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FMC extends detention and demurrage consultation

US regulator's deadline was changed to April 16 following a request by interested parties

15 Mar 2022 | NEWS



by Eric Watkins
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That request was made by some 44 trade associations, including the Agriculture Transportation Coalition and the National Retail Federation



FEES FOR DETENTION AND DEMURRAGE OF CONTAINERS ARE CONTROVERSIAL. Source: © Eric Watkins

THE Federal Maritime Commission has extended the consultation deadline on a proposed new US rule governing demurrage and detention billing practices.

The US regulator is considering establishing regulations mandating certain minimum information be included in bills issued for demurrage and detention charges, and prescribing the maximum period in which an invoice can be sent.

It has been seeking the views of the industry on whether it should regulate the demurrage and detention billing practices of common carriers and marine terminal operators, and has granted a 30-day extension — to April 16 — on the deadline for public comment.

The Agriculture Transportation Coalition and the National Retail Federation were among 44 association which requested the extension in a letter to FMC chairman Dan Maffei.

“Our associations are in the process of surveying respective member companies to gather their experiences and document them in a manner that is most helpful to the FMC,” the letter said.

“A 30-day extension would facilitate our respective efforts and would be consistent with the FMC’s goal to collect information regarding the impact of demurrage and detention billing practices on the trade.”

According to the Federal Register, the FMC issued its Advanced Notice of Proposed Rulemaking on Demurrage and Detention Billing Requirements in February to seek comment on whether to require “common carriers and marine terminal operators to include certain minimum information on or with demurrage and detention billings.”

The agency is also seeking comment on whether to “require” common carriers and marine terminal operators “to adhere to certain practices regarding the timing of demurrage and detention billings”.

The changes were recommended by commissioner Rebecca Dye in her role leading Fact Finding 29, which was set up by the FMC in 2020 to examine congestion and bottlenecks at ports and supply chain issues affecting the US economy.

She identified issuing an ANPRM as one of the interim recommendations on how the agency can address complaints and issues related to demurrage and detention.

The Agriculture Transportation Coalition this week published the findings of a survey into the causes and costs of supply chain problems on agriculture exporters.

It measures the impact of several factors on agriculture exports during 2021, including ocean carrier service reliability, carrier communication, acceptance of export cargo, freight rates, chassis shortages, marine terminal congestion and other charges.

Of those companies who took part in the survey who said they lost export sales, 40% attributed the lost sales to “unaffordable (to exporter or foreign customer) additional transportation costs, including increased freight costs, storage, demurrage and detention”.

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By Eric Watkins
04 Mar 2022

US Federal Maritime Commission attends US Senate committee hearing about the Ocean Shipping Reform Act, which would give the regulator greater powers. The bill has already passed through the lower house

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