



Importers Association of Australia

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Australian Competition & Consumer Commission Part X Investigation Asia-Australia Discussion Agreement Australian Southbound Liner Trades from North East Asia

Comments on Position Paper

1. The Importers Association of Australia offers these comments on the ACCC's position paper for its Part X Investigation into the AADA for Australian southbound liner trades from North East Asia.
2. The IAA supports the Commission's findings and the proposed course of action.
3. As noted by the Commission, AADA members have significantly increased shipping rates for southbound liner trades from North East Asia, rather than augment capacity to meet the increased demand for exports from that region.
4. Certainly, given the increased demand for those exports, it might have been expected that rates would have risen. But, in our view, the steep nature of the increases indicates that the AADA has worked to the benefit of its members exclusively and has not delivered any compensating public benefits. The AADA has allowed its members to raise prices both steeply and quickly above what might have been expected. It is certainly not proving public benefits as claimed it would, such as stability in freight rates
5. Nor is the situation likely to change. The AADA has given notice that it intends to continue with what it euphemistically calls rate restoration (see attached). On the 1st of July 2004, rates are to be increased by \$US500/TEU, and then there is to be further increase of \$US250/TEU on 1st October 2004. In addition, the AADA member lines intend to implement a peak season surcharge of \$US300/TEU "when the vessels of member lines reach a full loading situation". There is no mention of increasing capacity.
6. In effect, the AADA is allowing its members to gain price increases without providing any compensating public benefits.
7. In conclusion, the IAA supports the Commission's position.

NOTICE TO IMPORTERS

2004 Business Plan on Rate Restoration and Peak Season Surcharge implementation for export shipments from China, Hong Kong and Taiwan to Australia

Following the successful implementation of the 1st stage Rate Restoration on 1st April, 2004 the participating member lines of AADA (Asia Australia Discussion Agreement) wish to re-iterate their intention on the implementation of the remaining part of the 2004 Business Plan as follows :-

- RR of US\$500/TEU and US\$1,000/FEU on 1st July, 2004
- RR of US\$250/TEU and US\$500/FEU on 1st October, 2004

It is also the intention of AADA member lines to implement a peak season surcharge (PSS) of US\$300/TEU and US\$600/FEU to take effect when the vessels of member lines reach a full loading situation.

The above RR and PSS, which will be applicable to all dry and refrigerated shipments with origin in China, Hong Kong and Taiwan to ports and points in Australia, will be levied in addition to existing market rates and will be subject to all ancillary charges applicable at the time of shipment.

AADA is a voluntary discussion forum of 15 ocean carriers serving the trade from North and East Asia to destinations in Australia. Members include:-

ANL Container Line	China Shipping Container Line
COSCO Container Line	Far Eastern Shipping Co. (FESCO Line)
Hamburg Sud	Hanjin Shipping
Hyundai Merchant Marine	Kawasaki Kisen Kaisha ("K" Line)
Maersk Sealand	Mediterranean Shipping Co. (MSC)
Mitsui O.S.K. Lines (MOL Line)	Nippon Yusen Kaisha (NYK Line)
Orient Overseas Container Line (OOCL)	P & O Swire Containers
Zim Israel Navigation Co. (ZIM Line)	

Dated at Hong Kong 15th April, 2004