



FEDERAL MARITIME COMMISSION
63RD ANNUAL REPORT
FISCAL YEAR 2024

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Letter of Transmittal



FEDERAL MARITIME COMMISSION
800 North Capitol Street, N.W.
Washington, D.C. 20573-0001

April 1, 2025

To the United States Senate and House of Representatives:

On behalf of the Federal Maritime Commission, and pursuant to section 46106(a) of Title 46, United States Code, I am transmitting the 63rd Annual Report of the Federal Maritime Commission, Fiscal Year 2024.

Sincerely,

Louis E. Sola
Chairman

Mission, Strategic Goals, and Statutory Authority

The Federal Maritime Commission (Commission or FMC) is the independent Executive Branch agency with jurisdiction over competition, practices, and service in the ocean shipping industry. Our mission is to ensure a competitive and reliable international ocean transportation supply system that supports the U.S economy and protects the public from unfair and deceptive practices. Facilitating commerce and protecting U.S. shippers are the essential focus of the FMC.

The Commission's Fiscal Year 2022-2026 Strategic Plan has two strategic goals:

Goal 1: Maintain a competitive and reliable international ocean transportation supply system.

Objective 1.1: Ensure no unreasonable increases in transportation costs or decreases in transportation service are attributed to anticompetitive practices under FMC-filed agreements.

Objective 1.2: Ensure competition is preserved in the purchase of certain covered services.

Goal 2: Protect the public from unlawful, unfair, and deceptive ocean transportation practices.

Objective 2.1: Identify and take action to end unlawful, unfair, and deceptive practices.

Objective 2.2: Prevent public harm through licensing and financial responsibility requirements.

Objective 2.3: Enhance public awareness of agency resources, remedies, and regulatory requirements through education and outreach.

Objective 2.4: Impartially and timely resolve international shipping disputes through alternative dispute resolution and adjudication.

In accomplishing these strategic goals, the Federal Maritime Commission administers Subtitle IV (Parts A through D) of Title 46, United States Code. Parts A and B of Subtitle IV deal with the regulation of ocean shipping and were formerly known as the Shipping Act of 1984, as amended (the Shipping Act), the Foreign Shipping Practices Act of 1988 (FSPA) and Section 19 of the Merchant Marine Act, 1920. The Commission also administers and enforces Part C of Subtitle IV, formerly sections 2 and 3 of P.L. 89-777, and section 3503(b)(1)(C) of title 46, United States Code. Part C and section 3503 deal with the financial responsibility of cruise line operators to passengers of such vessels. Part D of Subtitle IV addresses the Commission generally, including its organization and authority to prescribe

regulations. Part D also contains provisions or amendments that were in the Shipping Act, the FSPA, the Ocean Shipping Reform Act of 2022 (OSRA 2022) and the Frank LoBiondo Coast Guard Authorization Act of 2018 (LoBiondo Act).

Year in Review

The global supply chain and U.S. shippers were challenged in many ways during FY24. Key incidents forcing changes to usual routes and services, included: the temporary closing of container operations at the Port of Baltimore due to the collapse of the Francis Scott Key Bridge, drought conditions in the Panama Canal, and terrorist attacks on commercial vessels by non-state actors in the Red Sea. The Commission took action consistent with its jurisdiction to alleviate these challenges by assisting U.S. shippers in seeking redress for their grievances and working with all stakeholders to provide transparency across the ocean transportation industry. The Commission issued two major rules in 2024 that established proper conduct for ocean carriers, marine terminal operators, and other regulated entities: (1) a final rule on detention and demurrage billing practices; and, (2) a final rule on vessel-operating common carriers practices related to unreasonable refusals to deal or negotiate with respect to vessel space accommodations.

The public and shipping industry continue to turn to the Commission to seek redress from unlawful shipping practices. The FMC received a record 1265 legal filings in FY 2024, a 26 percent increase over FY 2023. In addition, the Commission investigated 130 Charge Complaints resulting in refunds or cancellation of charges totaling \$1,874,143 during FY 2024. The Commission also provided informal dispute resolution in 271 cases for real-time cargo disputes and passenger cruise complaints, and conducted 31 mediations and preliminary dispute resolution conferences.

Enforcement efforts to investigate and prosecute civil violations of U.S. shipping laws and Commission regulations resulted in the collection of \$2,305,384 in civil penalties. In addition to civil penalties, the Commission's efforts resulted in restitution to impacted shippers where appropriate, and parties implemented corrective actions to prevent future violations and ensure compliance with the Shipping Act. Through the enforcement program, the Commission works to level the playing field for U.S. shippers by prosecuting entities that violate U.S. shipping laws.

The FMC protects competition not just for U.S. shippers, but U.S. flagged vessels as well. During FY 2024, the Commission opened an investigation under its authorities found at 46 U.S.C. 42302(a) to examine the impact of Canadian ballast water regulations on six U.S. flagged vessels operating in the Great Lakes. The investigation was closed after Canada exempted all six U.S.-flagged vessels from compliance with the ballast water regulation.

The Commission is responsible for identifying instances where a government's support for a common carrier reaches a threshold for ownership or direct or indirect control. The

Commission added three entities to its Controlled Carrier List in Fiscal Year 2024. The Commission monitors the conduct of Controlled Carriers to ensure they do not maintain rates or charges in their tariffs or service contracts that are below a level that is just and reasonable.

The Commission carefully monitors global trade and circumstances that impeded the efficient flow of ocean cargo. In FY 2024, the Commission held an informal public hearing examining how conditions in the Red Sea and the Gulf of Aden regions were impacting commercial shipping and global supply chains. Then-Chairman Daniel B. Maffei and current Chairman Louis E. Sola conducted a fact-finding trip to Panama to examine the impacts of reduced operations of the Panama Canal resulting from drought. The Commission also held meetings with a delegation from the Republic of Korea, as well as with United Kingdom and European Union competition authorities, and attended the Global Maritime Summit held in Athens, Greece, in October 2023.



Then-Chairman Daniel B. Maffei and current Chairman Louis E. Sola with the Panama Canal Authority in July 2024.

Ensuring a Competitive Industry through Agreements Review and Monitoring

In support of strategic goal 1, maintaining a competitive and reliable international ocean transportation supply system, the FMC's competition program involves careful analysis of agreements upon filing and ongoing review of actions that are taken under these agreements.

The FMC's statutory authority and regulations require that agreements which allow collaboration among ocean common carriers or marine terminal operators (MTOs), be filed with the Commission. Commission staff analyzes these agreements upon filing for potential anticompetitive effects. For those agreements that are competitively concerning (including all alliances described below), Commission staff monitors activity on an ongoing basis. Conduct inconsistent with the terms of an agreement is illegal and exposes parties to criminal and civil prosecution under existing statutes.

At the end of FY 2024, there were 360 agreements on file with the Commission, comprised of VOCC agreements, MTO agreements, and assessment agreements. There are 50 agreements on file which staff closely monitors due to competitive concerns. The vast majority of agreements on file with the Commission are vessel sharing agreements (VSAs), which allow straightforward space sharing.

In FY 2024, the Commission received several notable agreement filings. The upcoming new alliance structure in 2025 resulted in the first filing for the new Gemini Cooperation between

Agreement Review Process

- All agreements are reviewed pursuant to the standard set forth in 46 U.S.C. § 41307(b)(1).
- Agreements become effective 45 days after filing unless the Commission has requested additional information to evaluate the competitive impact of the agreement.
- The Commission has the authority to reject a pending agreement filing if it determines that the filing fails to meet the Shipping Act and Commission regulations requiring filed agreements to be clear and definite, or if the filing is outside of the Commission's jurisdiction.
- The Commission may seek to prevent the operation of an agreement under 46 U.S.C. § 41307(b) where it determines that the agreement could reduce competition to the point of unreasonably impacting the market, or substantially lessen competition in the purchasing of certain covered services as defined in the Frank LoBiondo Coast Guard Authorization Act of 2018 (Pub. L. No. 115-282).
- Effective agreements are subject to Shipping Act restrictions and Commission oversight.

Hapag-Lloyd and Maersk. The effective date of that agreement was delayed when the Commission issued a Request for Additional Information. The Commission also received filings related to the potential work stoppage along the U.S. East and Gulf Coasts.

The largest ocean common carriers participate in “alliances” or global VSAs. There are three alliances with agreements on file at the Federal Maritime Commission. Alliance agreements allow coordination of capacity, but discussion or coordination on rates is categorically prohibited. Alliance agreements are the class of agreement that is most closely and

What are Alliances? What are Vessel Sharing Agreements?

FMC statutes and regulations contain no definition of Alliances or VSAs. Generally, however, Alliances refer to carriers participating in VSAs that have a global geographic scope.

VSAs are agreements between two or more ocean common carriers to share space on a serviced string or trade lane and include the authority to rationalize capacity. This contrasts with space charter agreements, where carriers provide space for other carriers on a service, but do not contain capacity rationalization authority.

Alliances are large VSAs. Currently, there are three global alliances – 2M, OCEAN, and THEA. Each Alliance filed agreements with the FMC that are available through the Commission’s website. Each agreement is slightly different, but discussion of pricing or other operational considerations is not authorized in an Agreement. If Agreement parties engage in those kinds of unauthorized activities, they would be subject to criminal and civil prosecution.

Agreements are not mergers nor joint ventures. Ocean carriers in these agreements compete with one another based on price and service. The FMC monitors agreements through submitted data, external data on market activities, and through regular conversations with agreement parties.

regularly scrutinized by the Commission. Alliances provide extensive information to the Commission including meeting minutes and measures of blank and delayed sailings, capacity, volumes, and revenue. Additionally, Commission staff responsible for marketplace competition issues hold meetings with each of the alliances semi-annually.

The largest alliance, measured by market share in the U.S.’s major east-west trades, is the OCEAN Alliance, consisting of CMA CGM and its APL subsidiary, COSCO, OOCL, and Evergreen. The 2M alliance will be dissolved in early 2025, and its member carriers began taking actions in 2023 to move towards increasingly independent services. In FY 2024, the Commission continued its regular, ongoing engagement at both the Commissioner and staff levels with competition authorities in the U.K. and E.U. to address the state of the industry and potential marketplace changes due to macroeconomic shifts. Due to the

U.K.’s exit from the E.U., the Commission now engages with the U.K. Competition Authority.

The FMC’s monitoring program is unlike any other. Competition authorities in the European Union, the People’s Republic of China, and in various other nations do not have access to the same detailed, business confidential information that the FMC collects from alliance carriers. The Commission regularly evaluates the information it collects to carefully monitor activities under agreements and monitoring requirements are adjusted as needed. Monitoring requirements for alliance carriers were most recently revised in spring 2022. As the ocean transportation market in the major trade lanes shifts from supply scarcity to supply excess, the FMC’s focus will be on ensuring that alliance carriers do not restrict capacity to artificially increase rates. The 2022 changes to monitoring requirements properly position the Commission to rapidly track changes in capacity and act quickly if circumstances warrant intervention.

In the first half of calendar year 2024, the number of blanked/cancelled sailings decreased across the three alliances when compared to the first half of 2023. The alliance carriers collectively removed approximately 900,000 Twenty Foot Equivalent Units (TEUs) in capacity through blank sailings in Q1 2024 and roughly 400,000 TEUs of this was due to continued congestion in the first three months of 2024. In Q2 2024, the capacity removed through blank sailings was roughly 640,000 TEUs, mainly due to fleet rearrangements and operational issues. Total capacity in the major trades decreased slightly overall when looking year-over-year. In the transpacific trade, inbound capacity decreased by 2 percent in Q2 2024 compared to levels in 2023 and the corresponding decrease in the transatlantic inbound trade was 7 percent.

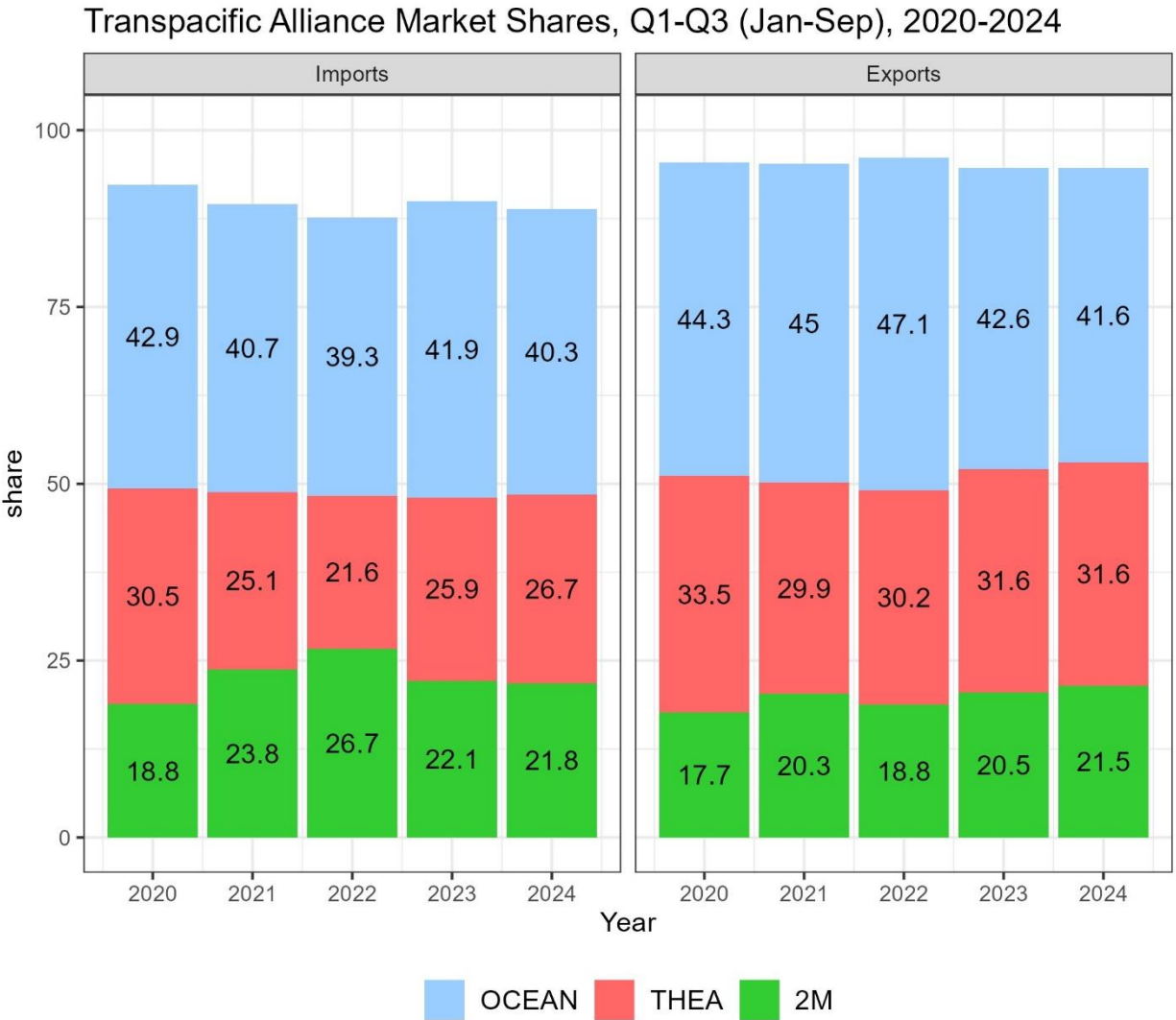
Utilization and average revenue per TEU increased for the alliance carriers in the major east-west trades. Utilization reached 101 percent on the inbound transpacific trade in Q2 2024 and 89 percent on inbound transatlantic trade. The average revenue for alliance carriers on transpacific inbound containers has climbed significantly throughout the first half of 2024, reversing 2023’s trend of declining, pre-pandemic rates. On the transatlantic inbound trade, average revenue declined to reach pre-pandemic rates and has remained stable since.

