



UNITCARGO CONTAINER LINE, INC.

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VIA EMAIL (secretary@fmc.gov)

Karen V. Gregory, Secretary
Federal Maritime Commission
800 North Capitol Street, NW – Room 1046
Washington, DC 20573

**Re: Docket No. 16-05
Service Contracts and NVOCC Service Arrangements**

Dear Ms. Gregory:

Unitcargo Container Line, Inc. (“Unitcargo”) submits these comments in response to the Advance Notice of Proposed Rulemaking (“ANPRM”) published in the above-referenced docket on February 29, 2016 (81 Fed. Reg. 10198).

Although we are a relatively small company with only a single office, Unitcargo is a freight forwarder and non-vessel operating common carrier (“NVOCC”) which moves over 20,000 containers per year and is the biggest container exporter out of the Port of Houston. Unitcargo provides container and breakbulk transportation, trucking, barging, logistics, packaging, warehousing and consulting services for a variety of different products, with an emphasis on plastic resin products.

Unitcargo applauds the Commission’s efforts to review and simplify their regulations relating to service contracts and NVOCC Service Arrangements (“NSAs”). We believe that changes to the regulations relating to the periods of time within which ocean carriers and NVOCCs may file amendments and corrections to service contracts and NSAs respectively, would undoubtedly reduce the regulatory burdens associated with the filing and publication requirements for these agreements. Those changes would make it possible for ocean carriers and NVOCCs to keep pace with the often turbulent ocean shipping marketplace.

While we fully appreciate the Commission’s efforts to improve its regulations to date, we urge the FMC to go further and completely eliminate the NSA publication and filing requirements as they make the use of NSAs impracticable for most NVOCCs. Unitcargo specifically prefers not to use NSAs because it works with numerous carriers whose ever-changing rates make maintaining up-to-date NSA amendments an almost unattainable goal. Moreover, our customers

themselves often times do not wish to enter into NSAs as they deem these arrangements unnecessarily formal and burdensome. Unitcargo believes that the burdens associated with NSAs currently outweigh the benefits of these agreements and once the publication and filing requirements are eliminated, NSAs would potentially become a lot more usable for NVOCCs and their customers.

Both Unitcargo and its customers prefer to enter into Negotiated Rate Arrangements (NRAs). To date, NRAs have been the most convenient arrangement for Unitcargo, helped save publishing-related costs and made dealing with its customers more efficient. Unitcargo, however, believes that its experience using NRAs could be significantly improved if the FMC lifted limitations on provisions that are allowed to be included in those arrangements. We negotiate rates memorialized in NRAs with each of our customers separately and do not see why non-rate economic terms may not likewise be included into these NRAs. We believe that NRAs are being negotiated by willing, knowledgeable and sophisticated parties, and allowing those parties to memorialize the entire scope of their intent in a single document would be tremendously helpful for purposes of convenience, clarity and saving NVOCCs' compliance costs to enable them to spend their resources on improving service for their customers.

We strongly support the general course of the FMC's action with respect to liberalizing service contracts and NSAs and request that the Commission take a step further and, for the reasons stated above, eliminate the publication and filing requirements for NSAs in their entirety and allow the inclusion of the non-rate economic terms into NRAs.

Thank you for the opportunity to provide my comments and let me know if you have any questions.

Very truly yours,

UnitCargo Container line, Inc.
William M. Staib
President