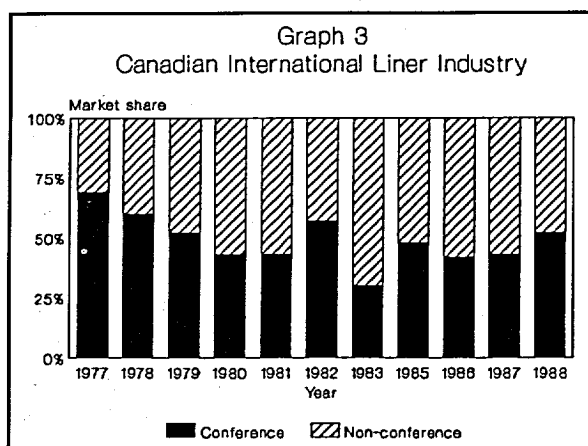


international liner shipping as such is not exempted; only conference agreements fall under *SCEA 1987*. In the absence of conference agreements, there would be no need for specific legislation providing exemption from competition legislation. However, this may well be a somewhat hypothetical argument, as conferences and independents may to a large extent be substitutes to each other.

Graph 3 shows the changes in conference and non-conference market shares of total trade from 1977 to 1988. No data are available for 1984. The use of aggregate data of this kind imposes certain restrictions concerning the generalization of conclusions.



Source: Ruth Ann Abbott et al. "Market Share of Conference and Non-Conference Shipping Lines in Canadian International Trade." (Ottawa: Transport Canada, Economic Research, 1990), pp. 10-11.

The period 1977-1981 shows a steady decline of conference market share which can be partly attributed to the rapid growth of CAST NORTH AMERICA (1983) INC. as an independent carrier on the North Atlantic. 1983 brought the lowest overall ranking of conferences. The rise of conference share after 1984 largely reflects CAST's entry into the

conference system. During the late 1980s the relative market share in the inbound and outbound trades seemed to stabilize. The increase in conference share in 1988 was mainly due to a redefining of liner operators that excluded forest products carriers.

Because of the nature of liner traffic, the use of aggregate figures and any conclusions to be drawn from them, need to be qualified. Conference tonnage from Canada's west coast are underestimated to an unknown but significant degree because of Canadian cargo being diverted through US Pacific Coast ports. Export and import cargoes through Montreal for the UK and Continent are overestimated due to inclusion of US and other non-conference cargo. For conference member lines as much as 65 percent of cargo is non-conference cargo as it originates from or is destined to the United States. Another 5-10 percent is also non-conference as it is shipped beyond the scope of the conference to Spain, Scandinavia, Africa, etc. For non-conference carriers in 1990 about 85 percent of total cargo is Canadian and 15 percent is US cargo.

In general, it would appear that conferences continue to command a high share of liner traffic but that their share of the market may fluctuate quite significantly on certain routes as a result of competition with independent carriers. In order to assess the actual market influence it is useful to differentiate between containerized and other cargo because container traffic is generally associated with value-added goods commanding higher freight rates. A study of North American liner services compares total market shares of conference and non-conference lines to their respective share of container cargo.¹⁰ The study points to a certain segmentation of liner markets with conferences emphasizing containers and non-conferences concentrating on so-called neo-bulk commodities. Thus, even when conferences experienced a decline in terms of share of total