

# Federal Maritime Commission Chairman Richard A. Lidinsky, Jr.



Council of Supply Chain  
Management Professionals  
September 27, 2011

# FMC Predecessor Agencies

1916-1936 - United States Shipping Board



1936-1951- United States Maritime Commission



1951-1961- Federal Maritime Board



# Federal Maritime Commission -independent agency- *1961 – present*



# History of Laws Implemented by FMC

- 1916 - United States Shipping Board
  - Shipping Act, 1916
  - Merchant Marine Act, 1920 (“Jones Act”)
- 1961- Federal Maritime Commission – created as an independent regulatory agency
  - Controlled Carrier Act, 1978
  - Foreign Shipping Practices Act, 1988
  - Shipping Act of 1984
  - Ocean Shipping Reform Act, 1998



# FMC's Mission

- Foster a fair, efficient, and secure maritime transportation system under approximately 3M service contracts
- Protect American importers, exporters, and consumers from unfair practices of ocean carriers
- Ensure statutory compliance by passenger cruise vessels, licensed freight forwarders (2,707), U.S. NVOCC's (3,448)/foreign NVOCC's (1,190), household good movers, and other licensed/regulated parties, OTI's (5,689)
- Resolve disputes involving ocean carriers or other licensed/parties (CADRS)

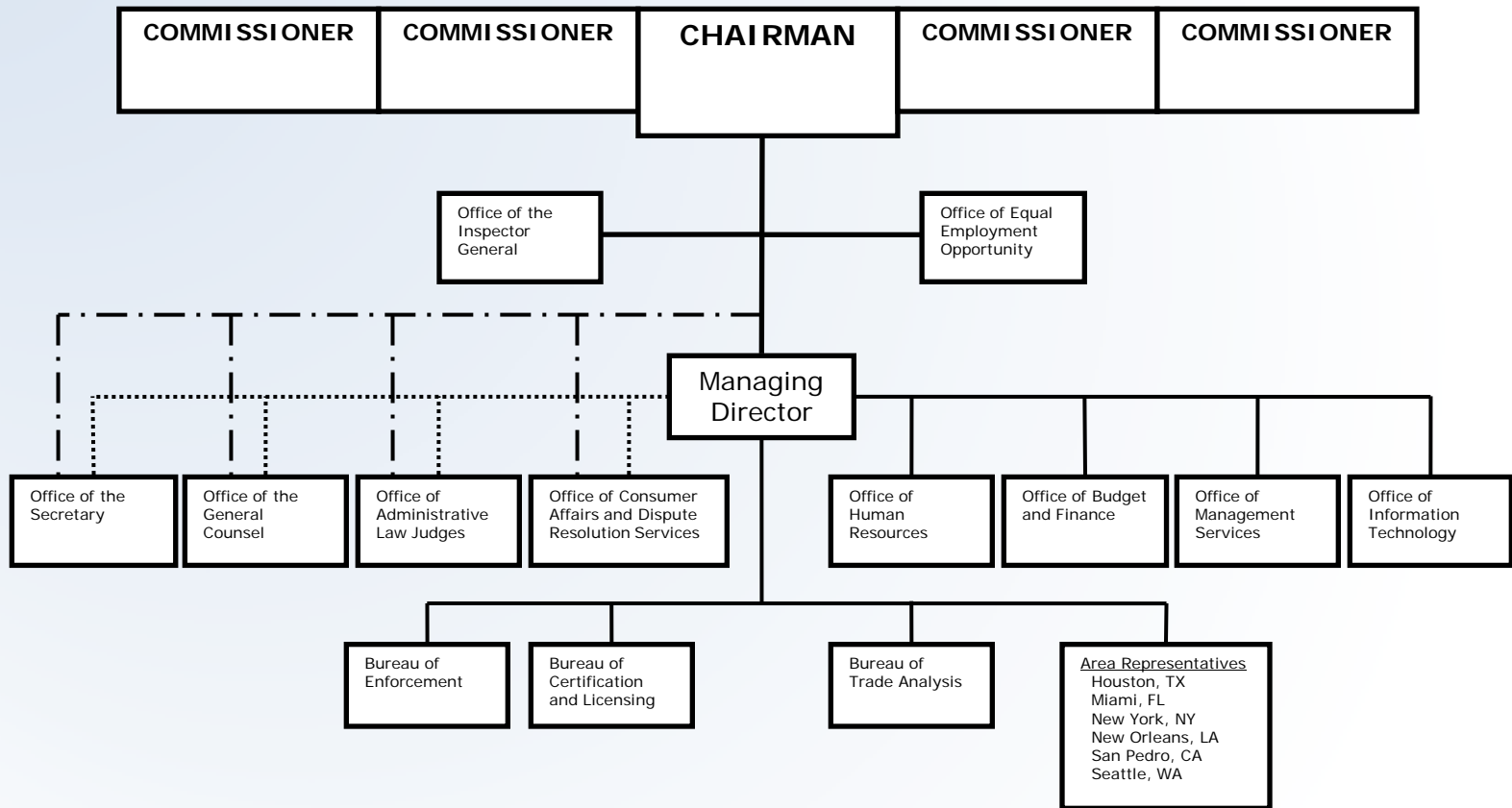


# Organization of the FMC

- Five Commissioners
  - Nominated by President
  - Confirmed by Senate
  - Staggered 5 year terms
  - No more than 3 of President's party
- Chairman designated by President
  - Current Commissioners:
    - Richard A. Lidinsky, Jr., MD (Chairman, D), Joseph E. Brennan, ME (D); Rebecca F. Dye, VA (R); Michael A. Khouri, KY (R); Mario Cordero, CA (D)
- 130 Employees
  - Headquarters in DC
  - Field Offices in New York, Miami, New Orleans, Houston, Los Angeles, and Seattle



# Federal Maritime Commission Organizational Chart



Administrative Direction .....

Technical Direction - - - - -  
Effective January 31, 2010



# FMC: Birthplace of Globalization 1961 - 2011

- Nurtured containerization
- Pressed conferences to recognize container potential
- Permitted intermodal dual-rate movement
- Fostered supply chain growth
- Intermodal authority reaffirmed by Supreme Court last summer
- Adjusting regulation to current transport reality



