

JOINT GLOBAL SHIPPERS' FORUM DECLARATION

**ASIAN SHIPPERS' COUNCIL (ASC)*
CANADIAN INDUSTRIAL TRANSPORTATION ASSOCIATION (CITA)
EUROPEAN SHIPPERS' COUNCIL (ESC)
UNION OF AFRICAN SHIPPERS' COUNCILS (UASC)**

2010 GLOBAL SHIPPERS' FORUM MEETING

SEPTEMBER 6-7 2010

Macau SAR China

Introduction

The 2010 Global Shippers' Forum (GSF) Meeting held in Macau SAR China on 6-7 September 2010 made further advances in extending the influence of shippers at an international level. This was emphasized by the wider range of issues dealt with at a global level and high level participation by government officials and agencies from Asia, Europe, Canada, USA and China; representing APEC, the European Commission, the US Federal Maritime Commission, the Shanghai Shipping Exchange and Transport Canada. The GSF was also particularly honoured by the presence of the Acting Chief Executive of Macau SAR Mr Cheong Kuoc Va and Mr Cui Guochao, Secretary General of the Liaison Office of the Central People's Government of Macau, and Mr Richard Lidinsky, Chairman of the US Federal Maritime Commission.

The organization was substantially strengthened by the participation of the Union of African Shippers' Councils which participated as full GSF members for the first time and by an application from the Argentine Shippers' Council for membership of the GSF which was duly endorsed by the annual meeting. Since the first informal meetings of shippers' organizations in 1994, today the GSF has truly emerged as a fully fledged global shippers' organization representing shippers from all the world's major continents with over 50 countries represented by the GSF.

During 2010 further steps were taken towards realizing the decisions taken at the 2009 London meeting to strengthen the GSF, and additional substantial progress at the Macau meeting was made towards attaining the GSF's goal of NGO status by authorizing the necessary organizational and democratic arrangements to achieve this objective. These enhancements, aimed at achieving a more cohesive structure and decision making process will enable GSF to play a greater and more influential role in global inter-governmental decision making bodies. As a result, GSF represented global shipper interests in UN bodies such as the International Labour Organization in Geneva, the International Transport Forum conference in Leipzig, and was invited by APEC to contribute to its policy work for the first time.

* The ASC represents 16 countries from the Indian Sub Continent, Asia to Oceania and, as associate members, the South African Shippers' Council

1. Maritime Regulatory Reform

Ocean shipping reform and continued regulatory oversight of carriers remains a key policy priority for the GSF. The past year has witnessed a variety of unacceptable shipping practices, ranging from the imposition of abrupt and opportunistic rate increases and surcharges, cargo 'roll overs', the limitation of shipping capacity and a general lack of adherence to rate agreements and contractual arrangements on an unprecedented global scale. This has resulted in major disruption to global supply chains, often resulting in delayed deliveries especially for time sensitive shipments. These practices have acted as a barrier to the development of international trade at a time when fostering global commerce is vital to economic recovery and supporting employment in response to the worst financial and economic crisis since the 1930's.

It is against this backdrop that the GSF convened a seminar involving regulators from Europe and North America to review recent changes to competition law in Europe and their impact, and possible regulatory changes in the US as a consequence of the disruption to the normal flow of international commerce resulting from carrier actions in response to the financial crisis, and to discuss whether a current study in the Asia-Pacific area into non-rate making agreements offers any solutions in an Asian context to the appropriate management of capacity and the recent shortages suffered by shippers.

The GSF recognizes that while there has been there have been major changes in Europe to bring the shipping industry into line with the normal provisions of anti-trust laws and similar progress in North America to regulate the activities of carrier agreements, and with further measures imminently to follow, there has been no corresponding progress in Asia and other regions such as the African continent.

The main goal of the seminar was therefore to kick start a policy debate in Asia to draw attention to the unfavourable position of Asian shippers who are afforded little or no protection by the application of anti-trust laws and to inaugurate an Asian maritime regulatory reform campaign to bring Asia into line with Europe and North America.

Evidence at the seminar confirmed that the impact of carrier practices on Asian and African shippers was dramatically worse than in Europe and North America. EU competition laws provide severe penalties and sanctions for the kind of activities experienced by Asian shippers in the Trans-Pacific and intra-Asia shipping markets, and civil law penalties and remedies are potentially available to European shippers through the courts for breach of contract. In North America, the FMC has responded swiftly to certain carrier practices that have disrupted imports and exports by instigating a fact finding inquiry and Congress is likely to table an Anti- Trust Bill shortly.

In response to evidence submitted at the GSF seminar and based on recent competition law changes in Europe and likely similar action in the United States the GSF agreed the following:

- That Asia was the missing link in the introduction and application of anti-trust laws to be applied to the shipping industry and that Asian governments should introduce the appropriate competition laws to

prohibit liner conferences and discussion agreements that eliminate effective competition in Asian trades.

- Support for Congressman Oberstar's investigation and his stated intention of ending anti-trust immunity for ocean carriers.
- Support FMC Chairman Lidinsky's recent proposed changes to the US Shipping Act to extend protection for American importers, exporters and consumers resulting from FMC Commissioner Rebecca Dye's investigation into shipping capacity shortages and ocean practices regarding service contracts.
- The need for on-going monitoring of carrier behaviour by competition regulators in Europe to ensure full compliance with anti-trust laws following abolition of liner conferences in 2008.
- Anti-trust exemption for non-rate making agreements should be restricted to vessel sharing and other kinds of agreement that promote efficiency. Discussion agreements and other general trade wide agreements that have the capability to restrict competition should not have anti-trust exemption.

In regard to slow steaming shippers expect cost savings to be equitably shared and schedule reliability assured which is not presently the case. Slow steaming should not be used as a means of restricting or managing capacity to influence the functioning of a normal competitive market.

2. Security, Customs and International Trade Procedures

Incoterms

GSF expressed appreciation for the work undertaken by the ASC in regard to the ICC revision of Incoterms and supported recommendations for a clearer definition of the responsibilities for buyers and sellers in regard to the FOB term.

3. Constructive industry collaboration

IATA/GSF Dialogue

GSF welcomed the active participation of the International Air Transport Association in the GSF Annual Macau Meeting. GSF and IATA explored a range of issues of mutual interest, including a review of the current economic situation, an up-date on the IATA e-freight initiative and environmental issues. There was agreement that environmental taxes as implemented in Germany and actively under discussion in the UK was inappropriate and that environmental measures should be dealt with at a global level.

The GSF agreed an air cargo policy agenda including working constructively with IATA on identifying and communicating the benefits of the e-freight initiative.

ILO Tripartite Global Dialogue on safety in the Supply Chain in Relation to the Packing of Containers

The GSF supports the International Labour Organization's review into guidance in regard to the safe loading of containers. GSF believes that existing best practice approaches and enhanced communication of such practices are the most appropriate way of improving safety standards rather than any new regulatory measures. GSF looks forward to working constructively with the ILO, shipowners, ports, trade unions and other supply chain actors.

Shanghai Shipping Exchange

GSF welcomed the participation of Shanghai Shipping Exchange in the GSF Annual meeting which provided members with a better understanding of the role of the SSE and its activities. It was agreed, however, that greater clarity was needed with regard to the objectives of the Shanghai Shipping Exchange, particularly in regard to the freight rate index which gave rise to a number of concerns over how the information was compiled and used.

Vote of Thanks

A vote of thanks was expressed by the Annual Meeting to the Macau Shippers' Association, the Asian Shippers' Council and the support of the government of Macau SAR for supporting the hosting of the 2010 meeting.

Adopted: September 7, 2010