

AUSTRALIAN PEAK SHIPPERS ASSOCIATION

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Ms Lisa Gropp
Assistant Commissioner
Productivity Commission
LB2 Collins; Street East
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Dear Ms Gropp

Part X of the Australian Trade Practices Act

Thank you for your letter dated 31 May 1999 in Relation to APSA's submission on the above subject. Responses to your queries are as follows:

Q. Why do you consider that, absent Conferences, there is likely to be less competition? (p17)

A. Conferences are made up generally of a combination of strong and weaker shipping lines. In this way a Conference can provide a comprehensive service calling at a wide range of load and discharge ports.

The weaker lines are unable to provide this service on their own. Take away Conferences and the strong lines would survive and, in our view, the weak would be driven out leading to a lessening of competition.

Q. Could you give some reasons why you prefer open to closed Conferences? (p20)

A. Open Conferences serve to increase competitive pressures within a shipping grouping. APSA believes there should be no restrictions on entry to a Conference.

The days of the traditional closed conference are dwindling and now groups of lines operate as partners in so-called "Alliances" and "Associations" which, although still being conferences, are a much looser form of association.

In the Australian trades to S.E. Asia and N. Asia, one has seen in recent times the formation of Trade Facilitation Agreements (TFAs) which are registered as Shipping Conferences. These TFAs are in effect little more than discussion groups which means none of the decisions made by the group are binding on its members.

It appears these TFAs are open to any line at all with no restrictions on entry and could be seen as the ultimate in "open conferences".

Q. Could you elaborate on why you consider Part X exemptions should not extend to intermodal rate-making? (p2 1)

A. Shipping Lines within conferences can and do quote intermodal rates to Australian inland destinations. APSA believes however that Part X should not extend to intermodal rate-making because the intent, firstly, in the original concept of exemptions for Pad IV was to cover port-to-port pricing only; and secondly, it has the ability to lessen competition.

There would still be nothing to stop lines quoting inland rates individually to Australian inland destinations.

I trust these comments are helpful.

Yours sincerely

FRANK BEAUFORT
EXECUTIVE PRESIDENT