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PROBLEMS OF MARITIME SHIPPING AFFECTING LATIN AMERICA

Note by the Secretary-General

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PROBLEMS OF MARITIME SHIPPING AFFECTING LATIN AMERICA

Note by the Secretary-General

I. INTRODUCTION

The Economic Commission for Latin America (ECLA) adopted at its first session (Santiago, 25 June 1948) a resolution on Transport and Communications. In this resolution the Commission took note, inter alia, of the exceptional importance of the problems of transport affecting Latin America, and considered that further study of these problems was needed, including the question of fair freight rates for the foreign trade of the countries of Latin America. It recommended that the Transport and Communications Commission be requested by the Economic and Social Council to make such a study.

The Economic and Social Council, at its Seventh Session (19 July - 29 August 1948) after examining the recommendation of the Economic Commission for Latin America, requested the Transport and Communications Commission to make a further study of the problems of maritime shipping including freight rates affecting Latin America, in order to facilitate consideration of these matters as soon as possible by the Economic Commission for Latin America.

The Transport and Communications Commission, at its third session, on the basis of the extracts from the discussions of the latter question during the first session of ECLA and during the Seventh Session of the Economic and Social Council, came to the conclusion that the nature and details of the problem had not been sufficiently brought out and that therefore it was unable to consider in what manner the problem could be dealt with, and adopted a resolution on these lines.

At its Ninth Session (Geneva, 5 July - 15 August 1949), the Economic and Social Council, having considered the resolution adopted by the third session of the Transport and Communications Commission on problems of maritime shipping affecting Latin America, and in the light of the resolution adopted in the meantime by the Economic Commission for Latin America at its second session (Havana, 29 May - 14 June 1949) (Annex I), adopted the following resolution (No. 227 (IX) D):

"The Economic and Social Council

Instructs the Secretary General

1. To request from the Governments of the Latin American countries their precise views on the problems of maritime shipping, including freight rates, affecting Latin America, and to obtain whatever information may have been already
/collected by

collected by the Economic Commission for Latin America, which would enable the Transport and Communications Commission to determine the elements of the question;

2. To communicate the extracts of the summary records of the Transport and Communications Commission's discussion concerning this question to the above-mentioned Governments;

3. On the basis of the replies from Governments, to collect any further relevant information;

4. To forward the views of the Governments and such information as the Secretary-General may have collected to the Transport and Communications Commission in order to enable the Commission at its next session to consider in what manner the question can best be dealt with."

In compliance with the resolution quoted above, the Secretary-General communicated to the Latin American Governments the extracts of the Transport and Communications Commission's discussion concerning this question and requested from them their views on this problem. The Secretary-General also approached the Executive Secretary of the Economic Commission for Latin America in order to obtain from him whatever information might have been collected by that body on this question.^{1/} The Secretary-General finally endeavoured to collect further information from other sources.

Herewith are presented:

- I. The views of those Latin American Governments which have already replied to the Secretary-General's request.
- II. Some aspects of maritime shipping in Latin American countries.
- III. A survey of the maritime problems affecting Latin America discussed at inter-governmental meetings from 1940 up to the present.
- IV. Further information collected by the Secretary-General.

Remark:

The Secretary-General intends to circulate to the members of the Commission at a later date further information on some of the maritime problems under consideration, should such information be available in due time.

^{1/} The relevant correspondence is reproduced in Annex II for information.

II. VIEWS OF LATIN AMERICAN GOVERNMENTS RECEIVED AT THE TIME OF WRITING OF THE PRESENT NOTE

The replies to the Secretary-General's request received up to the time of writing of this note are those from the Governments of the Dominican Republic and Ecuador. The text of the relevant parts of these replies is set out in Annex III.

The Government of the Dominican Republic indicated that for its country there are no maritime problems of international nature and that the freight rates are fixed by the United States Atlantic & Gulf-Santo Domingo Conference.

The Government of Ecuador expressed the opinion that its main problem is to obtain reasonable maritime freight rates so that Ecuadorian products may find an easy market abroad. Maritime freight rates for the main exports are also cited in the reply.

III. SOME ASPECTS OF MARITIME SHIPPING IN LATIN AMERICAN COUNTRIES

Shipping provides the most important means of travel and commerce between the northern, central and southern parts of the American continent on the one hand and the other continents on the other hand. Overland travel in Central and South America is difficult and very often impossible owing to the natural geography. Moreover, aviation will probably not, anyhow in the near future, be convenient for the economic transportation of many commodities such as raw materials carried in bulk. Shipping remains, therefore, the most adequate means of transport permitting the maintenance of a convenient economic link among the American Republics and between them and the other continents of the world.

The exports from Latin American countries consist mostly of raw materials and agricultural products, and their imports of manufactured products and a comparatively small amount of raw materials. Exports and imports were in the past mainly directed to and from European countries and North America.

Transportation of these goods was mostly carried in foreign bottoms, and the Latin American ports were visited regularly by vessels of many nations, mainly U.S., British and German, but vessels of about a dozen other European nations also participated in the traffic. From 1930 up to the Second World War, Japanese shipping companies improved and developed their services to Latin America, especially to the west coast of South America and the Caribbean ports. During the same period, U.S. flag services to Latin America were greatly developed. Mention may be made in this particular instance of the fact that under the U.S. Merchant Marine Act of 1936, a construction programme was adopted for ships suited to the needs of the Western Hemisphere.

Regular services on inter-American trade routes were secured during 1929 by vessels of 16 nations. These vessels carried about 72% of the total volume of United States imports from the other American Republics and 43% of the total volume of United States exports to this region. It has to be noted that of the total volume of United States cargo carried in 1939 by lines operating in regular services on inter-American trade routes, 86% of the U.S. imports and 77.5% of the U.S. exports were carried by U.S. vessels and chartered foreign tonnage.¹

¹/ U.S. Report on the Inter-American Maritime Conference.

Coastwise shipping was in the past mostly secured by national vessels, with the exception of passenger services, which remain in many cases in the hands of foreign lines.

In the first quarter of the century, some of the Latin American countries began to augment the number of their ocean-going vessels, this policy being the normal consequence of the expansion of their general economy. It can be stated, however, that ocean-going vessels under Latin American flags were still often foreign-owned, with the exception of Brazil, Chile and Argentina, which operated ocean-going vessels to an important extent.

The Brazilian Government, long before the Second World War, had given support to lines operating to Europe and the United States. Chile, during the decade which preceded this war acquired some modern merchant ships which were put on the run between Chile and German ports via New York. The efforts made by several Latin American countries to create, modernize, or develop the merchant fleet in order to reduce their more or less complete dependence on foreign shipping always met with difficulties and the results achieved toward this aim were not very satisfactory, owing in particular to the great competition which existed before the war with some European countries, the United States, and Japan, and as well owing to the lack of the necessary capital. In this respect, it is interesting to recall that an increase of about 40% of the Latin American merchant fleet took place during the period 1913-1929, and that during the period 1929-1938 no further progress was achieved and that even a small decrease in the registered tonnage was experienced, amounting to nearly 4%.^{1/}

The influence of the two world wars was badly felt by the Latin American countries, which found themselves, owing to the lack of proper shipping facilities, without the necessary means for their export-import trade. They considered, therefore, that the development of merchant fleets of their own was a matter of primary interest. This trend of opinion has spread, and some countries have already embarked on programmes for developing their merchant marines and to create or modernize all facilities and conditions relating to maritime traffic.

^{1/} Preparatory document by the Secretariat for the second session of the Economic Commission for Latin America, E/CN.12/82.

The changes which took place from 1 September 1939 to 30 June 1949 in the merchant tonnage of the following Latin American countries are given below. The figures listed concern vessels of 1,000 gross registered tons and over, excluding vessels used on inland waterways, lakes, and vessels of special types:^{1/}

<u>COUNTRY</u>	<u>1 September 1939</u>	<u>30 June 1949</u>
Argentina	196,000	629,800
Brazil	414,000	640,000
Chile	154,000	159,500
Colombia	--	36,500
Cuba	17,000	24,600
Dominican Republic	2,000	3,400
Ecuador	--	9,900
Honduras	82,000	378,700
Mexico	24,000	103,400
Nicaragua	3,000	7,500
Panama	719,000	2,948,300
Peru	26,000	77,300
Uruguay	14,000	69,700
Venezuela	70,000	130,100

It must be mentioned that this table does not reflect with great accuracy the exact tonnage of each fleet, owing to the fact that many coastwise vessels are of a tonnage below 1,000 gross tons. As regards Panama and Honduras, it is necessary to point out that the great importance of their tonnage and its increase during this period does not reflect with accuracy the corresponding changes which occurred in the economy of these countries.

^{1/} Ref. United States Maritime Commission.

IV. SURVEY OF THE MARITIME PROBLEMS AFFECTING LATIN AMERICA DISCUSSED AT INTER-GOVERNMENTAL MEETINGS FROM 1940 UP TO THE PRESENT

The inter-governmental meetings considered in this document are the following and are listed in chronological order:

- (1) Meeting of the Foreign Ministers of the American Republics, Panama, 1939.
- (2) Inter-American Financial and Economic Advisory Committee, 1940.
- (3) Inter-American Maritime Conference, Washington, 1940.
- (4) Inter-American Economic and Social Council, 1946-1948.
- (5) Ninth International Conference of American States, Bagota, 1948.
- (6) Commission on Commercial Co-operation of the Inter-American Economic and Social Council, 1949.
- (7) Inter-American Economic and Social Council, November, 1949.

A brief survey of the work done and the decisions adopted at these inter-governmental gatherings is given hereafter:

(1) Meeting of the Foreign Ministers of the American Republics (Panama, 1939)

At the meeting of the foreign ministers of the American Republics which was held in Panama (23 September - 3 October 1939), a resolution on "Economic co-operation" was adopted. It was decided by this resolution to establish in Washington, not later than 15 November 1939, an Inter-American Financial and Economic Advisory Committee consisting of 21 experts in economic problems (one for each of the American Republics).

Among the functions ascribed to this Committee were, inter alia:

"To study and propose to the Governments the most effective measures for mutual co-operation to lessen or offset any dislocations which may arise in the trade of the American Republics and to maintain trade among themselves, and as far as possible, their trade with the rest of the world, which may be affected by the present war. . ."

"To study measures which tend to promote the importation and consumption of products of the American Republics, especially through the promotion of lower prices and better transportation and credit facilities."

Among the recommendations made to the Governments of the American Republics by the foreign ministers at this meeting, mention can be made in particular of the following:

/"To take

"To take measures in accordance with their own respective legislations, with a view to avoiding increases of rates or premiums to an extent not justified by the special expenses and risks incurred because of the present state of war, by shipping companies which maintain transportation services between the countries of the continent, and marine insurance companies operating in their territories....

