

February 1, 2018

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

**Supplemental Testimony - Petition of the Coalition for Fair Port Practices
for Rulemaking [Petition No. P4-16]**

On behalf of the International Association of Movers (IAM), I am pleased to provide the following supplemental testimony, in support of the detention and demurrage petition under consideration at the FMC.

As highlighted at the January hearing, 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 fully supports the petition submitted by the Coalition, which would help bring about more reasonable demurrage and detention practices for household goods and other cargo moving through our nation's seaports.

In addition to delays associated with weather, labor contract negotiations, and the arrival of very large ships, **IAM member companies frequently experience additional costs resulting from routine government inspections.**

Page 39 of the Petition explains this in detail:

“Delays arising from governmental inspections of cargo before free time expires are beyond a shipper's, consignee's, or drayage provider's control and may arise from the ocean common carrier's, or its marine terminal operator's, failure to tender cargo to U.S. Customs and Border Protection in accordance with its priority status.

Tendering goods in this manner deprives a shipper or consignee of the benefit of its free-time period. Imports or exports selected for inspection and/or examination by Customs should not be subject to demurrage and detention costs while being inspected or examined. The shipper or consignee has no control over the decision of the government to inspect a particular shipment or the timing as to when an inspection may occur.

Household goods shipments are unique from the majority of commercial/retail shipments, and are frequently targeted for additional inspection, (even with proper documentation provided).

During the petition hearing, Commissioner Maffei asked if insurance was available for detention and demurrage charges related to household goods government inspections

and if not, whether IAM could work to develop an insurance model to assist the industry.

Presently, no insurance model exists to cover detention and demurrage related costs. No insurance company would be willing to provide insurance for costs that are, unknown, arbitrary and inconsistent, as outlined below. Insurance is utilized to protect the value of the household goods being moved, as they are carefully itemized and assessed prior to being on vessels, going in and out of US ports.

Government Inspections - Recommendations to the Commission

1. An FMC policy statement that encourages terminals to perform exams on-site would greatly reduce costs and delays.

One of the costs incurred during the inspection process for the household goods industry is that the containers must be moved to a CBP approved warehouse, prior to the 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 even moved to the intensive exam site.

To this point, there are limited options for shippers with respect to off-site warehouses approved to conduct intensive exams. In fact, the Port of Long Beach, one of the busiest in the nation, only has one approved warehouse for such examinations. This lack of competition, coupled with the limited leverage for one-time shippers of household goods, results much higher costs, than if competitive quotes could be secured.

A survey of IAM member companies highlighted the cost of intensive exams at the Port of Long Beach. On average, survey respondents paid out nearly \$2,000 for the cost of the intensive exam. These exams, often conducted by warehouse employees not trained to unpack and repack household goods (as no such requirement exist) frequently resulted in additional damage to the household goods as part of the exam process.

2. Recommending a limitation on detention charges during weekends and holidays, since there is limited activity at the ports during such time.

Reducing delays and costs are critical to government employees, private citizens and members of the US military, who are waiting for their personal property and belongings to be delivered to their new home. Shippers deprived of free time due to inactivity at the ports incur unjustified costs. An FMC policy statement recommending limits placed on detention charges during weekends or holidays would assist in leveling the playing field for the shipping community.

Specific to detention charges incurred, it is important to point out that while exams are frequently ordered by Customs and Border Protection (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.

3. Recommendation of maximum or flat fees, associated with government inspections, *when shipments selected for inspection are not the result of the shipper or consignee failing to properly complete all manifest and associated paperwork.*

While IAM recognizes that the Commission cannot assign a specific dollar amount to fees and charges associated with government inspections, these fees vary considerably. 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 the quote to move the household goods. If fee structures were to be established for government inspections, a higher degree of cost certainty would be known to all stakeholders.

As the stakeholders for each US port are unique with respect to their operating costs, the flexibility in establishing limits would be different for every port. The critical part is that they begin to establish such parameters based on the guidance of the Commission.

The FMC has taken important steps over the past two years to carefully examine port congestion issues challenging carriers, shippers, terminals and intermediaries. We appreciate the effort and time Commissioners and staff have put into understanding this critical issue for our industry, and for their thoughtful consideration of our 3 highlighted policy directives and guidance.

Regards,

Terry

Terry R. Head
President