

AUSTRALIAN WOOL INDUSTRIES SECRETARIAT

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24 May, 1999

Ref: AWIS9935

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Inquiry into International Liner Cargo Shipping: A Review of Part X of the Trade Practices Act 1974

The Australian Wool Industries Secretariat (AWIS) represents the interests of member firms who are responsible for the export of greasy and semi-processed wool to more than 40 countries. AWIS is a member of the Australian Peak Shippers Association (APSA) and wool exporters fully endorse the submission made by APSA in support of the retention of Part X of the Trade Practices Act.

In addition, AWIS represents wool shippers in an organisation known as Wool Commodity Group which also involves our customers in Europe who are represented by Interlaine on behalf of the wool textile trade in the European Union. Interlaine has made a separate submission to this Inquiry in support of retaining Part X and AWIS fully supports Interlaine's arguments with respect to wool exports to Europe.

The points made by Interlaine in support of Conference arrangements to Europe apply equally to other trades where Conferences operate such as China, Japan, India and the United States. In this regard, it might help to put the global export of wool from Australia into perspective.

Of Australia's total annual exports, approximately 40% is exported to various European countries, principally Italy, France and Germany; 25% to China (including Hong Kong); 7% to Taiwan, and 5% to each of India, Japan and the USA. In all, the top 10 export countries account for approximately 83% of total exports. Under 20% is distributed to a further 30 countries.

Although the total volume of wool exports has been decreasing in recent years, in 1997/98, wool, which is all exported as liner cargo, would still have utilised approximately 32,000 TEU's.

At the risk of restating points that are covered by the APSA and Interlaine submissions, the Australian wool exporting sector does fully support the retention of Part X for the following reasons:

- the exemption of Conferences under Part X from the anti-competitive provisions of Part IV has not adversely affected competition in liner shipping from Australia;
- the operations of Conferences to the major trade destinations for wool have benefited wool exporters because of the level and frequency of service provided, particularly through the multiplicity of ports serviced directly and indirectly (by feeder) and arrangements for inland distribution in Europe, without restricting the exporters' ability to use non-Conference services where preferred;

- as evidenced by the current level of freight rates from Australia and globally, the continued existence of Conferences has not created monopoly situations leading to significant increases in freight rates. In Australia, apart from existing non-Conference carriers of wool, there are some major non-Conference lines who are not carriers of wool at this stage but who would quickly become involved if Conferences were in a position to extract much higher freight rates than currently apply; and
- through the provisions in Part X which allow for designated primary and secondary shipper bodies to exist, this provides a countervailing balance for exporters to engage in formal discussions and negotiations with Conferences.

We look forward to the release of the Position Paper in due course and will submit a more detailed submission at that time.

Yours faithfully,

R J Quirk
Executive Director