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September 17, 2003

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

RE: Petition P3-03

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FEDERAL MARITIME COMMISSION

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Dear Commissioners:

Recently, United Parcel Service filed for an exemption from the prohibition on Non-Vessel Operating Common Carriers from entering into confidential contract&&h their customers. Due to the operational characteristics of UPS and recent developments within the ocean shipping marketplace, as well as my concern for the many UPS employees and consumers in my District, I believe that the regulatory scheme governing NVOCCs should be revisited. I write to encourage your prompt and fair consideration of the UPS petition currently pending before the FMC.

During the late 1990s, most NVOCCS were small enterprises that neither owned ocean vessels nor the cargo being shipped. As a result, Congress determined that NVOCCs should be regulated differently than vessel operators. In order to protect shippers and to guarantee liability coverage, Congress maintained 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 that time. 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.

UPS now 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. Additionally, UPS makes significant annual capital investments to its' asset-based transportation infrastructure. These facts set UPS apart from the companies that first raised concerns about the regulatory status of NVOCCs.

Mr. Bryant L. VanBrakle
Federal Maritime Commission
September 17, 2003
Page Two

The recent evolution of the ocean shipping marketplace, cited in the UPS petition, is one reason Congress has granted such broad exemption authority to the FMC. Congress anticipated dramatic changes in the ocean shipping industry with the passage of **OSRA** in 1998, but could not predict how fast or how smoothly the market could adapt to these changes. By granting the UPS petition, the FMC will acknowledge these changes, help to level the playing field between **NVOCCs** and vessel operators, and ultimately benefit consumers in my District and around the world.

It is my hope that the Federal Maritime Commission will give the UPS petition its' utmost consideration and render an equitable decision based upon the merits of the UPS case.

Sin



Chris Chocola
Member of Congress



Congressman Chris Chocola

2nd District of Indiana

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TO: Mr. Bryant VanBrakle
Secretary, Federal Maritime Commission

FROM: Rep. Chris Chocola
Contact: Rich Dunn, Legislative Assistant

DATE: 09/23/03

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RE: UPS petition

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