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 PM 3:13

September 5, 2003

CONGRESSMAN ROB SIMMONS
 HOUSE OF REPRESENTATIVES
 SECOND DISTRICT, CONNECTICUT

Brant L. VanBrakle
 Secretary
 Federal Maritime Commission
 800 North Capitol Street, N.W.
 Washington, D.C. 20573

Dear Commissioners:

I am writing in strong support of the petition (Petition P3-03) filed by United Postal Service (UPS) requesting 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 developments within the ocean shipping marketplace, the antiquated regulatory scheme governing NVOCCs should be revised.

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. Given the nature of ocean shipping at the time, Congress determined that NVOCCs should be regulated differently from vessel operators. At that time, most NVOCCs were small enterprises that owned neither 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.

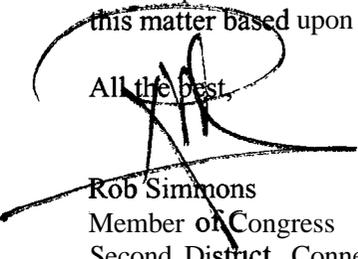
As you know, the state of the U.S. ocean shipping industry, however, has changed dramatically since OSRA's passage. Unprecedented consolidation among ocean carriers has resulted in the loss of major U.S. flagged carriers. In an effort to offer customers a full range of services, these very same carriers have created vertically integrated logistics companies that now compete with NVOCCs.

A model for the world, UPS operates a sophisticated, integrated, intermodal transportation network that includes air, rail, surface and NVOCC transportation, and is deemed a "carrier" in the surface and air freight industries. Furthermore, UPS makes significant annual capital investments to its asset-based transportation infrastructure -- setting UPS apart from the companies that first caused concerns about the regulatory status of NVOCCs.

The UPS petition, citing the recent evolution of the ocean shipping marketplace, is in precisely the spirit for which Congress granted such broad exemption authority to the Federal Maritime Commission (FMC). While anticipating dramatic changes in the ocean shipping industry with the passage of OSRA, Congress did not contemplate how fast or how smoothly the market could adapt to these changes. 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 am hopeful the FMC will give the UPS petition its utmost consideration and render an equitable decision on this matter based upon the merits of the case.

All the best,


 Rob Simmons
 Member of Congress
 Second District, Connecticut