

2202 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 205 15-0540
(202) 225411 1
FAX (202) 226-0335

305 NORTH HARBOR BOULEVARD
SUITE 300
FULLERTON, CALIFORNIA 92832
(714) 992-8081
FAX (714) 992-1668

www.house.gov/royce

UNITED STATES
HOUSE OF REPRESENTATIVES



EDWARD R. ROYCE
Fortieth District-California

ORIGINAL

CC: 020/030
INTERNATIONAL RELATIONS 022
Subcommittees 10
Chairman, Africa 20
Asia and the Pacific 30
FINANCIAL SERVICES 40
Subcommittees 40
Capital Markets, Insurance and
Government Sponsored Enterprises 81
Financial Institutions and
Consumer Credit 02
03
04
05

RECEIVED
03 SEP 22 PM 2:54
FEDERAL MARITIME COMMISSION

September 15, 2003

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

Dear Commissioners:

I am writing to express my concern with the prohibition on Non-Vessel Operating Common Carriers (NVOCCs) from entering into confidential contracts with their customers. Due to recent developments within the ocean-shipping marketplace, I would urge the Federal Maritime Commission (FMC) to examine, and consider revising the current regulatory scheme governing Nvoocs.

During consideration of the Ocean Shipping Reform Act (OSRA), Congress 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 Nvoocs.

I am hopeful that the FMC will examine the regulatory scheme governing NVOCCs and work to create a level playing field between NVOCCs and vessel operators that will ultimately benefit ocean-shipping consumers.

Sincerely,

EDWARD R. ROYCE