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Congress of the United States
House of Representatives
Washington, DC 20515-3801
September 11, 2003

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THE SECRETARY
FEDERAL MARITIME COMMISSION

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

RE: Petition P3-03

Dear Commissioners:

It has come to my attention that UPS filed for an exemption from the prohibition on Non-Vessel Operating Common Carriers (NVOCCs) which denies entrance into confidential contracts with customers. I write in strong support of the UPS petition currently pending before the FMC.

UPS operates the most sophisticated, integrated, intermodal transportation network in the world. The company uses 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. These facts alone set UPS apart from the companies that first raised concerns about the regulatory status of NVOCCs.

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.

The state of the U.S ocean shipping industry has changed dramatically since passage of the Ocean Shipping Reform Act (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.

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 UPS 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.

Thank you for your consideration of the UPS petition. If there is any way that I may be of further assistance in this matter, please do not hesitate to contact me.

Sincerely,



Robert. A. Brady
Member of Congress