

## FMC E.U. Study Notice of Inquiry Questions

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**Identifying Information** (Please provide the information requested below with your NOI response.)

**Name of Respondent:** (individual)

**Respondent's Title/Position:**

**Contact Information:** Telephone and E-mail

**Name and Address of Company or Other Entity:**

**Type of Company or Other Entity:**

Beneficial Cargo Owner (BCO)

Ocean Transportation Intermediary (OTI)

Shippers' Association

Vessel-Operating Ocean Carrier (VOCC)

Public Port Authority

Other, please describe (e.g., marine terminal operator,  
trade association, government agency, etc.)

### **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.
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.
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.
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.

### **Section B: Questions about the North Atlantic Trade (North Europe/U.S.)**

5. Approximately what percent of your company's freight earnings (lines, OTIs) or shipping expenses (shippers) involves international shipping in the North Europe/U.S. trade? Does your company's business involve US imports (westbound service) only, U.S. exports (eastbound service) only, or both? Please explain briefly.
6. How, and to what extent, did the recent economic recession (2008 – 2009) affect your company's liner shipping-related business in the North Europe/U.S. trade? Please explain.

7. Based on your experience *prior to* July 2008, when the Trans-Atlantic Conference Agreement (TACA) disbanded, did the existence of TACA have any impact on your liner shipping-related business in the North Europe/U.S. trade? If so, please explain.
8. Based on your experience in the period *from October 2008 to the present* (i.e., since the E.U. block exemption was terminated), has there been any significant change(s) in liner services in the North Europe/U.S. trade *that you attribute to the E.U. terminating the block exemption?* For example, changes in:
  - a. the level of freight rates and surcharges;
  - b. the frequency with which rates or surcharges are adjusted upward or downward (rate volatility);
  - c. the assessment of surcharges;
  - d. the level of competition among ocean carriers;
  - e. the service contracting practices or terms offered by ocean carriers;
  - f. the availability of vessel capacity and container equipment; or
  - g. the level or quality of liner services (including customer service, billing accuracy, etc.)

If so, please identify and explain those changes.
9. For CY 2010 to date, please estimate the percentage of your annual business (by volume) *in the North Europe/U.S. liner trade* that moved under (a) annual (or longer) service contracts, (b) shorter-term freight agreements, (c) spot rates, and (d) other (please specify). Has that changed significantly since October 2008? If so, please explain.
10. Following repeal of the E.U. block exemption, ocean carriers created a global information system under *Container Trade Statistics, Ltd.* (CTS) in which a majority of ocean carriers serving the North Europe/U.S. trade participate. CTS provides certain data free on its web site, including indices of the carriers' aggregated average revenue per TEU by month. CTS also sells other data. To what extent, if at all, does your company access and use CTS Europe/U.S. trade data, and (if it does so) for what purpose(s)?

**Section C: Questions about the Transpacific Trade (Far East/U.S.)**

11. Approximately what percent of your company's freight earnings (lines, OTIs) or shipping expenses (shippers) involve international shipping in the Far East/U.S. trade? Does your company's business involve U.S. imports (eastbound service) only, U.S. exports (westbound service) only, or both? Please explain.
12. How, and to what extent, did the recent economic recession (2008-2009) affect your company's liner shipping-related business in the Far East/U.S. trade? Please explain.
13. Based on your experience *from January 2006 to the present*, have the activities of the Trans-Pacific Stabilization Agreement (TSA) or the Westbound Trans-Pacific Stabilization Agreement (WTSA) had any significant impact on your company's liner shipping-related business in the Far East/U.S. trades? If so, please explain.
14. Based on your experience in the period *from October 2008 to the present*, have there been any significant characteristics of liner services in Far East/U.S. trades that you *attribute to actions taken by TSA or WTSA member lines acting collectively?* For example:
  - a. the level of freight rates and surcharges;
  - b. the frequency with which rates or surcharges are adjusted upward or downward (rate volatility);
  - c. the assessment of surcharges;
  - d. the level of competition among ocean carriers;

- e. the service contracting practices or terms offered by ocean carriers;
- f. the availability of vessel capacity and container equipment; and
- g. the level or quality of liner services (including customer service, billing accuracy, etc.)

If so, please identify and explain those characteristics.

15. For CY 2010 to date, please estimate the percentage of your annual business (by volume) *in the Far East/U.S. liner trade* that moves under (a) annual (or longer) service contracts, (b) shorter-term freight agreements, (c) spot rates, and (d) other (please specify)? Has that changed significantly since October 2008? If so, please explain.

