

RICK SANTORUM  
PENNSYLVANIA

ORIGINAL

CC: 020/030  
COMMITTEES, FINANCE 022  
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October 2, 2003

FEDERAL SECRETARY  
FEDERAL MARITIME COMM

Bryant L. Van Brakle  
Secretary  
Federal Maritime Commission  
800 North Capitol Street, NW  
Washington, DC 20573

RE: Petition P3-03

Dear Commissioners:

I am writing on behalf of United Parcel Service (UPS) in support of its petition filed with the Federal Maritime Commission to request an exemption from the prohibition on Non-Vessel Operating Common Carriers (NVOCCs) from entering into confidential contracts with their customers.

During consideration of the *Ocean Shipping Reform Act* (OSRA) revisions of 1998, Congress carefully considered all aspects of the ocean shipping industry including the role of NVOCCs. Based on the nature of ocean shipping at the time, Congress determined that NVOCCs should be regulated differently than vessel operators. In the late 1990s, most NVOCCs were small enterprises that neither owned ocean vessels nor the cargo being shipped. In order to protect shippers and to guarantee liability coverage, Congress determined that NVOCCs should operate under a published tariff system when dealing with their customers.

However, the state of the U.S ocean shipping industry has changed dramatically since passage of OSRA. There has been unprecedented consolidation among ocean carriers resulting in the loss of major U.S. flagged carriers. In an effort to offer customers a full range of services, these very same carriers have created vertically integrated logistics companies that now compete with NVOCCs. As the operator of a sophisticated, integrated, intermodal transportation network, which includes air, rail, surface, and NVOCC transportation, UPS is far different: than the NVOCCs that earlier triggered congressional concerns. Consequently, UPS contends that it finds itself at a competitive disadvantage under current contract rules that do not reflect today's ocean shipping marketplace.

I would request that you carefully evaluate the merits of the UPS case as you consider approval of its petition.

Sincerely,

Rick Santorum  
United States Senate

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## U.S. SENATOR RICK SANTORUM

### FACSIMILE COVER SHEET

DATE: 10/2/03

TIME: 18:17

TO:

SECRETARY VAN BRAKLE

FED MARITIME COMMISSION

FAX #: 523-0014

FROM: SENATOR SANTORUM

RE: STAFF CONTACT. JEREMY REYES

UPS PETITION

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