



EUROPEAN FEDERATION OF THE TRADE IN DRIED FRUIT & EDIBLE NUTS • PROCESSED FRUIT & VEGETABLES • PROCESSED FISHERY PRODUCTS • SPICES • HONEY

Brussels, 15/01/2021

Henrik Morch
Director Antitrust, Transport,
Post and other Services
DG COMP
European Commission
Copy to:
Daniel Boeshertz
Cyril Ritter

Dear Mr. Morch,

Re: container shipment issue

FRUCOM is the European trade association officially representing European importers of Edible Nut, Dried Fruit and Processed Foodstuffs towards the European Institutions and towards partner organisations in the food chain. The absolute majority of our businesses are SMEs.

Our members have been facing an unprecedented situation regarding container shipment services. Anticompetitive behaviour by the carriers may be one of the reasons. Some authorities (e.g. in the US) have started to investigate if competition law is being contravened. **We call on the Commission to investigate the issue as a matter of urgency.**

The Covid crisis has caused a shortage of containers & shipping lines have reacted. Contracts & agreements have been torn up & traders are being asked to pay many times the agreed rates. For example a 40ft rate from the Far East which was \$2150 is now up to \$16500. To this one must add additional costs such as handling at port, etc. The total may reach \$20 000 per container. For companies FRUCOM represents this may be 10 times higher than the expected profit per container.

Whilst we have not seen the same increases in price we are seeing issues with container availability also in the US and Mediterranean markets (with cost resulting increase but not to the same scale). Some containers received in Oakland have been rolled for four consecutive weeks in a row resulting again in contract cancellations.

It is not a cost our businesses can absorb as they work with low margins. The retail clients also refuse to absorb the cost increase. Several members have advised that their customers intend to cancel contracts next year as this destroys the margin they may have been able to earn.

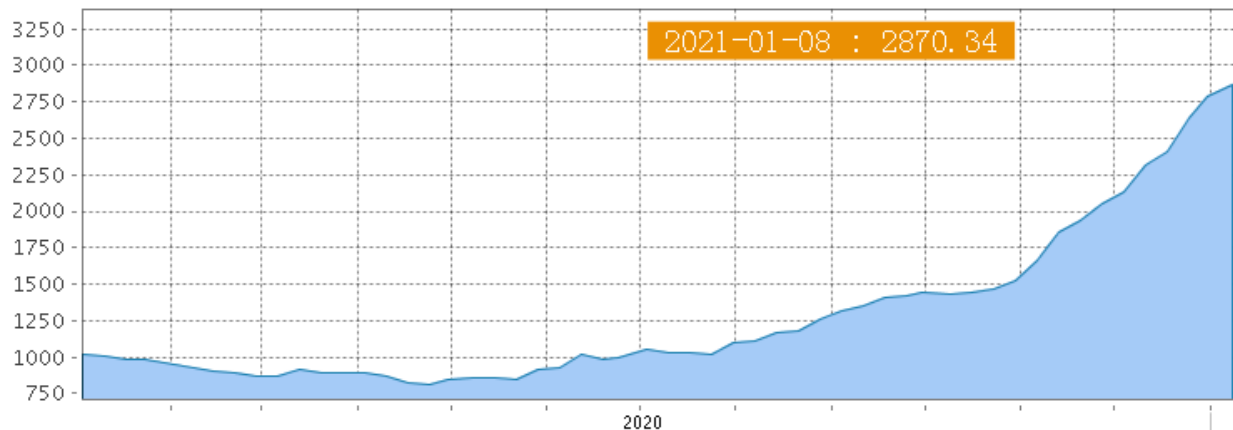


FRUCOM AISBL • RUE DE TRÈVES 49-51, BOX 14 • B - 1040 BRUSSELS • BELGIUM

EU REGISTER OF INTEREST REPRESENTATIVES (ETI): 40306802522-39

T: +32 2 231 06 38 • F: +32 2 732 67 66 • EMAIL: INFO@FRUCOM.EU • WWW.FRUCOM.EU

Shanghai Containerized Freight Index



Containers shipping to the main EU seaports (Antwerp, Rotterdam, Hamburg) are handled by a limited number of carriers. There is no sufficient competition in the market. Without question the operating costs of the shipping lines have not increased over 500%.

Having huge increases in prices is one thing but coupling that with reduced service makes it a very bitter pill to swallow. Even when our members are obliged to accept such high cost of carriage to avoid breaking their contract with the client and bear resulting financial losses, there is no guarantee the goods are shipped on time. Some deliveries scheduled for December are only now reaching our companies. Shipments are being unilaterally refused by the carriers or rolled over to next month, with the same high cost. In some instances, ships would not dock at a port and be redirected elsewhere. Carriers impose commercial penalties if an empty container is not supplied on time.

Shipping lines are reducing credit (freight now pre paid up front in Asia rather than sent freight collect to destination and on credit terms at destination) means companies are paying for freight 60 to 80 days earlier. Add that to the hundreds of containers shipped a month by our members means there is a huge swing in cash flow which can have serious repercussion on job retentions especially during a global pandemic.

There is no sign of this ending as congestion is not easing off. This situation was expected to ease after the Chinese New year on February 12th. Now our companies are being told this situation would last till end February, March or even May. This makes trade very difficult to plan.

Some of our members have raised this issue nationally in the framework of forums with the retail or with their national authorities, but this is not bringing results for the moment.

We thank you in advance for your action on this issue and stay at your disposal for any questions.

Sincerely yours,

Anna Boulova
Secretary General