

GLOBAL SHIPPERS' FORUM STATEMENT IN SUPPORT OF COMPETITIVE SHIPPING REFORMS IN ASIA

The 2007 meeting of the Global Shippers' Forum (GSF) in Singapore marked an important step in advancing arguments in favor of competitive liner shipping reforms in Asia. Today this region represents a growing and dynamic economic base for world trade, exceeding estimates made only a few short years ago. This vitality and growth has made Asia a premier global trader and a receptive candidate for national governments to review their domestic laws in order to consider new regulatory changes that embrace principles calling for competitive, secure, efficient and effective freight transport. Without these reforms, the GSF believes that the continuing prosperity and economic growth of Asian countries will be hindered by uncompetitive and inflexible regulatory regimes. It will be difficult for the region to sustain its position as a world trade leader since the very supply chains that service overseas markets will be incapable of moving the ever- expanding volumes of traffic.

In recent years, most Asian countries have adopted a spectator role, watching the statutory and regulatory advancements made in both Europe and North America. These reforms began with the *Ocean Shipping Reform Act* (OSRA) in the United States, followed most recently in Europe with steps to abolish the liner-block exemption. The new regime to replace the European block exemption will foster a more competitive ocean shipping industry. This is precisely why the Asian Ship-owners Forum (ASF) at a recent meeting voiced concern over the progressive measures taken by European authorities. Rather than recognizing that competition should be embraced as a desirable objective, the ASF policy statement demonstrates a clear intent to perpetuate the current restrictive regulatory structure, forcing consumers to pay higher prices without commensurate improvements to services.

The GSF believes that the time for watching and waiting in Asia is now drawing to a close. There is now strong evidence demonstrating the benefits of competitive reforms. It is time for all Asian countries to examine their own laws and regulations, in order to bring about market-based principles designed to increase competition.

The GSF encourages Asian countries to examine their own shipping laws and regulations now, with the aim of making them compatible with other regions of the world. This review should result at a minimum in:

- Termination of collective price fixing for rates and services through liner conferences and discussion agreements;
- Elimination of ancillaries and specific surcharges that are determined collectively and imposed multilaterally;
- Negotiation of confidential service contracts (and equivalent mechanisms) solely by the contracting parties, without dissemination of such contract information to liner conferences and/or discussion agreements;
- The continuation of authority for carriers to enter into joint agreements to perform competitive collaborative activities (other than collectively establishing or discussing rates and charges) that enhance operational effectiveness subject to government-established guidelines;

The GSF is committed to working with Asian shippers, national governments, ship-owners and others in an attempt to realize the full benefits of competition. The future success and vitality of world trade depends on these changes, and the GSF will work closely with their Asian counterparts in making these changes a reality.