

# FEDERAL MARITIME COMMISSION

PETITION OF COSCO CONTAINER  
LINES COMPANY LIMITED FOR  
AN EXEMPTION FROM 46 C.F.R.  
§ 530.10

Petition No. P1-16

Served: May 31, 2016

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**BY THE COMMISSION:** Mario CORDERO, *Chairman*; Rebecca F. DYE, Richard A. LIDINSKY, Jr., Michael A. KHOURI, and William P. DOYLE, *Commissioners*.

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## **Order Granting Petition for Extension of Time**

### **I. Petition**

On January 15, 2016, COSCO Container Lines Company Limited (COSCON or Petitioner), petitioned the Commission pursuant to 46 C.F.R. § 502.76 of the Commission's Rules of Practice and Procedure, for an exemption from the Commission's rules requiring individual service contract amendments, 46 C.F.R. § 530.10. Petitioner explained that "[o]n or about March 1, 2016, COSCON w[ould] acquire by time charter the containerships and certain other assets of China Shipping Container Lines Co. ('China Shipping')" and, as such, requested that the Commission permit the submission of a "universal notice to the Commission and to the service contract parties" instead of filing an amendment for each of

the seven hundred (700) service contracts that would be assigned to COSCON. In addition, COSCON proposed to send electronic notice to each shipper counter party. Because China Shipping tariffs would be taken over by COSCON and renumbered and republished, COSCON also sought a waiver to avoid amending each contract with the new tariff number, by publishing a notice of the change in the existing China Shipping and COSCON tariffs. Notice of the petition appeared in the Federal Register on January 27, 2016. 81 Fed. Reg. 4,627.

The Commission granted the petition by order on February 29, 2016. Although COSCON only requested an exemption from 46 C.F.R. § 530.10, the Commission determined that COSCON's proposal to republish and renumber China Shipping's tariffs as its own, separate tariffs would require an exemption from 46 C.F.R. § 520.7(a)(4). The Commission placed several conditions on the exemption, one of which was to limit the duration of the new COSCON tariffs until June 1, 2016, noting that "most of the relevant service contracts w[ould] expire on or before April 30, 2016, rendering the new tariffs unnecessary after that date."

On May 13, 2016, COSCON filed a Petition for Extension of Exemption stating that "there remains a very limited number of shippers (around 30), as to which the discussions have taken longer than COSCON anticipated," and requesting a continuation of the exemption to July 31, 2016. COSCON states that during the period between June 1, 2016, and July 31, 2016, "the tariffs at issue will be available only to the few shippers that have not yet transitioned."

The Commission published a notice in the Federal Register on May 17, 2016, indicating that the petition for extension had been filed and requesting comments no later than May 27, 2016. In order to ensure proper notice was given to affected shippers, the Commission also issued an Order to Inform Parties of Filed Petition for Extension of Time on May 19, 2016.

The Commission received one comment from Gabriel Rodriguez, President and CEO of A Custom Brokerage Inc. on May 24, 2016 (Comment). Mr. Rodriguez expressed his support for granting the Petition for Extension of Time in order to allow his company more time to “complete [the] transition discussions and avoid the disruption that would occur if the contracts were to expire on June 1.” Comment at 1.

Given the Commission’s findings in the original order granting COSCON’s exemption, the limited number of service contracts affected by the extension, and the supportive comment from one of the affected shippers, the Commission concludes that the requested extension will not result in a substantial reduction in competition or be detrimental to commerce. *See* 46 U.S.C. 40103; 46 C.F.R. § 520.13(a).

THEREFORE, IT IS ORDERED, that, COSCON’s Petition for Extension of Exemption is GRANTED.

By the Commission.

Karen V. Gregory  
Secretary