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BEFORE THE  
FEDERAL MARITIME COMMISSION  
WASHINGTON, D.C.

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)  
PETITION OF )  
SINOTRANS **CONTAINER LINES** Co., LTD. )  
FOR A FULL EXEMPTION FROM THE FIRST )  
SENTENCE OF SECTION 9(c) OF THE )  
SHIPPING **ACT** OF 1984, AS AMENDED )  
\_\_\_\_\_ )

DEPARTMENT SECRETARY  
FEDERAL MARITIME COMM

**PETITION No. P6-03**

COMMENTS OF  
THE AMERICAN INSTITUTE FOR SHIPPERS' ASSOCIATIONS, INC.  
IN SUPPORT OF THE PETITION

COMES NOW The American Institute for Shippers' Associations, Inc., ("AISA"), by and through its undersigned counsel, and herein files its comments in support of the petition of Sinotrans Container Lines Co., Ltd. ("Sinolines") for a full exemption from the first sentence of Section 9(c) of the Shipping Act of 1984, as amended. In further support of the Petition, AISA states as follows:

*ABOUT AISA*

AISA was established in 1964 and is the trade association for shippers' associations. Based in Washington, D.C., AISA has actively represented the interests of shippers' associations in every major legislative and regulatory proceeding involving international maritime transportation. This includes testifying before the United States Congress and being involved with the drafting and enactment of both the United States Shipping Act of 1984 and the Ocean Shipping Reform Act of 1998, as well as every major proceeding before the Commission interpreting those laws. AISA has also actively represented the interests of shippers' associations before international governments and governmental organizations involved with international shipping, for example, the Organization for Economic Co-Operation and Development (OECD)

and the People's Republic of China.

*AISA'S MEMBERS WOULD BENEFIT FROM THE PROPOSED EXEMPTION*

Shippers' associations are membership only buying cooperatives or collectives usually consisting of small to medium sized shippers. Shippers' associations are active in all major international shipping trades, operating both as full service and rate negotiator shippers' associations. Whether handling general commodity freight or specialized commodities and/or trade lanes, shippers' associations provide a very efficient mechanism for small to medium sized shippers to obtain access to volume discount rates and service contracts that would otherwise only be available to the largest shippers.

On their own, the members of shippers' associations would normally have insufficient volume, or the time or expertise to negotiate competitive service contracts on their own. By joining and participating in a shippers' association, smaller shippers can obtain economically competitive ocean transportation rates that allow them to participate in international trade. This is usually accomplished by the shippers' association entering into service contracts which are then made available to the individual members of the association. However, on occasion members of a shippers' association may have the need to make a shipment that is not governed by the shippers' association service contract, either because the shipment is for a commodity or between points not covered by the service contract, or because the service contract rate is not competitive for the member's need for that particular commercial transaction. Under these circumstances, the member may ask the shippers' association to arrange with a carrier to provide services under a tariff rate. The shippers' association will then usually contact a number of carriers and nvoocs to ascertain what rates are available, and then upon member approval arrange

for the shipment at the most competitive rate.

Granting the Sinolines petition will enhance competition in the trade lanes in which it operates, and will give shippers' associations and their members an additional source of competitive transportation rates and services. As noted in the Sinolines petition, the requirement contained in Section 9(c) of the Shipping Act requiring Sinolines to wait thirty days after publication to lower its tariff rates, or seek and obtain special permission to do so, creates an untenable situation in the competitive real world marketplace in which it operates. Granting the Sinolines petition will allow Sinolines to offer and compete on spot market rates which as a practical matter it currently cannot do. This will enhance competition in the trade lanes in which it operates, and ensure that Sinolines is a viable competitor in those lanes. In addition to increasing overall competition in the trade lanes it will also assist shippers' associations in remaining competitive in those same trade lanes, by providing shippers' associations with another competitive option by which an association can service the spot market needs of their members.

AISA thus agrees with the reasons for granting the requested exemption as set forth in the Sinolines' petition. It submits that the petition should be granted. AISA especially agrees with the suggestion of Sinolines that the Commission should grant the same exemption as sought by other Chinese controlled carriers to all similarly-situated Chinese controlled carriers in the same trade lanes. Doing so maintains the competitive parity among controlled carriers. The controlled carrier provisions of the Shipping Act are intended to protect commercial carriers from potential competitive abuses by controlled carriers. The exemption provisions of the Act should not be used to give a competitive advantage to one controlled carrier over others operating under the same circumstances. Similar exemptions should be granted to all controlled carriers whom the

Commission ascertains have similar commercial attributes justifying an exemption, otherwise competitive parity between controlled carriers is disrupted.

Wherefore, AISA respectfully submits that the Petition should be granted.

Respectfully submitted,



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(202) 296-2900

Counsel for The American Institute  
for Shippers' Associations, Inc.

Dated: August 20, 2003

*CERTIFICATE OF SERVICE*

I hereby certify that I have this day served the foregoing document upon counsel for Petitioner Sinotrans Container Lines Co., Ltd., by depositing a copy thereof in United States Mail, First Class Postage, Prepaid addressed to Robert B. Yoshitomi, Esq., and Christopher J. Jackson, Esq., Nixon Peabody LLP, 2040 Main Street, Suite 850, Irvine, CA 92614.

Dated at Washington, D.C., this 20th day of August, 2003.



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Andrew M. Danas  
Counsel for The American Institute  
for Shippers' Associations, Inc.