



# MEDITERRANEAN SHIPPING COMPANY

January 31<sup>st</sup>, 2018

Rachel E. Dickon  
Assistant Secretary  
Federal Maritime Commission  
800 North Capitol Street  
Washington, DC 20573-0001

By email: [secretary@fmc.gov](mailto:secretary@fmc.gov)

Re: Petition No. P4-16; Petition of the Coalition for Fair Port Practices for Rulemaking, Reply to Questions for the Record

Dear Ms. Dickon:

Please accept this letter as our Reply to the Questions for the Record served by the Commission on January 18, 2018 related to the above proceeding.

## **Questions from Commissioner Rebecca F. Dye**

World Shipping Council member lines participant in the hearing are requested to answer the following questions:

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 charges? Of that amount, what percentage were mitigated or cancelled?

Answer:

Percentage of cargo with Demurrage / Detention / Per Diem charges: 4.9% (import) 1.9% (export)

Percentage of cargo of that amount that was mitigated or cancelled: 32% (import) 36.8% (export)

2. What are your lines' current business processes for charging, collecting, negotiating and mitigating detention and demurrage in the U.S. trades? Are these processes in-house activities or conducted by others on your lines' behalf?

Answer:

For concerns regarding demurrage and detention, we have a combination of different process in place.

In certain ports, the collection of demurrage and/or detention is collected by the terminal directly; in certain other ports, the demurrage is collected by the terminal and detention is collected by MSC; and finally, in certain other ports the collection of demurrage and detention is performed by MSC.

The specific arrangements depend on the contractual agreement with each individual terminal and the customs and conditions of the local marketplace.



When the billing is done in house, the demurrage/detention department will send the invoice to the client and release the cargo after receipt of payment.

For per diem (use of the container after expiration of free time while the container is outside the terminal) we have a dedicated group in house that will produce the invoice and the collection is done after the fact.

3. When detention or demurrage charges in the U.S. are disputed, what is your line's current business process for resolving them? How long do such disputes typically take to resolve? Could employees' closer to the customer be empowered to resolve disputes promptly?

Answer:

If the dispute is due to incorrect application of contractual free time, such disputes are typically resolved the same day and these are handled by the person receiving the dispute.

Other types of disputes, where the situation is not clear, usually require a more detailed investigation and are usually escalated one level up to the responsible manager, to ensure that for the same circumstances we have similar outcomes and behave equally and fairly with all of our customers. Each dispute is different, so it could be resolved immediately or it may take days to get all the facts and resolve the matter. This is especially true if the dispute is raised months after the original circumstances arise.

4. Does your line have formal policies for detention and demurrage disputation and refunding? If so, what are they? Are they publicly available to the shipping public/your customers? Do they vary as between beneficial cargo owner customers and NVOCC customers?

Answer:

Yes, we do have formal policy for disputes and refunds in place. If a client obtains a reduction after the invoice is paid, we will send a form to be filled out by the client with the instructions for obtaining the refund. These forms and processes are made known to our customers and are available to the public if requested. There is no difference in the procedure between BCO and NVOCC customers.

5. If the petition request for FMC guidance were adopted, what practical impact (e.g., operational changes) would be required to your carrier current business practices or operational processes?

Answer:

If guidance were mandated it would reduce flexibility and competition and will undoubtedly increase dwell time at terminals, which would in turn increase congestion and the costs for the Ocean Carriers.

#### **Questions from Commissioner Daniel B. Maffei**

Ocean Carrier participants in the hearing are requested to answer the following:

1. In the last few months we have heard about carriers introducing a service where, for an increased fee, they would guarantee the date of delivery. Would it be possible for ocean carriers to offer an increased rate that would also guarantee unlimited free time and that no demurrage would be charged?



Answer:

MSC was not aware of carriers introducing this type of service.

We believe that to offer such service and increased rates will undoubtedly increase dwell time at terminals, which in turn would increase congestion and the costs for the Ocean Carriers. Thus, it would be theoretically possible to offer this, but not something we consider advisable or welcome at this time.

Sincerely,

A handwritten signature in black ink, appearing to read 'Paolo Magnani', is written over the word 'Sincerely,'. The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Paolo Magnani  
Executive Vice President