

DEVIN NUNES
2151 DISTRICT, CALIFORNIA

1017 LONGWORTH HOUSE OFFICE BUILDING
WASHINGTON, DC 20515
(202) 225-2523

113 NORTH CHURCH STREET
SUITE 208
VISALIA, CA 93291
(559) 733-3861

264 CLOVIS AVENUE
SUITE 206
CLOVIS, CA 95612
(559) 323-5235

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



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UNITED STATES
HOUSE OF REPRESENTATIVES
OFFICE OF THE SECRETARY
FEDERAL MARITIME COMMISSION
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Dear Secretary VanBrakle:

It is my understanding that United Parcel Service (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, I write in strong support of their petition.

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 NVOCCs.

The UPS petition is precisely the reason why Congress granted such broad exemption authority to the Federal Maritime Commission (FMC). By granting this petition, the FMC will acknowledge these changes, level the playing field between NVOCCs and vessel operators, and ultimately benefit ocean shipping consumers around the world.

I respectfully request that you give this petition its' utmost consideration. I look forward to and equitable resolution to this situation.

Sincerely,

Devin Nunes
Member of Congress