Market Shares of Carriers in the Major East-West Trades

The Commission uses PIERS¹ data to calculate carrier market share within the global alliances. The shares below are computed based on the total TEUs transported in the major east-west trade lanes by the carriers and reflect the totals carriers by alliance services, other shared services under VSAs, and independent services provided by the carriers.

¹ Port Import/Export Reporting Services (PIERS) provides comprehensive trade data which contains detailed information on import and export transactions, based on bills of lading filed with U.S. Customs and Border Protection.

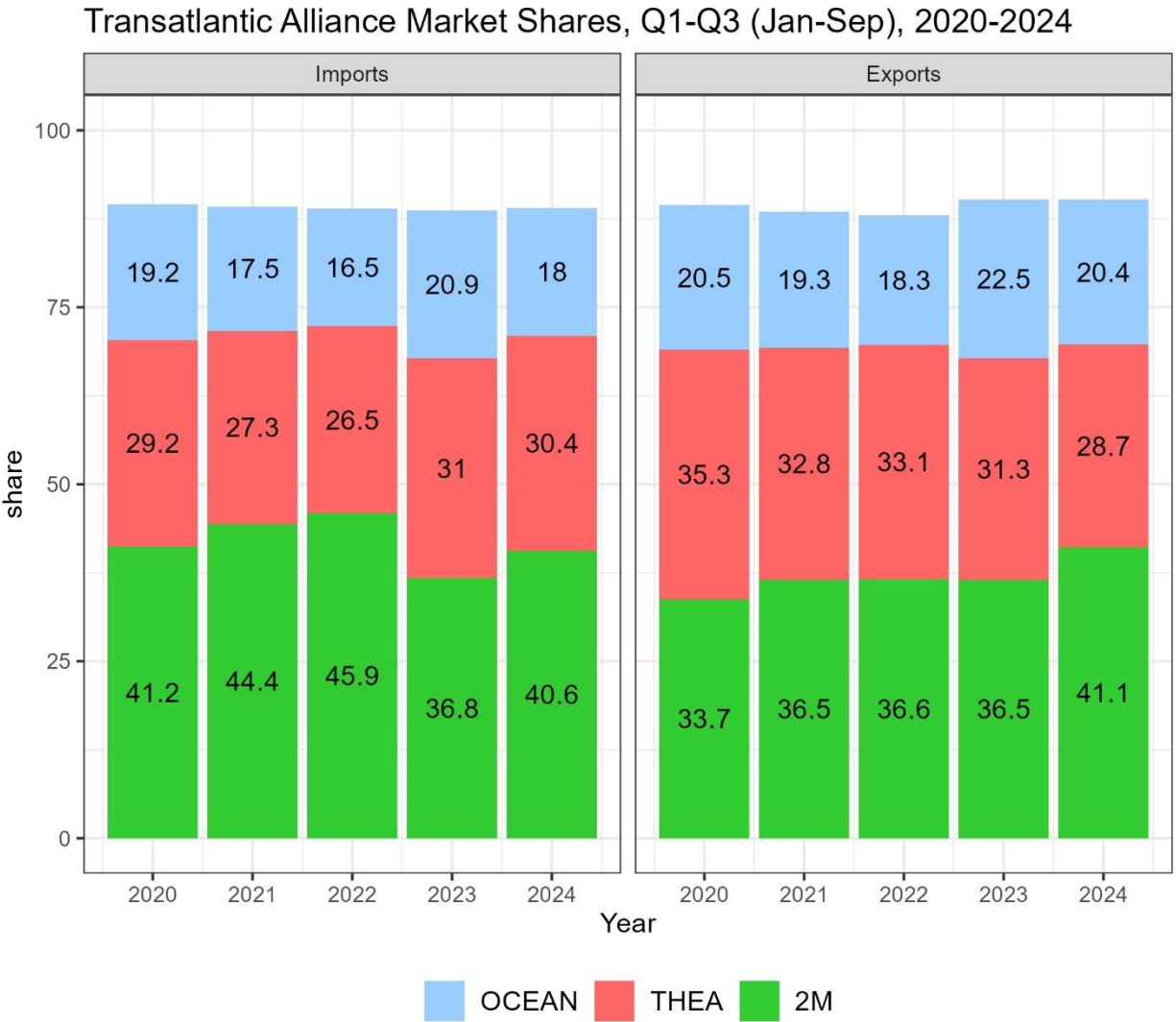
The three alliances are OCEAN, 2M, and THE Alliance (THEA). The OCEAN Alliance consists of CMA CGM (including its APL subsidiary), COSCO (including its majority-owned affiliate OOCL), and Evergreen. THEA members include Hapag-Lloyd, HMM, Ocean Network Express (ONE), and Yang Ming. 2M is comprised of Maersk Line and Mediterranean Shipping Company (MSC).



source: PIERS

As shown in the Transpacific Alliance Market Shares chart, carriers in the three global alliances held a combined market share of 89 percent of imports and 95 percent of exports in the transpacific trade in 2024. While the OCEAN alliance carriers’ share of the import trade declined from 2020 to 2022, their market maintained a consistent ~40 percent through 2024 and the carriers in this alliance dominate the transpacific trade for both imports and exports. The 2M carriers’ share of the import market was 22 percent, continuing a downward

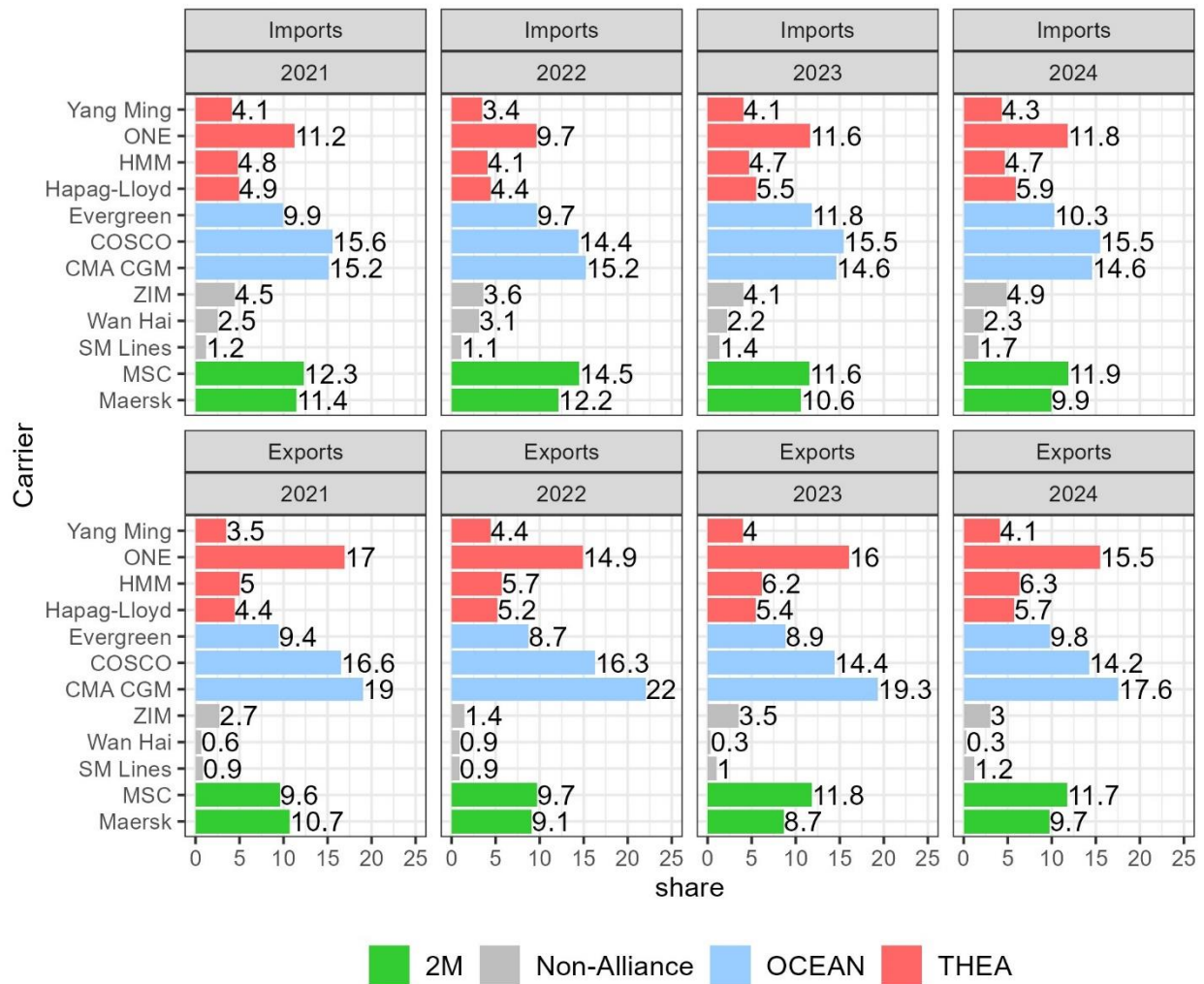
trend from 2022. Their share of the export market has inched upwards each year since 2022, ending at 22 percent in 2024. THEA carriers reached a market share of 27 percent in the first three quarters of 2024, a small increase from 2023, while their export share remained the same at 32 percent compared to the prior year.



source: PIERs

In the transatlantic trades, the alliance carriers collectively accounted for 89 percent of imports and 90 percent of exports. On the import side in 2024, the 2M carriers moved 41 percent of all boxes in this trade, an increase of 4 percentage points compared to the prior year. The carriers in OCEAN and THEA saw a decline in their import market shares as a result, with OCEAN losing more (3 percent) than THEA (.6 percent) in the process. The export side of the market showed the 2M carriers increasing their share to 41 percent. Both OCEAN and THEA saw declines, moving 20 and 29 percent of the market respectively.

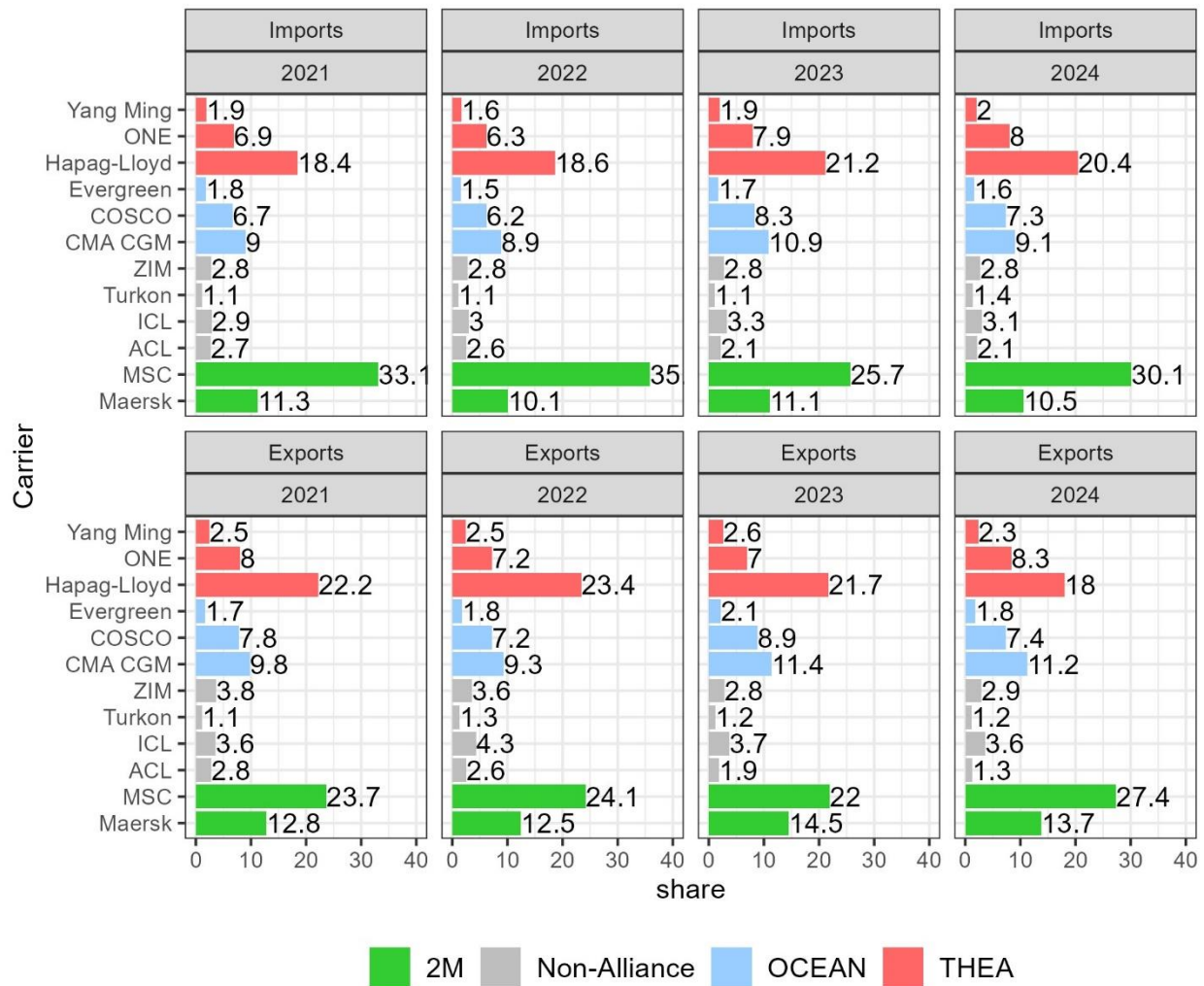
Transpacific Carrier Market Shares, Q1-Q3, 2021-2024



source: PIERS

Focusing on the market share of individual carriers, the three largest carriers for imports from Asia are COSCO (incl. OOCL) with 16 percent, CMA CGM (incl. APL) with 15 percent, and MSC with 12 percent. For exports to Asia, the top three are CMA CGM with 18 percent, ONE with 16 percent, and COSCO with 14 percent. Zim is the largest non-alliance carrier in the transpacific trade, moving 5 percent of imports and 3 percent of exports.

Transatlantic Carrier Market Shares, Q1-Q3, 2021-2024



source: PIERS

In the transatlantic trade, the three largest carriers for both imports and exports were MSC, Hapag Lloyd, and Maersk. MSC was the largest carrier in both directions, moving 30 percent of imports and 27 percent of exports. Hapag Lloyd was the second largest carrier in both directions, moving 20 percent of imports and 18 percent of exports. Finally, Maersk moved 11 percent of imports and 14 percent of exports. The largest non-alliance carrier in this trade is Independent Container Line (ICL), which moved 3 percent of imports and 4 percent of exports.

