May 18, 2016

The Honorable Mario Cordero
Chairman
Federal Maritime Commission
800 North Capitol Street, N.W.
Washington, D.C. 20573

Dear Chairman Cordero:

Our nation’s exporters and importers — agricultural, manufacturing, and retail businesses from across the country — continue to raise concerns with the implementation of the Verified Gross Mass (VGM) amendment to the International Convention for the Safety of Life at Sea (SOLAS). With less than two months before the July 1, 2016, implementation deadline, I request that the Federal Maritime Commission examine this issue, work with impacted stakeholders, and inform the Committee of any appropriate actions to prevent unnecessary disruptions, delays, or burdens to our nation’s supply chain.

The efficient movement of goods is critical to the American economy. Many stakeholders have raised concerns that the VGM amendment could result in the backup of cargo at our ports starting on July 1. With container traffic through U.S. ports at nearly 50 million twenty-foot equivalent units per year, any disruption to the movement of goods could have serious consequences for our nation’s shippers, ports, and workers and the broader economy.

Despite recent discussions and actions, there continues to be uncertainty and concern. The Ocean Carrier Equipment Management Association (OCEMA) published VGM guidance to provide its preferred approach to implementation by the deadline, but the Committee received testimony stating that shippers view this approach as inflexible and inefficient. OCEMA also announced a decision by its membership to issue a tariff rule that it intends to address certain shipper liability concerns. The U.S. Coast Guard sent to the International Maritime Organization a determination that existing United States laws and regulations providing verified container weights are equivalent to the requirements set forth in the VGM amendment to SOLAS. The Coast Guard stated that this determination acknowledged the dynamic and flexible business relationship between carriers, terminal operators, and shippers. Shippers have continued to raise concerns about technical issues, international regulatory uncertainty, and carriers’ individual and collective business practices.

Given your responsibility for ensuring competitive and efficient ocean transportation services for the shipping public, and the urgency created by the impending deadline, I ask you to immediately examine and report to the Committee on any potential impacts of the amendment, the current and planned practices of affected businesses, and the extent to which actions by ocean carriers and terminal operators are consistent with the laws and regulations within the Federal
Maritime Commission's jurisdiction. Recognizing and appreciating the Coast Guard's jurisdiction over the safety of life and property at sea, and its actions to date, I urge the Commission also to use its expertise and consider its applicable authorities to help ensure the smooth flow of commerce following the deadline.

Please make arrangements for your staff to brief Committee staff on this issue by no later than May 31, 2016. If you have any questions, please have your staff contact Patrick Fuchs of the Committee's Majority staff at (202) 224-1251. Thank you for your continued partnership in fostering a fair, efficient, and reliable international ocean transportation system.

Sincerely,

[Signature]

JOHN THUNE
Chairman

CC: The Honorable Rebecca F. Dye, Commissioner, Federal Maritime Commission
The Honorable Richard A. Lidsky, Jr., Commissioner, Federal Maritime Commission
The Honorable Michael A. Khouri, Commissioner, Federal Maritime Commission
The Honorable William P. Doyle, Commissioner, Federal Maritime Commission