

**Joint Shippers' Declaration
of
Asian Shippers' Council
Canadian Industrial Transportation Association
European Shippers' Council
Japan Shippers' Council
The National Industrial Transportation League
The 2005 Tripartite Shippers Meeting
September 15-17, 2005
San Francisco, CA - USA**

The annual gathering of shippers from the three major trading regions of the world took place on September 15-17, 2005 in San Francisco, California, USA. Since the 1800's when California first became a commercial center due to the state's "gold rush" to today where it serves as a major focal point of world trade, California stands out as one of the United States' premier gateways for handling world commerce. Thus, this location served as a natural centerpiece for the 2005 Tripartite Shippers' Group (TSG) meeting.

Maritime Regulatory Reform

Protectionist regulation of the ocean liner shipping industry has largely perpetuated inefficiencies and added unnecessary costs to users. Since the first TSG meeting in 1994, reform of national and regional laws governing this industry has been a major focus and goal. Owing to the pressure applied by TSG members through lobbying and representation of industry needs, many governments around the world have begun to review and repeal protectionist legislation that prevents the liner shipping industry from operating wholly within a competitive market. Nevertheless, the TSG recognizes that regulations still exist that continue to prevent shippers from operating in such markets.

Shippers have welcomed attempts in the United States, Canada and Japan to alter the regulatory framework which protect ocean liner shipping, and the TSG welcomes further progress in these countries. Today, these reforms are also gathering strength in both Asia and Europe.

In Asia reviews of competition laws are underway in the Peoples Republic of China, Singapore, India and Sri Lanka, as well as in Australia. It was recognized that to realize meaningful economic reforms, the TSG will share information to help educate national policy makers on the benefits gained through economic deregulation. These efforts will include: networking information on the latest legislative developments and proposals; providing facts and supporting examples where reforms have helped to achieve more efficient and effective competition for the industry; and when necessary, issuing joint statements. Since its formation in 2004, the Asian Shippers' Council has played a central

coordinating role for shippers in these efforts. The TSG will continue to support these efforts and those of others, in order to achieve balanced economic reforms in this vital region of the world.

In Europe where a regulatory review of competition rules governing liner shipping (4056/86) is progressing, the TSG reconfirms its support for the European Shippers' Council's (ESC) position to help achieve a market-driven environment. The TSG urges the EU to take the next step, which would be the repeal of Regulation 4056/86.

The TSG takes the view that the European Liner Affairs Association (ELAA), in its Article 81 Assessment presenting a proposed information exchange system and Trade Committee Discussion Agreements, has not made a convincing case for the introduction of a new block exemption regulation, since the four cumulative conditions under 81 (3) of the European Treaty are not fulfilled.

Shippers would prefer to negotiate their individual service requirements on a one-to-one basis with ocean carriers in order to establish a customer-focused relationship. Whereas the TSG sympathizes with the ELAA shipping lines regarding the transitional phase of new reforms, the TSG believes that, once implemented, such reforms will steadily lead to a new commercial environment in the liner shipping sector that will enable carriers to stay profitable and grow.

Cooperative Ocean Carrier Agreements

The TSG believes that operating consortia and alliances among carriers may achieve cost reduction and greater profitability by increasing efficiency (e.g., port and schedule rationalization). In all cases, however, rates and services should be based on market forces, which encourage suppliers to be efficient and competitive in meeting the needs of their customers.

In regard to recent business consolidations, mergers and/or acquisitions, the TSG believes that such activities among carriers may be warranted when they result in increased efficiencies and provided that they do not result in less vigorous competition in the ocean liner shipping marketplace. The TSG agreed to monitor any signs of practices which may limit competition, particularly in trade lanes where market shares exceed reasonable percentages.

The TSG also agreed that it will examine such practices closely to determine their competitive impacts and will share such information with appropriate national officials and participating organizations.

Freight Transportation Security

Since the tragic events of September 11, 2001, freight transportation security has been a major focal point for the TSG. Ensuring the integrity and safety of the world's supply chain remains an important priority, and each TSG delegation clearly recognizes this will remain so for years to come.

While the U.S. government initially proposed major changes impacting global freight shippers, other countries and regional authorities have created their own approaches to addressing this critical challenge. The TSG agreed to firmly support these efforts provided they are compatible, transparent, measurable, proportional to the risk, and are designed to practically achieve their stated objective(s).

Most importantly, proposed security and policy rules must have supporting rationale, justify expenditures, and should truly be compatible across national borders, thus eliminating the necessity to comply with different requirements and obligations and the possibility of conflicts between different national regimes.

For example, the TSG supports the World Customs Organization and its goal of bringing about uniformity thus eliminating costly redundancy and inconsistency which only serves to slow world commerce.

The TSG believes that failure to achieve these objectives would result in increased costs for shippers, paralyze supply chains and jeopardize the use of simplified customs procedures.

Finally, the TSG recognizes that violence in transportation is not limited to politically-motivated terrorism, but includes maritime piracy. Such lawlessness has become an increasing danger to maritime personnel and a growing concern to the security of maritime cargo. The TSG urges national governments to employ the strongest means possible to curb this serious problem.