Investigations and Enforcement

The Commission's investigatory and enforcement programs protect the public by identifying, deterring, and stopping unlawful activities of regulated entities.

The Bureau of Enforcement, Investigations, and Compliance (BEIC) is the investigative and prosecutorial arm of the Commission. In addition to traditional cases, BEIC investigates and prosecutes Charge Complaints filed under 46 U.S.C. § 41310. Together, these programs provide strong consequences for violating the laws that the Commission enforces and serve to deter future violations.

Enforcement Priorities Produce Results

The Commission's enforcement program focuses on investigating and prosecuting civil violations of the U.S. shipping laws and Commission regulations.

BEIC enhances the effectiveness of its enforcement activities and capabilities by developing investigative leads and pursuing cases involving misconduct that most harm the shipping public. Cases brought forward are based on impact, whether in scope of unlawful activities and/or the gravity of the underlying violation.

In FY 2024, the Commission's investigative and enforcement priorities focused on unlawful common carrier and marine terminal operator practices that negatively impacted significant portions of the maritime industry or appeared to cause market distortion. Enforcement priorities include, but are not limited to:

- failing to establish, observe, and enforce just and reasonable regulations and practices relating to or connected with receiving, handling, storing, or delivering property that potentially violate 46 U.S.C. § 41102(c). This includes unlawful demurrage and detention practices and improper use of merchant clauses to impose liability on non-contract parties;
- unreasonable refusals to deal or negotiate that potentially violate 46 U.S.C. § 41104(a)(10);
- unreasonable refusals of cargo space accommodations or other unfair or unjustly discriminatory conduct that potentially violates 46 U.S.C. § 41104(a)(3);
- retaliation that potentially violates 46 U.S.C. § 41102(d); and
- tariff and service contract activities that potentially violate 46 U.S.C. § 41104.

In FY 2024, BEIC investigated potential violations and collected \$2,305,384 in civil penalties from three entities, including a large vessel operating common carrier. In addition to civil penalties, the carrier agreed to furnish restitution to impacted shippers and all parties implemented corrective actions to prevent future violations and ensure compliance with the Shipping Act. Penalties collected by the Commission are paid in their entirety into the General Fund of the U.S. Treasury.

The Commission continues to deploy methods to effectively gather investigative information. In FY 2024, the Commission initiated nonadjudicatory investigations to compel information that will assist the Commission's enforcement efforts. Through use of nonadjudicatory investigation authorities in the enforcement context, the Commission can compel communications and documents necessary to allow BEIC to fully investigate and more quickly prosecute Shipping Act violations that negatively impact the ocean transportation system and demonstrate party intent that are not typically included in traditional shipping documents alone.

BEIC also continued its participation in a formal enforcement proceeding where a substantial ocean common carrier has been the respondent with respect to allegations of violations of the Shipping Act at 46 U.S.C. §§ 41102(c), 40501, and 41104(a)(2)(A) (Docket No. 23-08). After completing discovery, BEIC filed its proposed findings of fact and opening brief wherein it recommended that a civil penalty be imposed in the amount of at least \$63,256,853.00.

BEIC is currently a party to Special Investigation No. 24-02, *In the Matter of Inquiry Regarding Compliance with the Cease and Desist Order in Docket No. 20-14*, which was initiated by a Commission Order on June 18, 2024, to determine whether the Respondents in *Intermodal Motor Carriers Conference, American Trucking Associations, Inc. v. Ocean Carrier Equipment Management Association Inc, et. al* (Docket No. 20-14) were complying with the Commission's cease and desist order in that case. In FY 2024, BEIC issued subpoenas to the respondents and related third parties, made a site visit to conduct interviews and investigation of the Memphis market, and began drafting an initial interim report based on those early findings. Preparations also began for issuing additional subpoenas and scheduling of depositions in FY 2025.

The Commission also conducted multiple ocean transportation intermediary (OTI) compliance reviews throughout FY 2024. These compliance reviews evaluated OTI compliance with statutory and regulatory requirements and worked with entities to achieve compliance. Entities that do not follow the Shipping Act and Commission regulations are subject to enforcement action.

Charge Complaints

Section 10 of OSRA 2022 established a new way for shippers to submit complaints to the Commission regarding charges assessed by common carriers and to receive a refund or waiver for non-compliant charges. See 46 U.S.C. § 41310. The Commission completed its second full year of administering this authority using the interim procedure developed after the law's passage.

During FY 2024, the FMC received 189 charge complaints. Of that total, 130 were appropriate for the charge complaint process and were investigated. Eighty-one of those

charges, valued at \$1,001,350, were voluntarily refunded or cancelled by carriers. An additional 17 complaints received in previous fiscal years were also resolved in FY 2024, resulting in an additional \$872,793 in voluntary refunded or cancelled charges. The total amount refunded or cancelled during FY 2024 was \$1,874,142. While most charge complaints were voluntarily resolved during the investigation phase, the FMC's process also provides for fast resolution of non-compliant charges disputed by the parties through a proceeding before the Commission where the carrier is ordered to demonstrate the lawfulness of a charge.

In FY 2024, Commission staff began working on a proposal for a new rulemaking to finalize a procedure for Charge Complaints. This work will continue through a formal rulemaking.

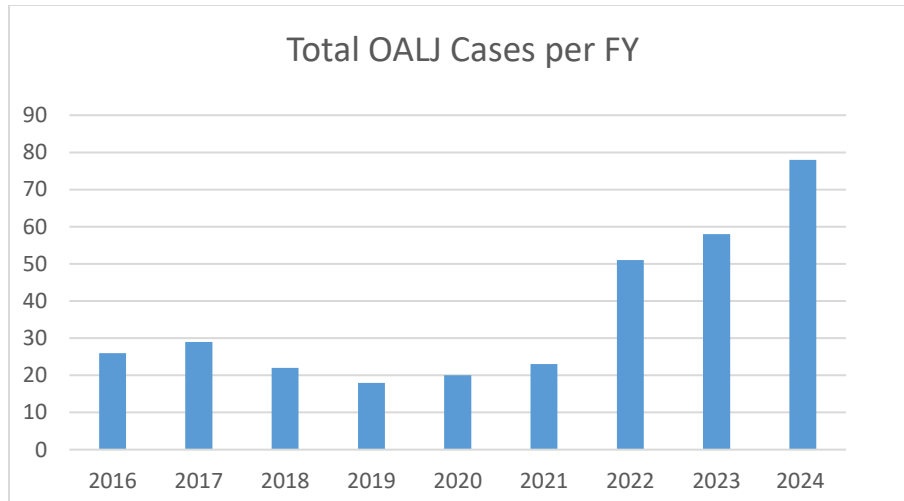
Formal Investigations, Private Complaints, and Litigation before the Commission

The FMC provides a venue for legal proceedings for alleged violations of the statutes it administers. In addition to increased enforcement actions by BEIC, more private parties are seeking binding decisions before the Commission.

In FY 2024, the Office of the Secretary (OS) processed 1,265 filings, a 26 percent increase over FY 2023. OS processes all filings at the Commission. Once a complaint is received and processed by OS, the Office of the Administrative Law Judges (OALJ) adjudicates the claim in a timely manner. The goal is to issue Initial Decisions in formal proceedings within 24 months of filing; and informal small claims Initial Decisions within 12 months of filing. Due process may require additional time to issue Initial Decisions, particularly in complex cases.

The number of legal proceedings initiated at the FMC increased dramatically during the pandemic and has continued into the post-pandemic era. OALJ handled a total of 78 cases, including cases remaining from last year plus cases received this year. OALJ received 56 new cases, issued over 263 orders, and closed 39 cases in FY 2024.

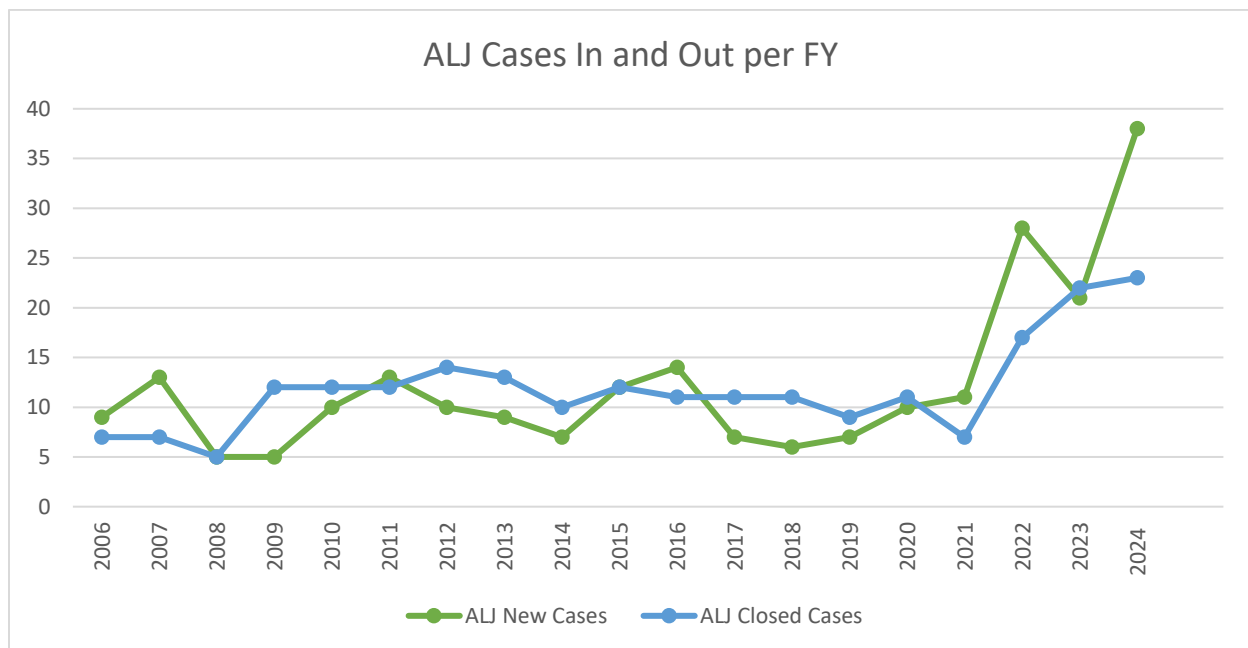
This was a record year in every category.



Administrative Law Judge Formal Proceedings

In FY 2024, OALJ received significantly more formal cases than in any year in the last two decades, with 38 cases received compared to the FY 2022 record of 28 cases. In addition, the cases received by OALJ were larger and more complex than in prior years. This can be seen in the significant increase in orders issued by the Commission's Administrative Law Judges, up to 263 orders from a record 168 orders in FY 2023.

By the end of FY 2023, OALJ had 19 formal proceedings pending. In FY 2024, OALJ received a total of 38 formal proceedings. OALJ closed 23 formal cases, more than it has in any previous year.

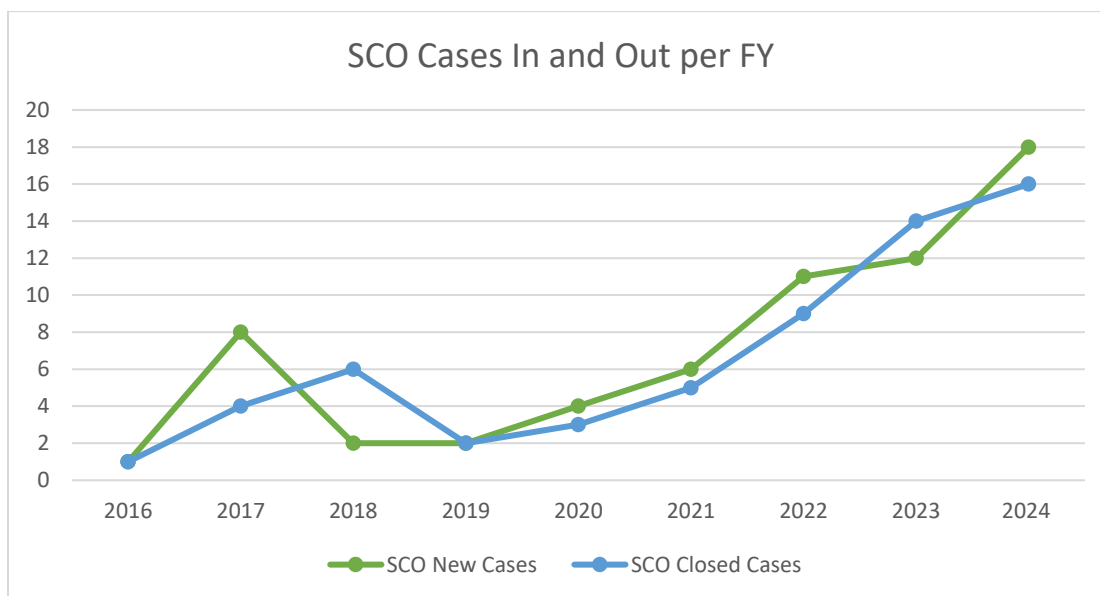


At the end of FY 2024, 34 formal proceedings were pending before the OALJ. OALJ has two Administrative Law Judges detailed to the FMC to assist with the pending cases in FY 2025.

Small Claims Officer Informal Cases

The Commission has also seen an increase of small claims (“informal”) filings over the past two fiscal years. More small claims cases were filed in FY2024 than in any previous year, exceeding records set in FY 2022 and FY 2023. This year, OALJ received 18 small claims cases, triple the historical average. The Commission only has one Small Claims Officer handling all of these cases. In FY 2024, OALJ handled 21 small claims proceedings.

In FY 2024, three informal cases became formal proceedings under Subpart T, and the Small Claims Officer issued dispositive orders closing thirteen informal proceedings. At the end of FY 2024, five small claims cases were pending before the OALJ.



The following summarizes the results of both formal and informal proceedings completed during FY 2024 by the OALJ.

Formal Proceedings

MCS Industries, Inc. v. COSCO Shipping Lines Co., Ltd. and MSC Mediterranean Shipping Company SA [Docket No. 21-05]

Complainant alleged Respondents violated 46 U.S.C. §§ 41102(c), 41102(a)(2), 41104(a)(5), 41104(a)(9), and 41104(a)(10) for the provision of ocean shipping services. On August 26, 2021, Respondent MCS Mediterranean Shipping Company SA filed an answer denying the allegations. On August 30, 2021, Respondent COSCO Shipping Lines Co., Ltd. filed an answer denying the allegations. On September 23, 2021, an Initial Decision approving confidential settlement agreement was issued, granting the settlement agreement between

MCS Industries, Inc. and COSCO Shipping Lines Co., Ltd. and dismissing the claims against Respondent COSCO Shipping Lines Co. Ltd. with prejudice. On October 26, 2021, the Commission issued a notice not to review the September 23 Initial Decision approving confidential settlement agreement with one respondent. On November 18, 2021, an order entering confidentiality stipulation and protective order was issued. On January 13, 2023, an Initial Decision on Default was issued, imposing a default decision with prejudice against Respondent MSC Mediterranean Shipping Company SA for failing to produce discovery, including discovery compelled as early as December 8, 2021, and ordering that MSC Mediterranean Shipping Company SA pay a total of \$944,655, plus interest from July 31, 2021, in reparations to MCS Industries, Inc. Exceptions to the Initial Decision on Default were filed. On January 3, 2024, the Commission issued an order partially affirming the Initial Decision on Default and remanding for further proceedings, specifically, remanding for consideration of whether the delay sanction described at 46 U.S.C. § 41302(d) may support the imposition of default in this proceeding, and remanding for the submission of evidence sufficient to support the reparations Complainant sought. On January 4, 2024, a remand scheduling order was issued. On February 16, 2024, the Initial Decision on Remand was issued, finding that the delay sanction is an additional ground for imposing a default decision and ordering reparations to be \$861,706.50, plus interest. On July 16, 2024, the Commission issued an order affirming the Initial Decision on Remand.

