as well as a security challenge, depending on the nature of their relations.

The Black Sea served as a transport node for many centuries. The Silk Road is one of the World's oldest and historically most important trade routes and is the longest land bridge of the time between Asia and Europe for more than 1000 years. It lost its importance in times when the security of transit no longer existed. Most of the east-west trade hence shifted to shipping transport through the Suez Canal and Malacca Straits. With the collapse of the USSR in 1991 revitalization of the Silk Road was taken up and gained momentum.

4.2 PROJECTS AND ORGANIZATIONS IN THE BLACK SEA

TRACECA (*Transport Corridor Europe-Caucasus-Asia*) is a project to connect Europe to Central Asia. It is planned a continuous railway to run from the Yellow Sea to Western Europe via the Black Sea. Black Sea is to be transited back and forth by means of several ferry connections reaching seaport terminals at Northern Anatolia, Georgia, Bulgaria and Romania. TRACECA is designed to provide combined transport services. Combined transport, at the European level, is an individual mode of transport which makes maximum use of the advantages of the various modes of transport, namely railways and shipping and land transport where necessary. Combined transport thus implies the organization of intermodal door-to-door transport by transferring the goods from one mode of transport to another without changing the loading unit.

Ports in the Black Sea rim will gain importance when the TRACECA corridor is fully operational. Ports in the region however lagged behind changes and developments faced mostly with the advent of containerization; and on the contrary, developments in the transportation modes in the area and nearby have necessitated the port industry be re-shaped for rational services to shipping. The Black Sea has a vast - though not well organized and coordinated - hinterland; linking several continents and seas in all directions. In order to attract the shipping traffic by way of direct or feeder type connections, a common but coordinated port policy with a well-defined, long term action plan set forth by the surrounding states' administrations is needed. The Black Sea Rim is well known for its developed trade relations and contacts. Attempts were undertaken to build bridges of rapprochement. Only in the last decade of the twentieth century however, when the atmosphere of the cold war, suspicion and mistrust has receded, have the countries of the Black Sea area been able to undertake bold steps in that direction. They could come together and decide how, in the age of the globalization of economies, valuable assets in their possession, such as geographical proximity, common history, cultural bonds and the interdependence of their national economies could be efficiently employed for mutual benefit and prosperity.

The real breakthrough occurred in June 25, 1992 when the Heads of State and Government of eleven countries: Albania, Armenia, Azerbaijan, Bulgaria, Georgia, Greece,

Moldova, Romania, Russia, Turkey and Ukraine met upon the invitation of the Government of Turkey in Istanbul. This Summit was successfully crowned with the signing of the "*Summit Declaration on Black Sea Economic Cooperation (BSEC)." The Black Sea Economic Cooperation* is based on the principles laid down in the Helsinki Final Act, the follow-up Conference on Security and Cooperation in Europe (CSCE) documents and, particularly, in the Paris Charter for a New Europe and on shared values such as democracy, human rights and fundamental freedoms, prosperity through economic liberty and social justice and equal security for all the Participating States. One of the basic objectives of the BSEC, proclaimed in the "Summit Declaration", is to ensure that the Black Sea becomes a sea of peace, stability and prosperity, encouraging friendly and good-neighborly relation. The Black Sea constitutes a unique link between Asia and Europe and has a very important role in world trade as BSEC Countries generate 1/5th of the world trade.

The Black Sea area is also strategic importance to the West, and to Europe in particular, is bound to increase substantially in the years to come. Given the region's geostrategic position as a natural link between Europe and Asia, and between Central Asia and the Middle East, it constitutes a vital trade link as well as an important area of transit. European Union has carried out several projects having a direct effect and influence on the maritime transport in the Black Sea rim. Some of them are closely linked with the Pan-European Transport Corridors whereas the others are related to renovation of the ancient Silk Road. Transport services exist to serve and foster the trade, be it domestic or international, and without the inclusion of the said services the trade cannot be implemented properly. Shipping at this stage is the dominant means of transport for the World trade as the Earth is almost covered by the sea. Shipping as the source of cheap transport has opened up wider markets to specialization and since the mid-1960s two main developments in shipping - unitization and bulking - have played a major role on increasing the productivity in sea transport.

Seaports as the ends of the shipping transport are purpose-built and commercial establishments where services for ships, cargoes or cargo groups, passengers and – in more general terms port users - are rendered. They are geographical areas, acting as link in the transport chain and at the same time play important functions as distribution centers for national as well as regional economies by way of hinterland networks.

The demand for port services arises from the existence of shipping trade; services for ships, cargoes or cargo groups, passengers and – in more general terms – port users are rendered at such purpose-built commercial establishments.

The EU ports handle about 1/5th of the World total container throughput. World total container handling was almost 135 million TEU.[59] The Black Sea countries however are quite low as compared with the EU. Black Sea countries handle about 1.7 million TEU in their seaport terminals. Containerization has affected the Rim and its vicinity, due to ever-increasing containerized movement of goods in the Med Sea region, and accordingly container traffic spread all over the area, forcing the ports to change or to track the changing pattern of cargo movement. So far, investments made to meet the challenges have been considerably small and tracking the changes in cargo movement is quite little. Investments mostly made to-date however have been in the direction just to add - so to say - classical type of container terminal to the existing break-bulk ports - a quite obsolete UNCTAD philosophy / proposal set specifically for developing countries.

Emergence of the global economy together with growing consumerism has led transport companies and ports to become more responsive than ever to the special needs of their trading partners. Customers on the other hand have tended to become more demanding for service quality, competitive pricing, timely and reliable delivery of goods - ultimately pushing ports and shipping companies to restructure themselves with larger, costlier and technologically more advanced investments.

The Black Sea together with the Turkish straits system – TSS - and the north-eastern Mediterranean, starting from the Gulf of Iskenderun at the eastern end, are two major routes used to transport the oil produced in Russia, Azerbaijan and Central Asia to the west. The catastrophic consequences of oil spills in many critical regions, such as Istanbul, have been admitted by various authorities, leading to comprehensive research in the region. The region is relatively well-known in terms of its hydrodynamic characteristics, and there are several ongoing efforts to develop an operational near-real-time prediction system for oil spills.

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[59] See *Rapport Maritime Transport UNCTAD, 1997*

4.3. THE IMPORTANCE OF THE STRAITS IN THE BLACK SEA

The Eastern Mediterranean Basin and the Black Sea constitute two largely isolated water bodies constrained by water exchanges through straits. Both regions are highly sensitive to anthropogenic and climate induced variations, as the surrounding land mass are highly developed in terms of industry and tourism and they are in close proximity to major atmospheric centers of action (the North Atlantic Ocean, the Sahara and the Indian Ocean). Their oceanographic features are briefly reviewed below from an oil spill perspective.

The Black Sea is one of the world's largest inland marine environments and represents the connection to the Mediterranean Sea is through two narrow straits: the Bosporus and the Dardanelles. The dissolved oxygen depletes at around 75–150m, depending on the region, and the rest of the water column up to 2,000m is anoxic; is known as the largest anoxic water body in the world. The freshwater input from rivers and the atmosphere exceeds the water lost through evaporation; therefore, the Black Sea has a positive water balance. The difference is balanced out by the net outflow through the Bosporus. The fluxes through the straits, dramatic changes in topography, dynamic atmospheric forcing and freshwater input from rivers are the principal factors governing the circulation and thermohaline structure of the Black Sea. The upper layers of water are characterized by a predominantly cyclonic, strongly time-dependent and spatially structured basin-wide circulation.

The Bosporus and Dardanelles Straits, together with the Marmara Sea (an area of 11,500 km2) that lies between them, constitute the TSS. The system possesses a two-layer flow structure in which the lower-layer flow is driven by the density differences between the Black Sea and the Aegean Sea, and the upper-layer flow is driven by the higher sea-level elevation of the Black Sea with respect to the Aegean Sea. Saline Mediterranean waters (average salinity 35.5ppt) entering the Marmara Sea through the Dardanelles Straits flow in the opposite direction in the lower waters through the TSS, eventually exiting from the Bosporus into the Black Sea. The flow in both straits is hydraulically controlled. In the Bosporus Straits, three hydraulic controls exist due to contraction at the middle and the sills near either end, which lead to the development of so-called maximal exchange flow conditions.

The flow regime in the Dardanelles Straits differs from that of the Bosporus in that there is a single hydraulic control at the mid-strait constriction section, which implies a sub maximal exchange.

What are the competitive and conflicting interests in this region?

The events of 11 September 2001 attack on Iraq has strengthened the relationship with the United States, bringing new risks and complications for Turkey in this region. Mentioning the need to also politically and economically closer to Russia, near the German-French comparable to the '60s. It is a competition for power corridor between East and West. Turkey will not accept to be just a spectator to this policy, a simple bridge between the East and the transatlantic community. Turkey's active role in the stabilization of this region is crucial and, in my opinion, Turkey can be more active after they took the pledge in the early '90s.

Largest country in the region must recognize that it is Russia. As long as NATO and the EU and transatlantic international community cannot find a way to engage Russia in this regional process will not succeed in stabilizing the region. Russia is the main problem, but should represent a part of the solution. No need to stress how important sphere of influence of economically, culturally, in terms of energy. Without Russia cannot find a solution to frozen conflicts to be resolved.

Among the driving forces that gave positive impulses of regional cooperation, as mention a few: efforts to establish and strengthen democratic structures after the collapse of communism, globalization efforts; formative effect of the acquits community for the countries of Central and South-East who wish to join the European Union, a progressive concentration of trade flows, not least, the attractiveness of countries in Central and Eastern Europe to NATO and the European Union.

There are some negative trends in terms of regional cooperation - for example, increase small conflicts in small regions or even wars in some countries bordering the Black Sea area. Although the EU has developed a range of incentive and assistance programs in the region, the effect is still quite modest compared to the efforts which the EU has undertaken in other regions - to think, for example, the size of the north, EU engagement in the Mediterranean, the

Barcelona Process. In the reports that was have developed by the European Commission and Council of Ministers in 1997 have been made very clear priorities for the Black Sea area, and those priorities are valid today. It's about ensuring political stability, human rights, rule of law, development of transport networks, energy, telecommunications, establishment of favorable conditions to foreign investments, sustainable development, environmental protection, nuclear safety, trade and traffic reduction drugs, limiting illegal migration.

There are three important areas that have solved problems in the current situation in the region: ensuring energy supply (are still fresh memories of disputes between Ukraine and Russia), combat organized crime and problem solving environment. The key is represented by cooperation, democratic structures and rules of law.

To ensure social stability in the region have made all efforts and initiatives taken. As there are many local initiatives and regional cooperation, the more chances of success are greater, the easier it will be like and later in a broader framework, to have a political and economic cooperation wreathed successful.

The various levels of political instability are the result of a competitive region for centuries, in terms of influence, between multiple empires - Russian, Ottoman, and German. As the transatlantic security organization, NATO must deal with security challenges in the region. In a successful NATO strategy requires a close collaboration and harmonization with the EU that is indispensable to the success of the stabilization of the region. NATO's response to this challenge has not offered a long term perspective of European and transatlantic security community, to overcome old divisions that have left the Cold War. This is most visible in the Black Sea region at present, through various degrees of integration into NATO the states in the region. Turkey is a member of the old NATO members Bulgaria and Romania are newer, with Russia and NATO has established a council, without any prospect that Russia has become a member.

What NATO can do about it?

NATO should be more explicit regarding the Black Sea strategy.

On the other hand, cannot simply follow the model expansion that occurred in Central and Eastern Europe. NATO should devise a comprehensive strategy that addresses the various security situations in the area. Decisive for success is political will and strategic vision regarding the future organization and that NATO will be in the future in this region. NATO should make a group or forum to facilitate and further develop cooperation in the region between the Black Sea states. All NATO programs and new initiatives of regional cooperation in the future should be transparent, especially regarding Russia. We have to think that Russia can offer compensation for its support in terms of stabilizing the region.

Romania and Bulgaria have passed an important test towards EU accession, provided that reform efforts are sustained. The EU is based on new concerns regarding the social, economic and strategy in this new area. The EU has pledged to broaden the security and prosperity beyond its borders, and under this policy objective has been made in the vicinity to actively contribute to positive developments in the region. EU policies are designed to encourage reformists, not to impose reforms in various states of the Black Sea. Strengthening individual position of each country, as well as the general importance of collaboration in the region is given by the Black Sea area, which should be intensified from year to year. Cross-border cooperation contributes to integrated and sustainable regional development, to facilitate economic and cultural exchanges. It is a known fact that the EU represents the most attractive destination reference and for many countries in the region who want security, but also a social model of prosperity and markets in which they have access. The entire Black Sea region, be it a Member State or a candidate country, is covered by various policies and instruments of the EU, which has multiple interests in the Black Sea.

Regarding energy, the EU wants to build alternative transit routes to supplement the existing ones from north to south. For this, the region must work more closely and did not compete together. EU can better harness the potential of these markets in the Black Sea region, while helping those countries through technical assistance.

Romania's EU shares the concern regarding the frozen conflicts in the region, and we believe that we must work with our neighbors to meet citizens' needs and expectations to resolve threats. Frozen conflicts can explode at any time, affecting the EU. What happened in the Balkans in the '90s is an example; conflicts can be extended from the Caucasus and the

Middle East. As regards Transnistria, in 2005, the EU and the United States were invited to participate as observers in discussions regarding that conflict mediation and the EU has appointed a representative to Moldova, while providing assistance to solve the Transnistrian problem.

An EU action in the Black Sea region is about changing the structure of the social and political weight, so that it becomes more open, more democratic and more predictable. So far as it did in other candidate countries, the EU can play a catalyst role in the modernization of society. Romania, through a sustained diplomatic activity in the region, strengthens cooperation and plays an important role in several initiatives, including the Black Sea summit. Romania's commitment to move beyond declarations and to engage in practical activities, demonstrates the commitment to devote future actions to further contribute to the policymaking community and to strengthen existing mechanisms of regional cooperation.

The new policy of Romania in the Black Sea starts from two fundamental premises. It's about two parallel realities to a point, but to intersect at this stage to confuse the medium and long term. It is a new reality in the region and in Europe.

Revolutions which took place in Ukraine and Georgia show that in this region there is great potential for the assimilation of democratic practices, European values and practices that work best on the continent. Another part of this new regional realities one is a paradigm shift in terms of regional cooperation.

The many regional cooperation initiatives show that there is already a significant appetite for dialogue, finding common solutions and avoid competition, which leads to tensions. Sure, there are still tensions in the Black Sea, but the overall trend is leaning towards a new stage in terms of regional cooperation based on dialogue and understanding of common problems.

The EU is changing and will change further. Europe no longer can afford to treat the Black Sea area as a commuter. Instead, the Black Sea finds increasingly more prominent on the agenda of a central European, Euro-Atlantic agenda, and even on the agenda of the international community, considering the developments in the energy plan.

Have promoted a new logic of cooperation, based on renewal, a new type of leadership and management of a new type of regional problems. Specifically, Romania focuses on five key dimensions in the Black Sea: democratic development, security, economic development, promoting the Black Sea issues as extremely important strategic issue for the EU and NATO cultural space.

In November in '95, Barcelona, governments in 27 countries has established the Euro-Mediterranean Partnership, namely Barcelona Process. It was stipulated that a program that combines bilateral and multilateral cooperation to solve regional problems, modeled on the OSCE. The overriding concern is to promote stability in the region, with the aim to control illegal migration in Europe. At the multilateral level, the Barcelona Declaration was adopted, consisting of three main pillars: political and security partnership, economic and strategic partnership at the culture and social and human affairs. At the bilateral level, the main instruments of the Barcelona Process are the Association Agreements between the EU and its Mediterranean partners. With the exception of Syria and Lebanon, all Arab countries have signed this Agreement. The Barcelona Process has been complemented by the new European Neighborhood Policy in 2004, and in November 2005 high-level summit was held in Barcelona to mark the tenth anniversary of the partnership. Regarding the Mediterranean partner, there are, for example, representatives of the Arab Union. Therefore, the EU is the center of the wheel spokes are the other Member States. Therefore it is more correct if we talk about relationship management, instead of talking to one of partnership. Then, there are differences between north and south, and between EU Member States, Commission and Parliament, not to mention the disputes between Arab countries and Israel. The north-south perspective, many Arab countries criticized the attempt to impose reforms in exchange for financial support. From the European point of view, there are differences between northern and southern Europeans on their agenda and to focus on process, on issues increasingly relevant. Mediterranean does not embody an identical community that is countries with histories, languages, cultures and political systems covering the whole gamut, from authoritarianism to liberalism.EU promoted, released or to encourage regional cooperation and the mechanisms involved, but always in a different way.

The Barcelona Process has two basic dimensions: bilateral and multilateral. The versatile has three pillars: security, economy and society. The size refers to the bilateral agreement between the EU and partly in southern Mediterranean countries. The Barcelona

Process has achieved a high degree of dialogue, however, and confidence around the Mediterranean. He tried to achieve a holistic approach on security, to include all aspects of safety, as well as regional and sub regional dimensions in the context of the Mediterranean. Part political and security have not really been effective, especially because the Middle East peace process which prevented the transformation into reality of confidence-building process.

The process of economic cooperation in the Black Sea, which is a strong institutional initiative in the region. Black Sea area is very important from strategic point of view and deserves more weight than was given so far by the international community. Euro-Atlantic community must be much closer to this region and requires a common effort and national initiatives to harmonize with the international. In formulating these strategies must take into account both our realities, and realistic assessment of the security environment in a comprehensive process for understanding the transformation of international relations is a precondition for a national strategy. Located at the crossroads of the Middle East and various sea basins, Turkey has a strategic position, which gives him an important role in various global policies and initiatives. With hundreds of years of interaction and experience, we strive to create a security belt surrounding areas, and our policy regarding the Black Sea is similar. Turkey has the longest coastline and wants to establish friendly relations with all neighbors on a reciprocal basis. Economic and social development and contributes to maintaining the democratic regime is an obligation for the objective to be achieved in the long term.

Turkey's policy towards the Black Sea was formed and the Montreal Convention. It provides for freedom of trade and downstream through the Straits, also provides the status of warships in the region. It also makes a distinction between the narrower and the wider Black Sea Basin. It is a philosophical approach to understanding the situation of Turkey across the Black Sea and evaluating the effectiveness of these initiatives.

Russia has an important role in region because Russia is a country that delivers the most energy and fuel resources for the countries of the Black Sea region and Europe and it will remain faithful to its obligations and will deliver these energy resources under the agreements, without any disturbance.

4.4. THE BLACK SEA IN COMUNNICATION ITH THE OTHER SEAS OF THE WORLD

In Europe, today we are witnessing an acceleration of the balance of national and international level. Boundaries disappear and economic competition on a level interterritorial creating Euro-around great Europe is a wonderful project.

The Black Sea and the Caspian Sea area together with the Caucasus land bridge became one of the strategically most important regions for the transport of freight, passenger and energy. The demand on efficient and sustainable transport services is driven by the oil and gas production by the Caspian Sea littoral countries, their continuously and strong growing BIP with corresponding export/import cargo flows, West China's industrial development as well as the visibly more intensive incorporation of the Caucasus and Black Sea countries into the international globalization and trade process.

There are many intergovernmental organizations around the Black Sea and Baltic Sea, but they provide only national cooperation.

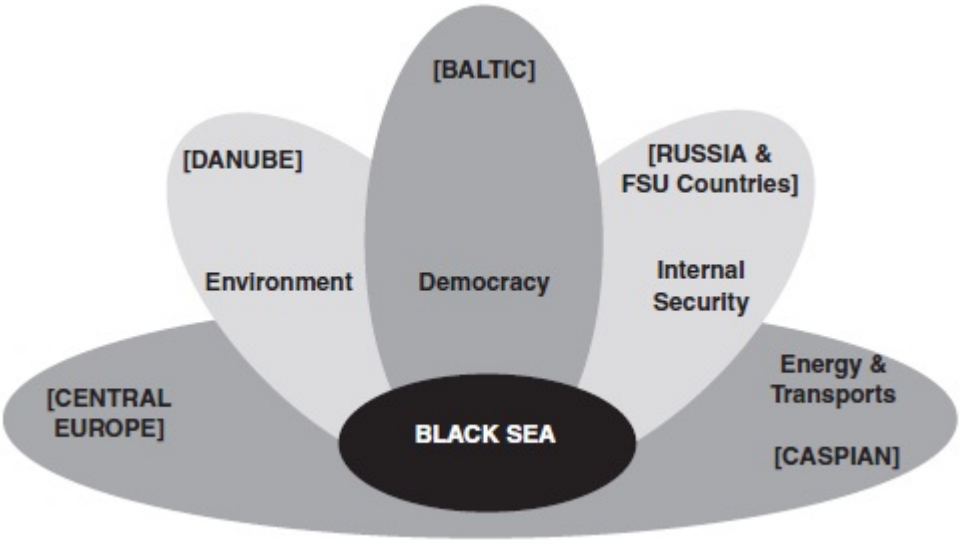

Figure 10 – The variable geometries of the Wider Black Sea Region (Source: http://www.globalmaritimeconference.org)

The diverse and rather complicated strategic picture in the wider Black Sea region differs substantially from the situation in the Baltic Sea region. This comparison between the Black Sea and Baltic Sea places a heavy responsibility on the Euro-Atlantic community for two interconnected reasons: European and Euro-Atlantic integration values, principles and

institutions evoke continued political and economic interest among the elites and citizens of countries in the wider region; EU and NATO regional initiatives could not therefore be other than of a constructive nature and be geared towards security, stability and co-operation in the Black Sea proper and the wider region.

The Baltic Sea has always been important, because it has served as a trade route for goods and ideas. The geopolitical importance of the region has also been underlined in the history and the end of the Cold War opened a new chapter in the region. It serves as an important trading route. Logistics are also highly important as there are growing dependencies on the constant flow of goods through the region. The Baltic Sea is also an important route for passengers and tourists. He further pointed that in fact, there are currently more than 90 million passengers each year and the figure keeps growing. The sea is also a vital route for transporting. The Baltic Sea is seen as a viable route for transporting energy. These are major factors in the growth of maritime traffic, which is estimated to increase 60% from 2003 to 2020. This is further influenced by major investments made in Russia to build bigger and more efficient oil harbors, which increase Russia's capacity to ship oil. In 2007, oil transportation in the Baltic Sea was equivalent of 145 million tons and it is expected to increase up to 250 million tons by 2015. In addition to oil, Russia is a major gas supplier. The Nord Stream gas pipeline is currently being built, but will not alone be sufficient to meet the EU's target on gas imports. The Baltic Sea is characterized by exceptional salinity conditions, low species diversity and a simplified food web, which all contribute to the ecological vulnerability of the sea.

By contrast, the Black Sea is deeper and has a volume about 26 times bigger than the Baltic. It is the largest brackish water ecosystem in the world and its biota is mainly threatened by alien species and pollution. Both sea areas are challenging for shipping due to seasonal variation.

Both areas are also semi-closed, and severely affected by nutrient loading, pollution and alien species through ballast water. They are also important routes for commercial shipping as well as oil and gas transportation. They also have similar regional level protection through Helsinki Convention in the Baltic and Bucharest Convention in the Black Sea.

The environmental impacts of shipping include harmful discharges and emissions in different forms, for example exhaust gases, oil, ballast water, hazardous substances, garbage, and antifouling paints.

Oil transportation increases the risk of alien species, which present one of the biggest threats to marine biodiversity. 170 million tons of oil transportation in the Baltic Sea equals to 85 million tons of ballast water discharge annually. In the Black Sea the amount of ballast water carried through Bosporus each year is close to 320 million tons. Subsequently, 165 alien species have been recorded in the Black Sea where as the number in the Baltic Sea is around 120.

The Black Sea and the Caspian Sea area together with the Caucasus land bridge became one of the strategically most important regions for the transport of freight, passenger and energy.

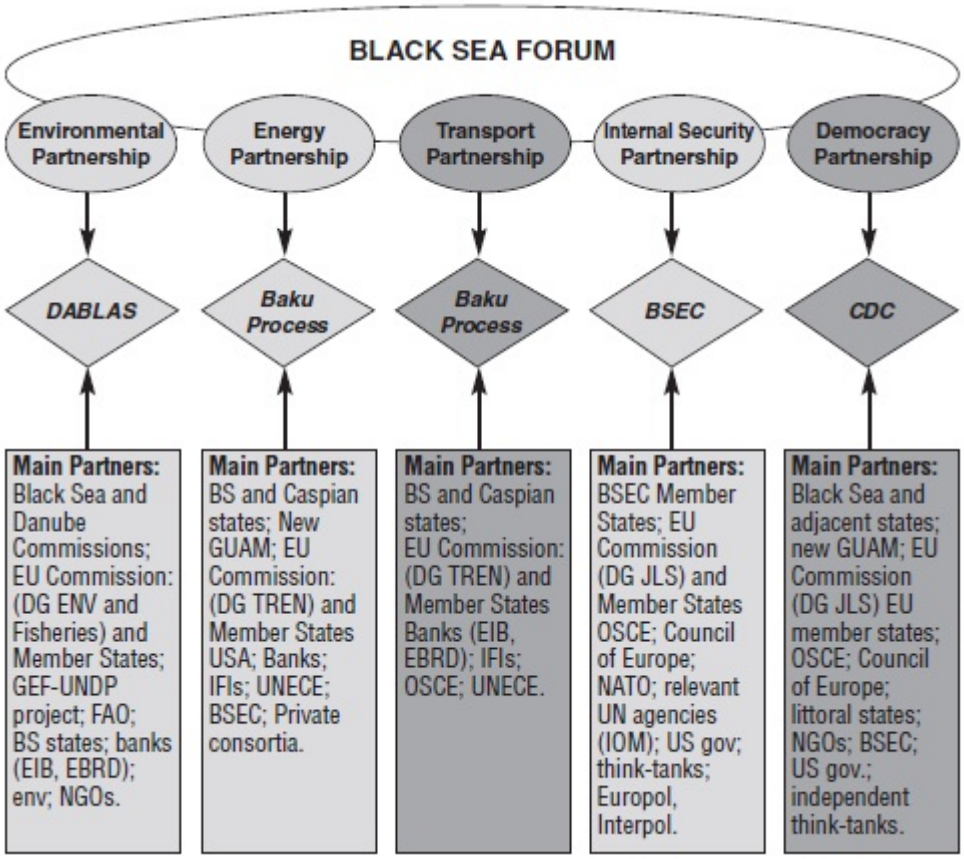

Figure 11 – Framework of Black Sea Synergy (Source: http://www.globalmaritimeconference.org)

The demand on efficient and sustainable transport services is driven by the oil and gas production by the Caspian Sea littoral countries, their continuously and strong growing BIP with corresponding export/import cargo flows, West China's industrial development as well as the visibly more intensive incorporation of the Caucasus and Black Sea countries into the international globalization and trade process. Integration, acceleration of goods movements and transport cost reduction become only possible in case of a transport network functioning without major bottlenecks, administrative barriers or unbalanced development within the maritime transport links and between other regions.

Russia and Iran, two Caspian Sea littoral states, have extensive energy reserves, although much of their reserves are located in territories not contiguous to the Caspian Sea (and Black Sea in the case of Russia). In 2004 Russia, the world's second largest producer of crude oil, produced 8.8 million barrels per day. Moreover, the northern portion of the Caspian Sea remains largely unexplored. The Caspian area, within the wider Black Sea-Caspian region, is thus an important energy producing area in its own right.

When discussing energy security, it is useful to differentiate between states which are energy producers, energy transit countries, and states that are energy consumers. Of course, states may fall into more than one of these categories. Turkey and Ukraine, for example, are both key energy consumers and notable energy transit countries. Russia is a major energy producer and consumer, and potentially a significant energy transit country.

The issue of Black Sea and Caspian Sea security cannot be analyzed without taking into consideration three different aspects, as follows: insecurity flows (threats, risks and vulnerabilities), regional energetic and natural resources flows, and strategic intelligence flows, which should allow a common effort in the field.

In the Black Sea-Caspian region there is a real concern that crude oil and natural gas pipelines running over third countries may be sabotaged by rebel groups. Transit states could also illegally tap into the pipelines to satisfy their own energy needs. Legal and environmental issues may further complicate the picture concerning energy transportation. Disputes over the legal status of the Caspian Sea have made it difficult for the five littoral states to apportion the seabed among themselves.

If we were to look at a physical globe, leaving aside the borders and the nation states, the first thing that would occur to us is that when we get beyond the Black Sea to the Caucasus, and beyond to the Caspian and Central Asia, we have a region that is landlocked. Every state in Central Asia is landlocked. Uzbekistan, twice over; every state it borders is landlocked. The Caspian Sea itself is a landlocked sea. It has no access to the world's oceans. Azerbaijan is landlocked. Armenia is landlocked. Georgia has access through the Black Sea to the world's oceans, but then when we go to the Black Sea, we know that it has very narrowly defined access through the straits of the Bosporus and the Dardanelles. So this landlocked status creates certain issues right away that we have to address, the first being that the region is largely inaccessible by sea. This has implications for military deployments as we have learned in deploying forces to Afghanistan. It's largely been done by strategic air. This requires over flight, refueling access, and ground access to support lines of communication and logistics - all very complicated and all requiring partnerships with all states in the region. The landlocked status also plays out when we look at the oil and gas resources of the region and efforts to get them out to the market. The large map very well illustrates the issues there and the various plans and contracts to move oil and gas out of the region. There is erosion of coastlines, there is expansion of deserts, but largely, the orientation of large land masses, continents to water, is static over time.

In contrast, the political globe is very dynamic. Just in our own time, the fall of the Soviet Union has resulted in 15 new states. A number of states formerly part of the Warsaw Pact are in fact genuinely free and independent. They weren't during the Cold War.

4.5. INTERESTS IN THE BLACK SEA

If we looked at probably any 15-year period or 20-year period, as we step back in history, we will see there is a tremendous dynamism to the political, to the give and take of political units in the world. In the Black Sea, we have six countries where once there were four, the Soviet Union, Turkey, Romania, and Bulgaria. In the Caspian Sea, we have five countries where there were once two.

Both of these regions, however, exhibit a certain amount of instability. When we look at the Black Sea region and the Caucasus, we can think historically about at least ten Russo-Turkish Wars fought to control the northern and eastern approaches to the Black Sea. Throughout the 19th century, there were persistent Russian efforts to advance towards the

straits, and indeed control the straits. This raised concerns, particularly in England and France, and led, in the middle of the 19th century, to a coalition of England, France, and Austria-Hungary, joined laterally with the Ottoman Empire, to fight Russia in the Crimean War. This Crimean coalition led to Russia's defeat and the Peace of Paris in 1856. In the Peace of Paris, the most important clauses were the neutralization of the Black Sea. Russia and other nations, but particularly Russia, were not allowed to have warships on the Black Sea, nor fortifications on the Black Sea.

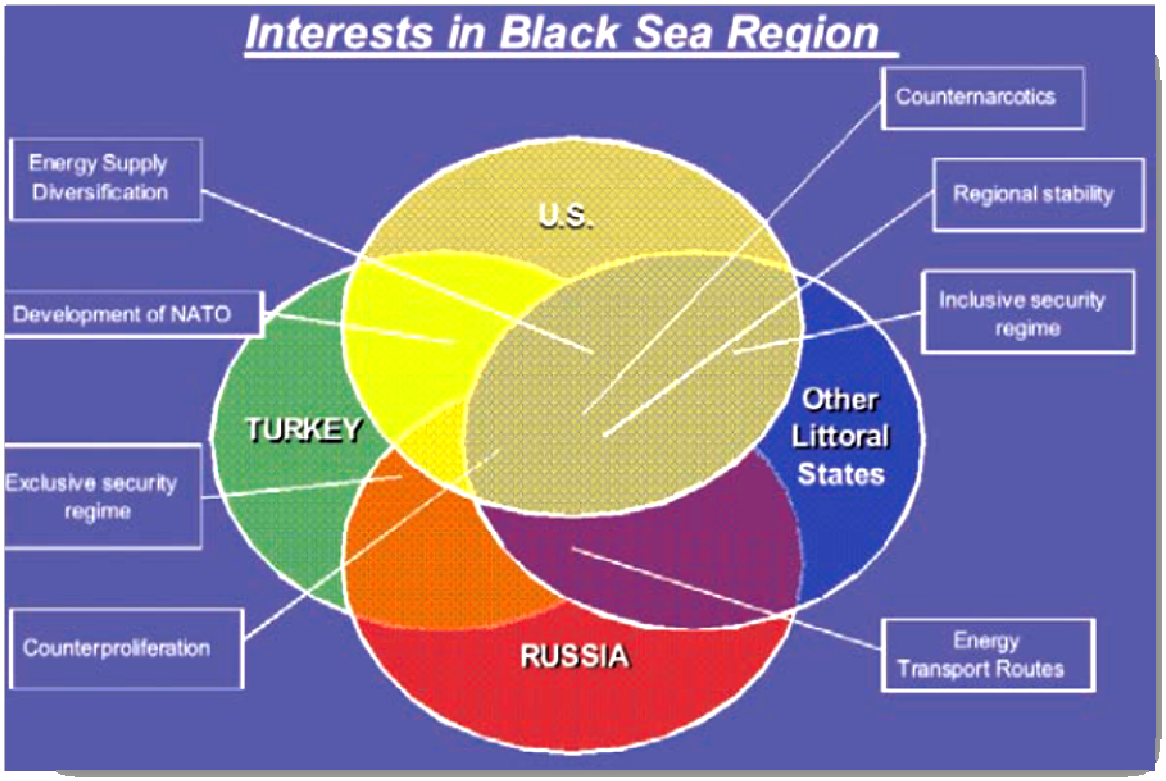

Figure 12 – Interests in the Black Sea Region (Source: Black Sea and Caspian Sea Symposium II, Constanta Romania may 2007)

Russia and Iran, two Caspian Sea littoral states, have extensive energy reserves, although much of their reserves are located in territories not contiguous to the Caspian Sea (and Black Sea in the case of Russia). In 2004 Russia, the world's second largest producer of crude oil, produced 8.8 million barrels per day (bbl/d). Russia has proven oil reserves of approximately 60 billion barrels, but most of this is found in Western Siberia. Russia is also the world's largest producer and exporter of natural gas and has the largest natural gas reserves. In 2004, Russia produced over650 billion cubic meters (bcm) of natural gas, of which around 200

bcm was exported.1 Iran has the world's second largest natural gas reserves, but most of its fields have yet to be developed. In 2002, Iran produced approximately 77 bcm. In 2004, the Iranians produced 3.9 million bbl/d of crude oil, of which 2.5 million bbl/d was exported.2 Excluding Russia and Iran; the Caspian area has proven oil reserves of 17-44 billion barrels (the higher figure comparable to US oil reserves). Azerbaijan and Kazakhstan are destined to become important producers of crude oil. Without including Russia and Iran, the area also has proven natural gas reserves of 6,580 bcm, comparable to Saudi Arabian reserves. Azerbaijan and Kazakhstan will become significant gas producers, while Turkmenistan is already exporting natural gas to Iran, Ukraine and Russia, and Uzbekistan is transporting its gas to Russia and its Central Asian neighbors. Moreover, the northern portion of the Caspian Sea remains largely unexplored.

The Caspian area, within the wider Black Sea-Caspian region, is thus an important energy producing area in its own right.

Image 5 – Relation between Caspian Sea and Black Sea (Source: http://www.worldsecuritynetwork.com)

The largest vessels able to enter the Caspian Sea are those which can navigate the Volga / Don system. The vessel dimensions are restricted in length/ beam /draft by the physical limitations of the locks.12, 000 DWT crude tankers are the largest vessels in the Caspian Sea, with a maximum loaded draft permissible in Baku and Aktau ports,

currently at 7.2 meters; other vessels such as ferries and dry bulk vessels are generally in the 5,000 DWT to 7,000 DWT size range.

Currently a very high percentage of the container and rail traffic to and from the west Black sea to and from Kazakhstan is routed by rail from Odessa via Tolyatti in Russia through to Kazakhstan. Recent developments such as Poti and Batumi Terminals, Poti FIZ and container block train services to Baku should attract more container traffic direct to Poti and on the Georgia – Azerbaijan Caucasus. The governments of Turkmenistan and Iran have clashed with the authorities in Azerbaijan over the ownership of specific oilfields in the Caspian Sea. These disagreements have prevented hitherto the laying of subsea pipelines across the Caspian.

Russian and Iranian officials also contend that constructing such pipelines would not be environmentally safe because of seismic disturbances in the sea. The pipes could also be damaged because of the substantial pressure that would be exerted upon them at such depths. The Turkish authorities have also made use of ecological arguments and safety concerns to press for restricting the number of oil tankers navigating the already overcrowded Bosporus straits which runs through the heart of Istanbul. In the last three years there has been a 50 percent increase in the amount of tanker traffic moving along the Bosporus.

