

Press Release

National Industrial Transportation League

World Shipping Council

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Shippers and Carriers Agree on
Cargo Liability Reform

Washington, D.C. -The World Shipping Council and The National Industrial Transportation League today announced that they have agreed on international cargo liability reform. The agreement marks the conclusion of months of discussions during which the representatives of the international liner shipping companies and America's exporters and importers strove to find common ground. Their agreement:

- (1) provides a commitment to reform through a new international convention, and a commitment to support that reform with the U.S. government;
- (2) recognizes carriers' and shippers' freedom to contract as established in the Ocean Shipping Reform Act;
- (3) provides for the elimination of the error of navigation defense and the adoption of the Hague-Visby liability limits as part of the new international convention; and,
- (4) promotes international uniformity and predictability in the law governing the international movement of cargo involving ocean carriage.

The details of the agreement, which are provided in the attached Joint Statement of Common Objectives, commits the parties to support their joint position on key reform elements with the Comité Maritime International (CMI), which is currently drafting a new cargo liability instrument, and later with the UN Commission on International Trade Law (UNCITRAL) which will begin negotiating a new convention next year. The two organizations believe this approach will assist in the development of internationally accepted rules that all trading countries, including the United States, can adopt.

The agreement marks a serious determination by U.S. shippers and liner carriers engaged in U.S. international trade to move forward on new liability rules which have been stalled for many years due to past differences between various maritime interests. The League and the Council believe this compromise and coordinated effort will help further the development of a modern, international cargo liability regime.

The League is the oldest and largest organization representing America's importers and exporters. The World Shipping Council represents the international liner shipping companies serving America's foreign trade.

"We have moved from a situation where carriers and shippers were strongly disagreeing about proposed Congressional legislation on cargo liability reform to a situation where we are agreeing on what international reform, including the United States, should look like", said Christopher Koch, President and CEO of the World Shipping Council. "We believe this is a major step both in greater cooperation between carriers and shippers, and in the effort to develop the support necessary for the United States to implement balanced cargo liability reform. This agreement marks the ability and commitment of both parties to support the creation of a fair and balanced cargo liability convention that the United States can sign and ratify," said Koch.

"Cargo liability has been a particularly vexing problem because so much of the issue is rooted in the distant past. It is not a subject that the average person cares about, but it is vitally important to world commerce," said League president Ed Emmett. "The fact that the World Shipping Council and the League could reach an agreement over such an issue is testimony to the improved working relationship between carriers and shippers brought about by the implementation of the market-based reforms of the *Ocean Shipping Reform Act* and by the carriers' creation of the World Shipping Council," he added.

Koch stated: “We recognize the legal and political challenges that the CMI faces in its efforts to draft a new international cargo liability instrument for UNCITRAL’s consideration, and the challenges of the inter-governmental negotiation, signature and ratification process. This agreement reflects the shared objectives of the international liner shipping industry and America’s shippers to be as constructive as possible in suggesting mutually agreeable solutions to the arguments that have unfortunately produced gridlock for decades. By working together and compromising on the development of an acceptable middle ground, we hope that we will contribute to the creation of a modern, international cargo liability regime.

“When organized in 1907, and for many decades afterward, the League focused on domestic freight transportation. Now, with the globalization of commerce, we find ourselves more and more involved with international issues such as this. We look forward to working with the various international organizations to make this agreement the basis for a new convention for cargo liability,” Emmett added.

The League and the Council will submit their joint views to the CMI this week.