

parties to the Code also agree to the "Outsider Declaration", which states that the Code applies solely to conferences, and that shippers must have the right to choose non-conference lines. **The "Brussels Package" and the "Outsider Declaration have been endorsed by all of those OECD countries which have become parties to the Liner Code.**

Against this background, and during a disastrous rate of decline for the OECD fleets, the OECD Council adopted a **Recommendation and Resolution on Shipping Policy** in February 1987. The Recommendation is particularly notable in such unsettled times because it *"formally rejects the route of protectionism, asserts the principle of standstill of any measures restricting competitive access to international trade and cargoes, and charts a route towards the removal of existing restrictions place by Member countries"*. The Recommendation also addresses the application of competition policy to liner shipping, intervention and consultation by OECD governments and the continuation of free and fair competition in the bulk trades.

The OECD Recommendation is not *"a mere slogan"* but directs common policies *"to safeguarding and promoting open trades, both between themselves and in their relations with non-Member countries"*. Mr. Humphrey declared that the recommendation recognizes both national sovereignty and the rights of others. He stated that *"all international trades have two ends, and the interests of shippers and shipowners at both ends of the trade must be given equal weight."*

Mr. Humphrey noted the growing *"will among developed countries to oppose unilateral attempts to restrict competitive access"*. Joint discussion between countries, and the powers to bring pressure to bear on their own commercial parties, or, as a last resort to introduce counter-measures, has helped in introducing flexibility and comprehension to this dialogue. Some agreements in 1987 have provided increased access and the replacement of pre-shipment cargo control. In his concluding remarks Mr. Humphrey endorsed this flexible approach noting that *"there is a long way to go, but the willingness to*

work together in joint negotiations, with the recognition that there are possibilities of going beyond just words in defence of the liberal system of international shipping, should have a salutary effect in ensuring that shippers at both ends of the trade can have their goods moved more efficiently and at a price whose lever is determined by free competitive means."

Mr. John Turpin, Vice President of the Canadian Transport Company Limited, addressed the meeting from the interesting perspective as the representative of a company which at one and the same time is a carrier that must be efficient and offer good service to customers, and is also the shipping arm of a major exporter, MacMillan Bloedel. Mr. Turpin in his opening remarks referred to Dr. Martinez's presentation and in particular, his statement that the Latin American Shippers' Council did not expect carriers to quote rates below cost. In Mr. Turpin's experience, Canadians have in fact discussed a means through 'free and open competition' to have freight rates which are often below the carrier's costs. This has given Canada extremely effective shipping to most, though not all, of its markets around the world. There are, however, costs to 'free and open competition'. Costs to the Canadian flag operator who does not receive support and subsidies equivalent to some of Canada's trading partners; there are also costs to Canadian shipyards, which do not have a Canadian flag merchant fleet to fill their order books. *"In Canada we've made the decision that trade is paramount. We do more good for the country and create more jobs by making sure that we've got the cheapest and most effective maritime transportation services."* There is however also a potential cost to exporters, as in a free market situation rates go up as well as down, and there may come a time when Canada may not have enough shipping services. From a historical perspective however, that risk is perfectly acceptable, as over the last 20 years Canada has generally benefitted from its 'open competition' policy. Addressing the question of defensive legislation as a means to maintain Canada's "open competition policy". Mr. Turpin opined that **it was naive for Canada's exporters to think that they can have it both ways, and have**