



R. Christian Johnsen
Chair

May 9, 2023

The Honorable Sam Graves, Chairman
Committee on Transportation and Infrastructure
United States House of Representatives
Washington, DC 20515

The Honorable Jim Jordan, Chairman
Committee on the Judiciary
United States House of Representatives
Washington, DC 20515

The Honorable Rick Larsen, Ranking
Committee on Transportation and Infrastructure
United States House of Representatives
Washington, DC 20515

The Honorable Jerrold Nadler, Ranking
Committee on the Judiciary
United States House of Representatives
Washington, DC 20515

RE: Antitrust Immunity for Ocean Carriers

Dear Chairman Graves, Chairman Jordan, Ranking Member Larsen and Ranking Member Nadler:

I am writing on behalf of the undersigned members of USA Maritime to convey our strong opposition to HR 1696, legislation that would repeal, restrict, or eliminate the antitrust exemption for ocean carriers. USA Maritime is a Coalition whose membership includes shipping companies operating U.S.-flag, U.S.-citizen crewed vessels in our nation's foreign trades, maritime labor unions representing the licensed and unlicensed men and women who crew these vessels, and their related American maritime associations.

The enactment of legislation to repeal the current antitrust exemption for ocean carriers will have a negative impact on the operation of U.S.-flag vessels in the foreign trades and the employment of American mariners. The exemption from antitrust allows carriers to cooperate and coordinate, with full oversight by the Federal Maritime Commission, to maximize efficiency. It essentially allows the carriers to share space, ensuring that vessels sail at full capacity, delivering even more cargo than would be possible without the antitrust exemption. Repealing this exemption will likely discourage and otherwise have a significant chilling effect on the U.S.-flag carriers' ability to form and operate within vessel sharing agreements (VSAs) or alliances and decrease the amount of ocean freight carried on U.S.-flag vessels.

VSA's allow carriers to maximize unused cargo space to ensure ships are as full as possible on certain routes – this efficiency allows for ships to call at smaller ports that likely wouldn't be serviced – in similar fashion to the airline industry's code-sharing agreements that allow service for under-served passenger markets.

Diminishing the opportunity to enter into agreements to share vessel space may force U.S.-flag carriers to offer fewer services and to call on fewer ports. This in turn will mean a reduction in

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the size of vessels and reduced calls to specific terminals resulting in less service for US flag customers, increased costs for vessel operators, and reduced opportunities for American maritime labor. Most importantly, the reduction in service resulting from the proposed legislation will increase prices for the American consumer.

We stand ready to work with Congress and the Administration to support, strengthen and grow the U.S.-flag maritime capability, especially during a time when national security, American jobs and the US flag fleet are increasingly important to the economic and military security of our nation. Repealing the current antitrust exemption for ocean carriers will have the opposite effect and we strongly oppose this and other legislative efforts that will curtail the opportunity for carriers operating U.S.-flag vessels to work together to maximize the efficiency of the ocean transportation network.

Thank you for your strong support for the U.S.-flag maritime industry,

Regards.

Respectfully submitted,



USA Maritime
R. Christian Johnsen, Chairman
www.usamaritime.org

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American Maritime Officers Service
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