"To study the possibility of reducing to a minimum consular fees on manifests of vessels in the above-mentioned services, so as to make possible the shipment of reduced quantities of commodities which require rapid and special transportation

"To study the possibility, in accordance with their legislation, of reducing to a minimum, port, sanitary and other formalities applied to the traffic of merchandise between the American Republics."

(2) Inter-American Financial and Economic Advisory Committee (1940)

Pursuant to the resolution adopted by the Meeting of Foreign Ministers this Committee was set up and its secretariat work was assumed by the Pan-American Union.^{1/}

A certain number of sub-committees were formed. To one of these, communications from the Republics of Cuba and Venezuela were referred.

The Government of Cuba suggested the convening of a conference of representatives of shipping companies and of maritime experts of the governments of nations of the Western Hemisphere for the purpose of maintaining reasonable freight rates and distributing in a just and equitable manner the cargoes transported by the various countries of the American continent. The Government of Venezuela, on the other hand, suggested that a study be made of the possibility of prohibiting certain maritime practices; of reducing port dues and charges on ships, as well as freight and passenger rates; and also that consideration be given to the establishment of an Inter-American Commission on Maritime Services.

On the recommendation of this sub-committee, the Inter-American Financial and Advisory Committee approved the calling of a conference and decided therefore to invite the foreign ministers of all the American Republics to send representatives to an inter-governmental maritime conference to convene in Washington on 2 October 1940.

^{1/} The Pan American Union became in 1948 the general secretariat and permanent central organ of the Organization of American States.

(3) Inter-American Maritime Conference, (Washington, 1940)

An analysis of the discussions on the main problems dealt with by the Conference is given below:

Transportation of Commerce of the Nations of the Western Hemisphere - needs and means of facilitating

In the report presented by the United States delegation, a survey of the then existing shipping facilities was given, and in particular, mention was made of the increases of the number of U.S. vessels which had already been placed on inter-American trade. It was mentioned, inter alia, that as far as it was possible to foresee the situation which would exist at the end of the hostilities, the increased economic inter-dependence of the nations of the Western Hemisphere, and, as a consequence the increased trade, would continue as permanent factors. Moreover, thanks to the modern shipbuilding programme of the United States, there seemed to be some kind of assurance as to the number and adequacy of ships in the post-war period to carry the inter-American trade.

The trend of opinion and the views expressed in the course of the debate on this particular item were favouring the increase of permanent maritime services among the countries of the Western Hemisphere, special attention being given to the establishment of direct services and to the creation of free ports in appropriate places.

The Conference adopted four resolutions (see Annex IV (a), (b), (c) and (d)) concerning the inter-American steamship and transshipment facilities, the maintenance of present inter-American services, the transportation of perishable products and the establishment of free ports.

Ocean Freight Rate Problems - Self Regulation - Governmental Regulation

This item of the agenda covered one of the most important if not the most important of all the subjects discussed by the Conference. Many reports, recommendations and draft resolutions were submitted by a great number of delegations.

The experience of the United States with respect to the making of ocean freight rates for the transportation in foreign trade over a period of years, giving special consideration to the trade with the Latin American Republics, was described in a document presented to the Conference by the United States delegation.

The main points set forth in this U.S. document may be summarized as follows:

/- Passenger

- Passenger and liner services are an essential link between the American countries and most of the services which exist have been developed over a period of years.

- A stable rate structure which will permit carriers to earn enough revenue over a period of years to cover the costs of operation and to provide for depreciation, interest, overhead and fixed charges is necessary for the continuity of these services and their further development.

- Lines operating without conference agreements or other stabilizing influences may engage in rate wars as the experience of the past has proved, a situation which is harmful to trade and causes disintegration of services.

- Rigid government control of ocean rates is not advisable owing in particular to the inherent difficulties of regulating international shipping and therefore the conference system is useful.

- The continuance of the conference system will allow carriers to maintain and improve frequent, fast, and efficient service.

Various memoranda, recommendations and draft resolutions were also submitted by other delegations.

The rôle and practices of freight conferences were discussed at length and governmental action towards a direct or indirect control of freight rates was reviewed.

Some representatives considered that the contract system as it was in use constituted in fact a kind of monopoly and in particular that the interests of the producing entities in each country of Latin America were not always consulted before the rates were fixed. Complaints were made for instance about the use of the deferred rebate system.

Recommendations were made for the suppression of differential tariffs applied by shipping companies to goods destined for certain specific countries.

A proposal was made for the fixing of rates on a ton-mile basis and it was suggested also that the freight rates of the basic products of export of each country should be fixed in such a manner that the basis of the rate should vary in accordance with the changes in price of those articles in different markets; the manufactured products should be classified in the order of their value for purposes of fixing their rates.

Considering that freight rates, in relation with Latin American ports, were too high and exceeded by far, proportionally, the rates which prevailed between

/ports

ports separated by much greater distances, a draft resolution was presented by a Government in which the Conference was asked to indicate notably to the existing steamship conferences that in the fixing of rates a uniform tariff based on the distance between the respective ports and the value of the goods transported should prevail. Moreover, so long as identical port charges would not exist for all the ports of the hemisphere, the items corresponding to freight and those referring to port charges should be listed separately.

It was stated in a draft resolution submitted by one delegation that factors of an internal nature existed which affected the cost of operation of vessels and consequently influenced rates and therefore that it would not be equitable to ask nations possessing merchant marines engaged in inter-continental services to bear the additional cost of such service. The study of the creation of a common Pan-American fund which would serve to finance inter-American maritime transportation and contribute to the stabilization of rates was advocated.

The opinion was expressed that the fixing of rates through freight conferences, with the approval of a government, seemed to be the best method, because if the freight rates are controlled directly by the various governments, and taking into account the conflicting legislations in various countries, this would lead to greater difficulties rather than to a simplification, and also that it did not seem appropriate to have the freight rates controlled by a central commission, since the interests of each nation did not always coincide. (For example, at the time the Conference was held, the Brazilian legislation forbade the contract system which was permitted in the United States legislation).

A memorandum on marine insurance was also presented to the Conference in which a proposal was made to consider the advisability of adopting a uniform system of adjustment of general average in the American continent on the basis stipulated in the York-Antwerp Rules of 1924.

The Conference adopted then, following the long debate which took place on this important item of the agenda, two resolutions (see Annex IV (e) and (f)) one dealing with ocean freight rates problems and the other concerning the general average and York-Antwerp Rules.

Port Dues, Charges, Taxes and Other Imposts on Shipping, Desirability of Uniformity - Possibility of Reduction

The Conference was presented with a detailed and extensive report on this subject, prepared by the United States Government.

/The object

The object of this report was to provide information on the subject of port dues and charges so that consideration might be given to changes which might facilitate the flow of commerce between the American Republics. The report included as well a study on the manner in which port dues, taxes, etc., are administered and collected and the effects of these dues and charges on ocean freight rates and on the national economy.

A special study was made in this report on the relationship between the following elements: freight rates, port dues and charges, and the gross freight revenues. This study showed that the port dues and charges ranged from about 6.1 to 11.3% (for the voyages analyzed) of the total turn-round voyage revenue. Assuming that a 50% reduction were made, the corresponding reduction in freight rates would be from 3 to 5.6% and such a reduction could have been conceivably justified. But in considering the effect of the said reduction in units of a long ton it appeared that it would not be of great significance as far as the price paid by the ultimate consumer of the goods was concerned. (In the case, for instance, of the rate of \$25 per ton, a reduction of 6% would be \$1.50 or 6.7 cents per 100 pounds). The report then concluded that the ultimate purchaser or consumer of goods could expect little benefit from this procedure, and consequently that the application of a general reduction in port dues and charges could hardly produce a marked increase in the inter-American trade.

The report mentions, moreover, a number of suggestions made by persons engaged in the handling and transportation of goods. These suggestions were presented with a view to facilitating the inter-American trade and shipping and in particular to reduce delays in the handling of vessels and cargo, as for instance:

- the need for greater uniformity of port dues and charges and for their publication in due time;
- the need for greater uniformity of rules and regulations at the ports (with particular reference to providing for standard definitions for the various services rendered);
- the need for uniform consular documents, uniform fees for sets of documents and their legalization;
- the need for a revision of fines systems in use in certain ports. In some cases, it was considered that such fines were a deterrent to the free flow of trade.

/In the course

In the course of the debate it was pointed out that it would be profitable to create or improve in many ports the maritime police services and also to establish in every port of importance a permanent service of inspection and visit by the customs, health, police and immigration authorities.

The responsibilities that devolve upon shipping companies for the cartage of cargo were considered and it was suggested that appropriate regulations be established.

One of the representatives, claiming that the existing differences in port charges in the various countries constituted one of the principal reasons for the maintenance of high rates, asked the Conference to agree to recommend the standardization of port charges, and to fix them in a currency which would be taken as a basis or in the respective national currencies at their gold exchange value.

Moreover, it was suggested that every possible step be taken in order to have the Government of the United States revise the tolls for transit through the Panama Canal by the merchant vessels of the American countries on the Pacific coast. One delegation even proposed a reduction of 50%. The Conference, however, did not take any action on that particular point because it took into account the impossibility of bringing about a change in tolls in favour of any country or group of countries owing to the obligations of the United States arising from existing treaties.

The Conference adopted two resolutions (See Annex IV (g) and (h)) dealing respectively with the questions of "Full-time Service and Inspection and Visit" and of "Port Dues, Charges, Taxes and Other Imposts on Shipping".

Equitable Distribution of Cargoes in the Inter-American Trade, Pooling of Freight

A report was submitted to the Conference which had been prepared by the United States Maritime Commission and commented on by a member of the United States delegation. The paper surveyed the problems relating to the equitable distribution of cargoes. Some details were given as to the origin of conference rates and the means of self-regulation that they provide through the control of rates and also of the ways in which carriers gradually entered into pooling agreements aiming at the equitable distribution of revenue or traffic. Such pools are directly or indirectly related to conferences and their primary object is to regulate competition between contracting lines. This procedure benefits

/the lines

the lines themselves and also the shippers and receivers of cargo.

It is stated in the above-mentioned report that the main advantages of the pooling of freights are the following:

It stabilizes traffic and trade conditions by assuring the carriers of an equitable distribution of the revenue derived from cargo carried, and by eliminating or at least reducing costly competition for traffic. The distribution of revenue between pool lines is based in part upon sailings, therefore the regulation of the departure of the vessels of pool lines assures to each a minimum of interference or competition from the remaining partners. On the other hand, the lines which are not parties to an agreement share, however, to a certain extent, the benefits of stable trade conditions and the shippers and receivers are in a much better position to meet the requirements of the trade. Pool agreements also tend to reduce the temptation for carriers to adopt unfair methods of competition such as secret rebating and rate cutting. Finally, the pooling of freight tends to protect the position of weaker or inferior lines, parties to the pool, by assuring them a share in the traffic. In 1939 ten pooling agreements existed between United States ports and ports of the other American Republics.

