

"We have lost profits rather than lost sales; we have to cut margins to stay competitive. Losses appear attributable to high freight rates."

Figure 6 illustrates that of the LDC's into which surveyed firms export, Central America has the highest incidence of lost sales/profits due to transportation factors, followed closely by Asia, South America and Africa.

4.2 COMPETITION BETWEEN OCEAN CARRIERS

There now is significant excess capacity in the international marine transportation industry. However, competition amongst marine lines offering service to individual LDC's from Canadian ports may be limited. This can be due either to a small traffic volume being insufficient to attract competing carriers or it may be due to the existence of ocean liner conferences. Alternatively the cause may be institutional in nature, resulting from an importing country's insistence that all inbound goods be delivered using its national flag line or lines.

Several exporters indicate concern regarding the mandatory use of national flag lines and the existence of conference cartels--factors related respectively to the attitude of the governments of the importing countries and the practices of the marine transportation industry. However, other shippers do perceive there is sufficient competition within the marine transportation industry because of excess ocean transport capacity. One large western Canadian shipper of agricultural products states:

"Transportation costs have never been a serious problem but rather, for the last several years it has, in fact, been a shippers' market."

4.3 OCEAN RATE LEVELS

While the overall tone of Canadian exporters' assessment of existing ocean transportation rates can be described as one of moderate satisfaction, more than one out of every four exporters feels that current transportation costs and/or services, on at least one occasion, have detrimentally affected their export operations to the LDC's. Several firms complain of high transportation costs to South and Central American markets. For example, a large eastern Canadian shipper of forestry products states that Central American markets are no longer pursued because of these costs. In another case, a