Bakerly, LLC v. Seafrigo USA, Inc. [Docket 22-17]

Complainant alleged that Respondent violated 46 U.S.C. §§ 41104(a)(2)(A), 41104(a)(14)-(15), 41102(c), and 46 C.F.R. § 545.5 with regard to assessing fees against containers. On August 22, 2022, Respondent filed an answer denying the allegations. On February 7, 2023, an order dismissing the Complainant's motion for partial summary decision was issued. On January 3, 2024, an Initial Decision was issued, finding that the evidence did not demonstrate a violation of the Shipping Act and discontinuing the proceeding. On January 4, 2024, the Commission issued a notice of determination to review the Initial Decision.

Color Brands, LLC v. AAF Logistics, Inc. [Docket No. 22-18]

Complainant alleged Respondent violated 46 U.S.C. § 41102(a)(c), 46 U.S.C. § 41104(a)(4)(e), and 46 U.S.C. § 41104(a)(14) on the matter of insurance premiums and the adjustment and settlement of insurance claims on its cargo shipments. On September 27, 2022, an order was issued granting a motion for extension to file an answer. On October 18, 2022, an order was issued granting a motion to withdraw as counsel and issuing an order to show cause. On December 6, 2022, an order was issued to respond to the motion for default. On January 27, 2023, an Initial Decision on Default was issued granting default for failure to respond and ordering that AAF Logistics, Inc. pay a total of \$322,624.17, plus interest from December 17, 2021, to Color Brands, LLC as reparations for violating the Shipping Act. On February 23, 2023, the Commission issued a notice of Commission

determination to review the Initial Decision on Default. On January 18, 2024, the Commission issued an Order affirming Initial Decision in part and remanding in part, affirming the determination of a default against AAF Logistics and remanding the amount of reparations and the date of injury. On January 22, 2024, a remand scheduling order was issued. On August 27, 2024, the Initial Decision on Remand was issued, awarding reparations of \$291,564.58, plus interest, to Color Brands, LLC for three dates of injury. Reparations were awarded for both insurance premiums and cargo damage. On September 27, 2024, the Commission issued a notice not to review the Initial Decision on Remand.

MSRF Inc. v. HMM Company Limited [Docket 22-20]

This proceeding began on August 19, 2022, when the Commission issued a notice of filing of complaint and assignment, indicating that Complainant MSRF, Inc. had filed a complaint against Respondent HMM Company Limited. Complainant alleged that Respondent violated 46 U.S.C. §§ 41102(c), 41104(a)(2), 41104(a)(5), 41104(a)(9), and 41104 (a)(10), regarding its practices and the rates and terms of its service contract. On November 30, 2022, an order granting Complainant's consent motion for an extension of time to complete depositions of fact witnesses was issued. On November 22, 2023, an Initial Decision was issued, finding that the evidence did not demonstrate a violation of the Shipping Act. On December 26, 2023, the Commission issued a notice not to review the Initial Decision.

On January 25, 2024, Respondent filed a petition for attorney fees, which was denied on April 15, 2024. On May 16, 2024, the Commission issued a notice not to review the order denying attorney fees.

Way Interglobal Network, LLC v. Shenzhen Unifelix SCM Limited [Docket 22-28]

Complainant filed a complaint alleging that Respondent violated 46 U.S.C. §§ 41102(c), 41102(d), 41103(a), 41104(a)(1), 41104(a)(4)(E), and 41104(a)(10) in its practices, disclosure of financial information, assessment of charges, and the rates and terms of its service contract related to the movement of containers. On January 4, 2023, an order denying Respondent's motion to dismiss was issued. On January 20, 2023, Respondent filed an answer denying the allegations. On April 19, 2024, an Initial Decision was issued finding a violation of sections 41102(c) (practices in handling property) and 41104(a)(10) (refusal to deal) by Shenzhen Unifelix. Respondent was ordered to pay Way reparations in the amount of \$326,062.50, with interest on the reparations award running from September 14, 2022. Exceptions were filed and the case is pending before the Commission.

TPG Pressure, Inc. v. Omni Logistics LLC and Epic Freight Solutions LLC [Docket 22-31]

Complainant alleged that Respondent Omni Logistics LLC violated 46 U.S.C. §§ 41102(c), 41102(d), and 41104(a) in its practices and assessment of charges, including demurrage and other nonfreight charges. On February 24, 2023, an order was issued, granting leave to amend the complaint and denying Respondent's motion to dismiss as moot. On

February 27, 2023, the Commission issued a notice of filing of amended complaint and assignment and joined Epic Freight Solutions LLC as a Respondent. The amended complaint alleged Shipping Act violations of §§ 41102(c), 41104(a)(14), and 41104(a)(15). On April 25, 2023, an order was issued denying a motion to dismiss the amended complaint. On May 5, 2023, Respondents filed an answer denying the allegations. On September 12, 2024, an Initial Decision was issued, finding that Respondent Epic violated § 41102(c) and, after June 16, 2022, when the Ocean Shipping Reform Act was enacted, § 41104(a)(14), by imposing improper markups on demurrage charges and for coercive collection practices. The Initial Decision determined, however, the evidence did not establish that Respondent Omni was the common carrier that handled Complainant's shipments and it was therefore dismissed. In addition, Complainant did not establish other alleged violations of §§ 41102(c) and 41104(a)(14), such as, for example, that all the demurrage charges were improper, or a violation of § 41104(a)(15) invoice requirements, to the extent that Epic was an NVOCC passing through charges imposed by other entities. As Complainant has not paid Respondents' outstanding invoices and the improper charges were less than the amount Complainant owed, reparations were not ordered. The time for filing exceptions is pending.

SeaFair USA LLC v. Sterling Container Line Ltd. and Atlantic Forwarding Ltd. [Docket 22-34]

Complainant alleged that Respondents violated 46 U.S.C. §§ 41102(a), 41102(c), 41104(a)(4)(A), and 41104(a)(2)(A) regarding its practices and the billing and payment of charges on the shipments of cargo, including the provision of services in the liner trade that are not in accordance with the rates, charges, classifications, rules, and practices contained in its tariff. On December 26, 2022, Respondents filed an answer denying the allegations. On July 6, 2023, an order was issued denying Complainant's combined motion for leave to amend its complaint and its third motion to amend the scheduling order. On April 15, 2024, the Initial Decision was issued, finding that the evidence did not demonstrate a violation of the Shipping Act and discontinuing the proceeding. On May 16, 2024, the Commission issued a notice not to review the Initial Decision.

On June 14, 2024, Respondents filed a petition for attorney fees, which was denied on August 28, 2024. On September 30, 2024, the Commission issued a notice not to review the attorney fee decision.

M.E. Dey & Co., Inc. v. Hapag-Lloyd AG and Hapag-Lloyd (America) LLC v. CSX Transportation, Inc. [Docket 22-35]

Complainant filed a complaint alleging that Respondent violated 46 U.S.C. §§ 41102(c) and 41104(a)(14) regarding its practices and the billing and payment of charges on the shipments of cargo, including demurrage and rail storage charges and the failure to provide chassis. On March 1, 2023, an order was issued granting a motion to amend the complaint including joining Hapag-Lloyd AG as a Respondent and denying as moot a motion to dismiss.

On March 27, 2023, Respondents filed an answer denying the allegations. On April 10, 2023, an order granting the Bureau of Enforcement, Investigations, and Compliance motion to intervene was issued. On May 12, 2023, the Commission issued a notice of filing of third-party complaint, by Respondents against CSX Transportation, Inc. On May 17, 2024, an order granting third-party Respondent CSX Transportation's motion to dismiss the third-party complaint and resetting the briefing schedule was issued. On June 14, 2024, the Commission issued a notice of Commission determination to review the May 17 order. On August 27, 2024, the Initial Decision approving confidential settlement agreement and dismissing the proceeding with prejudice was issued. On September 26, 2024, the Commission issued a notice of Commission determination to review the Initial Decision. The proceeding is pending before the Commission.

Rahal International Inc. v. Hapag-Lloyd AG; Hapag-Lloyd (America), LLC; and Hapag-Lloyd USA, LLC, also, Hapag-Lloyd AG and Hapag-Lloyd (America), LLC (Third-Party Complainants) v. Maher Terminals, LLC; GCT New York LP; and GCT Bayonne LP (Third-Party Respondents) [Docket 23-05]

Complainant alleged that Respondents violated the Shipping Act of 1984, as amended, 46 U.S.C. §§ 40101 to 46108, specifically including that Respondents violated 46 U.S.C. §§ 41102(c), 41104(a)(2)(A), 41104(a)(14), 41104(a)(15), 41104(d) and 46 C.F.R. § 545, regarding a failure to establish, observe, and enforce just and reasonable regulations and practices relating to or connected with receiving, handling, storing or delivering Complainant's property, and by assessing excessive charges, inconsistent and/or noncompliant charges, and noncompliant demurrage or detention charges. On August 1, 2023, Respondents filed an answer denying the allegations. On August 22, 2023, Respondents Hapag-Lloyd AG and Hapag-Lloyd (America) (collectively, "Hapag-Lloyd") filed a partial motion to dismiss Complainant's claim for damages. Also on August 22, 2023, Respondent Hapag-Lloyd USA, LLC filed a motion for summary judgment. On August 24, 2023, an order denying Respondents' motion for leave to file a third-party complaint was issued. On September 6, 2023, a second order on motion for leave to file a third-party complaint was issued, granting Respondents' motion. On September 8, 2023, the Commission issued a notice of filing of third-party complaint, by Respondents Hapag-Lloyd against Maher Terminals, LLC, GCT New York LP, and GCT Bayonne LP. On September 27, 2023, an order issued granting Hapag-Lloyd USA, LLC's motion for summary judgment, dismissing the complaint against them, and denying Hapag-Lloyd's motion to dismiss. On October 30, 2023, the Commission issued a notice not to review the September 27 order. On December 6, 2023, an order denying the third-party Respondents' motion to dismiss was issued. On March 15, 2024, an Initial Decision was issued, which approved the confidential settlement agreement between Rahal International Inc. and Hapag-Lloyd, determined that the complaint filed by Rahal be dismissed with prejudice, and dismissed without prejudice

the third-party complaint filed by Hapag-Lloyd. On April 16, 2024, the Commission issued a notice not to review the dismissal.

Coast Citrus Distributors d/b/a Olympic Fruit & Vegetable, Amazon Produce Network, LLC, Refin Tropicals, S.A., JW Fresh, S.A., Sembrios de Exportacion Sembriexport, S.A., Bresson S.A. v. Network Shipping Ltd., Inc. [Docket 23-06]

Complainants filed a complaint alleging that Respondent violated 46 U.S.C. §§ 41102(c) and 41104(a), in relation to a failure to timely provide chassis due to limited availability resulting from the preferential treatment of certain containers that led to transportation delays and the spoilage of fresh produce. On January 26, 2026, the parties filed a joint motion seeking approval of a confidential settlement agreement and dismissal with prejudice of the complaint. On February 20, 2024, an Initial Decision was issued approving the settlement and dismissing the proceeding. On March 22, 2024, the Commission issued a notice not to review the Initial Decision.

Tir Auto Transport LLC v. V&S Brothers Inc. and V&S Cargo Inc. [Docket 23-07]

Complainant filed a complaint alleging that Respondents violated 46 U.S.C. § 41102(c) regarding the shipment of containers to a different location than instructed and related assessment of charges. On September 5, 2023, Respondents filed an answer, affirmative defenses, and a counterclaim. Also on September 5, 2023, the parties jointly filed a request to stay proceedings indefinitely. On September 6, 2023, an order was issued denying the motion to stay. On September 21, 2023, Complainant filed an answer to the counterclaim. On January 30, 2024, the parties filed a joint motion seeking approval of a confidential settlement agreement and dismissal with prejudice of the complaint with prejudice. On February 14, 2024, an Initial Decision was issued approving the settlement and dismissing the proceeding with prejudice. On March 18, 2024, the Commission issued a notice not to review the Initial Decision.

Hubbell Incorporated and HUBS, Inc. v. DSV Air & Sea, Inc. and DSV Ocean Transport A/S [Docket 23-09]

Complainants alleged that Respondents violated 46 U.S.C. §§ 41104(a)(2), 41102(c), 41102(a)(3), and 41104(d)(2)(B) and 46 C.F.R. § 531.6(c) regarding service not in accordance with the terms of an NVOCC Service Arrangement, unjust and unreasonable practices in handling property, and retaliation and other unfair or unjust discriminatory methods for any other reason. On October 5, 2023, an order denying DSV's motion to stay the proceedings was issued. On January 25, 2024, the parties filed a joint motion seeking approval of a confidential settlement agreement and voluntary dismissal of the complaint. On February 16, 2024, an Initial Decision was issued approving the settlement and dismissing the proceeding. On March 19, 2024, the Commission issued a notice not to review the Initial Decision.

Bal Container Line Co., Limited v. SSA Marine Terminal; SSA Terminals (Pier A), LLC; and SSA Containers, Inc. [Docket No. 23-11]

Complainant filed a complaint alleging Respondents SSA Marine Terminal and SSA Terminals (Pier A), LLC violated 46 U.S.C. § 41102(c) and 46 C.F.R. § 545 which arose from an assessment of a flat rate congestion surcharge without a stated relationship to actual terminal congestion and continued assessment of congestion surcharges while containers were placed in inaccessible terminal areas. On December 15, 2023, an order granting motion for leave to amend the complaint was issued. On December 27, 2023, a notice of filing of amended complaint and assignment was issued, adding SSA Containers, Inc. as a Respondent. On January 9, 2024, Respondents filed an answer denying the allegations. On September 24, 2024, the parties filed a joint motion for approval of a confidential settlement agreement. On September 26, 2024, an Initial Decision approving the confidential settlement agreement was issued. The time for filing exceptions is pending.

D.F. Young, Incorporated v. Wallenius Wilhelmsen Logistics AS, n/k/a Wallenius Wilhelmsen Ocean AS and Wallenius Wilhelmsen Logistics Americas, LLC [Docket 23-14]

Complainant filed a complaint alleging that Respondent violated 46 U.S.C. § 41102 and 46 C.F.R. § 515.42 relating to a refusal to compensate for freight forwarding services on shipments of automobiles in accordance with the terms of the applicable tariff following demand for such compensation. On January 23, 2024, an order granting a motion to amend the complaint was issued. On March 11, 2024, the parties filed a joint motion seeking approval of a confidential settlement agreement. On March 27, 2024, an Initial Decision was issued approving the settlement and dismissing the proceeding with prejudice. On April 29, 2024, the Commission issued a notice not to review the Initial Decision.

