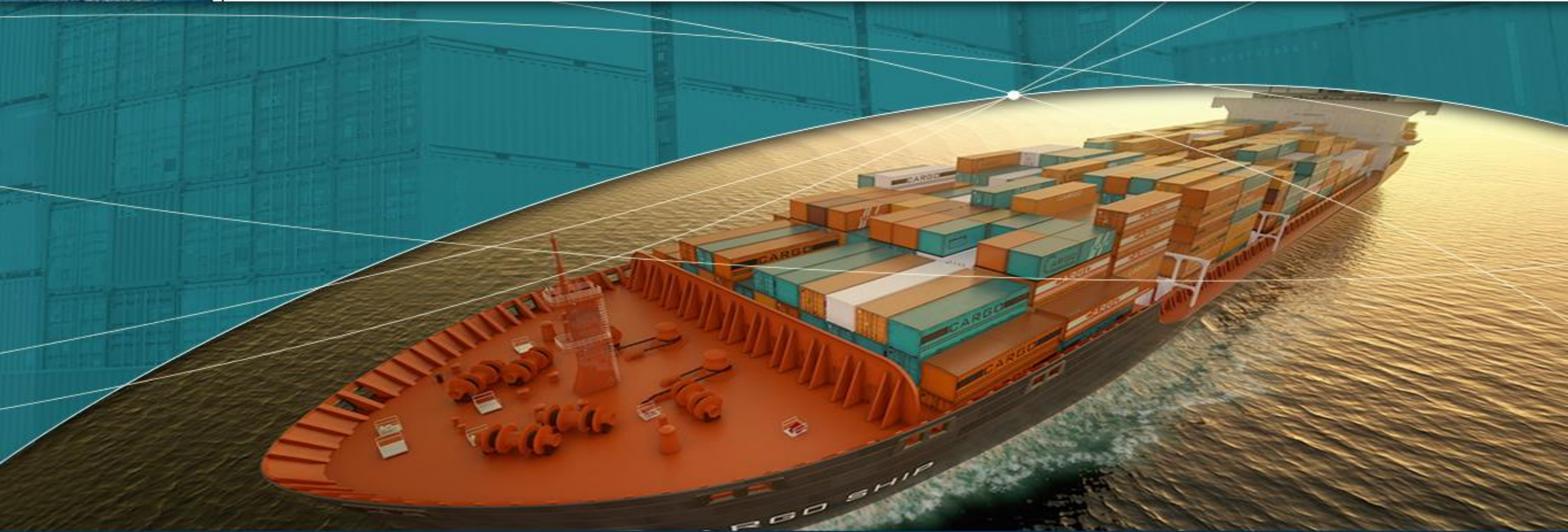




# *The FMC & Why It Is Important*



# What is the FMC

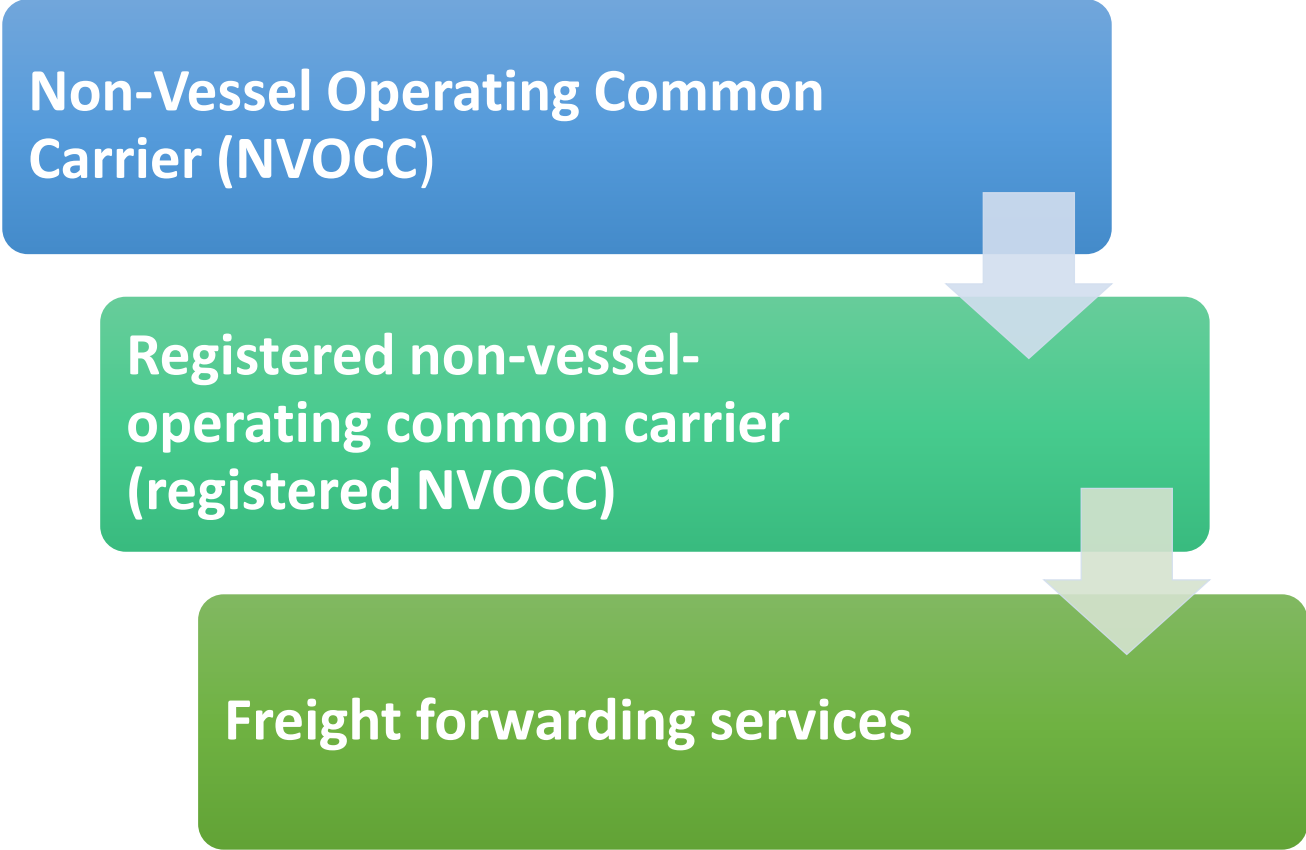
The Federal Maritime Commission (FMC) is a USA federal agency.

