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**April 5, 2011**

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Ms. Karen V. Gregory  
Secretary  
Federal Maritime Commission  
800 North Capitol Street, N.W.  
Room 1046  
Washington, D.C. 20573

Re: Solicitation of Views on the Impact of Slow Steaming

Dear Ms. Gregory:

The Australia and New Zealand-United States Discussion Agreement ("ANZUSDA" or "Agreement") hereby submits its response to the FMC's Notice of Inquiry on the Impact of Slow Steaming.

The questions directed to carrier agreements that have established a bunker surcharge guideline, and ANZUSDA's response to same, are set forth below. However, as an initial matter, we note that ANZUSDA has established a bunker surcharge voluntary guideline with respect to a single commodity only, and not with respect to the trade in general. Accordingly, while it is responding to the NOI, its response will necessarily be limited for this and other reasons set forth below.

1. Within the geographic scope of your agreement, what proportion of the ships used by your members slow steam? What proportion slow steam outbound from the United States? What proportion slow steam inbound to the United States? Please break this information down by trade lane.

Response: *Four of the five members of ANZUSDA operate a service from Australia/New Zealand to the U.S. West Coast, which consists of two vessel strings. The Agreement understands that one member of this VSA operates its vessels in this service at reduced speeds. Two of the Five members operate a vessel string from Australia/New Zealand to the U.S. East Coast. It is the understanding of the Agreement that carriers participating in this string slow*

*steam to the extent possible, but that schedule recovery requirements have negatively impacted the initiative.*

2. Please explain your method used for developing the bunker surcharge guideline. How can the formula be modified to reflect the savings realized from slow steaming?

Response: *As noted above, the Agreement has adopted a bunker surcharge guideline with respect to a single commodity only, in consultation with shippers of that commodity, which consultations are required by the laws of Australia and use of this surcharge is at the discretion of the exporter/contract holder. . The exporters/contract holder may also choose to negotiate their own separate arrangements with their ocean provider as well. Accordingly, there is no overall bunker surcharge formula.*

*As to whether any savings are in fact realized from slow steaming, this question is best answered by the lines operating the service in question.*

3. Has your agreement discussed possible ways to pass cost savings along to shippers? If not, do you have plans to, and what is your goal date? If not, why not?

Response: *This question assumes that there are cost saving which, as noted above, is something that would have to be addressed by the lines concerned rather than ANZUSDA.*

*Having said this, since ANZUSDA has not adopted an overall bunker surcharge guideline, and since there is limited slow steaming within the Agreement trade, the Agreement has not expressly discussed the sharing of cost savings with customers or made plans to do so.*

*As noted above, the guideline bunker surcharge was developed at the request of, and in consultation with, shippers of a particular commodity that wanted uniformity in the bunker surcharge applicable to that commodity. Thus, to the extent there is a guideline, it is acceptable to the shippers to whom it would be applicable or have individually accepted with their line/carrier. Of course, like all guidelines, that guideline is merely a non-binding recommendation. Of the lines that participate in the services that involve slow steaming, one has publicly announced that it follows an individual, worldwide bunker formula and, accordingly, does not follow or utilize the limited ANZUSDA bunker surcharge guideline. The extent to which the other members participating in the services in question adhere to the guideline in their individual service contracts is not monitored by, and is unknown to, the Agreement secretariat and the other member lines. It is our understanding that the subject of costs associated with slow steaming may be addressed in greater detail by some of the member lines who will be filing individual responses to the Notice of Inquiry.*

4. What measures has your agreement taken to try to mitigate any adverse impact of slow steaming on the trade?

Response: *While a more detailed response may be forthcoming from the relevant carriers, ANZUSDA is not aware of any adverse impact of the limited slow steaming that occurs within the trade.*

5. To what extent has the prevalence of slow steaming within the geographic scope of your agreement influenced the type of discussions that take place or the type of information exchanged under the authorities contained in your agreement?

*Response: Slow steaming is not prevalent in the ANZUSDA trade and has not influenced the types of discussions that take place or the type of information exchanged.*

Respectfully submitted,

COZEN O'CONNOR



By: Wayne Rohde  
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United States Discussion Agreement