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ORIGINAL

Earl Pomeroy  
Congress of the United States  
North Dakota

00: 020/030  
WASHINGTON OFFICE 022  
1110 LONGWORTH HOUSE OFFICE BUILDING 01  
WASHINGTON, DC 20515 02  
(202) 225-2611  
REP EARL POMEROY@MAIL.HOUSE.GOV 03  
DISTRICT OFFICES  
ROOM 328, FEDERAL BUILDING 04  
220 EAST ROSSER AVENUE  
BISMARCK, ND 58501 05  
(701) 2244355  
ROOM 266, FEDERAL BUILDING 00  
657 SECOND AVENUE NORTH 20  
FARGO, ND 58102  
(701) 2354760 30  
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September 26, 2003

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

Re: Petition P3-03

Dear Commissioners:

It is our understanding that UPS has filed for an exemption from the prohibition on Non-Vessel Operating Common Carriers (NVOCCs) entering into confidential contracts with their customers. Due to the operational characteristics of UPS and recent developments within the ocean shipping marketplace, we write in support of the UPS petition currently pending before the Federal Maritime Commission (FMC).

In 1998, during consideration of the Ocean Shipping Reform Act (OSRA), Congress determined that, based on the nature of ocean shipping at the time, NVOCCs should be regulated differently than vessel operators. At that time, 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 the 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 integrated transportation logistics companies that now directly compete with NVOCCs in offering a wide range of services.

UPS operates one of the most sophisticated, integrated, intermodal transportation networks in the world, which 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. These facts set UPS apart from types of companies that first caused 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. By granting this petition,

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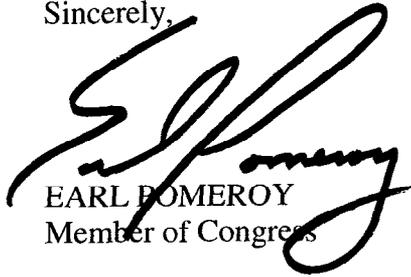
the FMC will acknowledge these changes, level the playing field between NVOCCs and vessel operators, and ultimately benefit ocean shipping customers around the world.

We are hopeful the FMC will give the UPS petition its utmost consideration and render an equitable decision based upon the merits of the UPS case.

Sincerely,



KENT CONRAD  
United States Senate



EARL POMEROY  
Member of Congress



BYRON DORGAN  
United States Senate