**Section D: Questions about the Europe – Asia Trade (Far East/Europe)**

16. Approximately what percent of your company's freight earnings (lines, OTIs) or shipping expenses (shippers) involve international shipping in the Far East/Europe trade? Does your company's business involve European imports (westbound service) only, European exports (eastbound service) only, or both? Please explain briefly.
17. How, and to what extent, did the recent economic recession (2008-2009) affect your company's liner shipping-related business in the Far East/Europe trade? Please explain.
18. Based on your experience *prior to October 2008* (i.e., before the Far East Freight Conference (FEFC) disbanded), did the existence of FEFC have any impact on your liner shipping-related business in the Far East/Europe trade? Please explain.
19. Based on your experience in the period *from October 2008 to the present* (i.e., since the E.U. block exemption was terminated), has there been any significant change(s) in liner services in the Far East/Europe trade *that you attribute to the E.U.'s ending of the block exemption*? For example, changes in:
- a. the level of freight rates and surcharges;
  - b. the frequency with which rates or surcharges are adjusted upward or downward (rate volatility);
  - c. the assessment of surcharges;
  - d. the level of competition among ocean carriers;
  - e. the service contracting practices or terms offered by ocean carriers;
  - f. the availability of vessel capacity and container equipment; and
  - g. the level or quality of liner services (including customer service, billing accuracy, etc.)

If so, please identify and explain those changes.

20. For CY 2010 to date, please estimate the percentage of your annual business (by volume) *in the Far East/Europe liner trade* that moved under (a) annual (or longer) service contracts, (b) shorter-term freight agreements, (c) spot rates, and (d) other (please specify)? Has that changed significantly since October 2008? If so, please explain.
21. Following repeal of the E.U. block exemption, ocean carriers created a global information system under *Container Trade Statistics, Ltd.* (CTS), in which a majority of ocean carriers serving the Far East/Europe trade participate. CTS makes certain data free on its web site, including indices of the carriers' aggregated average revenue per TEU by month. CTS also sells other data. To what extent, if at all, does your company access and use Far East/Europe trade data, and (if it does so) for what purpose(s)?



26. In each of the three major East-West trade lanes, please indicate which lanes have tended to be the relatively most profitable and which was the relatively least profitable for each year between 2006 and 2010 (inclusive). [Write *M* for most, and *L* for least.]

|         | Far East/U.S. | Far East/Europe | North Europe/U.S. |
|---------|---------------|-----------------|-------------------|
| a. 2006 | _____         | _____           | _____             |
| b. 2007 | _____         | _____           | _____             |
| c. 2008 | _____         | _____           | _____             |
| d. 2009 | _____         | _____           | _____             |
| e. 2010 | _____         | _____           | _____             |

If those rankings changed significantly during the 2006 through 2010 period, please explain the reason(s) for the change.

27. Based on your experience during the period *from January 2006 to the present*, have there been any significant changes in the nature of your business in the *North Europe/U.S.* liner shipping market related to *changes* in:

- a. Seasonality of cargo movements;
- b. Commodity values;
- c. Directional cargo imbalances (imports vs. exports);
- d. Number of carriers serving the trade; or
- e. Minimum scale (# and size of vessels) needed to serve the trade efficiently

If so, please identify and explain those changes.

28. Based on your company's experience in the *North Europe/U.S.* trade, please identify any substantial changes that occurred in your liner business (operations, marketing, pricing, etc.) in the two years following repeal of the E.U. liner conference exemption (CY 2009 and 2010) as compared with the two years preceding the repeal (2006 – 2007)? If any, please explain.

29. Based on your experience during the period *from January 2006 to the present*, have there been any significant changes in the nature of your business in the *Far East/U.S.* liner shipping market related to *changes* in:

- a. Seasonality of cargo movements,
- b. Commodity values
- c. Directional cargo imbalances (imports vs. exports)
- d. Number of carriers serving the trade; or
- e. Minimum scale (# and size of vessels) needed to serve the trade efficiently

If so, please identify and explain those changes.

30. Based on your experience during the period *from January 2006 to the present*, have there been any significant changes in the nature of your business in the *Far East/E.U.* liner shipping market related to *changes* in:

- a. Seasonality of cargo movements;
- b. Commodity values;
- c. Directional cargo imbalances (imports vs. exports);
- d. Number of carriers serving the trade; or
- e. Minimum scale (# and size of vessels) needed to serve the trade efficiently

If so, please identify and explain those changes.