



UNITED STATES
HOUSE OF REPRESENTATIVES

September 23, 2003

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

RE: Petition **P3-03**

Dear Mr. Secretary:

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 reviewed.

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 from 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, as you are aware, the state of the United States ocean shipping industry has witnessed changes since passage of OSRA. There has been consolidation among ocean carriers resulting in fewer major United States flagged carriers. In an effort to offer customers a full range of services, these remaining carriers have created integrated logistics companies.

The UPS petition, citing the recent evolution of the ocean shipping marketplace, is a reason Congress granted such general exemption authority to the Federal Maritime Commission. While anticipating dramatic changes in the ocean shipping industry with the passage of OSRA, Congress did not anticipate how fast or how smoothly the market could adapt to these changes.

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I am hopeful the Commission will give the UPS petition careful and thorough consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Ander Crenshaw". The signature is fluid and cursive, with a large initial "A" and "C".

ANDER CRENSHAW
Member of Congress

AC:fbg