L & A Shipping, Inc., Revocation of Ocean Transportation Intermediary License No. 026495 [Docket 24-02]

The Commission's Bureau of Certification and Licensing (BCL) notified Respondent that the Commission intended to revoke its OTI license. Respondent requested a hearing under Subpart X and the Secretary assigned the proceeding to OALJ. BEIC was instructed to file a copy of the notice and supporting materials. L & A Shipping did not participate in this proceeding after its request for a hearing on January 7, 2024. On May 14, 2024, the ALJ issued an Initial Decision revoking Respondent's OTI license. The ALJ's order became administratively final on June 14, 2024, when the Commission issued a notice not to review the Initial Decision.

ICL USA, Inc. v Dependable Highway Express, Inc. and Mediterranean Shipping Company, (USA) Inc., on behalf of Mediterranean Shipping Company, S.A. [Docket 24-04]

Complainant filed a complaint alleging that Respondents violated 46 U.S.C. §§ 41104(a)(2)(A) and 41102(c) and 46 C.F.R. § 545.5, because Respondent Dependable Highway Express acted directly or indirectly in conjunction with Respondent Mediterranean Shipping Company, (USA) Inc., to assess unauthorized per diem related charges, including Admin Fees. On March 15, 2024, an order on Dependable's motion to dismiss and ICL's notice of dismissal was issued. On August 5, 2024, the parties filed a stipulation of voluntary dismissal of the action with prejudice. On August 12, 2024, the Secretary issued a notice of dismissal discontinuing the proceeding with prejudice.

Impact Products, LLC and Safety Zone, LLC v. Mediterranean Shipping Company, S.A. [Docket 24-05]

Complainants alleged that Respondent violated 46 U.S.C. § 41102(c) and 41104(a)(10) and 46 C.F.R. § 545.5, and that these violations arose from assessment of demurrage, detention, per diem, and yard storage charges during periods of time in which the charges were not just or reasonable because of circumstances outside the control of the Complainants and its agents and service providers, and from the acts or omissions of the Respondent that led to the assessment of these charges. On April 10, 2024, Complainants filed a notice of voluntary dismissal of the action without prejudice. On April 15, 2024, the Secretary issued a notice of dismissal discontinuing the proceeding without prejudice.

Impact Products, LLC and Safety Zone, LLC v. Lihua Logistics Company Limited – LLHP [Docket 24-06]

Complainants filed a complaint alleging that Respondent violated 46 U.S.C. §§ 41102(c), 41104(a)(10) and 46 C.F.R. § 545.5 in relation to demurrage, detention, per diem, and yard storage charges during periods of time in which the charges were not just or reasonable because of circumstances outside the control of the Complainants. On May 6, 2024, a scheduling order was issued, in which the Complainants were ordered to file an amended complaint. On August 28, 2024, the parties filed a stipulation of dismissal of the action with prejudice. On September 4, 2024, the Secretary issued a notice of voluntary dismissal discontinuing the proceeding with prejudice.

OL USA LLC v. Maersk A/S [Docket No. 24-11]

Complainant filed a complaint alleging that Respondent engaged in unreasonable and deceptive acts that violated 46 U.S.C. § 40501 and 46 C.F.R. § 520 which arose from a dysfunctional online tariff platform maintained by the Respondent that prevented access to and review of Respondent's tariffs. On March 1, 2024, Respondent filed an answer denying the allegations. After the parties filed a notice of settlement on August 16, 2024, an order on notice of settlement was issued on August 21, 2024. On September 11, 2024, the parties filed a joint motion for approval of confidential settlement agreement and dismissal of the complaint. On September 26, 2024, an Initial Decision approving settlement agreement,

granting confidential treatment, and dismissing the complaint with prejudice was issued. The time for filing exceptions is pending.

Netcycle Trading Corp., Revocation of Ocean Transportation Intermediary License No. 021597NF [Docket 24-15]

The Commission's BCL notified Respondent that the Commission intended to revoke its OTI license. Respondent requested a hearing under Subpart X and the Secretary assigned the proceeding to OALJ. BEIC was instructed to file a copy of the notice and supporting materials. After BEIC's submission, the ALJ issued a notice of right to respond and to reply on April 16, 2024. On June 5, 2024, an order granting motion to accept Respondent's late filing was issued. On July 18, 2024, the ALJ issued an Initial Decision revoking Respondent's OTI license. The ALJ's order became administratively final on August 20, 2024, when the Commission issued a notice not to review the Initial Decision.

International Lumber Imports, Inc. v. CEVA Freight, LLC; ZIM Integrated Shipping Service Ltd.; and ZIM American Integrated Shipping Services Company Co. LLC [Docket No. 24-27]

Complainant filed a complaint alleging that Respondents violated 46 U.S.C. § 41102(c) and 46 C.F.R. § 545.5 by assessing detention charges during the period in which the containers were subject to a government hold, assessing demurrage charges that served no incentivizing principle and did not promote freight fluidity, and refusing to extend free time or waive or reduce demurrage charges for containers that were unavailable for pickup. On September 18, 2024, Complainant filed a notice of voluntary dismissal with prejudice. On September 26, 2024, the Secretary issued a notice of voluntary dismissal and discontinued the proceeding.

Informal (Small Claim) Proceedings

TCW, Inc. v. Hapag-Lloyd AG and Hapag-Lloyd (America) LLC [Docket 1992(I)]

Claimant filed a small claims complaint alleging that Respondents violated 46 U.S.C. §§ 41102(c), 41104(a)(8), and 40101(2) of the Shipping Act as well as 46 C.F.R. § 545.4(d) of the Commission's regulations due to the practice of billing motor carriers performing merchant haulage charges a "street turn" fee when they reutilize an empty container to load cargo for export shipments. On July 31, 2023, Respondents responded and consented to the use of the informal procedures. On August 29, 2023, an order to submit discovery requests was issued. On September 12, 2023, Respondents submitted an objection to the order, asserting that Subpart S of the Commission's Rules of Practice and Procedure does not allow the Small Claims Officer to compel discovery through informal means. On September 14, 2023, a clarification was issued to the parties that they were not mandated to submit requests should they not wish to do so. On October 4, 2023, a request for additional documents and information was issued. On October 9, 2023, Claimant submitted a response to the request

for supplemental information and Respondents submitted a response on October 18, 2023. Respondents refused to answer some of the questions in the Request, asserting that the street turn fee is not subject to the Shipping Act or the Commission's jurisdiction. Claimant submitted a reply to Respondents' responses on October 25, 2023. On December 5, 2023, a decision was issued, finding that Claimant failed to demonstrate that Respondents violated the Shipping Act by assessing the street turn fees. Claimant's request for reparations and a cease-and-desist order were denied, and the complaint dismissed with prejudice. On January 3, 2024, the Commission issued a notice of determination to review the SCO's decision.

Coppersmith Global Logistics Inc. v. ZIM USA Inc. [Docket 1996(I)]

Claimant filed a small claims complaint alleging that Respondent violated 46 U.S.C. § 41102(c) of the Shipping Act and the Commission's regulations at 46 C.F.R. § 545.4 by collecting a double payment for the same demurrage charge from Coppersmith and failing to refund the overpayment. On December 11, 2023, a decision was issued, dismissing with prejudice the complaint against ZIM USA Inc. on the basis that Claimant failed to show that all elements required to find a violation of § 41102(c) and recover reparations under § 545.4 were present in this case as Respondent is not a regulated entity. While Claimant only requested reparations in the amount of \$8,095 in its claim, Claimant indicated that the actual refund amount owed to it by ZIM was \$19,915, and the evidence showed that ZIM committed to refund that amount to Coppersmith, so Claimant's request for reparation was denied. On January 11, 2024, the Commission issued a notice not to review the initial decision.

Bhatt International, Inc. v. Hapag-Lloyd AG [Docket 1997(I)]

Claimant filed a small claims complaint alleging that Respondent violated 46 U.S.C. §§ 41102(c), 41102(d)(2)(B), and 41104(a)(8) of the Shipping Act in connection with the shipping of Bhatt's cargo from the United States to overseas destinations, including India. On October 2, 2023, Respondent filed an Answer denying the allegations and contesting personal jurisdiction. On January 5, 2024, the parties submitted a joint motion for approval of their settlement agreement, requesting dismissal with prejudice of the claim and confidentiality for their settlement agreement. On January 25, 2024, a notice of dismissal was issued granting the joint motion to dismiss, approving the confidential settlement, and dismissing the proceeding with prejudice. On February 27, 2024, the Commission issued a notice not to review the dismissal.

Rahal International, Inc., v. Ocean Network Express Pte. Ltd. and Yusen Terminals LLC. [Docket 1998(I)]

Claimant filed a small claims complaint alleging that Respondents Ocean Network Express Pte. Ltd. and Yusen Terminals LLC. violated 46 U.S.C. §§ 41102(c), 41104(a)(14),

41104(a)(15)(A) and 41104(a)(15)(B) based on detention and demurrage charges they imposed on Rahal in connection with Rahal's shipment of eight containers of mango puree from Manzanillo, Mexico to the Port of Los Angeles, California. Although Respondents filed their respective responses to the claim on January 19, 2024, the parties requested and were granted multiple extensions of time delaying adjudication of the proceeding until April 17, 2024, because they indicated in their various requests that they were engaged in settlement negotiations and had reached settlement but needed additional time to finalize their agreement and disburse the agreed upon settlement amount. On April 30, 2024, the parties submitted a joint motion for approval and confidential treatment of the settlement agreement and release and voluntary dismissal requesting approval of their settlement agreement and dismissal of Rahal's claims against Respondents with prejudice. On May 2, 2024, an order was issued approving the settlement agreement and dismissing the proceeding with prejudice. On June 4, 2024, the Commission issued a notice not to review the dismissal.

Shiplane Transport Inc. v. Mediterranean Shipping Company S.A. [Docket 2000(I)]

Claimant filed a small claims complaint alleging that Respondent violated 46 U.S.C. §§ 41102(b)(1) and (b)(2), 41102(c), 41110, and 4112(a)(1), in connection with the shipping of Claimant's cargo from the United States to the Dominican Republic. On February 16, 2024, Respondent filed a motion for extension of time to file a response. On March 18, 2024, a joint motion for extension of time to file a response was filed. On April 19, 2024, Claimant filed a notice of dismissal without prejudice of its complaint prior to the Respondent serving an answer, a motion to dismiss, or a motion for summary decision and without a settlement agreement being involved. On April 22, 2024, the Commission issued a notice of voluntary dismissal, discontinuing the proceeding.

ElliptiGO Incorporated v. Flexport International, LLC [Docket 2001(I)]

Claimant filed a small claims complaint against Respondent Flexport International, LLC and alleged violations of 46 U.S.C. § 41102(c) and 46 C.F.R. §§ 545.4 and 545.5, in connection with detention and demurrage charges Respondent imposed on ElliptiGO. Prior to the receipt of Respondent's answer, on March 11, 2024, Claimant submitted a motion to dismiss together with a settlement agreement between it and Respondent, indicating that they had resolved their dispute. On March 18, 2024, an order was issued approving the settlement agreement and dismissing the proceeding. On April 18, 2024, the Commission issued a notice not to review the dismissal.

Richard Robertshaw v. United Parcel Service [Docket 2002(I)]

Claimant filed a small claims complaint alleging that Respondent improperly charged it demurrage in connection with the shipping of Claimant's cargo from China to the United States. Claimant indicated to the Office of the Secretary that an amended complaint would

be filed to name the corrected Respondent. On May 2, 2024, Claimant stated that the matter had been resolved and that Claimant wished to dismiss the complaint. On May 3, 2024, the Secretary issued a notice of voluntary dismissal and discontinued the proceeding.

Shiplane Transport, Inc. v. Seaboard Marine [Docket 2003(I)]

Claimant filed a small claims complaint alleging that Respondent violated 46 U.S.C. §§ 41102(b)(1) and (b)(2), 41102(c), 41102(d), and 41110 in connection with the shipping of Claimant's cargo from the United States to the Dominican Republic. On June 11, 2024, prior to any responsive pleadings by Respondent, Claimant filed a motion for conditional withdrawal without prejudice of its complaint. On June 21, 2024, the Secretary issued a notice of voluntary dismissal and discontinued the proceeding.

Tanu Impex LLC v. Maersk A.S.; Sealand Maersk; and Twill [Docket 2004(I)]

Claimant filed a small claims complaint alleging that Respondents Maersk A.S., Sealand Maersk, and Twill improperly imposed demurrage against Claimant's containers, in violation of 46 U.S.C. § 41104's provisions. On May 6, 2024, prior to the receipt of Respondents' answer, Claimant submitted a motion to dismiss and a signed settlement agreement by the parties, requesting voluntary dismissal of its claim. On May 9, 2024, an order was issued approving the settlement and dismissing the proceeding with prejudice. On June 11, 2024, the Commission issued a notice not to review the dismissal.

Sameh Elawamry v. Emarat Shipping Inc. and Tareq Elbarq [Docket No. 2005(I)]

Claimant filed a small claims complaint alleging that Respondents violated 46 U.S.C. §§ 41102(c) and (d) and 41104(a) and (d) of the Shipping Act in connection with an agreement to transport Claimant's vehicles from the United States to Egypt. On June 10, 2024, a request for additional documents and information was issued. On September 30, 2024, a decision was issued, finding that Respondent Emarat violated sections 41102(c) and (d), and 41104(a) and (d) of the Shipping Act. Although not alleged by Claimant, the decision found that Emarat violated section 40501(a)(1) of the Shipping Act as well as section 520.3(a) of the Commission's regulations. Respondent Tareq Elbarq was found not personally liable for Respondent Emarat's violations, and the claim against him was dismissed. Respondent Emarat was ordered to pay reparations in the amount of \$13,952.91.

Access One Transport, Inc. v. ZIM Integrated Shipping Services Ltd. [Docket 2006(I)]

Claimant filed a small claims complaint alleging that Respondent ZIM Integrated Shipping Services Ltd. violated 46 U.S.C. § 41102(c) based on detention charges ZIM imposed on containers drayed by Access One. On May 31, 2024, prior to the receipt of Respondent's answer, the parties submitted a joint motion for approval and confidential treatment of settlement agreement and release and a signed settlement agreement, requesting voluntary dismissal of the claim with prejudice. On June 4, 2024, an order was issued approving the

confidential settlement and dismissing the proceeding with prejudice. On July 8, 2024, the Commission issued a notice not to review the dismissal.

Cross Path Capital LLC v. BDP International Inc. [Docket 2012(I)]

Claimant filed a small claims complaint alleging that Respondent violated the Shipping Act in connection with certain demurrage and detention fees it imposed on Claimant's containers. On July 12, 2024, Respondent filed a motion to dismiss informal complaint. On July 22, 2024, an order was issued denying Respondent's motion and *sua sponte* granting an extension of time until August 5, 2024, to Claimant to submit an amended complaint that satisfied the Commission's requirements for a filed complaint. On August 15, 2024, Claimant filed a motion for voluntary dismissal with a copy of a settlement agreement signed by both parties, requesting that its complaint against Respondent be dismissed with prejudice. On September 4, 2024, an order approving settlement and dismissing the proceeding with prejudice was issued.

