

Federal Maritime Commission Proposes Service Contract Regulatory Relief

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On January 15, 2021, the U.S. Federal Maritime Commission issued a notice of proposed rulemaking which would permit ocean carriers to wait up to thirty days before filing service contracts with the Commission. The change, should it ultimately be adopted, represents significant new flexibility for carriers and shippers.

Service contracts are confidential ocean shipping agreements which permit carriers to provide discounts from tariff rates in exchange for volume commitments, and other conditions, in the U.S.-international trades. Under current rules, such agreements must be filed with the Commission **before** they can come into effect. In the proposed rulemaking, the Commission states that the proposed change aims at “avoiding the commercial harm associated with situations in which cargo is received after the parties have agreed to a service contract but before the service contract is filed with the Commission.”

Comments are due on or before March 4, 2021.

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Author

Bryant Gardner

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