

(S E R V E D)
(FEBRUARY 1, 2016)
(FEDERAL MARITIME COMMISSION)

FEDERAL MARITIME COMMISSION

**INTERNATIONAL OCEAN TRANSPORTATION
SUPPLY CHAIN ENGAGEMENT**

ORDER

Pursuant to the Shipping Act of 1984, 46 U.S.C. 40101 *et seq.* (Shipping Act), the Federal Maritime Commission (FMC or Commission) regulates the U.S. international ocean transportation system that supports the transportation of goods by water. The purposes of the Shipping Act include the requirements to “provide an efficient and economic transportation system in the ocean commerce of the United States that is, insofar as possible, in harmony with, and responsive to, international shipping practices,” and also “to promote the growth and development of United States exports through competitive and efficient ocean transportation and by placing a greater reliance on the marketplace.”

In carrying out its broad responsibilities under the Shipping Act with respect to ocean common carriers, U.S. ports, marine terminal operators, ocean transportation intermediaries and the American exporters and importers they serve, the Commission has developed an understanding of and an expertise in evaluating the U.S. international supply chain. As the premier competition agency with oversight responsibilities for the United States foreign ocean transportation system, the Commission has extensive experience with global maritime and marine terminal innovation and efficiency issues.

Maintaining the effectiveness and reliability of America's global supply chain is critically important to the Nation's continued economic vitality. Approximately \$980 billion of containerized ocean commerce moves through U.S. ports annually. Unfortunately, congestion and related bottlenecks at ports and other points in the Nation's supply chain have become a serious risk to the growth of the U.S. economy, job growth, and to our Nation's competitive position in the world. Past congestion at major U.S. ports has highlighted the impact of congestion on the U.S. economy. As a result, the U.S. economy suffered billions of dollars in losses to the supply chain.

In addition, congestion problems contributed to hundreds of millions of dollars in losses for U.S. agricultural exporters including poultry and meat farmers. Perishable fruit and vegetable exporters suffered when their cargo was not loaded onto ships and sent overseas within specific time frames.

Although the congestion crisis has receded, unresolved supply chain problems that could produce new challenges remain.

In response to those events, and the desire of affected parties to find ways to prevent or mitigate similar future occurrences, the Commission hosted four regional port forums during the fall of 2014, in San Pedro, CA (West Coast Port Forum), Baltimore, MD (Mid-Atlantic and Northeast Port Forum), Charleston, SC (South Atlantic Port Forum) and New Orleans, LA (Gulf Coast Port Forum). The forums brought together port officials, ocean carriers, trucking and warehousing service providers, beneficial cargo owners, marine terminal operators, stevedoring companies, ocean transportation intermediaries, and port labor to discuss and offer ideas to address port congestion. The comments and suggestions offered at those forums were summarized and developed in an FMC report entitled "*U.S.*

Port Congestion & Related International Supply Chain Issues: Causes, Consequences and Challenges” that was released in July 2015.

The report identified six major themes from the port forums: investment and planning; chassis availability and related issues; port drayage and truck turn times; extended gate hours, PierPASS, and congestion pricing; vessel and terminal operations; and supply chain planning, collaboration, and communication. Some of these topics involve longer-term issues such as investment and planning. Others focus on short and medium-term concerns. All of them, however, are at the heart of current efforts by various groups to develop the flexible, resilient and reliable systems necessary for ensuring well-functioning international supply chains.

The Commission has also advanced port and marine terminal efforts to improve supply chain efficiency by expediting the implementation of port and terminal amendments aimed at enhancing the efficient flow of cargo. For example, several port and marine terminal operator agreements on file with the Commission that cover the Pacific Coast ports, commit the parties to exploring measures for achieving improvements with regard to congestion, efficiency, fluidity, and other operational conditions.*

Given the economic importance of reliable port and terminal operations to the effectiveness of the United States international supply chain, and the Commission’s mandate to ensure an efficient and economic transportation system for its ocean commerce, the Commission has a clear and compelling responsibility to actively assist efforts to improve the effectiveness of the global supply chain.

* The Los Angeles and Long Beach Port Infrastructure and Environmental Programs Cooperative Working Agreement (FMC No. 201219), West Coast MTO Agreement (FMC No. 201143), Pacific Ports Operational Improvements Agreement (FMC No. 201227), Ocean Carrier Equipment Management Association (FMC No. 202-011284), and Los Angeles/Long Beach Port Terminal Operator Administrative and Implementation Agreement (FMC No. 201178).

THEREFORE IT IS ORDERED, That, pursuant to 46 U.S.C. §§ 41302, 40302, 41101 to 41109, 41301 to 41309, and 40104, and 46 C.F.R. § 502.281 *et seq.*, Commissioner Rebecca F. Dye engage supply chain stakeholders in public or non-public discussions to identify commercial solutions to certain unresolved supply chain issues that interfere with the smooth operation of the U.S. international supply chain, focusing on the San Pedro Bay ports at Los Angeles and Long Beach.

IT IS FURTHER ORDERED, That, the Commissioner form a supply chain innovation team, composed of leaders from all commercial sectors of the U.S. international supply chain, to develop commercial solutions to port congestion and related supply chain challenges.

IT IS FURTHER ORDERED, That, the Commissioner provide a preliminary report and periodic updates to the Commission on the results of efforts undertaken by this Order.

IT IS FURTHER ORDERED, That, the Commissioner have full authority under 46 C.F.R. §§ 502.281 to 502.291, to perform such duties as may be necessary in accordance with U.S. law and Commission regulations. The Commissioner will be assisted by staff members as may be assigned by the Chairman.

IT IS FURTHER ORDERED, That, this Proceeding be discontinued upon the acceptance of a final report and possible recommendations by the Commissioner, unless otherwise ordered by the Commission; and

IT IS FINALLY ORDERED, That, notice of this Order be published in the Federal Register.

By The Commission.

Karen V. Gregory
Secretary