

Legislation to Improve Shipping Delays Passes Congress

This week, Congress passed the bipartisan Ocean Shipping Reform Act (S. 3580 / H.R. 4996 - OSRA), a bill that seeks to address ongoing supply chain disruptions and congestion. Currently, shipping alliances maintain large percentages of market share and operate with the protection of antitrust immunity. Members of these alliances fail to provide timely vessel bookings and equipment and they assess extremely high rates and increasing demurrage charges when bookings are secured. They also refuse to negotiate commercial terms and solutions with their customers. Importers and exporters continue to face unreasonable business practices which OSRA seeks to address. Key to this is strengthening the role of the Federal Maritime Commission (FMC) to address unreasonable demurrage and other charges, which have caused skyrocketed prices through the pandemic and have raised costs for everyone.

Specifically, this bill will:

- Require ocean carriers to certify that late fees —known in maritime parlance as “detention and demurrage” charges—comply with federal regulations or face penalties;
- Shift burden of proof regarding the reasonableness of “detention or demurrage” charges from the invoiced party to the ocean carrier;
- Prohibit ocean carriers from unreasonably declining shipping opportunities for U.S. exports, as determined by the FMC in new required rulemaking;
- Require ocean common carriers to report to the FMC each calendar quarter on total import/export tonnage and 20-foot equivalent units (loaded/empty) per vessel that makes port in the United States;
- Authorize the FMC to self-initiate investigations of ocean common carrier’s business practices and apply enforcement measures, as appropriate; and
- Establish new authority for the FMC to register shipping exchanges.

It is expected that President Biden will sign this bill into law this week.

IBWA is in support of this bill. [Click here](#) to view the recent letter sent to House and Senate leaders encouraging its passage.

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