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Dear Miz Arblaster

Thank you for the opportunity to express our point of view in relation to the Trade Facilitation Agreement for Australian Northbound Trades to SE Asia.

We advise that it is our opinion that the TFA is no more than a price fixing agreement between shipowners. All prices are discussed before implemented by the ship owners which amounts to collusion and we believe that this is restrictive trade. All freight rates have now increased from A\$650.00 all in Japan Port before Christmas 1999 to A\$1300.00 plus PSC, Bunker Surcharge, Lo/Lo and document fee per 40' container. As you can calculate, this is 2.68 times more than it was before Christmas 1999 - a staggering A\$1,089.92 per 40' container increase to Japan. Another A\$1,240.00 per 40' container all in rate to Haldia, India increased to A\$2,100.00 plus A\$300.00 Bunker Surcharge, PSC A\$114.92, Lo/Lo A\$25.00 a total of A\$2,539.97 per 40' container - an increase of A\$1,299.92 per 40' container to mention but 2 Lines.

As you may or may not be aware this puts Australian Exports at a distinct disadvantage as even with regular good volume, Shippers cannot negotiate a workable rate coupled with the ship owner's hell bent desire to cash in on shippers. They continually increase their rates every 2 - 3 months, which doesn't give exporters a chance to work out prices/sales with their overseas clients.

Another point to review is Bunker Surcharge - how can ship owners now claim A\$300 per container Bunker Surcharge which climbed from A\$40.00 to A\$300.00 in five months? Is this genuine of just another freight increase on top of all the others?

A quick exercise is this - take one vessel "Bunga Terra" (Misc owned) carries 1725x 20' or 862 x 40' containers @ \$300.00 per container Bunker Surcharge that means we are to believe their fuel cost has increased by A\$258,000.00 per sailing, vessel holds 1500 tonnes of fuel which has increased from US\$65.58 in January, 1999 to US\$176.00 at present (per tonne). This represents an increase of US\$110.42 per tonne @ A\$0.57 is equal to A\$193.72 per tonne. A vessel travels at 456 nautical miles per 24 hours equal to 50 tonnes of fuel equal to A\$11.24 per 40' container. Vessel holds 1500 tonnes of fuel. If sailing time Sydney to Thailand, Japan, Korea, India or Singapore takes 8-16 days then at 16 days (worst case scenario) x 50 tonnes fuel x A\$193.72 per container should represent Bunker Surcharge ie A\$154,976.00. A\$154,976.00 divided by 862 - 40' containers equals A\$179.79 per container at A\$300.00 per 40' container represents an overcharge of A\$120.21 per container (is this just another hidden freight increase?!).

NB: My information was given to me by a Shipping Company.



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This would generally apply to all general shipping lines. Another point to be reviewed is no executive decision can be made in Australia. All freight rates/charges are approved by overseas ship owners, making all management virtually obsolete. Who needs a manager when a shipping clerk will do, and all managerial decisions are made overseas by phone or fax which can take days to be made!

As a private Company I am, by law, prohibited from price fixing and all that goes with that. As a provider of goods and services I am prevented by Law from collusion with my competitors to fix our rates.

Why then do not the same Laws apply to ship owners (who aren't even Australian citizens, who will protect the Australian Exporters. Is the Law just for the Australian exporters, and foreign investors are exempted? I hope not – one Law for all!

No form of price co-operation between shipping lines, or, for that matter, some trade competitors, can be deemed anything more than exploitation and a legalised form of monopoly. Shipping cartels should not be excluded from the Laws of the Land!

We hope ACCC will have these laws changed and have all business on an equal footing.

Yours faithfully

A large, stylized handwritten signature in black ink, appearing to read 'V J Loumbos', is written over the typed name and title.

V J LOUMBOS
Managing Director