

FONASBA
LINER & TRAMP AGENCY COMMITTEE

MINUTES OF THE ANNUAL MEETING HELD OCTOBER 19TH 2000 AT
THE HOTEL SOFITEL FORUM RIVE GAUCHE
PARIS

Present Mr. J.A. Good - Chairman, Liner & Tramp Agency Committee
Mr. E. de Clebsattel – President

Mr. R. Fischer – Austria	Mr. A. Guadalupi – Italy
Mr. J. Hunter - Belgium	Mr. E. Itoh – Japan
Mr. R. de Meyer – Belgium	Mr. T. Iigaki - Japan
Mr. M. Froio – Brazil	Mr. V. Vaichekauskas - Lithuania
Mr. F. Pinto Almieda – Brazil	Mr. V. Banovic – Montenegro
Mr. W. Rocha Jnr – Brazil	Mr. A. Stove Lorentzen – Norway
Mr. I. Pires Neto – Brazil	Mrs. G. Noer – Norway
Mr. V.M.S. Pinto – Brazil	Mr. B. D'Orey – Portugal
Ms. G. Houndreva – Bulgaria	Mr. A. Belmar da Costa – Portugal
Mr. M. Tudor – Croatia	Mr. V. Andrianichev – Russian Fedn.
Mr. C.P. Papavassiliou – Cyprus	Mr. A. Evdokimov – Russian Fedn.
Mr. A. Houtved – Denmark	Mr. M. Iqbal Bolar – Saudi Arabia
Mr. K. Kuusela - Finland	Mr. M. Thoumas - Senegal
Mr. G.J. Heinonen – Finland	Mr. R. Veselko – Slovenia
Mr. F. LeBars - France	Mr. E. Bandelj – Slovenia
Mr. A. Lobadowsky – France	Mr. A. Duran – Spain
Mr. K. Bültjer – Germany	Mr. L. Lindebäck – Sweden
Mr. P.J. Wood – Great Britain	Dr. Y. Wu – Taiwan
Mrs. B. Fletcher – Great Britain	Mr. J. Chow – Taiwan
Mr. R.J. Davies – Great Britain	Mr. L. Karacelik – Turkey
Mr. J. Barclay – Great Britain	Mr. M. Dobravsky – Ukraine
Mr. G. Georgopoulos – Greece	Mr. G. Knudsen – INTERTANKO
Mr. P. Demeter – Hungary	Mr. P.G.D. Smith – Paul Smith & Assocs.
Lt. Cdr. L. Smith – Ireland	Mr. G. Wramfelt – The Shipbroker's Register
Mr. M. Hennebry – Ireland	
Mr. J. Dundon - Ireland	
Mr. U. Masucci – Italy	
Mr. N. Barnaud – France (Observer)	Mr. J. Saignol – France (Observer)
Mr. G. Huret – France (Observer)	Mr. R. Overall – “Ship’s Agent”
Mr. R. Muscat – France (Observer)	Mr. R. Clayton – Fairplay Publins Ltd

In Attendance Mr. J.C. Williams – General Manager

Item	Action
1. PRESIDENT’S WELCOME	

The **President** welcomed all delegates and observers to the meeting. He then handed the meeting over to **Mr. Good**, Chairman of the Liner & Port Agency Committee.

2. **CHAIRMAN’S OPENING OF THE MEETING**

Mr. Good also welcomed all delegates and observers to the meeting. He advised that an apology for absence had been received from the Committee Vice-Chairman, **Volkent Knudsen** of Germany.

The attendance list was circulated for signature at this time.

3. MINUTES OF THE LAST MEETING HELD SINTRA OCTOBER 13th 1999

The minutes of the last meeting having been previously circulated, **Mr. Good** called for comments from the floor.

Lt. Cdr. Smith said that the Irish position under item 7, Remuneration Framework, had not been recorded correctly. The minutes should have recorded that "**In respect of charging and remuneration**, the liner trade was completely different from the general cargo trade".

Mr. de Meyer said that under item 3.1, Comments on the Minutes, he had referred to "A draft of **Royal** decree", not "A real draft of decree" as had been recorded.

These comments having been noted, the minutes were **approved**.

As there were no Matters Arising that were not elsewhere covered in the agenda, **Mr. Good** moved on to the next item.

4. RANGE COMMITTEE REPORTS

Copies of the written reports from BRISCOM, the Far East and Nordic Range Committees are attached. **Mr. Good** asked a representative of each range committee to give a brief verbal précis of the committee's activities over the past year.

For BRISCOM, **Lt.Cdr. Smith** referred to the report and advised delegates of a mistake on page 2, item 7 (a) 44 Tonne Lorries. He said that line five should read "being permitted to deliver to **railheads, not ports**", and not as printed.

