

**Statement of
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Chairman, Federal Maritime Commission
Before
U.S. Senate Committee on Commerce, Science, & Transportation
February 28, 2024**

Chair Cantwell, Ranking Member Cruz, and Members of the Committee, thank you for this opportunity to appear before you today.

The last time I testified before this committee, the ocean-linked supply chains that serve our nation were in crisis. Ports were so congested that many of them had dozens of hulking container ships waiting for days to be unloaded. Stores and warehouses were running low on consumer products, factories were short of vital components, and our agricultural exports were losing value because they were rotting while waiting to be loaded in a container or on a ship.

The FMC took a leading role in addressing many of the problems that tangled up America's supply chains. To bolster our efforts, Congress passed the Ocean Shipping Reform Act of 2022 to strengthen some of the FMC's authority and provide resources needed to enhance enforcement and consumer services.

Now, two years later, I can report that the ship congestion that had overwhelmed the supply chain largely subsided last summer. Cargo is flowing fluidly, shippers can secure the equipment they need, and exports are getting space on outgoing ships.

The cost of ocean shipping has dramatically declined to pre-pandemic levels and this drop occurred far more rapidly than forecasted. Much of the reduction in rates and fees is a result of market-forces as the world emerged from COVID. Nonetheless, the FMC played a vital role

in restoring confidence to the public, importers and exporters in America's ocean supply chains.

For example, during COVID, the system of detention and demurrage fees – the charges levelled by carriers and marine terminals that are supposed to incentivize the efficient movement of cargo – became so ubiquitous and disruptive to the supply chain whether or not shippers moved their cargo or returned their equipment on time. Thanks to the work of the Commission – starting with the detention and demurrage interpretive rule efforts by Commissioner Dye – the final OSRA-mandated billing rule made public last week will ensure these fees are assessed transparently and serve their intended purpose.

To encourage compliance, in 2021 we initiated regular discussions with all the major carriers about supply chain challenges and ocean shipping practices through our Vessel-Operating Common Carrier Audit Program. We also collect valuable quarterly data from the carriers that gives the FMC better visibility into supply chain trends. As a result of this program, carriers have greatly improved in terms of service and responsiveness to U.S. importers and exporters.

That said, when necessary, we will hold the ocean carriers accountable through enforcement. At the start of the pandemic, it had been years since the FMC brought a major case against a container line and virtually no civil fines were collected in 2020 and 2021 despite much discontent with foreign-flagged carriers. When I became Chairman, I worked with Commissioner Dye, as well as Commissioners Bentzel, Sola, and Vekich, and senior staff to reorganize FMC enforcement and reset its priorities. As a result, the FMC collected nearly two-million-dollars in fines during 2022 and almost 2.9-million-dollars in 2023 – most of which was directly related to cases prosecuted against container ship operators. This does not include the restitution to impacted shippers that carriers in these cases provided nor does it

include settlements to U.S. shippers who brought private cases before the commission.

Overall, this continues to be the most intense period of activity in our agency's 54-year history. As America's importers and exporters realized the FMC was willing and able to help restore fairness, we saw a huge influx of cases being filed with the Commission. So far this year, we have already received in less than two-months nearly twice as many new cases as we received in the entire year of 2020. To accommodate our growing caseload, we have increased our Office of Administrative Law Judges from one judge to three. Our Office of Consumer Affairs and Dispute Resolution Services also handles an average of more than 100 requests for help every month.

The FMC has evolved into a stronger regulatory agency than it was before the pandemic. And we will continue this hard work for the public and our industry stakeholders that we were created to serve.

But make no mistake the ocean-linked supply chains responsible for trillions of dollars in U.S. economic activity remain vulnerable. The Houthi's unprovoked and unanticipated attacks on commercial vessels transiting the Suez Canal suddenly meant the re-routing of roughly 30% of global container shipping. This comes at the same time as the Panama Canal's unexpected reduction in capacity. Add to that a slew of other challenges including shifting carrier alliances, potential trade disputes, and a historically high threat of cargo theft inland – and any major shipper will tell you they are concerned about unpredictable future disruptions.

Given this context of supply-chain uncertainty, it is paramount that the FMC do all it can to maintain a competitive and reliable international ocean transportation system and protect the public from unlawful, unfair, and deceptive ocean transportation practices. Working closely with Commissioner Dye, my other fellow commissioners, and a small

but top-notch professional staff, I have helped put the FMC on course to accomplish this vital mission. I respectfully ask the Committee to support both me and Commissioner Dye in continuing that work.

Thank you, and I look forward to answering any of your questions today.