

STEVE KING
5TH DISTRICT, IOWA

COMMITTEES.

Congress of the United States
House of Representatives
Washington, DC 20515-1505
September 25, 2003

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FEDERAL MARITIME COMM

RE: Petition P3-03

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

Dear Commissioners:

I am writing **with** regard to a petition that 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, the antiquated regulatory scheme governing NVOCCs should be revised. I write in strong support of the UPS petition currently pending before the FMC.

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
N v o c c s .

UPS operates the most sophisticated, integrated, intermodal transportation network in the world, which includes air, rail and 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.

The UPS petition, citing the recent evolution of the ocean shipping marketplace, is precisely the reason Congress granted such broad exemption authority to the 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 g-ranting 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' prompt and fair consideration to this issue as you make your **decision**.

Sincerely,

A handwritten signature in black ink that reads "Steve King". The signature is written in a cursive, flowing style.

Steve King
Member of Congress

STEVE KING
5TH DISTRICT, IOWA

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Fax

To: Bryant VanBrunk From: Steve King

Fax: (202) 523-0014 Pages: 03

Phone: _____ Date: 9/30/2003

Re: _____ CC: _____

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1432 Longworth Building, Washington, DC 20515
202.2254426 (phone)
202.2253193 (fax)