For CNAPSCO, **Mr. Bültjer** said the committee had effectively been dormant since the last meeting although three members, himself and messrs Duin of Holland and de Meyer of Belgium, had met to develop and publish the "EXCHANGING VIEWS" document was being circulated at this meeting.

Presenting the Far East report, **Mr. Chow** advised delegates of a typographical error on page 1. Under "Country Reports" – Hong Kong, lines 2/3 should read "has been successful in attracting **foreign** investments" and not "freight" as shown.

For MABSA, Mr. Papavassiliou advised he was standing in for the late Dr. Borcic, who, until his death, had been chairman of the Committee and before presenting the verbal report he paid a brief tribute to his predecessor.

The Committee met in Paris on 18.10 with 13 of the 26 member countries represented. The significant distances between Committee members restricted the opportunities to meet but in spite of this the Committee was active in a number of areas, particularly Short Sea Shipping. The Committee felt that it had a major role to play within FONASBA, especially as its membership covered current and applicant members of the EU as well as countries outwith the European Union and the membership had agreed to continue in its efforts to bring both sides closer together.

Finally, Mr. Heinonen presented the Nordic Committee report, stressing that there was no intention by Norway to introduce a Danish style tonnage tax.

As the USA was not formally represented at this Annual Meeting, there was no report from the USA Range Committee but **Mr. Good** asked **John Besman** to request the USA Range Committee to provide a report for circulation at a later date.

JPB

At this point **Mr. Good** reminded delegates the Liner Panel comprised himself as Chairman, Volkent Knudsen - Vice-Chairman, John Barclay (GB), Chris Papavassiliou (CYP), John Hunter (BEL), Mario Froio (BRZ), Frank Fynan (IRL), and Valdemaras Vaichekaskas (LITH) in place of Vitalius Marinekas.

5. STANDARD PORT AGENCY CONDITIONS

Mr. Good advised that the final draft of the document had been presented to BIMCO for approval at their May Documentary Committee Meeting but as most delegates already knew, this had not been given. It had therefore been decided to table the final version for approval by the FONASBA membership at the Council Meeting and if so approved to issue of this document under the auspices of FONASBA only.

Mr. Good said that in spite of failing to obtain BIMCO approval there had already been some encouraging enquiries from the industry.

6. REMUNERATION FRAMEWORK

Mr. Good reminded the meeting that this had been discussed at length in Portugal and that various proposals had been put forward. It was felt that some changes were necessary to the way that liner agents were remunerated and whilst it was suggested that consideration be given to moving away from commission based arrangements, there was no clear consensus with regard to a suitable alternative.

In the light of this, **Mr. Good** had put together a draft revised framework which had been circulated to all member associations. The included provision for the charging of minimum fees per container or per tonne and also a minimum per call fee.

Some associations had provided useful input to the discussion, including VRC, who had suggested that the agent's fixed costs, such as rent, rates, staff costs etc., should be made transparent to the principal and agreement reached on how to recover same. A further agreement would then be made in respect of the balance of any income due, and this could be on a normal commission basis.

Further comment had been received in the form of a letter from NAVES in Antwerp and this was made available to delegates. A copy is attached. **Mr. Good** asked **Mr. Hunter** to provide further information. In précis, **Mr. Hunter** said that the commission received by the agent should be based on the total invoice amount, thereby taking into account the various additional services, such as trucking, which the agent arranges on behalf of the principal. He also said that Belgian agents believe that the present methods of charging commission are outdated and should be changed to reflect the changes in the agent's duties. He therefore called on FONASBA to promote a better understanding amongst principals of the role a liner agent has to play in the industry today.

A number of other comments were received from the floor, with most delegates agreeing that some form of change was necessary, albeit with some form of commission element being retained. **John Barclay**, however, reminded delegates that matter had been discussed on many occasions before. He also warned that securing a remuneration agreement based a total invoice value would not necessarily increase an agent's overall income.

The President congratulated NAVES on their contribution that, he said, usefully encapsulated the situation facing agents. He also reminded delegates that they should also take into consideration the problems facing liner principals. He also asked the **General Manager** to draft an explanatory note for principals on the current situation facing liner agents and suggesting alternative methods of remuneration for consideration. He also warned delegates that it was up to the agents themselves to initiate progress in this regard. Agents should not expect any help from outside.

JCW

John Good agreed that there are many factors that need to be taken into account when developing beneficial remuneration schedules, not least of these being the need to consult closely with principals through then entire process. He therefore suggested that the Liner Panel should consider all the issues raised at this meeting

Liner
Panel/
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and to work with the **General Manager** to put together a document summarising the Federation's position in this regard. This would not only be useful in negotiations with principals but also in promoting the situation to a wider audience.