Black Sea in the near future will become one of the most sensitive areas of European economic, social and environmental. Since the '90s there was a desire for multilateral cooperation. For this reason they created the BSEC Parliamentary Assembly and interparliamentary organization.

The new partnership programs must be based on best EU experience and to remember that, apart from border regions of third countries will be involved and EU border regions and they will not accept to be in a position disadvantaged.

KING CH. in his book talks about the conflicting interests in the sense that the regions around the Black Sea is in two stages of development, which raises different issues in cross-border cooperation[60]. On the one hand, some countries are in the stage of state building,

[60] See KING CH. ‚I n "*The Black Sea: A history',* Oxford University Press, 2004

wondering how to cope with transition and how to participate in new developments that offer the global situation.

On the other hand, people want to work together, to cooperate. Therefore, there is a conflict here to be taken into account when we want to establish a program for the Black Sea region. It is said that the Black Sea is not currently an area of economic prosperity, there are many differences between the states around them, there are few trade and if we try to organize a trip around the Black Sea, we are confronted with many problems. There are differences over other cross-border programs.

Cross-border cooperation should be made to several regional and local levels. One must be to exist a balance of powers in this region; otherwise it is very hard to organize cooperation on a realistic level. The regional level of the Black Sea is not well developed in all areas. There are a number of states in the Black Sea area that central authorities, local and regional level but missing. It is therefore important to create equal conditions in which this development takes place and the initiatives to be undertaken and carried forward. The cross-border partnerships between local and regional level, an important factor is the organizational capacity of the region, networking, contacts between enterprises and lack of cross-border mobility. Programs they need to actively promote the encounter between people. No one should start with ideas too ambitious with things that cannot be achieved, given the capacity that exists, but should focus on building networks, partnerships and the organization of vocational training to improve local administrative capacity and regionally.

In the last decade, BSEC has become integral to political and economic landscape of Europe. The organization has won the role in the new European architecture, has become a key tool in the permanent process of regionalization of the Black Sea area, playing an important role regarding the development and formation of common interests and values. We must accept that the strategic landscape has changed since it was founded BSEC. All Member States are increasingly focusing on harmonization and adaptation to the new world BSEC and the obstacles that hinder the functioning of the organization. BSEC is facing several challenges and only Member States have the ability to find solutions to remove constraints and to make the organization a useful tool for cross-border cooperation in the Black Sea. The Black Sea is an inland sea between south-eastern Europe and Asia Minor. It is connected to the Oceans by way

of the Mediterranean Sea via the Bosporus, the Sea of Marmara -The Dardanelles, the Aegean Sea, the Gibraltar Strait and the Suez Canal.

It's necessary to point out that main risk and threats to the national and European security in the Black Sea region come not only as a result of the conflicts. Main risks in the region considered issues of economic, energy security and security of the national sovereignty. General unstable situation, protracted transformation period, competition for the spheres of influence led to the lack of cooperation in the region. At the official level there are enough proclamations, communications and agreements on cooperation in the Black Sea region: within regional organizations, on bilateral level or with third parties as the EU. But de facto most of the projects are still on the paper or their implementation is retarded by the inability to overcome risks that exist in the area.

The EU has already decided with whom to cooperate, how much to invest but haven't considered risks and actions for their minimization.

In sum, the Black Sea basin is a strategically important region at the crossroads between Europe, the Middle East, and Asia. The region serves as a pivotal East-West and North-South corridor and a crossroad of geopolitics, commerce, energy, and culture where the interests of four major international actors overlap: the European Union (EU), the United States (U.S.), NATO, and Russia. It is a very dynamic area that presents various challenges and offers numerous opportunities. As a result, its development requires special consideration by policy makers. Although the Black Sea region has succeeded to attract the focus of regional actors and major international players in the last few years, there are lingering misconceptions that need to be addressed. Countries and organizations often approach Black Sea issues from specific national interests or on a bilateral basis. What is missing is a strategic vision of the region as a whole and a more comprehensive strategy for its development.

The area needs a common agenda that should transcend the self-interests of local actors. The challenges that the Black Sea region faces are interrelated but can be classified into four major components:

• Democratization and reform

• Economic development
• Security
• Euroatlantic integration.

Many factors have affected the rapid development of the port industry of the Black Sea in the last years:

- Increased international trade and therefore higher demand for marine services;
- Advantages of sea transport as compared to road in terms of economic efficiency, safety and environmental sustainability;
- The emergence of global managers or global operators –port service providers which can control and direct commercial flow---promoting or marginalizing the role of some ports;
- The gradual replacement of the traditional gateway port to the port as a logistics centre which provides additional transport services, logistic support services and coordinates multi-modal transport;
- The development of sea and cruise tourism thereby opening the market for related services;
- The increasingly urgent need to ensure sustainable development by taking into account the environmental factors in the design and development of port industry, while adapting to new conditions stemming from climate change.

Also, there are various actors that interact in the Black Sea arena. They can be divided into three groups of diverse interests that are sometimes conflictive:

• Russia and Turkey
• The smaller Black Sea countries – Bulgaria, Georgia, Moldova, Romania, and Ukraine.
• The EU, the United States (U.S.), and NATO

Russia and Turkey are historically former status quo powers in the Black Sea region, with greater aspirations for regional leadership. The other, smaller littoral states are heterogeneous actors with distinct national agendas. While Bulgaria and Romania have become

EU and NATO members, Georgia, Moldova, and Ukraine are intent on conducting reforms that can move them closer to the Euroatlantic structures. Meanwhile, the EU, the U.S. and NATO may have common interests and objectives in the region but do not always share joint policies and approaches.

Dialogue, cooperation, and consensus are difficult to achieve among the various players. Many of the newly independent states are pursuing distinct national interests, a process that often hinders conceptualizing the region as a common space. Meanwhile, Russia is intent on regaining influence over its former Black Sea dominions and preventing the region from integrating into the Euro-Atlantic structures. In recent years, economic development in the region has been relatively encouraging. The picture is especially positive with regard to Bulgaria, Romania, and Turkey. These three countries are not only economic leaders in the Black Sea region, but also among the fastest growing economies. Following severe economic crises in the late 1990s and early 2000s, each country has conducted intense structural reforms resulting in rapid economic development and political stability.

The current account deficits of all Black Sea countries are growing, which might affect their economies in the long term. The collapse of the Soviet Union resulted in the loss of state-mandated markets for the states in the region and led to a decrease in exports and upsurge in imports. To offset this trend, local industries will have to improve their efficiency and competitiveness in order to reduce the growing trade deficits in all Black Sea countries.

The Black Sea economies are heavily dependent on Russian gas and oil. In the last decade, Moscow has lost its status as a military superpower and has chosen to reestablish its influence largely through economic means and energy supplies. As a result, the region is penetrated by Russian capital that provides Moscow with political leverage and fosters dependency rather than development and economic growth. Hence, countries in the region remain economically vulnerable to Russia as an “energy superpower.” Under these circumstances, attempts to secure full political independence from Moscow may result in damages to national economies as Russia can impose economic sanctions. Energy diversification is a major challenge in the region. Finding new routes for the transportation of Caspian oil through the Black Sea area will help the region develop economically, while decreasing Europe’s dependence on Russian energy. Two elements are crucial. First, financial

support and investments are needed for specific projects and to develop energy infrastructure. Second, time is of paramount importance for the success of these projects. Successful transformation in the region depends on both political and economic progress. Effective political reforms without economic transformation can weaken public trust in democracy and fuel social and ethnic tensions. This would undermine development and challenge the region's stability.

As an important crossroad of commerce, the Black Sea region offers numerous opportunities for regional cooperation. However, its location also facilitates illicit trade in migrants, arms, and drugs. Such threats should not be underestimated as they fuel political and terrorist movements and disrupt regional economies. With Bulgaria and Romania becoming the external boundary of the EU, border security in the Black Sea area is becoming extremely significant for Europe as a whole.

NATO Action Plans have had a positive impact in the Black Sea region. However, Russia as an energy superpower is becoming more assertive, more authoritarian, more competitive, and less cooperative. Non-NATO Black Sea countries remain vulnerable to secessionist conflicts and Russian destabilization, especially through energy dependence. For others such as Turkey, curbing EU enthusiasm endangers reforms and increases the popularity of anti-modern and anti-integrationist Islamist forces. For the EU, the Black Sea region is a priority by default because after the accession of Bulgaria and Romania, the other littoral states will become the EU's immediate neighborhood. Chancellor Angela Merkel has indicated that Berlin wants to initiate a comprehensive EU strategy for the Black Sea during Germany's upcoming EU presidency. The current strategy toward Moldova, Ukraine, and Georgia is designed within the framework of the EU's European Neighborhood Policy (ENP), which does not envisage further enlargement but deepening institutional and economic cooperation. Although Turkey has been offered EU membership prospects, this is likely to be a long-drawn out process without any guarantees. The EU is also developing a partnership with Russia but faces numerous problems given Moscow's strategic ambitions in the region. The EU has several instruments in its approach: it provides various funding mechanisms, such as structural funds and pre-accession funds, and has priorities that it funds and promotes. The Union is involved in local infrastructure and transport projects to enhance roads, railroads, energy, and telecommunications. The EU has backed programs to support economic reforms, civil society, human rights, and the rule of law, and to combat cross-border crime. In addition, various EU

projects address security issues and promote *European Security and Defense Policy* (ESDP) initiatives. The EU supports the liberalization of trade and WTO membership. It is also supporting environment projects to enforce ecological standards. In fulfilling these objectives, the EU works through or together with international organizations such as the Council of Europe (CoE), the Organization for Security and Cooperation in Europe (OSCE), the Black Sea Economic Cooperation pact (BSEC), the South Eastern Cooperation Initiative (SECI), the South East European Defense Ministerial Organization (SEEDM), the Black Sea Forum, the Black Sea Commission, the Black Sea Convention on the Danube, and the Black Sea Task Force on Environmental Protection. The EU does not seek the creation of new institutions to deal with the Black Sea region as there are no shortages of existing ones. At the same time, Brussels is aware of the need to initiate a more active approach. When it comes to enlargement, however, the EU's immediate ambitions are clearly defined and this has left much of the Black Sea region with an undefined and uncertain status.

The involvement of international actors such as the EU, the U.S. and NATO in the Black Sea has a positive impact on the region. Despite a number of useful instruments and successful initiatives, Euroatlantic policies have shortcomings that need to be addressed.

Euroatlantic integration must remain the highest priority for the Black Sea region as the prospect of EU and NATO membership is a major generator for reform in transitional societies. Therefore, keeping Turkey on the EU path and opening the door to NATO for Georgia, Moldova, and Ukraine is essential in order to avoid any reversal in the reform process. At the same time, non-EU and non-NATO members in the Black Sea should continue with implementing reforms in line with ENP and NATO action plans.

The Euroatlantic perspective does not solve all problems of the Black Sea region. The littoral states have a number of local challenges that need to be resolved. "Frozen conflicts" remain a major obstacle for development and their resolution is a precondition for EU and NATO entry with assistance from the international community. The rule of law must be strengthened by reforming the judiciary, improving law enforcement, and applying effective anti-corruption measures. This would encourage economic growth and political stability. Regarding economic development, privatization, attracting FDI, and modernization of infrastructure should be at the forefront of all government agendas. In addition, restructuring the

inefficient industries and encouraging entrepreneurship will stimulate growth and decrease the large current account deficits of the states in the Black sea area. Special attention should be also given to organized crime and trafficking in the region. Energy is another area of special concern both for stability and economic development.

The littoral states must make efforts to diversify supplies and sources of energy in order to decrease their dependence on Russia. In tackling these issues, the Black Sea countries should not operate alone but seek ways of cooperating across the region through business links, free trade, environmental protection, and maritime security to combat transborder organized crime, trafficking, and counter-terrorism. Where possible, Russia should be included in such regional cooperation.

There are several common objectives in the security arena in the Black Sea region that also impact on Russia and a dialogue with Moscow could be mutually beneficial. Considering energy issues and the importance of the Russian market, neighboring Black Sea states must learn to anticipate Moscow's moves and strive to protect their national sovereignty in cooperation with their neighbors and with international institutions. Genuine dialogue cannot be based on economic dependency and political pressure by Moscow.

From an economic perspective, the key external actors for the Black Sea region are, in order of importance, the EU, the US, China, the Middle East, and Central Asia. Of these, the EU is by far the most important actor in economic terms and dwarfs the rest. EU decisions have a major and direct impact on the Black Sea region, and often create an externality effect. Thus EU decisions have a significant indirect impact on non-EU countries in the region. Sometimes this is positive, but it can also be divisive or negative. The EU is also a critical market for the Black Sea region. It is the main destination for exports from the Black Sea region, and is its principal source of financing in the shape of lending, investment, and official assistance. A prolonged economic recession in the EU would have a negative effect on growth prospects for the Black Sea region, whereas a rapid recovery would be an undoubted boost.

The evolution of Black Sea regional cooperation reflects the difficult security and socio-economic circumstances in the region and the often competing policies of the stakeholders. The EU's Black Sea regional policies (Black Sea Synergy, Eastern Partnership), which emerged

through the European Neighborhood Policy (ENP), are becoming the focus of many stakeholders interested in pursuing specific shared issues. As this trend develops, it could change the nature of Black Sea regionalism.

In parallel to these developments, regional structures have consolidated further. At the same time, resources and funding allocated to regional projects – addressing in particular cross-border and littoral (rather than bilateral) issues – have been growing since Bulgaria and Romania have joined the European Union. There is, of course, much more to be done to build upon these positive first steps.

Policymakers primarily from the Black Sea countries should consider regional cooperation as part of a broader strategic development agenda, subordinating their national agendas. Integrating fragmented markets in the region can help attract the required capital, build competitive and more diversified economies, and alleviate poverty. Seen from this perspective, regional integration offers more economic opportunities in terms of investment, production and trade. At the same time, it strengthens Black Sea countries´ integration into the global economy.

The Black Sea Synergy provides a major opportunity for the EU to promote sustainable development. The Union indeed has an essential role to play in this region in ensuring that the economic and industrial transformations that lie ahead are compatible with environmental protection. It can, and should, actively inspire environmental policy-setting and drive a process to boost international co-operation and capacity building.

The Black Sea region presents a genuine challenge to the EU: it is comparably new and unfamiliar and remains fragmented and highly diverse. Furthermore, awareness of the region's environmental value remains low and environment does not rank highly on political agendas.

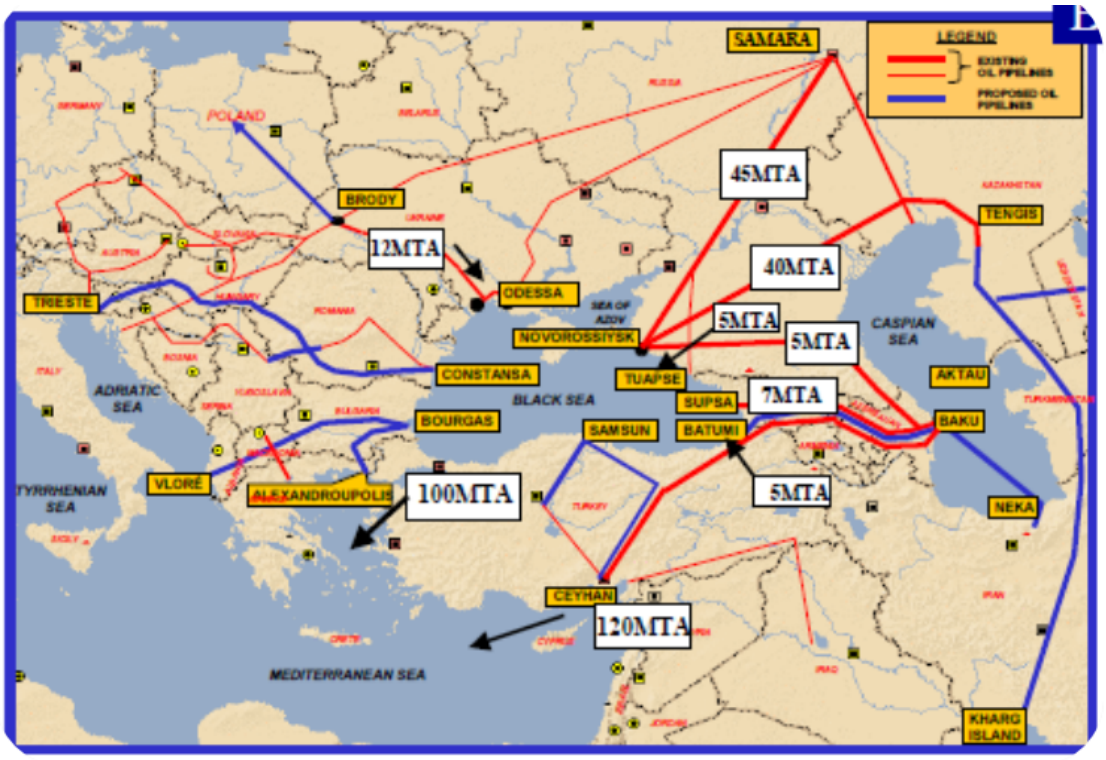

Image 6 – Map of the Black Sea synergy (Source: OIL FORUM OF THE ENERGY COMMUNITY 24/25 SEPTEMBER 2009 – BELGRADE)[61]

Energy is progressively linked to the concepts of national security and environment and climate change. EU has taken the lead in energy efficiency. Although the concept energy security is not very well defined; it is an instrument of power politics. Energy debate generally focuses on oil and gas, though there is an increased interest now in new technologies, nuclear energy and so on. In the Black Sea region, there is too much emphasis on the pipelines routes. There is a strong recommendation for EU to develop *one* strategy for energy security **(S.Celac).**

Part of the ENP framework, the Joint Operational Program Black Sea 2007-2013 was launched in 2009, among regions from ten countries. Around 17 million Euros are allocated

[61] *BLACK SEA EXPORT ROUTES AND VOLUMES* - OIL FORUM OF THE ENERGY COMMUNITY 24/25 SEPTEMBER 2009

from the European Neighborhood and Partnership Instrument (ENPI), for a period of seven years. Comprising 90% EU co-financing and 10% national co-financing, this program is based upon the joint partnership principle. Requiring a minimum one organization from a Member State, and one organization from a non-member state, the programs go from 50,000 Euros to 700,000 Euros, and the projects last from 12 to 24 months. The Joint Management Authority for this program was designated within the Romanian Ministry of Regional Development and Housing. The first call for proposals had as deadline 12 October 2009, the end of evaluation and selection of projects is projected for January 2010 and the first grant contracts will be concluded by March 2010. (Canea S. [62]).

The Black Sea Synergy initiative should assure the coherence among all these regional initiatives, but so far it failed to express the concrete mechanisms to reach this kind of coherence **(** Canea S). *"At the same time, it was quite strongly settled that the legitimacy of the functional projects in the Mediterranean Sea, in the Baltic Sea could also be exported to the Black Sea.",* like commented Dupuy E. in the same Conference, Bucharest 2009.

The *Black Sea Economic Cooperation (BSEC)* represented an important step in the evolution of the cooperation blueprint in this area. In its 17 years of existence, BSEC concentrated mainly upon the economic aspects of the cooperation. So far BSEC has not used its potential in an optimal way. "*Given several political conflicts between member states, the low efficiency in some of the working groups, BSEC remains a rather unexploited framework for dialogue, however a good platform of preparation for more ambitious projects* "(Chebeleu T.-Conference Bucharest op. cit.; 2009).

Reference was also made to the present international financial and economic crisis, which affected negatively the wider Black Sea region, reducing the number of foreign investments, holding the exports and impeding further rapid developments. The aspects of

[62] The Conference - *´The Black Sea Region: Link between an Enlarged Europe and its New Neighborhood´*, 2009, Bucharest.

poverty and discrepancies in the region were emphasized. The EU's role in the Black Sea region derives from its own interests in the area: economic, political and strategic interests.

For some, "Europe" meant Western Europe; for others, it extended to the Baltic Sea and the Black Sea – but in the case of the latter, only to its western and southern edges. For many in the West, Ukraine and the South Caucasus still seem far-away lands of which we knew little and, rightly or wrongly, care less. Others are still too afraid to even think about venturing into what Moscow today claims to be its "near abroad" and natural sphere of influence if not domination – not realizing or recognizing the many of the deepest roots of what is now consider Western and European civilization can be traced back to the cultures and countries that lived on the Black Sea throughout history.

There are many other problems that the EU will be unable to ignore when its borders increasingly lie on the Black Sea. They include securing energy routes, coastal protection, water resources management, radioactive waste management, applying EU standards to the security of oil transport vessels in the Black Sea, guarding the EU's borders, and tackling the massive migration pressures on the EU that may stem from instability and economic problems in Eastern Europe and the South Caucasus.

The EU wants to take part directly in projects it has funded in the Black Sea region to legitimize its demands. It therefore uses the arguments that some of the countries in the Black sea region are members of the EU, some are about to become full members, and others, such as those in the South Caucasus, share Western values and are inclined to agree with the EU's view, even though they are not members of the Union. The EU also thinks that it may play a much more positive role – compared to the role of NATO – in the Black Sea region, which is a geographical part of Europe and shares European values. By the same token, the EU has criticized the techniques used by NATO in intervening in the region's problems, and has preferred to spread and strengthen democratic values as a means of contributing to the enhancement of security and stability. The increasing international interest in the region because of its strategic importance in hydrocarbon transportation, the choices being made by regional states concerning their political future, "hot" and "frozen" conflicts in the region, and the long–term transition process: All have prevented the BSEC from functioning smoothly.

Although the BSEC has a role to play in regional security, it has failed to establish momentum for economic co-operation in the Black Sea basin. The Black Sea region's increasing importance as an east-west hydrocarbon transport corridor, and its new position in the Greater Middle East project mean that the USA and NATO have recently started to pay more attention.

After nearly a decade of displaying virtually no interest, the EU and the USA now consider terrorist activities and trafficking in human beings, drugs, and weapons – which stem from instability in the region – as threats to their national interests. Mistrust and rivalry that have been developing between the Euro-Atlantic community and Russia over the future of the region may have the potential to escalate into a second Cold War.

The politico-economic conflicts in the Black Sea region in the post- Cold War era have mainly centered around the transportation of Caspian hydrocarbon resources to Western markets on a route without direct Russian control. If this is achieved, Central Asia will be connected via the South Caucasus – i.e. through Azerbaijan and Georgia – with the Euro-Atlantic world.

Since the economic conflicts in the Black Sea region between Russia and the Euro-Atlantic community have political consequences, economics and international politics have here become inseparable. The fundamental question is whether or not an opportunity can be created to balance the interests of the conflicting sides in the foreseeable future.

The interregional co-operation on transportation issues between Turkey, Black Sea and Caspian States is in fact connected with the energy transportation from the Caspian Region to European and global energy markets has a particular importance in the Russia and the North-South Transport corridor. In this circumstance is becoming fundamental the future of intermodal and shipping systems in the region in comparison with the European Union policy. It assume a plan important for the region the intermodal transport sector with the development of extraordinary prospects for Black Sea and Caspian Ports that will have an immediate effect politically with a possibility of rapid integration of Black Sea and Caspian region into the Trans European Network (TENS).

For Europe the governance of the Mediterranean Sea and Black Sea is becoming a fundamental problem**.** It has been given a notable stimulus by the Euro-Mediterranean-Black

Sea Partnership. In such context, exceptional attention should be given to particular aspects, first of all, to the governance between the European (East and West Europe) and North African States: the extension of zones under jurisdiction is a tool considered by some Mediterranean countries to answer the anxiety evoked in the two previous panels (fishing and illicit discharges by the ships). As a result, the adequacy of management instruments should be studied taking into consideration the problems faced by the European and North African countries, i.e. increase of the population (urban and of the coastline particularly), preservation of fragile ecosystems, access to essential services, tourism development.

In the last years the Mediterranean Sea has succeeded in escaping quotas of maritime traffic to the North of Europe thanks to its geographical position of a fulcrum between the East of Europe and the United States from the logistic point of view. It explains the fact that the maritime traffic with the origin and destination in one of the Mediterranean countries equals 700 million tons, which constitutes around 15% of the world maritime traffic. Exist in Europe a strong competition. Important for European Union is to elaborate a strategy to develop the traffic to the South of the Mediterranean, particularly with the Middle East and with the Black Sea countries and principally with Ukraine and Russia. The economic success reached by the Mediterranean ports is also due to the recovery of strong competitiveness. Thus, to attract new quotas of traffic, it is necessary to improve the ports constantly with the new infrastructure and services offered.

The key points of this process are the privatization of port activities and emergence of some figures of the terminal operator, the services that have been restructured in an entrepreneurial key required by the ship and by the commodity. to engrave an acceleration to the realization of a surplus of ability of the infrastructure of the Mediterranean and Black Sea harbor system will further proceed to the aggregation of the critical mass of logistics proposal able to motivate the offer of logistic or productive installation from the society inter – harbor and inter – modal. Naturally will be very important to elaborate strategy interesting both Mediterranean and Black Sea countries, especially for Russia and Ukraine. In reality in Russia the problem is that traditionally the North harbors (in the Baltic Sea) are still developed than the Black Sea harbors.

However, it is necessary to put a good strategy to the need of logistics so that to prepare the united economic proposal originating from the sectors of European enterprises, which are

ready to integrate their resources with public resources because the operational borders of the harbor operations do not remunerate the investments realized in the harbors. The implementation of an integrated logistic base in the areas of the harbor hinterland would complete public investments even if necessary resources would be given additional financing, and new strategies would be possible not only through financing by the European Union, but also through the model of project financing.

The Mediterranean is both a major load and discharge centre for crude oil. Approximately 18 per cent of global seaborne crude oil shipments take place within or through the Mediterranean. North African ports in Libya, Algeria, and Tunisia and Persian Gulf oil shipped via Egypt account for over 90 per cent of all crude oil loaded in the Mediterranean. Italy accounts for nearly half of all crude oil discharged in the Mediterranean.

Exports of crude oil from Black Sea ports averaging at over 100 million tons a year are expected to continue to rise, resulting in continued seaborne transits via the Bosporus and increased use of eastern Mediterranean ports linked to new pipelines intended to bypass the Bosporus. The resumption of Iraqi crude supplies via Ceyhan in Turkey and via Syrian ports will reverse the trend seen over recent years of declining crude exports from these ports. Pipeline developments will increase oil exports from Eastern Mediterranean load terminals, but, if Black Sea exports continue to increase, this may not result in a significant fall in oil exported through the Bosporus. The Eastern Mediterranean will see an increase in the density of crude oil tanker deployment.

The most significant change in overall traffic patterns in the Mediterranean in the coming years will be the development of export routes for crude oil from the Caspian region, which is currently shipped predominantly via Black Sea ports through the Bosporus.

The Mediterranean Sea, bound by the Straits of Gibraltar on the west side and the Suez Canal and the Bosporus Straits on the east side, is amongst the world's busiest areas for maritime activity. There are 480 ports and terminals in the Mediterranean with recorded ship movements, almost half of which are located in Greece and Italy. Around 20 per cent of Mediterranean ports are in the Eastern Mediterranean east of Greece, compared with 80 per cent in the West and Central Mediterranean.

The Bosporus forms the boundary between the Black and Mediterranean Seas and is the only maritime access route between the two. All crude oil shipped by sea out of the Black Sea consequently has to pass through the Bosporus. Tankers up to 165,000 DWT currently transit the Bosporus. In 2006, nearly 11,000 tankers of all types transited the Bosporus, a 40% increase on the 2002 figure of around 7,700. In 2006, over 2,000 crude oil tankers transited the Bosporus. From the geopolitical point of view, this area is located at the intersection of three very important areas: the former Soviet Union, Middle East extended south and western region, represented by democratic community transatlantic west.

All these regions are found in the Black Sea - Caspian Sea, and *"if we are to combat threats that come from former Soviet territory from the Middle East or to use opportunities coming from the Euro-Atlantic community, then we need to think about this area as a bridge between these challenges and temptations* ". Changes have occurred in recent years in the security environment in the Balkans South Caucasus and former Soviet states have exerted a direct influence on the evolution of security status of the Black Sea region. The list of problems Security is long and complex and includes both aspects of the software security, security as well as that of the hard type. Risks Black Sea area security challenges faced by start of reconstruction from the dissolution of the USSR states and based on territorial ambitions, spheres of influence, delimitation of borders, economic interests, ways of transmission, natural resources, ethnic conflicts, religious misunderstandings, continuing. Since economic dependence on Russia, Ukraine possesses considerable military and economic resources and their desires by joining NATO to secure independence from Russia. Despite her efforts to join the Alliance, has to wait.

The existence of certain misunderstandings between Russia and Ukraine - due to Russian military presence in Crimea from renting the naval base in the Ukrainian port of Sevastopol. The main Russian naval base in the Black Sea fleet until 2017
- Reduce the strengths of integration of Ukraine.

Georgia is another state that wants the international of the coastal views exit from the Russian sphere of influence. Georgia's priority is to restore sovereignty security and good neighborly relations with Russia, while maintaining the same and for independence and freedom to have strategic options. She can improve the energy situation in terms of putting into operation of pipelines Baku-Tbilisi- Ceyhan (oil) and Shah Deniz-Baku-Tbilisi-Erzum

(gas), which would reduce economic dependence on Russia. She is interested in attracting international transport corridor that crosses the Black Sea in the direction Batumi port and Poti18. Georgian foreign policy priority is to integrate country into NATO structures, now stuck behind conflict summer of 2008 with Russia over South Ossetia and Abkhazia. Georgia is now found in a delicate situation as a result of unilateral recognition Russia's independence from the two provinces.

As a promoter of Alliance policy in the region, Romania should be actively involved in the transformation space Sea Black in a stable region, both through its strategic levers to position data intersection Balkans with the Caucasus, as well as through cooperation and collaboration closely with the EU and the riparian.

The Black Sea is now surrounded by former Soviet states, with different degrees of instability and serious security problems, but also states compliant security and defense of the Alliance.

At this point all countries in the region have institutionalized relations with NATO, as part of Euro-Atlantic community, either as allies or as partners. Although the alliance is interested in achieving a stable security system Black Sea, became its boundary, still has not identified a specific role in the area. Alliance seeks more problems in terms of partnerships with the area. The NATO Summit in Istanbul in 2004 the alliance has not released any coherent strategy for the new neighborhood, but acknowledged the importance of the region.

At the NATO Summit in Bucharest in 2008, "Black Sea security" was inscribed in a chapter Summit distinct declaration that recognizes the strategic importance the region and that NATO supports made of regional processes and provide support littoral states. NATO welcomes the progress in consolidation of regional through efficient use of existing mechanisms and initiatives and will continue to adequately support these efforts, guided by regional priorities and based on transparency; complementarily and inclusiveness, in order develop dialogue and cooperation among Black Sea states. Black Sea has become a region of convergence of interests of major actors global. The trouble is that NATO and Russia is heading towards a violent confrontation.

The countries around the modern Black Sea region have inherited a long history of conflict, cooperation, and interaction. This history will form the context for future debates about

the Black Sea's strategic, economic, and even natural environment. The Black Sea region plays a crucial role in this context linking the region even more closely to energy trade around Eurasia, the Middle East and the Mediterranean.

Over the last decade, the Black Sea has emerged as a focus of strategic attention on both sides of the Atlantic. In geopolitical terms, the Black Sea has become fashionable. Energy is a key part of the picture, alongside the political, economic and security enlargement of European and Euro-Atlantic institutions around the region, and beyond. The European Union (EU) and the North Atlantic Treaty Organization (NATO) are now Black Sea actors in the full sense. A region that had languished on the frontiers of Europe increasingly sees itself as a bridge to a wider strategic space on the southern and eastern periphery of the continent. But even as interest in the Black Sea has grown, it has become clear that the future of the region in security terms will be driven as much – and perhaps more – by trends and developments outside the region, in adjacent areas and on a global basis.

These wider influences should be of interest to policymakers and analysts inside and outside the region. Whether the Black Sea is at the centre of strategic concerns in ten years time, or a place at the margins of international affairs, will turn heavily on policies emanating from Washington, Moscow and Brussels, and quite likely Tehran, Delhi and Beijing. Even wider trends concerning globalization, energy markets and the movement of people and ideas will also play a role.

The purpose of this analysis is to place Black Sea security in context, thinking through the nature of the region as a strategic space, identifying broader security influences, and assessing their meaning for regional and extra-regional stakeholders. Rather than taking developments within the region as a starting point, this analysis takes an over-the-horizon, 'outside-in' approach to Black Sea future and policy implications. Viewed from an extra-regional perspective, the Black Sea is strategically significant in at least three dimensions. First, the Black Sea and its hinterlands are an important part of the European security environment. From a transatlantic perspective, this means that much of the American interest in the region derives from the evolving security concerns of European allies. In large measure, Washington cares about the Black Sea because Europe cares about the region, and American engagement around the Black has been important to maintaining a relevant involvement in European affairs.

This perspective is closely tied to the legacy of the Cold War years, and has also meant that the Black Sea is watched as a bell-weather of future relations between Russia and the West. The consolidation of political and economic transitions continues to be an important part of this concern when viewed from Europe and the United States (US). The imperative of successfully integrating Romania and Bulgaria within Euro-Atlantic institutions, and the uncertain processes of reform and political change in Georgia and Ukraine, make the Black Sea a front line for transformative diplomacy, and a place where post-communist transitions are still being played out.

The Black Sea is a part of the European security environment that remains in flux, and a priority for engagement with government and civil society. Second, the strategic importance of the Black Sea derives from its role as a political and logistical hub for power projection to crisis-prone areas beyond the Black Sea basin. US and NATO debates about Black Sea security often feature the ability of states around the region to facilitate the projection of military power to the Caspian, Central Asia and the Middle East.

Turkey has long been seen in this context. The troubled nature of relations between Ankara and Washington, and uncertainty about the use of Incirlik airbase, have focused attention on facilities in Romania and Bulgaria as alternatives.3 In all cases, there can be a considerable gap between the utility of bases as seen on a map and the political reality of what national governments will allow in times of crisis. But there can be little question that much of the strategic significance accorded to the region in the post-Soviet era derives from a very traditional stake in power projection. For Russia, the stakes are clearly different. But here too, there is a related interest in assuring that the wider Black Sea region does not become a forward area for action against Russian interests around the sea, and beyond.

The notion of the Black Sea as a strategic ‘bridge’ has additional cultural-political and economic dimensions. On the political front, the Black Sea, like the Mediterranean, is an historic meeting place between the Muslim, Western and Orthodox worlds. For some, this role is best described as a bridge between civilizations. For others, the role is more accurately described as a barrier or a strategic glacis between competing civilizations. With the exception of the Black Sea’s history as part of the wider Greek world, observers tend to decry the lack of exchange and cultural unity between the various shores of the Sea.

This stands in contrast to the Mediterranean, where the idea of cultural unity between the northern and southern shores, as described by Braudel F. [63]and others[64], is well established in intellectual and strategic debates. There is, as yet, little in the way of a Black Sea identity in strategic terms, although leading regional institutions are striving to encourage this, with some success in strong contrast to the Mediterranean, where ideas of Mediterranean identity abound and are enshrined in a variety of institutions and dialogues, some effective, some less so French President Nicholas Sarkozy's proposal for a Mediterranean Union is only the latest in a long series of frameworks for regional cooperation[65].

Today, Turkey is arguably the most prominent partner for the West in the Muslim world, which places the question of the future of relations with Turkey, and with the Muslim world as a whole, squarely in the centre of the Black Sea as a strategic space. Political turmoil in Turkey, and uncertainty in Ankara's relations with the EU and the US, will produce large strategic question marks for the future of the Black Sea region.

Third, the Black Sea is a place of strategic significance in its own right, with multiple crises on or near its shores, and numerous flashpoints for regional conflict. From frictions with the EU over the implementation of reforms in Romania, to political struggles in Turkey and Ukraine, to the not-so-frozen conflicts affecting Armenia, Azerbaijan and Georgia, the Black Sea is home to a variety of problems occupying the attention of policymakers around the region, and on both sides of the Atlantic.

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[63] See BRAUDEL F. in '*The Mediterranean and the Mediterranean world in the Age of Philip II,'* New York: Harper and Row, 1972

[63] LESSERT I.O., *´Global trends, regional consequences: wider strategic influences on the Black Sea´*, International Centre for Black Sea Studies, 2007

[63] *Paris Summit for the Mediterranean*, July 2008

The long-term nature of relations between Russia and the West is another open question with direct implications for stability and cooperation in the Black Sea region. So too, the Black Sea has become a focal point for numerous 'new' and untraditional security concerns, from human trafficking to nuclear smuggling, from environmental degradation to terrorism and organized crime.

With the exception of human trafficking and environmental concerns, it is arguable that Black Sea security risks of this kind have been overstated. Certainly, the challenge of transnational terrorism is far more striking in other regions. But there can be little question that non-traditional security issues are central to strategic perceptions of the Black Sea – perceptions reinforced by a lack of transparency regarding the movement of people and goods around the region. Energy security has been especially prominent in shaping strategic perceptions about the Black Sea over the past two decades. In addition to controlling transportation routes to prevent or limit the export to Europe of crude oil and natural gas from former Soviet republics, Moscow has also on occasion played the energy card to sever energy deliveries for brief periods to states such as Azerbaijan and Georgia.

