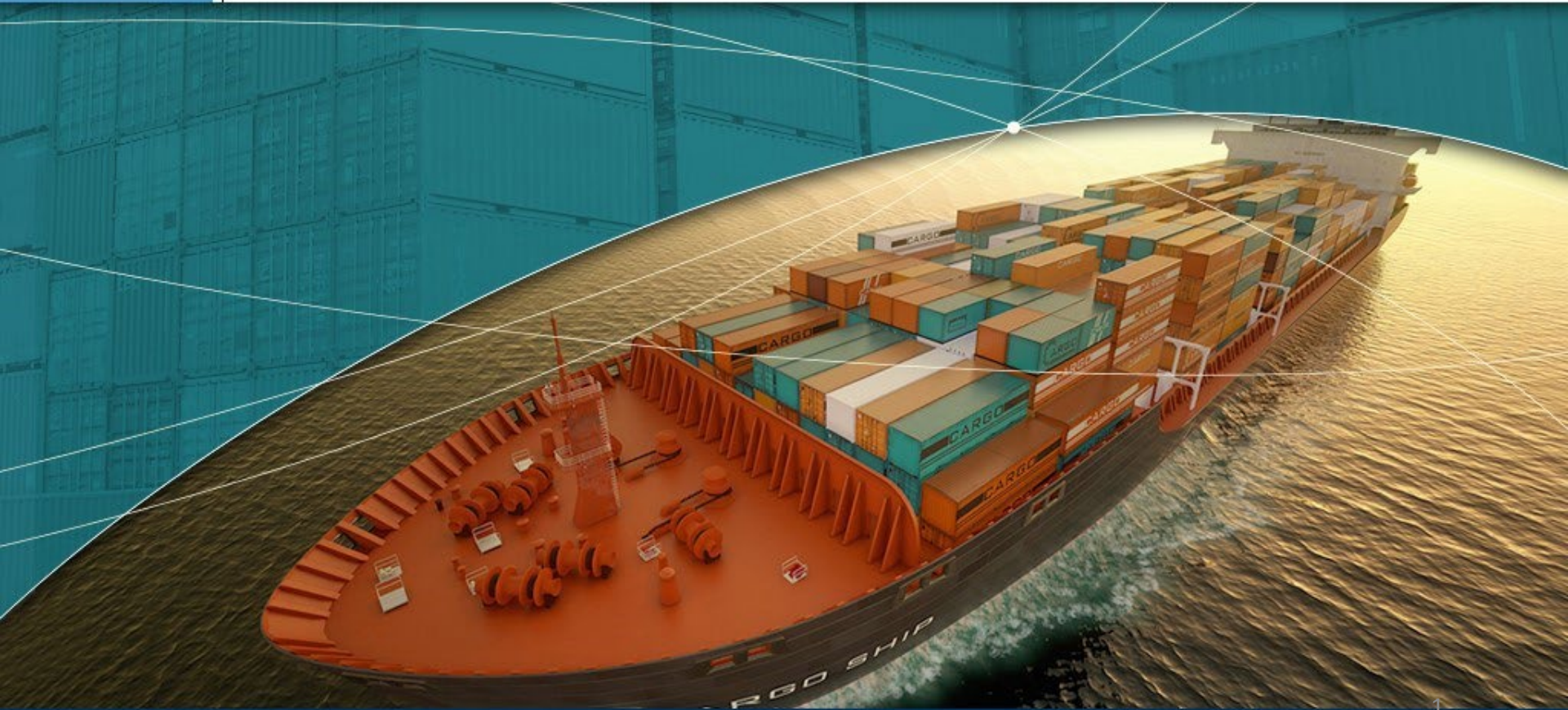




VOCC Audit Update

Briefing to the Commission, January 2022





Scope of Information Collected from 9 Largest Carriers

Combination of Qualitative and Quantitative Information

- Detention and Demurrage (D/D) Policies and Practices
 - Checklist of external and internal documentation of policies and practices
 - Changes to policies and practices since March 2021
 - Changes to billing policies and practices since March 2021
- Data: quarterly from 2020 Q2 through 2021 Q3
 - Total D/D billed, waived/refunded, collected; number of D/D disputes, number of denials of access due to D/D
 - Details on D/D billed, waived, collected for top 10 shippers on major trade lanes



