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Subject: RE: fmc
Date: Thursday, February 1, 2018 3:15:19 PM

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Sent: Thursday, February 01, 2018 3:13 PM
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Subject: fmc

Dear Ms. Dickon,

Please find below the statement by COSCO SHIPPING Lines (North America) Inc., as requested regarding P4-16. I request that you kindly include this statement in the docket for this matter . I have made service on the parties to the proceeding by including them in this e-mail.

Please don't hesitate to contact me with any questions.

Thank

You for your kind assistance.

Howard Finkel

-EVP

COSCO SHIPPING (North America) Inc.

201 422-8937

1). For each line in 2017, Approximately what percentage of (1) total containerized US Import moves, and (2) total containerized US Export moves handled by your line incurred detention or demurrage? We est. 25%-28% of import containers may have either terminal demurrage, rail road storage or terminal and rail ramp storage. An IPI container on hold by a government agency at a load port could have demurrage at the terminal and even possible to have demurrage at the destination rail ramp. As for Export demurrage it is very small we est. 5%-7% and most of that is because of ship delays and not customer billed. Of that amount, what percentage were mitigated or cancelled? For US Import cargo we believe we helped to mitigate at least 12%-14%. To understand US Import demurrage process is complex as will be explained in question 2 below. For the US Export cargo very little is mitigated as most terminal or ocean carriers will not allow export cargo to be delivered to the rail ramps or ocean terminals early. Most carriers have an ERD (Early receiving date) this is the date where an export container can be delivered to a facility and safely be held without having any Export Demurrage. Most Export demurrage is for the carriers account as we paid large amounts of demurrage to marine terminals because of ship or rail delays. So if we had to put a percentage on what were mitigated or cancelled is would be

maybe 1%.

2). What are your lines' current business processes for charging, collecting, negotiating and mitigating detention and demurrage in the U.S. trades?

For Import Demurrage each terminal may handle differently, most all terminal free time/demurrage is bill based on our tariff, i.e. free time days and dollar amount, but our tariff is also arranged to ensure we cover the free time and dollar amount the terminal would be billing to the ocean carrier. The point is to ensure to not have a different tariff for every marine terminal as it is possible to be discharging containers at multiple marine terminals in the same port. Customers would become very upset to know they had different free time and demurrage cost at multiple marine terminals at one port. A few marine terminals the terminal bills the carrier direct and then the carrier collects the demurrage as per our tariff. If customers have a serious concern about not being able to pick up containers because of terminal issues we always try to address with terminal to extend free time, sometimes we win sometimes we lose. There are many times we extend free time to a customer when the marine terminal has not extended. As for Export Demurrage we use the marine terminal tariff and since most of the demurrage is billed to the ocean carrier the only time a customer would be billed (by the ocean carrier) is if they rolled their booking to another ship or service. Most times the marine terminals will not grant any exception.

As far as detention, a lot of these issues are addressed in confidential service contracts, where there may be a provision for extra free time. We decide on extra free time, taking in consideration of the commodity we are dealing with and the needs for extra time, as well as the rates and the ability for us to absorb extra costs. When the contract doesn't provide for extra free time and an incident occurs which was no fault of the shipper, the account gets in touch with their sales rep, who brings the matter up with management who can make a quick decision to mitigate under fair circumstances.

Are these processes in-house activities or conducted by others on your lines' behalf? It is all in house.

3). When detention or demurrage charges in the U.S. are disputed, what is your line's current business process for resolving them? No matter if Import or Export demurrage we always want to be dealing with the situation before the container has moved, we have more success to assist before the container departs the terminal, either trucked out or loaded out on a ship. So if a customer comes to us via, telephone or email and ask for assistance we gather as much information as possible about the cargo, the terminal or rail ramp and what the reason for delay. If it is warranted we address this with the marine terminal or rail ramp and present our case. The marine terminals are more likely to assist then the rail roads. The marine terminal will look at each situation and evaluate what caused the problem. Many times it simply comes down to the marine terminals opinion as to if relief is granted. The rule of thumb we will offer to any customer all of the relief we receive from the marine terminals. We do not go into a situation like this and try to make additional revenue. There are times we will decide at the ocean carrier level to provide relief on our own even if it means we still have to pay the marine terminal or rail road. As for the rail road companies they do not EVER try to waive or extend free time. How long do such disputes typically take to resolve? Normally within hours because most of the time the

container is still sitting at the marine terminal or rail ramp. So the longer the container sits the more demurrage will increase. Could employees closer to the customer be empowered to resolve disputes promptly? We have full authority to make these decisions within our office immediately.

4). Does your line have formal policies for detention and demurrage disputation and refunding? Very seldom will it come to refunding money as explained in item 3 above we try and resolve before the container departs the terminal so the customer or carrier only pays the agreed upon amount. If so, what are they? If by chance a customer has paid demurrage and a refund was granted after the fact it would depend upon first who was the demurrage paid to, if to the marine terminal or rail road it would be handled between the marine terminal or rail road and the customer. If it would be refunded by the ocean carrier we would ask for an invoice to be created and sent to us we would process the refund the same as any properly submitted invoices. If detention has been paid and the customer makes a case that there were circumstances beyond their control, we will always consider the specific case and if warranted refund the money collected. Are they publicly available to the shipping public/your customers? It would be too difficult to provide publicly as each of the marine terminals and rail road have different processes. Do they vary as between beneficial cargo owner customer and NVOCC customers? A customer is a customer no matter if a BCO or NVOCC.

5). If the petition request for FMC guidance were adopted, what practical impact (e.g. , operations changes) would be required to your carrier current business practices or operational processes? It would cause additional delays at the marine terminal and or rail ramps. Allowing a container to sit at a marine terminal for days longer than the current free time will only cause more congestion at these locations. Currently today if you check with rail road organizations you will find that the dwell time on a domestic intermodal container is around 24 hours while an international intermodal container is closer to 40 hours (each rail provider is different). So there seems to be a disconnect on why can a domestic container be picked up faster than an international container that could have possibility been riding on the same train.

FMC