

6 May 1999

Dr Neil Byron
Presiding Commissioner
Liner Cargo Shipping Inquiry
Productivity Commission
LB 2 Collins St East
Melbourne Vic 8002

Dear Dr Byron

The Australian Chamber of Commerce and Industry (ACCI), as Australia's leading business voice in trade and international affairs, welcomes this opportunity to record its views on the future directions for Part X of the Trade Practices Act.

As you would be aware, the current Productivity Commission inquiry into Part X represents the fourth major review of this legislation in the past three decades. Indeed, Part X of the Trade Practices Act may well be one of the most reviewed items of Federal legislation.

In a great many respects, the current Productivity Commission review, while necessary under the National Competition Policy regime, is likely to revisit many of the issues, and re-engage in many of the debates, which took place in the previous reviews, not least of which was the extensive Brazil Review/Report of the early 1990s.

The ACCI represents more than 350,000 enterprises across the nation, from the broad spectrum of commercial and industrial activities, with a sizeable share of this number being actively engaged in international trade and commerce. The Chamber is recognised as the primary voice of business in trade and international affairs.

The Chamber had consistently supported the broader, deeper and more effective application of competition policy throughout Australia, building on, inter alia, the National Competition Policy framework adopted by all Australian governments in the mid 1990s.

The Chamber has a strong philosophic predisposition towards maximising competition within the Australian economy, which would generally have the ACCI call for the termination, or failing that the wind-back, of Part X.

However, there is also a strongly held view amongst members actively engaged in sea transport-based trade and commerce, both as agents and as users, that retention of Part X is essential 'given the realities of international trade'.

Members recognise Australia, as an island nation at the geographic end of a transport line, was heavily reliant on sea transport for movement of both its exports and its imports, and termination of Part X could severely prejudice the availability of liner cargo shipping services.

Taken as a whole, while the ACCI philosophically supports the termination of Part X, we also recognise the realities of international sea transport and trade which necessitates the retention of Part X for the foreseeable future.

However, the need remains for additional, substantive efforts to introduce competition into the liner cargo shipping industry.

At one level, this could be achieved by future reviews of Part X, which should take place periodically under the National Competition Policy regime. Future changes in the liner shipping industry/marketplace may sustain either termination, or failing this some degree of wind-back, in the exemptions provided by Part X.

More broadly and fruitfully over the medium to longer term, greater competition and contestability could be introduced into the international liner shipping industry through meaningful progress within the maritime sectoral negotiations under the General Agreement on the Trade in Services (GATS), one of the pillars of the World Trade Organisation.

In this regard, the ACCI would support greater efforts by the Australian Government to press within the GATS-WTO for a stronger rules-based, and more liberal market access regime for the international maritime industry. Greater efforts to develop a comprehensive multilateral competition agreement under the WTO would complement this work, and as such be useful.

Should the Commission require any additional information on the Chamber's submission in this matter, or any other issues raised in your inquiry, please do not hesitate to contact Brent Davis who has primary carriage of national competition policy matters within our national office.

Yours sincerely

Mark Paterson
Chief Executive