The contribution of Caspian and Russian oil and gas to global (and particularly European) energy supply has made the question of energy shipments through and around the Black Sea a matter of high strategic interest for extra-regional actors, and an important source of reward – and some risk – for regional states.

The Black Sea is a leading theatre in which the new dynamics of energy security are being played out, a theatre in which transit countries as much as producing countries are leading stakeholders. The specifics of energy security around the region are examined in more detail below. But it is worth considering the effect of the steady diversification of oil and gas routes on the Eurasian periphery, around the Caspian and Black Seas, and across the Mediterranean.

The Black Sea is unlikely to lose its importance in energy security terms, but the notion of a highly competitive 'great game' involving alternative energy routes may well be less relevant today than ten years ago, when the Baku-Tbilisi-Ceyhan route was considered revolutionary. It may be still less relevant ten years from now, when multiple new transit projects may be in place.

The environmental dimension of the energy security picture may well be among the most enduring and significant for regional states. A focus on the Black Sea as a distinctive strategic environment brings some tangible and intangible benefits. Intellectually and bureaucratically, most foreign and defense policy establishments are organized to address regional issues, and especially challenges and opportunities in their immediate neighborhood. In an area where national capacities for security engagement and power projection are relatively limited, the natural focus will be regional. Bulgaria and Morocco may have some maritime security concerns in common, but the capacity for direct cooperation is obviously limited. Even Turkey, with its extensive diplomatic and defense relationships, has been a less than active participant in Mediterranean initiatives writ-large. Russia, with a sporadic tradition of power projection into the Mediterranean and beyond, has largely withdrawn from any direct presence in the Mediterranean to focus on security concerns closer to home, in the 'near abroad'. Strategic tradition and orientation also play a role. One explanation for the relatively modest degree of military competition in the Black Sea per se since the First World War has been the prevalence of continental concerns in the strategic thinking of the littoral states.

Over the last hundred years, the key strategic risks and prizes for most Black Sea states have been in the hinterland. This is where borders have been threatened and defended, territorial ambitions have been played out, and national independence has been asserted and consolidated. In short, there is a persistent tendency for Black Sea states to look landward in forming their foreign and security policies. From a Western, maritime perspective, the extension of operations designed to ensure security, transparency and sea control from the Mediterranean into contiguous seas, including the Black and Red Seas, seems a logical and natural step. From the perspective of regional actors, historically sensitive to the sovereignty implications of this kind of presence, new initiatives in this area may be less welcome.

Like the Mediterranean, but unlike the Gulf and Central Asia, the Black Sea is an area where European and American interests and capacity to act are relatively balanced. Both have a stake in sustained economic integration and democratic enlargement, and have demonstrated a willingness to take strong positions in support of political change.

The future vigor and reach of the EU's neighborhood policy, and possible enlargement to embrace Turkey or Ukraine over the next two decades, will be a leading, perhaps the leading

driver of Black Sea futures. The US will have a keen stake in the extent and character of this European engagement around the Black Sea.

For more than ten years, the Black Sea region has been characterized by various attempts to create an effective regional cooperation. This has not happened yet as there were some powerful factors pushing into a different direction than cooperation: first the low level of interest of the countries in the area for regional affairs, second the prickly bilateral relations between some of the states and third the Russia's affaires and involvement in the region.

The more recent developments such as the "colored revolutions" in Georgia and Ukraine, the 2004 NATO an and EU enlargement, the European Neighborhood policy being established and last but not the least the trends on the energetic market, have made the need of cooperation evident. Both United States and European Union having a strategic interest into the region cannot ignore the need for these countries to cooperate regionally.

Once the EU is growing geographically with the accession of Bulgaria and Romania, it will have even more geo-strategic interests in securing and better cooperating with the states in the Black Sea and Caucasus regions. The similarities found between the Western Balkans and the Black Sea region advocate for a comprehensive and synergic EU initiative, having the model of conditionality applied by the Union in Balkans. Nevertheless, adjustments and improvements of the model have to be done, taking into account the specificities of the Black Sea region and the European strategic policy for the region. That is why the Union has to look deep into the problems of countries bordering the Black Sea and then design an appropriate plan to create a cooperative environment in the region. Key sectors have to be examined and analyzed in each country in order to create or enhance cooperation between states in the region. Frozen conflicts in the region need to be a top priority for outside actors like United States and Europe as these conflicts incite instability and breed corruption and organized crime. It is certain that a long term peace and stability needed to advance reform in the region will require either a reduction of Russian influence or a change in Russia behavior.

In the Black Sea-Caspian region there is a real concern that crude oil and natural gas pipelines running over third countries may be sabotaged by rebel groups. Transit states could also illegally tap into the pipelines to satisfy their own energy needs. Legal and environmental

issues may further complicate the picture concerning energy transportation. Disputes over the legal status of the Caspian Sea have made it difficult for the five littoral states to apportion the seabed among themselves.

The governments of Turkmenistan and Iran have clashed with the authorities in Azerbaijan over the ownership of specific oilfields in the Caspian Sea. These disagreements have prevented hitherto the laying of subsea pipelines across the Caspian.

Russian and Iranian officials also contend that constructing such pipelines would not be environmentally safe because of seismic disturbances in the sea. The pipes could also be damaged because of the substantial pressure that would be exerted upon them at such depths.

The Turkish authorities have also made use of ecological arguments and safety concerns to press for restricting the number of oil tankers navigating the already overcrowded Bosporus straits which runs through the heart of Istanbul. In the last three years there has been a 50 percent increase in the amount of tanker traffic moving along the Bosporus. A fully operational Baku-Tbilisi-Ceyhan main export oil pipeline carrying 50 million tons of crude per annum (mt/y) would mean 350 less loaded tankers maneuvering through the hazardous Bosporus each year. Energy transit through the highly volatile northern and southern Caucasus remains a potentially serious security problem. With Moscow apparently aiming to preserve its influence in the southern Caucasus by economically and politically backing de facto secessionist regimes, Tbilisi appears to be no nearer to negotiating a peace settlement with the Abkhazians and South Ossetians.

In contrast to the Kirkuk-Ceyhan oil pipeline network which has been repeatedly attacked by insurgents in northern Iraq since the US-led invasion of Iraq in 2003, the Baku-Tbilisi-Ceyhan pipeline has been laid underground to reduce the threat of sabotage. However, pumping stations have had to be built above-ground and these make potentially soft targets for terrorist attacks. Azerbaijan, Georgia and Turkey have established a Joint Pipeline Security Commission to coordinate their work on protecting the Baku-Tbilisi-Ceyhan pipeline.The past experience suggests that a policy of engaging Russia intensely and protecting the Western interests may be the best way to proceed. One fact is sure: there must be developed a Euro-Atlantic strategy for the Black Sea region to ensure not only Western interests but to also help reforms in the area.

Projecting stability and security in these countries is the next step in building a Europe "whole and free" and securing the West eastern frontier with the Middle and Far East and the internal European energetic market. The interregional co-operation on transportation issues between Black Sea and Caspian States is in fact connected with the energy transportation from the Caspian Region to European and global energy markets has a particular importance in the Russia and the North-South Transport corridor. In this circumstance is becoming fundamental the future of intermodal and shipping systems in the region in comparison with the European Union policy. It assume a plan important for the region the intermodal transport sector with the development of extraordinary prospects for Black Sea and Caspian Ports that will have an immediate effect politically with a possibility of rapid integration of Black Sea and Caspian region into the Trans European Network (TENS).

For Europe the governance of the Mediterranean Sea and Black Sea is becoming a fundamental problem. It has been given a notable stimulus by the Euro-Mediterranean-Black Sea Partnership. In such context, exceptional attention should be given to particular aspects, first of all, to the governance between the European (East and West Europe) and North African States: the extension of zones under jurisdiction is a tool considered by some Mediterranean countries to answer the anxiety evoked in the two previous panels (fishing and illicit discharges by the ships). As a result, the adequacy of management instruments should be studied taking into consideration the problems faced by the European and North African countries, increase of the population (urban and of the coastline particularly), preservation of fragile ecosystems, access to essential services, tourism development. Exist in Europe a strong competition. Important for European Union is to elaborate a strategy to develop the traffic to the South of the Mediterranean, particularly with the Middle East and with the Black Sea countries and principally with Ukraine and Russia. The economic success reached by the Mediterranean ports is also due to the recovery of strong competitiveness. Thus, to attract new quotas of traffic, it is necessary to improve the ports constantly with the new infrastructure and services offered. The key points of this process are the privatization of port activities and emergence of some figures of the terminal operator, the services that have been restructured in an entrepreneurial key required by the ship and by the commodity.

A new way of organisational order of the transport system developed generally and particularly for the harbors, the problem of relational dynamics between the harbor system and the reference of spatial hinterland, especially in Europe, have determined global transformations of the economy, increase of traffic and exchange in the global sense, the central role being given to the logistics and distribution in competition among the territorial productive systems, structural and technological modifications intervened in the maritime sector and harbor sector. The objective is to develop systematically the relational capital of the harbor area, promoting the potential of co-operation of the local society with the approach to the most representative economic and institutional subjects, primarily via territorial initiatives and strengthening of the identity and the sense of affiliation to the local community.

On the base of the new rules of competition, numerous harbors, also of elevated rank, face difficulties due to the lack of harbor spaces and the back of port, and with the risks of a potential owed decline. In some cases it can be explained by the physical and spatial impossibility of reconversion and expansion of the infrastructure.

In the present situation of inter and combined modality and more intense competition among harbor systems - especially in terms of times (of output, efficiency and quality of the service) the harbors don't anymore constitute a place for the physical interchange of commodities, but they have become a functional element in the logistic chain. The problem of availability of space has become particularly acute due to the greater liberty of traffic in the choice of the harbor, indifference to the local and harbor activities, specialization of ships and the equipment of dock. The available space for the harbor operations, as well as its efficient organization is considered to be the fundamental strategic element, in degree to finalize the harbor development to the advantage of the community and economy. Inside this model of operation the strategic planning of operations and harbor spaces assumes a particular centrality. It is especially true assuming that the availability of endowment of the infrastructure is able to attract investments and especially because there are more complex levels of efficiency in the offer of the services traffic and potentially activity to different delimitation.

Will be very important to elaborate strategy interesting both Mediterranean and Black Sea countries, especially for Russia and Ukraine. In reality in Russia the problem is that traditionally the North harbors (in the Baltic Sea) are still developed than the Black Sea harbors

(today the only Russian harbor competitive is Novorossiysk)[66]. It is necessary to put a good strategy to the need of logistics so that to prepare the united economic proposal originating from the sectors of European enterprises, which are ready to integrate their resources with public resources because the operational borders of the harbor operations do not remunerate the investments realized in the harbors.

The implementation of an integrated logistic base in the areas of the harbor hinterland would complete public investments even if necessary resources would be given additional financing, and new strategies would be possible not only through financing by the European Union, but also through the model of project financing. The objective is to constitute logistic districts in the Mediterranean harbors and a practical connection with the Black Sea.

The best aim for the European Union is to exchange the best practices in the European and international context, as well as to create a framework for co-operation and dialogue with the Mediterranean and Black Sea partners. In reality the area has the potential to form an encompassing single zone, which would have to be developed and the feasibility of which remains to be proven. This potential can already be seen in both conflicting and common interests, especially on the issue of the transportation of the energy resources to the world markets. At this point, however, neither of the constituent sub-regions of this broader area can function as a single and meaningful functioning economic region within the global economic system involved Mediterranean Sea, Black Sea and also Caspian Sea, with their harbors.

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[66] See *Baltic Sea Ports and Russian Foreign Trade – Studies in the Economic and Political Geography of Transition* (University of Goteborg 2003), ISBN-2003-91-86472-46-1. The aim of this study is to describe how the changing geopolitical environment in the former Soviet Union (FSU) has created a new transport geography, and thereby resulted in new patterns of foreign trade routes, port competition and market economic adaptation (in open access: http://hdl.handle.net/2077/2507).

4.6. STUDY AND ANALISIS OF COMMERCIAL TRAFFIC IN THE BLACK SEA

The Black Sea is one of the most remarkable regional seas in the world. It is almost cut off from the rest of the world's seas, is over 2200 m deep and receives the drainage from a 1.9 million km2 basin covering about one third of the area of continental Europe. Its only connection to the world's oceans is through the Istanbul Strait, a 35 km natural channel, as little as 40 m deep in places. This channel has a two layer flow, carrying about 300 km3 of seawater to the Black Sea from the Mediterranean along the bottom layer and returning a mixture of seawater and freshwater with twice this volume in the upper layer.

Image 7 –Principals ports of the Black Sea(Source: www.tour-romania.com/highlight/black_sea.html)

The Black Sea region is a contested neighborhood and the subject of intense debate. This reflects the changing dynamics of the region, its complex realities, the interests of outsiders and the region's relations with the rest of the world. Its strategic position, linking north to south and east to west, as well as its oil, gas, transport and trade routes are all important reasons for its increasing relevance.

In recent years, arrived in the Black Sea region of central strategic interests, many international and regional organizations dealing with the security aspects of political process and foreign policy. True, so far activities have focused more on resolving bilateral issues and trade, while the effort to perceive the overall Black Sea issue was less clear. In this geographical

area, the trends have become evident, both in terms of regional cooperation, and the urgency of solving problems. Among the driving forces that gave positive impulses of regional cooperation, as the named just a few: efforts to establish and strengthen democratic structures after the collapse of communism, globalization efforts; progressive concentration of trade flows, not least, the attractiveness of countries in Central and Eastern Europe towards NATO and European Union. There are also negative trends regarding the regional cooperation - for example, increasing conflict in the region of small children or even wars in some countries bordering the Black Sea area.

States bordering the Black Sea have a large number of habitants, 450 million, and the differences between living standards in poor countries and rich states in the region are high. Energy issues, the environment, economic development is important not only for the area, but throughout Europe. To ensure social stability in the region have made all efforts and initiatives taken. Since there are several initiatives for local and regional cooperation, the more chances of success are greater.

The maritime traffic of the Black Sea generates cooperation of all countries of the Black Sea, the countries of the UE and NATO and the existence of international organizations to engage in trade and traffic development in the Black Sea and the countries involved.

The Commission on the Black Sea is an initiative which aims to contribute to a joint vision and common strategy for the Black Sea region by developing new knowledge on areas of key concern. The Commission defines the Black Sea region as constituted by the following ten countries: Armenia, Azerbaijan, Bulgaria, Georgia, Greece, Moldova, Romania, Russia, Turkey, and Ukraine. Black Sea Economic Cooperation which was officially launched by the Istanbul Declaration signed on June 25, 1992. BSEC founding members are: Albania, Bulgaria, Greece, Romania, Turkey, Moldova, Russia, Ukraine and the three Caucasian countries (Armenia, Azerbaijan and Georgia). BSEC region covers size of the Adriatic Sea to the Pacific Ocean and that area comprises eight seas – Black Sea, Azov Sea, Marmara Sea, Aegean Sea, Caspian Sea, Ionian Sea, Mediterranean Sea and Adriatic Sea.

The Black Sea Trade and Development Bank was established by Albania, Armenia, Azerbaijan, Bulgaria, Georgia, Greece, Moldova, Romania, Russia, Turkey, and Ukraine which

are the 11 founding countries of the Black Sea Economic Cooperation (BSEC) as a financial pillar of BSEC. Since 1999, BSTDB cumulative portfolio in its 11 member countries reached 202 operations in the key sectors of infrastructure, energy, transport, manufacturing, telecommunications, financial sector and other important areas to the total amount of over USD 2.6 billion. BSTDB provides project, corporate and trade financing, using loans, guarantees and equity investment, as well as other products including technical assistance programs to enterprises and financial institutions in the public and private sectors in the Bank's member countries. BSTDB responds to the changing needs of its shareholders, giving priority to financing operations with high developmental impact, preferably with benefits accruing to two or more countries of the region, and which further promote economic growth and employment. Like other regional development banks, BSTDB mobilizes international financial resources for its Region, also acting as a "catalyst" and mitigating the risks for foreign private investors.

International Center for Black Sea Studies (Athens) is the first multilateral scientific venture in the region to investigate beyond national boundaries economic issues, solutions and prospects extending BSEC-wide. By regular interaction with comparable institutions, it aims to be instrumental in creating a more comprehensive understanding of the region and BSEC on the international stage.

Image 8 - International Center for Black Sea Studies (Source: www.blackseacom.eu/initiators)

The *Black Sea Trust for Regional* Cooperation (Bucharest), funds programs that strengthen cross-border ties, civic participation, democratic governance, and the rule of law in the wider Black Sea region. The broad goals of the Black Sea Trust include building trust among citizens in their public institutions and to strengthen this critical set of institutions; affirming the value of citizen participation in the democratic process; and fostering regional,

cross-border ties in the public, private, and non-profit sectors. The countries to include in the Black Sea Trust's work are Armenia, Azerbaijan, Bulgaria, Georgia, Moldova, Romania, Turkey, Ukraine, and the regions of Russia bordering on the Black Sea. Initially, the majority of grants were directed toward recipients in the South Caucasus, Ukraine, and Moldova. The Black Sea Trust for Regional Cooperation supported the recently launched Black Sea Young Reformers Fellowship program, spearheaded by the Sofia based Institute for Regional and International Studies (IRIS). This project is an effort to support reformist thinking and reformist activities across the region of the Black Sea through identifying and encouraging like-minded, reform-oriented, influential young policy-makers, civil servants and civil society activists at national level from Armenia, Azerbaijan, Bulgaria, Georgia, Moldova, Romania, Russia, Turkey and Ukraine. This network hopes to become a force of change and to be in a position to influence policies and propel institutional and societal changes toward more accountability and transparency in the area. The ultimate goal is movement toward European-style democracy. Much will depend on a shared vision in the Black Sea region. The Black Sea Young Reformers Fellowship hopes to contribute to developing a positive vision that is shared across the Black Sea countries.

Image 9 – Black Sea region (Source: www.worldatlas.com/atlas/infopage/blacksea.htm)

The Black Sea MOU on Port State control is a system of harmonized inspection procedures designed to target sub-standards ships with the main objective being their eventual elimination in the Black Sea. In 2000 the Black Sea Memorandum of Understanding on Port State Control was signed by 6 Black Sea countries with the common understanding of main principles for PSC: Bulgaria, Georgia, Romania, Russian Federation, Turkey, and Ukraine.

The Black Sea it's bordered by Turkey, and by the countries of Bulgaria, Romania, Ukraine, Russia and Georgia. It connects to the Mediterranean Sea first through the Bosporus Strait, then through the Sea of Marmara and the Dardanelles Strait, then south through the Aegean Sea and the Sea of Crete.

The Dardanelles Strait, a vital transportation bridge between the Black Sea and Mediterranean Sea, is a narrow channel of water that connects the Aegean Sea to the Sea of Marmara. It separates Asian Turkey from European Turkey (Trace), thus it also separates the two continents.

Last researches forecast speed-up trade growth with further growth of cargo transportation. So, the improvement of transport routes becomes the main point in guarantee of stabile economic development. It is clear that connection with neighboring and other states and facilitating of effective and safety work of transport system in the whole, is very important element of strengthening of the trade and economy development of enlarged European Union and neighboring states. Up to date European Union has been approved the plan on construction of trans-European transport network, final completion of which should be made in 2020. New plan changes and improves former plans, concentrated investment priorities on limited numbers of transport networks - main Trans-European axes that would advantage development of international country mile transportation.

In this context, the guidelines for the Trans-European Transport Network have been defined (as provided in the European Parliament and Council Decision of 23 July 1996, N° 1692/96/EC, on Community guidelines for the development of the Trans-European transport network. A first revision of these guidelines has been recently issued; a major revision of this Decision, where the extension of the existing TEN will be identified, is planned for 2003-2004.The extension of the existing TEN in the future Union's territory will be based on the results of the TINA process. The TINA exercise was undertaken in order to investigate the needs for transport infrastructure in the countries, candidates for accession. In parallel to the TINA process, the concept of the Pan-European Transport Corridors and Areas, as evolved at the Crete and Helsinki Pan-European Transport Conferences, is already well established.

The ten multimodal transport Corridors and the four Petra’s that have been defined, provide an important focus for investment by the international financial institutions, and significant progress has been achieved in their development. These transport Corridors and Areas of transnational character, play a very important role in the European transport and economic integration. There is not only the infrastructure linkage between regions, but also the interoperable operational - institutional framework along these arteries that help to bring together the various economies and societies.

For the Black Sea region from determined before Pan-European transport corridors and areas the most important are:

- Corridor No.4: Dresden / Nuremberg - Prague - the Bratislava / Vein - Budapest - Armadas - Bucharest - Constanta;
- Corridor No. 7: Danube;
- Corridor No. 8: Durah - Tirana - Skotie - Sofia - Varna / Burgas;
- Corridor No. 9: Helsinki - Saint Petersburg - Pskov/Moscow - Kiev - Lyubashovka - Odessa / Ilyichevsk.

TRACECA Corridor connecting Europe via Caucasus with the Central Asia. Besides the corridors official approved by the Conference of Ministry of Transport there is new corridor actually functioning and having big importance. Except for Ministers of Transport of Corridors officially recognized as Conference actually function and have rather great value still a new corridor.

Baltic - Black sea Gdansk / Gdynia - Odessa / Ilyichevsk and Klaipeda - Odessa / Ilyichevsk, and also rather powerful arteries Moscow /Ural - Novorossiysk / Tuapse and Kiev - Odessa / Ilyichevsk, Donbass - Mariupol and farther through Black sea and Bosporus.

Marine transport plays the major role in cargo transportation in Europe, as for the countries - members of EU (coasting transportations), and for its neighbors: Ukraine, Georgia, Turkey, Russia, Romania and others. The number of sea transport ways increases and develops for re-orientation some cargo flows transported by road on transportations by the sea with a guarantee of uninterrupted service ¨ from door to door¨.

The key points connecting land transport ways with sea lines are seaports of the Black Sea region. Without their appropriate equipment and development functioning of inter modality transport lines are impossible. Practically, the ports of all countries of the Black Sea region participate in maintenance of inter-modality transportations.

According to this it is necessary to note, that more than 32 ports operate at the coasts of Black and Azov Seas, including: 19 Ukrainian, 5 Russian, 2 Bulgarian, 2 Georgian, 2 Romanian and about 10 Turkish. Their job is supplemented with functioning about ten Ukrainian, Romanian and Bulgarian ports participating in handling of vessels of river - sea type.

The main inter-modality Trans -Black Sea lines pass via the basic ports: Illichevsk, Odessa, Ismail, Nikolayev, Kherson, Mariupol, Berdyansk and Kerch (Ukraine), Constanta

(Romania), Varna and Burgas (Bulgaria), Novorossiysk and Caucasus (Russian Federation), Poti and Batumi (Georgia), Istanbul, Deringe, Zonguldak and Samsun (Turkey). Key ports, on which are based both container and ferry lines, are ports of Illichevsk, Odessa, Constanta, Varna, Istanbul, Deringe, Poti, Batumi.

The port of Illichevsk (Ukraine) today is one of the largest ports of the Black Sea region on general cargoes transshipment. The Port of Illichevsk is the gate of two major international transport corridors of the East Europe: No.9 and TRACECA. At territory of the port the container terminal with capacity of 300 thousand TEU per year and multi-modal terminal handling railway and car ferries, and serving cargo traffics in railway cars, containers, truck train, and also motorcars and passengers successfully function. In 2005 the general cargo turnover of the port was 14, 9 million tons, including 291 thousand TEU of containers and 1,5 million tons of ferry cargoes.

The port of Odessa now is the third port on cargo turnover in the Black Sea region. In 2005 it handled 26,8 million tons. The port of Odessa is the gate of Pan-European transport corridor No. 9. Especially fast rates in the port the volumes of container handling (2005 - 288 thousand TEU) increase. Rates of increase in container turnover are from 25 up to 35 % per year. The passenger terminal of the port of Odessa is one of the best in the Black Sea region, and in the near future will become one of the main bases for development of sea transportations and tourism. East years, at the expense of reconstruction of the territory released at dismantling of the out-of-date and inefficient facilities, its loading terminals develop intensively. Three ports of, 'Big Odessa' (Odessa, Illichevsk, Yuzhniy) have achieved cargo turnover more than 60 million tons per year and provide cargo transshipment more than half of cargo turnover of the ports of Ukraine.

One of the major ports in the Black Sea region part of Danube (the Pan-European transport corridor No. 7) is port Ismail located on crossing of the corridor No.7 and Balkan branch of the transport corridor No. 9. In 2005 its cargo turnover has achieved 6, 6 million tons. The port has the opportunities for handling of the container vessels and small tonnage ferries. Located on Azov sea Ukrainian port of Mariupol is the sea gate of the most powerful in Ukraine industrial - raw region of Donbass. The volume transshipment of transit cargoes in the

port continuously increases. So in 2005 the general cargo turnover of the port has made 14,7 million tons, and transit - 3,3 million tons.

One of the largest Black Sea ports is Constanta - sea gate of European land transport ways. In 2005 the cargo turnover of the port has made 60,6 million tons including 768 thousand TEU of containers. It is carried out the preliminaries for renewal of use of ferry capacities of the port (transportation in direction of Turkey (Samsun) and Georgia (Batumi). The port has significant prospects, and the Government of Romania undertakes corresponding measures in this direction.

The port of Varna is centre of the major working inter modality lines, including ferry terminal of Varna- Illichevsk -Poti/Batumi which is one of basic branches of TRACECA. Last years the Bulgarian ports develop dynamically. In 2005 the total cargo turnover the ports of Varna and Burgas has achieved one million tons. The Pan-European transport corridor No.4 passes to these ports.

Quickly enough developing Black Sea ports of Turkey together with those Turkish ports which settle down at the coast of sea of Marmara play more and more significant role in development of trade and transport communications between Europe and the countries of the Western and the Central Asia.

Georgian ports of Poti and Batumi last decades practically became the sea gate for transport flows from Europe, other countries and continents to Caucasus and to the Central Asia. Came to a full stop in freight traffics have started to grow quickly and now are characterized by stability and the further growth of volumes. In 2005 the Port of Poti has overloaded one million tons, including more than 80 thousand TEU of containers. The port has practically passed the basic stage of commercialization and functions effectively enough; there are plans of the further development. Near the port of Poti rather perspective inshore oil-terminal Supsa was built. In 2005 the cargo turnover of the port has made one million tons. In 2005 the port of Batumi has handled one million tons. Its basic transshipment terminal is the oil terminal which cargo turnover has achieved 10 million tons in 2005. Now both Georgian ports serve intermodal lines of TRACECA transport corridor (ferry).

Significant volumes of cargo handling works from sea on land types of transport is carried out by the Russian ports of the Black Sea coast and, first of all, two largest of them: Novorossiysk and Tuapse. The volume of transshipment operations carried out by them brings them in number of the major ports in the Black Sea region. So, now Novorossiysk has provided the greatest cargo turnover among ports of the Black Sea region. In 2005 he has made 75, 2 million tons.

As a whole it is necessary to say, that the Black Sea region has advanced enough ports at northern, southern, western and east coasts. Not all available capacities are used and nevertheless key ports will further serve as connecting parts between land road and sea transport highways, almost everywhere require significant reconstruction and development with the purpose of development of those capacities which are necessary for service of fast-growing volumes container, ferry, and other intermodal transportations. Undoubtedly, these questions should find reflection in the developed program of formation and development of the main transport communications between Europe and Asia. Practically all countries of the Black Sea region do not have any more opportunity and do not consider to development as expedient and reconstruction of the ports at the expense of state funds, even with attraction of long-term credit. In this connection the most important role in development of the ports the private operations are played by investors who in the most cases at serious investments become operators of new created facilities. One of the most important program in the development of the red transport is Traceca which stimulating co-operation among the participating states in all matters related to the development and improvement of trade in the region, promoting optimal integration of the international transport corridor Europe-Caucasus-Asia "TRACECA" into Trans European Network (TENs) and identifying problems and deficiencies in the region’s trade and transport systems.

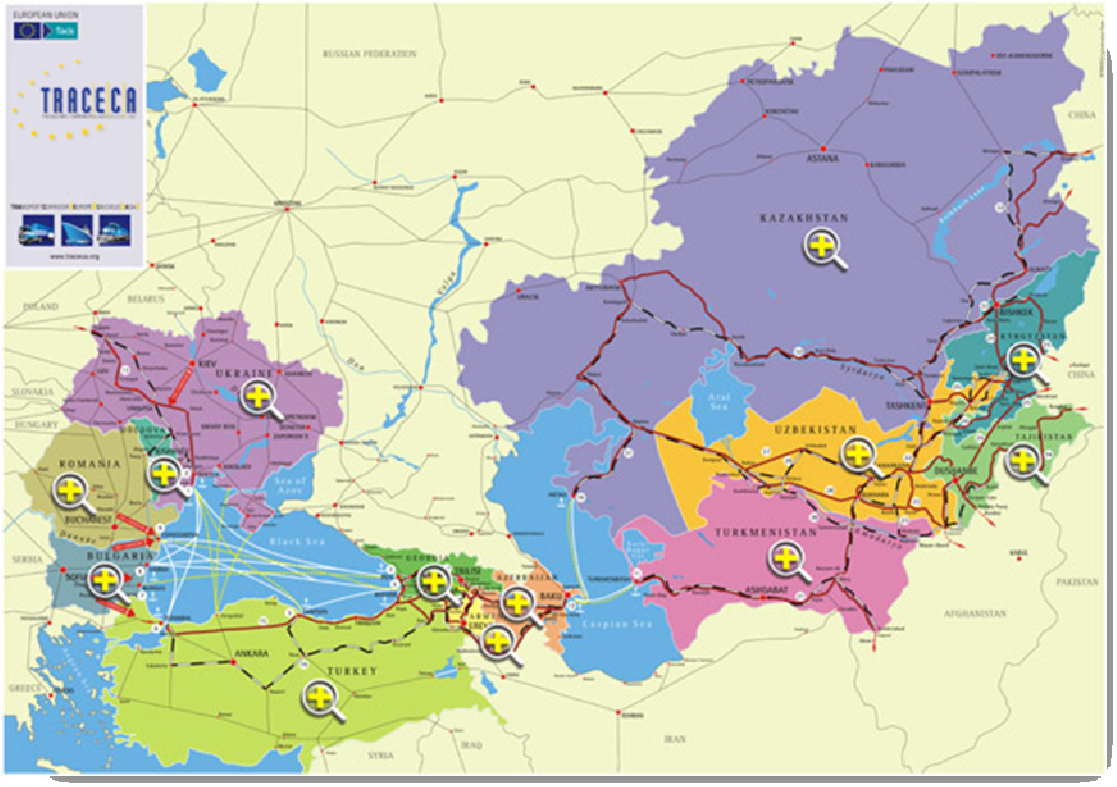


Image 10 – TRACECA program (Source: www.traceca-org.org)

The TRACECA program was launched in 1993 under a program of a European Union (EU) funded technical assistance (TA) to develop a transport corridor on the West- East axis from Europe to Central Asia through Caucasus that would complement other existing routes. The purpose of the ten pan-European corridors is to provide a connection between the Western and Eastern Europe, and within the Eastern Europe itself. The corridors are road-rail corridors, with the exception of Corridor VII, which is represented by the Danube segment downstream of Vienna. At the same time, four Pan – European Transportation Areas covering maritime basins have been defined: the Black Sea Area, the Barents – Euro Arctic area, the Adriatic Seas and the Mediterranean area.

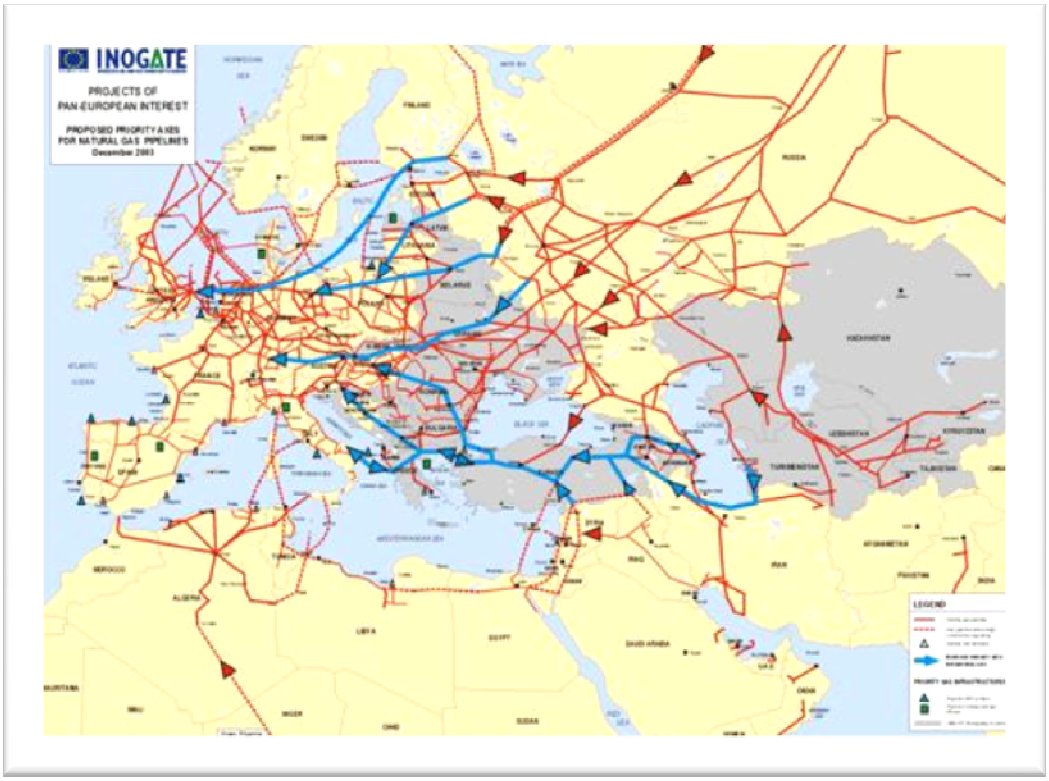


Image 11 – TEN corridors (Source: www.timpul.md)

In the present are many projects for the improvement of maritime links between TRACECA corridors and TEN corridors.

The Black Sea area was always well known for its developed trade relations and contacts. Only in the last decade of the twentieth century however, when the atmosphere of the cold war, suspicion and mistrust has receded, have the countries of the Black Sea area been able to undertake bold steps in that direction. A new spirit of co-operation developed in the months that followed the political changes in the region.

The countries of the Black Sea can come together and decide how, in the new age of the cooperation of economies, valuable assets in their possession, such as geographical proximity, common history, cultural bonds and the interdependence of their national economies could be efficiently employed for mutual benefit and prosperity. In this context many regional initiatives were developed in order to achieve similar goals. One of the most important among them, is the Black Sea Economic Cooperation (BSEC), which has a positive contribution to make in the development of the region in several areas, including transport, power, telecommunications, and the environment.

The Black Sea itself is becoming increasingly important as a means of transportation and communication and in the near future this trend will definitely increase. Because of its strategic location it constitutes a unique link between Europe and Asia with a very important role to world trade. The advantages of its location have been reinforced by the accessibility offered by four of the pan European Corridors:

- Corridor IV, which can be seen as the backbone of the future Trans -European Transport network, consists of more than 3285 km of road and railways. It is one of the most important east-west corridors, passing over from Germany to Romania, Greece and Turkey, via Czech Republic, Slovakia, Hungary, Austria and Bulgaria. Bulgaria and Romania are two of the Black Sea countries with high interest in this particular Corridor. What is important to note regarding both Bulgaria and Romania is that in both these countries the corridor 'visions' offer the opportunity to strategically conceptualize and hopefully implement major infrastructure investment plans covering their whole territory. It is also important to keep in mind that the future east-west traffic will be channeled according to the future conditions along the various alternatives, and it is for the benefit of these two countries to offer the best conditions for their national and international exports and imports routes;

- The Corridor VII, the Danube, passes through 11 countries and the synergy effects of using its route together with upgraded transport via Black Sea ports can be significant;
- Corridor VIII is an important link between the Black Sea and the Adriatic. Its development will be an important factor for economic development of the involved countries, while, we must not forget the very significant social and political benefits that the Corridor's completion can bring. The development of Corridor VIII is strongly linked with the development of the two main Bulgarian ports of the Black Sea, Bourgas and Varna. The parallel development of corridor and ports can have significant effects in the international east west traffic;

- Corridor IX, the longest of the Pan European Transport Corridors from Finland (Helsinki) to Bulgaria and Greece, with a branch to Odessa, is a historic and important European Corridor, traditionally serving high freight flows, in a north-south direction, serving both the Mediterranean and the Black Sea basins.

