

FMC's Dye: 'I've never seen a regulation I liked'

Federal Maritime Commissioner Rebecca Dye told the 29th annual Agriculture Transportation Coalition conference that consolidation in the ocean shipping industry isn't necessarily a bad thing, while touting the benefits of incremental deregulation.

By Mark Edward Nero |Thursday, June 08, 2017

When it comes to the ocean shipping industry, deregulation is good, tariff filings are bad, and carrier alliances aren't necessarily either, according to Federal Maritime Commissioner Rebecca Dye.

In remarks delivered at the 29th annual Agriculture Transportation Coalition June 7 in Long Beach, Calif., Dye expressed, among other things, her dislike for regulations.

"For anybody who tells you 'we need more regulation,' 'we need to ask Congress to do this or that for us,' be careful about the unintended consequences and remember the successes of deregulation," she said, adding that she supports the complete elimination of tariff filing for all parties.

"I've been disappointed that we did not move forward with incremental deregulation," she said. "I've been with the Federal Maritime Commission a long time, and I have never seen a regulation I liked."

Regarding the trend in recent months and years of shipping alliances between multiple container carriers, Dye argued that such agreements don't necessarily lessen competition.

"Alliances are only agreements to provide operational cooperation. They do not price cooperatively, as opposed to an aviation alliance," she explained.

"Even with the major three alliances, there are 10 separate competitors in the market because they don't price the same. Even if there were two alliances with 10 competitors, it would not change the concentration of the market.

"Actually, there are times in which consolidation maintains competition because without that consolidation, the market may push carriers to make other decisions," she added. "It could even lose a competitor, which may increase concentration. And concentration is what keeps law enforcement competition agencies up at night. Concentration results when sellers are eliminated in the market."

As far as alternatives to alliances go, she said the status quo is only a "theoretical alternative," because the market forces of supply and demand always have and always will drive these kinds of changes.

"The market is dynamic," said Dye. "Even if the alliances were disbanded today, there's no assurance that what prevailed before they were created would happen again. Remember, the alliances maintain pricing competition; mergers and bankruptcies, obviously do not. They may, under certain circumstances, increase that market concentration that we worry about."

She made it clear, however, that the FMC neither stands in support of nor opposition to carrier alliances in general.

"The Federal Maritime Commission is not pro-alliance. We are not anti-alliance. We are pro-competition," she said. "Because the benefits of the free market [should go] to you, the consumers of transportation services, and that is our focus."

She also told the assemblage of several hundred mostly agriculture shippers that all stakeholders need to look for improvements to not only their own transportation efforts, but the global supply chain as a whole.

"The most important thing that I would like for you to consider is that our supply chain is a system," said Dye. "It is not simply the chain that is connected only in certain intermodal places. It has become so complex now that everything has to do with everything else. And so I would ask you when you begin to consider your

chains...step out of your silos...and identify one operational innovation to improve overall supply chain performance.”