Surcharges/Ancillaries Terminal Handling Charges

The TSG strongly supports price-based transparency for ancillaries/surcharges. The TSG also believes that surcharges/ancillaries should be announced by individual carriers and not by conference or discussion agreements and should reflect actual costs that are unexpectedly incurred while meeting their customers' needs. When circumstances warrant the imposition of certain surcharges/ancillaries, the TSG believes that carriers should link these assessments to publicly-available indices, which will permit users to evaluate both increases and decreases in the amounts charged. Adherence to these practices will help to foster true economic partnerships between shippers and carriers. Surcharges must always be an action of last resort and temporary in nature. Such charges

should be assessed only when all other attempts to negate certain unforeseen cost increases in cooperation with their customers have been exhausted.

The TSG strongly advocates that the system of ocean tariffs be simplified and structured to permit customers to readily identify the basis on which ancillaries and surcharges are established. The TSG strongly believes that the basis of the terminal handling charges typically paid by Asian shippers should be transparent and included in the overall freight and service negotiations.

When agreed to by the commercial parties individual carriers may charge “all in freight rate” which includes basic freight, THC and surcharges to the party that pays the freight in accordance with the purchase and sales agreement.

These approaches will result in a more consumer-friendly environment by helping to reduce confusion and the perception of some shippers that surcharges and ancillaries are simply revenue-enhancing mechanisms.

Congestion

The TSG supports private sector/government partnerships to address the problem of freight congestion. The delegates recognize that delays in moving the world’s commerce only contributes to higher costs and fewer efficiencies. The TSG formally endorses the International Chamber of Commerce’s “White Paper” issued earlier this year which expresses concern over the negative impacts wrought by port bottlenecks around the world and which calls for remedial action at both the national and international levels to address this chronic problem.

In addition to reducing congestion, future improvements in ports and supporting infrastructure should also have corresponding benefits on air quality. The TSG believes that national and regional legislative efforts to improve air quality should carefully take into account the need to alleviate freight congestion.

Ocean Cargo Liability

The TSG strongly supports completion of the deliberations of the UNCITRAL Working Group which is seeking to develop a new international instrument governing liability for the loss and damage of ocean cargoes. The TSG believes that adoption of an instrument which reflects modern shipping practices and up-to-date values for loss and damage to freight, is essential for commercial users.

Liberalization of Air Transport

The TSG supports liberalization efforts that promote and enhance air transport services for air freight shippers. It believes that international deliberations which facilitate a robust air transport environment will also lead to meaningful benefits for shippers. The TSG encourages national governments to consult regularly with industry professionals (most importantly shipper groups) to ensure that these efforts remain focused on the most efficient and effective methods possible for moving air freight. TSG members will work with respective national government policy decision makers and suppliers, in helping to establish plans for air cargo services.

Development of Global Air Performance Standards

The TSG expressed support for the establishment of air performance standards that recognize an achievement of greater operating efficiencies, lower costs, better communications and substantial customer service improvements in air freight movements. In keeping with these goals, the TSG supports relevant elements of the Cargo 2000 program, and invites and encourages industry-wide support for these efforts. In addition, the TSG desires that carriers and freight forwarders support these strategies. In keeping with the challenges faced in complying with new security standards, the TSG urges Cargo 2000 to review its work with the objective of balancing these new requirements and conforming them with industry standards which may appropriately measure total transit times and door-to-door performance.

Regulating Wood Packing Materials

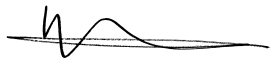
The TSG fully supports efforts to regulate solid wood packaging materials that are associated with the spread of undesirable pests and insects via international trade.

However, the TSG expresses serious concern over the ISPM No. 15 Wood Packaging regulations for dunnage which is usually used to secure cargo inside containers. If the requirement for marking is strictly imposed for every piece of dunnage, and if the strict rule is applied to return the whole container (including cargo and packing materials) in the case of a violation, the rule is likely to result in insufficient dunnage in the container and may lead to a serious accident.

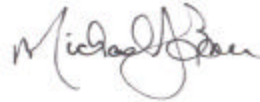
The TSG proposes mitigated rules for marking every piece of dunnage in the container, since wooden dunnage has to be custom-cut to size at the very last moment when a container is loaded. It is impractical to have markings on every piece of wood in the container based on the export country's marking regulations.

The member delegations of the TSG pledge to work throughout the next year to accomplish the goals set forth within this Joint Declaration. While shippers throughout the world recognize that great value lies in accomplishing these policy initiatives, it will only be through coordination and communication that these goals will be realized. While we are delighted with the accomplishments of the TSG to date, we know that much work lies ahead.

Adopted in San Francisco, California
September 17, 2005



European Shippers' Council



The National Industrial
Transportation League



Japan Shippers' Council



Asian Shippers' Council
China Shippers' Association
Hong Kong Shippers' Council
Korean Shippers' Council
Philippine Shippers' Bureau
Singapore National Shippers'
Council
Sri Lanka Shippers' Council
Thai National Shippers' Council



Canadian Industrial Transportation
Association