Table 1: Proposed approach on the scope of relevant market

Scope	Comment / Questions	Proposed approach
• Non beneficiary TRACECA Countries:		
- East of Caspian Sea and West of Black Sea	Enlarging regional dimension	When and as using MoS, including potentially
- Black Sea specific : Moldova	Request from Moldova delegation in Bucharest 30 March	Not a beneficiary Country in ToRs Consider future container Terminal developments (2009 – 2010)
- Central Caucasus specific: Armenia	Neighbouring Countries along central request of axis	When and as using MoS potentially MoS axes connected
• Land transport of external trade, in transit only	West, North and Central Europe	MoS Axes designed for all land / sea cargoes
	Asia and other continents	Contributing to increase volumes and services Condition: not detrimental to regional and inter-regional trades
• Maritime transhipped / feedered trade = Non regional / overseas	Example: Asia – Black Sea via Mediterranean T/S Hub port	Contributing to increase volumes and services Condition: not detrimental to regional and inter-regional trades

Table 1 – Proposed approach of the relevant market in the Black Sea (Source: The European Union's TRACECA Program 2009)

Still, we will focus on analyzing commercial traffic in the main Black Sea ports: Constanta, Odessa, Sevastopol, Tuapse, Novorossiysk, Batumi, Trabzon, Istanbul, Varna and Burgas.

4.6.1 THE PORT OF CONSTANTA

Development of the port of Constanta, in terms of management capabilities driven by the first position in the Black Sea, giving the central role - the transit and transshipment port to other ports in the Black Sea. Port of Constanta is the main hub of traffic flows in the Black Sea basin. By using Constanta harbor, the Suez Canal waterway routes, the eastern Mediterranean and Central Europe is shortened by approximated 300 km.

Also, the systems RO - RO and ferryboat developed in Constanta Port, you can connect the European space and the Middle East Caspian and Caucasus area, the routes with great potentials for energy and freight traffic.

Image 12 – Constanta port transport relations (Source: ANR Constanta reports 2008 / 2009)

Constanta Harbor is located at the intersection of trade routes that connect markets of Central and Eastern Europe, not landlocked, with Transcaucasia area, Central Asia and the Far East. Is the main Romanian port and ranks in the top 10 European ports? Favorable geographical position and the importance of Constanta Port connection is emphasized with the second Pan-European Transport Corridors: Corridor VII - Danube (river) and Corridor IV (road and rail). Constanta Harbor is located near the two satellite ports Midia and Mangalia, as part of Romanian maritime port complex under the coordination of *Maritime Ports Administration SA Constanta.*

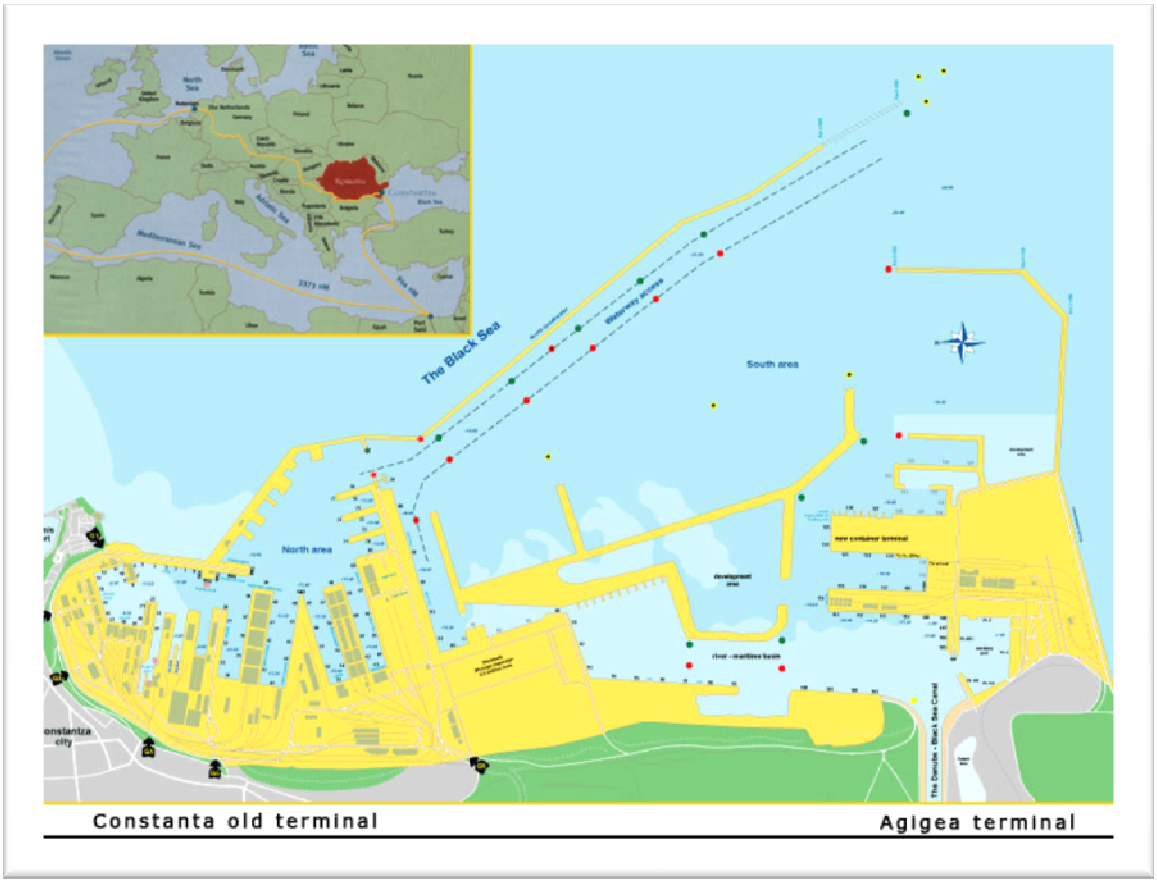


Image 13 – Constanta port map (Source: www.blackseacrown.ro)

The land transport infrastructure development, Romania has become a bridge between the geographical area of the Baltic and Nordic countries and geographical area of Black Sea riparian countries.

Constanta port has an annual operating capacity of over 100 million tons, 156 berths being served, of which 140 are operational. Total length of quays is 29.83 km, and depths ranging between 7 and 19 m. These features are comparable to those offered by the major European and international ports, allowing access to tankers with a capacity of 165 000 dwt and bulk carriers with capacity of 220 000 DWT Constanta Harbor is so seaport, river port as well. Every day, more than 200 river vessels are in port for loading or unloading operations or waiting to be operated.

Facilities The Port of Constanta, allowing any type of ship berthing barges. Contact Constanta Port is made by the Danube - Black Sea and is one of the main advantages of

the Port of Constanta. Because of low costs and significant volumes of goods can be transported, the Danube is one of the best modes, representing an alternative to congested road and rail transport in Europe. Significant quantities of goods are transported between the port of Constanta and Central and Eastern European countries: Moldova, Bulgaria, Serbia, Austria, Slovakia and Germany.

Port of Constanta has important implications for river traffic, representing 18% of the total traffic in 2008. To cope with future growth of river traffic, which is predicted to reach 17 million tons / year by 2010, *Maritime Ports Administration SA Constanta* has completed the first step in achieving a barge terminal. This investment aims at improving navigation conditions and expanding facilities for berthing of vessels in the southern river port.

Constanta Port position of "Eastern Europe Gateway", due its strategic and economic position of Port, has a new understanding, under the new circumstances: Romania being a member of European Union starting with 1 January 2007; this lead to its transformation in "Easter European Union Gateway".

Following, we analyze the cargo and ships traffic through the Port between 2004 – 2009.

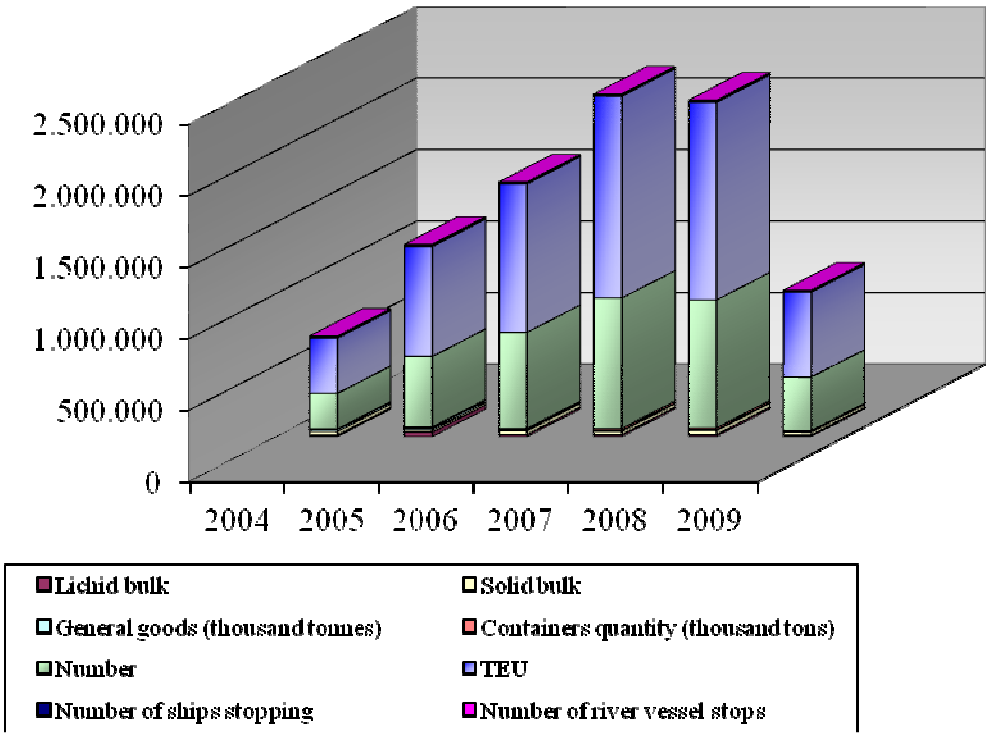
Statistics port / General Statistics 2004 - 2009

Traffic data	2004	2005	2006	2007	2008	2009
Total traffic (thousands tons)	50.433	60.632	57.131	57.784	61.838	42.014
Bulk cargo						
(thousands tons)						
Lichid bulk	11.356	31.144	14.681	14.010	14.404	11.749
Solid bulk	26.098	15.484	27.619	24.736	29.595	20.692
General goods (thousand tons)	12.979	14.004	5.290	6.119	4.809	3.590

Containers						
Quantity (thousand tons)	3.878	7.404	9.815	12.643	13.030	5.898
Number	249.090	493.214	672.443	912.509	894.876	375.293
TEU	386.282	768.099	1.037.077	1.411.414	1.380.935	594.299
Number of ships stopping	5.302	5.510	5.049	5.663	5.905	4.961
Number of river vessel stops	7.593	8.778	8.115	7.135	8.018	6.808

Table 2 - Statistics Constanta port (Source: www.portofconstanta.com)

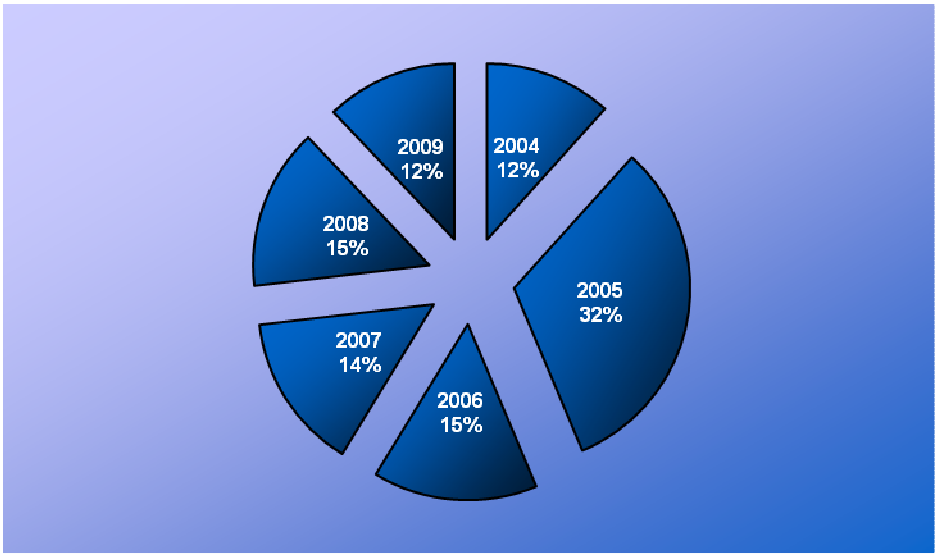
Today, we can say that, truly, Constanta Port is the largest and deepest Port from the Black Sea, and why not the biggest container terminal in the Black Sea.



Graphic 1 - Analysis port 2004-2009[67]

As seen from this analysis in 2009 we face a decline of traffic shipping in large part influenced by the global economic crisis.

[67] Original Analysis result from the research



Graphic 2: Evolution of the port activity 2004 - 2009[68]

TEU analysis shows that during 2007 and 2008 Constanta port had a good evolution of the maritime traffic.

Presentation Statistics port / Traffic by commodity 2004 – 2009

Cargo type	2004	2005	2006	2007	2008	2009
	thousand tons	thousand tons	thousand tons	thousand tons	thousand tons	thousand tons
Cereals	3.884	6.010	7.171	4.258	6.670	10.418,67
Potatoes, other fresh or frozen fruits and vegetable	156	169	180	179	132	81,3
Livestock, sugar beet	35	20	40	75	20	10,9
Wood and cork	1.101	1.012	906,36	971	836	838,4

[68] Original Analysis result from the research

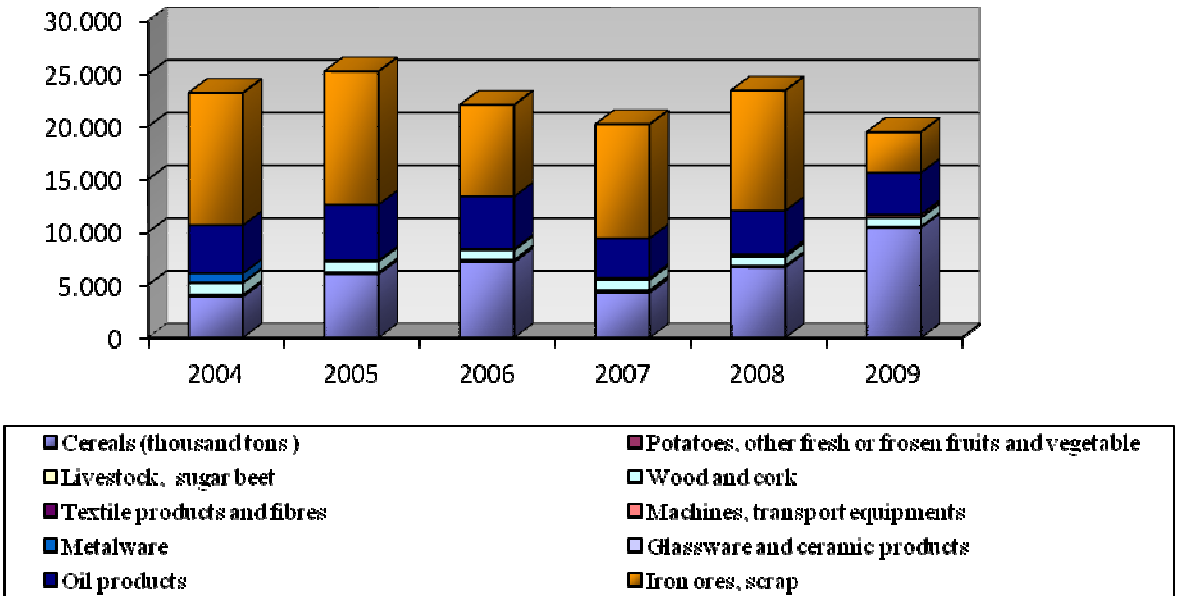
Textile products and fibers, other raw materials of animal and vegetal origin	14	0	6,19	8	14	18,7
Food stuff and animal feed	888	551	537,58	302	432	303
Oil seeds, oleaginous fruits and fats	446	454	877,07	896	1.131	1.567
Coal, coke	2.424	3.472	3.413,82	4.798	7.109	2.732
Crude oil	7.185	8.683	8.567,46	8.543	8.814	6.919
Oil products	4.558	5.295	4.978,2	3.772	4.135	3.954
Iron ores, scrap	12.534	12.626	8.670	10.794	11.379	3.843
Non-ferrous ores and scrap	3.139	3.442	3.127,3	999	694	550
Metal products	2.352	4.163	2.804,7	3.694	2.133	1.525
Cement, lime, prefabricated materials for constructions	2.263	2.302	1.605,6	1.134	953	321
Raw or processed minerals	478	651	610,51	674	505	304
Natural and chemical fertilizers	1.854	2.311	2.093,17	1.864	1.896	1.344
Chemical products from coal and tar	212	253	410,14	372	367	244
Other chemical products	1.748	1.355	1.039	1.561	1.291	828

Cellulose and waste paper	0	5	9,2	4,8	0	0,5
Machines, transport equipments	53	92	88,31	137	179	244
Metal ware	861	12	9	6	6	0,5
Glassware and ceramic products	3	0	5,3	22	47	60
Leather, textiles, clothes and other manufactured products	3	1	6	8	14	19
Miscellaneous	4.242	7.753	9.979	12.723	13.086	5.904
Total	**50.433**	**60.632**	**57.131**	**57.783**	**61.837**	**42.014**

Table 3 - Presentation Statistics Traffic of Constanta port (Source: www.portofconstanta.com)

Except for cereals, which had an ascending evolution starting with 2004, all other cargo categories registered unusual evolutions, finishing in 2009, with decreased of operated quantities. The most dynamic group of cargo is iron ore, which until 2004, had an ascending trend, followed by a decreased between 2008-2009. Together with the national economic factors that directly influenced these evolutions, international market play an important role, the basic tendency being in favor of container sable goods. Thus, between 2004-2006, container traffic through Constanta Port increase constant, reaching in 2006, a level of 9.815.800 tons, 1.037.068 TEU, respectively.

Between 2008 – 2009 we can see a very important decreased from 1.380.935 tons to 594.299 tons.

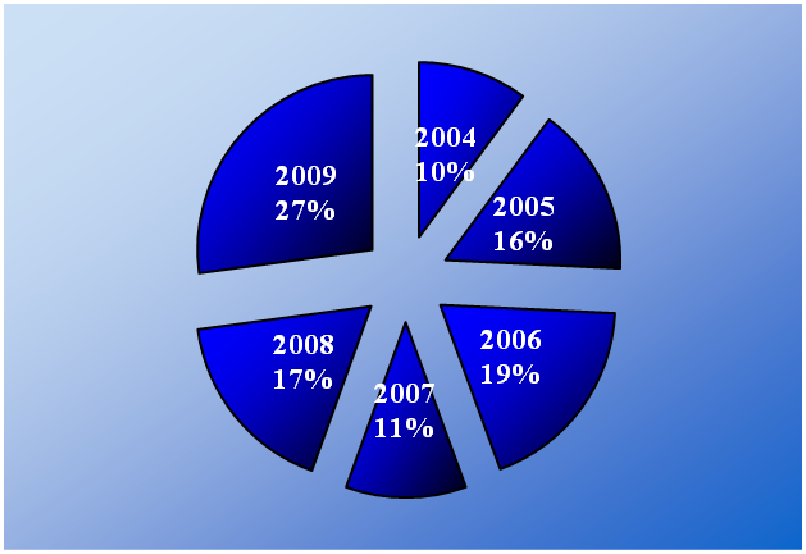


Graphic 3: Analyze of the cargos operated in Constanta Port[69]

As presented in the above figure, the main cargos operated in Constanta Port are iron ore, crude oil and derivates, followed by cereals and construction materials.

In the maritime transport of goods to the Romanian ports, cargo volumes have been loaded, unloaded respectively, increased from year to year. In 2006 the Romanian ports were loaded and unloaded about 47 million tons of cargo, and the volumes were gradually increased by 4.6% in 2007 and 3.1% in 2008, reaching a peak this year to just over 50 million tons of cargo.

[69] *Original Analysis result from the research*

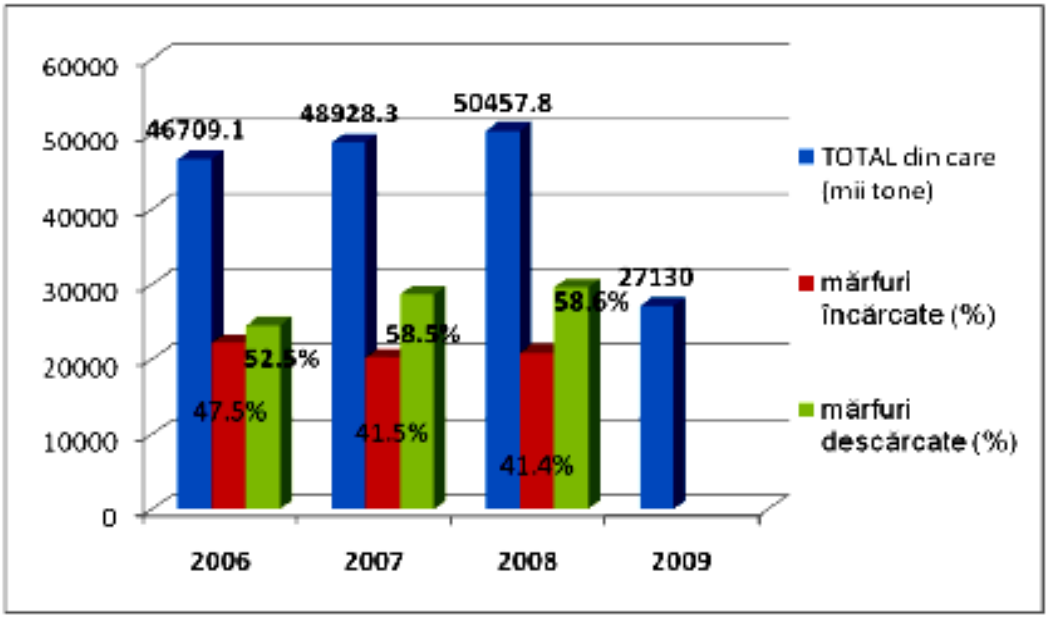


Graphic 4: Volume of the cargos 2004-2009[70]

The year 2008 brought wider Romanian maritime ports, the Port of Constanta in particular freight traffic record for the past 20 years. But the global economic crisis has affected the strong global traffic of goods, the latter falling dramatically reduce the effect of global economic activities. The downward trend has made its presence felt in Romanian ports in 2009, when the first three quarters the volume of goods loaded and unloaded was reduced by approximately 30% over the same period of 2008, reaching the first nine months of the year only 27.13 million tons. Thus, the positive trend applies for the period 2006 - 2008 was abruptly in 2009, when, as a result of global economic contraction, the total volume of goods loaded, unloaded in Romanian ports fell sharply. The general evolution of the volume of goods made in the Romanian maritime ports in the period under review can be seen in the next graph.

[70] Original Analysis result from the research

Evolution of the volume of goods loaded, unloaded at seaports Romanian, 2006 - the first three quarters in 2009 (thousand tons)

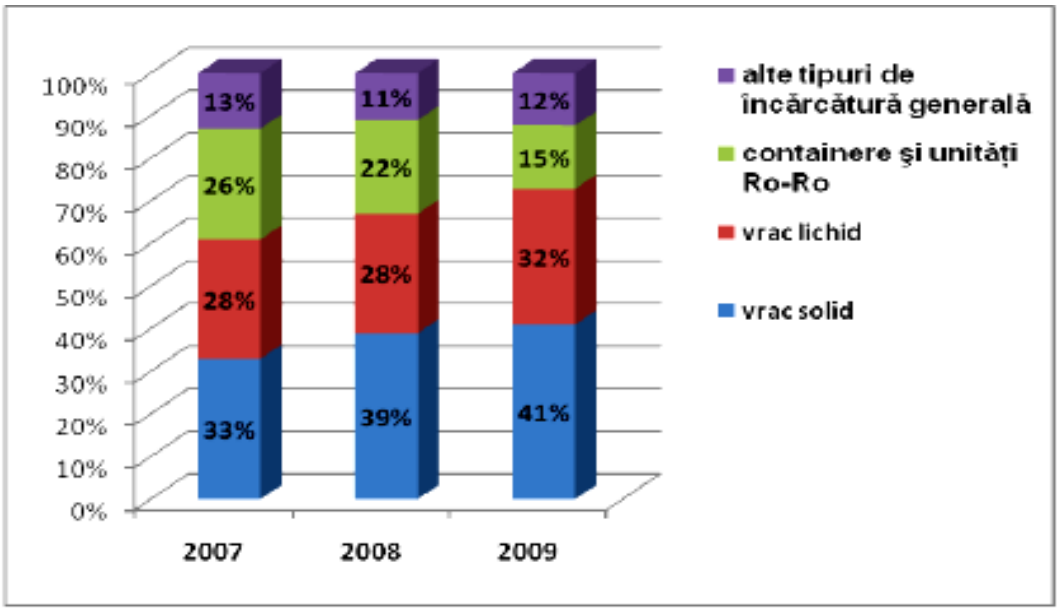


Graphic 5 - Evolution of the volume of goods loaded, unloaded at seaports Romanian (Source: www.insse.ro)[71]

The general trend is observed both volumes of goods made in the Romanian maritime ports and the ratio of goods loaded and unloaded. In all the years analyzed, except in 2009, for which there is no official data, the report loaded goods - goods unloaded latter was positive. Although the balance has always tilted towards the goods unloaded, the percentages were not the same each time. Thus, in 2006, representing 52.5% of goods unloaded total quantity of goods in seaports operated Romanian and loaded goods 47.5%. In 2007, the difference between the volume of cargo loaded and unloaded has increased, the first representing 58.5% of the total, while the latter 41.5%, this ratio is maintained in 2008 when the goods were unloaded 58.6 % and 41.4% of the total loaded. Therefore, goods unloaded in the period under review saw a positive trend, increasing with increasing volume as a share of total merchandise, while the loaded goods experienced a negative trend, its share decreased every year, although the total volume of goods made at knew the Romanian maritime ports record growth. Structure volume

[71] National Statistic Romanian Institute 2006 – 2009

of goods loaded and unloaded in Romanian ports, depending on the type of load is shown in the next chart.



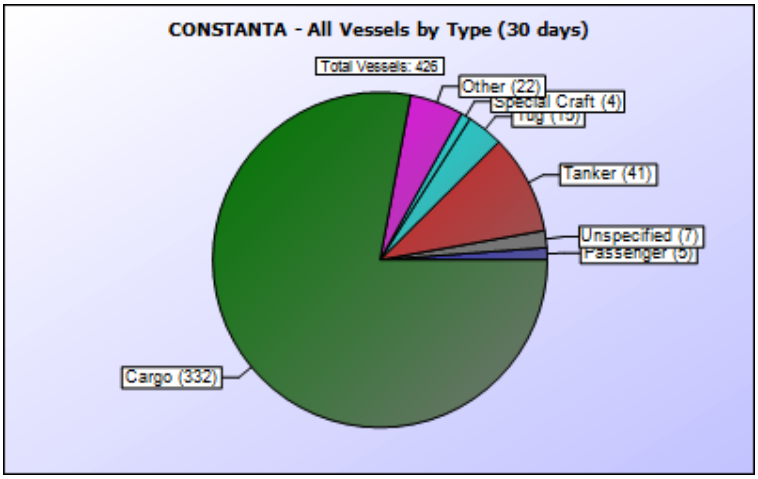
Graphic 6 - Structure volume of goods Constanta port (Source: www.insse.ro) [72]

Cargo loaded, unloaded the Romanian maritime ports are mostly solid bulk goods, which are in 2007 one third of the total volume of goods. 13 In descending order of percentages, the goods were made in 2007, liquid bulk cargo (28%), cargo loaded in containers and RO – RO units (26%), other general cargo (13%). In 2008, the commodity structure by type of load was kept roughly the same, with an advance of 6% for solid bulk cargo accounted for 38% of the total volume at the expense of cargo loaded in containers and RO - RO units that have lost 4% and other general cargo which decreased by 2%. During the first three quarters of 2009, containers and RO - RO units has declined as a share of the total, representing only 14.8%. At the same time, solid bulk cargo and liquid bulk goods experienced significant growth, representing 41% and 31.9% of the total volume of goods loaded / unloaded in Romanian maritime ports. Other non-containerized general cargo represented a percentage of 12.3%. In the volumes of solid bulk cargo, liquid bulk, respectively, loaded, unloaded the Romanian sea ports

[72] National Institute of Statistics, port cargo and passenger transport, 2007, 2008, the first three quarters of 2009.

during 2006 - 2009, trends can be observed in the charts. Some types of loads present in Romanian ports, the most significant development was a shipping container.

The explosive growth in container traffic was due mainly increasing imports from Asian countries, particularly China, was inaugurated last decade important services to the Far East line. Ports of Rotterdam, Antwerp and Hamburg are the largest European ports in terms of quantity of goods and the number of containers handled in 2007.



Graphic 7 – Structure of the vessels by type in Constanta port (Source: www.marinetraffic.com)[73]

True positive trend for the period 2006 - 2008 was stopped abruptly in 2009, when, as a result of global economic contraction, the total volume of goods loaded, unloaded in Romanian ports fell sharply. Constanta Port holds the 16th position in terms of quantity of goods and the 12th heading in the number of containers handled.

The success of a port of Constanta is largely a matter of the right connections. The importance of a reliable link is provided by the Port of Constanta through its competitive advantages regarding the connections with other transport modes, thus offering a direct access by rail, road, air and pipelines. Port of Constanta is connected by the national pipeline network, with all the main Romanian refineries.

[73] Statistics from 20 of November of 2010 – we can see the relevance of the cargo traffic in Constanta port.

Being located near to "M. Kogalniceanu" Airport at 20 km distance, the Port of Constanta has also a strategic position. It is an international airport and represents an air-gateway with high impact over regional development. The port creates a central and vital link, demonstrating its advantage as a multimodal transport centre for any type of cargo or destination in Central and Eastern Europe.

The connection with Pan-European Corridors IV, IX and VII has a strategic importance, linking the Port of Constanta with the landlocked countries from Central and Eastern Europe. Providing an excellent connection with the national and European railway network system, the Port of Constanta is a starting and terminus point for the Pan - European Transport Corridor IV.

The Port of Constanta is also an important transport node of TRACECA Corridor, providing the connection between Europe, Caucasus and Central Asia.

4.6.2 PORT OF ODESSA

The city of Odessa and hence the famous international Odessa commercial sea port was found more than 215 years ago. In 1794, May 27 the Empress Catherine II signed a Decree on the foundation of a new city with a commercial Harbor and military harbors at the north-western part of the Black Sea, in the area of the old fortress Hadgibey. Seeing a particularly well-situated southern lands of the northwest coast of the Black Sea, at the intersection of historical mercantile paths between West and East and understanding how useful that area could be for the Russian Empire, the Empress Catherine II said to build a pier for mercantile vessels and military harbor at that place and to let any mercantile vessel enter the harbor. And three month later the first wooden piles of a future marine city were driven there. And those historical piles put the beginning of the city of Odessa and the Odessa commercial sea port.

The Odessa port became one of the major port in the Azov-Black Sea region due to its geographically and climate advantageous location and the well-set up foreign economic ties with West, South and East.

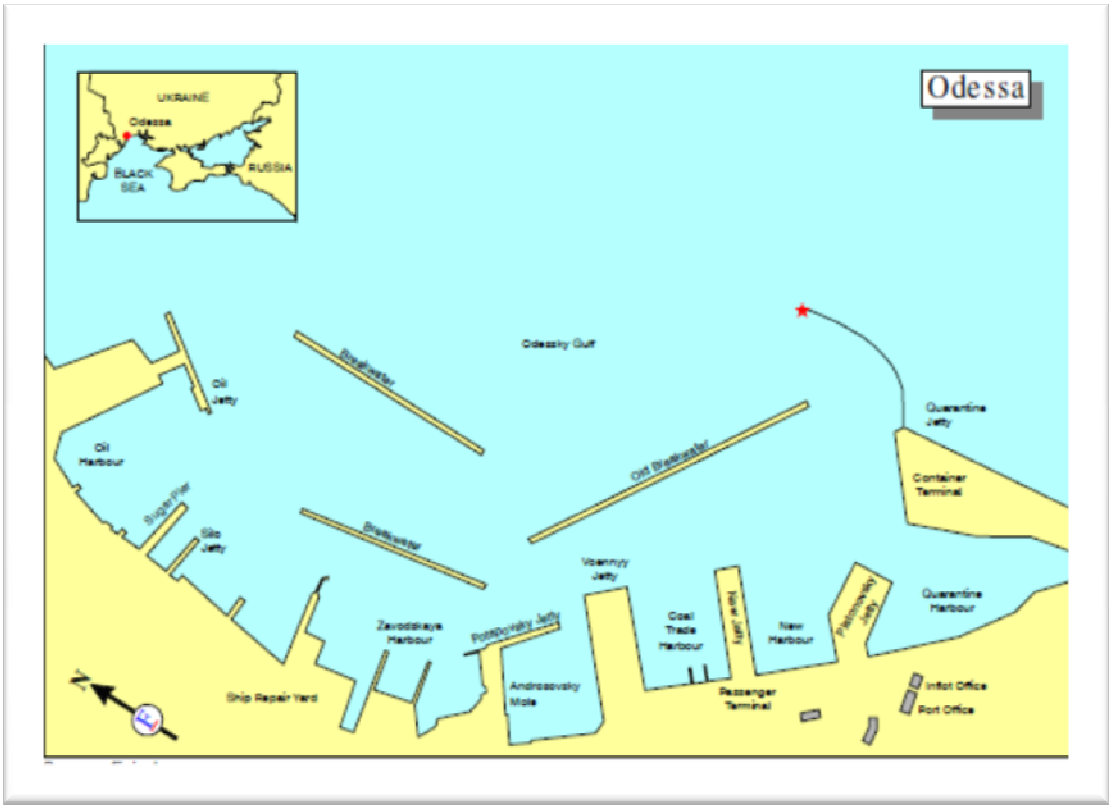


Image 14 – Port of Odessa Map (Source: www.odessaport.com)

At the present time the Odessa commercial seaport has more than 40 berths and terminals including container ones. About 50 million tons of various dry and liquid cargos: oil, grains, grain oils, metal and containers are shipped by vessels to any direction over the world each year.

Forwarding container cargoes (support of cargoes) - one of the basic transport services by the given transport-forwarding company “Marina-Trance LTD.” on all way of movement of cargo of our customer, from doors of its warehouse to doors of a warehouse of its partner in the business, divided by sea open spaces.

Logistics at forwarding a floating cargo - the most difficult party from all transport operations which are carried out in the course of delivery of cargo from the customer to the partner. Complexity of operation consists in that on all transit of cargo it is necessary to provide completely all smallest subtleties which can reduce financial expenses for cargo transportation to a minimum, idle times and storages in warehouses or on the container terminal of seaport, in time having made goods delivery, its loading in the container and to load on a vessel.

Also after arrival in port of destination it is necessary to unload cargo from a vessel, to pass all allowing bodies of the country, to issue the necessary accompanying documentation on cargo and to deliver it in integrity and safety to a warehouse of the addressee of cargo. On operative data container transportations through container terminal STP Odessa, in November 2009 have made 22.75 thousand TEU (14.4 thousand containers), that almost on 43 % it is less, than has been passed in November of last year. For November, the general turnover of goods of sea transport port Odessa, in comparison with the similar period of last year, has increased on 4 % and has made 2.64 million tons. Container transportations through container terminal STP Odessa for 11 months of current year have made 230.1 thousand TEU (148.55 thousand containers), that on 43 % it is less than, for January-November, 2008.

The total amount of the past cargoes in sea transport port Odessa has made 25.2 million tons. Reduction of transfer of all cargoes has made 20.2 % or 6.4 million tons.According to estimation Sea News about a condition of the container market of Ukraine for 11 months 2009, the general turn of container terminals of Ukrainian ports OSTP and ISTP has decreased on 60.4 %.

If, a situation with sea container transportations through Odessa STP and the Ilichevsky sea transport port till the end of a year does not change, by the end of year on container terminals of these ports will be processed containers, only 0.5 million TEU. The given indicator of quantity of the containers processed on terminals will be in 2.4 times less, than has been passed in 2008 when the turn of containers through the Odessa and Ilichevsky ports has made 1.2 million TEU. The containers have the progressive extension in order to remedy to the lack of capacity: 850,000 TEU below theoretical maximum, with 38.5 hours waiting time.

