



Executive Vice-President Vestager
European Commission
Rue de la Loi / Wetstraat 200
1049 Brussels
Belgium

By email only

Brussels, 22 July 2022

Dear Executive Vice-President Vestager,

The business organisations signatory to this letter represent parties in global supply chains that play an essential role in the movement and sale of goods in the European economy, including direct and indirect customers, or suppliers of services, to global container shipping lines.

We have written to you previously (13 April and 14 September 2021) to request that you instigate an investigation of the behaviour of the shipping lines as regards their pricing policies and provision of services during the global health pandemic in 2020 and 2021. We were disappointed that the Commission declined to do so. The International Transport Forum (ITF), part of OECD, has just issued the attached report which shows how the behaviour of the global lines and their consortia have created an up to 7-fold increase in rates and a reduction in the availability of capacity for customers in Europe. The net profits of the shipping lines last year rose to a margin of up to 50% - a net profit of \$186 billion dollars. Yet we see the shipping lines reduce their capacity to Europe further and, as the ITF report shows, the reliability and quality of their services.

There is a striking contrast between the approach of the Commission and the vigour with which the Federal Maritime Commission in the US, and a number of other competition authorities globally, have pursued action against the lines, and the revelations of anticompetitive behaviour which emerged from their investigations. Container shipping is a global market and it is unlikely that adverse effects and market inefficiencies are confined to particular jurisdictions.

We believe many of the excesses of behaviour exhibited by shipping lines arise from the open-ended and highly favourable terms in which the current Consortia Block Exemption Regulation (EC 906/2009) has been drafted.

The Regulation does not seem to be able to accommodate major changes in this market over the past few years, including developments in information standardisation and exchange, shipping lines' acquisition of other supply chain functions, nor how the shipping lines have been able to leverage these to accrue supernormal profits at the expense of the rest of the supply chain.

The cost of shipping has meant significant rises in the cost in particular to European SME's, and reduced availability, to consumers of a wide range of products traditionally imported from the Far East, including the 'skipping' of a number of important European ports. At times of spiralling inflation, this is not the right direction in which this market should be moving.

We therefore request you to bring forward the start of the review of the CBER immediately to provide adequate time for these anomalies and developments to be fully assessed, and for potential alternative mechanisms, by which the benefits of vessel sharing agreements and other desirable co-operations between shipping lines could be secured, to be agreed.

With less than two years until the expiry of the current Regulation, and the continuing turmoil in international European supply chains, we believe this is a reasonable and justified request on behalf of those businesses who have so clearly been disadvantaged by the workings of the current arrangements.

Yours sincerely,



Nicolette van der Jagt
Director General
CLECAT



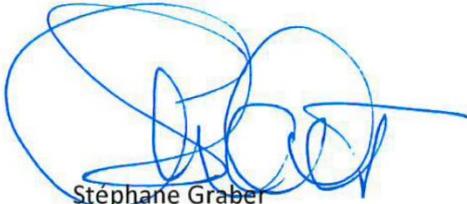
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European Shippers' Council



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