

global
shippers'
forum



INTERNATIONAL UNION
FOR ROAD-RAIL
COMBINED TRANSPORT



Ms Vestager
EU Commissioner for Competition
Ms Adina-Ioana Vălean
EU Commissioner for Transport

European Commission
Rue de la Loi / Wetstraat 200
1049 Brussels
Belgium

By email only

Brussels, 13 April 2021

Dear Commissioner Vestager and Commissioner Vălean,

The undersigned associations call on the European Commission to investigate the behaviour and practices of container carriers over the last year in view of the problems and disruptions in the maritime logistics supply chain.

The associations recall that it is now one year ago the European Commission decided to renew the Consortia Block Exemption Regulation (CBER) with four years allowing carriers to exchange commercially sensitive information between shipping lines operating in consortia in order to permit the sharing of space on vessels and the co-ordination of sailing schedules. During the last year our collective membership, including European importers and exporters, shippers, freight forwarders and logistics service providers, deepsea terminal operators, barge and inland terminal operators/owners and port workers have suffered from worsening levels of capacity availability and service quality, which is currently at all-time low levels.

We appreciate the recognition from container carriers that the current surge of import cargoes has resulted in challenges across the entire supply chain, affecting not only ocean carriers, but also port terminals, combined transport operators and the entire hinterland supply chain. The associations however reject the claims from carriers that the challenges are not caused on the water but occur only because of challenges on the land side to handle the sustained surge.

One of the reasons for the current port terminal congestion and the lack of container capacity is that carriers, contrary to their narrative, have over the last months been extremely selective in allocating capacity, hauling containers back to Asia empty to collect better freight rates for import freight, which has led to dysfunctions and prevented European exporters from supplying trades.¹ As a result of this, there are irregularities in the arrival of vessels, which is creating problems, operational issues affecting port workers and delays in the hinterland connectivity and additional costs for shippers, forwarders, barge and inland terminal operators and owners and other service providers, handling containers in European ports or seeking to transport them.

While the withdrawal of shipping capacity may have been justified in the second quarter of 2020, in view of the decreased demand for transport, carriers continued to cancel many calls in the second semester of 2020, which saw an increase in demand for transport.² It would be justifiable in this respect to request an explanation from carriers about the reasons of an all-time low schedule reliability, which has been creating congestion and other issues in many port operations. The associations are of the view that the claim that carriers had no alternatives will need to be seriously investigated. All parties in the maritime and hinterland logistics supply chain suffer from the carriers' failure to provide reliable updates on ship and container status.

The associations note that the lifeblood of European business are small and medium sized companies, who under these difficult circumstances cannot provide volumes, which can be guaranteed by large multinationals. It is therefore with surprise that the associations note that carriers are pointing to the other players in the supply chain to explain the current situation, whereas much of the problems are of their own making.

In this regard, we would also like to highlight that carriers are benefiting of the CBER, which allows them to jointly manage capacity at their leisure and without conditions in time. When the Commission decided that the CBER remains relevant, it did so because of ensuing benefits for customers. We consider that customers have not benefited from the renewal of the CBER in view of the evolution of the freight rates and the simultaneous fall-back in frequency, reliability, and connectivity. Notably, efficiency improvements for the carriers have led to decreasing efficiency for the other parties down the supply chain.

Equally, carriers are benefitting from state aid and a privileged tonnage tax regime, which is quite exceptional since the other parties in the chain are not benefiting from similar benefits. In our view, the application of EU Competition rules to the maritime transport sector is too one-sided, affecting market power significantly and not benefitting consumers.

We appreciate the joint initiative of your services to organise a Maritime Forum to discuss some of these problems, but we call on the EU Commission to act and proceed with a proper investigation about the developments these last months. We believe that the current situation requires more than a "listening mode" attitude from your services.

¹ Note the Drewry two-year [spot freight rate trend](#) for the World Container Index

² Vessel deployments during Q4 2020 added only 4% extra capacity to East-West routes compared to Q4 2019. Growth in trade increased 9.5% over the same period. The 'capacity crunch' was met by greater utilisation of available space and a reduction in the number of port calls. As shown in the [recent report of MDS Transport](#)

Whereas the pandemic has brought economic difficulties to all parties in the supply chain, we recall that the root-cause of the current problems is not the pandemic. The pandemic was only the trigger to the current problems which can be attributed, inter alia, to a one-sided regulatory regime which encouraged shipping lines to increase their investments in ultra large container vessels. The result for land-based infrastructure is a level of pressure that is difficult to sustain.

The transport and logistics companies we represent have repeatedly called on the European Commission to finally do justice to its task as a guardian of the EU treaties and to take measures that would restore the free movement of goods.

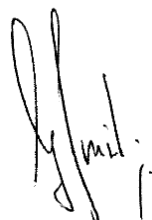
The undersigned associations call on the European Commission to proceed promptly to a factual enquiry about developments on a monthly basis during 2020 and in the first quarter 2021 in order to establish the real causes of the disruption in the maritime logistics and hinterland logistics chain. Only an enquiry will reveal the reasons of the dramatic decline in reliability and consistency of vessel arrivals at European ports, and hence the availability of imported cargoes to shippers and empty containers to exporters.

We look forward to receiving a reply with respect to our legitimate request and thank you for the attention you will give to our joint demand.

Yours sincerely,



Nicolette van der Jagt
Director General
CLECAT



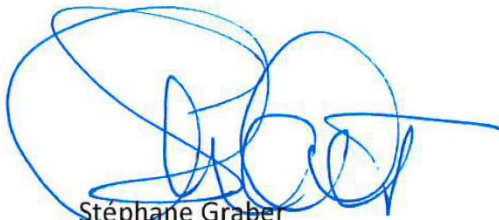
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