With regard to governmental intervention - not in the sense of regulation or supervision of private pooling agreements but in the nature of direct restrictive or preferential action to allocate cargo to national flags - the opinion was expressed in the report that the intended effect of such intervention was to exclude the carriers operating under the flag of other nations from participation in the traffic of the country concerned. Consideration was given to the difficulty of dividing trade between national flag lines, as steamship services could most often only be operated successfully by calling at different ports in different countries.

Some delegations, however, were of the opinion that the practice which had prevailed for a long time in the maritime traffic and which consisted for shipping companies in entering into pooling agreements under which they distributed equally the proceeds of freight rates, in order to eliminate competition, constituted a clear case of monopoly and should be abolished. This point of view was very much debated.

It was also suggested in a memorandum presented by one representative that the Governments of the American countries permit participation in the maritime
/transportation

transportation of their respective cargoes of freight destined to regions or zones under their jurisdiction, to vessels flying the flag of any other American nationality which may solicit such traffic.

The Conference adopted a resolution (see Annex IV (i)) concerning the transportation of cargo in national vessels.

Consideration of Suggestions for a Continuing Procedure for Dealing with Shipping Problems in the Americas

The question of creating a permanent entity for matters of inter-American maritime relations such as an Inter-American Maritime Commission was discussed at length by the Conference which adopted a resolution (see Annex IV (j)), by which the Inter-American Financial and Economic Advisory Committee was requested to undertake the necessary studies for the organization of a technically qualified inter-American group which would study all appropriate measures relating to the development of inter-American maritime transportation.

Summary of the Work of the Conference

The following inferences may be drawn from the above survey on the Inter-American Maritime Conference.

- The Conference took place after the beginning of the second world war and many of the problems it had to deal with were directly or indirectly connected with the effects of the war on Latin American shipping. The Conference, however, in the course of its work, acknowledged the fact that many of these problems did not in some ways, originate exclusively from the war time conditions which then prevailed, and consequently that they ought to be tackled in a broader manner with a view to finding the best methods and solutions for maintaining and developing - after the cessation of hostilities - the shipping trade among the nations of the Western Hemisphere.

- The Conference in considering the question of transportation of commerce of the Western Hemisphere reached the conclusion that certain regions of the Americas did not possess the proper shipping facilities. It recommended that the Governments of the American Republics make joint efforts for the maintenance and development or the establishment of direct services which would better unite economically the nations of America.

Towards this aim, the conference recommended in particular that a special study be made of a plan for the improvement of the transportation and storage of perishable products and for the establishment of free ports in places which may appear the most advantageous.

/- At the time

- At the time the Conference was held, ocean freight rates had increased to a very great extent. This rapid increase was mainly due to war conditions; however, the study of this problem proved that the war was not solely responsible for such high rates and that for instance factors of an internal nature existed which affected the cost of operation of vessels and consequently influenced rates (such as, cost of services, lack of proper facilities, currencies, etc.). The question of the fixing of rates through the conference system was discussed at length, as well as the action taken by some conference lines. It was finally admitted that the conference system was on the whole the best method to be used, provided that particular attention be given to the desirability of avoiding that such conferences may take arbitrary action which could lead to unfair practices. The Conference was of the opinion that government intervention in the dealings of such conference lines ought to be of a limited and not too rigid character. It is interesting to note also that the Conference recognized that no single criterion or list of criteria could be formulated for equal application in all circumstances in the determination of freight rates. In this connexion it was deemed essential that every endeavour be made to accord the fullest possible consideration to all the important interests concerned.

- In the course of the study of this subject, the Conference accepted the views presented by one of the governments concerning the York-Antwerp Rules, 1924, i.e., the advisability of having a uniform system of adjustment proved that in fact a general reduction in port dues and charges would represent great difficulties and inconveniences in its application and that in return the ultimate purchaser or consumer of goods could expect little benefit from this procedure; consequently that such a method could hardly produce a marked increase in the inter-American trade.

The analysis of the question of port dues, charges, taxes and other fees imposed on shipping revealed however that the modification of certain policies and practices would be greatly beneficial to maritime traffic.

The Conference recommended, inter alia:

- the general establishment of permanent services at ports and a greater uniformity in their rules and regulations;
- a greater uniformity of port dues and charges;
- the adoption of changes in bills of lading;

/- a greater

- a greater uniformity in consular documents and reduction of special fees;
- the proper publication by each country of all information concerning these matters.

The solution of the problem of the equitable distribution of cargoes in inter-American trade was discussed on the basis of various proposals. It proved to be dependent to a rather large extent on the policies of governments. The Conference recommended therefore that each government should give sympathetic consideration to the modification of any laws which restrict the transportation of cargo to vessels of its own registry in trades other than those concerning their coastwise shipping.

In order to promote maritime transportation between the nations of the Western Hemisphere and to give effect to the conclusions of the Conference, proposals were made for the creation of a permanent entity in matters of inter-American maritime relations. The adoption of such a scheme was considered favourably by the Conference which decided that the necessary steps for the setting up of such a body should be undertaken by the Inter-American Financial and Economic Advisory Committee. Owing, however, to developments resulting from World War II, this Committee was prevented from doing anything further about the matter and the technical body was never created.

As a final remark on the result of the Inter-American Maritime Conference, it seems appropriate to say that for the first time, most of the main maritime problems affecting the Western Hemisphere have been studied in a detailed manner and that thanks to the valuable work performed in research and documentation by participating countries prior to the opening of the Conference, the decisions adopted were in general based on factual data.

(4) Inter-American Economic and Social Council (1946-1948)

Soon after the end of the war, the Inter-American Economic and Social Council, which succeeded the Inter-American Financial and Economic Advisory Committee, undertook to revive the study of maritime matters, in the light of the decisions adopted by the Inter-American Maritime Conference, and of the conditions which were then prevailing. The first time the Inter-American Economic and Social Council had to deal with maritime transport problems was following the receipt of a letter dated 9 January 1946, sent to the Chairman of that body by the delegates of Cuba, Peru, Venezuela, Panama, Guatemala and Haiti. The object of this letter was to stress the fact that freight rates had increased considerably since the beginning of that month (January 1946) and that this

/increase

increase was deemed very prejudicial to the economy of the corresponding countries.

The question was then discussed and studied by the Transport Committee of the Inter-American Economic and Social Council, but no concrete solution was reached.

At the session of the Council of 7 February 1946, the Chairman of the Transport Committee gave an account of the negotiations which had taken place with the War Shipping Administration. That body had been requested to notify the American governments in advance when increases in freight rates were being considered. The War Shipping Administration was also asked to furnish particulars which could explain the reasons for such increases.

Finally, the delegates of the American countries were requested to prepare a study on the influence of these freight rate increases on the cost of living of these countries.

At the next session, a member of the Council recommended that the possibility of establishing an Inter-American Merchant Fleet should be studied. This suggestion found no response other than consideration as a possibility. Mention was made on this occasion of the Gran Colombiana merchant fleet, formed by the Governments of Venezuela, Colombia and Ecuador.

The Council also took part in the preparation of the basic agreement on economic co-operation which was adopted in Bogota in 1948 at the Ninth International Conference of American States, mentioned hereafter, and on that occasion the Council again considered the problem of maritime transport.

(5) Ninth International Conference of American States, Bogota, March-May 1948

In Chapter 3 of the Economic Agreement of Bogota, which deals with maritime transportation, the following stipulations were made:

- "Article 33. The States agree to encourage and co-ordinate the most effective use of their transportation facilities, including ports and free ports, so as to satisfy their economic needs at the lowest possible cost compatible with reliable and adequate service.
- Article 34. The States agree to encourage the reduction of transportation costs by all means possible, through the improvement of port conditions, regulations affecting the working of ports and vessels, customs requirements, and the lowering of fees and other charges and imposts

/that unduly

that unduly restrict inter-American maritime trade.

- Article 35. The States shall endeavour to remove discriminatory action and unnecessary restrictions by governments affecting shipping engaged in international trade, so as to promote the availability of shipping services to the commerce of the world without discrimination; assistance and encouragement given by a government for the development of its national shipping and for purposes of security does not in itself constitute discrimination, provided that such assistance and encouragement is not based on measures designed to restrict the freedom of shipping of all flags to take part in international trade."^{1/}

(6) Commission on Commercial Co-operation of the Inter-American Economic and Social Council (1949)

The Commission on Commercial Co-operation considered it desirable to prepare a study on Inter-American Shipping Problems. A resolution to that effect was approved by the Commission on 14 October 1949 (see Annex V.) which was submitted to the Inter-American Economic and Social Council at its meeting of 10 November 1949.

(7) Inter-American Economic and Social Council, Meeting of 10 November 1949

The rapporteur of the Commission on Commercial Co-operation, in submitting the views of the Commission to the Inter-American Economic and Social Council, and in particular the draft resolution it approved on 14 October 1949, stated that the question of maritime transportation was very important for all the American countries and recalled that this question was discussed at the Bogota Conference. The rapporteur, in pointing out that the said Conference had not solved this problem, mentioned that the Commission therefore thought it could be dealt with now.

One Council member called the Council's attention to the fact that the draft resolution (Part I) of 14 October 1949, referred mainly to port services but did not tackle the important question of freight rates, a matter which was raised at the Bogota Conference. Furthermore, he suggested that the Commission on Commercial Co-operation should get in touch with conference lines in order

^{1/} See also Article 18 of the Final Act of the Ninth International Conference of American States (Doc. E/CN.2/50/Add.1, page 12, submitted to the third session of the Transport and Communications Commission).

to find out how freight rates could be adjusted in the American countries. Finally, in referring to the second part of the resolution, which concerned the ways and means to be adopted for the completion of the whole study of maritime transport, he stated that apart from the questionnaire to be submitted to the governmental port authorities, it would also be advisable if members of the technical secretariat of the Council would contact directly the countries concerned in order to obtain such data. Some of the other members of the Council agreed with these views.

The Council being of the opinion that it did not have enough information on this question and that it should be given more time to study it, decided to postpone its consideration until its next session in January 1950.

V. FURTHER INFORMATION COLLECTED BY THE SECRETARIAT

The Secretary-General, in compliance with the terms of the resolution of the Economic and Social Council (No. 227 (IX) D), endeavoured to have collected further particulars and data regarding the problems affecting maritime shipping in Latin American countries.

