

Federal Maritime Commission Publishes Blockchain Working Agreement

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For several years, the international shipping community has been abuzz with talk about how distributed ledger “blockchain” technology could be used to expedite and simplify the movement of goods through many different hands and regulatory regimes.

Many maritime industry insiders believed the shipping blockchain platform developed by IBM and Maersk, TradeLens, would be the panacea to many logistical issues related to supply chain documentation and transparency. However, after the early excitement related to the collaboration wore off, TradeLens initially struggled to pick up major shipping collaborators, partly due to the way the venture was set up. However, after announcing a restructured partnership, Maersk/IBM finally recruited two major marine cargo carriers, Mediterranean Shipping Company (MSC) and CMA-CGM and momentum has been moving full steam ever since with “more than 100 participants on the platform . . . [and the platform].processing over ten million discrete shipping events and thousands of documents each week.”

One U.S.-specific issue related to blockchain consortium technology is that the U.S. Shipping Act of 1984, as amended, prohibits carriers from cooperating on certain matters without the scrutiny of the U.S. Federal Maritime Commission (FMC). However, on December 23, 2019, the FMC published “The TradeLens Agreement” which “authorizes the parties to cooperate with respect to the provision of data to a blockchain-enabled, global trade digitized solution that will enable shippers, authorities and other stakeholders to exchange information on supply chain events and documents.” Current parties to the Agreement include CMA CGM S.A., Hapag-Lloyd AG, Maersk A/S, MSC Mediterranean Shipping Company S.A. and Ocean Network Express Ptd. Ltd. Although not parties to the Agreement, International Business Machines Corporation and Maersk GTD are the Agreement’s “platform providers.”

The Agreement envisions that the TradeLens blockchain platform shall be capable of “(i) providing application programming interfaces for the publication of and subscription to event data describing the physical progress of cargo through the supply chain and associated milestones, including events related to documents; (ii) storing documents in structured and unstructured form and sharing those documents with permissioned parties in the supply chain; and (iii) providing user interfaces and application programming interfaces for viewing event data, milestones, and documents, and managing users and access permission.”

Interested parties may submit comments to the FMC by January 13, 2020. The Agreement will become effective February 6, 2020, unless blocked by the FMC. The filing of the TradeLens Agreement with the FMC represents an important step forward for blockchain technology in international shipping, because it allows a group of prominent carriers and platform providers to work cooperatively toward implementation of the technology across multiple carrier platforms, achieving real economies of scale.

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Author

Bryant Gardner

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