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September 17, 2003

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

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 operation characteristics of UPS and recent developments within the ocean shipping marketplace, they maintain the current regulatory mechanisms governing NVOCCs should be revised. I write in support of the UPS petition (P3-03) currently pending before the Federal Maritime Commission (FMC).

As rationale for approval of their petition, UPS maintains the state of the U.S. ocean shipping industry has changed dramatically since the passage of the *Ocean Shipping Reform Act* (ORSA) revisions of 1998. As part of these revisions, Congress determined that NVOCCs should be regulated differently than vessel operators. In order to protect shippers and guarantee liability coverage, Congress further determined that NVOCCs should operate under a published tariff system when dealing with their customers.

UPS justifies their petition by citing consolidation among ocean carriers resulting in the loss of major U.S. flagged carriers. These very same carriers, in an effort to offer their customers a full range of services, have created vertically integrated logistics companies that now compete with NVOCCs. At the time of the 1998 revisions, UPS maintains that most NVOCCs were not large-scale logistics companies, but rather small enterprises that neither owned ocean vessels nor the cargo being shipped.

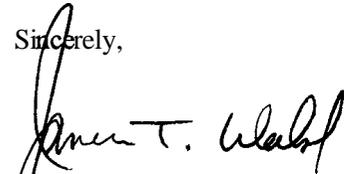
Further, UPS cites their extensive transportation network (including air, rail, surface & NVOCC transportation), designation as a "carrier" in the surface and an freight industry, and significant annual capital investments to its infrastructure as characteristics which distinguish the company from those that first raised concerns about the regulatory status of NVOCCs.

In short, UPS argues that industry changes and the evolving landscape require a more level playing field between vessel operators and non-vessel operators than currently present. Approval of their petition would accomplish this goal.

I have every confidence the Federal Maritime Commission will give UPS' petition the utmost consideration and render an equitable decision based upon the merits of the case.

Please do not hesitate to contact my office if you have any questions.

Sincerely,



James T. Walsh
Member of Congress