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## **House Transportation Subcommittee Overview**

**June 15, 2021**

**Provided by:**



### **Key Takeaways from the hearing include:**

- FMC Chairman Daniel Maffei explained that there are barriers, e.g., fear of retaliation, preventing shippers from filing complaints with the Commission against ocean carriers. He said he would support a full audit of all nine container lines on their detention and demurrage charges, regardless of whether FMC has received complaints about them. Commissioner Rebecca Dye agreed that fear of retaliation is preventing shippers from filing complaints.
- Maffei said he expects domestic import demand to continue to be high into next year, but he does not think there are structural issues that need to be addressed. He added that rates will eventually go down as demand declines. Commissioner Dye explained that there is an unused section of the Shipping Act that small shippers could utilize, which allows them to band together and leverage their cargo volumes for better rates and other services from carriers.
- Chairman Maffei said clarification of the FMC's contract review authority would be beneficial so that it can take action when a contract violates the Shipping Act. He said carriers have been open to FMC's inquiries, but the Commission does not often receive the same level of receptiveness from all levels of the company. He said the Commission needs to maintain pressure on the carriers and scrutinize them to ensure there are not any Shipping Act violations. Maffei also said that some intermediaries, not just the carriers, have been charging unreasonable prices.
- Dye said that she will recommend that all ocean carriers have compliance officers who can work directly with FMC. She said there need to be regular audits of the carriers so that FMC can be continually aware of their practices and behavior.
- Maffei said that FMC needs to finish some of the outstanding enforcement cases so that there is a deterrent to unreasonable charges. He added that a useful change to the Shipping Act would be reparations for the aggrieved shipper.
- On the second panel, World Shipping Council President and CEO John Butler disagreed with Maffei's and Dye's comments that shippers are being threatened with retaliation if they bring complaints against a carrier. Butler said carriers are sending back more empty containers to

keep the roundtrip balanced, adding that better and more timely information and communication can assist the entire supply chain.

- Port of Los Angeles Executive Director Eugene Seroka said empty containers are about 30-35 percent of the port's cargo load and emphasized that the issue of triangulated economics needs to be resolved. Seroka said a national export policy, not regulation, that get people back on the job and creates incentives, e.g., through the tax structure, will improve supply chain infrastructure.