Reference to official sources more particularly concerned with these problems has shown that the up-to-date information available is fragmentary in character. It has therefore not been possible to obtain data which would permit the compiling of a general and appropriate survey on this subject. Perhaps because of this lack of information certain interested governments and inter-governmental organizations are taking steps to secure in greater detail, by means at their disposal, the relevant facts concerning shipping in Latin America.

The Office of International Trade of the United States Department of Commerce, for instance, is at present studying the questions of seaports and harbours and of merchant shipping and shipbuilding. This Department has sent relevant questionnaires to the United States diplomatic representatives in each country of the world.

The information requested on seaports and harbours covers mainly the harbour conditions and port and terminal facilities. It includes, inter alia,

- the conditions of storage for various categories of goods;
- the question of stevedoring, to which particular attention is given regarding the type of labour, the extent of its supply and regularity of availability, its cost, the type of contracts and the regulations in force, the restrictions or any other control which may be exercised in connection with employment of labour;
- traffic, its nature, with statistics for the past five years, including a discussion of congestion, if it exists, and the cause of such congestion;
- a description of any other important features, including especially the suitability of the port and the accumulation of supplies for the future;
- the sources of materials required in the operation of ship repair facilities.

The second questionnaire is divided into two parts concerning merchant shipping and shipbuilding, respectively. Their main topics as follows:

(a) merchant shipping

- the role of shipping in the national economy of the country concerned;
- the relation of shipping to the government, the governmental policy in general, the organization and functions of the government departments in relation to shipping;
- the organization of the industry divided into foreign trade fleet and domestic trade fleet and including among other data the composition of the fleet, the routes served, the competitive status (conference agreements);
- the freight market, freight rates trends of shipping companies (conference and non-conference members) or measures affecting or controlling ocean freight rates and passenger fares, either by industry itself or by the governments, shipper organizations for collective bargaining with shipping companies and conferences;
- the idle shipping, number and gross tonnage of vessels of 1,000 gross tons and over by types (passenger, dry cargo and tankers) laid up for repairs or other reasons;
- statistics on traffic for cargo and passengers;
- storage and cargo handling.

(b) merchant shipbuilding

- analysis of shipbuilding with special reference to general level of activity, capacity, labour and material availability and future expansion if contemplated, plans for construction of new merchant vessels;
- shipbuilding equipment and ship components, adequacy of shipyards their activities.

It is reported that the Pan American Union is presently considering some aspects of the problem of the effects of maritime freight rates on Latin American countries. This study is being made in collaboration with the United States Maritime Commission. A comparative study of freight rates for certain selected commodities (export and import) covering various years together with a comparison of the evolution of freight rates with the evolution of prices for each commodity is being contemplated.

/It is

It is understood that the above-mentioned studies are expected to be completed during March 1950.

* * *

In addition to the above information bearing more particularly on shipping problems of Latin American countries, the Secretariat has prepared a note of a general character summarizing the question of common maritime freight rates practices. This note is appended hereto (see Annex VI).

ANNEX I
RESOLUTION ON TRANSPORT
ADOPTED BY THE ECONOMIC COMMISSION FOR LATIN AMERICA
AT ITS SECOND SESSION
(Havana, 13 June 1949)

"THE ECONOMIC COMMISSION FOR LATIN AMERICA:

TAKES NOTE of the Resolutions and Recommendations adopted at the Seventh Session of the Economic and Social Council and at the Third Session of the Transport and Communications Commission, relating to transport problems in Latin America;

REQUESTS the Executive Secretary to secure, at the appropriate time, the services of economic and technical experts in the field of transport, for the purpose of undertaking, with the co-operation of Governments, the appropriated Specialized Agencies and other international organizations, a study of transport problems in Latin America."

ANNEX II

LETTER FROM THE DIRECTOR OF THE DEPARTMENT OF ECONOMIC AFFAIRS,
TO THE EXECUTIVE SECRETARY OF THE ECONOMIC COMMISSION FOR
LATIN AMERICA

13 September 1949

Dear Mr. Martinez-Cabanas,

I wish to refer to the resolution on "problems of maritime shipping affecting Latin America" adopted by the Economic and Social Council on 12 August 1949 during its Ninth Session, which reads as follows:

"The Economic and Social Council
Instructs the Secretary-General

1. To request from the Governments of the Latin American countries their precise views on the problems of maritime shipping, including freight rates, affecting Latin America, and to obtain whatever information may have been already collected by the Economic Commission for Latin America, which would enable the Transport and Communications Commission to determine the elements of the question;
2. To communicate the extracts of the summary records of the Transport and Communications Commission's discussion concerning this question to the above-mentioned Governments;
3. On the basis of the replies from Governments, to collect any further relevant information;
4. To forward the views of the Governments and such information as the Secretary-General may have collected to the Transport and Communications Commission, in order to enable the Commission at its next session to consider in what manner the question can best be dealt with."

I wish to enclose for your information a copy of the note verbale sent by the Secretary-General of the United Nations to the Governments of the Latin American countries in pursuance of the above resolution.

At the same time I should be very obliged to you if you would kindly, in the light of point 1. of the Resolution, forward to me whatever information may already have been collected by the Economic Commission for Latin America on this question.

Yours sincerely,
(signed) A. Goldet,
Director,
Department of Economic
Affairs.

/LETTER FROM

LETTER FROM THE EXECUTIVE SECRETARY OF THE ECONOMIC COMMISSION FOR
LATIN AMERICA TO THE DIRECTOR OF THE DEPARTMENT OF ECONOMIC AFFAIRS

13 October 1949

Dear Mr. Goldet:

This is in reply to your letter of 13 September 1949 requesting me to forward any information which the ECLA Secretariat may have collected regarding maritime shipping problems and freight rates.

You will recall that the Economic and Social Council at its Seventh Session, after considering the resolution on transport and communications (E/840 page 56), adopted by the First Session of ECLA, together with the Report of the Second Session of the Transport and Communications Commission, adopted Resolution 147 (VII), which requested the Transport and Communications Commission "to make further study of the problems of maritime shipping, including freight rates, affecting Latin America, in order to facilitate consideration of these matters as soon as possible by the Economic Commission for Latin America".

In view of the above resolution giving responsibility to the Transport and Communications Commission in this field, we have made no effort to collect information regarding maritime shipping in Latin America. Thus far we have concentrated our efforts on inland transport problems. If any information on maritime shipping should come to us in the course of our regular work I will be glad to forward it to you immediately.

Sincerely yours,

(s) Gustavo Martinez Cabañas
Executive Secretary.

/ANNEX III

ANNEX III

SUBSTANTIVE PARTS OF THE TEXTS OF THE REPLIES FROM THE
LATIN AMERICAN GOVERNMENTS RECEIVED UP TO THE TIME
OF WRITING OF THE PRESENT NOTE

Dominican Republic^{1/}

"as far as the Dominican Republic is concerned, no maritime shipping problems of international concern have arisen, and ... the freight rates applicable in the Republic are those of the United States Atlantic and Gulf-Santo Domingo-Conference."

Ecuador^{1/}

The main point is to make known the exact views on all matters connected with shipping, including the freight rates. In my opinion the crux of the problem for our country is to obtain reasonable maritime freight rates so that Ecuadorian products may find an easy market abroad. A reduction of the present shipping freight rates by agreement would undoubtedly tend to improve the index of our exportable production and our corresponding balance of payments. According to information supplied by the shipping companies the shipping rates for the main exports are as follows:

FREIGHT FROM GUAYAQUIL TO NEW YORK

CACAO AND COFFEE

If not under contract	\$23.00 per ton of 2,000 English lbs.
	<u>2.00</u> " " " " " "
	\$25.00

If under contract	\$18.00 per ton of 2,000 English lbs.
	<u>2.00</u> " " " " " "
	\$20.00

TAGUA NUTS

If not under contract	\$18.00 per ton of 2,000 English lbs.
	<u>2.00</u> " " " " " "
	\$20.00

If under contract	\$13.00 per ton of 2,000 English lbs.
	<u>2.00</u> " " " " " "
	\$15.00

1/ Translated from original Spanish.

FREIGHT FROM GUAYAQUIL TO NEW YORK (Cont.)

RICE	\$16.50 per ton of 2,000 English lbs.
	2.00 " " " " " "
	<u>\$18.50</u>
BALSA WOOD	\$ 0.25 per cubic foot

FREIGHT FROM GUAYAQUIL TO DENMARK, NORWAY
AND SWEDEN

CACAO	310 shillings per ton of 1,000 kg.
	20 shillings per ton of 1,000 kg.
	15% at terminal port on the freight
	6 shillings dues at embarkation port
	per ton of 1,000 kg.
COFFEE	255 shillings per ton of 1,000 kg.
	20 " " " " " "
	15% at terminal port on the freight
	6 shillings dues at embarkation port
	per ton of 1,000 kg.
RICE	130 shillings per ton of 1,000 kg.
	20 " " " " " "
	15% at terminal port on the freight
	6 shillings dues at embarkation port
	per ton of 1,000 kg.
BALSA WOOD	60 shillings per ton of 40 cubic feet
	20 " " " " " "
	15% at terminal port on the freight
	6 shillings dues at embarkation port
	per ton of 1,000 kg.

FREIGHT FROM GUAYAQUIL TO MARSEILLES AND
GENOA

CACAO	310 shillings per ton of 1,000 kg.
	15% at terminal port on the freight
	6 shillings per ton of 1,000 kg.
COFFEE	255 shillings per ton of 1,000 kg.
	15% at terminal port on the freight
	6 shillings per ton of 1,000 kg.
RICE	130 shillings per ton of 1,000 kg.
	15% at terminal port on the freight
	6 shillings per ton of 1,000 kg.
TAGUA NUTS	190 shillings per ton of 1,000 kg.
	15% at terminal port on the freight
	6 shillings per ton of 1,000 kg.
BALSA WOOD	60 shillings per ton of 40 cubic feet
	15% at terminal port on the freight
	6 shillings per ton of 40 cubic feet

/FREIGHT FROM

FREIGHT FROM GUAYAQUIL TO NAPLES, VENICE,
TRIESTE

CACAO	310 shillings per ton of 1,000 kg. 30% at terminal port on the freight 15% additional charge at terminal port on the above freight 6 shillings per ton of 1,000 kg.
COFFEE	255 shillings per ton of 1,000 kg. 20% at terminal port on the freight 15% additional charge at terminal port on the above freight 6 shillings per ton of 1,000 kg.
RICE	130 shillings per ton of 1,000 kg. 30% at terminal port on the freight 15% additional charge at terminal port on the above freight 6 shillings per ton of 1,000 kg.
TAGUA NUTS	190 shillings per ton of 1,000 kg. 30% at terminal port on the freight 15% additional charge at terminal port on the above freight 6 shillings per ton of 1,000 kg.
BALSA WOOD	60 shillings per ton of 40 cubic feet 30% at terminal port on the freight 15% at terminal port on the above freight 6 shillings per ton of 1,000 kg.

