



October 31, 2019

Federal Maritime Commission  
800 North Capitol Street NW  
Washington, DC 20573

**Re: Comments and Recommendations for Docket 19-05, FMC's Interpretive Rule on Demurrage and Detention under the Shipping Act**

On behalf of the International Association of Movers (IAM), I am pleased to provide the following comments in response to the Commission's **Interpretive Rule on Demurrage and Detention under the Shipping Act**.

IAM is the moving and forwarding industry's largest global trade association. With more than 2,000 members, its companies provide moving, forwarding, shipping, logistics, and related services in more than 170 countries for household goods shipments. IAM appreciates the sincere and significant effort put forth by Commissioner Dye and the FMC to research the issues experienced by stakeholders at the ports, and their continued interest in receiving feedback and recommendations.

As highlighted in our oral testimony, and in subsequent comments to the Commission, IAM member companies frequently experience additional costs resulting from routine government inspections. Household goods shipments are unique from the majority of commercial/retail shipments, and are frequently targeted for additional inspection, (even with proper documentation provided).

This aspect of the Commission's Report was highlighted, as outlined below:

**GOVERNMENT INSPECTIONS**

The Commission is still considering its guidance related to government inspections of cargo. Imposition of demurrage and detention during government inspections of cargo, and the delays associated with such inspections, is a significant problem for cargo interests and truckers. Such inspections not only involve cargo interests and regulated entities but also government agencies, third parties, and, in some cases, off-terminal facilities.

In light of the incentive principle, the Commission is considering the following interpretive rules:



- **Option 1:** In the absence of extenuating circumstances, demurrage and detention practices and regulations that provide for the escalation of demurrage or detention while cargo is undergoing government inspection are likely to be found unreasonable
- **Option 2:** In the absence of extenuating circumstances, demurrage and detention practices and regulations that do not provide for mitigation of demurrage or detention while cargo is undergoing government inspection, such as by waiver or extension of free time, are likely to be found unreasonable; or
- **Option 3:** In the absence of extenuating circumstances, demurrage and detention practices and regulations that lack a cap on the amount of demurrage or detention that may be imposed while cargo is undergoing government inspection are likely to be found unreasonable.

One of key costs incurred during the government inspection process for the household goods industry is that the containers must be moved to a Customs and Border Protection (CBP) approved warehouse, prior to inspection.

When an off-site location is required for the exam, the importer also pays drayage/chassis charges to move the container from terminal to warehouse and a second drayage charge to the rail, if the container is inbound to another city. Many times, the carrier is already assessing detention charges before the container is moved to the off-site intensive exam location.

### **IAM Recommendations:**

**IAM believes that a reasonable approach is found in both Options 2 and 3 –** that a cap be established on fees that can be charged during government inspections, and, that free time be extended, (therefore, no additional charges incurred), when HHGs and cargo are under government inspection.

Specific to detention charges incurred, it is important to point out that while exams are frequently ordered by CBP for household goods shipments, they are often not conducted in a timely manner. Delays are typically experienced because of a backlog or lack of CBP manpower, required to be present during the intensive exams. Again, this delay (and its associated costs) are due to no fault of the shipper.

While IAM recognizes that the Commission cannot assign a specific dollar amount to charges associated with government inspections, they do vary considerably by port. The fluctuation in fees assessed by port authorities, equipment owners and carriers does not allow for IAM member companies to incorporate their potential for inclusion in part of



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the quote to move household goods. Through our recommended options under the *Interpretive Rule*, higher levels of cost certainty would be provided.

Thank you for your consideration of our comments and recommendations.

Sincerely,

Chuck

Charles White  
President