Berth data

Container Terminal Berth		Berth Length	Max Draft
2	Containers Storage 74,150m² (open)	310	12.0
3	Containers Storage 8,100m²	220	11.5
29	Containers Brooklyn Kiev		

Throughput

Throughput	2006	2007	2008	Jan-Feb 2009	2015* (Port est.)
Containers TEU	395,562	523,881	572,140	41,354	

Current capacity: 850,000 (2008-2009)

Table 4 – Statistics of Odessa Port (Source: www.odessaport.com)

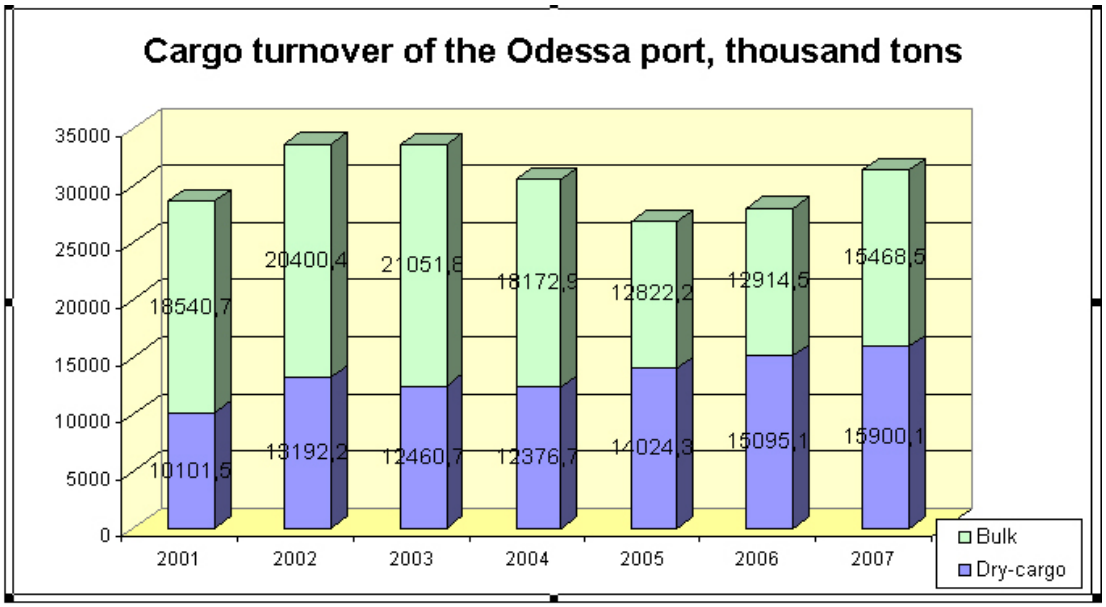
The Ro/Ro Terminal of Odessa port has a small ferry terminal and Ro-Pax line with Istanbul.

Cargo turnover of the port for 2001-2007, thousand tons

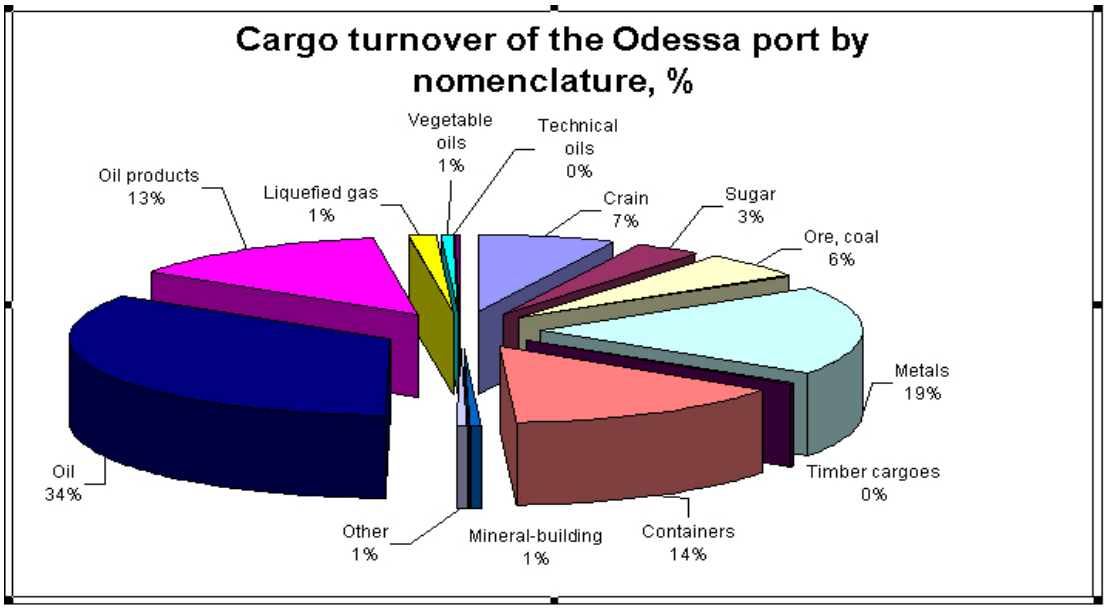
Sort of cargo	2001	2002	2003	2004	2005	2006	2007
Grain	1 235.6	2 947.9	1 977.3	1 638.1	3 004.1	2 524.5	2 188.1
Sugar	710.3	1.111,00	1 881.4	602.7	795.9	466.7	967.7
Ore, coal	88.7	162.9	124.5	230.2	810.5	1 273.6	1 756.9
Metals	6 189.6	7 000.3	6 501.4	7 105.6	6 201.7	6 555.5	5 805.2
Timber	40.960,00	41.087,00	40,00	68.1	61.3	47.7	39,00
Perishable	33.4	64.2	56.5	58.7	160.7	311.9	344.1
Containers	880.6	1 242.2	1 674.6	2 263.6	2 850.7	3 688.1	4 473.5
Mineral-building	245.8	173.5	40.909,00	245.1	41.023,00	60.4	157.7
Other	696.3	462.6	203.9	164.6	115,00	166.7	167.9

Dry cargoes	**10 101.5**	**13 192.2**	**12 460.7**	**12 376.7**	**14 024.3**	**15 095.1**	**15 900.1**
Bulked	**18 540.7**	**20 400.4**	**21 051.8**	**18 172.9**	**12 822.2**	**12 914.5**	**15 468.5**
Petroleum	13 524.2	12 931.1	13 457.1	10 787	7 249.7	8 483.1	10 674.4
Oil products	4 886.1	7 230.1	7 336.7	6 846.9	4 916.7	3 757.8	4 090.9
Liquefied gas	118.1	149.3	153.8	380.1	352.6	432.4	447.9
Vegetable oils	40.980,00	89.9	104.2	152.3	218.2	172.9	162.1
Technical oils	0,00	0,00	0,00	41.066,00	85,00	68.3	93.2
In total	**28 642.2**	**33 592.6**	**33 512.5**	**30 549.6**	**26 846.5**	**28 009.6**	**31 368.6**

Table 5 - Cargo turnover of Odessa port (Source: www.portodessa.ua)



Graphic 8 – Cargo turnover of Odessa port (Source: www.portodessa.ua)



Graphic 9 – Cargo turnover of Odessa port by nomenclature (Source: www.odessaport.com)

A stake of the Odessa port in general cargo turnover of commercial sea ports of Ukraine makes more than 25%. The volume of the cargo handling of the Odessa port for 2007 has made 31 368, 6 thousand tons, that on 3 359,0 thousand tons is more, than for 2006. In particular, it has been overloaded 15 900,1 thousand tons of the dry cargoes, that on 805 thousand tons is more than for the 2006 and 15 468,5 thousand tons of bulk cargoes that on 2 554,0 thousand tons is more than parameters of the similar period of 2006. Growth of cargo handling volumes in 2007 made 3 359 thousand tons in comparison to the 2006 basically due to the increase of oil handling volumes on 2 191,3 thousand tons, mineral oil transshipping on 3 33,2 thousand tons, containers handling on 785,4 thousand tons, sugar – raw handling on 501 thousand tons, coal handling on 274,4 thousand tons, ores handling on 208,9 thousand tons, bananas and citrus handling on 34,8 thousand tons. An increase of the total amount of oil and mineral oil transshipping is caused by growth of the bulk-oil transit processing on 2 744,8 thousand tons (from 9 754 up to 12 498,8 thousand tons).

The volumes of the Kazakh transit oil transshipping for 2007 are increased on 179 thousand tons (from 6405,4 up to 6582,4 thousand tons), volumes of the Russian transit oil overload for the report period made 3 006,2 thousand tons, that on 1 117,5 thousand tons is more, than in 2006. Also it is necessary to note, that in 2007 the volumes of an overload of transit mineral oil have increased for 599 thousand tn. (from 959,3 up to 1558,3 thousand tons).

Transshipping of the transit liquefied gas increased on 20,3 thousand tons (+4,7 % to 2006) an export gas per 2007 was not shipped. For the first time for last years, since February, 2007, the transit Russian oil mineral in the volume of 17, 8 thousand tons was transshipped through moorings of the oil-area. The ore handling is increased in 2007 on 208, 9 thousand tons from 942,7 thousand tons up to 1 151, 6 thousand tons. In 2005 the volume of loading of ore cargoes has made 0, 8 million tons that is 3, 5 times more than in 2004. (230 thousand tons). There are pellets, manganese ore and other kind in the structure of ore cargoes.

Containers handling has increased on 785,4 thousand tons (+21,3 %) from 3 688,1 thousand tons in 2006 up to 4 473,5 thousand tons in 2007 or on 127 448 TEU (from 396 433 TEU up to 523 881 TEU). Such figures are the result of the global cargo containerization tendency and the adjusted constant work of the container terminal of the Odessa port.

In 2005 the stake of metal in total cargo turnover was 23,1%, among dry cargos - 44,2%. In 2004 these indexes were 23,3% and 57,4% accordingly. The basic part of cargo turnover of metals is export streams - 83,9% (5,2 million tons) and transit - 16,1% (1 million tons).

From the beginning of March, 2006 an unloading of the Russian transit coal has begun. For 2007 Odessa port overloaded 605,3 thousand tons that is more on the 274,4 thousand tons than in 2006.

Volumes of citrus and bananas processing have increased on 34,8 thousand tons - from 262,2 up to 297,0 thousand tons, that is the result of the adjusted all-the-year-round work on ships processing with these cargoes.

The sugar-raw handling was increased on 501 thousand tons in 2007 (from 466,7 thousand tons up to 967,7 thousand tons) due to the Russian, Uzbek and Armenian transit.

Alongside with an increase of the handling volumes of the above-stated cargoes, the ferrous metals handling volumes reduced on 750,3 thousand tons from 6 555,5 up to 5 805,2 thousand tons, that is the result of an absence of competitive railway rates at cargoes transportations to different seaports of Ukraine.

This situation has led to redistribution of the export metal products to the ports located geographically more favorable to the places of metal manufacture about what the port repeatedly informed the "Ukrzaliznitya" and the Ministry of transport and communication of Ukraine. Volumes of processing of grain have reduced on 336,1 thousand tons from 2 524,2 up to 2 188,1 thousand tons due to the reduction of shipment of an export Ukrainian grain that is the result of the introduction by the Cabinet of Ukraine since July, 1, 2007 of new quotas on export of grain from Ukraine.

4.6.3 PORT OF SEVASTOPOL

Sevastopol Port is located on the southwestern part of the Crimean peninsula on the Black Sea coast. Sevastopol is geographically advantageous as it is located in a unique non-frozen bay (closed from storms and winds), surrounded by 12 countries within a 600 km radius-just a short distance to Istanbul.

Image 15 – Sevastopol port map (Source: www.bass.odessa.ua)

The convenient location of the port, a well-developed highway system, experienced tour companies and environmental diversity (sea, mountains, forests, and historical heritage) help us

to work effectively with cruises and guarantee great, comprehensive tours of According to the 1997 treaty, the Russian naval base is located in Sevastopol on the terms of a 20-year renewable lease, following a long diplomatic and political dispute between Russia and the newly independent Ukraine.

The Port of Sevastopol lies on the southwestern Crimean Peninsula on the Akhtiarska Bay in southern Ukraine. Located about 165 nautical miles southeast of the Ukraine's Port of Odessa, it is about 290 nautical miles northeast of the Port of Istanbul across the Black Sea. In 2005, over 340 thousand people lived in the Port of Sevastopol.

The Port of Sevastopol was for many years the home to the Soviet Black Sea Fleet, and it is still a Ukrainian naval base used by both the Russian and Ukrainian navies. It is popular tourist destination and seaside resort in the Black Sea region, visited primarily by people from Commonwealth of Independent States (CIS) countries. Since the fall of Soviet Communism, the Port of Sevastopol has been growing as a ship-building and trade center.

It is home to Ukraine's biggest power tool manufacturer, Phiolent, and one of the country's most important plastics manufacturers, Stroitel. The Port of Sevastopol is a center for research in marine biology, being the location of a Russian program to use dolphins for undersea military operations.

The Port of Sevastopol has been greeting international vessels since that time. In 1804, the Port of Sevastopol was Russia's major military port on the Black Sea. It resumed commercial activity when the military port was abolished in 1867. In 1992, the Port of Sevastopol was recognized as a public utility enterprise and transferred to the Ukrainian Ministry of Transport. In 1993, Russia's parliament declared the Port of Sevastopol to be a federal Russian city. Since 1993, the Port of Sevastopol has been an active commercial cargo and passenger port.

In 1997, Ukraine and Russia entered into a "Peace and Friendship" treaty that canceled Russia's claims to the country and to the Port of Sevastopol. Today, Russian is still the main language spoken in the Port of Sevastopol. Ukrainian authorities have control of local affairs, while the Russian navy is still based there, and many pro-Russian groups still exist.

The Association of Ukrainian Ports (Ukrport) was created in 2001 as an independent non-profit public organization responsible for Ukraine's ports and other water transport activities. Ukrport represents and protects the interests of its members in both state and international organizations and coordinates the activities of its members.

Until 1992, the Port of Sevastopol was dominated by military activities and by passenger transportation. In 1996, the Ukrainian government ordered that the Port of Sevastopol be opened for international traffic. Today's Port of Sevastopol has modern equipment and cargo-handling facilities for its primary cargoes of bulk, rolled metal, timber, boxes, and packages. It also serves cruise ships. The Port of Sevastopol has capacity to handle 600 thousand tons of cargo per year.

The commercial Port of Sevastopol has two passenger berths (199.5 and 135 meters long) in the city center. Its main cargo area is in Maliy Inkermnan at the mouth of the River Chernaya. The cargo area covers a total of 4.8 hectares, and it contains 23 berths with maximum depth of 9.75 meters. The Port of Sevastopol contains 3.6 thousand square meters of open space and a 500 square meter warehouse. The cargo area has easy access to the rail and highway networks. The Port of Sevastopol's technical supply department also operates 554 square meters of warehouses, 3.3 thousand square meters of open storage, and a 580 square meter shed.

In July 2009, the Chairman of the Sevastopol city council Valeriy Saratov (Party of Regions) stated that Ukraine should increase the amount of compensation it is paying to the city of Sevastopol for hosting the foreign Russian Black Sea Fleet, instead of requesting such obligations from the Russian government and the Russian Ministry of Defense in particular. The Sevastopol City State Administration and the City Council are situated at the territory of the region; the naval staffs of Ukraine and the Black sea Navy of Russia, the military units of both navies are deployed here.

On April 27, 2010, Russia and Ukraine ratified a new treaty extending the Russian navy's lease of the Sevastopol base for 25 years after 2017 with an option to further prolong the lease for five additional years. The ratification process in the Ukrainian parliament encountered stiff opposition and erupted into a brawl in the parliament chamber. Eventually the treaty was

ratified by a 236 out of 450 majority. The Russian Duma ratified the treaty by a 98% majority without incident.

The ex-Soviet Black Sea Fleet with all its facilities was divided between Russia's Black Sea Fleet and the Ukrainian Navy. The two navies now co-use some of the city's harbors and piers, while others were demilitarized or used by either country. Sevastopol remains the home of the Russian Black Sea Fleet headquarters with the Ukrainian Naval HQ also based in the city. A judicial row continues over the naval hydrographic infrastructure both in Sevastopol and on the Crimean coast (especially lighthouses historically maintained by the Soviet/Russian Navy and also used for civil navigation support). The current agreement on the status of the Russian Fleet's Sevastopol Navy base was signed in May 1997. According to the agreement, the Soviet Black Sea Fleet (BSF) was initially divided evenly between Russia and Ukraine. Ukraine subsequently transferred most of its portion of the fleet back to Russia. In the end, Russia received 82 percent of the former Soviet Black Sea Fleet's assets. The agreement recognized Ukraine's sovereignty over Sevastopol and its harbor facilities, but allowed Russia to lease the bulk of the fleet's Sevastopol facilities for 20 years for a payment of $97.75 million per year. Russia also retained criminal jurisdiction over its troops in the city. The agreement expires in 2017, though there is a clause stating that it will be automatically renewed for a further five years unless one of the parties gives one year's advance notice in writing that it wishes to terminate the accord in 2017. While the official position of the Ukrainian government has always been that the agreement would not be renewed, the political tension caused by the summer 2008 war in Georgia brought this issue to the fore. Ukrainian politicians stated that the Russian Navy should begin preparations for withdrawal from the base and provided the Russian government with a memorandum on the timing and steps necessary to withdraw the fleet in a timely manner.

Economically, for Russian Federation it is more profitable to lease Crimea bases then place the fleet on Russian Black Sea coast. There are several reasons for that. First, Ukraine already has necessary infrastructure. Second, Russia possesses insignificant zone of Black Sea coast and climatic conditions at potential basing sites are sometimes very severe and unsafe. Third and foremost, relocation of Black Sea Fleet from Crimea to Russia would keep down possibilities of merchant shipping. It is known that apart from Novorossiysk there are no large

port terminals at Russian Black Sea coast. Enlargement of commercial ports would multiply cover leasing expenses of Black Sea Fleet.

4.6.4 PORT OF TUAPSE

Tuapse is Russia s second largest Black Sea port.

Like Novorossiysk, it is a vital route for the export of crude oil. Tuapse s traditional traffic pattern also includes metals, fertilizers, coal, building materials, and foodstuffs. As trade increases, traffic at Tuapse is expected to double. To accommodate this anticipated growth, the Russian Ministry of Transport has approved a $720 million modernization project for Tuapse. Tuapse Port is a deep-sea port with year-round navigation, specialized in transshipment of bulk-oil cargo, coal, ore, ferrous and non-ferrous metals, sugar. The main exporters and importers of cargo are Mediterranean countries, Western and North Europe, Middle East, India, USA and Canada. The Port is located on the Caucasus shore of the Black Sea over the Tuapse bay in the centre of Tuapse, a city in Krasnodar region.

Image 16 – Tuapse port map (Source: www.tuaseport.ru)

Technical equipment of the Port is one of the best in the industry; total cargo turnover exceeds 20 million t of cargo per year including over 14 million t in oil products and 5.5 million t in dry cargo.

Tuapse Commercial Sea Port JSC engages in developing port marine transport units, renovating ports within the boundaries/protective barriers of the existing ports, and constructing new ports. It also creates management systems for navigating shipping traffic, such as the radio locating stations, automatic identification systems, and control-correcting differential station of global navigational satellite systems GLONASS and DGNSS. The company was founded in 1994 and is based in Tuapse, Russia. As of January 16, 2009, Tuapse Commercial Sea Port JSC operates as a subsidiary of Universal Cargo Logistics Holding B.V.In January-February 2006 Tuapse transport hub handled 3,423.6 th. Tons of cargo (+14.5% year-on-year).Tuapse Commercial Seaport JSC increased the handling volumes by 14.4% in the 2 months of 2006.Tuapse Commercial Sea Port JSC reported earnings results for the first quarter of 2010 and year 2009. For the quarter, net profit increased by 35%, under Russian Accounting Standards (RAS), compared with the same period of 2009, to RUB 241.935 million. Revenues amounted to RUB 517,712,000, a 19% rise over first quarter of 2009. The company's 2009 net income rose almost by 37%, to RUB 1,011,509,000, revenue was up 1.2 times over 2008's numbers, at RUB 2,363.296 million. In 2009, the company's positive results were due to the Russian Govt. measures for the devaluation of the RUB, as the company's services charges are denominated in USD. That helped receive additional revenue while the handled freight volume decreased. Besides, the TCSP had increased some of its services fee and cut costs in all of its business segments.

The Commercial Sea Port of Tuapse OJSC serviced the first RO - RO vessel, runs the company's press-release. Specialists of the port unloaded Turkish ferry, which delivered refcontainers with fruits and vegetables to the new specialized quay.

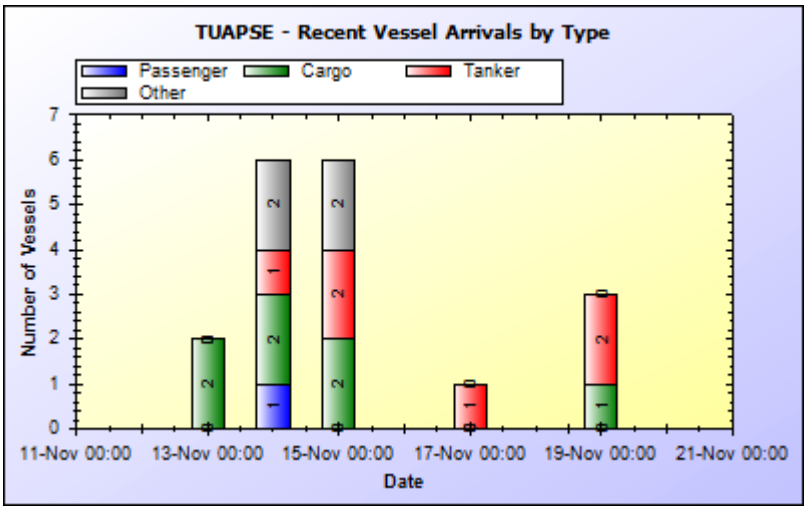
By the order of the RF Transport Ministry, all necessary works were completed in a short term in the port of Tuapse to organize a terminal to handle perishables, because foodstuffs flows were rerouted from the Sochi port. The latter was closed for reconstruction.

The terminal for servicing RO - RO cargoes has two specialized quays with the depth of 4.5 and 4.8 meters, a covered warehouse (2,900 sq m), and an administrative complex. The RO - RO complex with the capacity of 240,000 tons can service approximately 100 RO - RO vessels for year.

The Commercial Sea Port of Tuapse OJSC is the basic operator of one of the largest Russian ports - the sea port of Tuapse. The port of Tuapse is located on the north-eastern coast of the Black Sea on the territory of Krasnodar Province, at the top of the bay of Tuapse. The approach channel to the port's water area has a length of 400 m, 120 m in width and 13.5 m in depth. The port is accessible for vessels with a draught up to 12 m and a length up to 230 m. The berths of the sea merchant and fishery ports as well as the ship-repair yard are located in the port.

The commercial seaport consists of three specialized zones: dry cargo, oil cargo and passengers. The sea fish port has one berth with a water depth of 5.5 m and open space for temporary storage. The port is served by the Tuapse railway station of the Northern Caucasian railway.

A grain terminal of annual capacity of 2.4 million tons at the Tuapse Commercial Sea Port is to be launched today, February 8, 2010. The first vice-premier Viktor Zubkov is said to attend the ceremony, Novosti RIA reports. The terminal construction project started in 2007. It may boost the Tuapse port transshipment volumes of grain, a broader range of bulk cargoes, ensuring environmental safety of the cargo complex. The terminal facilities are capable unloading grain from rail cars, cleaning and sorting it. The grain will be stored in a silo complex of 102.000-ton capacity for further shipment by 50-ton DW vessels. The terminal’s daily throughput is about 5.000 tons. Investments in the project amounted to 1.82 billion rubles.



Graphic 10 – Arrival vessels Tuapse port 2010 (Source: www.marinetraffic.com)[74]

Tuapse Commercial Sea Port OJSC handled 17,908,000 tons of liquid bulk and dry cargoes in January-December 2002, having exceeded the planned annual target by 10%.*Tuapse Commercial Sea Port (TCSP JSC)* is the major operator of one of the largest ports in Russia - the seaport of Tuapse. Cargo turnover by the stevedoring company in 2009 decreased by 5% as compared with 2008 - to 18.4 million tons. The Universal Cargo Logistics Holding BV (UCLH) holds 69.52% of stake in TCSP JSC.

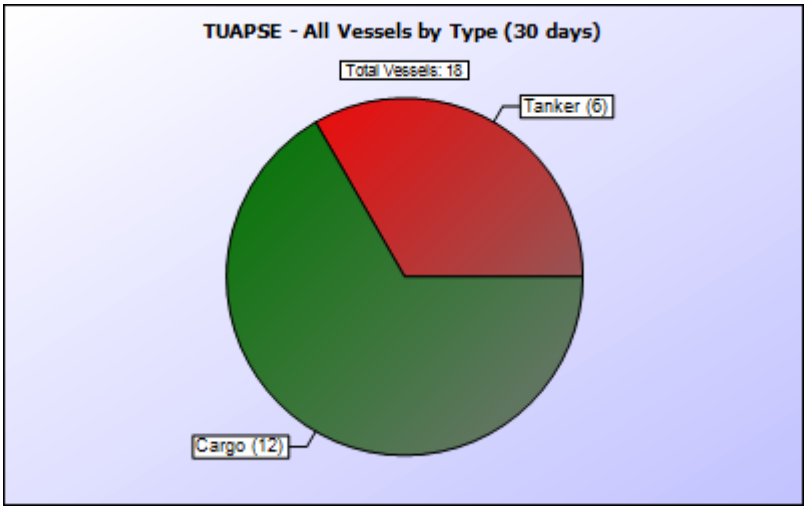
From 1 July 2009 the powers of a sole executive body in Tuapse Commercial Sea Port were transferred by agreement to the Management of Transportation Assets Ltd. Company for the period of 3 years.

- The volume of commodities transshipped via Tuapse Commercial Sea Port fell 5 percent as compared with 2008, to 18.4 million tons in 2009. The volumes of handled oil cargo amounted to 14.100.000 tons a year-over-year 3% decline.
- Transshipment of dry cargoes dropped to 4.3 million tons (-2%), the company's press service reported.

[74] Statistic from 20 of November of 2010

- "*The slight decrease in freight turnover was due to the current trend in global economy, a reduced business activity of shippers*", the port's statement said.

In recent year the TCSP's terminals handled 65.100.000 rail cars and 823 vessels (including 395 oil tankers and 428 dry cargo ships).



Graphic 11 – Vessels by type Tuapse port (Source: www.marinetraffic.com)[75]

Tuapse Commercial Sea Port JSC is the major operator of one of the largest ports in Russia – the seaport of Tuapse. The Universal Cargo Logistics Holding B.V (UCLH) holds 69.52% of stocks in TCSP. The freight traffic volume passing through Tuapse Commercial Sea Port increased in the first half of 2010 by 9% and totaled 9.7 million tons of cargo, the TCSP's press-service said. In these six straight months the stevedore handled 7.1 million tons of oil exports (last year's volume level). Dry cargo shipments rose by 38% to 2.5 million tons. Imported bulked cargoes also raised, raw sugar 2.7 times as much. 33-percent rise in coal volume fueled half month exports volume, the report said. In Jan-June the volume of grain via Tuapse grain terminal totaled 494,000 tons.

[75] Statistic from 20 of November of 2010 - we can see the big percentage of the cargo traffic

In the reporting period TCSP handled 420 ships (including 194 tankers at the port's oil charging facilities, 226 units – in dry cargo area) and 29,000 rail cars.

Tuapse Commercial Sea Port (TCSP OJSC) the major stevedore operating at one of the largest ports in Russia – the sea port of Tuapse. Universal Cargo Logistics Holding BV (UCLH) holds a 69.52% stake in TCSP OJSC. The Russian Govt's owns through the Federal Agency for Property Management, 25% of TCSP stocks.

4.6.5 PORT OF NOVOROSSIISK

The JSC "Novoroslesexport" is a large universal port located on the north-east coast of Black Sea within the limits of Novorossiysk city (founded in 1838) which is the largest commercial port in the south of Russia.

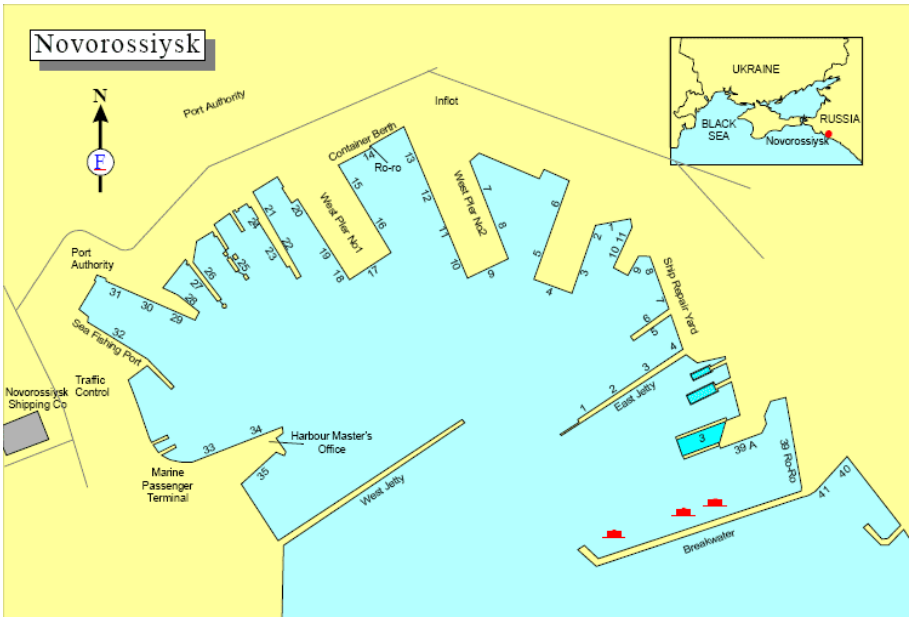


Image 17 – NOVOROSSIISK port map (Source: http://www.nle.ru)

The *JSC "Novoroslesexport"* provides speedy handling of cargoes due to availability of large areas for temporary cargo storage, berths and approaching ways, well-developed technical support and qualified personnel. A great variety of goods is shipped through the JSC "*Novoroslesexport"* all over the world. The enterprise gives priority to container handling and transshipment of timber goods. The short-range plans of the port are to optimize the work in

these directions. In 2008 JSC "*Novoroslesexport"* has finished the reconstruction of timber and container terminals in accordance with "The plan of strategic company development" and this allowed increasing containers turnover up to 350 000 TEU per year, timber cargos up to 3 000 000 м³ per year. On the 17th of January 2008 open joint-stock company "Novoroslesexport" received certificates of ISO international standards requirements compliance certificate – ISO 9001:2000 "Management quality systems. Requirements", ISO 14001:2004 *"Environment management systems. Requirements and application guideline*" and OHSAS 18001:2007 *"Management systems in sphere of occupational safety and labor protection*" and also international certificate IQNet in quality sphere.

The container terminal of the JSC «Novoroslesexport» started to operate in the year 1999. Each year of its work may be indicated as a year when the volume of container transshipment has considerably increased and the quality of services rendered has really been improved. The terminal was designed for handling (loading/discharge) of container vessels, intermediate storage of containers at the warehouse area, completion of container parties and loading/discharge of container platforms as well. Presently the terminal is located on the territory of the Area №5 and partially on the territory of the Area № 2 of the JSC "Novoroslesexport". The berth № 28A is used for loading/discharge of container vessels. The advantageous position of this berth provides safety for moorage of vessels being "pressed" to the berth by the north-east wind prevailing in this area. Nowadays at the terminal vessels with capacity up to 5 000 TEU including PANAMAX containerships are being handled, service of the biggest container lines like MSC, CMA CGM, Evergreen, Hapag-Lloyd, CSCL, EMES, NORASIA is carried out.

The technological objects as a part of terminal are:

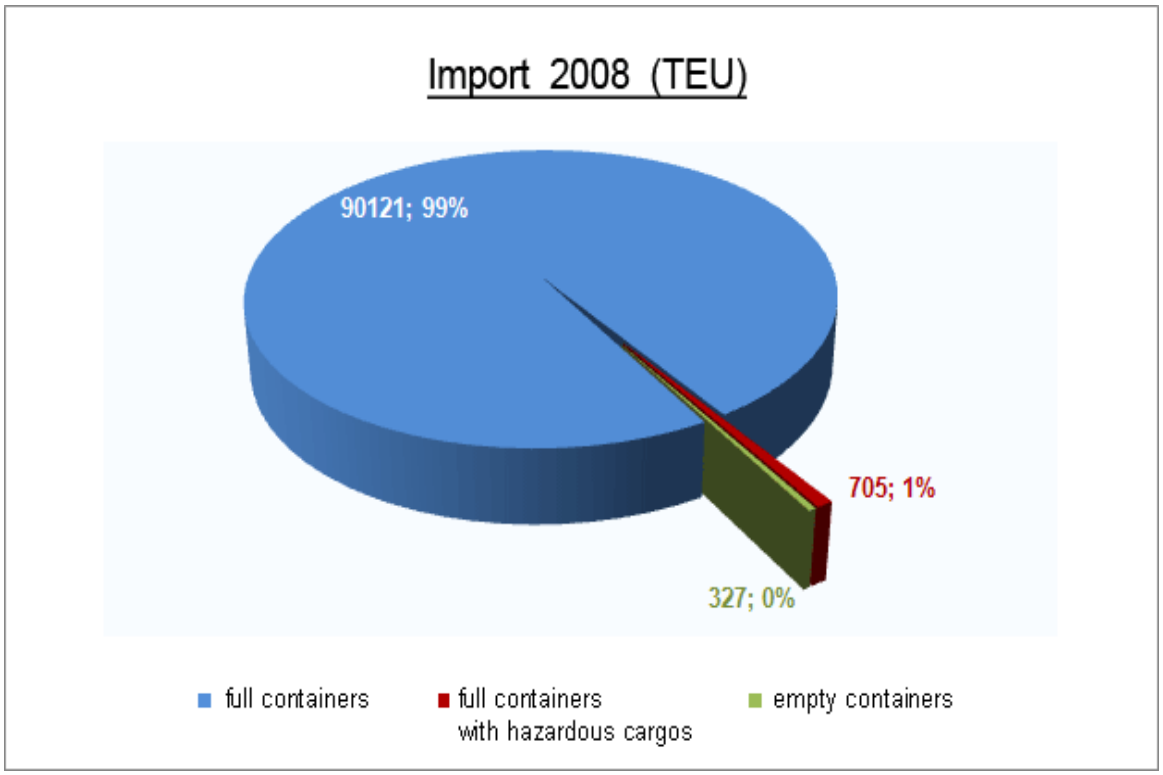
- Seaside loading front;
- Railway loading front;
- Sorting and warehousing area;
- Platform for storage of reefer containers;
- Container re-stuffing platform;
- Platform for customs inspection of containers;
- Inspection and checking complex (ICC);

- Checkpoints.
- Container terminal equipment

INFRASTRUCTURE			
Berth	**Length, м**	**Projected depth, м** from zero point of Port Novorossiysk	**Guaranteed depth, м** from zero point of Port Novorossiysk
№ 28А	100	8,25	8,0
№ 28	162	9,65	9,3
№ 29	182	13,9	13,0
№ 30	122,8	13,9	13,0
Warehouse capacity	10 260 TEU		

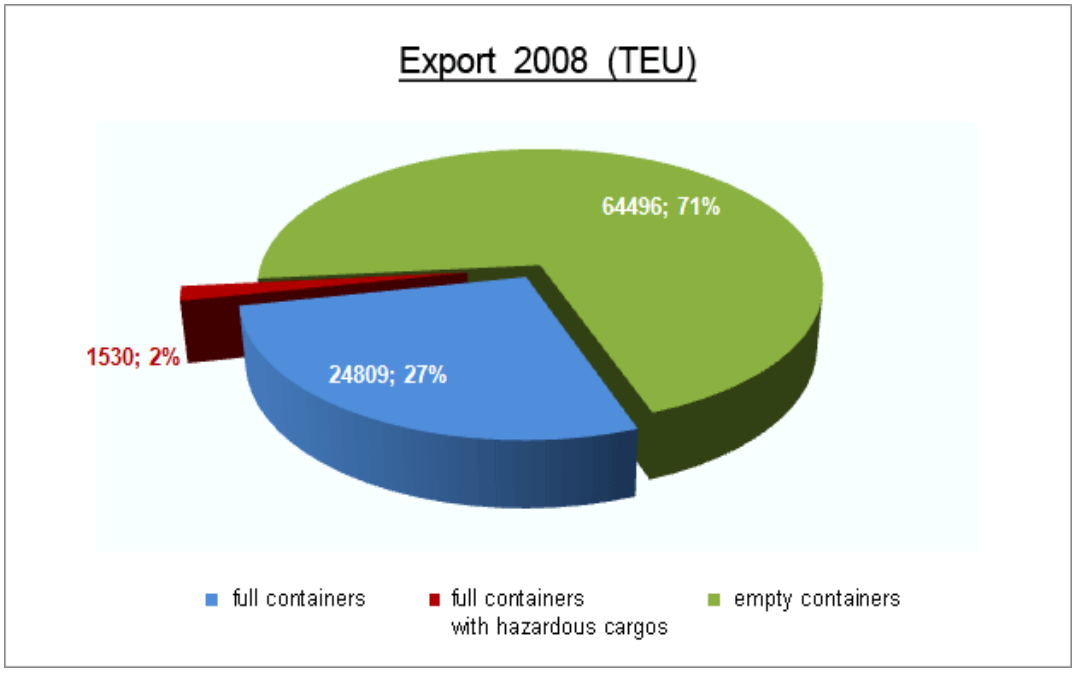
Table 6 – Infrastructure NOVOROSSIISK port (Source: www.nle.ru)

The JSC "Novoroslesexport" container terminal output makes 350 000 TEU per year.



