

the rates or charges so specified, nor extend or deny to any person any privilege or facility, except in accordance with such tariffs." (Italic ours.)

When an increased rate was found to be unreasonable, the carriers sometimes collecting this rate for years do not fear paying back such difference between the rate charged and that which should have been charged.

Apathy on the part of many shippers is unfortunately a proven fact. Regulatory agencies such as the F.M.C. have been asking for assistance and only of late more and more individuals are coming forward to complain about inequities. These few complaints are mostly from large and knowledgeable shippers, but almost never do complaints come from small or potential exporters.

It is, therefore, important that all industries, large and small, have the same measure of protection of laws that will not permit the penalization for whatever reason of having to pay a higher price for oceanfreight in detriment to the interest of U.S. shipping.

Rate increases are normally connected with increased costs of carriers. This is understandable. One can not expect any industry to absorb additional costs without raising prices. But are the "level" of such increases justified? While the domestic industries must justify such increases and are under considerable pressure by Government to consider carefully the effects of such increases for consumers and the potential inflationary effect, carriers and their conferences have no such pressures. They simply file a rate increase and if no one complains, it goes into effect. OFC in its years of operation, has seldom seen any increase being contested. But we have seen numerous instances where application for rate reductions to carriers and conferences have fallen on deaf ears. And most shippers would shy away from formal complaints to the FMC to have a rate declared unreasonably high due to the considerable efforts and time involved in such proceedings.

Most conferences have a special form which they issue to shippers who seek a rate reduction. Such forms request information which many customers are reluctant to give. It is information often considered classified by a client and really immaterial in considering a rate request. The statistical data is often most difficult to produce or predict.

If we draw an analogy of the power of the I.C.C. versus the F.M.C. we readily see that the F.M.C. due to regulating "foreign flag carriers" has lesser power than the I.C.C.

If we compare a general rate increase that may be published by a railroad or motor truck with the I.C.C. we can see that invariably the I.C.C. will look into the justification of such a general rate increase. Such general increases are almost immediately the subject of a protest by shipping associations, Commerce of Industries, or shippers themselves, who are much more alert than their international counterpart. While a large U.S. manufacturer may readily protest a rail rate increase, they simply accept as unavoidable an increase on oceanfreight for identical merchandise they export. It is the unknown area that they rather not trespass. The result is often that exports are curtailed when they could be increased or in case of CIF quotation, the profit is invariably reduced. It is not uncommon at all to run into *freight rates that are 50% or more of the factory or seaport selling price.*

Trades and their conferences normally follow suit; once one conference issues a rate increase others will do likewise. It would seem to us that such increases should not be made on such a basis, but rather for legitimate reasons.

To cite the history of one trade route's increase on their rates (U.S. Atlantic and Gulf Australia and New Zealand) we find that the rate level for general cargo and many other specifically named items which were on the rate level of general cargo was \$66.00 w/m, effective January 2, 1962. Four general increases took place since then. The last increase will become effective August 26, 1968 and the rate now will reach \$91.00 w/m, or a total increase of 37.8%. It is highly questionable that the additional costs to the operator is equal to the rate increase level. At any rate the Commission has no power over the increase; it only "accepts" the rate increase filing.

To further show the detriment of rates to U.S. exporters, we cite that in the reciprocal trade from Australia to New York the general cargo rate is \$55.00 w/m, while on exports of general cargo the rate is presently \$86.75 (and will go to \$91.00 on 8/26/68).

If we compare other rate situations such as the charge for a minimum Bill of Lading, we find that the rate from U.S. ports to Australia is \$25.00. The British exporter pays about \$10.00 for the same minimum shipment.