

REGULATION IN THE LINER SHIPPING INDUSTRY: PATHWAYS TO A BALANCE OF INTERESTS

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Which decision will the European Commission take in the context of reviewing the Consortia Block Exemption Regulation (CBER) No 697/2014 of 24 June 2014 (expire April 25th, 2020)?

Rationale:

- Review of the Consortia Block Exemption Regulation (CBER) No 697/2014 of 24 June 2014 (expire April 25th, 2020) > much debate
- Public and targeted consultation (Autumn 2018)
- The critical question: What will the EU do in 2020?

Industry context

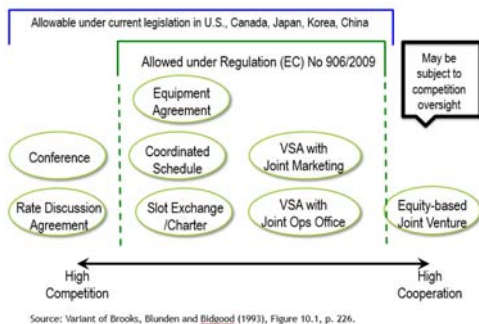
Year	Main Trade Alliances	Top 20 Share of Total Capacity*	Top 20 Not in Global Alliances (Including from Top 10...)
1998	5	53.0%	7 (#2 Evergreen, #3 Hanjin/DSR-Senator, #9 MSC)
2001	3	58.7%	8 (#1 Maersk Sealand, #3 Evergreen, #5 MSC, #8 CMA CGM, and #10 CP Ships)
2005	3	70.5%	8 (#2 MSC, #3 Evergreen, #5 CMA CGM, #10 CSCL)
2009	3	70.0%	9 (#1 Maersk, #2 MSC, #3 CMA CGM, #4 Evergreen, #8 CSCL)
2017	3	90.4%	1 (#7 Hamburg Süd)
2019	3	92.7%	1 (#9 PIL)

Research questions:

- Are the interests of carriers and shippers in balance in the CBER era?
 - If they are now, will they also be in the future?
 - If not, what evidence does each actor have that the interests are not in balance, and what should be changed to bring back balance

Tensions

Definitions used



→ a need for a globally accepted definition for each type of activity

Regulatory bodies



→ a need for multilateral regulation

Three industry perspectives



→ A need to move to middle ground

Three pathways | Regulatory data

Allow the existing CBER to expire

- The most dangerous of all pathways
- The industry currently faces global uncertainty
- Highest risk of seeing carriers disappear from the market
- Future capacity risk decisions of carriers may go against the interests of shippers and terminal operators

Retain the existing CBER

- Fits best the needs of the carriers
- Shippers benefit from better-equipped shipping companies guaranteeing capacity

Amend the existing CBER

- Most balanced one, but unclear which amendments
 - More transparency: relevant geography market, data/information collection
 - No point to reduce market threshold
 - Regarding review period: difficult as timeline is the same for all sectors

Data gap that stymied a clean review of the CBER Recommended

- A global registry of CWAs for regulators to access
 - Type of agreement
 - Geographic trade lanes covered by the agreement
 - Agreement duration
 - If selling of space to third parties is allowed
 - The legal party to contact for further details on the nature of the CWAs
- A trade data warehouse for consortia monitoring

Next steps

- A data-supported matching of perspectives of different players
- Quantification of consequences on each actor's cost function and revenue
- Develop a consortia monitoring data warehouse
- Study efficiency and welfare properties
- Evaluate the type of alliances and how to manage this