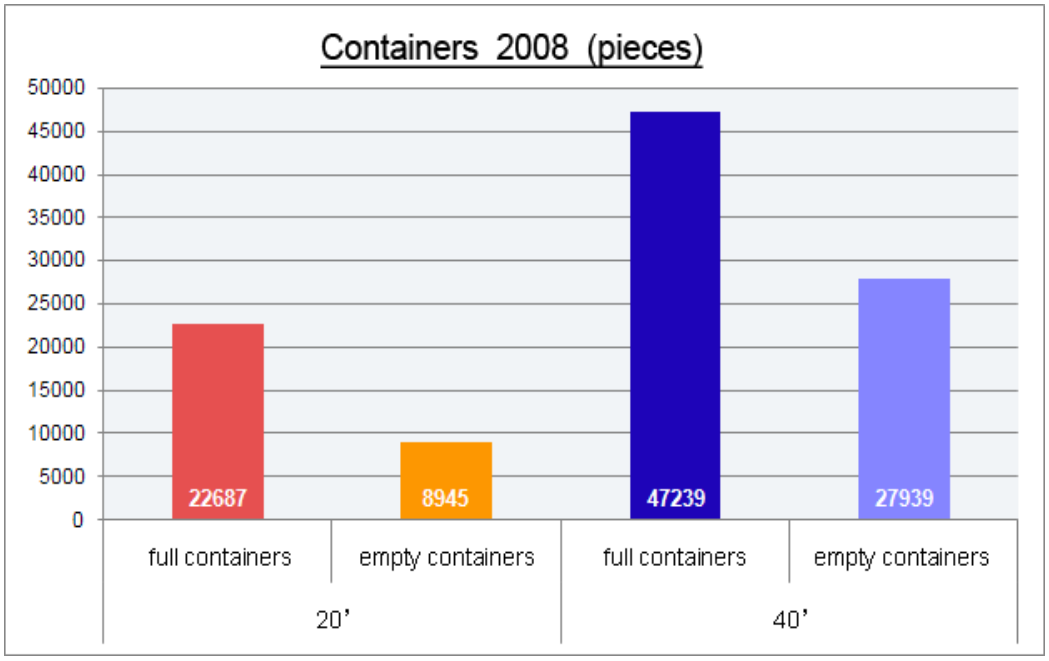
Graphic 12 – Import NOVOROSSIISK port 2008 (Source: www.nle.ru)

We can see from the chart that most of the imports are the import of full containers.



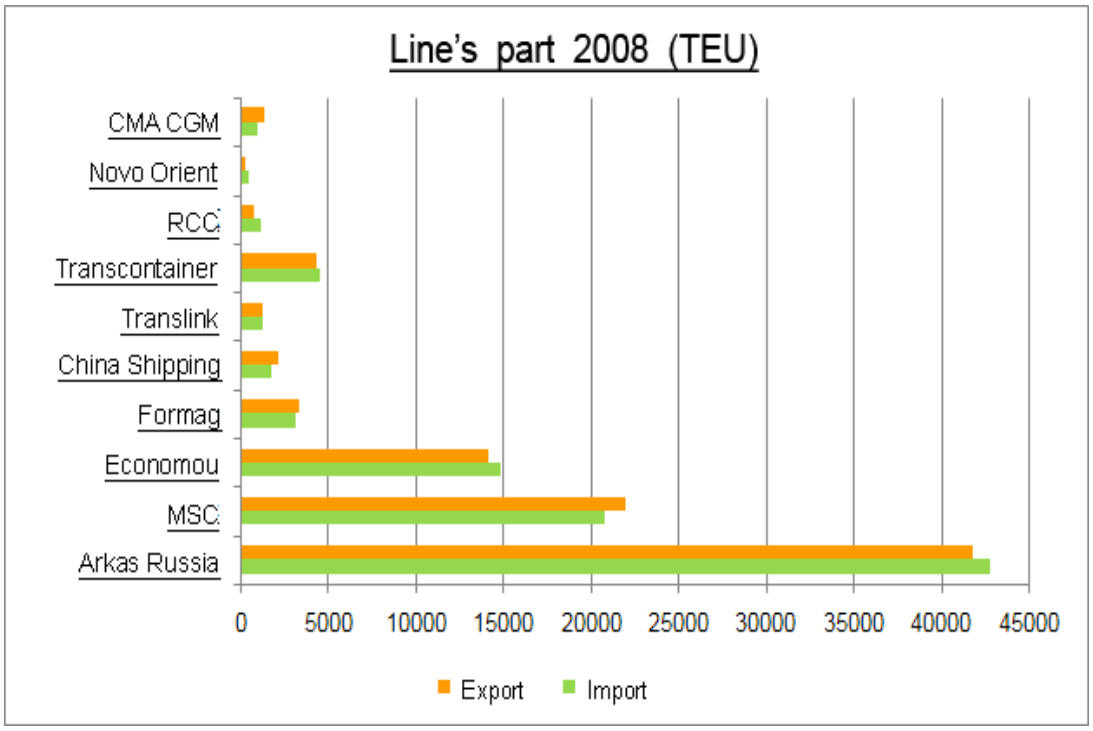
Graphic 13 – Export NOVOROSSIISK port 2008 (Source: www.nle.ru)

Unlike the import, export if they have the largest shares the empty containers.



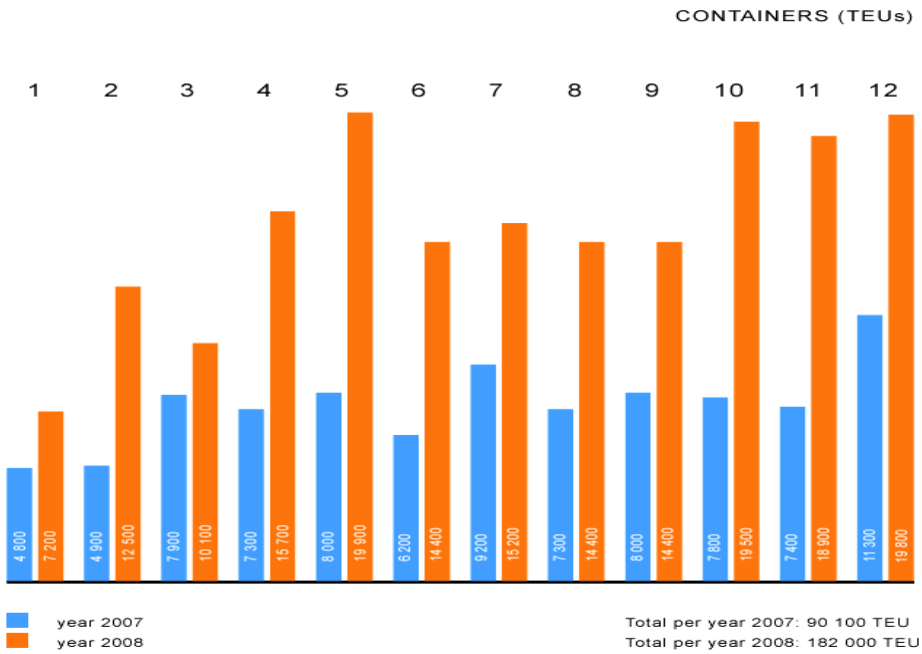
Graphic 14 – Containers NOVOROSSIISK port 2008 (Source: www.nle.ru)

Opened in 1999, the Port of Novorossiysk's Container Terminal continues to handle increasing numbers of containers and provide better services. The terminal handles containers, provides storage in the warehouse area, and supports the loading and discharge of container platforms for distribution. The Port of Novorossiysk handles about 350 thousand TEUs of containerized cargo per year. The Container Terminal uses Berths 28 (162 meters long with alongside depth of 9.3 meters), 28A (100 meters long with alongside depth of 8 meters), 29 (182 meters long with A13 meters), and 30 (122.8 meters long with alongside depth of 13 meters).



Graphic 15 – Line´s part NOVOROSSIISK port 2008 (Source: www.nle.ru)

Presently the volume of transshipment of the above cargoes performed through the berths of the *JSC "Novoroslesexport"* makes 404 800 tons per year. As the turnover of timber cargoes will increase (according to the plan of strategic development), the nomenclature and volume of transshipment of other cargoes will go down. The Container Terminal in the Port of Novorossiysk has capacity to handle up to 5000 TEUs and to accommodate Panama container vessels. The terminal is equipped for seaside and railway loading, sorting and warehousing containers, storing refrigerated reefer containers, reshuffling, and performing customs inspections of containers.



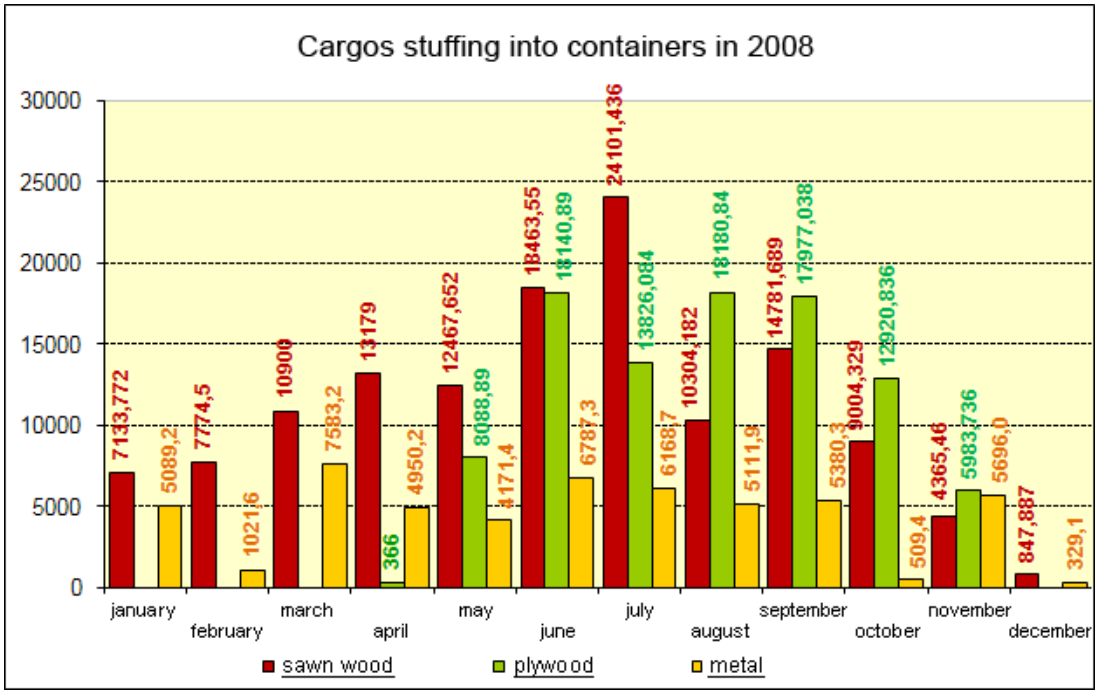
Graphic 16– Containers NOVOROSSIISK port 2007 - 2008 (Source: www.nle.ru)

The *JSC "Novoroslesexport"* has a possibility to provide rendering of services on transshipment of the following cargoes:

1. Non-ferrous metal in packages and bundles (zinc, tin, led, aluminum, copper);
2. Metal in packages, rolls, packs, bundles (plate iron, channel, angle, steel reinforcement, rolled iron, pipes);
3. Cargo in big-bags;
4. Perishable cargoes;
5. Grain in big-bags;
6. Wine materials (transshipment as per direct scheme);
7. Dangerous cargoes in big-bags (to be transshipped only as per direct scheme);
8. Dangerous cargoes in boxes (to be transshipped only as per direct scheme);
9. Dangerous cargoes on pallets (to be transshipped only as per direct scheme).

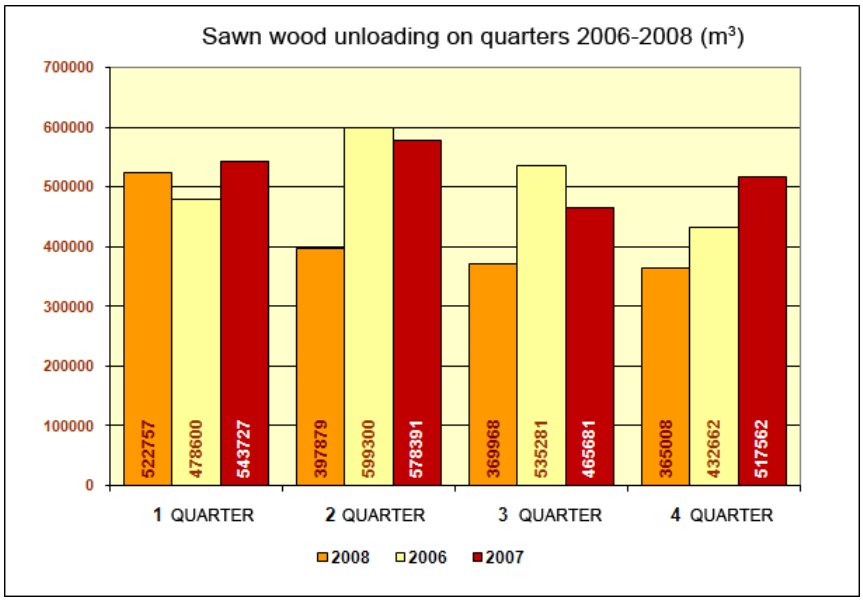
The cargoes mentioned above are transshipped form the railway and motor transport to specially fitted vessels as well as in reversed order.

When the cargo being transshipped needs storage, the port will provide necessary warehousing either open or secured (the territory of Area 2, 6 and 7) where approaching railways and roads are available. For perishable cargo the cold storage is used. The refrigerator store includes 9 sections with total area of 3 731 м² and capacity of up to 5000 tons. The temperature of cold storage may vary from +0°C to -25°C. Besides the cold storage the transport and forwarding services are available. Loading and discharge of vessels is performed at the same berths and with the same cargo gear as used for transshipment of timber materials. Presently the volume of transshipment of the above cargoes performed through the berths of the *JSC "Novoroslesexport"* makes 404 800 tons per year. As the turnover of timber cargoes will increase (according to the plan of strategic development), the nomenclature and volume of transshipment of other cargoes will go down.



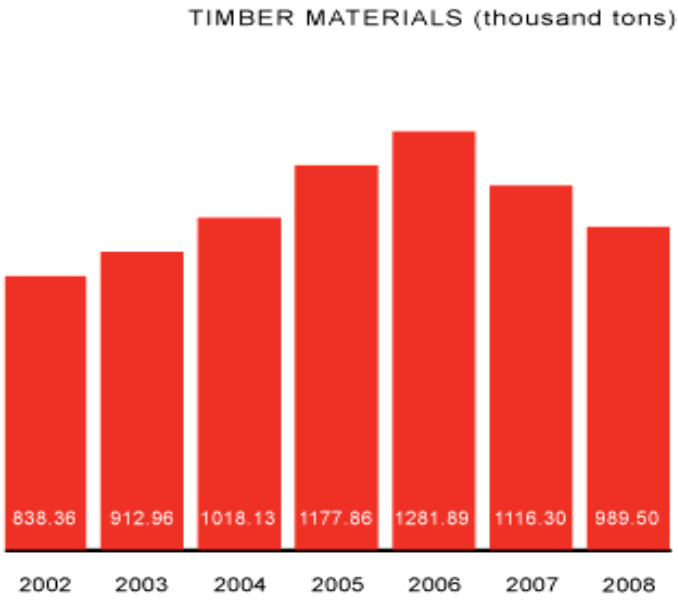
Graphic 17– Cargo stuffing NOVOROSSIISK port 2008 (Source: www.nle.ru)

We see the analysis made in the chart above that the largest share en cargos stuffing into containers in 2008 is the sawn wood.



Graphic 18– Sawn wood unloading NOVOROSSIISK port 2008 (Source: www.nle.ru)

Reduction of timber cargos transshipment volumes in 2008 is subject to partial containerization of timber export.



Graphic 19 – Timbers materials NOVOROSSIISK port 2002 - 2008 (Source: www.nle.ru)

The JSC «Novoroslesexport» is the only specialized timber port in the south of Russia with up to date technologies and European level of services. The Timber terminal is designed for loading of timber carrying vessels, intermediate timber storage at the warehouse territory, and completion of timber parties and unloading of the railway platforms as well.

The port may provide transshipment of the following timber materials:

- Sawn timber in hard transport packages
- Plywood in packages
- Fiberboard in packages
- Hardboard in packages

The cargoes are transshipped from railway and motor transport to specially fitted vessels. Presently the terminal is based on the territory of the Area 1,2,3,6 and 7 of the *JSC «Novoroslesexport».*

4.6.6 PORT OF BATUMI

Batumi Port represents a transport interlink connecting Europe with Asia and vice versa.

Port is connected with the countries of Caucasus, Central Asia, Russia and Turkey by roads and railways. Port has been used as main transit port for Kazakh and Azerbaijan oil handling either. Batumi Sea Port Limited is able to accommodate the needs of clients dealing with various cargos, general vessels and passengers. Its services include loading and unloading operations, ship's agency and ship chandler services, minor repair works, water supplying, providing safety and security. In order to provide all above mentioned services the port owns a relevant territory and specialized equipments. Namely, Batumi Sea Port Limited has 5 terminals: Oil terminal, Container terminal, Railway ferry, Dry cargo terminal and Passenger terminal. They are equipped with appropriate cranes and facilities to handle cargo timely and qualitative and satisfy client's demands.

In March of 2002 Batumi Sea Port Limited was the first Port on the Black Sea which got the Quality Certificate of Bureau VERITAS according to International Standard ISO 9002-1994. In April of 2003 the Port was given the new Certificate according to the International Standard ISO 9001-2000.

And in April, 2005 the external audit by independent auditors of "Bureau VERITAS" was carried out and the new certificate of conformity to the requirements of the international standard of quality ISO 9001-2000 for the following three years was handed to port.

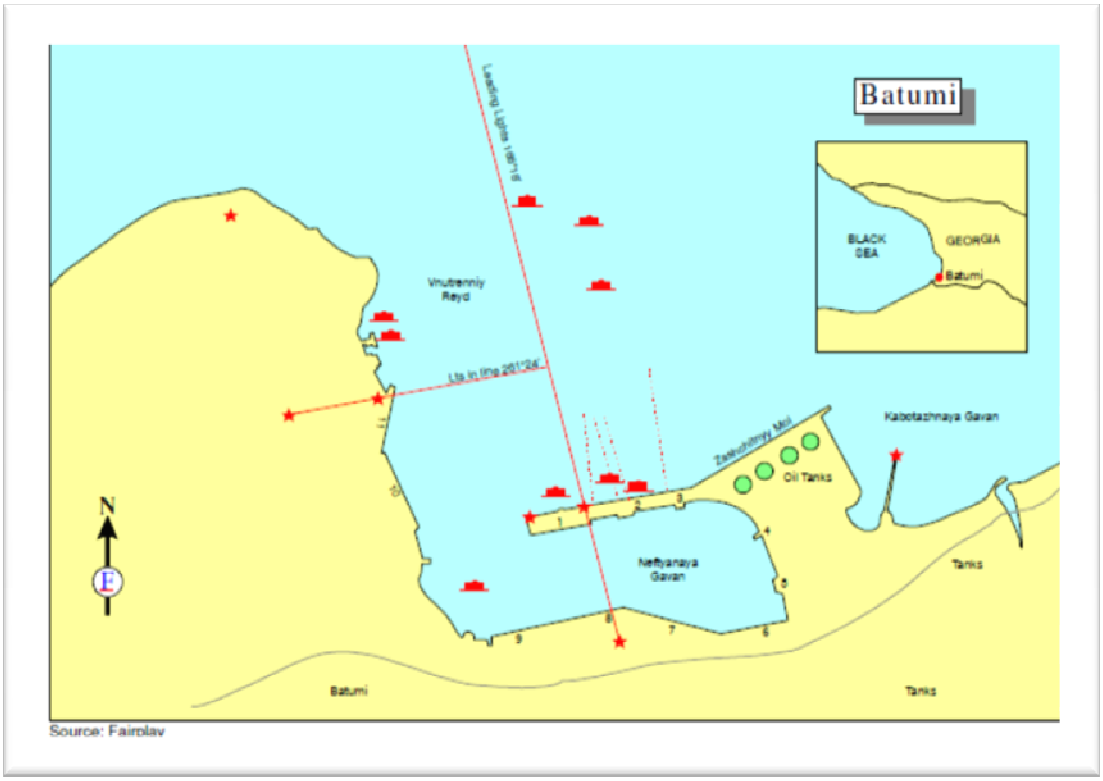


Image 18 – Batumi port map (Source: www.batumiport.com)

Batumi port is connected with all sea countries of the world by sea ways. It is the transport link connecting the sea, river, railway, automobile, and air and pipeline types of transport. The main purpose of port is the uninterrupted cargo handling and passenger service. Port performs the bunkering of vessels, supplying of fresh water and the safe mooring of vessels in port. To perform its purpose Batumi Sea Port Limited has a territory and water area with the appropriate special equipments and facilities, major of which are berth securing devices, berths, loading mechanisms, warehouses, auxiliary service vessels, railway and automobile ways, vehicles, repair shops, systems of water pipe, communication and the Sea station.

There are 5 terminals in Batumi Sea Port Limited: the oil terminal (berths №1, №2, №3 and CBM-conventional Buoy mooring, which can accept 4 tankers simultaneously), the multi-purpose container terminal (berths №4, №5), the railway ferry terminal, the dry cargo terminal (berths №6, №7, №8, №9) and the passenger terminal (berths №10, №11). The maximal throughput of oil terminal is about 18 million tons, dry cargo terminal - 2,3 millions tons, railway ferry - 700 thousand tons. The prospective throughput of the new container terminal will reach 300 thousand TEU per year.

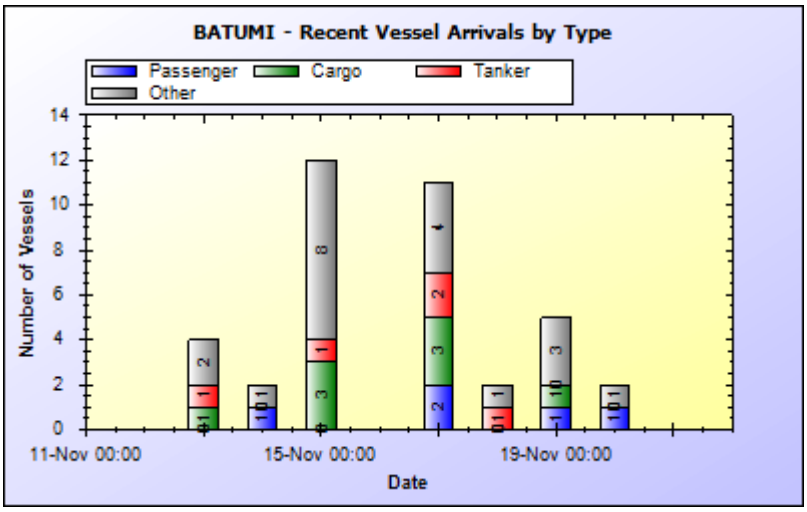
The railway ferry terminal was constructed taking into consideration "Geroy Shipky" type vessels, which ply between ports of Varna (Bulgaria), Poti (Georgia), Ilichevsk (Ukraine) and Batumi (Georgia). Ferry is three-decked; its deadweight tonnage is 12600 tons. The maximal speed of the ferry is 19, 4 units, and operational speed - 12 units. The three-decked ferry is capable to accept aboard 108 eight-wheel railway cars. The loading of cars is performed with speed 3 km / hours, unloading - with speed 4 km / hours. Length of the steel ferry bridge is equal 36,35 m. Width of a forward part -17,53 m, width of a back part - 9,44 m. Weight of the bridge makes 400 tons. The work of ferry system is completely automated. The nominal annual throughput of the terminal is about 700 thousand tons. Nearest plans include reconstruction of railway ferry terminal, which will give compatibility to the wide and narrow (European type) gauges. There are available powerful portal cranes (with capacity from 5 up to 20 tons), large park of auto-loaders. The port fleet consists of twelve various purposed vessels.

Batumi Sea Port Limited’s turnover essentially has increased for last ten years. Tradition is continuing and from 80 to 90% of complete turnover are crude oil and oil products. About 70% of total turnover of dry cargo is general cargo.

The Port of Batumi offers various services like: loading, warehousing and storage of cargoes; loading/unloading jobs; reloading of cargoes on sea / river transport from other types of transport and vice versa by "direct" variant and through a warehouse of an open storage area; reloading of dangerous cargoes, oversized and heavy cargoes; dry cleaning of cargo premises of vessels; special fastening of cargoes on vessels; storage of cargoes on the open areas; weighing of cargoes; specifying of cargoes; sorting of cargoes; performance as agreed with the railway tonnage of the sketches and drawings on oversized and heavy cargoes; separation of cargoes.

Batumi port has five terminals: oil terminal, container terminal, ferry terminal, dry-cargo terminal and passenger terminal.

The oil terminal includes berths № 1, № 2, № 3 and CBM (Conventional Buoy mooring). It is intended for processing tankers with deadweight up to 60 thousand tons at berths and with deadweight up to 120 thousand tons on CBM. The terminal specializes on processing of crude petroleum and practically of all kinds of petroleum. Average norm of petroleum processing and basic kinds of petroleum is following: crude petroleum - 1000 t/ hour; diesel oil - 1000 t/hour; petrol - 480 t/hour; black oil - 1400 t/hour. Besides cargo operations on the berths, terminal performs the reception of polluted ballast and bilge way water in the clearing structures.



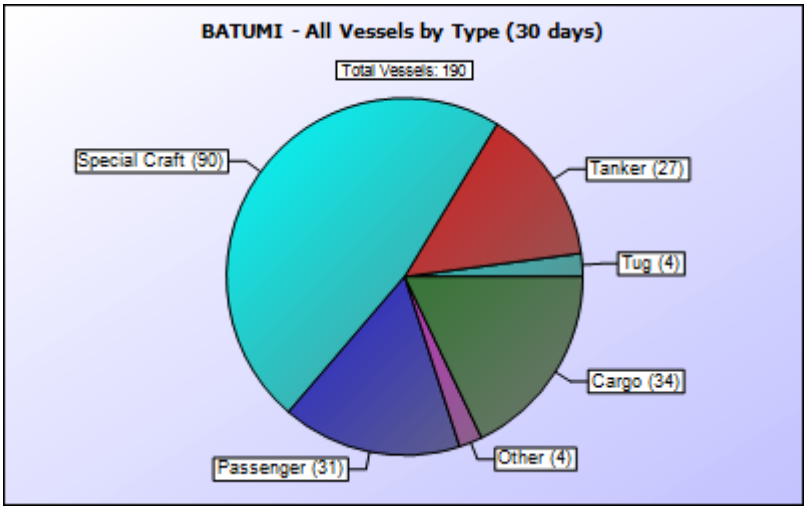
Graphic 20 – Vessel arrivals Batumi Port 2010 (Source: www.marinetraffic.com)[76]

Batumi International Container Terminal LLC (BICTL) officially started its containerized cargo handling service last 2 March 2008, with the arrival and service of MSC Granada, the first ever container ship to dock at *the Batumi International Container Terminal (BICT)* in Adjara, Georgia.

[76] Statistics from 20 of November of 2010

The 1,012-TEU capacity vessel of Mediterranean Shipping Company (MSC) will be a part of MSC´s weekly call at the terminal. BICTL has already begun investing in the strengthening of the berths and the refurbishment of the container terminal to allow the installation of the first Mobile Harbor Crane which started service last May 15, 2008 on MSC Sebnem voy. 173A.The Company is currently engaged in exploratory talks with major shipping lines for future calls at the terminal. BICTL has control over an area of 13.6 hectares, consisting of berths 4/5 for container terminal and Berth 6 for a ferry and dry bulk general cargo terminal. The container terminal has a berth length of 284 meters at a depth of 11 meters.

The Ferry Terminal includes berths №6, №7, №8 and №9. Is intended for processing dry-cargo vessels with deadweight up to 50 thousand tons.Berth for a railway ferry: the railway ferry terminal was constructed taking into consideration "Geroy Shipky" type vessels, which ply between ports of Varna (Bulgaria), Poti (Georgia), Ilichevsk (Ukraine) and Batumi (Georgia). The mentioned ferry is three-decked; its deadweight tonnage is 12600 tons. The maximal speed of the ferry is 19, 4 units, and operational speed - 12 units. The three-decked ferry is capable to accept aboard 108 eight-wheel railway cars.



Graphic 21 – Vessels by type Batumi port (Source: www.marinetraffic.com)[77]

[77] Statistics from 20 of November of 2010

The loading of cars is performed with speed 3 km / hours, unloading - with speed 4 km / hours. Length of the steel ferry bridge is equal 36,35 m. Width of a forward part -17,53 m, width of a back part - 9,44 m. Weight of the bridge is 400 tons. The work of ferry system is completely automated. The nominal annual throughput of the terminal is about 700 thousand tons.

The port of Batumi is predominantly a liquid bulk terminal, now owned by the Kazakh Company KazMunaiGas.

The Container Terminal and all other Terminals such as Rail/ Ro/Ro (with the exception of the Liquid Bulk Terminal) were purchased by International Container Services (ICS) in September 2007.

ICS plans to develop the Container terminal to a capacity of 300,000TEU. This is the lower level of projected throughput in 2020, which varies between 350,000TEU and 500,000TEU. Container throughput started in 2006 and the future level of traffic will depend on the Batumi market share with the new Poti Terminal and Poti FIZ, and on the railways Container Train service between Poti and Baku.

UKRferry operates Combi ferries (Rail/ Ro/Ro and some Containers) from Ilyichevsk/Odessa to Poti/ Batumi, Istanbul/ Derince and Varna. They are opened a new rail ferry Combi ferries (Rail/ Ro/Ro and some Containers) from Kerch but the facilities in Ilyichevsk will continue to be used. The nominal throughput is reported to be about 700,000 tons. UKRferry commenced in March 2009 a bi-weekly service of Combi ferries (Rail/ Ro/Ro and some Containers) between Kerch and Batumi/ Poti.

4.6.7 PORT OF TRABZON

The Trabzon Port occupies the sea area contained by two imaginary lines each drawn one mile in length in the direction of true North. The first of these begins at the Hacibesir Stream in the west, the second from Cape Hopis in the east. A third line linking these two denotes the port area. The port itself is divided into two: an inner port contained by the main breakwater and the edge of the small mole, and an outer port covering the area between the inner port and the open Sea.

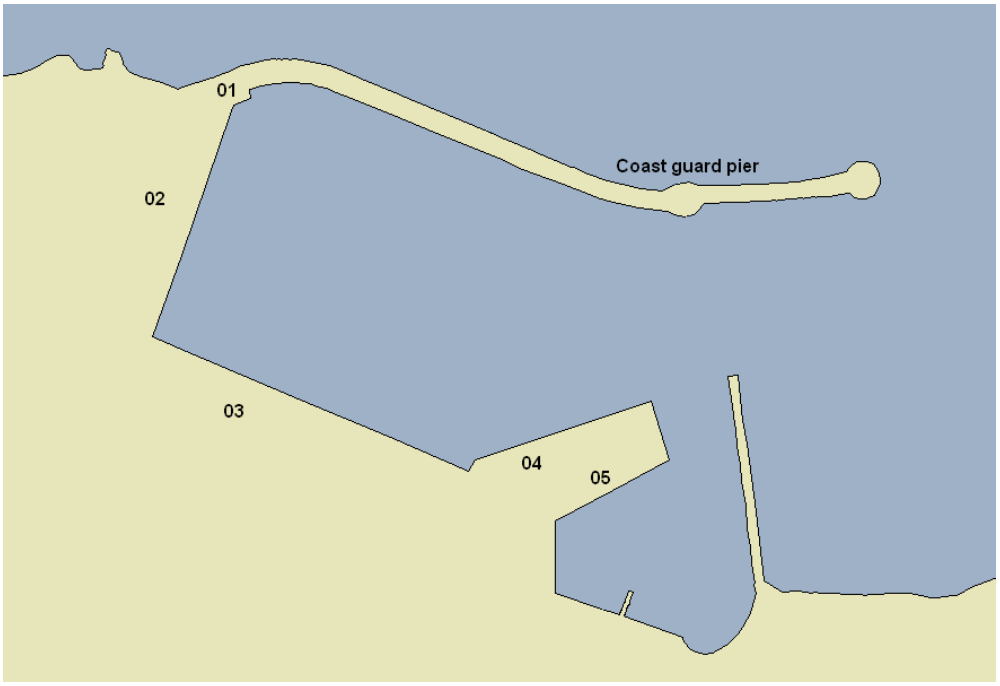
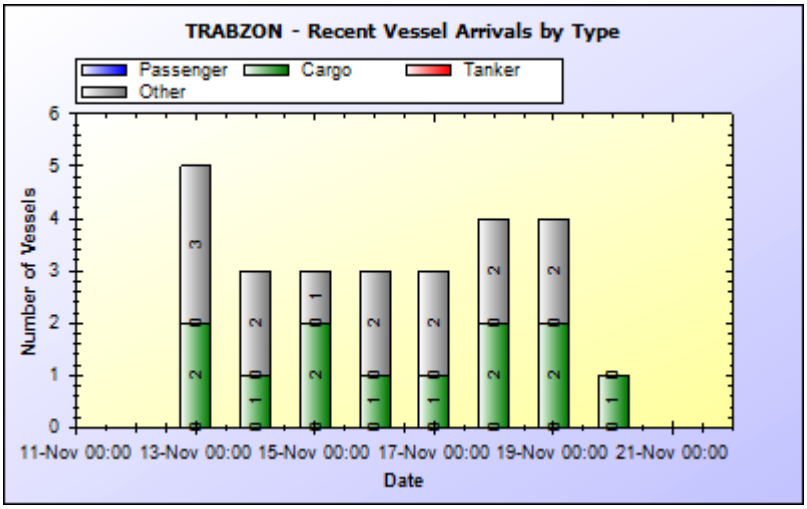


Image 19 – Trabzon port map (Source: www.lethagencies.com)

Trabzon Free Zone offers secure and convenient storage facilities with 11.000sq.m of first class covered two warehouses and 20.000sq.m of open space. Handling bulk deliveries, the port is equipped with two Dumbar Capple cranes (120 tons/hour) and three Dumbar Capple cranes (70 tons/hour). Loading and discharge of containers takes place at the West Quay, 400m in length and equipped with a static 25-tonne crane. The mobile equipment includes a 25-tonne crane, 40-tonne Belotti fork lift, and two 35-tonne Transtainer units. Handling capacity at present is 60 containers per 12-hour shift.

Trabzon is the most important of all the ports on the Black Sea, situated as it is right on the north-south and east-west trade axis. The port of Trabzon continued to defend its geopolitical and eco-strategic position throughout history and became one of the main ports of call on the historic Silk Road as well. This port has always been a tempting target for powers wishing to dominate the region both because of its strategic importance and its key position on the international trade routes. Trabzon has always had a very definite identity in terms of commerce and trade; was the third busiest port in the Ottoman Empire after Istanbul and Izmir in terms of revenue earned for the exchequer and of world trade as well. More than 20 foreign countries had consulates in the city.

Until the First World War Trabzon occupied a vital position on the trade routes between Russia, the Caucasus, Central Asia and Iran, linking East and West. For this reason, although the city was part of the territory of the Ottoman Empire it was also the subject of a great deal of political maneuvering between Britain, Germany, France and Russia in that period.

