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Obsolete regulations in maritime transport

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State Interference in Shipping

The often quoted "Freedom of the Seas" seems to be gradually yielding to a massive protectionism in shipping. During the last years above all the restrictive laws and agreements of Latin American states have also contributed to this development. The foundation of the Latin American Shipowners' Association (ALAMAR) in 1967 was a step towards the realisation of the autarky aimed at in shipping. New uneasiness was caused in the summer of 1968, when the Brazilian Merchant Marine Commission cancelled the Irredeemable Pool Agreements, concluded for a five-year term in 1965, and declared the four Shipping Conferences active in the Brazil-Northern Europe Trade as non-existent. The arguments between the European Conference Lines and the Brazilian Merchant Marine Commission ended with the signing of a new agreement on Conferences and Pools in Rio de Janeiro on Nov. 29, 1968. The European shipowners in the main accepted the conceptions of the Brazilian Government that is striving for a new arrangement on the lines of the international aviation system of IATA.

Obsolete Regulations in Maritime Transport

Interview with J. C. de Macedo Soares Guimarães, President of the Brazilian Merchant Marine Commission, Rio de Janeiro

QUESTION: On recommendation of the 2. annual meeting of LAFTA (1962), the Latin American Association of Shipping Lines (ALAMAR) was founded in 1963. Was this the first step made by South America towards a certain shipping autarky?

ANSWER: ALAMAR is a private organization of shipping lines of South America. It was not Brazil's idea to create such shipping autarky as mentioned.

QUESTION: How do you judge the work hitherto made by ALAMAR in favour of South American shipping?

ANSWER: It has been fruitful in order to exchange opinions and to achieve a common regulation in shipping matters. It has been a major force in creating LAFTA's "Sea Transportation Treaty".

QUESTION: How do you see the operations and interests of third flags, which for decades served Latin America's foreign trade, with regard to the protectionist agreements of ALAMAR?

ANSWER: In the same way the Europeans have created the "European Common Market" with protectionist measures, we

have the right to take measures to protect ourselves. As for the sentence that the third flags have served Latin America's foreign trade for decades we like to state that we also have given cargo to them for decades. The question reveals the colonialist way of thinking so common in certain persons in Europe and other developed countries. Just because you have been there before doesn't mean that you have to stay there forever...

QUESTION: The Brazil Government, after disputes with European lines, has declared the freight conferences in the trade

routes between Europe and Brazil as "not existent" and has ordered its national flag lines to cancel membership. Do you think that such a unilateral intervention is compatible with the mainly private enterprise organization of liner shipping, the international character of the conferences, and the slogan of the freedom of the seas?

ANSWER: The decision of a sovereign government is not up to discussion by private organizations. Having stated this basic principle I'd like to point out that since May 1968 the Brazilian Government has informed the Conference that their by-laws and pools stood in contrast to certain aspects of the Brazilian laws, and invited them to discuss the subject. Although they had agreed to do so, they decided not to comply and not to discuss the subject. It was their non-action that compelled the Brazilian Government to exercise authority.

As far as certain notices are concerned informing that we have broken treaties and so on, we defy the lines to show us the act of Brazilian Government that did approve these Conferences before. The Brazilian law requires that Conferences serving Brazilian territory must have their by-laws approved by the Brazilian Merchant Marine Commission (CMM). I am not here to discuss the benefits or doubts of the law. It is a law of my country and must be obeyed, in the same way as our shipping companies must obey the law of any other countries.

QUESTION: You have repeatedly stated that bilateral agreements between the shipping countries and the establishment of a holding organization, similar to IATA, for liner shipping are necessary and will in future be indispensable. Do you consider the analogy in the situations of shipping and aviation as so large that maritime transport could be organized according to the model of IATA?

ANSWER: I think so within due time. Don't forget that the most powerful nations were against IATA at the beginning.

QUESTION: What would you consider a "reasonable" portion in transport in Brazil's sea-borne trade, in case the IATA concept should be realized in shipping?

ANSWER: This varies, according to the traffic and the trade. The "reasonable" portion should be subject to discussion in each case. We have never stated that we should have 50 per cent of the whole traffic.

Importance of Shipping for Brazil

QUESTION: Is it not paradox that Brazil for the modernization and development of its fleet places orders for new ships with its subsidized shipyards, the construction and operating costs of which are considerably higher than those of traditional shipping countries, whereas simultaneously the modern carriers of third countries are being pushed out of the market?

ANSWER: Here again the question shows a colonialist pattern. How can I improve if I don't start? What country, in one way or the other, does not subsidize its shipping lines? Income tax deductions, straight subsidies, international price differences, premium etc., are common today in all developed countries.

By the way, we don't subsidize our shipyards. We pay the shipping companies a sum to enable them to buy ships in Brazil, at international market prices. We don't subsidize the operations of the shipping companies.

What do you say about the large subsidies the United States gives to its shipping companies? Is it a fair competition?

QUESTION: What is the macro-economic significance of the shipbuilding and shipping industry for Brazil?

ANSWER: Very great. It is a basic industry that employs, with

its subsidiaries, 60.000 persons. Moreover, it is important for the national security of the country.

QUESTION: Isn't there the danger of a decline in trade between Brazil and West Europe, if European countries for their part take to an increased extent protectionist measures against Brazil?

ANSWER: I don't believe it. Brazil is still a very large consumer market for manufactured goods produced in Europe. By the way, West Europe has also through the European Common Market, taken protectionist measures against Brazil.

New Regulation of the Maritime Transportation System

QUESTION: Has the Merchant Marine Commission contacted European countries, their shipping companies and their governments, in order to eliminate with prospects of success discrepancies in the Brazil-European trade?

ANSWER: The Brazilian Merchant Marine Commission, being a Government Agency, only contacts governments. In that capacity, we have contacted some governments throughout the world.

To complete my remarks I would like to state my firm belief that unless we change all the obsolete and old regulations in the maritime transportation system of today, the fleets of the Western and democratic nations of the world will disappear, due to the competition of the socialist countries. These countries, having today a large fleet and using all methods, including dumping of freight rates, are beginning to be a serious menace to the whole system. Let us organize to meet their challenge. In this aspect an International Conference to discuss maritime transportation affairs is most necessary. Brazil would be very happy to be the host to such a meeting.