....."

ANNEX IV

RESOLUTIONS AND RECOMMENDATIONS ADOPTED BY THE
INTER-AMERICAN MARITIME CONFERENCE
(Washington, 1940)

(a) Inter-American Steamship and Transshipment Facilities

Whereas while certain regions of America are well served by steamship lines, there are others that do not enjoy a similar situation;

Because of lack of facilities certain countries within a relatively short distance of one another are obliged to use for their passenger and freight traffic far distant transshipment centres, with consequent inconveniences and loss of time,

The Inter-American Maritime Conference resolves:

1. To request the Inter-American Financial and Economic Advisory Committee to recommend to the governments of the American Republics that they join efforts for the establishment of direct services that will unite all the nations of America.
2. To request the committee that it recommend to the said governments that they accord every facility for the transshipment of cargo, and that the committee undertake a study of an adequate system of transshipments in inter-American trade.

(b) Maintenance of Present Inter-American Maritime Services

Whereas the regularity and frequency of inter-American steamship services is of vital importance to the maintenance and development of the commerce of the Americas;

The unusual world conditions now prevailing have materially affected and threaten to affect vitally regular inter-American services,

The Inter-American Maritime Conference resolves:

To request the Inter-American Financial and Economic Advisory Committee to recommend to the governments of the American republics, and especially recommend to the Government of the United States under whose flag the greater number of lines rendering inter-American service operate, that all reasonable means be taken to maintain in that service the vessels now operating therein.

(c) Transportation of Perishable Products

The Inter-American Maritime Conference resolves:

To request the Inter-American Financial and Economic Advisory Committee to name a special committee which, in co-operation with technical experts of the
/American

American republics, shall proceed to formulate the most adequate plan to gather the data with respect to the transportation and storage of perishable vegetables and animal products, for submission to the various American governments with a view to exploring the possibility of establishing general rules governing the conditions under which such products may be conserved in transit.

(d) Free Ports

Whereas the establishment of free ports as centres for the distribution of agricultural and manufactured products between the nations of the Western Hemisphere is of the greatest importance to the commercial interchange of these nations,

The Inter-American Maritime Conference resolves:

1. To recommend to the Inter-American Financial and Economic Advisory Committee and through it to the governments of the American republics, that they consider the establishment of free ports in those places which because of their privileged geographic situation, and existing or easily developed means of communication, may appear to be most advantageous for such establishments.
2. To recommend to the shipping companies represented at this Conference, that they co-operate with the governments of the American republics in the study of this important matter, offering the facilities which they may have available and especially those which tend to solve the problem of double maritime freight rates arising from the necessity of shipping merchandise to the free port and from the latter to its final destination.

(e) Ocean Freight Rate Problems

Having given extended consideration to the subject of ocean freight rate problems, as set forth under item 4 of the agenda approved by the Inter-American Financial and Economic Advisory Committee;

Having considered the detailed information relative to these problems, submitted by various delegations attending the Conference;

Having discussed at length various aspects of the subject as developed in individual problems of freight rates and the making of rates;

And having considered proposals of various delegations relative to the considerations which these delegations have emphasized as being of importance in the determination of freight rates,

The Inter-American Maritime Conference agrees:

/1. That the

1. That the problems of freight rates, the bases on which they should be determined, including the needs and costs of the service as well as the position of the shippers, and the extent of desirable governmental supervision of their determination, are problems exceedingly delicate and complex.
2. That among the many considerations which have been suggested to the Conference for special attention in the determination of freight rates, there are included considerations which, when standing alone, appear to be incompatible, but the relative importance of which becomes significant according to the circumstances of the particular commodity, route, and service.
3. That therefore, no single criterion or list of criteria can be formulated for equal application in all circumstances in the determination of freight rates; but that in the determination of the factors considered in the establishment of freight rates it is essential that every endeavour be made to accord the fullest possible consideration to all of the important interests concerned; that the fullest practicable hearing be accorded each such interest; and that when freight rates are established, particular attention be given to the desirability of avoiding arbitrary differentials not based on normal and equitable trade considerations; and resolves:

That the Inter-American Financial and Economic Advisory Committee be requested to suggest to the governments of the republics of America that they endeavour, through all appropriate means that may be available, to assure that in the establishment of inter-American rates full consideration be given, among all other pertinent considerations, to the requirements of the countries affected and that the system under which merchant marines are operated should not, in any event, act as a restraint on the normal development of trade.

(f) General Average and York-Antwerp Rules

Whereas there is at the present time a lack of uniformity in the adjustment of general average under the laws of the various nations of the Western Hemisphere;

General rules on this subject, known as the York-Antwerp Rules of 1924 were formulated as a result of the Conference of the International Law Association held in Stockholm, Sweden, in September 1924, and have been generally adopted by many of the important maritime and commercial interests of several nations,

/The Inter-

The Inter-American Maritime Conference resolves:

1. That it is desirable that there be uniformity of practice in the adjustment of general average.
2. To recommend to the Inter-American Financial and Economic Advisory Committee that a study be made of the practicability of the adoption by the American republics of the York-Antwerp Rules of 1924 for uniform application in the nations of the Western Hemisphere.

(g) Full Time Service of Inspection and Visit

The Inter-American Maritime Conference resolves:

To request the Inter-American Financial and Economic Advisory Committee to make a study, for submission to the Governments of the American republics, providing for the establishment, in the ports of each one of the American republics where feasible, of permanent services of inspection and visit by the customs, health, police, and immigration authorities covering an uninterrupted period of 24 hours. In case of inspection or visit after regular hours, the respective charges should not exceed by more than 20 per cent the usual charges for those services.

(h) Port Dues, Charges, Taxes and Other Imposts on Shipping

Whereas careful study and analysis of port dues, charges, taxes, and other imposts on shipping in Inter-American commerce reveals that the modification of certain policies and practices which are now in effect would be beneficial in facilitating the flow of traffic between the American republics,

The Inter-American Maritime Conference resolves:

1. To recommend to the Inter-American Financial and Economic Advisory Committee that joint study be given to the following problems arising in connexion with port dues and charges:

- (a) The need for greater uniformity of port dues and charges under similar conditions, and their publication, where this is not now done, in standard tariffs by each country, or by each port of each country, copies of these tariffs to be available to all interested parties;
- (b) The need for giving advance notice to shippers, forwarders, steamship companies, and others, where it is not now the practice to give such notice, of contemplated changes in port dues, charges, and regulations to be enforced at the respective ports;

- (c) The need for the promulgation of standard terms and definitions for services at those ports where the services at two or more ports are closely analogous;
 - (d) The need for greater uniformity of rules and regulations at the various ports, with particular reference to providing standard definitions for the various services rendered;
 - (e) The need for more effective protection for cargo moving in foreign trade against damage in transshipment or loss;
 - (f) The reasonableness of adopting changes in bills of lading designed to give more adequate protection to such cargo in intermediate ports.
2. That the Inter-American Financial and Economic Advisory Committee work toward the adoption of changes with respect to:

- (a) Consular practices and fees in effect at various ports of the American Republic, which would bring about uniform consular documents, uniform fees for consular documents and their legalization, reductions in fees and charges for overtime and holiday work, and changes in consular office hours, so that they will conform more nearly with those maintained by business firms and shipping companies;
- (b) Modifications of fines imposed at various ports in the American republics, with particular reference to those imposed for clerical errors on documents, for overage and shortage of cargo, and for consular documents not accompanying shipments, particularly in cases where the infractions of the rules and regulations are unintentional, and in some instances unavoidable.

(i) Transportation of Cargo in National Vessels

The Inter-American Maritime Conference resolves:

To recommend to the Inter-American Financial and Economic Advisory Committee that it request the 21 governments of the American republics that each give sympathetic consideration to the modification of any laws and regulations which restrict the transportation of cargo to vessels of its own registry in trades other than those included in their coastwise laws.

(j) Establishment of a Permanent Organization

Whereas it is useful and desirable for the development of closer inter-American relations to promote maritime transportation between the nations of this hemisphere on just and reasonable bases:

/It is desirable

It is desirable that a continuing, technically qualified group be organized to give effect to the conclusions of this Conference and to study the measures necessary to continue the improvement and development of maritime transportation in the Western Hemisphere,

The Inter-American Maritime Conference resolves:

1. That the establishment of a technically qualified inter-American group for the above-mentioned purposes is desirable.
2. To request the Inter-American Financial and Economic Advisory Committee to undertake the necessary studies for the organization of such a group, which shall study all appropriate measures relating to the development of inter-American maritime transportation.

ANNEX V

DRAFT RESOLUTION CONCERNING A STUDY OF MARITIME TRANSPORT, ADOPTED
ON 14 OCTOBER 1949 BY THE COMMISSION ON COMMERCIAL CO-OPERATION
OF THE INTER-AMERICAN ECONOMIC AND SOCIAL COUNCIL^{1/}

1. Whereas the study and solution of the problems of Inter-American maritime transport are of the highest importance for the economic development of the American countries; and
2. Whereas the subject has received special attention both from the Inter-American Financial and Economic Advisory Committee and from its successor, the Inter-American Economic and Social Council; and
3. Whereas the first Inter-American Maritime Conference was held at Washington, D.C., in 1940 on the initiative of the former; and
4. Whereas some of the recommendations made on that occasion are still applicable to the present situation and should be reconsidered; and
5. Whereas the Inter-American Economic and Social Council, in preparing the Draft Basic Convention on Economic Co-operation, strongly recommended that one chapter should deal with maritime transport, a recommendation which was approved when the Ninth International Conference of American States (Bogota) signed the said Convention; and
6. Whereas the chapter in question lays the foundation for a transport policy which should be worked out in full; and
7. Whereas the Council should endeavour to find an equitable solution for the maritime problems confronting the American States;

NOW THEREFORE THE INTER-AMERICAN ECONOMIC AND SOCIAL COUNCIL
RESOLVES:

1. That the Committee on Trade Co-operation should continue the studies initiated by it on this subject, taking as a basis the points set forth in its Memorandum "Notes on Maritime Transport", viz:
 1. Legislation concerning maritime, lake and river transport, whether operated by national or international services;
 2. Organization, supervision and control of shipping services;
 3. Organization, supervision and control of harbour services, and how administrative control of the various harbour services is carried out;

^{1/} Translated from original Spanish.