Genesis Resource Enterprise Inc. v. Maersk Line, Limited [Docket 2014(I)]

Claimant filed a small claims complaint alleging that Respondent violated 46 U.S.C. § 41102(c) of the Shipping Act in connection with certain charges Claimant alleges were caused by the actions of Respondent. On August 12, 2024, Claimant filed a motion to dismiss and a copy of a settlement and release signed by both parties, requesting that its complaint against Respondent be dismissed with prejudice. On September 4, 2024, an order approving settlement and dismissing the proceeding with prejudice was issued. On September 27, 2024, the Commission issued a notice of determination to review the order approving settlement and dismissing proceeding.

Rulemakings and Policy Statements

Carrier Automated Tariffs [Docket No. FMC-2022-0067]

On January 2, 2024, the Commission issued a final rule amending its regulations governing Carrier Automated Tariffs. The final rule removed the option for common carriers to charge a fee to access their tariff; allowed non-vessel-operating common carriers (NVOCCs) to cross-reference certain aspects of other carriers' terms in their tariffs; clarified the ability for NVOCCs to reflect increases in certain charges passed-through by other entities without notice; revised regulations to specify permissible relationships between NVOCCs for the co-loading of cargo, and made other miscellaneous updates and clarifications to the regulation, including removing outdated citations. The final rule was effective on February 1, 2024.

Definition of Unreasonable Refusal to Deal or Negotiate With Respect to Vessel Space Accommodations Provided by an Ocean Common Carrier [RIN 3072-AC92 / Docket No. FMC-2023-0010]

On July 23, 2024, the Commission issued a final rule to implement the Ocean Shipping Reform Act of 2022's prohibition against unreasonable refusals of cargo space accommodations when available and unreasonable refusals to deal or negotiate with respect to vessel space accommodations by ocean common carriers. This final rule adopted, with changes, the supplemental notice of proposed rulemaking published on June 14, 2023. This rule establishes the necessary elements for the FMC to apply federal law with respect to refusals of cargo space accommodations when available. It also established the necessary elements for the FMC to apply federal law with respect to refusals of vessel space accommodations. This rule applies to complaints brought before the FMC by a private party, as well as enforcement cases brought by the Commission. The final rule became effective on September 23, 2024, except for instruction 2 adding § 542.1(j), and instruction 3 adding § 542.99, which are delayed. The Commission will publish a document in the Federal Register announcing the effective date of those amendments. Note that as of December 31, 2024, the rule was fully in effect.

Demurrage and Detention Billing Requirements [RIN 3072-AC90 / Docket No. FMC-2022-0066]

On February 28, 2024, the Commission issued a final rule that requires common carriers and marine terminal operators to include specific minimum information on demurrage and detention invoices, outlines certain detention and demurrage billing practices, such as determination of which parties may appropriately be billed for demurrage or detention charges, and sets timeframes for issuing invoices, disputing charges with the billing party, and resolving such disputes. It adopted with changes the notice of proposed rulemaking published on October 14, 2022. Substantive changes allow consignees to be billed and

clarify the timeframe for non-vessel-operating common carriers passing through demurrage and detention charges to issue their own invoices. Non-substantive changes improved clarity and removed drafting errors. The final rule became effective on May 28, 2024.

Inflation Adjustment of Civil Monetary Penalties [RIN 3072-AC94 / Docket No. FMC-2024-0002]

On January 10, 2024, the Commission published a final rule to adjust for inflation the civil monetary penalties assessed or enforced by the Commission, pursuant to the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015 (Pub. L. 114-74, section 701). The Act requires that agencies adjust and publish their civil penalties by January 15 of each year.

Policy Statement: Potential Use of an Investigatory Process to Support Determinations [Docket No. FMC-2024-0025]

On July 30, 2024, the Commission issued a document to advise the public of the availability of a new policy statement. The policy statement describes the potential future use of the agency's administrative investigation process to enhance its determinations regarding agreements filed by ocean common carriers or marine terminal operators that may present anticompetitive features under the Shipping Act.

Recent Key Commission Litigation

***Evergreen Shipping Agency (America) Corp. v. Federal Maritime Commission and United States of America*, 106 F.4th 1113 (D.C. Cir. 2024).**

In this case, the U.S. Court of Appeals for the District of Columbia Circuit vacated and remanded the Commission's decision in FMC Docket No. 1966(I), *TCW, Inc. v. Evergreen Shipping Agency (AM.) Corp. & Evergreen Line Joint Service Agreement*. The Commission had upheld the Small Claims Officer's decision that the charging of per diem when a port was closed for a weekend and equipment could not be returned was unjust and unreasonable in the absence of extenuating circumstances. On review, the court determined that the Commission had not adequately explained its decision. The court remanded the matter to the agency for further consideration.

***World Shipping Council v. Federal Maritime Commission and United States of America* (D.C. Cir. No. 24-1088).**

The World Shipping Council, a trade association representing the 20 largest vessel-operating common carriers, filed a petition for review with U.S. Court of Appeals for the District of Columbia Circuit on April 18, 2024. WSC's petition requests that the court overturn the Commission's final rule on *Demurrage and Detention Billing Requirements*. The case remains pending before the court.

***Mediterranean Shipping Company SA v. Federal Maritime Commission and United States of America* (D.C. Cir. No. 24-1007; 24-1262).**

Mediterranean Shipping Company (MSC), a vessel-operating common carrier based in Geneva, Switzerland, filed a petition for review with the U.S. Court of Appeals for the District of Columbia Circuit on January 12, 2024. The petition requests that the court overturn the Commission's decision in FMC Docket No. 21-05 - *MCS Industries, Inc. v. COSCO Shipping Lines Co., Ltd. and MSC Mediterranean Shipping Company SA*. In its decision, the Commission awarded a default judgment and reparations against MSC due to its failure to comply with FMC discovery orders.

***World Shipping Council v. Federal Maritime Commission and United States of America* (D.C. Cir. No. 24-1298).**

The World Shipping Council filed a petition for review with U.S. Court of Appeals for the District of Columbia Circuit on September 13, 2024. WSC's petition requests that the court overturn the Commission's final rule on *Definition of Unreasonable Refusal To Deal or Negotiate With Respect to Vessel Space Accommodations Provided by an Ocean Common Carrier*. The case remains pending before the court.

Protecting the Public and Consumer Assistance

Rulemakings

The Commission made progress in setting clear rules of conduct for ocean carriers, marine terminal operators, and other regulated entities. In February 2024, the Commission issued a final rule, *Demurrage and Detention Billing Requirements* (89 Fed. Reg. 14330). The final rule provides clarity on who can be billed, the timeframe for billing, and the process for disputing bills. The final rule became effective in May 2024, and aims to advance supply chain fluidity by ensuring a clear connection between an assessed fee and a failure to pick-up cargo or return equipment.

In July 2024, the Commission issued a final rule, *Definition of Unreasonable Refusal to Deal or Negotiate with Respect to Vessel Space Accommodations Provided by an Ocean Common Carrier* (89 Fed. Reg. 59648). In the rule, the Commission clarified what is unreasonable behavior by a carrier handling containerized cargo. Carriers must have a reasonable basis for refusing to negotiate or carry cargo, and the Commission will review claims brought before it on a case-by-case basis to ensure that U.S. shippers have access to ocean shipping.

Reports and Data Gathering

Section 9 of OSRA 2022 mandated a new data collection by the FMC to address concerns about the lack of timely and accurate data regarding laden and empty containers carried in U.S. international oceanborne trade. The Commission received approval from the Office of Management and Budget to begin collection in the first quarter of FY 2024. Beginning in the third quarter of FY 2024, the 30 largest vessel-operating common carriers (VOCCs) began reporting import and export tonnage and volumes, as well as empty container movements to the Commission. The information reported by these VOCCs accounts for more than 98 percent of all international oceanborne container movements to and from the United States. The Commission is reviewing and assessing the submitted.

Other completed requirements of OSRA 2022 included adding resources to the Office of Consumer Affairs and Dispute Resolution Services (CADRS) and other program areas, including enforcement, as well as contracting with the [National Academies of Sciences](#) to study best practices for chassis pools.

The scope of the Commission's statutory and regulatory authority is broad, and it oversees international waterborne commerce valued at trillions of dollars, as well as passenger vessel operations embarking at U.S. ports. As a small agency, it is imperative that the Commission's program offices focus on vigilant oversight which includes compliance, investigations, and enforcement.

The Commission works proactively to meet the objectives of strategic goals 1 and 2 of protecting the public from unfair and deceptive practices by communicating clearly to regulated entities their obligations under statute and regulation. Commission resources are focused to address noncompliance in the areas with highest impact. In FY 2024, the Commission added resources to compliance efforts across multiple bureaus and offices.

FMC Audit Program

The FMC Audit Program provides a forum for focused conversations between senior Commission staff and representatives from ocean common carriers, port authorities, and marine terminal operators. The agendas for regular meetings are driven by topical issues affecting shippers or the supply chain. Past matters have included congestion and movement of empty containers, fees and billing practices, export strategies, the Francis Scott Key Bridge collapse, and the Houthi attacks on commercial shipping. Under this program, the Commission has tracked trends, policies, and procedures related to detention and demurrage billing and identified best practices for carriers related to communicating their practices to the shipping public. The program strengthens the work of the Commission and its ability to monitor maritime conditions and issues.

Tariffs and Service Contracts

Beyond the FMC Audit Program, Commission program offices have expanded their efforts to address identified gaps in regulatory compliance by regulated entities. These gaps resulted from changes to industry over time, the increase in non-vessel-operating common carriers (NVOCC) in the marketplace, and the lingering aftereffects of the pandemic. Through their efforts in FY 2024, Commission program offices successfully achieved increased industry compliance with regulations addressing Carrier Automated Tariffs (Part 520), Marine Terminal Operator Schedules (Part 525), Service Contracts (Part 530), NVOCC Service Arrangements (Part 531), and NVOCC Negotiated Rate Arrangements (Part 532).

The Commission's Bureau of Trade Analysis (BTA) compliance activities direct resources to opportunities for the greatest impact. This includes increased outreach to the industry through industry alerts and communication with designated compliance officers to ensure that service contracts are timely filed, that ocean common carriers vet NVOCCs for compliance with FMC regulations when entering into service contracts, and that all common carriers maintain proper tariffs.

Conditions in the Red Sea region continue to force ocean carriers to avoid the Suez Canal and instead send ships around the Cape of Good Hope. More vessels are needed to maintain schedule integrity on what is a longer route which uses more fuel. A resulting consequence is that rates for containerized ocean transportation have risen globally. Increased rates have prompted several carriers to notify the Commission of their intention to enter the transpacific trade. These include smaller regional carriers headquartered in

China and Singapore. The Commission is closely tracking the activity of these carriers to ensure that they are fully compliant with all statutory and regulatory obligations should they offer service in the U.S. transpacific trades.

The number of NVOCCs offering service in the United States has increased substantially since 2020. At the end of FY 2024, there were approximately 8,600 NVOCCs with tariff locations published on the Commission's website (FMC.gov). In FY 2024, BTA continued to work with the Bureau of Certification and Licensing to target entities that fell out of compliance with either tariff postings or financial requirements. A list of noncompliant NVOCCs is posted to the website and updated weekly. BTA has referred nine NVOCCs that have not complied with tariff publication requirements to BCL for further review and potential revocation of their licenses or registrations.

Licensing and Financial Responsibility for Ocean Transportation Intermediaries and Passenger Vessel Operators

The Commission's regulatory scope includes Parts 515 (Licensing, Registration, Financial Responsibility Requirements, and General Duties for Ocean Transportation Intermediaries) and 540 (Passenger Vessel Financial Responsibility). There are over 9,100 ocean transportation intermediaries regulated by the Commission. To receive an OTI license, applicants must employ a Qualifying Individual with the necessary character and a minimum of three years of shipping experience in the United States. Additionally, OTI applicants must demonstrate financial responsibility by means of a bond, insurance, or other financial instrument available to pay claims for damages or civil penalties. Under the Commission's triennial renewal program, OTIs review and update their information on file with the Commission. In FY 2024, the agency took approximately 645 actions to revoke or terminate licenses for OTIs no longer maintaining financial responsibility.

In addition, the Commission administers a requirement pertaining to passenger vessel operators (PVOs) that arrange, offer, advertise, and provide passage on a vessel; have berths or stateroom accommodations for 50 or more passengers; and embark passengers from a U.S. port. These PVOs are required to establish financial responsibility with the Commission for the indemnification of passengers for nonperformance of transportation and to meet liability incurred for death or injury to passengers or other persons on voyages. There are 48 PVOs currently enrolled in the program.

Current rules and regulations of the PVO program mandate that passengers be compensated within 180 days of all fees, including ancillary fees, paid to the PVO.

The rules and regulations, amended in 2022, have increased the scope and complexity of cases involving PVO non-performance. The Commission has expanded resources for this program to support systems development, conduct ongoing monitoring and compliance work, and perform outreach. Additionally, the Commission has dedicated resources to

facilitate communication between bankrupt PVOs, their financial providers, and passengers to ensure adequate refund processes are established for timely distribution to passengers. BCL continues to strength processes for monitoring and maintaining compliance to ensure cruise passengers are protected from non-performance of cruise lines.

