

26 September 2012



## Submission

Joint study discussion draft September 2012  
"Strengthening Trans-Tasman Economic Relations"

Shipping Australia Limited  
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## **Shipping Australia Limited Submission to the joint discussion draft September 2012 “Strengthening Trans-Tasman Economic Relations”**

Shipping Australia appreciates the opportunity of submitting comments in relation to the draft discussion paper.

Shipping Australia Limited (SAL) is a peak national shipowner body in Australia representing 35 shipping companies and agents that would be involved with around 70% of Australia’s container and car trade and over 60% of our bulk and break bulk trade. Attached is a list of our members.

We would specifically like to address the section DR4.11 which is a recommendation to reportedly enhance competition and lower the price of (shipping) services; the Australian and New Zealand governments should remove – preferably on co-ordinated basis – the exemption for international shipping rate making agreements from legislation governing restrictive trade practices.

Shipping Australia was extremely disappointed with the New Zealand Productivity Commission, April 2012 report on the international freight transport services enquiry. There was no economic analysis of the global state of international liner shipping or, in particular, the trans-Tasman trade between Australia and New Zealand. It would’ve been, indeed helpful, if there had been rigorous economic analysis applied to their examination of the international liner shipping industry as far as it effects New Zealand.

There is nothing in this discussion paper to indicate that removal of the current exemption from certain parts of the competition law in Australia or New Zealand would be in the public interest or more importantly, in the interests of Australia and New Zealand exporters or importers. There is no comment on why in the Asian-Pacific region many countries have introduced or retained these exemptions following a review?

In the Australian Productivity Commission report of 2005, there was an alternative recommendation of amending Part X of the then Australian Trade Practices Act 1974 (Cth) which was subsequently accepted by the Government. This is simply not mentioned, or the fact that a 1999 Productivity Commission report strongly recommended continuation of the exemptions under Part X of the Australian Trade Practices Act.

In addition, reference is made on pages 6 and 7 of the discussion paper that the bigger regional picture is important and that in developing the close economic relations between Australia and New Zealand requires an assessment of promoting the trading interests of each country. In the Asian Pacific region, this exemption for international liner shipping is common place where there are laws relating to competition policy. More recently, both Japan and Singapore, for example have extended their exemption to 2015 when they will be reviewed. In the United States, the Federal Maritime Commission undertook a long and detailed study into the possible effects of the withdrawal of the exemption in the European Union which found that there were no clear advantages from doing so and in fact, on a preliminary basis it would appear that greater volatility in relation to rates and services had occurred in trades to and from Europe compared to other trades, in which the exemption applies.

This comparison was carried out in relation to the major East-West container trades rather than the long line-haul, lower volume North-South trades which makes the continuation of these exemptions even more important.

None of these factors are mentioned, either in this report or in the New Zealand Productivity's Commission report into international freight transport services.

Shipping Australia, would strongly recommend that the recommendation in DR4.11 should be reworded as follows;

"Further studies be undertaken to assess whether the exemption for international shipping rate making agreements from legislation governing restrictive trade practices in Australia and New Zealand should be removed on the basis that it will result in an enhancement to competition and the lowering of the price of services."

We hope that both Productivity Commissions will favourably consider that recommendation.

Yours faithfully

Llew Russell, AM  
Chief Executive Officer  
**Shipping Australia Limited**



## SHIPPING AUSTRALIA LIMITED

### MEMBERS – October 2012

APL Lines (Australia)  
A.P. Moller-Maersk A/S  
Asiaworld Shipping Services Pty Ltd  
Austral Asia Line Pte Ltd  
CMA CGM  
Evergreen Marine Australia Pty Ltd  
Five Star Shipping & Agency Co Pty Ltd  
Goodman Fielder  
Gulf Agency Company (Australia) Pty Ltd  
Hamburg Sud Australia Pty Ltd  
Hapag-Lloyd (Australia) Pty Ltd  
Hetherington Kingsbury Shipping Agency  
Hyundai Merchant Marine  
Inchcape Shipping Services  
"K" Line (Australia) Pty Limited  
LBH Australia Pty Ltd  
Mediterranean Shipping Company (Aust) Pty Ltd  
Mitsui OSK Lines (Australia) Pty Ltd  
Monson Agencies Australia Pty Ltd  
NYK Line (Australia) Pty Ltd  
OOCL (Australia) Pty Ltd  
Pacific Asia Express Pty Ltd  
PB Towage  
RCL (Australia) Pty Ltd  
Royal Caribbean Cruise Lines  
Seaway Agencies Pty Ltd  
Ship Agency Services Pty Ltd  
Svitzer Australia Pty Ltd  
The China Navigation Company Pte Ltd  
Wallenius Wilhelmsen Logistics  
Wilhelmsen Ships Service

### Contributing members

China Shipping Container Liner Co. Ltd  
Hanjin Shipping  
Neptune Shipping Line Pty Ltd  
Pacific Forum Line (NZ) Ltd