4. (a) Harbour dues;
(b) Procedure for assessing dues;
(c) Factors taken into account;
5. Shipping lines whose ships call at the country's ports; types of service; frequency calls;
6. Average tonnage of cargo handled by the country's main ports (in metric tons) in 1938, 1945, 1946, 1947, 1948, with import and export figures;
7. Description of harbour service operations, loading and unloading; whether the present labour is efficient; whether these operations are efficiently organized and supervised; whether modern methods are employed; and what type of mechanical equipment is used;
8. Docks; whether the docks are capable of handling the flow of exports and imports efficiently;
9. Stevedoring expenses afloat and ashore;
10. Forms of State subsidization and non-commercial shipping lines or services;
11. Other protectionist measures in favour of the Merchant Marine;
12. (a) Procedure followed by shipping companies in renewing their fleets;
(b) Organization and financing of credit associations;
(c) Financing by the State, its methods;
13. Existing regulations and factors determining the types of ships which may be employed in different shipping services;
14. (a) Composition and organization of crews (officers and men);
(b) Special merchant marine schools, if any, and the regulations governing them;
15. Maritime authorities, their origin, regulations, duties and functions.

2. That for the purpose of accomplishing this important work in the shortest possible time, the Committee should make the necessary arrangements with the Executive Secretary of the Council with a view to obtaining, by the most practical and efficient means, the essential information from the government departments responsible for or concerned with transport matters in the Latin American countries.

ANNEX VI
MARITIME FREIGHT RATES^{1/}
GENERAL

Rate-making is a complex and difficult problem. As far as maritime freight rates are concerned, the difficulties encountered are numerous, owing to the fact that, as shipping is directly affected by the cycles of depression and prosperity, relative stability of rates cannot be ensured over a long period.

This situation leads shipowners to try to increase their earnings when the demand for cargo space is great, so that they may be in a better financial position when a period of depression sets in.

This factor, particularly in the past, has had a definite influence on freight rates. Therefore various methods have been adopted, depending on circumstances, in order to overcome these effects or at least, to reduce this state of insecurity.

The basis upon which freight rates are made depends largely upon the manner in which the carrier operates and the services which it renders.

Rates are commonly established, as follows:

1. by agreements between common carriers as members of freight conferences;
2. by common carriers not parties to freight conferences;
3. by carriers operating tramp ships.

The first two methods apply to liners (cargo liners and passenger ships). The liner is a ship operating on definite schedules and between the same ports. It carries:

(a) either mainly general merchandise (packed or unpacked); it can carry also a certain amount of goods in bulk, and upon occasion a few passengers (up to twelve)^{2/}

or

(b) passengers together with a comparatively small amount of cargo (passenger ships) or a sizeable amount of cargo ("cargo mixtes").

^{1/} A large part of the information contained in this note has been obtained from the following sources: "Inter-American Maritime Conference" - Washington, 1940 (Report of Delegates of the United States); "Control of Ocean Freight Rates in Foreign Trade" (U.S. Department of Commerce - 1938); "International Sea Transport", by Brig.-Gen. Sir Osborne Mance.

^{2/} According to the terms of the Safety of Life at Sea Convention (1929) "a ship is a passenger ship if it carries more than 12 passengers".

The third method applies to "tramps" (cargo ships) which carry mainly goods in bulk and sometimes passengers (not more than twelve). They operate between ports under charter; the charter parties' contracts are made for one or several voyages or even for a certain period of time.

One cannot expect to secure a principle of uniformity of rates, as operating costs vary greatly in different trades. Therefore no proper formulae based on mileage or other factors could be adequately set up for the establishment of a general rule which will serve as a guide in the fixing of rates, and consequently special studies have to be made for each trade route.

I. CONFERENCE CARRIERS

The Conference System

A. Historical Background

In the Nineteenth Century the steamship almost entirely supplanted the sailing ship, and the important changes in transportation facilities which the steamship brought about completely modified the methods and practices in overseas trade transactions.

If we compare the methods of water transport by sailing ships and steamships, the main differences might be described as follows:

Sailing ships usually were loaded in one port and would not sail until almost fully loaded. Sailing dates were uncertain, and even more so dates of arrival. Therefore, no proper schedule could be accurately established. Merchants had to ship their goods in speculative anticipation of the requirements of their markets and as, on the whole, the number of sailing vessels which merchants could utilize was limited, they were inclined to ship large quantities at a time.

Steamships, on the other hand, not being dependent upon the wind and upon weather conditions in general to the same degree, were able to adhere much more closely to schedules than sailing ships ever could, and their turn-around was greatly shortened. Merchants, having the possibility of estimating with a comparatively great degree of precision the length of time required for a steamship to travel between two ports, developed the habit of making many small shipments instead of a few large ones. This method led to the development of trade in general merchandise.

The effect of these improvements in transportation facilities greatly expanded the world trade and as a consequence the rate of shipbuilding began to

/increase

increase sharply. For example, steam tonnage of the United Kingdom increased over a period of 20 years (1860-1880) from 450,000 g. tons to 2,723,000 g. tons. In a period of 10 years from 1870, the steam tonnage of the world merchant vessels rose from 2,793,000 g. tons to 6,745,000 g. tons.

However, with the tremendous increase of world tonnage due, to a great extent, to the general adoption of steam as a propulsive power, and to the opening of the Suez Canal, the shipping industry began to be threatened with "self-destruction" by rate wars and uncontrolled competition. Shipping concerns therefore had, on the one hand, to obtain remunerative rates, and on the other hand, in order to answer the new demands of the trade, to offer to the users, as far as possible and practicable, regular sailings for special types of vessels which left at given dates whether fully or only partially loaded.

With these aims in view, the conference system was gradually adopted, its basic principle being "the establishment of common tariff of freight rates or passenger fares, the members being free to compete for traffic by the quality and efficiency of their service".

It seems that the formation of the first, or one of the first conferences, dates from 1875 when steamship lines which were engaged in the run between India and the United Kingdom decided to come to an agreement on freight rates for the purpose of "self-protection".

Equal rates were charged by all the companies concerned, and they also agreed that they would not grant any preferential rates or special concessions to any shipper. Some shippers who had previously obtained preferential treatment, did not accept this new position and to overcome the loss of their privileges they began to use for their shipments those steamships which still continued to transport freight at reduced rates. The above-mentioned Conference tried to meet this competition by making contracts with shippers with an "exclusivity" clause, but in fact the result was only partly satisfactory, and most of the important shippers refused at that time to bind themselves with such conditions. After the failure of the contract system, the Conference in 1877 proposed a new clause which was called "the deferred rebate system", the principle of which was as follows: "Shippers were notified that those who gave the Conference lines all their business during a stipulated period would be given a refund of a portion of the freight to be paid at the end of a further period of time, provided that both during the stipulated period of shipment and the further period before the

/rebate

rebate became payable, the shipper had given all his business to the conference lines."

This new kind of agreement was accepted in this particular case, and the achievement of the conference proved satisfactory at the time.

From that period on, the establishment of conferences became a permanent practice, and at present such conferences cover the greater part of the trade along the main shipping routes both for liner-cargo-ships and passenger ships. Some of these conferences are linked by special agreements, forming a group or a pool. In 1939, several hundred were in existence, amongst which 60 were of major importance.

B. Conference methods

The methods used by the early conferences to protect themselves against the competition of outside carriers were mainly:

- the exclusive patronage conference contract, and
- the deferred rebate system.

These two means have been called "defensive weapons" in opposition to another means of action which never came into such extended use, which is the fighting ship and is considered an "aggressive weapon".

To give an idea of the principle upon which a fighting ship is operated, an extract on that particular subject from a memorandum prepared in 1940 by the United States Maritime Commission for the Inter-American Financial and Economic Advisory Committee^{1/} is given hereafter:

"The fighting ship handled few bulk goods which might have formed the nucleus for the cargo for a steamer, leaving merchandise which required prompt shipment to be transported by the parent company, which maintained its normal rates, while the fighting ship reduced its rates to the point where they were wholly unremunerative. The losses from the lower rates charged by the fighting ship were apportioned among the members of the Conference so that each member line suffered proportionally much less than the one line which was fighting the entire group."

At present, conferences use principally the contract system with or without an "exclusivity" clause and on occasion the deferred rebate system.

Moreover, conferences do not always confine themselves to the fixing of rates; they also make special agreements concerning the pooling of traffic and revenue. For instance, in pursuance of such type of agreements, carriers transporting a given commodity will divide the tonnage transported and the proceeds thereof amongst themselves according to a pre-arranged formula.

^{1/} See part IV (2) of this document.

C. Conference Rates

Among the basic factors upon which conference rates depend, mention may be made in particular of the following:

- the character, the volume, the weight, the value, the availability of the cargo itself,
- the direct cost of operation of the vessel and the various costs of handling the cargo,
- the port facilities, regulations, fees and dues,
- the possibility of obtaining return cargoes, and
- the competition which exists with goods from other sources, or with goods moved via competitive gateways, or with goods from other carriers (tramps and non-conference liners) etc.

The influence of some of these factors varies according to the conditions on a given line at a particular time and to the nature of the goods to be carried.

D. Some Advantages and Disadvantages of the Conference System

It must be recalled that conferences do not have as their purpose monopolization of a trade by a group of shipping companies but rather the protection of the steamship lines in assuring equality of treatment and limiting of destructive competition. The action of the conferences is on the whole considered beneficial to shipowners and, according to investigations made by official bodies, also appears to be of benefit to merchants.

Advantages to Carriers

Lower rates are sometimes offered from the necessity of competition and with little regard to the cost of service. Conference agreements afford partial protection against this form of destructive competition and this is the primary advantage which a shipowner would obtain from such agreements.

Rate charges are based more nearly on the requirements of the trade and this can promote an effect of stabilizing the rates, which is of mutual benefit to the shipowner and shipper.

Unrestricted competition may result in the elimination of small lines and consolidation of a few powerful lines, but with the conference system the small lines are generally better protected.

Disadvantages to Carriers

The greatest disadvantage which a steamship line suffers is when it can only offer an inferior service. If a carrier offers an inferior service and is a party to a conference agreement which does not permit differential rates, he will

/experience

experience some difficulty in obtaining consignments for profitable cargo and will therefore be able to carry only the lowest grade of cargo.

Advantages to shippers and receivers of cargo

It is obvious that merchants need stability of rates and regularity and frequency of services as well as equality of treatment with regard to transportation of their products and goods. Conferences, in stabilizing rates and in securing regularity of services even in times of depression, give merchants the opportunity to arrange beforehand the sale of their goods and to improve or facilitate their business. With regular and frequent services, the shipper is saved from the inconvenience or danger of having goods stored for a long period of time and in great quantities.