Consumer Assistance

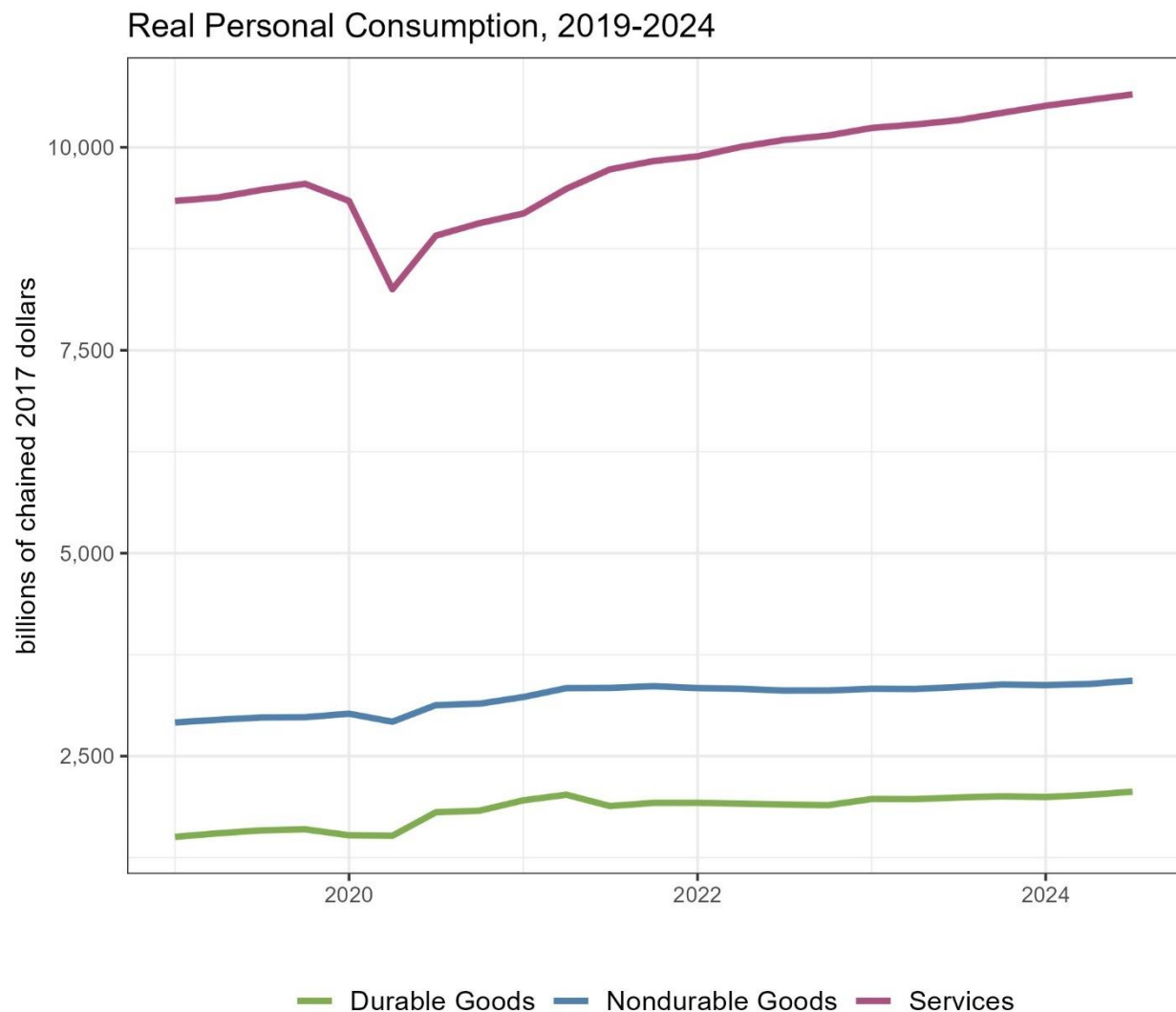
The Office of Consumer Affairs and Dispute Resolution Services (CADRS) helps private parties informally resolve disputes related to cargo and cruise voyage matters without the costs, risks, and delays associated with pursuing formal legal actions. CADRS also offers mediation services for formal proceedings that have been filed at the Commission. All assistance is provided without charge.

In FY 2024, CADRS handled 302 cases. Roughly 58 percent of cases involved commercial cargo, 27 percent involved passenger vessels/cruises, and the balance involved household goods movement. The majority of the commercial cargo cases (68 percent) concern import cargo and 32 percent involve export cargo.

CADRS staff has taken on an additional role in Commission outreach. In FY 2024, staff participated in industry events and met with other federal agencies. Much of this outreach work has been in support of export activities. In FY 2025, CADRS will continue expanding its outreach efforts.

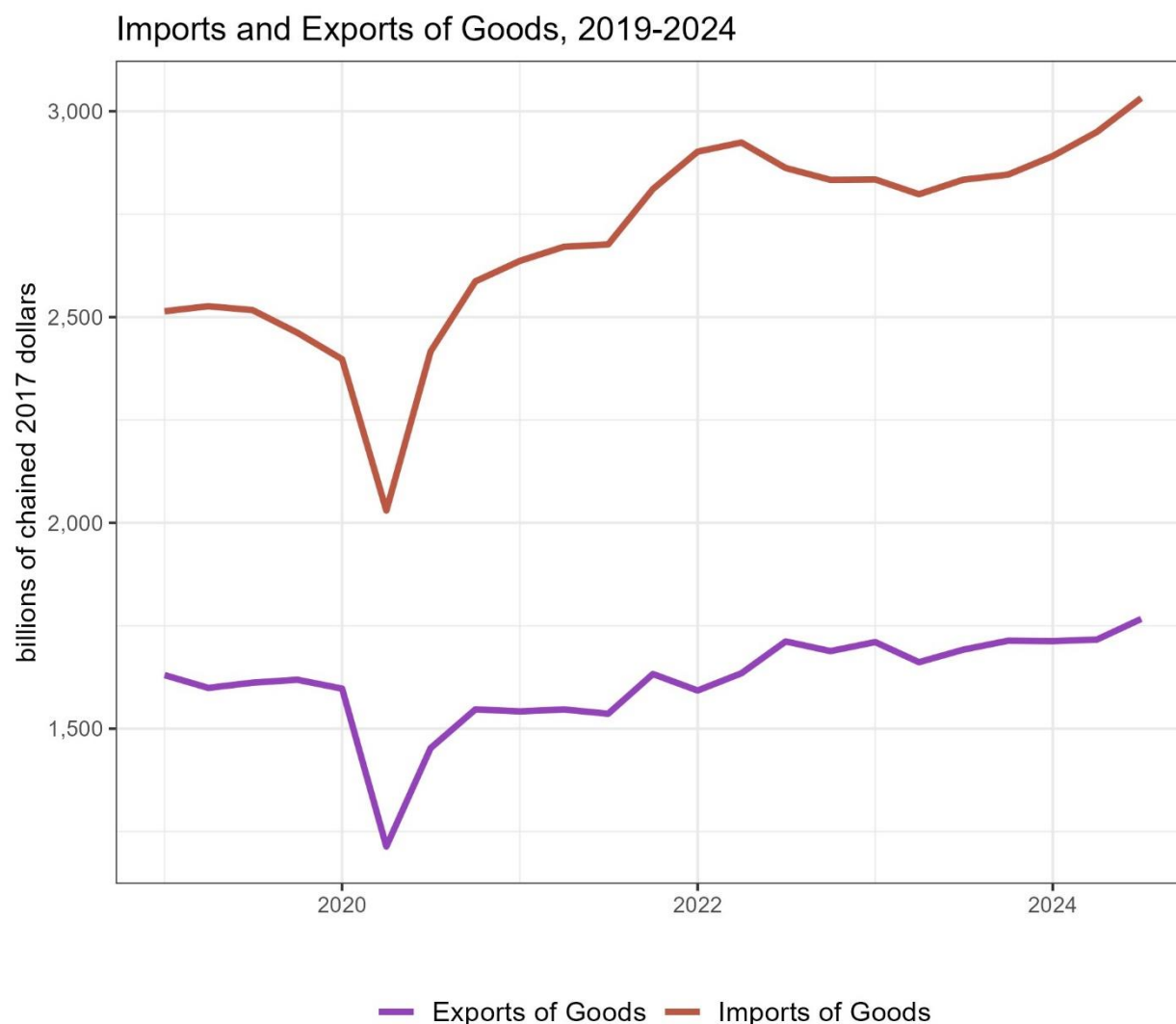
Developments in Major U.S. Foreign Trades

The shift in consumer demand from services to goods at the outset of the COVID-19 pandemic is well documented. While real consumer spending on both durables and nondurables was relatively flat in real terms in 2022 and 2024, consumer spending remains above pre-pandemic levels, particularly on durable goods.



source: U.S. Department of Commerce, Bureau of Economic Analysis

After decreasing through much of 2022, imports rose through the latter half of 2023 into 2024 – with many in the shipping industry reporting a frontloading of imports ahead of election season, mainly out of fears of higher tariffs. On the export side, the value of real exports has slowly but steadily risen since early 2023.



source: U.S. Department of Commerce, Bureau of Economic Analysis

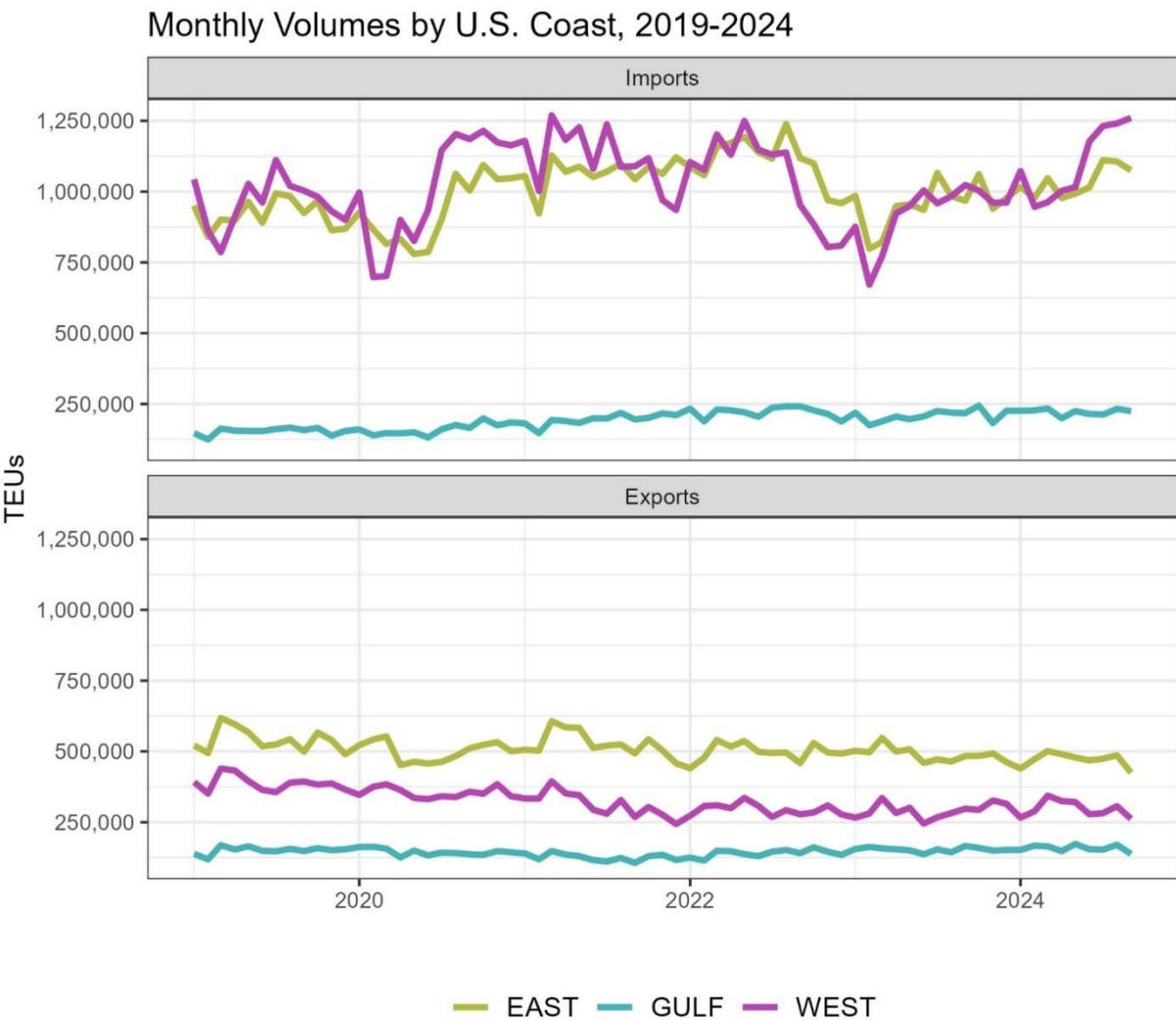
Containerized U.S. Imports and Exports

Containerized shipping spot rates experienced significant fluctuations in 2024, driven by disruptions in the Red Sea, Suez Canal, and Panama Canal, as well as uncertainty surrounding the United States Maritime Alliance (USMX) and International Longshoremen's Association (ILA) labor negotiations. These factors constrained shipping capacity and pushed rates higher. U.S. trade lanes were particularly impacted, with rates peaking in July due to earlier-than-usual peak-season demand as importers front-loaded cargo ahead of the October 1 USMX-ILA contract expiration.

According to Drewry's Container Freight Rate Insight, spot rates on the Shanghai-to-New York route started FY 2024 at \$2,800 per forty-foot equivalent unit (FEU) in October 2023, peaked at \$9,800 in July 2024, and declined to \$6,000 by October 2024. Rates from

Shanghai-to-Los Angeles were \$2,200 per FEU in October 2023, increased to \$7,800 in July 2024, and fell to \$5,300 by October 2024.

The transatlantic trade remained relatively stable through most of FY 2024. Rotterdam-to-New York rates were \$1,500 per FEU in October 2023 but began climbing in August 2024 as demand surged ahead of the USMX-ILA labor negotiations deadline. By October 2024, rates had increased to \$3,000 per FEU, driven by port delays and cargo backlogs at East Coast ports.



source: PIERs

Turning to container volumes (in TEUs) by coast, import volumes through the East and West Coast ports increased from early 2024 through the spring. West Coast imports continued to increase through the summer while the East Coast saw some declines in TEUs. While total TEUs imported through the East Coast were roughly equivalent to the West Coast through most of 2023 and into 2024, the West Coast imported approximately 150,000 more TEUs per

month through the summer of 2024. Shippers frontloaded imports and pivoted some orders from the East to the West to preempt any disruption impacts from port labor contract expiration on October 1, 2024. Export volumes were relatively stable across the last several months of 2023 and the beginning of 2024 before starting to decrease in the spring months.

The distribution of the major east-west trade among the U.S. coastal ports changed markedly post-pandemic, as depicted in the following two charts. The share of imports entering through the Gulf Coast increased between 2019 and 2024. Much of this was the result of an increased share of trade from Northeast Asia entering through Gulf ports as well as a slight increase in trade from Southeast Asia entering through the Gulf. The East Coast also increased its share of containerized imports on the major east-west trades, with nearly all of that increase originating in Southeast Asia and the Indian subcontinent.

Likewise, East Coast and Gulf Coast ports increased their shares of exports. The share of Southeast Asia and Indian subcontinent export trade grew between 2019 to 2024 and the East and Gulf Coast ports have increased their shares of this trade. They both have also increased slightly their share of the Northeast Asia export trade.

Report on Foreign Laws and Practices

Trading Partners

Section 46106(b)(1) of Title 46 requires the FMC to include in its annual report to Congress, “a list of the twenty foreign countries which generated the largest volume of oceanborne liner cargo for the most recent calendar year in bilateral trade with the United States.” The most recent calendar year available from PIERS data is 2023. China remained the U.S.’s ocean top trading partner in containerized oceanborne cargo in 2023, though the total volumes decreased from more than 13 million TEUs in 2022.

| Rank | Country | TEUs |
|------|--------------|------------|
| 1 | China (PRC) | 11,700,097 |
| 2 | Vietnam | 2,615,070 |
| 3 | South Korea | 1,776,018 |
| 4 | India | 1,630,732 |
| 5 | Thailand | 1,269,077 |
| 6 | Japan | 1,174,264 |
| 7 | Taiwan (ROC) | 1,165,038 |
| 8 | Germany | 949,164 |
| 9 | Malaysia | 825,855 |
| 10 | Indonesia | 746,427 |
| 11 | Italy | 677,217 |
| 12 | Belgium | 657,259 |
| 13 | Brazil | 656,825 |
| 14 | Guatemala | 548,098 |
| 15 | Turkey | 445,660 |
| 16 | Netherlands | 442,718 |
| 17 | Spain | 369,599 |
| 18 | Costa Rica | 351,155 |
| 19 | Chile | 350,626 |
| 20 | Honduras | 346,326 |

Source: PIERS

The top 4 countries were identical to 2022. Taiwan (ROC) dropped from number 5 in 2022 to number 7 in 2023. Malaysia moved from number 10 to number 9, passing Indonesia, while Italy moved from number 12 to number 11, passing Belgium. Costa Rica entered the top 20 at number 18, while the United Kingdom dropped out of the top 20.