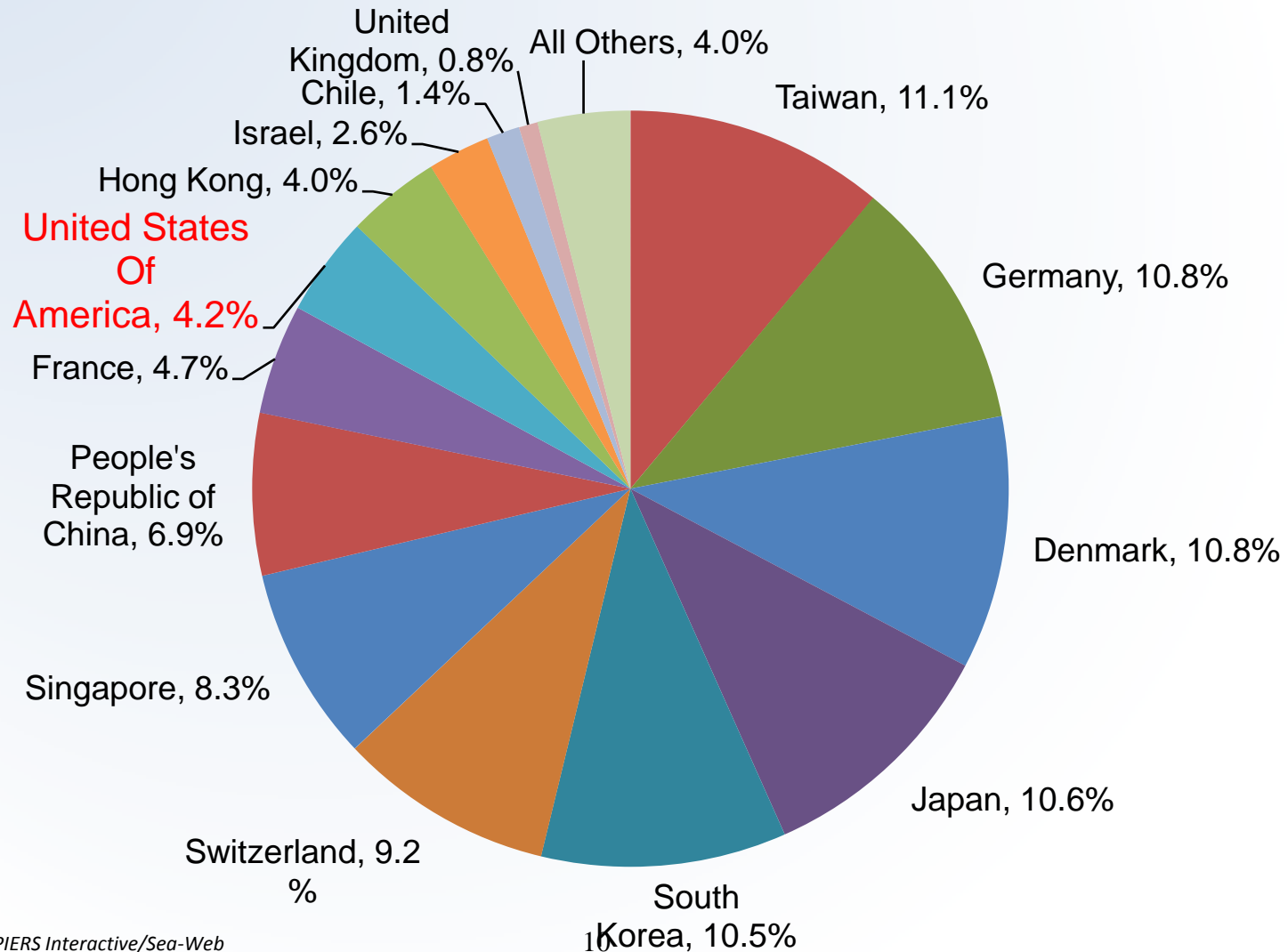


# US Waterborne Commerce

	<u>1916</u>	<u>1961</u>
US Vessel Service	17,928 (35%)	31,144 (19%)
Foreign Flag Service	33,744 (65%)	135,404 (81%)



# 2010 US Foreign Trade by Nationality of Vessel Operator



Source: PIERS Interactive/Sea-Web



Two figures to keep in mind:

- **96%** of all US foreign trade on vessels
- **95.8%** are foreign vessel operators

*“In the past, U.S. liner policy sought to balance the interest of shippers with an interest in preserving the U.S. liner fleet for national security purposes. The **virtual disappearance** of the U.S. liner fleet in foreign trade raises the issue whether the interests of shippers should be given greater weight in shaping policy.”*

--Congressional Research Service, 2008



# Current Goals for FMC

- Grant economic relief when appropriate
- Increase sustainability of ports and vessels
- Refocus agency actions to support American *exporters, importers, and consumers*



# 2010 World Container Port Throughput

**NUMBER ONE  
CONTAINER PORT IN  
THE WORLD:**

**SHANGHAI:  
29,069,300 TEU**

**U.S. Pacific Coast  
Ports:**

**22,203,507 TEU**

# Pending Matters

- Follow-Up to FF26, Vessel Capacity & Container Availability Investigation:
  - Oversight of TSA, WTSA, Alliances
  - Proposed service contract enhancement
  - Dispute resolution procedures
  - Container availability and positioning issues
- Implement FF27 Household Goods Investigation Recommendations
- EU study – Due out in October
- Slow steaming inquiry
- Internal Container Freight Index and Derivatives Working Group
- NVOCC rate tariff exemption: became effective April 18, 2011
- Passenger vessel financial responsibility, approved increased coverage in July



# GENERAL ISSUES FOR 2011 & BEYOND

- President Obama's **National Export Initiative**: Double U.S. exports in 5 years
- Rapid growth of **China** as commercial maritime power:
  - Goal of making Shanghai center of maritime commerce by 2020
  - Shanghai just declared #1 container port in world for 2010: 29.05m TEUs/ 650m tons
- Continued regulation of **foreign carriers** serving our shores under current or new laws regarding antitrust immunity
- Vigilance against **foreign practices** intended to harm our waterborne supply chain
- Protection of **cruise line** passengers
- **Environment and sustainability** of ports and shipping industry
- Preventing internet consumer fraud on automobile, **household goods**, and other personal shipments



# Specific Topics Worth a Look in 2011 and Beyond

- Canadian cargo diversion and harbor maintenance tax
- Role of container manufacturers and leasing companies in container availability issues
- Modernizing and streamlining Commission rules and procedures





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