Disadvantages to shippers and receivers of cargo

Merchants sometimes complain that rates fixed by conference lines do not always correspond to the proper conditions and situations which exist at the time, and that too long a period often elapses before rates are modified. Finally it has been alleged that on occasions the action of conferences tends to restrict services and rates to certain ports and then to prevent the extension of service at competitive rates to smaller ports.

It may be concluded from the above that conferences are designed to act as a stabilizer for preventing the decline of freight rates to an uneconomic level and also for preventing the rise of freight rates, especially at times when the demand for transport of goods is unusually high.

Remark - Shippers Associations and Conferences

The advantages and disadvantages originating from the Conference System which have been claimed or experienced in the past, either by carriers or by shippers, show that there is a community of interest between shippers and carriers as a whole, but also that the interests of shippers and those of the conference carriers may be divergent.

This situation has led, on occasions, to the forming of associations or conferences by shippers and merchants in a given trade, so that they might be able to discuss their problems with conference carriers on a more equal footing. The Royal Commission on Shipping Rings (1906) and the Imperial Shipping Committee (1922), both appointed by the government of the United Kingdom, strongly recommended the establishment of such bodies.

The role of such conferences or associations has not always been as useful and important as it could have been. For example, it appears that traders in the United Kingdom have sometimes shown a rather apathetic attitude toward co-operative action of this kind.

This, however, does not constitute a general rule and such associations or conferences have occasionally exercised a great influence on the fixing of rates and the conditions of transportation; examples of this may be seen in the coffee-exporting countries of Latin America and in the Indian jute trade.

E. Governmental Intervention

Following this brief review in which were recalled some of the main problems which concern freight rates governed by the conference system, it seems appropriate to mention the particular interest which has been taken by some Governments in this question, freight rates being a matter of national interest involving the economy of a country. Their aim has been to limit, as far as possible and practicable, the adoption of unfair practices. In fact, as the conference system has been under attack very often, Governments have found it necessary from time to time to study the dealings of conference lines, and to appoint on various occasions special commissions in order to investigate their actions, with a view to regulating or limiting the action taken by such conferences. Occasionally, national laws were passed to that effect.

The British Government, for instance, appointed a Commission to investigate shipping rings in 1906. After three years of investigation this Commission stated:

"(1) Developments in ocean transportation have made it necessary that shipowners be afforded such protection as that granted by the system of shipping conferences and deferred rebates;

"(2) The system of shipping conferences and deferred rebates has developed until it is now a controlling factor on all sea routes where trade and general merchandise are the chief interests.

"(3) Not only shipowners but a large proportion of the shippers regard shipping conferences making use of the system of deferred rebates as a necessary means by which the advantages supplied under an organized service can be attained.

"(4) Steamship lines require a guarantee of a continuity of custom and a means of protection against competitors offering spasmodic service in order to provide service covering a large range of ports with sailings at regular and fixed dates and with ships especially adapted for particular trades."

In 1912 the United States Congress authorized investigation of steamship conferences in the foreign and domestic trades of the United States. Following the recommendation of the Committee appointed by Congress for this purpose, the conference system was officially recognized, but the deferred rebate system was not authorized.

In 1903 the Imperial Shipping Committee of the United Kingdom recommended that shippers should be given the choice between the agreement system under which shippers bound themselves over a certain period and the deferred rebate system. Later, the Chamber of Shipping of the United Kingdom strongly supported the conference system. The Australian Government recognized in 1929 an unofficial body known as the Australian Overseas Transport Association, the object of this body being, inter alia, to exercise a general supervision of the terms of contracts between shippers and overseas shipowners and, in 1930, the Australian Government passed an act providing that agreements between shippers and shipowners with the approval of the Australian Overseas Transport Association should not violate an act of 1910 which forbade unfair and discriminatory contracts. The deferred rebate system was then prohibited in Australia. The same measure was also adopted in South Africa.

Special legislation was passed in Brazil in 1937 concerning the rules to be followed by conference lines. At the Inter-American Maritime Conference (Washington 1940)^{1/} questions of freight rates, which involved the action of conference lines, were discussed.

Since the second world war, governmental investigations have taken place on various occasions. Such is the case, for instance, of the requests made recently to the United States Maritime Commission to study specific cases concerning the practices of some conference lines. In several cases complaints originated from independent operators who considered that "exclusive patronage" contracts were illegal. The conferences, on the other hand, in presenting their defense, stated that the contract system was legal, that participation in the conferences was open to any bona fide operator, and that shippers had signed the contracts of their own free will in order to obtain the stability of rates and service as well as the lower rates made possible by the assurance of continuous patronage. The basic issue in most cases was not the conference agreements themselves, both parties agreeing that such agreements were permitted under the Shipping Act of 1916,

^{1/} See part IV (3) of this document.

but the real issue was in fact, the legality or illegality of the contract system used by conferences under which the shipper is required to use only conference lines or to pay the higher non-contract rates.

II. NON-CONFERENCE CARRIERS

Complete control of a given trade route is actually impossible to obtain by the conference system, owing to the competition which is created by tonnage used by non-conference carriers. This tonnage is divided into two main categories:

liner service using its own or chartered tonnage,

and

tramp operation and occasional sailing of chartered tonnage.

A. Liner Service

As for the established liner service using its own or chartered tonnage, the methods of rate-making may be summarized as follows:

Some lines may adopt the conference rate levels and practices, and in this case the competition is practically the same as the one which exists among members of a conference. In other cases, they may base their rates only upon the transportation factors which affect their operations. In this latter case the competition is on the whole rather limited because very often such lines are engaged on other routes and, in any case, these lines have most of the time the same needs for capital and the same operating charges as conference lines.

Sometimes, it may happen that such liner services will take advantage of the existence of a conference to build up their own traffic at the expense of a conference. When other non-conference lines do not exist on a route, the independent carrier may fix its rates below the rates of a conference, and if the conference reduces its rates the independent line will probably lower its rates to an even greater extent. Such a practice will inevitably upset rate stability and may even disorganize the operation of regular services. It may be mentioned also that as conference lines in some countries are subject to Government supervision, the independent lines not subject to such control are not prevented from adopting such discriminatory practices. On the other hand, the carrier who operates outside of a conference is faced with possible difficulty in obtaining freight because the contract system often requires shippers to give all of their business to the conference.

B. Tramp Operations

Tramps go wherever cargo is offered, their owners making all necessary arrangements for voyages and freights. In principle a tramp vessel does not compete with a conference carrier mostly owing to the different type of cargo such a ship usually carries.^{1/} However, competition may arise and if such is the case, it will be difficult to meet it, since companies running tramp ships do not require a great investment of capital, and have on the whole smaller operating charges. When there is a great demand for tonnage the tramp ship can take advantage of the rise of freight rates. Tramp rates are in the long run lower than liner rates but their outstanding feature is a relatively greater fluctuation as they are principally dependent upon supply and demand for tonnage.

Tramp operations are of two kinds:

Trip charters and time charters.

Trip charters cover only one part of the freight market. A considerable number of vessels are continuously fixed on time charters, while a large part of the commodities in the world is moved by liners, as explained in detail above.

Remark: Pooling of Freight

It has been mentioned hereabove in the part of this note dealing with conference systems that the pooling of freight and revenue was sometimes governed by special agreements. It is interesting in this respect to recall here the creation in 1934 of the Tanker Pool, which was based on a plan proposed by an international committee of European tanker owners. At that time, the idle tanker fleet had reached the alarming figure of 3 million dead-weight tons or 25 per cent of the total world tanker tonnage, and therefore the amelioration of the conditions then prevailing in the tanker freight market was urgently needed.

A special organization, called the International Tanker Owners Association Ltd. - a British concern - was then established to carry out this plan in which amongst other basic principles it was stated that the members of such an association should have to "... pay into a common pool a percentage of all freights received by them on charters made after the plan becomes operative." The proceeds of these contributions, less the necessary expenses, will be distributed among the vessels which are laid up, thus providing a definite inducement to owners to refrain from accepting uneconomic rates ...^{2/}

- ^{1/} The distinction, or rather, the "dividing line" between cargo-liners and tramps has tended to soften in recent years since on occasion cargo-liners carry merchandise in bulk and some tramps specialize in certain trades.
- ^{2/} Extract from a circular on the plan for the formation of the Tanker Pool, distributed to tanker owners soliciting membership.

The results achieved by this organization proved very interesting.

III. FREIGHT RATES TABULATION

It is not possible to establish one index capable of describing both trip and time charter, as well as liner freight rates.

Liner freight rates, for example, which are fixed by agreement, remain in principle stable for long periods of time. The fluctuations in liner income are therefore caused rather by changes in the amount of cargo carried than by variations in freight rates. For this very reason a freight rate index for liners would be meaningless. Moreover, it has been recognized that the rates ruling for "time charters" are the most reliable indices to the general level of freight.

It should be mentioned that no time charter index, however well planned, can give a complete picture of the entire time charter market. As is well known, rates vary considerably both with the size of vessels and their speed. The type of propulsive machinery and of fuel consumed is also of importance.

Furthermore, a number of other external factors influence time charter rates. It is sufficient to mention here as examples the trade routes or trading limits stipulated and the places of delivery and redelivery.

Different methods are used for the establishment of trip and time charter freight rate indices and it may be of interest to give hereafter some particular and practical examples.

The method adopted by the Norwegian Shipping News concerning time charter rates is as follows:

The index has been calculated monthly from January 1947 through May 1949. Only ships of from 9,000 to 11,000 tons d.w. are included.

From this group three fuel groups of vessels have been selected, namely:

- one containing motor-vessels
- one containing oil-burning steamers
- one containing coal-fired steamers.

For each of these groups freight rates have been collected monthly for a number of charters covering a variety of trades.

All charter rates used refer to contracts of short and medium duration. No time charter lasting more than one year has been included.