- The FMC is responsible for regulating USA ocean transportation to and from the USA.
- To buy or sell sea freight services to or from the USA, a company must be licensed or registered with the FMC.
- If agent is not FMC licensed or registered, the agent cannot use their sea freight rates to sell sea freight to or from the USA.





# Service Providers Outlined in FMC Regulations



Freight Forwarding – Not a carrier



VS



NVOCC - Carrier

# Benefits of License/Registration with FMC

## Registered or licensed agents may provide services of an NVOCC.

- May enter into service contracts with carriers for service to and from the USA.
- May legally sell sea freight to and from the USA to clients or other NVOCCs.

## Being a licensed or registered NVOCC allows for more flexibility with rates.

- If an overseas forwarder is registered or licensed, the U.S. forwarder partner, can utilize the overseas agent ocean rates which sometimes are more competitive and can be filed quickly by the U.S. party.

## Being licensed or registered indicates to customers that the NVOCC is held to higher standards and regulations from the FMC.

- An NVOCC must have a bond which gives assurance that NVOCCs are financially responsible.
- The customer has a federal agency to lodge complaints or issues with, if needed.

# FMC Regulations Excerpt – 46 CFR 515.3

Except as otherwise provided in this part, no person in the United States may act as an ocean transportation intermediary unless that person holds a valid license issued by the Commission.

Foreign-based entities that desire to provide NVOCC services to and from the USA may choose to be registered or licensed. Registered NVOCCs must utilize only licensed ocean transportation intermediaries to provide NVOCC services in the United States.

In the USA, only licensed ocean transportation intermediaries (OTIs) may act as agents to provide OTI services for registered NVOCCs.



# Compare Foreign Registered NVOCC and Licensed NVOCC

	Registered Foreign NVOCC	Licensed Foreign NVOCC
<b>File FMC-18 (license application)</b>	NO	YES
<b>File FMC-65 (foreign NVOCC registration)</b>	YES	NO
<b>Bond Amount</b>	\$150,000 USD	\$75,000 USD
<b>Branch office in USA</b>	NO	YES
<b>Tariff required to be published</b>	YES	YES
<b>Use USA OTI</b>	YES	NO

# Restrictions When Not Licensed and Not Registered with the FMC

## Non-licensed or registered FMC agents may not provide any services of an NVOCC.

- The FMC prohibits non licensed / non registered NVOCCs from entering into service contacts with carriers for trade to and from the USA.
- Non-registered/licensed agent carrier contract rates may not be used to book sea freight to or from USA.
- For shipments booked on as direct shipment, a non licensed, non registered NVOCC may only act as a freight forwarder/booking agent.



## Penalty Examples – Real Cases

The FMC completed compromise agreements recovering a total of \$925,000 in civil penalties. The agreements were reached with eight non-vessel-operating common carriers (NVOCCs) and an unlicensed entity.

- A few of the violations cited:
  - 1) Companies in the USA and China each knowingly and willfully obtained transportation at less than applicable rates and charges by improperly utilizing rates contained in service contracts limited to certain named shipper accounts for unrelated shipments of cargo. It was alleged that the Respondent provided transportation in the liner trade that was not in accordance with its published tariff.
  - 2) Companies in the USA and Hong Kong knowingly and willfully allowed another NVOCC to access their service contracts for a fee, and thereby unlawfully permitted a non-contract party to enjoy the benefits of service contracts contrary to its contract with the respective ocean common carrier.
  - 3) NVOCC in the USA knowingly and willfully accepted cargo from one or more ocean transportation intermediaries that did not have a published tariff, bond or other surety as required by the Shipping Act.