



**Organisation de la Communauté
Européenne des Avitailleurs de Navires
Organisation of EC-Shipsuppliers**

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Brussels, 07 March 2008

Mr. Charles Prince

**Chairman and Chief Executive Officer of
Citigroup**

Martin Broughton

Chairman of British Airways

Via E-mail to mjpodgorny@eu.tabd.com

Dear Gentlemen,

**Contribution of OCEAN to 2nd TEC Industry consultation (TABD):
“Make the US legislation about container screening your top priority for the TEC”**

I am writing to you on behalf of over 750 companies in the ship supplying industry (general suppliers, technical supplies, duty free, foodstuff supply etc.) of Europe organised in the **Organisation de la Communauté Européenne des Avitailleurs de Navires (O.C.E.A.N.)**. Our principal aim as an organisation is to ensure an optimum business climate for European ship suppliers. We work closely with ocean carriers, container vessels and major cargo shipper organizations and wish to support them in their effective and efficient day-to-day operation.

In my capacity as President of OCEAN, allow me to express my gratitude for the initiative of the Trans Atlantic Business Dialogue (TABD) to ask industry associations such as ourselves for their views on ongoing priorities for the TEC and to propose issues that should be addressed in the future. In advance of the stakeholder meetings on the 17th of March in Brussels allow us to point to an issue that we believe should be the clear priority for discussion within the TEC: The new US legislation about container screening at foreign ports of loading from 1 July 2012 on all maritime cargo containers being imported into the United States.

In fact, this is of great concern for European ship suppliers for the following principal reasons:

1. Necessary infrastructure is not available in most European ports

It is to be underlined that the necessary infrastructure for scanning is not currently available in Europe's harbours; they would need to be constructed. This obstructs ever increasing traffic and trade in ports and produces significant costs.

2. Additional controls at European ports required

Necessary additional checks would block a rapid processing of goods in harbours. This is especially worrisome for large ports that send more than 1 million containers to the USA.

3. Cost implications

Current estimations of the Chamber of Commerce in Hamburg, Germany indicate that for this major port in Europe, based on an examination of 120.000 Container, the operative additional costs would amount to € 24.000.000. Here it is important to stress that the exporter will aim to transfer the increased logistic costs to their business partners in the USA. Many companies in the USA will in fact have to bear a significant part of the additional costs for their security themselves.

4. No recognition of AEO status in the United States

OCEAN would greatly appreciate a better cooperation of the USA with the trading partners especially in relation to the mutual recognition of the security measures. Nonetheless, the new US law does not recognise the Authorised Economic Operator Status (AEO) status nor differentiate between company with and without AEO status. In times of even higher security controls, the recognition of the AEO status in the USA, leading to facilitations in the security controls, is urgently required. OCEAN would respectfully request to make this issue a pressing point on the agenda of the TEC.

5. Efforts and effectiveness of the US approach to tackling terrorism

OCEAN respects the need for security of the United States and supports proportional security measures for terrorist prevention. We are very concerned however that the increasing and costly efforts are no longer in an acceptable proportion to the effectiveness of the measure. They in fact create significant harm to European Business.

6. Better consultation

OCEAN believes that a different approach to prevent future terror attacks could be more advantageous than the current measures. If „pre-control“ of arriving containers is required in European ports, respective consultations with the countries concerned should be conducted at an early stage to learn about feasible solutions. Impact assessments could have been made. Instead, the law in question does not make any consideration of the necessary substantial technical, administrative, practical, budgetary changes that would have to be made in the country of origin of the container.

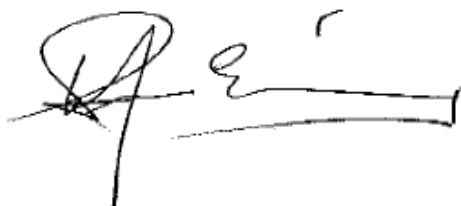
Conclusion

At its current state, US legislation about container screening at foreign ports of loading from 1 July 2012 on all maritime cargo containers being imported into the United States will put European harbours and all their interconnected businesses and industries at a serious disadvantage resulting in a serious loss of competitiveness. However, due to the cost transfer mentioned above, trading companies in the US will also have to shoulder significantly higher costs which will decrease their competitiveness as well. It can be expected that European and American trade will be damaged from this law.

OCEAN therefore strongly recommends making this item one of your top priorities to be addressed in the context of the TABD and the TEC for the reasons outlined above.

I am looking forward to a good debate with you on these and other issues during the stakeholder meeting on March 17th 2008 in Brussels and remain at your entire disposition for any further questions you might have.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Stefan Ericson'. The signature is stylized with a large 'S' and 'E'.

Stefan Ericson

OCEAN President