

We are very pleased to have the opportunity to present our views being directly and vitally involved in issues in which this Committee has shown interest.

Although this hearing covers seven subjects, we will only comment on Subject 3 and 5 of which we can speak from experience.

SUBJECT NO. 3—PROPOSALS FOR INCREASING OUR EXPORTS

Much has been written in the past years about this subject and it is certainly a most important point to make America a more active and competitive exporter.

We are certain, from past experience, that in matters of oceanfreight rates the American shipping public is not nearly enough protected from the Conferences and the Carriers as they should be.

The total landed cost factor must be considered to make our products competitive, and, in our opinion, the oceanfreight as we will show is part of the often noncompetitiveness of our products to foreign markets. The giant U.S. corporations have, in many instances, this burden on their hands, which however only cuts profits. But, for the smaller U.S. firms this uphill fight against foreign competition is made so much more difficult because of the discriminatory rates leveled against our exporters, and often results in the nonparticipation of many firms in marketing our goods in foreign lands.

During several proceedings before the FMC the carriers have made much of the fact that the freight in itself is insignificant in its total cost picture and thus has really no bearing on the capability to have more U.S. firms compete in foreign trade.

While this do doubt is true in some areas, as perhaps was brought out in the inquiry dealing with the reciprocal rates from and to Japan, it must be stated that the affected U.S. oceanfreight rates indeed have a considerable effect on landed costs and possibly our noncompetitive pricing.

Oceanfreight rates have a tendency to shift constantly upward. If one examines carefully the rate increases that have taken place over the past several years, we would readily see that the picture has become an alarming one.

Rates are normally increased on a general level including almost all tariff items and the level of such increases is from 5 to 10%. There are various categories which are exempt, often because more organized and knowledgeable exporters succeed in having their own commodity exempted. This results in a subsidy where some commodities bear the burden of others, and it naturally would be detrimental to encourage new exporters to enter the field.

It is most unfortunate that the FMC has no control at the present time over the rate making level of the ocean carriers, who, as an industry exempted from the anti-trust legislation of this country, are setting rates as "groups of conferences".

We do not wish to give the impression, or want it to be on record that we are against Conferences as such. We are aware that it has been established that their function as a whole is in the public interest.

One of the mandates of the Shipping Act is the filing of tariffs, which carriers and conferences regularly do. Unfortunately the Commission has no jurisdiction or control over the level of rates, or the justification of increases, either for individual items or on a general rate increase.

The FMC has stated that the filing of a tariff is a ministerial act only and, as such, does not indicate approval of anything contained therein.

The recent initial decision by a hearing examiner of the FMC in Docket 65/45 setting a rate level and declaring certain rates unreasonably high and detrimental to U.S. exports, is presently contested by foreign interests claiming that the FMC has no jurisdiction over the rate level.

It is historically proven that the investigation of a rate to be declared unreasonably high is a long and drawn out process and when eventually so found, it has no *retroactive power*. Therefore, the carriers are in fact fully protected by any rate increase, and can often have the guarantee of such application, which lawfully it must under the provisions of Section 18(b)(3), which reads as follows:

"No common carrier by water in foreign commerce or conference of such carriers shall charge or demand or collect or receive a greater or less or different compensation for the transportation of property or for any service in connection therewith than the rates and charges which are specified in its tariffs on file with the Commission and duly published and in effect at the time; *nor shall any such carrier rebate, refund, or remit in any manner or by and device any portion of*