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Global Logistics Solutions

June 1, 2015

Secretary
Federal Maritime Commission
800 North Capitol Street, N.W
Washington, DC 20573-0001

Re: NCBFAA Petition on Initiation of Rule Making to Modify NRA Regulations

Gentlemen:

Please accept this letter as our comments in support of the NCBFAA Petition to initiate a rule making to revise its regulations in 46 CFR parts 531 and 532.

Our company has been in business since 1917 and conducts business as an Ocean Freight Forwarder, Customs Broker, Airfreight Forwarder and NVOCC. We employ approximately 100 people in our total operations and are proud of our tradition of providing service to our customers and supporting our industry. We are also very committed to complying with government regulations and making our views known to support and modify those regulations whenever appropriate.

Our national trade association (NCBFAA) has recently submitted a petition seeking a rule making to modify certain issues related to the regulation of NVOCC's. Specifically this petition involves the OSRA regulations amendments to provide for Negotiated Rate Agreements (NRA) and Negotiated Service Arrangements (NSA).

It is our view that the petition submitted by NCBFAA very succinctly summarizes the background and discussion of the issues as well as justifying why these provisions should be re-examined and modified.

As a licensed NVO we have not participated in the use of NRA or NSA. Frankly we have found these two provisions to be somewhat confusing. We recognize that both were intended to provide more flexibility for NVO's and foster efficiency and competition. We have found these to be somewhat in conflict and burdensome to implement. In the meantime we continue to do business and have pondered how we can make these provisions more impactful for our business and our customers.

We believe that the concept of confidential rate agreements and service arrangements can be very beneficial. We also believe it would make much more sense and be more efficient by combining these concepts as one exemption to OSRA and that negotiated agreements with our customers for pricing and service are inextricably linked. It would be much more beneficial to both the shipping public and our industry if we could simplify the rules to combine these concepts i.e. allow negotiated agreements to be fully comprehensive and cover rates and service arrangements. This only makes sense to us. It would also eliminate some need for certain regulations regarding the separate NSA exemption as well as monitoring filings which for all practical purposes serve no useful benefit to the trade or consumers.

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The reality of our business today is that most traffic and rate arrangements are negotiated and developed with our customers on a one to one basis. The FMC apparently agrees with the notion since it has provided for both objectives to be accomplished with the use of NSAs and NRAs. However, unfortunately, these vehicles are not used on a wide spread basis because of the requirements and limitations. It would be much more efficient and beneficial if these issues can be covered in one agreement without specific filings at the FMC.

While we appreciate the FMC accepting these concepts and allowing the discussions to occur and be accomplished it is interesting to note that actual participation by our trade has been modest or, in the case of NSA's, practically none existent. The benefit of experience of recent years proves that the FMC was correct in allowing these agreements to be reached. There is ample opportunity to expand these benefits and achieve greater participation to the benefit of both our industry and shippers if the FMC would initiate a rule making to revise these regulations.

Our strong recommendation is to support the NCBFAA request to revise the regulations to:

- 1) Make it clear that NRA's may properly include economic terms beyond rates and be modified anytime upon mutual agreement between an NVOCC and the shipper.
- 2) Delete 46CFR section 532.5(e) that includes any amendment or modification of an NRA.
- 3) Either eliminate the filing of essential terms publication requirements of NSA's or eliminate 46CFR part 531 of its entirety.

We thank you for the opportunity to present these comments and look forward to the next steps from FMC.

Respectfully submitted,
JOHN S. CONNOR, INC.


L. G. Connor
President

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Cc: Butch Connor