



Congress of the United States
House of Representatives
Washington, DC 20515

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

RE: Petition P-03

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 03 SEP 29 PM 3:27
 FEDERAL MARITIME COMMISSION

Dear Secretary VanBrakle:

It is our understanding that UPS has filed for an exemption from the prohibition on Non-Vessel Operating Common Carriers (NVOCCs) from entering into confidential contracts with their customers. Due to the operational characteristics of UPS and recent developments within the ocean shipping marketplace, we respectfully request approval of its petition.

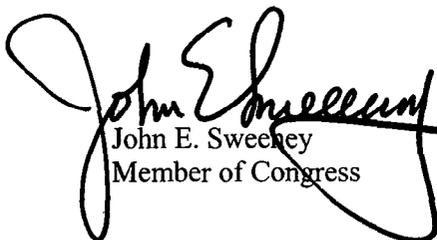
During consideration of the *Ocean Shipping Reform Act* (OSRA) revisions of 1998, Congress considered all aspects of the ocean **shipping** industry including the role of NVOCCs. At the time, Congress determined NVOCCs should be regulated differently than vessel operators because most NVOCCs were small enterprises that neither owned ocean vessels nor the cargo being shipped. In order to protect shippers and to guarantee liability coverage, Congress determined NVOCCs should operate under a published tariff system when dealing with their customers. Since the passage of OSRA, the U.S ocean shipping industry has changed dramatically. Unprecedented consolidation among ocean carriers has resulted in the loss of major U.S. flagged carriers. In an effort to offer customers a full range of services, these very same carriers have created **vertically** integrated logistics companies that now compete with NVOCCs.

UPS operates a sophisticated, integrated, intermodal transportation network, which includes air, rail and surface and NVOCC transportation, and is deemed a "carrier" in the surface and air freight industries. Furthermore, UPS makes significant annual capital investments to its asset-based transportation infrastructure. These facts set UPS apart from the companies that first **raised** concerns about the regulatory status of NVOCCs.

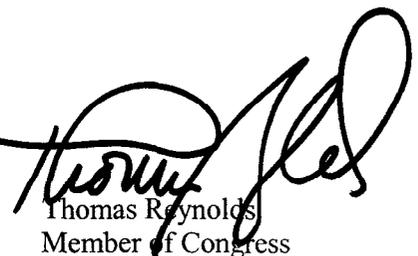
The UPS **petition**, citing the evolution of the ocean shipping marketplace, is precisely the reason Congress granted such broad exemption **authority** to the FMC. While anticipating dramatic changes in the ocean shipping industry with the passage of OSRA, Congress did not contemplate how fast or how smoothly the market could adapt to these changes. By granting this petition, the FMC will acknowledge these changes, level the playing **field** between NVOCCs and vessel operators, and ultimately benefit ocean shipping consumers around the world.

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

Sincerely,


 John E. Sweeney
 Member of Congress


 Jack Quinn
 Member of Congress


 Thomas Reynolds
 Member of Congress