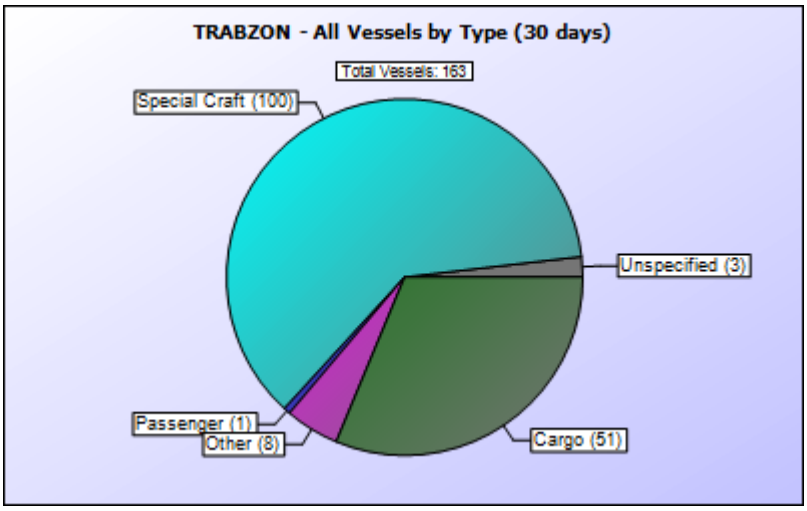


Graphic 22 – Arrivals vessels Trabzon port 2010 (Source: www.marinetraffic.com)[78]

The Trabzon port has the vessel capacity of 2,000 tons per year. Overall facilities consist of seven quays, with a combined capacity of some 2,000 vessels per year, a modern container terminal and the new Free-Zone. Cargo handling is currently provided on a two-shift basis for 17 hours each day; pilotage is available 24 hours a day throughout the year.

At present, the majority of traffic is between Europe and the Middle East, and includes general cargo, container freight and dry bulk. There are, however, numerous opportunities for expansion and development, both in the types of cargo handled and in markets served.

[78] Statistics from 20 of November of 2010



Graphic 23 – Vessels by type Trabzon port 2010 (Source: www.marinetraffic.com)[79]

It is estimated that, working on a continuous three-shift basis, the port of Trabzon is capable of a total capacity of 3.8 million tons per year.

4.6.8 PORT OF ISTANBUL

Istanbul Port is the marine area in Istanbul Strait, made of the line joining Anatolia and Turkeli Lanterns on the north and starting from the cape Kefedalyon to location at the gulf on the south at 3,8 miles distance, having the lines joining latitude 40.52.30 north, longitude 029.13.80 east and latitude 40.48.40 north, longitude 029. 09.00 east. Port services are supplied in Karaköy and Salıpazarı quays. Communicate with Black Sea via the Bosporus Strait and the Mediterranean Sea through the Dardanelles Strait. Greater Istanbul is situated on both sides of the Bosporus and both sides of the Golden Horn, a waterway extending westward near the south end of the Bosporus. The western side of the Bosporus is commonly referred to as the European side, and the eastern side is alternatively called the Asian or Anatolian side. The port of Istanbul technically encompasses the entire length of the Bosporus.

[79] Statistics from 20 of November of 2010

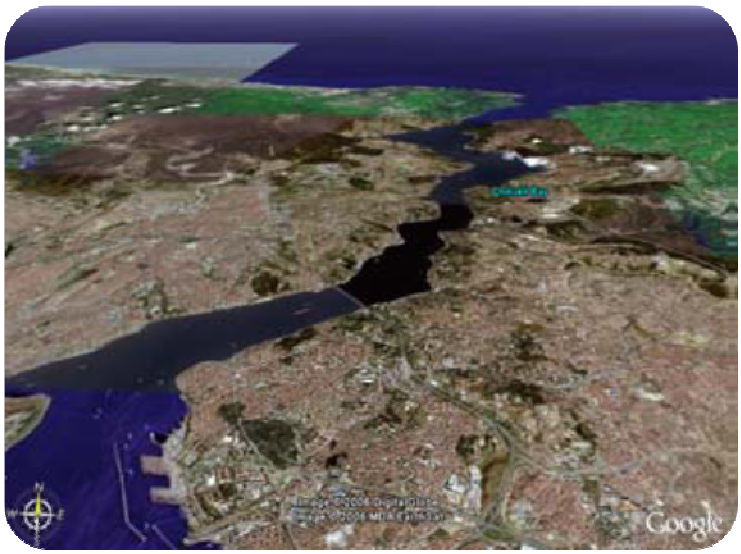


Image 20 – Bosporus strait (Source: www.googlemaps.com)

The southern approach to the Bosporus is approximately 990 yd wide. All maritime traffic must stay to the starboard side of the channel. Charted depths in the channel vary between 11 to over 27 fathoms between the pilot pick-up point and the anchorage adjacent to Dolmabahce Palace. Pilotage is compulsory for all U.S. Navy vessels entering the Bosporus. They can be picked up either at the Black Sea entrance for southbound entry, or south of the entrance to Istanbul for northbound entry. A bridge crosses the Bosporus approximately 3.5 NMI north of the southern entrance to the channel between Beylerbeyi on the Asian side and Ortakoy on the European side. The bridge has a vertical clearance of 210 ft over the central 1,312 ft of its total span of 3,524 ft. Although other facilities are located on both sides of the Bosporus and in the Golden Horn (inner harbor), a large part of the Port of Istanbul is located on the Asian side of the Bosporus at Haydarpasa.

Haydarpasa's quays total 6,522 ft in length. The port is protected by two breakwaters with an overall length of 5,607 ft. Up to six medium sized vessels may be accommodated simultaneously, and cargo operations may be made direct to and from wharves or railway trucks. Depth alongside quays varies from 19.7 to 32.8 ft. Other berthing facilities at Istanbul,

located on the European side of the Bosporus, include passenger vessel piers about 1/2 nmi northeast of the Galata Bridge, a coal handling facility, and a cargo terminal.

The Port of Istanbul is open and exposed to wind extremes. But, due to the lack of extreme winds and relatively short fetch exposure, it experiences only minimal problems. The aircraft carrier anchorage, located west of the south end of the Bosporus, occasionally experiences south to southwesterly winds to 60 kt and seas to 8.2 ft. These conditions occur in advance of low migratory pressure systems approaching the area from the southwest. The same winds are felt at the anchorage in the Bosporus adjacent to Dolmabahce Palace. However, according to local authorities, waves at that location are limited to only 1.5 ft. A sortie from the port is recommended when winds are forecast to reach 50 kt regardless of vessel location. Although the southerly winds and south-setting currents generate a choppy sea, especially at the south end of the Bosporus, boat runs by rented water taxis are seldom canceled. To facilitate small boats coming alongside, local authorities state that camel barges are used at all times at the fleet landing and at anchored ships when water taxis are operating. Sizeable wakes produced by ferries passing close aboard at high rates of speed pose an additional hazard to small boat operation.

Another factor to be considered at Istanbul is the existence of strong currents in the Bosporus. Two ships occupying positions closest to the channel in the anchorage area adjacent to Dolmabahce Palace experienced swirling currents and moderate winds that required one ship to pay out additional anchor chain, and the other ship to relocate her position. The currents shifted direction frequently, resulting in one ship's heading being as much as 180 deg different from the other. The need for adequate swinging room was stressed.

Local authorities state that the major boating hazard in the region is considered to be the density of traffic through and across the channel. More than 500 accidents, including collisions, groundings, and other incidents, have been recorded over a 30-year period.

The Turkish Straits are unique in many respects. The very narrow and winding shape of the strait, gives it river like characteristics, and it is an established fact that for mariners the Turkish Straits are one of the most hazardous, crowded, and potentially dangerous, waterways in the world. All the dangers and obstacles characteristic of narrow waterways are present and acute in this critical sea lane.

The Strait is kept open for shipping traffic day and night, and serves as an international waterway of commercial importance. Navigation through the Strait has always been endangered by the very strong and dangerous currents that cross the waters at two distinct levels.

The top of the water is turned from Black Sea to the Marmara and the deep drain reverse the damage to the depths of the Black Sea. Under depth of 200 meters in the Black Sea waters have accumulated substances harmful to animal life. It totally disappeared by bringing more salt water from the Mediterranean in relation to surface water from the Black Sea basin, the sweetened water than Dewar and other major rivers that come from Russian-Ukrainian plains.

In some parts of the fairway's Bosporus, the danger caused by the currents is increased significantly from the average. Navigation hazards encountered were added in the last centuries due to the medieval and modern military construction. An example can provide two great cities built by the Turks before the conquest of Constantinople, Anadolu Hisar, Hisar Rumali on the Asian side and on the European side in the narrowest portion of the fairway, where the banks are only 660 meters. Under the Montreux Convention, the 1936 Bosporus waters have become part of the international realm and free access to any foreign ship.

Naval traffic through the strait is one of the largest in the world. A statistic from 2002 shows that 47,000 vessels have transited the Strait, of which 8,000 carried dangerous cargos, including gas and oil. In 2004 traffic increased to 54,000 vessels. The internationalization of the straits and heavy shipping traffic density required the use of pilots compulsory by the Turkish heavy ships. Besides the big international ship traffic, the Strait waters are crowded with a myriad of small vessels crossing the Turkish used to shuttle people between neighborhoods, the local commercial traffic, and of course tourism.

The link road between the European and Asian metropolis is achieved by two recent large suspended bridges, with six lanes of traffic: Bosporus Bridge and Fatih Sultan Mehmet Bridge or the Bridge conqueror. On the way water districts from the two continents are connected by a shuttle lot of shipping lines, or tourism. It is now able to complete a connecting tunnel under the Strait waters during a meeting with the waters of the Marmara Sea, the tunnel for a quick movement among urban districts on the banks of the two continents.

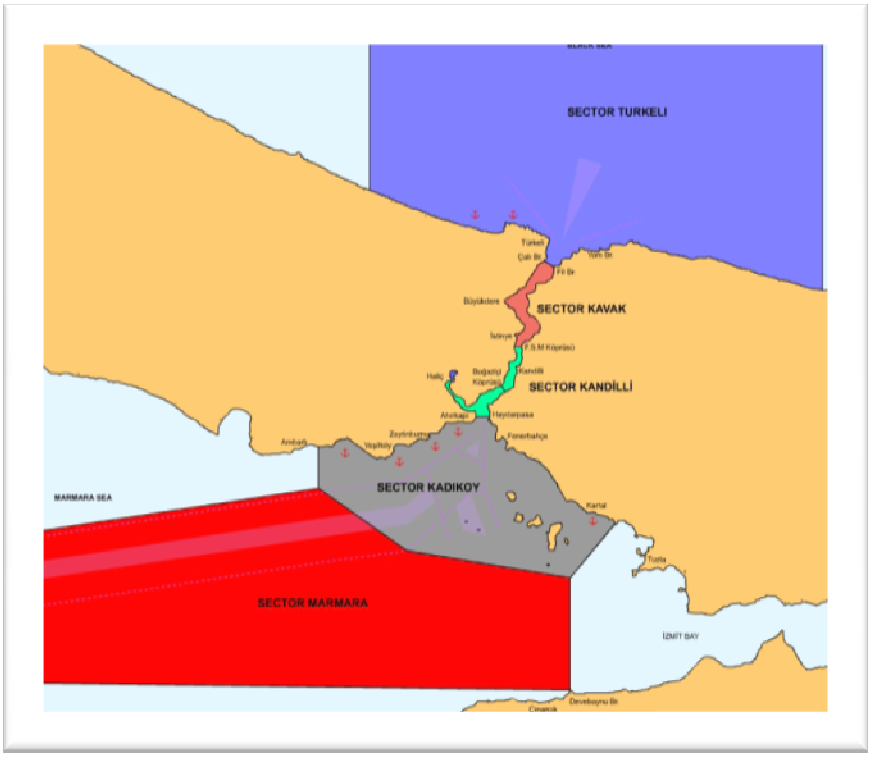
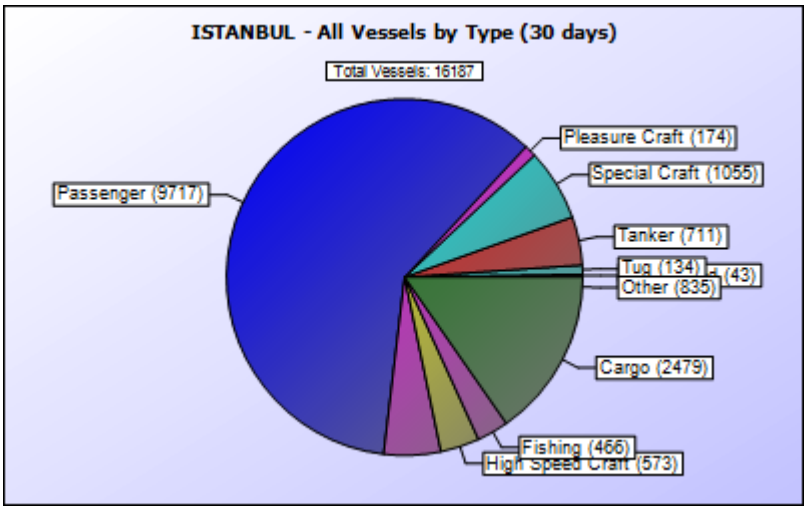


Image 21 – Bosporus strait links (Source: www.gobalsecurity.org)[80]

There are five dry docks at the port. Mechanical handling facilities at the cargo terminal include six floating cranes with 10 to 60 ton capacities, two 5-ton and eight 3-ton electric cranes, 12 5-ton and three 3-ton mobile cranes, as well as several forklifts, and other, smaller freight handling equipments. Tug boats of 110 to 2,500 hp are available at the port.

[80] Turkish Straits Vessel Traffic Service (TSVTS) Area and Sectors

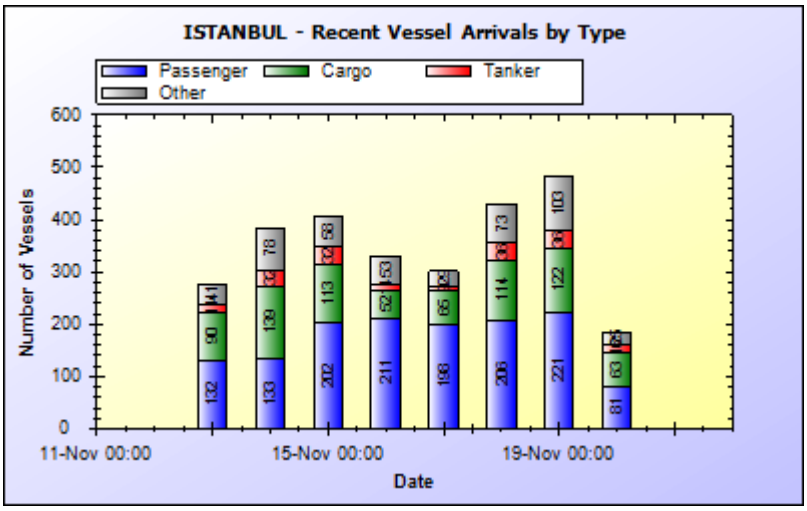


Graphic 24 – Vessels by type Istanbul port 2010 (Source: www.marinetraffic.com)[81]

The most alarming increase in traffic is observed in the number of vessels carrying dangerous cargoes. The fall of the Soviet Union in 1991 has led to the emergence of newly independent energy-rich states along the Caspian Sea. Currently, a considerable percentage of the oil and gas from Azerbaijan, Turkmenistan and Kazakhstan reach the western markets through the Turkish Straits. The maritime traffic will increase substantially since the production is expected to double by 2010. In addition, Russian oil companies are setting ever higher targets for production and export. Analysts predict that Russia could be pumping 10 million barrels of crude oil daily by the end of the decade, a significant portion of which is expected to pass through the Straits.

The navigational hazards of the Strait of Istanbul are real and well known. Although strengthening transit restrictions and safety precautions have decreased the danger, accidents still happen. In 2005, almost 55,000 vessels passed through the Strait, an increase of 16% over the previous year. Inevitably, as the number of vessels transiting the Strait increases dramatically, so will the likelihood of accidents and environmental catastrophes, endangering the only city in the world that stands astride two continents, and its 12 million inhabitants.

[81] Statistic from 20 of November of 2010

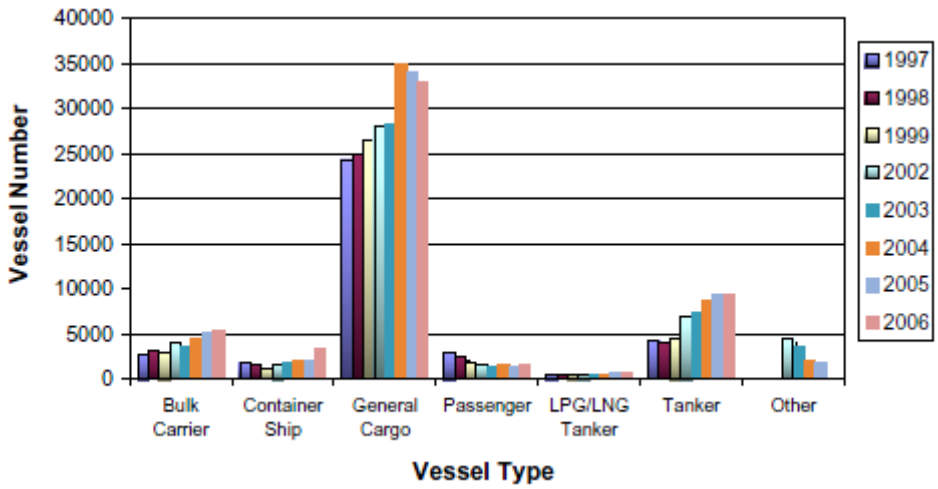


Graphic 25 – Vessel arrivals Istanbul port 2010 (Source: www.marinetraffic.com)[82]

All crude oil shipped by sea out of the Black Sea consequently has to pass through the Bosporus. Tankers up to 165,000 DWT currently transit the Bosporus. In 2006, nearly 11,000 tankers of all types transited the Bosporus, a 40% increase on the 2002 figure of around 7,700. In 2006, over 2,000 crude oil tankers transited the Bosporus. The rate of increase for crude oil tankers has been highest for vessels over 159,999 DWT.The increase in shipping, particularly large tankers, using the Bosporus in recent years has given rise to safety concerns on the part of the Turkish authorities. During poor weather conditions at certain times of the year navigational restrictions are already imposed for safety reasons. This, coupled with the increased volume of shipping using the Bosporus, has resulted in congestion and delays of up to three weeks for vessels leaving the Black Sea.

Exports of oil from the Black Sea are expected to increase over the coming years, which will increase pressure on existing shipping routes.

[82] Statistic from 20 of November of 2010



Graphic 26 – Vessel type Istanbul port 1997 – 2006 (Source: '*Environmental effects of maritime traffic on the Istanbul Strait*')

Increase in the number of vessels navigating on the Strait and being on the transportation way of hazardous and dangerous materials pose serious environmental and safety hazards for the Istanbul Strait, Marmara Sea and the surrounding residential areas. Increasing volume of the maritime traffic also develops the risk of casualties.

There are two traffic types in the Istanbul Strait, local and transit. The former constitutes mainly from passenger ferries and sea-buses. Fishing boats and private yachts also increase the sea traffic seasonally. Total number of local vehicles crossing the Strait reaches approximately to 2,500 per day (over 700,000 per year). In addition to local traffic, many transit ships mainly various types of cargo vessels and tankers pass through the Strait every day. Due to being the only maritime access for the neighboring Black Sea states and the Central Asian Turki Republics, the Istanbul Strait has been exposed to dense marine traffic for centuries.

The Strait has the worlds the second conduit with most dangerous and dense sea traffic after the Malacca Straits. The volume of traffic in the Istanbul Strait is about four times heavier than the traffic in the Panama Canal. Number of vessels navigating through the Strait between 1982 and 2006 are presented in the next table.

Number of vessels navigating on the Istanbul Strait

Year	Number of transit vessels
1982	12,983
1983	12,767
1984	11,006
1985	14,271
1990	11,805
1991	11,445
1994	12,085
1995	20,26
2000	49,304
2001	47906
2003	48,079
2004	42,637
2005	47,283
2006	46,939
2007	54,564
2008	54,797
2009	54,88

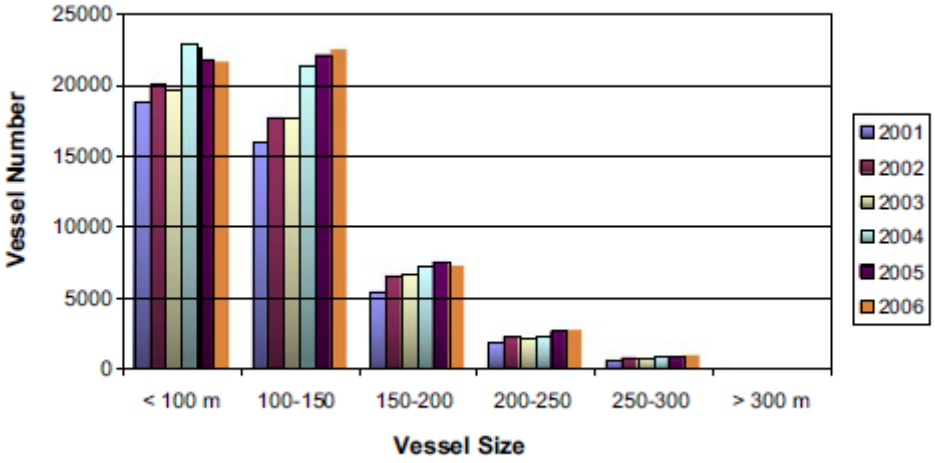
Table 7 - Number of vessels navigating on the Istanbul Strait 1982 - 2009
(Source: Table result from research)

As seen in the table, shipping traffic in the Strait was 12,983 in 1982 and quadrupled in 24 years. Sharp increase in 1995 was mainly due to inclusion of the local shipping traffic through the Strait to the maritime traffic scheme. Today, total of 55,000 ships pass through the Strait annually and 23,000 out of total are through-passers.

Various types and size of vessels pass through the Istanbul Strait. Distribution of the vessels by type and length passing through between 2001 and 2005 show that general cargo ships and tankers are the main vessel types using the Strait and the number of these vessels have increased in recent years. Due to the technological developments in the shipbuilding industry, transportation of the Caspian oil to international markets etc., substantial increase has occurred in size and tonnage of the ships passing through the Strait with hazardous cargo varieties and amounts they carry.

The number of tankers passing through the Istanbul Strait and the amount of hazardous cargo transferred through the Strait has increased substantially by about 136% and 139%, respectively in the last decade.

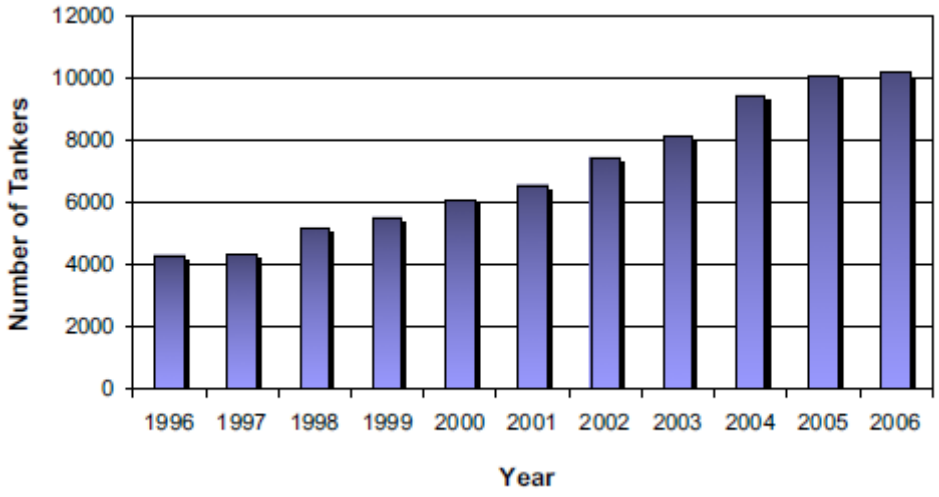
A study investigating vessel casualties resulting from tanker traffic through the Istanbul Strait showed that the number of collisions quadrupled with the traffic intensity.



Graphic 27 – vessels traffic 2001 – 2006 Istanbul Strait (Source: '*Environmental effects of maritime traffic on the Istanbul Strait*')

Oil tanker is the ship which appears most likely to cause major environmental damage. In the case that one of the ships involved in a collision accident is a tanker or a vessel carrying dangerous cargo major pollution problem is likely to occur. An example to this is the Atlantic Express disaster, off Tobago in 1979, where 276,000 tons of oil was spilt as a result of the casualty. Similar incidents have also occurred in the Strait, such as with the World Harmony, Peter Zoranic, Norborn, Lutsk, Independenta, Nordic Faith, Blue Star, Nassia, Jambur to mention a few. Around 200,000 tons of oil has been spilt directly into the Strait and its approaches from these casualties alone.

In 2006, nearly 11,000 tankers of all types transited the Bosporus, a 40% increase on the 2002 figure of around 7,700. In 2006, over 2,000 crude oil tankers transited the Bosporus. The rate of increase for crude oil tankers has been highest for vessels over 159,999 DWT.



Graphic 28 – Tankers traffic in the Bosporus strait 1996 – 2006 (Source: 'Environmental effects of maritime traffic on the Istanbul Strait')[83]

The increase in shipping, particularly large tankers, using the Bosporus in recent years has given rise to safety concerns on the part of the Turkish authorities. During poor weather conditions at certain times of the year navigational restrictions are already imposed for safety reasons. This, coupled with the increased volume of shipping using the Bosporus, has resulted in congestion and delays of up to three weeks for vessels leaving the Black Sea.

4.6.9 PORT OF VARNA

The port is the main gate for Bulgaria's grain export and the busiest container port in the country. The only passenger terminal along the sea route between Istanbul and Odessa is here. A special feature of Varna East is the multi-purpose use of the berths. All quays, other than the passenger ones, are used for various cargoes – general, sugar, metals, scrap, molasses; that is typical for the port.

Varna East is situated at the inner end of the Bay of Varna, at only 1 km away from the center of the city. Here the Head Office of Port Varna EAD is located and the Customs Office, the Railway Station and the headquarters of Navibulgar (Bulgarian state shipping operator) are

[83] Mehmet E. Birpınar & Gonca F. Talu & Barbaros Gönençgil

at a walking distance. The port has excellent road and rail access and an international airport in vicinity (10 km).

Moreover, Varna East is an operating link in the logistic chain *canal-river-sea* for the transit traffic to/from Central Europe routed via the Danubian port of Rousses. The main section of this link is the transit rail section Rousses – Varna.

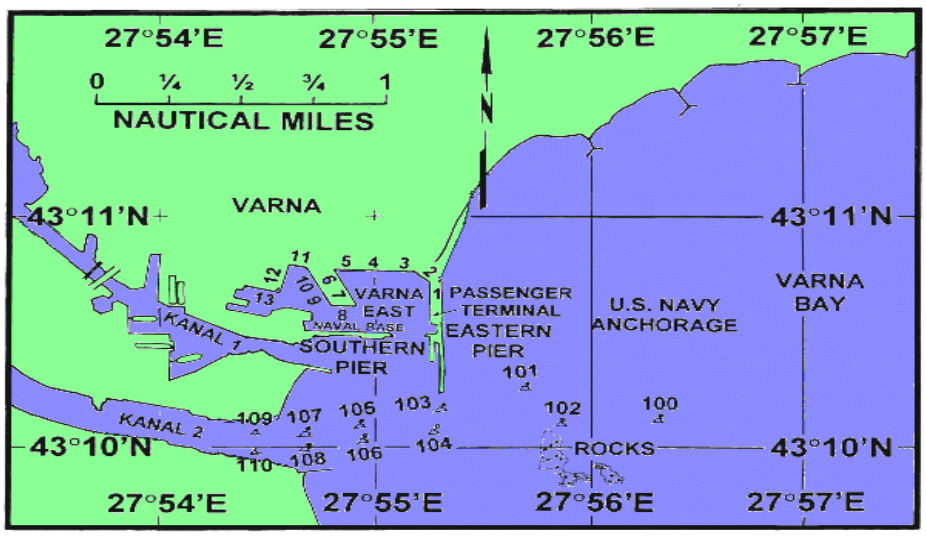


Image 22 – Varna port map (Source: www.port-varna.bg)

Port of Varna provides easy and convenient access to the national road network.

Image 23 – Varna port connections (Source: www.port-varna.bg)

It takes only a minute to get from Varna East to Asparuchov Bridge which is part of Road E-87 connecting Varna with Burgas and proceeding to the border with Turkey.

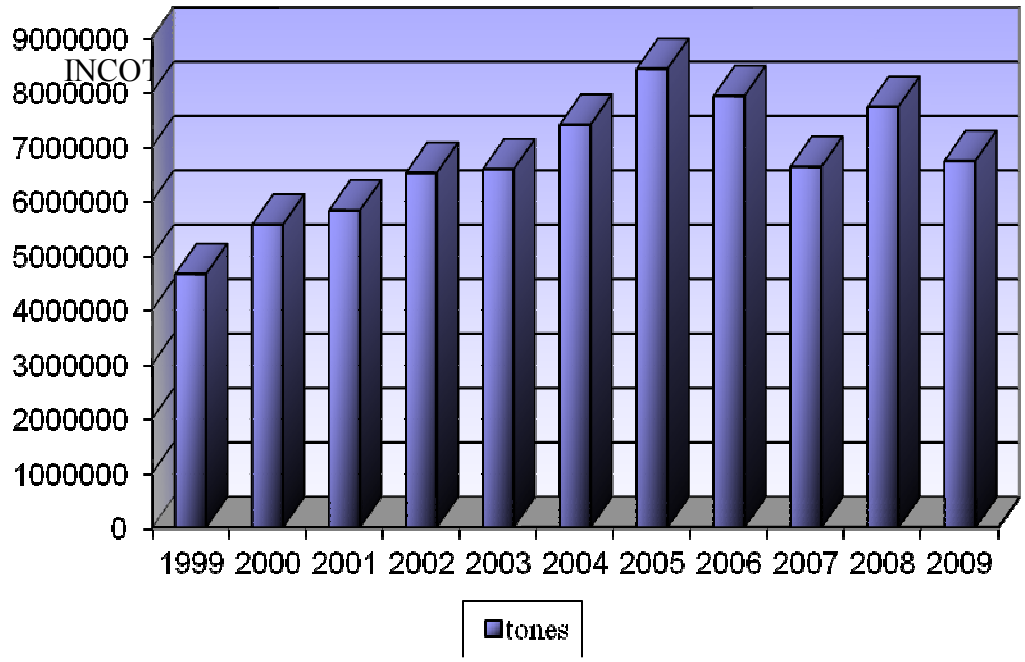
Varna is the only place in the Black Sea region which has a rail ferry terminal with possibility to change the rail car bogies from European to Russian standard and vice-versa. This is a unique advantage of this terminal offering one of the shortest and the cheapest routes for the cargo traffic between Europe and Asia. The regular service to Ukraine and Georgia is provided by means of ferry vessels with capacity 108 rail wagons or 920 trucks each. The Liner Services composed of two lines: Varna - Ilichevsk – Varna and Varna - Ilichevsk - Poti/Batumi - Ilichevsk - Varna .The port is the main gate for Bulgaria's grain export and the busiest container port in the country. The only passenger terminal along the sea route between Istanbul and Odessa is here. A special feature of Varna East is the multi-purpose use of the berths. All quays, other than the passenger ones, are used for various cargoes – general, sugar, metals, scrap, molasses; that is typical for the port.

Port of Varna EAD offers also a package of additional services, such as cargo shifting (re-stowing), weighing, sorting, lashing/unlashing, palletizing, trimming, washing, painting, opening/closing of hatch covers, fumigation of rail cars and applying of defrosting material. Weighing of trucks with bulk cargo is carried out by means of precise electronic weigh-bridges (up to 80 tons) located at the port gates.

Being a crossing point of the three European transport corridors Nos. 7, 8 and 9, Port of Varna offers excellent conditions for transit traffic between Europe, the Near and Far East and the reviving Silk Road - the TRACECA.

Cargo Traffic	
year	**tons**
1999	4 652 000
2000	5 560 000
2001	5 820 000
2002	6 509 000
2003	6 576 000
2004	7 395 000
2005	8 421 000
2006	7 922 000
2007	6 622 000
2008	7 723 000
2009	6 729 000

Table 8 – Cargo traffic in Varna Port 1999 - 2009



Graphic 29 - Situation of the cargo traffic (1999 – 2009)[84]

From that analysis we can see the negative evolution in 2009 of trafficking in goods, evolution influenced by global economic crisis.

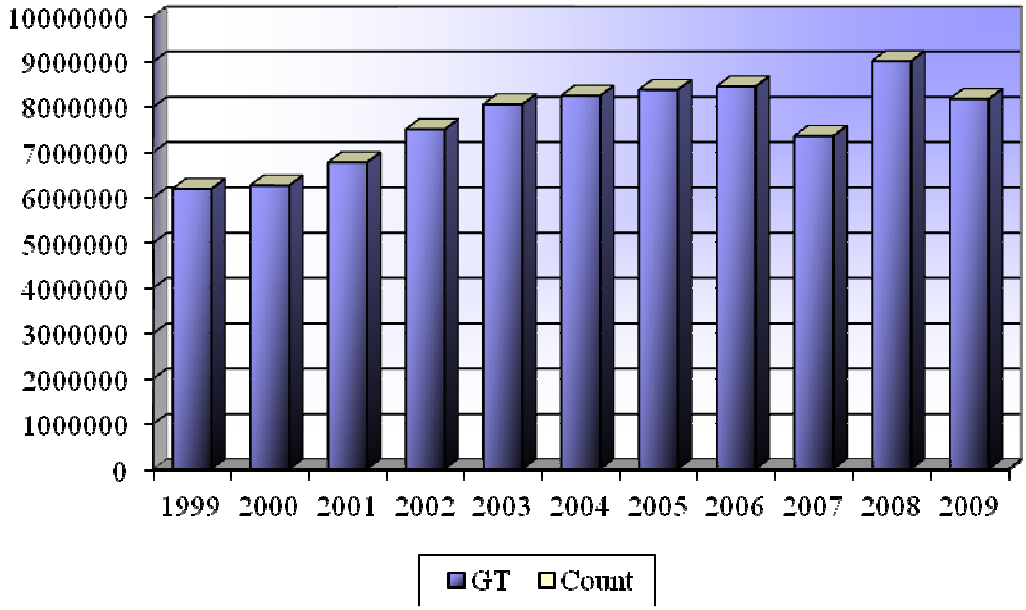
In their efforts to provide new alternative opportunities to their customers, both ports of Varna and Rousses, together with the National Company "*Bulgarian State Railways"* and Bulgarian River Shipping Company offer a special package of services to the transit traffic from/to Central Europe and Yugoslavia to the Black Sea.

Year	GT	count
1999	6 188 953	1130
2000	6 263 160	1219
2001	6 773 750	1179
2002	7 503 514	1311
2003	8 056 957	1437
2004	8 243 911	1554

[84] Original Analysis result from the research

2005	8 377 006	1526
2006	8 449 994	1453
2007	7 357 516	1401
2008	9 009 853	1405
2009	8 174 611	1112

Table 9 – Ships traffic Varna Port 1999 - 2009



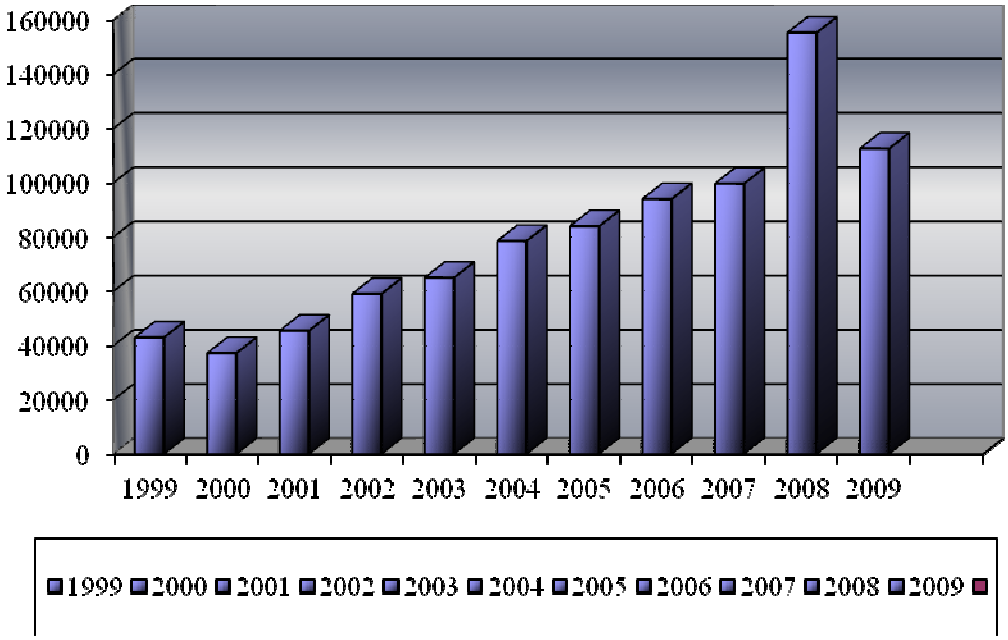
Graphic 30 - Evolution of the ship traffic Varna Port (1999 – 2009)[85]

We can see that the ship traffic has a depreciated evolution in the last year, affected from the global crisis.