Mr. Good then reminded the meeting that the revised SLAA/GAA combined document, to be discussed in the next item, would include the previously circulated draft remuneration framework and he asked delegates if this was worthy of retention. Alternatively did delegates feel this was a matter for direct negotiation between agents and principals?

Mr. Hunter said he felt that there was no harm in including it, especially as it could be used during negotiations with principals.

Turning to tramp agency remuneration, **Mr. Good** responded to a previous request by **Mr. Georgopoulos** as to whether FONASBA should make recommendations on minimum agency fees to be applied in certain countries. **Mr. Good** said that the number of factors to be considered would make it impossible to make blanket recommendations and any attempt to do so would probably fall foul of competition law. He said that if the Greek member associations can find some way of producing a minimum scale that could surmount these problems then they should do so – but there was no opportunity for FONASBA to intervene.

Agreeing with **Mr. Good**, the **President** suggested that the **General Manager** consult all national associations with a view to obtaining information relating to the levels of fees applied to various tramp vessels in member countries as this might be of assistance to agency companies in their negotiations with principals.

JCW

Mr. Georgopoulos suggested that all member associations undertake a similar study to that carried out in France into the costs involved in running an agency company.

Mr. Good reminded delegates that an agency fee comparison had been carried out some years ago and agreed that the comparison exercise would be useful. He expressed concern, however, that any information gathered would have to be used carefully in order to avoid any problems with competition law.

Mr. Bültjer reported that a loophole in German competition allows small and medium sized companies to issue a non-compulsory agency tariff. This had been approved by the German competition authority and he recommended that other EU member associations look at this locally.

Following the coffee break, **Mr. Bültjer** made a short presentation on the "EXCHANGING VIEWS" membership survey, the results of which had been circulated to delegates prior to this meeting. **Mr. Bültjer** thanked all those associations that had responded (the response rate had been very high) and said that the information provided gave an indication of the depth of knowledge and experience available within the FONASBA membership.

He said he and his colleagues hoped the information contained within the survey would prove to be useful.

GENERAL AND STANDARD LINER AGENCY AGREEMENTS

- Mr. Good** reminded delegates of the decision taken in Portugal to undertake a revision of these two valuable documents and to investigate the possibility of combining them into one. This review had been undertaken by **John Good**, **John Barclay** and **Paul Smith** and the revised, combined document, which committee felt was more user friendly, had been circulated to national associations for comment.

The previous, separate documents had been approved by BIMCO and **Mr. Good** said it was hoped that organisation would also approve the revised document.

Mr. Good then asked for comment from the floor. There followed a discussion on various sections of the revised document with a number of suggestions being made with regard to possible minor amendments, clarifications and similar.

Mr. Smith warned delegates that he and ITIC had over the years seen a large number of agreements, many of which had been drawn up by lawyers on behalf of shipping lines. A number of these included, from the agent's view, potentially dangerous clauses but which had still be signed by agents without further comment.

He therefore recommended that the FONASBA document(s) should be used where possible but if not they should at least be used as a reference source.

The meeting also discussed an article written from the Belgian point of view that criticised the arbitration clause.

At the conclusion of the discussion, **Mr. Good** said that all the comments would be taken into account when drawing up a revised document. He also said that there was a proposal for discussion at the Council Meeting that, following completion of the minor revisions discussed previously, the membership authorise him to place the document before the May meeting of the BIMCO Documentary Committee in May – without the need to bring it back to the 2001 Council Meeting.

8. TONNAGE TAX

Mr. Good gave details of the progress of the UK tonnage tax scheme and asked for comment from other associations on this subject.

It was reported that in the Netherlands, the tonnage tax regime was introduced in 1996 and since then Dutch registered tonnage had increased by 40%. Belgium reported that at present there was no such regime in place but ship-owner associations were continuing to press for the Government to introduce such a measure.

9. STATUTORY OR OFFICIAL RECOGNITION OF AGENTS

Mr. Good asked for comment from delegates on the progress of this matter.

Ireland reported that there was already a degree of statutory recognition, but it could go further, and Belgium reported that the subject was still under discussion. Official recognition was already established in Portugal and in Cyprus the association was pressing the Government. Their proposal included minimum standards for financial support and a commitment to a detailed training programme. It was hoped that further progress would be made in due course.

10. BIMCO LINER SHIPPING ARTICLE

Mr. Good referred delegates to the article on the future of liner shipping in the next millennium that appeared in the BIMCO Weekly Newsletter in March.

11. ANY OTHER BUSINESS

There were no matters raised under this agenda item.

12. DATE AND TIME OF NEXT MEETING

Mr. Good advised that the next meeting of the Liner & Tramp Agency Committee was expected to be held on October 18th 2001 in Antwerp.

The Chairman brought the meeting to a close.