Competitive Impact of Ocean Carrier Alliance Joint Purchase of Certain Covered Services

Section 46106(b)(6) of Title 46 requires the Commission to analyze agreements that jointly purchase certain covered services. THE Alliance (THEA) jointly contracts for terminal services in the U.S. and is subject to alternative monitoring requirements for FMC staff to assess those activities. FMC staff conducted two safety zone threshold tests based on Department of Justice/Federal Trade Commission (DOJ/FTC) guidelines using available data for FY 2024 (October 2023 — June 2024).² In the first test, staff compared the number of container lifts jointly purchased by THEA to the number of overall lifts in each port market where THEA jointly contracts, with the threshold being 35 percent. In the second test, staff compared the value of THEA's jointly purchased input (terminal services) to the combined sales revenue of the members in each of the relevant trade lanes, with the threshold being 20 percent. In FY 2024, THEA operated within these safety zone thresholds promulgated by the DOJ/FTC. The data used in these tests comes from THEA's monitoring reports as well as a commercially available source, PIERIS, to calculate total volumes.

Foreign Practices Cases

The Commission has the authority to address restrictive foreign shipping practices under Chapters 421 and 423 of the U.S. Code, as well as section 41108(d) of Chapter 411. Section 42101 empowers the Commission to make rules and regulations to adjust or meet conditions unfavorable to shipping in the foreign trade of the United States. Section 42302 directs the Commission to investigate whether any laws, rules, regulations, policies or practices of a foreign government or practices of a foreign carrier result in adverse conditions that affect U.S. carriers in U.S. oceanborne trade and that do not exist for foreign carriers in the United States. Section 41108(d) directs the Commission to address actions by a foreign government or foreign carrier that unduly impair the access of a U.S.-flag vessel to ocean trade between foreign ports.

On May 21, 2024, the Commission launched an investigation under 46 U.S.C. § 42302 to determine if pending Canadian regulations governing ballast water management systems of ships in the U.S.-Canada Great Lakes trade have a disparate effect on U.S.-flagged vessels and constitute a Foreign Shipping Practices violation within the meaning of 46 U.S.C. § 42301-307. Upon investigation, it was determined that the new Canadian regulations were expected to apply to six U.S.-flagged vessels that trade exclusively within the Great Lakes starting in September 2024 would violate 46 U.S.C. § 42302(a). The Canadian regulations do not apply to the remaining more than four dozen U.S.-flagged Great Lakes vessel until 2030. No immediate action by the Commission is necessary given that the six vessels in question

² Department of Justice/Federal Trade Commission. Antitrust Guidelines for Collaborations Among Competitors (April 2000) <https://www.justice.gov/media/970831/dl?inline>

have now either been exempted by the government of Canada or have been found to not need to come into compliance with the regulation this year.

The 2024 investigation stemmed from an earlier 2020 petition filed with the Commission by the Lake Carriers Association (LCA) alleging that a Canadian regulation scheduled to take effect in September 2024 would create conditions unfavorable to shipping by requiring U.S. vessels to install new ballast water management systems. In 2020, the Commission opened an investigation under 46 U.S. Code, chapter 421 (Regulations Affecting Shipping in Foreign Trade). See FMC Docket No. 20-10. This earlier investigation is ongoing and permits the Commission to examine the treatment of all U.S.-flagged Great Lakes fleet vessels, including a review of the six vessels that were already exempted or granted waivers. The Commission will continue to monitor the proposed rule and impacts to ensure no foreign policies create unfavorable conditions affecting U.S.-flagged vessels operating in the U.S.-Canada trade.

Controlled Carriers and Commission Identification of Otherwise Concerning Practices

A controlled carrier is an ocean common carrier that is, or whose operating assets are, owned or controlled directly or indirectly by a foreign government. Chapter 407 of Title 46, U.S. Code provides that no controlled carrier may maintain rates or charges in its tariffs or service contracts that are below a level that is just and reasonable, nor may any such carrier establish, maintain, or enforce unjust or unreasonable classifications, rules, or regulations in those tariffs or service contracts.

In addition, tariff rates, charges, classifications, rules, or regulations of a controlled carrier may not, without special permission of the Commission, become effective sooner than the 30th day after the date of publication. The Commission's staff monitors U.S. and foreign trade press and other information sources to identify controlled carriers and any unjust or unreasonable controlled carrier activity that might require Commission action.

As of the end of fiscal year 2024, six controlled carriers operated in the U.S. trades. The first three listed are subsidiaries of COSCO SHIPPING Holdings Co., Ltd.:

1. COSCO SHIPPING Lines Co., Ltd. – People's Republic of China
2. Orient Overseas Container Line Limited – People's Republic of China
3. OOCL (Europe) Limited – People's Republic of China
4. Hede (HONGKONG) International Shipping Limited – People's Republic of China
5. HMM (RPI No. 001452) – Republic of Korea
6. Anji Shipping Co., Ltd. – People's Republic of China

OSRA 2022 revised the Commission's annual reporting provisions to require the Commission to identify any "otherwise concerning practices" by ocean common carriers

that are controlled carriers or “owned or controlled by, a subsidiary of, or otherwise related legally or financially, to a corporation based in a country” that is: (1) a non-market economy country, as determined by the U.S. Department of Commerce; (2) a priority foreign country, as determined by the U.S. Trade Representative; or (3) subject to monitoring by the U.S. Trade Representative under section 306 of the Trade Act of 1974, 46 U.S.C. § 46106(b)(7). Commission staff is in the process of developing parameters for identifying carriers that are tied to, or based in, countries of concern. This will facilitate the identification of “otherwise concerning practices” by such carriers.

International Affairs Program

The Commission’s international affairs program supports the agency’s mission to ensure and maintain a competitive and reliable international ocean transportation supply system. The program contributes to this goal by enhancing awareness of regulatory requirements through education and outreach with private sector and foreign government representatives, at both staff and leadership levels. The program also supports the Commission’s unique, independent authority to identify and address unfavorable conditions created by foreign governments or businesses in foreign shipping trades. Finally, the international affairs work contributes to the agency’s mandate to actively monitor foreign government-owned controlled carriers in U.S. trades.

Throughout the year, the Commission hosted or attended in-person and virtual meetings with foreign peer regulatory agencies to share information about the Commission’s role and authorities, and to improve its familiarity with foreign shipping and competition regulations. In February 2024, the Commission’s General Counsel briefed the Belmont Shipping Club, a Washington, D.C.-based association of 17 maritime nations and the E.U. delegation, on the Red Sea crisis and the results of the Commission’s February 7, 2024, Red Sea hearing. The General Counsel also hosted a meeting with officials from the Ghana Shippers’ Authority, and, in collaboration with MARAD, hosted a group of legislators from Peru to discuss U.S. regulation of ocean shipping.

Individual Commissioners broadly engaged with foreign government counterparts. Then-Chairman Maffei participated in the Global Maritime Summit held in Athens, Greece, in October 2023. In July 2024, then-Chairman Maffei and current Chairman Sola visited Panama and met with the Panama Canal Authority and the Panama Maritime Authority to discuss the capacity restrictions on Canal passages caused by water shortages, and to assess current and long-range remedial measures. The Commission also participated in a bilateral meeting with the Republic of Korea in August 2024, hosted by the U.S. Department of Transportation’s Maritime Administration (MARAD). In FY 2024, the Commission continued its engagement with competition authorities in the United Kingdom (U.K.) and the European Union (E.U.) through Commission visits and staff-level discussions. Due to the U.K.’s exit from the E.U., the Commission now engages separately with the U.K. Competition

Authority on an as-needed basis to ensure a solid understanding of the dynamics affecting the U.S. and European trade lanes. In FY 2025, the Commission will continue to engage with the E.U. and the U.K. to ensure that the agency is well-positioned to communicate any important developments to the U.S. shipping public.

Information Technology

The Commission is fully committed to improve its technology strategy and initiatives, driving forward innovations, and enhancing its digital capabilities to support its mission.

The Commission uses multiple legacy systems to collect information from the public and regulated entities that must be modernized. The modernization of these systems will improve efficiency in the way the Commission interacts with the ocean shipping industry to collect required information, the management and use of the data collected, and mitigate cybersecurity risks. In FY 2023, the Commission completed an initial evaluation of its IT infrastructure, with a focus on cybersecurity risk mitigation and system integration. This evaluation included a roadmap and initial budget estimate. The plan, completed in FY 2023, included an assessment of existing systems, identified areas for improvement, and a set of goals, objectives, and project milestones. The IT modernization project plan started with the requirement gathering phase and was finalized in the fourth quarter of FY 2024. The design and development phases will begin in FY 2025 through FY 2026.

The modernization plan includes the replacement of several independent systems and fillable forms submitted by regulated entities and the shipping public and will feature the integration of systems to streamline cross-office activities. The modernized systems will have enhanced analytic capabilities, including dashboards, to support data-driven compliance and enforcement actions and enhance reporting capabilities.

Through its evaluation of the current systems modernization needs, the Commission has identified legacy applications and manual processes that should be replaced by commercial off-the-shelf case management solutions. This includes key work in support of investigations, enforcement, and consumer assistance.

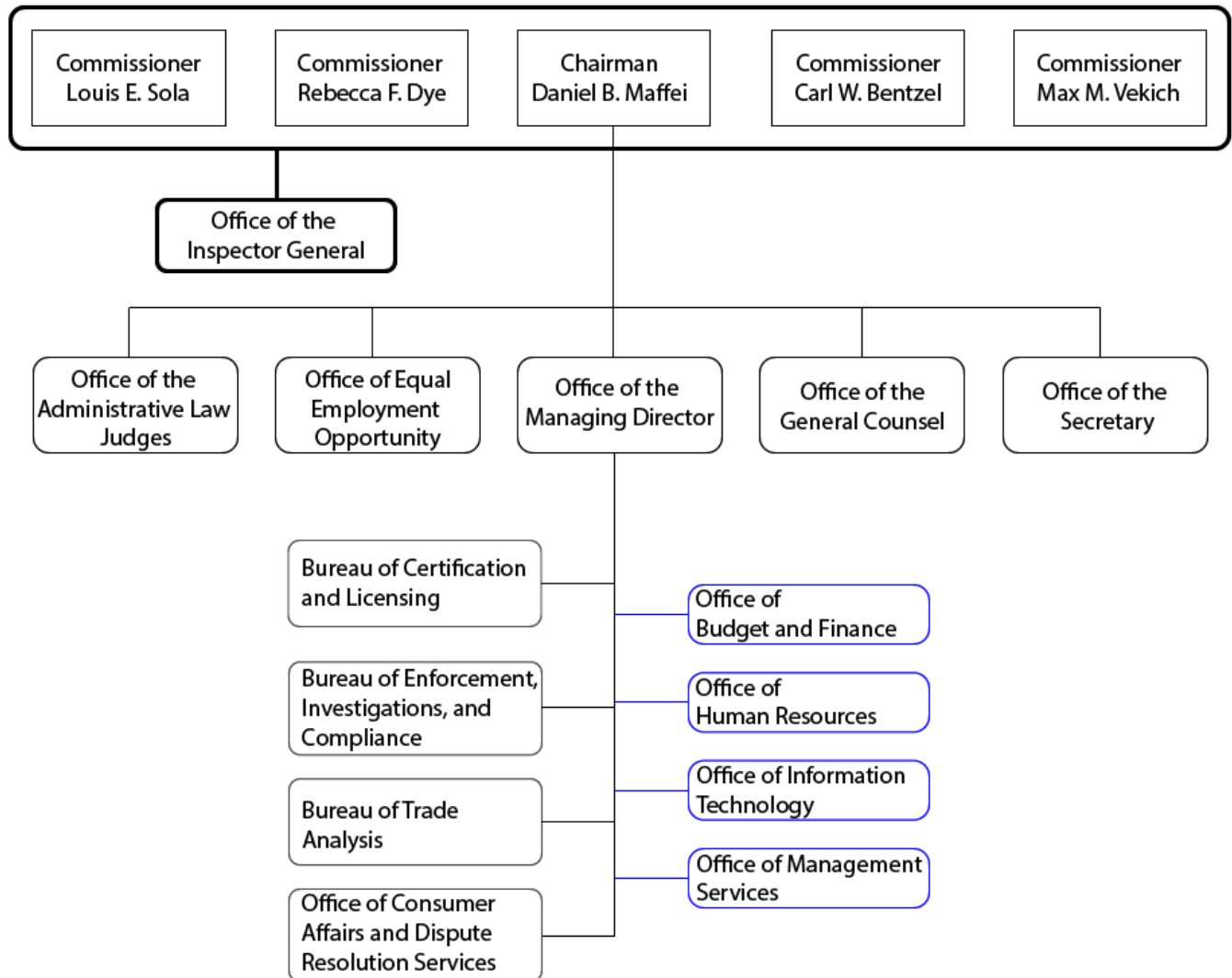
The Commission modernized its website in FY 2024. The Commission website serves the shipping public by enhancing awareness of agency resources, remedies, and regulatory requirements and making the FMC's web content more easily searched and accessible. The agency also ensured its materials complied with Section 508 best practices.

The Commission continues to prioritize its cybersecurity framework through infrastructure enhancements and maturation of its cybersecurity and privacy programs. Improvements include an integrated cybersecurity incident and privacy breach response plan, enhanced cybersecurity monitoring and response, and an improved ability to continue business/mission operations in the event of a cyberattack. The agency continues to identify

opportunities to address gaps in its security to enable better decision-making and improve leadership visibility and oversight.

Appendix A: FY 2024 Organization Chart

The FMC is composed of five Commissioners nominated by the President and confirmed by the Senate, each serving a staggered five-year term. The Commission is a bipartisan body; no more than three members of the Commission may be of the same political party. One Commissioner, designated by the President, serves as Chairman, Chief Executive, and Chief Administrative Officer of the Commission.



Appendix B: Statement of Appropriations, Statement of Custodial Activity, and Financial Operations

Statement of Appropriations - Public Law 118-42:

For necessary expenses of the Federal Maritime Commission as authorized by section 46107 of title 46, United States Code, including services as authorized by section 3109 of title 5, United States Code; hire of passenger motor vehicles as authorized by section 1343(b) of title 31, United States Code; and uniforms or allowances therefore, as authorized by sections 5901 and 5902 of title 5, United States Code, \$40,000,000, of which \$2,000,000 shall remain available until September 30, 2025: Provided, That not to exceed \$3,500 shall be for official reception and representation expenses.

| | 2024 | 2023 |
|---|---------------------|---------------------|
| Fines, Penalties, and Forfeitures | \$ 2,305,384 | \$ 2,896,852 |
| General Fund Proprietary Receipts-User Fees | 876,506 | 425,994 |
| Refund of Proprietary Receipts-User Fees | - | (250) |
| Interest | 182 | 98 |
| Total Custodial Collections | \$ 3,182,072 | \$ 3,322,694 |

Financial Operations: For a detailed review of the FMC's financial operations, including expenditures, please refer to the FMC's Congressional Budget Reports and its Performance and Accountability Reports found at <https://www.fmc.gov/about-the-fmc/strategies-budgets-and-performance/>.



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