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CONGRESS OF THE UNITED STATES
LOUISE M. SLAUGHTER
28TH DISTRICT, NEW YORK

September 29, 2003

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FEDERAL MARITIME COMMISSION

Bryant VanBrakle
Secretary
Federal Maritime Commission
800 North Capitol Street, NW
Washington, DC 20573

Dear Commissioners:

Ref: Petition P3-03

I write in strong support of **the** petition submitted by the United Parcel Service (UPS) currently pending before the Federal Maritime Commission (**FMC**). It is my understanding that UPS has filed for an exemption **from** the prohibition on Non-Vessel Operating Common Carriers (NVOCCs) from entering into **confidential** contracts with their customers. Due to the **operational** characteristics of UPS and recent developments **within** the ocean shipping marketplace, the antiquated regulatory scheme **governing** NVOCCs should be revised.

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 **Nvocc**s.

To my knowledge, UPS operates the most sophisticated, integrated, intermodal transportation network **in** the world, which includes air, rail and surface and NVOCC transportation, and is deemed a "carrier" **in** the **surface** and **air freight** industries. **Furthermore**, I understand that UPS makes significant annual capital investments to its' asset-based transportation **infrastructure**. These facts alone set UPS apart **from** the companies that first raised concerns about the regulatory status of NVOCCs.

The UPS petition, citing **the** recent evolution of the **ocean** shipping marketplace, is precisely the reason Congress granted such broad exemption authority to the FMC. While anticipating dramatic **changes in the ocean shipping industry** with **the** passage of **OSRA**, Congress did not **contemplate** how fast or how smoothly the market could adapt to these changes. By **granting** this petition, the FMC will acknowledge these changes, level the playing field between NVOCCs and vessel



Bryant VanBrakle
September 29, 2003
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operators, **and** ultimately benefit ocean shipping consumers around the **world**.

I am hopeful the FMC will give the UPS petition its' utmost consideration and render an equitable decision based upon the merits of **the UPS case**.

Sincerely,



Louise Slaughter
Member of Congress

LMS:rc

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FROM THE WASHINGTON OFFICE OF
CONGRESSWOMAN LOUISE M. SLAUGHTER

PLEASE DELIVER TO: Bryant VanBrakle

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