

PRESS RELEASE
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GSF calls on regulators to investigate impact of P3 proposal

The GSF has called on International regulators to fully investigate the impact on price and service of the P3, and to make appropriate changes to ease competition concerns.

At its third annual meeting in Los Angeles, USA, The Global Shippers' Forum (GSF) urged the U.S. Federal Maritime Commission and the European Commission competition authorities to adopt appropriate measures to ensure that the P3 Global Alliance is unable restrict competition, reduce choice or influence rates resulting from its potential dominate position.

Addressing the GSF Annual Meeting in Los Angeles FMC Commissioner William Doyle recognized shippers' anxieties and said that the issues and questions raised by the GSF had been helpful for Commissioners and FMC staff in evaluating the P3. The results of the FMC's investigations into the P3 are expected on 24 March, the end of the current 45 day review period.

At the same GSF annual meeting delegates endorsed a new legal submission to the European Commission Competition Directorate in Brussels. The submission raises the potential for restrictions of competition arising from the unprecedented extent of commonality of costs resulting from the P3 including the potential risk of collusion on rates and capacity due to the wide ranging scope of cooperation specified within the agreement. The P3 "Network Cooperation Agreement", could "fundamentally change the structure of container shipping markets serving the European Union" says the GSF.

Within its submission to the European Commission the GSF has outlined its concerns over a range of EU competition law issues raised by the P3 Alliance. These concerns include the subsequent impact on other alliance agreements like the G6 Alliance and the Green Alliance, and the potential knock-on network effects resulting from the P3 Network Cooperation Agreement.

GSF Secretary General, Chris Welsh said:

"The GSF has made a formal legal submission to the European Commission on behalf of shippers from all over the world. The major fear is the market impact that the P3 Agreement would have. If the P3 were to proceed in its current form the structure of container shipping markets serving EU and global trades would be fundamentally changed, including the possibility of eliminating effective competition."

GSF raised questions with the European Commission in October 2013, regarding the proposed P3 Global Alliance between Maersk Line, CMA-CGM and Mediterranean Shipping Company (MSC) and submitted a detailed request for the European Commission's Competition Directorate General in Brussels to fully investigate the impact of the Agreement. The GSF requested essential features and details of the P3 Global Alliance so that it could complete its own legal analysis of the proposed agreement.

The GSF also filed a series of questions with the U.S. Federal Maritime Commission in November 2013.

At the time the proposed P3 Global Alliance was announced, GSF described the Alliance as "a recognised industry 'game-changer' that will fundamentally change the structure and competitive state of the global container shipping market."

In a letter to the Vice-President Joaquin Almunia, EU Commissioner for Competition the GSF has urged him to take appropriate steps to ensure the P3 Agreement is fully investigated and evaluated.

Chris Welsh added:

"Shippers are rightly concerned that the carriers in the P3 will be able to eliminate effective competition in key European markets, including Europe/Far East and the transatlantic.

GSF has told Vice-President Almunia, that in view of the lack of competition law enforcement in the container shipping sector in other parts of the world, industry is dependent on the Directorate General to enforce EU competition law for the benefit not only of EU trade but also that of its trading partners in the world's main markets."