Best Practices

- Definitions and charges for detention and demurrage easily found on carrier's website, and in an accessible format;
- Dispute resolution
 - Have a clearly defined policy that is accessible on carrier's website
 - State what information should be included in disputes
 - Clearly delineated contact person/email/system to send disputes
- Invoices and notifications
 - Smart use of space and color to draw attention to important information and demarcate sections
 - Invoices include information on contact for dispute resolution
 - Send regular notices on cargo availability which contain information on remaining free time and warning about demurrage
 - Set up automated notification system with customers able to set preferences for notifications

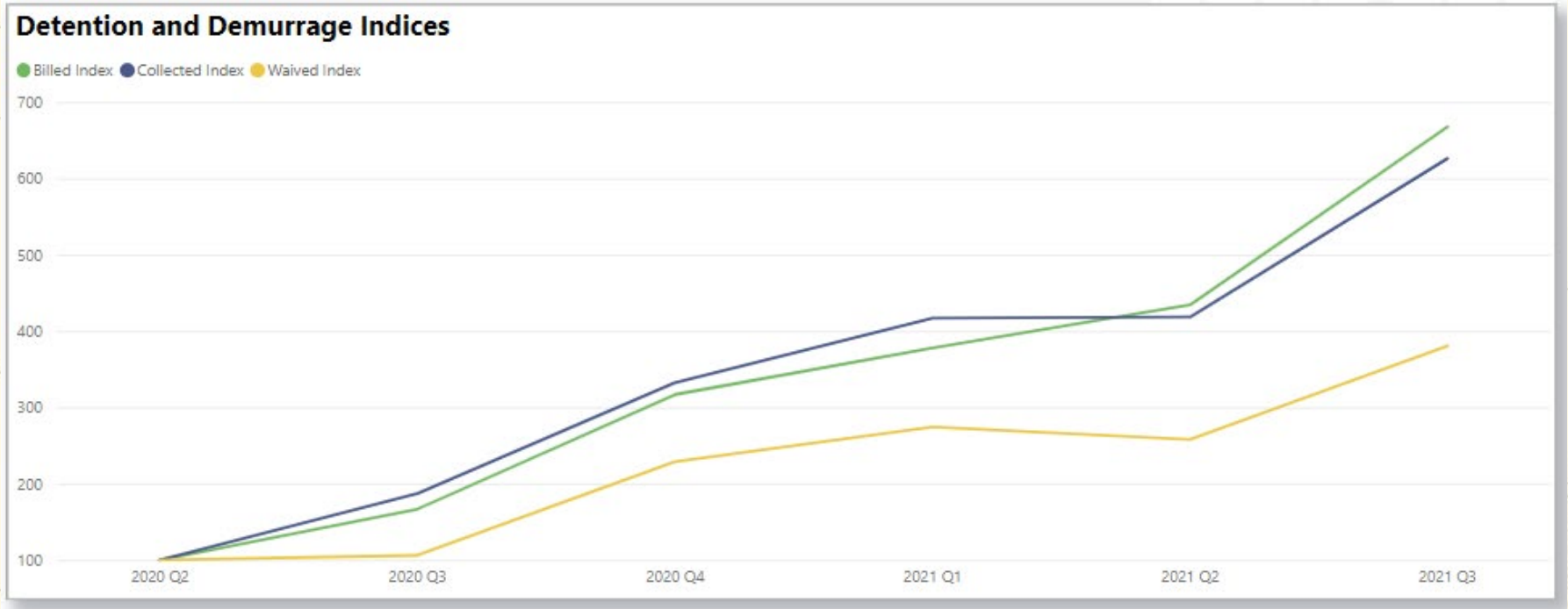


Activities, October 2021- January 2022

- Letter sharing best practices with 25 carriers and World Shipping Council
- Interpretive rule briefings for all 9 carriers
- Follow up meetings to discuss
 - Carrier policies vis-à-vis FMC-identified best practices
 - Trends in carrier-reported data
- Staff evaluation of D/D best practices for carriers with smaller market shares



Trends in Detention and Demurrage (from 8 carriers)





Data Update, through Q3 2021

- Note that these data are from 8 of the 9 carriers
- Detention and demurrage billed and collected rose to \$1.3 billion and \$920 million, respectively
 - 53.7% and 49.7% increases
 - Similar trend for TEU-adjusted figures: increase of 61% and 56.7%, respectively
- TEUs trended down slightly, but remain elevated from early 2020 levels
- Disputes filed increased 7.1%, while those resolved decreased 5.6%
 - Slight decrease in resolved disputes may be due to timing