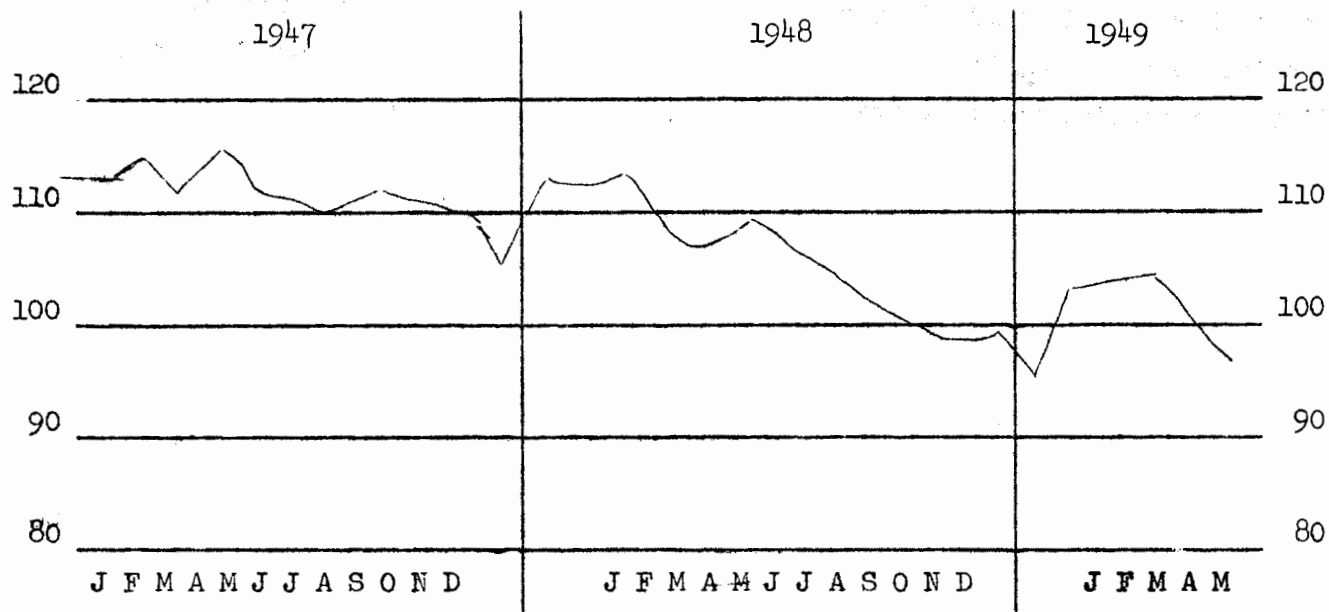
In the following tables, Table I - Time Charter Index and Table II - Trip charter Index from the Norwegian Shipping News, the three indices have been combined in one index. Each index was given the weight I. Comparison of these

/two tables

two tables shows that the Time Charter index followed the same general movements as the Trip Charter index but freight rate movements in the time charter market are less pronounced than those in the trip charter market. There are however, cases where considerable differences may occur between freight rates and conditions for time charters and trip charters and where rates for these two different charter forms do not always vary in the same way.

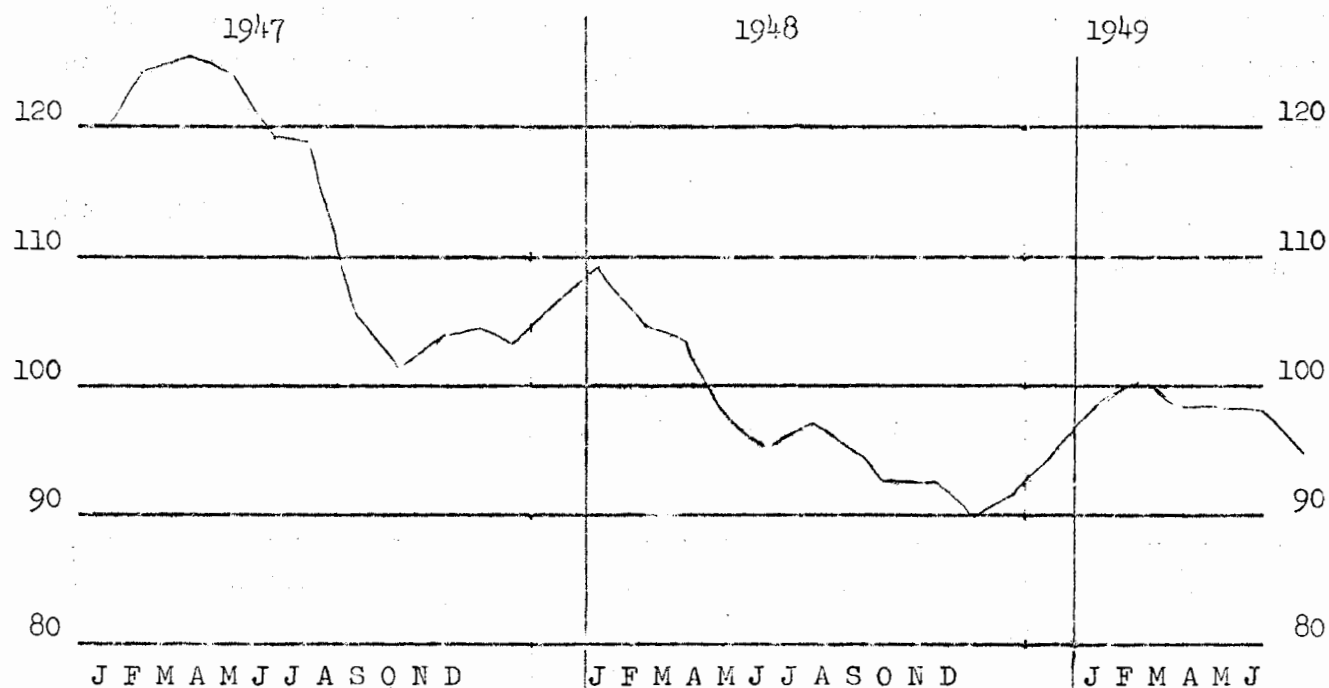
TABLE I

Norwegian Shipping News' Time Charter Index
(July-December 1947 - 100)



	<u>1947</u>	<u>1948</u>	<u>1949</u>
January	103.8	103.8	82.9
February	103.8	103.2	93.0
March	105.3	103.8	93.8
April	102.2	97.8	93.9
May	105.9	97.3	90.2
June	102.7	99.4	85.7
July	101.5	97.3	
August	100.5	95.2	
September	102.2	91.3	
October		89.7	
November	100.5	88.1	
December	95.1	88.6	

TABLE II

Norwegian Shipping News' Trip Charter Index(July-December 1947 - 100)

	<u>1947</u>	<u>1948</u>	<u>1949</u>
January	120.0	105.5	90.9
February	125.1	100.2	93.6
March	126.1	98.7	91.8
April	125.0	91.5	91.6
May	119.1	88.5	92.2
June	118.1	90.0	87.2
July	102.5	88.6	
August	96.1	84.9	
September	99.3	84.8	
October	99.6	81.0	
November	98.9	83.8	
December	102.5	87.8	

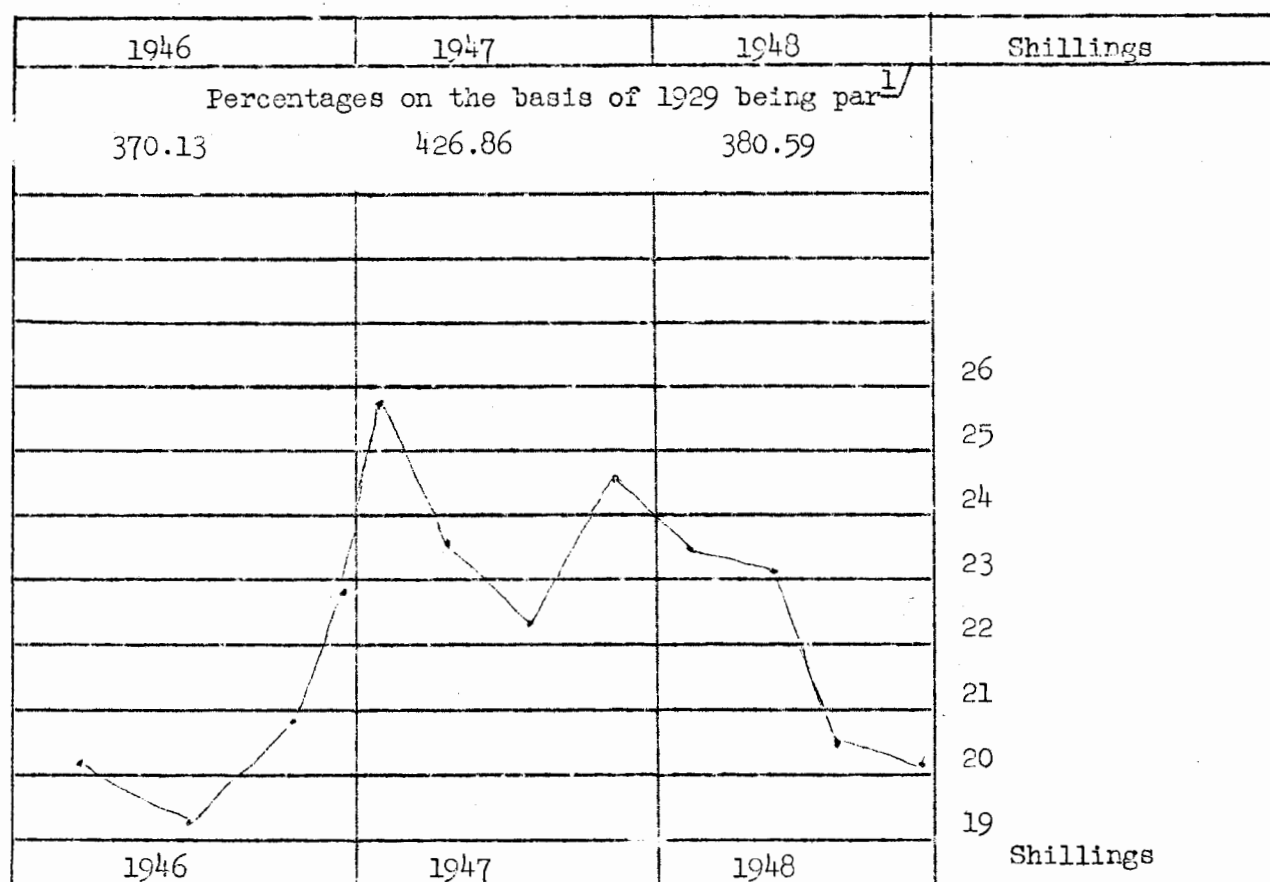
The Lloyd's List and Shipping Gazette has published a table showing the fluctuations in the average time charter rates paid for commercial cargo tonnage of all sizes for each quarter of the years from 1914 to 1948 (with the exception of the period 1941 to the beginning 1946). From 1930 onwards certain percentages (on the basis of the year 1929) have been added for subsidies.

A very wide collection of information was selected concerning vessels of all sizes from about 1,000 tons to 10,000 - 12,000 tons dead-weight for all periods from a few weeks to two or three years and for "trades varying from near European to Antipodean".

In the table given below (Table III) the years 1946, 1947 and 1948 have only been considered.

TABLE III

(Extracts of the Time Charter Rates published in
the Lloyds' List & Shipping Gazette)



^{1/} The annual average price for the years 1946, 1947 and 1948 were, respectively: 20/8, 23/10, 21/3 and in 1900 the annual average was 6/11 1/2.