

Congress of the United States
Washington, DC 20515

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FEDERAL MARITIME COMMISSION

September 19, 2003

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

P3-03

Dear Commissioners:

As legislators concerned with regulations in the ocean shipping industry we are writing in support of the United Parcel Service's (UPS) petition.

It is our understanding that the United Parcel Service (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 the recent developments within the ocean shipping marketplace, the antiquated regulatory scheme governing NVOCC's should be revised. Therefore, we write in support of the UPS petition currently pending before the Federal Maritime Commission.

During consideration of the Ocean Shipping Reform Act (OSRA) revisions of 1998, Congress carefully considered all aspects of the ocean shipping industry including the role of NVOCCs. Based on the nature of ocean shipping at the time, Congress determined that NVOCCs should be regulated differently than vessel operators. In the late 1900's most NVOCC's were small enterprises that neither owned ocean vessels or the cargo being shipped. In order to protect shippers and to guarantee liability coverage, Congress determined that the 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 the 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 NVOCC's.

UPS operates the most sophisticated, integrated, inter-modal, 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 raised concerns about the regulatory status of NVOCCs.

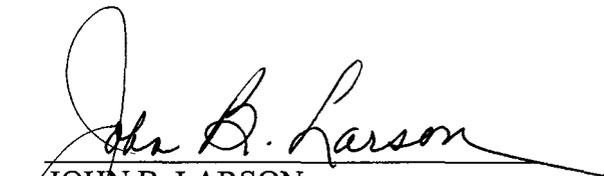
The UPS petition, citing the recent evolution of the ocean shipping marketplace, is precisely the reason Congress granted such broad exemption authority to the Federal Maritime Commission. While anticipating dramatic changes in the ocean shipping industry with the passage of the Ocean Shipping Reform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

I am hopeful the Federal Maritime Commission will give the UPS petition its' utmost consideration and render an equitable decision based upon the merits of the UPS case. We would appreciate it if you could please keep us informed of any developments relating to this case, and if you have any questions or would like any additional information, please do not hesitate to contact one of our State Offices: Congresswoman Rosa DeLauro or her District Director Jennifer Cosenza, at (203) 562-37 18, Congressman Larson or his Chief of Staff, Elliot Ginsberg, at (860) 278-8888.

Sincerely,



ROSA L. DeLAURO
Member of Congress



JOHN B. LARSON
Member of Congress

cc:

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