

tonnage, their position appeared particularly secure in the high value-added containerized end of the market.

The study indicates that conferences appear to have retained an important share of high value commodities, something which could be interpreted as a sign of market power. Finally, it is clear that while conferences and independents may specialize in different market segments, they do compete for all types of traffic.

(9) Operation of Shippers' Councils and their Problems/Challenges

Arguments in favor of the creation of shippers' councils are that they may enable the shippers to coordinate and consolidate their positions, thereby improving their bargaining position vis-à-vis the conference and, secondly, if an adequate degree of cooperation between shippers and conferences can be obtained, the degree of industry self-regulation increases and government intervention may decrease, presumably resulting in more efficient and equitable market conditions.

There is no unanimity concerning the role of shippers' councils. In fact, some see them primarily as cooperative bodies of interest which will participate with conferences in the task of improving the efficiency of liner markets. In short, the view is of the non-zero game variety, allowing all parties to gain from improved understanding and cooperation. An alternative view is that of the zero sum game where one partner's gain is the other's loss. This leads to adversarial relationships, characterized by confrontation and even distrust.

The European Shippers' Council with its various national councils was built basically on a model of cooperation. The original intent was

to create a forum for the dissemination of information and for the establishment of a negotiating structure facilitating "collective consultation."¹¹ The councils were not backed by legislative powers but were rather intended to work in close cooperation with the conferences.

A more adversarial nature has characterized shippers' councils from countries which have historically viewed conferences with considerable scepticism, such as Australia, India and South Africa.¹² In these countries the shippers' councils have been granted significant legal support and enter collectively into negotiations with conferences on freight rates and conditions of service.

Although every shippers' council struggles with its particular set of problems and challenges a number of obstacles have been identified which seem to apply universally. First, shippers' councils are typically national bodies whereas conferences tend to be transnational in nature. Differences in national transportation legislation and the absence of international legislation clearly limit the ability of national governments attempting to intervene in shipping markets on behalf of their shippers. Cooperation and concerted efforts among shippers' councils across national borders are made more difficult by the absence of a universally recognized international organizational structure for shippers' groups. Second, most shippers' councils have a mandate of providing a broad representation for all shippers. As a result, they have to mediate among conflicting needs and goals of their members. For instance, while smaller shippers may wish for direct government intervention and financial support to shippers' councils, many large shippers can rely on their own bargaining power and will often prefer government to stand aside. Third, transportation costs constitute a relatively small portion of most companies' overall costs, and reductions which may be obtained are at an even smaller scale.