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OFFICE OF THE SECRETARY
FEDERAL MARITIME COMMISSION

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 United States/Australasia Discussion Agreement ("USADA" 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 USADA's response to same, are 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: *The members of USADA operate four vessel services from the United States to Australia/New Zealand. One service consists of two vessel strings operating from the U.S. West Coast to Australia/New Zealand. The Agreement understands that one member operates its vessels in this service at reduced speeds. Two different groups of USADA members operate two vessel strings from the U.S. East Coast to Australia/New Zealand. Of these East Coast services, only one could be considered to slow steam. It is the understanding of the Agreement that carriers participating in this vessel 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: *The formula used to determine the guideline bunker charge in the USADA trade is a simple formula tied directly to bunker prices. This formula is filed with the FMC.*

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.

It should also be noted that the guideline bunker surcharge does not differentiate between the East Coast and the West Coast even though bunker costs for service from the East Coast are greater than those for West Coast service.

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 USADA.*

Having said this, USADA has not discussed the sharing of cost savings with customers or made plans to do so. As noted above, there is limited slow steaming within the scope of USADA. Of the lines that participate in the services that might be said to include some slow steaming, one has publicly announced that it follows an individual, worldwide bunker formula and, accordingly, does not follow or utilize the USADA bunker surcharge guideline. Like all individual service contract guidelines, the guideline on the bunker surcharge is voluntary. The extent to which the other members participating in the services in question adhere to the guideline is not monitored by, and is unknown to, the Agreement secretariat and the other member lines. It is our understanding that this subject 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, USADA 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?

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

Respectfully submitted,

COZEN O'CONNOR

A handwritten signature in cursive script, appearing to read "Wayne Rohde".

By: Wayne Rohde
Counsel for the United States/Australasia
Discussion Agreement