[85] Original Analysis result from the research

Container traffic	
Year	**TEU**
1999	43 022
2000	37 255
2001	45 489
2002	59 061
2003	65 063
2004	78 599
2005	84 000
2006	94 046
2007	99 713
2008	155 326
2009	112 611

Table 10 – Container trafics Varna port 1999- 2009



Graphic 31 - Evolution of the container traffic Varna Port(1999 – 2009)[86]

In the 2009 we can see the big down of the container traffic – situation like in all the harbors of the world caused by the global crisis.

4.6.10 PORT OF BOURGAS

Bourgas offers a large port facility, which can accommodate various ships and is close to a modern commercial airport.

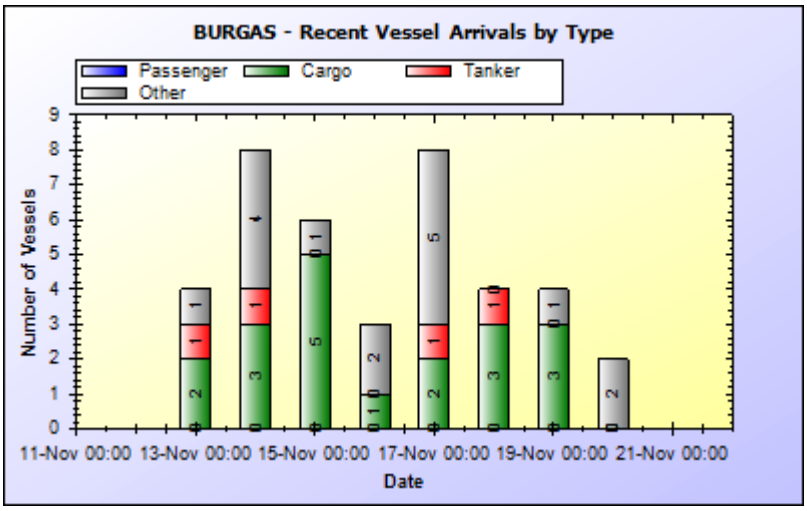
The Army has an agreement with the Bulgarian military to use its recreation facility located about 20 kilometers from the port, which they use to house task force personnel. Using this port provides the Commander-in-Chief, U.S. European Command, with another choice by providing another access point into the Balkans. Previously, KFOR used two ports for cargo

[86] Original Analysis result from the research

movement supporting its troops in the U.S.-controlled sector of Kosovo—Thessaloniki, Greece and Bremerhaven, Germany.

Image 24 – Burgas Port connections (Source: www.portnews.ru)

Port of Burgas serves its duties by 3 sub-ports, one dedicated storage base and one seasonal passenger terminal in the port of Nessebar. The Port operates 28 vessel's berths, having totally 4,800 ms of quays and maximum allowable draught of 15.50 meters.



Graphic 32 – Vessels arrivals Burgas port 2010 (Source: www.marinetraffic.com)[87]

The biggest vessel, moored at the quays, which is also the biggest ever vessel, entered the Bulgarian ports, is m/v "Zetland", load of 267 m, draught on arrival on the roads of 17.60 m and cargo on board of 143,000 t iron ore of Brazilian origin.

Image 25 – Burgas port structure 1 (Source: www.port-burgas.com)

Bulk Cargoes Terminal is intended for handling and storing of bulk commodities-coal, coke, ores and concentrates, etc. The biggest Bulgarian port bulk complex is working there. The facility comprises several portal cranes, grab gantry unloaded type "Ceretti Tanfani" and state-of-the-art screw type coal unloaded "Siwertell", capable to make 1,500 tons per hour. The transfer of coal is carried out by conveyor belts, stackers and reclaimers. The chain ends by a wagon loading station. The adjacent covered warehouse number 22 is often used for storage and loading of grain.

A special facility for handling of oils, chemicals and ethanol is installed on berth №20A. A pipeline connects the site with the tank farm, near to Terminal West. There are also filling up station for tanker rail cars and ethanol storage tanks in the vicinity.

[87] Statistic from 20 of November of 2010

Image 26 – Burgas port structure 2 (Source: www.port-burgas.com)

The brand new Terminal 2A has been built under the famous Port of Burgas Expansion Project. It is intended for handling of bulk cargoes mainly-coal, coke, ores and concentrates, clinker, etc. The facility is equipped with most sophisticated handling technology, capable of highest efficiency.

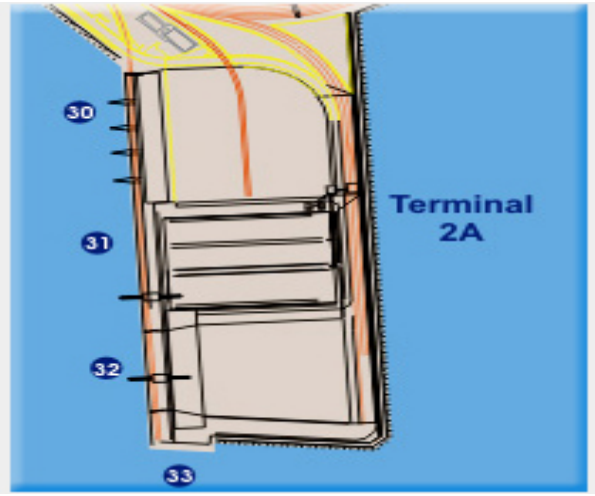


Image 27 – Burgas port structure 3 (Source: www.port-burgas.com)

Terminal West handles generally metals of all kind, RO - RO and container traffic. A modern cold storage facility is built on port's area.

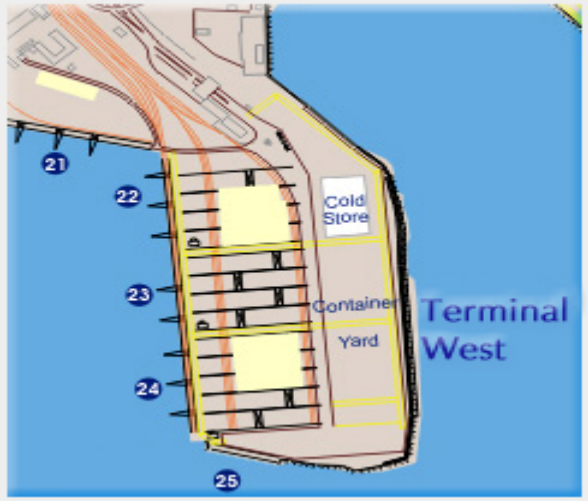


Image 28 – Burgas port structure 4 (Source: www.port-burgas.com)

Terminal West is used for mooring of the RO - RO vessel "*Sredetz",* which is operated by *Intershipping Ltd Ferry Service* - Burgas. The ship maintains a regular Black Sea ferry line Burgas - Poti - Novorossiysk - Burgas.

Container Yard is situated at Terminal West and it includes two berths for container vessels – No 23 and 24, with allowable draught alongside of 11 m.The area is about 60,000 sq m with 1,330 ground slots. The boxes are stowed on 3 - high. The reefer installations include 60 plugs for such kind of containers.

The Master plan envisages 4 new terminals to be built:

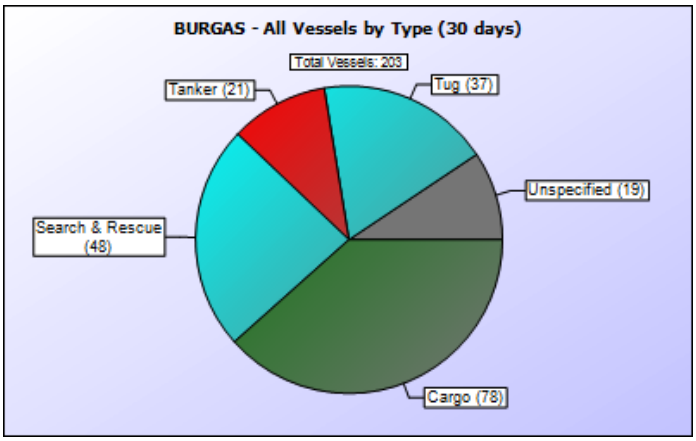
Terminal 1: For general and liquid cargoes. It also includes a defending breakwater. The last is already under construction, as a part of Port of Bourgas Expansion Project or Terminal 2A, as it is also known. According to the Master Plan, Terminal 1 should have 4 berths with total length of 750 m.

Terminal 2: For bulk commodities and metals. The terminal should have 6 berths with total length of 1,580 m and draughts allowed of up to 15.50 m for-for capsize vessels with load of 270 m and dwt of 120,000 t. The Terminal 2A, which is presently under construction, represents a main part of this Terminal 2.

Terminal 3: RO - RO and ferry terminal. The total length of berths is foreseen to be 380 meters.

Terminal 4: Container terminal. This box facility should cover 2 berths with aggregate length of 450 m. The estimated annual capacity is 150,000 TEU.

Image 29 – Burgas port map (Source: www.port-burgas.com)



Graphic 33 – Vessels by type Burgas Port 2010 (Source: www.marinetraffic.com)[88]

[88] Statistic from 20 of November of 2010

Port of Burgas is a leader in cargo operations of all kind of temperature-controlled goods. The latest development is the opening of a brand new state-of-the-art cold store on March 20, 1998.The available cold storage has a capacity of 10,000 tons, divided into seven halls, which dimensions are shown above. It is designed for all kinds of deep frozen and chilled goods, requiring temperature range of -26 °/0°+17°C. HACCP system implemented. The facility is linked directly to the container and RO - RO terminals, which are situated in close vicinity. The cargo would be handled through 21 trucks or containers loading ramps.

Bulgaria has plans for a $300 million expansion of Burgas Harbor, to include new Ro-Ro, ferry, container terminals, and new facilities for general and bulk cargo. The Japan Fund for Reconstruction and Development provided a $120 million 30-year 2.58 percent interest loan with a ten-year grace period to the Bulgarian Ministry of Transport and Communications for construction of a new container terminal at Burgas. They also initiated a project to improve the breakwater facility in the port of Burgas. The U.S. Trade and Development Agency has also provided $300,000 for a feasibility study of an intermodal cargo terminal for the port of Burgas[89].

Intermodal transportation is a new approach for Bulgaria. It provides freight forwarding and route alternatives. With joint efforts, Sea Land Services, Inc. (USA), the U.S. Trade and Development Agency and the Bulgarian Ministry of Transport and Communications recently completed two feasibility studies to establish a rail-truck intermodal terminal to handle ocean containers in Sofia and Burgas.

[89] See general overview about this harbors: KAVALOV, B. in *Key Problems with dry cargo handling in the principal Bulgarian ports of Varna and Bourgas (pags. 275 y ss.); Transport issues and problems in Southeastern Europe.* Ed. CARALAMPO FOCAS, Aldershot -Burlington (UK-USA)2004

4.7. TRENDS IN THE INTERNATIONAL MARITIME TRAFFIC

In the last years of the XX century and in the beginning years of the new century, maritime transport showed an extraordinary evolution both in terms of goods transported and, especially, in the structural change of the industry obtained via mergers and acquisitions which confirms and strengthens the oligopolistic setup of the market.In parallel to the rapid development of maritime transport, ports enhanced their activity levels. Some ports more than others benefited from the growth trends thanks not only to their structural and locational characteristics but also to the fact of being chosen by powerful shipping companies able to make the fortune or the misfortune of a port.

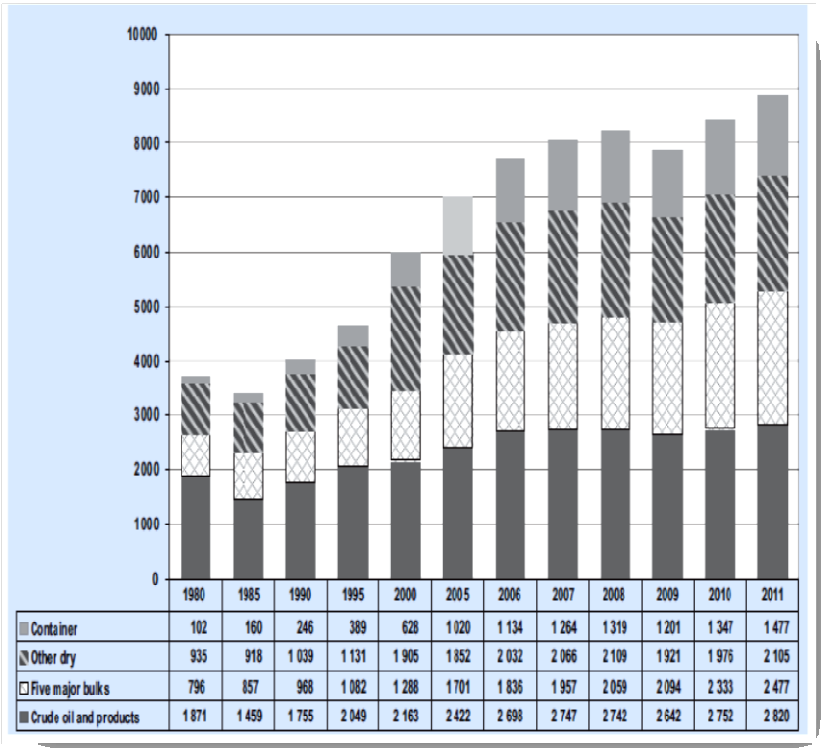
The issue of port development is a central one since it influences the definition of the intercontinental maritime transport routes. Such routes are complemented by the terrestriat ransport routes meaning road and rail transport, expect the privileged case in which the inland navigation option is available.

TABLE 11 - Development of international seaborne trade, selected years millions of tons loaded (Source: UNCTAD)[90]

Year	Oil	Main bulks[a]	Other dry cargo	Total (all cargoes)
1970	1 442	448	676	2 566
1980	1 871	796	1 037	3 704
1990	1 755	968	1 285	4 008
2000	2 163	1 288	2 533	5 984
2006	2 698	1 836	3 166	7 700
2007	2 747	1 957	3 330	8 034
2008	2 742	2 059	3 428	8 229
2009	2 642	2 094	3 122	7 858
2010[b]	2 752	2 333	3 323	8 408

[90] Iron ore, grain, coal, bauxite/alumina and phosphate. The data for 2006 onwards are based on various issues of the DryBulk Trade Outlook produced by *Clarkson Research Services Limited*. Preliminary estimates.

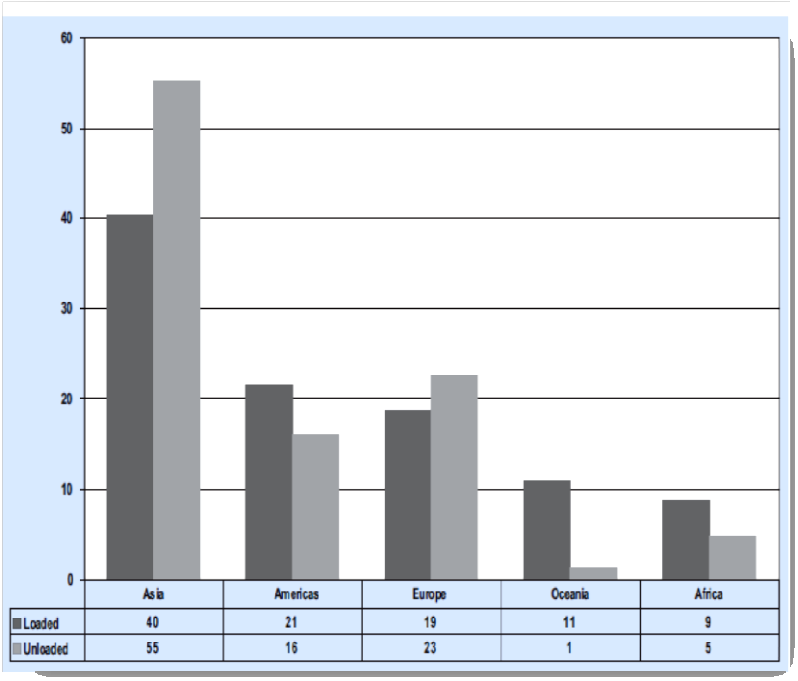
In the macroeconomic framework from the last years, the international maritime traffic experienced an evolution with an upswing in demand in 2010, and a positive turnaround in volumes, especially for dry bulk and container trade segments.We could see that the maritime trade in 2010 bounced back from the contraction of the previous year and grew by an estimated 7 per cent, taking the total of goods loaded to 8.4 billion tons, a level surpassing the pre-crisis level reached in 2008 (Tables 11 and Figure 13).



	1980	1985	1990	1995	2000	2005	2006	2007	2008	2009	2010	2011
Container	102	160	246	389	628	1 020	1 134	1 264	1 319	1 201	1 347	1 477
Other dry	935	918	1 039	1 131	1 905	1 852	2 032	2 066	2 109	1 921	1 976	2 105
Five major bulks	796	857	968	1 082	1 288	1 701	1 836	1 957	2 059	2 094	2 333	2 477
Crude oil and products	1 871	1 459	1 755	2 049	2 163	2 422	2 698	2 747	2 742	2 642	2 752	2 820

Graphic 34 - International seaborne trade, selected years (millions of tons loaded)[91]

[91] *Clarkson Research in Shipping Review and Outlook, Spring 2011 - UNCTAD*



Graphic 35 - World maritime trade, by country group and region, 2010 (percentage in tonnage)[92]

In 2010 the international maritime trade continued to be dominated by raw materials, with tanker trade accounting for about one third of the total tonnage and other dry cargo including containerized accounting for about 40%.

In 2010, dry cargo, including major dry bulks, minor dry bulks, general cargo and containerized trade bounced back and expanded by a firm 8.4% cent over 2009.

Growth reflected the continued effect of the stimulus spending which boosted investment and demand for raw materials. It was fuelled in particular by both industrial activity in emerging regions and inventory restocking.

[92] See UNCTAD rapport.

Oil trade volumes also recovered and grew by 4.2% over 2009, driven in particular by growing energy demand in emerging regions of Asia. Asia is by far the most important loading and unloading area, with a share of 40% of total goods loaded and 55% of goods unloaded as shown in Figure 14. Reflecting their rising position as the engine of growth, developing countries continued to account for the main loading and unloading areas, with their shares of total goods loaded and unloaded in 2010 amounting to 60% and 56%, respectively.

Table 12 - Container port traffic for 76 developing countries and economies in transition: 2008, 2009 and 2010 (in TEUs) (concluded)[93]

Country	2008	2009	Preliminary estimates for 2010	Percentage change 2009–2008	Percentage change 2010–2009
Uruguay	675 273	588 410	671 952	-12.86	14.20
Honduras	669 802	571 720	619 867	-14.64	8.42
Trinidad and Tobago	554 093	567 183	573 217	2.36	1.06
Djibouti	356 462	519 500	600 000	45.74	15.50
Ukraine	1 123 268	516 698	537 366	-54.00	4.00
Ghana	555 009	493 958	513 716	-11.00	4.00
Sudan	391 139	431 232	448 481	10.25	4.00
Tunisia	424 780	418 880	435 636	-1.39	4.00
Qatar	400 000	410 000	346 000	2.50	-15.61
Mauritius	454 433	406 862	412 313	-10.47	1.34
Yemen	492 313	382 445	390 000	-22.32	1.98
United Republic of Tanzania	363 310	370 401	426 847	1.95	15.24
Senegal	347 483	331 076	344 319	-4.72	4.00
Congo	321 000	285 690	297 118	-11.00	4.00
Cuba	319 000	283 910	295 266	-11.00	4.00
Benin	300 000	267 000	237 630	-11.00	-11.00
Namibia	183 605	265 663	256 319	44.69	-3.52
Papua New Guinea	250 252	257 740	268 050	2.99	4.00
Algeria	225 140	247 986	257 906	10.15	4.00
Cameroon	270 000	240 300	249 912	-11.00	4.00
Bahrain	269 331	239 705	249 293	-11.00	4.00
Mozambique	241 237	214 701	223 289	-11.00	4.00
Cambodia	258 775	207 577	224 206	-19.78	8.01
Georgia	253 811	181 613	196 030	-28.45	7.94
Myanmar	180 000	160 200	166 608	-11.00	4.00
Guam	167 784	157 096	183 214	-6.37	16.63
Libyan Arab Jamahiriya	174 827	155 596	161 820	-11.00	4.00
Madagascar	143 371	132 278	141 093	-7.74	6.66
Gabon	158 884	130 758	135 988	-17.70	4.00
Croatia	168 761	130 740	135 970	-22.53	4.00
El Salvador	156 323	126 369	145 774	-19.16	15.36
Aruba	140 000	125 000	130 000	-10.71	4.00
New Caledonia	119 661	119 147	123 913	-0.43	4.00
Sub total	345 812 178	321 448 907	370 510 520	-7.05	15.26
Other reported [b]	4 064 500	3 758 889	3 888 060	-7.52	3.44
Total reported	349 876 678	325 207 796	374 398 580	-7.05	15.13
Total	513 734 943	469 003 339	531 400 672	-8.71	13.30

[93] UNCTAD secretariat, derived from information contained in *Containerisation International Online* (May 2011), from various Dynamar B.V. publications and from information obtained by the UNCTAD secretariat directly from terminal and port authorities.

[93] UNCTAD (2011). Table 13. *The Trade and Development Report* 2011.

Table 12 shows the latest figures available on world container port traffic for 76 developing countries and economies in transition with an annual national throughput of over 100,000 TEUs.

In 2009, the container throughput rate of change for developing economies was an estimated minus 7%, with a throughput of 325.2 million TEUs.

Table 13[94] - Growth in the volumea of merchandise trade, by geographical region, 2008–2010
(annual percentage change)

Exports			Countries/regions	Imports		
2008	2009	2010		2008	2009	2010
2.6	-13.6	16.2	**WORLD**	2.9	-13.6	15.2
11.3	-22.4	16.5	**Developed countries**	11.6	-24.9	16.5
			of which:			
2.3	-24.9	27.9	Japan	-0.6	-12.4	10.3
5.5	-14.9	15.3	United States	-3.7	-16.4	14.7
2.9	-14.7	18.2	European Union	1.4	-14.8	14.1
0.4	-13.8	12.0	**Transition economies**	18.2	-28.8	17.8
3.2	-10.6	16.6	**Developing countries**	6.7	-10.0	18.7
			of which:			
-2.0	-11.2	8.6	Africa	10.3	-2.7	1.4
3.0	-15.7	13.7	Latin America and the Caribbean	-2.8	-16.2	13.8
7.2	-10.5	23.5	**East Asia**	0.4	-5.3	23.1
10.5	-13.6	28.3	*of which:* China	2.3	-1.7	27.1
7.7	-6.2	15.3	South Asia	20.5	-3.0	12.0
16.8	-6.6	22.4	*of which:* India	29.7	-0.8	11.5
1.5	-10.7	18.3	**South-East Asia**	8.2	-16.6	22.0
4.0	-6.0	6.5	**West Asia**	13.4	-14.2	10.1

The global maritime trade is estimated to have returned by the end of 2010 to its 2008 peak level, the recovery remains below-trend. An uneven economic recovery has led to an equally uneven merchandise trade performance, with the speed of the recovery varying across regions and country groupings (table 13). Just as the global economic recovery was anchored by developing regions, so was the rebound of world merchandise trade.

Robust growth in large emerging economies such as China and India, combined with their deeper economic integration and intensified intraregional trade, have powered the expansion in world merchandise trade. The share of developing countries in global trade increased from about one third to more than 40% between 2008 and 2010.

Maritime transportation is being required, like other global industries, to better protect the resources and services our environment provides for future generations, and to mitigate the impacts on ecosystems, global climate and ocean processes, and human health. These demands oblige the maritime sector to consider the policy instruments for setting standards, including international treaty, national 25 regulation, industry-based standards, requirements negotiated through third-party agreements.

We believe that the major factors that will impact on the marine sector over the period to 2012 are: the political and economic change, the globalization, the population growth & demographic change, the energy supply and demand, and prices.

Globalization will continue to be driven by the lower costs of the developing countries and the ageing of populations in the developed world. This will result in an increasing demand for commodity feedstock, and for energy – particularly oil and liquid fuels for transportation, perhaps increasingly derived from gas.

The sustainable intermodal freight transportation solution will require coordinated efforts among industry, government, and academia, along with improved understanding by the general public about how their food, clothing, housing, and other material needs are delivered. As these efforts proceed, the maritime transport industry will continue to involve technologies (including environmental control technologies for air emissions, ballast water, hull coatings, etc.), energy systems.

Significant differences at regional and national level are expected, with relative higher growth rates in Eastern and Baltic countries.

CHAPTER V CONCLUSIONS

GEOESTRAEGICAL ASPECTS

I) The Black Sea and the Caspian Sea area together with the Caucasus land bridge became one of the strategically most important regions for the transport of freight, passenger and energy. The demand on efficient and sustainable transport services is driven by the oil and gas production by the Caspian Sea littoral countries, their continuously and strong growing BIP with corresponding export/import cargo flows, West China's industrial development as well as the visibly more intensive incorporation of the Caucasus and Black Sea countries into the international globalization and trade process.

II) The Black Sea basin is a strategically important region at the crossroads between Europe, the Middle East, and Asia. The region serves as a pivotal East-West and North-South corridor and a crossroad of geopolitics, commerce, energy, and culture where the interests of four major international actors overlap: the European Union (EU), the United States (U.S.), NATO, and Russia. It is a very dynamic area that presents various challenges and offers numerous opportunities. As a result, its development requires special consideration by policy makers. Although the Black Sea region has succeeded to attract the focus of regional actors and major international players in the last few years, there are lingering misconceptions that need to be addressed. Countries and organizations often approach Black Sea issues from specific national interests or on a bilateral basis. What is missing is a strategic vision of the region as a whole and a more comprehensive strategy for its development.

III) The importance of the straits in the Black Sea. The Bosporus and Dardanelles Straits, together with the Marmara Sea (an area of 11,500 km2) that lies between them, constitute the

Turkish Straits System. The system possesses a two-layer flow structure in which the lower-layer flow is driven by the density differences between the Black Sea and the Aegean Sea, and the upper-layer flow is driven by the higher sea-level elevation of the Black Sea with respect to the Aegean Sea. Saline Mediterranean waters (average salinity 35.5ppt) entering the Marmara Sea through the Dardanelles Straits flow in the opposite direction in the lower waters through the TSS, eventually exiting from the Bosporus into the Black Sea. The flow in both straits is hydraulically controlled. In the Bosporus Straits, three hydraulic controls exist due to contraction at the middle and the sills near either end, which lead to the development of so-called maximal exchange flow conditions.

LEGAL ASPECTS

IV) The central question of this paper is given the difference in legal and political systems in the presence, more geo strategically considerations, building on the commercial development from existing business practices. Similarly the process of European construction, it is easier political agreements when there is a market unit. INCOTERMS is the most established legal product in commercial traffic and have a great capacity harmonizing. The ICC INCOTERMS is an effort to standardize trade term definitions at the hand of the most consistent mercantile customs and practices.

V) The *United Nations Convention on Contracts for the International Sale of Goods (CISG*) does not refer to trade terms, but many authors have concluded that the CISG risk rule is consistent with INCOTERMS. From this perspective, the business practices, this study raises. The most important countries of the Black Sea have ratified the Convention CISG: Ukraine (1991) Russian Federation (1991), Romania (1992), Turkey (2011), etc. Mercantile custom plays an important role in international commercial law, whether that is as a source of or merely as an element of the new law merchant. Customs and trade usages fulfill a harmonization function, whereby the problems created by arbitrary rules of private international law are reduced. Trade usages and practices tend to be linked to a specific location, trade or port in

which they are used. Especially in the context of trade terms, differences in interpretation detract from their harmonization function.

VI) The latest edition of the ICC INCOTERMS was carried out in 2010 when the INCOTERMS. Two major innovations are the number of rules and their classification. Under previous INCOTERM revisions, terms were grouped in order of increasing responsibility on the seller, now were classified according to the mode of transport. There are 11 rules instead of 13. INCOTERMS 2010 includes two new rules, Delivered at Terminal (DAT) and Delivered at Place (DAP), and eliminates the Delivered at Frontier (DAF), Delivered Ex-Ship (DES), Delivered Ex-Quay (DEQ) and Delivered Duty Unpaid (DDU) designations. DAT replaces the current DEQ, while DAP replaces DAF, DES and DDU.

VII) The option of applying one or another INCOTERM of the delivery conditions or practices known worldwide should consider a number of criteria, such as the following: the ratio of currency and foreign currency contract for payment of transportation, insurance and other charges related to delivery; market situation and the charges of air and land transport, participation in international conventions on transport, which involves preferential rates of transport, customs outlets in markets or supplies. In the case of a saturated market, where there is a strong competition, the exporter can earn a segment of this market, providing certain favorable conditions to the importer within the meaning of risk and minimal costs that the latter must bear. Delivery condition is one of the essential terms are agreed between international contract partners, thereby regulating the transfer actually goods and the seller to the buyer risks, including legal consequences and general economic. As we know, when ownership transfer cargo may be When different risk transfer, this time reflected a wide range ways of delivery, evidenced by various usages, which later became a source of commercial law, facilitating the negotiation and conclusion of commercial contracts between parties. Since the implementation of the each entry in the various delivery methods, costs, which can´t be neglected, their enrollment contract specifications require is especially important to establish who and what pays any omission of this view may or cancel benefits buying or selling expected at closing.

VIII) The concept of delivery in the practice of the INCOTERMS 2010 is a very important and decisive role, because depending on the place of delivery and terms of delivery of the goods we can correctly determine the transfer of risk and interpretation of INCOTERMS. The INCOTERMS delivery conditions play a vital role in concluding contracts between parties from different countries, having an important role in the ongoing international transactions

IX) Highly recommended for the legal safety of operations and given the practical problems in the international sale of goods at these ports the implementation and development of controls of goods (SURVEYS and qualified surveyors, i.e. SGS, etc.): quality, quantity, weight, etc..

X) The contractual clauses of loading and unloading, both as GROSS (LINER TERMS, etc.) NET (FD, FIO, FIOS, FIOST, etc.) & TERMS are used normally and in accordance with international maritime practice. The peculiarity focuses more on operational aspects.

MARITIME TRAFIC

XI) The research project conducted in this thesis uses qualitative methods: an interviews with people that working in the maritime transport in the Black Sea that were made through e-mail to get a practical view on the topic, statistics and studies makes by me in the practice.

The results indicate:

A. That there are no outstanding obstacles for the development of the commercial maritime traffic in the Black Sea

B. That the maritime companies of the world are very interested to start a large process to export and import in this region.

C. The Black Sea economies are heavily dependent on Russian energy, gas and oil. It is curious that Europe needs more energy, but has shown insufficient readiness to exploit the energy resources of the Black Sea region or to improve the region's energy and transportation infrastructure.

D. Exploiting natural resources necessitate more the development of the region's roads, railroads, pipelines, and communication systems.

In terms of volumes of transport that are likely to materialize in the coming decades, in South East Europe all indications point to the fact that economic, social, organisational and spatial trends are bringing about a highly mobile society very much along the same lines as the rest of Europe.

XII) The 'picture' of formation and development of the basic Black Sea communications may be exposed in two visions:

I. In the one we can observed the rough reorganization of basic cargo traffic and appropriate transport communications was replaced by the stabilization of trade communications, trade turnover and, as a consequence, certain stabilization of transport ways and transportation directions;

II. In the second - real practice of realization of transportations and accumulation of their results for the period have enabled to specify the decisions, accepted at the international level, on the creation of transport corridors and definition of perspective transport ways.

Over two dozens of the largest container operators are working on the Black Sea. One can find among the carriers such companies as Shencker DB, MGM Maritime Shipping, Maersk Sea Land, MCL International, China Shipping and others.

The Black Sea area was always well known for its developed trade relations and contacts, in fact is the region of the Black Sea offers the best possibility for efficient south-east and east-west transport, provided that its capacity will be strengthen, upgrading its ports system and its multi-modal links towards central and western Europe.

PORTS AND HARBOURS

XIII) The key points of the development are the privatization of port activities and emergence of some figures of the terminal operator, the services that have been restructured in an entrepreneurial key required by the ship and by the commodity, to engrave an acceleration to the realization of a surplus of ability of the infrastructure of the Mediterranean and Black Sea harbor system will further proceed to the aggregation of the critical mass of logistics proposal able to motivate the offer of logistic or productive installation from the society inter – harbor and inter – modal. Naturally will be very important to elaborate interesting strategy both Mediterranean and Black Sea countries, especially for Russia and Ukraine. In reality in Russia the problem is that traditionally the North harbors (in the Baltic Sea) are still developed than the Black Sea harbors.

XIV) Ports in the Black Sea rim will gain importance when the TRACECA corridor is fully operational. Ports in the region however lagged behind changes and developments faced mostly with the advent of containerization; and on the contrary, developments in the transportation modes in the area and nearby have necessitated the port industry be re-shaped for rational services to shipping. The Black Sea has a vast - though not well organized and coordinated - hinterland; linking several continents and seas in all directions. In order to attract the shipping traffic by way of direct or feeder type connections, a common but coordinated port policy with a well-defined, long term action plan set forth by the surrounding states' administrations is needed.

SPECIFIC MESURES:

XV) We propose some measures that we think that will help the maritime transport in this region:

1. Eliminate unnecessary taxes and implement a system of payment that will be facilitating the development of the maritime traffic in the Black Sea;

2. Analyzing always the market transparency;

3. Good dissemination , in the Black Sea area , of legal products of ICC: especially INCOTERMS (2010), Documentary Credits (UPC 600) and Letters of Warranty;

4. Encourage the development of transport projects and the investments. The implementation of TEN-T networks should be carried out with due consideration of likely social and environmental impacts;

5. Invest in the BSEC from the EU, which can serve as a framework for the development of concrete projects, leading the Black Sea Synergy towards a co-operation similar, for example to Euromed partnership;

6. Create the favorable conditions to attract cargo and passengers, especially for commercial shipping where the focus is on upgrading the ports to multimodal logistics centers or hubs which will result in a significant increase in container handling;

7. Attracting private capital investment for ports and granting access permits with transparent procedures;

8. Develop *Motorways of the Sea* in the Mediterranean under the *Trans-European Networks* of the Mediterranean Union and the Organization of Black Sea Economic Cooperation. The development of the *Short Sea shipping in* the Oriental

Mediterranean Sea is an excellent factor for increase the exchange with the area. It is worth noting also the study and development of the *Short Sea Shipping* at the Black Sea;

9. Attract large transportation companies (operators) as strategic partners by developing bilateral relations and cooperating with ports in third countries;
10. It is highly recommended to increase the level of maritime safety. There is a high number of ships sub standard. On two fronts: the *Black Sea Port State Control*, increasing its efficiency and operation and renewal of the fleet with public aid and fleet plans.

The Black Sea region as an important crossroad of the maritime trade offers numerous opportunities for regional cooperation. We have the obligation for our future generations to contributing at the development of the maritime transport in this region, to encourage the cooperation, the transparency and the investment and ignore the global crisis that affect all the world.

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NATIONAL STATISTIC INSTITUTE OF ROMANIA

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http://www.tuapseport.ru

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http://www.turkstat.gov.tr

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ANNEXE 1

INVESTIGATION WORKS

CONGRESS PARTICIPATIONS

Days of the futures science doctors – Generalitat de Catalunya - ESADE - Sant Cugat de Valles, Barcelona – June of 2010

ADVANCES in MARITIME and NAVAL SCIENCE and ENGINEERING
3rd International Conference on MARITIME and NAVAL SCIENCE and ENGINEERING (MN '10), Constanta Maritime University, Constanta, Romania, September 3-5, 2010

9th INTERNATIONAL SYMPOSIUM ON MARINE NAVIGATION AND SAFETY OF SEA TRANSPORTATION, TransNav 2011, Gdynia 2011

PUBLICATIONS

Port State Control Inspections and Their Role in Maritime Security Specific Case Romanian Naval Authority, Jaime Rodrigo De Larrucea, Cristina Steliana Mihailovici, ADVANCES in MARITIME and NAVAL SCIENCE and ENGINEERING, Constanta, Romania, September 3-5, 2010, ISSN: 1792-4707, ISBN: 978-960-474-222-6, www.wseas.org

The Hong Kong International Convention for Safe and Environmentally Sound Management of the Recycling of Ships Hong Kong 2009 , Jaime Rodrigo DE LARRUCEA, Cristina Steliana MIHAILOVICI, Transport Systems and Processes: Marine Navigation and Safety of Sea Transportation, 6 OF JUNE OF 2011,Gdynia, ISBN-10: 0415691206, ISBN-13:9780415691208

MARITIME TRANSPORT IN THE BLACK SEA – A KEY OF THE DOOR OF EUROPE, Cristina Steliana Mihailovici, Journal of Marine Technology and Environment Vol. II, 2011, ISSN 1844-6116

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Journal of Marine Technology and Environment, Constanta, March 2012

5th International Conference on Maritime Transport, Barcelona, June 2012

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