

JOHN T. DOOLITTLE
4TH DISTRICT, CALIFORNIA

HOUSE REPUBLICAN CONFERENCE
SECRETARY
DEPUTY WHIP

COMMITTEE ON APPROPRIATIONS
COMMITTEE ON HOUSE ADMINISTRATION
JOINT COMMITTEE ON PRINTING
REPUBLICAN STEERING COMMITTEE



ORIGINAL

Congress of the United States
House of Representatives

2410 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-0504
(202) 225-2511

4230 DOUGLAS BOULEVARD, SUITE 200
GRANITE BAY, CA 95746-5902
1916) 7865560

[http //www house gov/doolittle](http://www.house.gov/doolittle)

RECEIVED
03 SEP 21 11 31 14
FEDERAL MARITIME COMMISSION
U.S. SECRETARY

CO: 020/030
022
10
20
30
40
01
02
03
04
05

September 18, 2003

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

RE: Petition P3-03

Dear Commissioners:

I am writing in strong support of the United Parcel Service's (UPS) petition to the Federal Maritime Commission (FMC) for an exemption from the Non-Vessel Operating Common Carriers (NVOCCs) prohibition on entering into confidential contracts with its customers. Due to the operational characteristics of UPS and recent developments within the ocean shipping marketplace, I believe that the antiquated regulatory scheme governing NVOCCs should be revised.

During the development of the Ocean Shipping Reform Act (OSRA) revisions of 1998, Congress carefully considered all aspects of the ocean shipping industry including the role of NVOCCs. Based on the nature of ocean shipping at the time, Congress determined that NVOCCs should be regulated differently than vessel operators. In the late 1990s, most NVOCCs were small enterprises that neither owned ocean vessels nor the cargo being shipped. In order to protect shippers and to guarantee liability coverage, Congress determined that NVOCCs should operate under a published tariff system when dealing with their customers. However, the state of the U.S ocean shipping industry has changed dramatically since passage of OSRA. There has been unprecedented consolidation among ocean carriers resulting in the loss of major U.S. flagged carriers. In an effort to offer customers a full range of services, these very same carriers have created vertically integrated logistics companies that now compete with NVOCCs.

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

The UPS petition, citing the recent evolution of the ocean shipping marketplace, is precisely the reason Congress granted such broad exemption authority to the FMC. While anticipating dramatic changes in the ocean shipping industry with the passage of OSRA, Congress did not

Mr. Bryant L. VanBrakle
September 18, 2003
Page 2

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.

I strongly urge the FMC to give the UPS petition favorable consideration and render an equitable decision based upon the merits of the UPS argument. Should you have any questions, please feel free to contact me or my Legislative Director, Greg Orlando, at (202) 225-25 11.

Sincerely,

A handwritten signature in black ink, appearing to read "John T. Doolittle". The signature is written in a cursive style with a large, sweeping initial "J".

JOHN T. DOOLITTLE
U.S. Representative

JTD:blj