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January 18, 2011

Karen V. Gregory
Secretary
Federal Maritime Commission
800 North Capitol Street N.W.,
Washington D.C. 20573-0001
Tel: 202-523-5725
E-mail: secretary@fmc.gov

Re: Maersk Line filing FMC EU Study – Response to NOI

Dear Ms. Gregory,

Please see attached Maersk Line's filing in regards to the Federal Maritime Commission's Notice of Inquiry—Analysis of the European Union's Repeal of the Liner Conference Block Exemption. I attach two documents to this transmittal letter:

(1) Maersk Line Filing--Confidential—Maersk Line designates all of Sections B, C, D, E and F of this document as confidential, because Maersk Line's responses in these sections constitute commercially sensitive information. These sections are highlighted in Grey and each page has been marked "Confidential-Restricted". The document constitutes the entire filing by Maersk Line, including Section A which has not been designated as confidential.

(2) Maersk Line Filing--Public—This document constitutes Maersk Line's response in Section A only and has not been designated as confidential.

Please call me with any questions.

Sincerely,

Dennis A. O'Brien
Associate General Counsel
Maersk Inc.

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Section A: General Questions

1. *Based on your experience since September 2006 (when the European Union announced its decision to terminate the block exemption for liner shipping conferences to take effect October 2008), what impacts, if any, have you identified on your company's commercial activities, in any trade lane, that you would attribute to the termination of the E.U. conference block exemption? Please explain. If you believe there* have been such impacts, please indicate when that impact first occurred.

   Maersk Line has not identified any appreciable impact on its commercial activities in any trade lane that it attributes to the termination of the EU conference block exemption. This is because of effective competition already being in place before September 2006. While the EU conference block exemption was in place, aside from a generally common approach with respect to surcharges, Maersk Line competed in all respects and did not necessarily offer the same pricing as the TACA or FEFC conferences.

   The data provided in this submission demonstrates that the termination of the EU conference block exemption had a negligible effect on Maersk Line's pricing and services in the EU trades compared to the past. Additionally, from Maersk Line's perspective, there was no increase in competition or enhancement of shipper benefits in the EU trade lanes after termination compared to the Far East/US trades where rate discussion antitrust immunity continued. The effect of the repeal was neutral to Maersk Line's business.

2. *Based on your experience since October 2008 (when the E.U. exemption for liner conferences was terminated) has any class of shipper or class of vessel-operating common carrier received a competitive advantage or been put at a competitive disadvantage as a result of the E.U. decision to terminate the exemption? If so, please explain.*

   Based on Maersk Line's experience, no class of shipper or class of vessel-operating common carrier has received a competitive advantage or been put at a competitive disadvantage as a result of the EU decision to terminate the exemption.

3. *Based on your experience since October 2008 (when the E.U. exemption for liner conferences was terminated), have differences between U.S. and E.U. liner shipping competition regulations created any problems for your company? If so, please explain.*

   As an international liner shipping company, Maersk Line complies with several different regulatory regimes. As a general matter, it would be easier to conduct an international liner shipping business if there were more common rules among these various regulatory regimes. The benefit of having common rules, where sensible, provides efficiencies and cost reductions. As a an example, if the Rotterdam Rules for cargo liability are

adopted on a global basis, carriers and shippers only have to refer to one set of rules for their global business.

Maersk Line supports the FMC's endeavors to study and consider the practices of other regulatory regimes such as the EU, and encourages the EU and other regulatory regimes to do the same. In Maersk Line's perspective, governments should make one of their goals to seek to adopt common international rules that best protect the shipping public while reducing unnecessary burdens and expense for ocean carriers.

4. *Does your company view cooperation among ocean carriers in operational agreements (e.g., vessel sharing agreements, alliances, consortia, etc.) as generally having a positive, neutral or negative impact on the availability or cost of liner shipping services? Please explain. Does the E.U. market share threshold of 30% for such operational agreements have any effect with respect to that impact? If so, please explain.*

Maersk Line views cooperation among ocean carriers in *operational agreements* (e.g., vessel sharing agreements, space charters.) as having a positive impact on service availability and the cost of liner shipping services. Operational agreements permit ocean carriers to reduce their costs by sharing vessel space and have led to the introduction of larger, more efficient vessels in several trades. The economies of scale resulting from operational agreements generally lead to lower prices for consumers, because the agreement participants are generally able to pass on a certain amount of the cost savings. Maersk Line is also able to use these cost savings to invest in more modern vessels and other assets necessary for improving services, such as containers and other intermodal equipment. Further, the use of fewer, more modern vessels results in environmental mitigation in vessel emissions at sea and at US port locations.

Without operational agreements it might be cost prohibitive to introduce a vessel into a trade, which might result in some services operating with lower frequency or not operating at all. In the competive container shipping market, another ocean carrier could step in to fill the void, but only on a temporary basis, because that ocean carrier would also learn that it was cost prohibitive to provide that service without a vessel sharing agreement. The end result would be ocean carriers frequently moving in and out of trades, and a lack of the service stability shippers rely upon for their supply chains.

Operational agreements do not just benefit large ocean carriers like Maersk Line. Such arrangements also make it possible for small carriers to compete as they might not be able to operate weekly services as generally required without a string of shared vessels.

In trades covered by vessel sharing agreements, ocean carriers continue to compete vigorously on price and service while utilizing the same vessel assets. Ocean carriers differentiate themselves on customer service and reliability for inland services.

Over the last few years, Maersk Line has used vessel sharing arrangements with CMA-CGM to enhance its service offerings to the Pacific Northwest and the U.S. East Coast. Maersk Line has also entered into vessel sharing arrangements with MSC and CMA-CGM to supplement its own vessel strings that service U.S. West Coast ports. Most of these vessel sharing arrangements qualify as low market share arrangements under FMC regulations.

Maersk Line has a positive view of the EU 30% market share threshold for operational agreements. The approach to exempt agreements that fall below a certain threshold demonstrates a proper balance between the application of competition laws and the material impact of ocean carrier cooperation on the shipping markets. This threshold makes it easier for Maersk Line to implement these operational agreements which benefit ocean carriers and their customers.