



EUROPEAN SHIPPERS' COUNCIL

PRESS RELEASE

Brussels, 23rd January 2021

Shippers and Forwarders Meet DG Competition

As a follow up to the letters that ESC and CLECAT sent to DG Competition, the two associations have been discussing the situation in the maritime container market with DG Competition during an online meeting.

The associations referred to the current chaotic situation on the market as unprecedented. **ESC and CLECAT displayed many figures related to the deterioration of the services:** the increase in blank sailings (on some trade lanes by more than 30%), a decrease in reliability (only 50% of ships arrived on time over the last year), and especially the outrageous price hikes that most customers had to accept in order to have their goods loaded (the prices that put many SMEs in a situation of losing money and businesses).

These facts were also supported by the evidence regarding: the shortage of empty containers, the breach of existing contract rates, the application of spot rates up to \$16,000 per TEU or of various surcharges, and frequent roll overs despite the shippers' acceptance of very high prices.

The Commission responded to be fully aware of the present market situation including recent price hikes, which from their point of view, were mainly due to the wane and surge on the demand side as a consequence of the COVID-19 crisis. At the same time, **the Commission indicated that price hikes as such are not seen as a justification to start an investigation.**

DG Competition said that for the European market there are only 2 circumstances when the European Commission has full rights to start an examination:

- *Once the formal review of the Consortia BER is relaunched*
In this case carriers will be asked to deliver data. Of course, other stakeholders will be invited to provide information as well.
- *In the context of a legal complaint*
In this case, a legal complaint must be based on facts and contain sufficiently robust evidence of infringements to the articles 101 and/or 102 TFEU.

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However, encouraged by CLECAT and ESC, DG Competition acknowledged that this global situation needed a global overview and, therefore, at least a renewal of the discussions with the maritime competition authorities in other parts of the world (the last triologue with the US FMC and China Ministry of Commerce took place in 2019).

Also, the Commission suggested that they would establish a dialogue between all the market participants in view of finding a common approach to the current market problems and setting up an action plan regarding the overall ecosystem.

As a result of this meeting, ESC will consider with CLECAT whether there is a case for filing an official complaint to the European Commission.

ESC underlines that the system is unbalanced as the few carriers can easily provide data which are considered as the primary and relevant source of information while on the shippers side it is very difficult to process information with a multitude of data coming from thousands of sources.

Particularly, ESC would like to highlight the specific responsibility that carriers have to endorse in exchange of the protection they have from standard competition laws. This protection has been granted to carriers globally (in Europe – by the Consortia BER): the alliances of carriers are now the “gatekeepers for international trade” as they play a crucial role in the competitiveness of many businesses. **They should not abuse of these privileges as it seems to be the case today.**

Therefore, liner shipping companies and their associations should immediately act upon the current situation to bring it to normal as soon as possible and fully collaborate to find ways and means to avoid similar cases in future.

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About European Shippers' Council

ESC represents the interests of more than 75.000 cargo owners in the European Union, both SMEs and large multinational companies. For all of them, transport is an indispensable link to their customers. Efficient and sustainable transport and logistics are, therefore, critical for the competitiveness of European industry and socio-economic welfare in Europe.

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