UNITED NATIONS PROJECT ON NEGOTIABLE CARGO DOCUMENTS (NCDs)

The United Nations' "Negotiable Cargo Documents Project" is a project aimed at giving road, rail, air, and multimodal transport documents, other than bills of lading, the same characteristics as bills of lading.

It all began at the 52nd session of UNCITRAL in 2019, when the Chinese government presented a proposal regarding possible future work to develop a legal framework for rail transport documents. UNCITRAL, as is known, is the principal legal body of the United Nations system in the field of special international trade/commercial law. It was established by the United Nations General Assembly Resolution 2205 (XXI) of 17 December 1966. It consists of the Commission, Working Groups, and the Secretariat. The Chinese government's proposal highlighted the numerous advantages of rail transport, such as shorter distances, speed, and less susceptibility to weather conditions; However, it was noted that, unlike the bill of lading, international rail transport documents cannot be used as proof of ownership and cannot be used for the payment and financing of letters of credit. Consequently, UNCITRAL began exploring the possibility of creating a bill of lading rule for transport documents encompassing not only rail but also multimodal transport including road and air. This would allow these non-bill of lading documents to be used as a bill of lading, enabling the control and delivery of goods. Furthermore, they would be given the status of proof of ownership so that they could be used for financing purposes.

In 2019, the Commission assessed that this proposal had significant practical importance for world trade, particularly for the economic growth of developing countries. As a first step, it agreed to request the Secretariat to conduct research on legal issues related to the use of rail or other consignment notes and to coordinate with other relevant bodies. In 2020 and 2021, the Commission reviewed the notes prepared by the Secretariat on the results of exploratory work on the subject through legal research and expert group meetings. In 2022, the Commission appreciated the work carried out by the secretariat and agreed to refer the matter to Working Group VI. Thus, the work began. Before going into the details of the work, it is useful to briefly recall the bill of lading.

What is a Bill of Lading?

A bill of lading is a document used exclusively in maritime transport, relating to the carriage of goods, and can also represent ownership of the goods, similar to a negotiable instrument. It falls under the category of negotiable instruments law and is regulated by the Turkish Commercial Code (TTK). Its use dates back to very ancient times, to the first long-distance trade around 3000 BC, although some opinions suggest it dates back even further. Depending on how it is issued, a bill of lading can function as either a direct transport document (Straight Bill of Lading) or a negotiable instrument representing ownership of the goods, issued "to order" or "to the order of." In its latter form, it becomes an important financing tool, serving as collateral for loans in banks and enabling the purchase, sale, or transfer of goods while in circulation, playing a significant role in the movement of world trade.

Will Negotiable Cargo Documents (NCDs) become rivals to bills of lading?

No, each set of documents will still be used in its own context. NCDs can be used like bills of lading, facilitating financing, access to credit, transfer of goods in transit, and logistical convenience. It will create new opportunities, especially for shippers in developed and developing economies. It will increase the financial capacity of small and medium-sized firms that have been unable to utilize their collateral outside of maritime transport in the financial sector until now. Naturally, this will lead to an increase in the use of these documents. This structure will provide greater legal certainty for multimodal transport documents (Multimodal Bills of Lading) used by freight forwarders, which for over 50 years have relied more on contractual agreements between parties than on international law.

Andrea Tang, Director of Legal Services at FIATA (Federation of International Transport Agents Associations), describes the approval [drafted at UNCITRAL’s 58th session] as a "critical moment" for international trade, stating that it "facilitates both transport and trade financing across all modes of transport by creating a coherent legal framework for negotiable cargo documents, whether in paper or electronic form."

Currently, documents used for cargo transported by road, rail, and air are generally non-negotiable, preventing the transfer of the goods they represent to another party. This difference poses a risk, particularly for micro, small, and medium-sized enterprises (SMEs) and landlocked countries, when goods are transported via domestic routes. This creates cash flow problems.

In this new structure, regardless of how many different modes of transport are used for a single cargo shipment, there will be consistent legal provisions for transferable ownership documents across all modes of transport (i.e., air, land, rail, and sea).

The draft convention supports the transition from paper-based document exchange to digital document exchange. By enabling the use of a single electronic record for multimodal and unimodal transport, it makes it possible for all stakeholders, from carriers and freight forwarders to customs and financial institutions, to work with the same data and reliability standards.

While UN Negotiable Cargo Documents will have a positive impact on world trade in terms of financing, speed, and convenience, it will require changes in the systems and programs of transport and logistics companies, especially the relevant institutions. Similarly, banks will need to make the necessary changes to their guarantee systems, and states will need to make the necessary changes to their relevant laws and regulations.

The draft convention for the UN Negotiable Cargo Documents project was approved at the 58th session of UNCITRAL. The draft Convention was approved by the United Nations General Assembly. It was submitted to the Board and adopted at the 80th General Assembly session on December 15, 2025. It is now open for signature and will be signed in Accra, the capital of Ghana, on October 26, 2026, and will enter into force as the Accra Convention. Until then, it would be beneficial for our banks, SMEs, and logistics companies to make and complete their preparations.

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