

**DECISION TO CLOSE THE HEARING PROCEEDINGS
AGAINST THE FAR EASTERN FREIGHT CONFERENCE
(OPERATION CRITERIA
OF SPECIFIC UNFAIR TRADE PRACTICES
IN THE MARITIME BUSINESS --- i.e. , "FIVE PRINCIPLES")**

**December 23, 1959
Fair Trade Commission**

Text of Judgment

Hearing proceedings for the present case shall be closed.

Reasons

The Fair Trade Commission made a decision to commence the hearing proceedings for the present case against the shipping business entities and shippers listed below as the respondents on April 16, 1949, under the suspicion that the shipping business entities composing the Far East Freight Conference committed a violation of the Antimonopoly Act and the Trade Association Act by making the general cargo agreement with shippers in Japan. The Maritime Transport Act, however, was established afterwards, which led to the exclusion of coverage by the Antimonopoly Act on any agreements, contracts and or concerted acts made by a shipping business entity with the others under certain conditions. To begin with, the statutes that ought to cover the present case have undergone various changes till today, including abrogation of the Trade Association Act and partial amendment of the Antimonopoly Act and the Maritime Transport Act. In addition, the Fair Trade Commission gave the respondents of the present case a recent notice to the effect that the hearing proceedings are suspended on November 28, 1950 under the conditions that the following five provisions shall be set forth in general cargo agreement:

- (1) Difference in freight charge between the contract shippers and the non-contract shippers shall not exceed 9.5 percent.
- (2) It shall be stipulated that any FOB shipment, in which a foreign buyer is to assign a shipping vessel, shall be contracted out from the Conference Contract and that any contract shipper may ship his or her cargo by using non-conference vessels without suffering any penalties or sanctions.
- (3) In case a contract shipper requests the Conference for shipment by sending a notice to the branch manager of the Conference residing in Yokohama City, and resultantly

does not receive any reply from the said manager to the effect that freight space is available, the contract shipper may, without infringement of any of his or her rights, obtain necessary freight space from others.

- (4) The amount of damages that a contract shipper ought to pay to the Conference due to any breach of the Conference Contract shall be 50 percent of the amount of freight charges that the shipper would have paid if he or she shipped cargo by any conference boat, and
- (5) Either party may terminate the contract by giving 3 months prior written notice to the other.

The respondents have since observed the above conditions, and the other freight conferences related to shippers in Japan also have moved in step with those conditions, which have now constituted a common practice. The above status shows the fact that they are no longer conflicting with the related provisions set forth in Specific Unfair Trade Practices in Maritime Business (Fair Trade Commission Notification No. 17 of 1959) designated by the Fair Trade Commission.

The Fair Trade Commission has made a decision as stated in the Main Text that it is proper to close the hearing proceedings for the present case, taking the above facts and various factors into consideration.