

Ocean Shipping Reform Act Addresses Supply Chain Challenges and Carrier Shipping Practices

On June 16, President Biden signed into law the Ocean Shipping Reform Act of 2022 (OSRA), a package of U.S. shipping law reforms that address supply chain disruptions, rising ocean shipping costs, and inadequate vessel service. U.S. agricultural exporters and importers of retail goods and raw materials that depend on competitive and efficient international ocean transportation services have faced ongoing challenges in securing timely and adequate vessel space, skyrocketing shipping costs, and inefficiencies in the pickup and delivery of cargo. OSRA increases the Federal Maritime Commission's (FMC) authority to address the operating practices of the global ocean shipping lines that service our nation's seaports.

Specifically, OSRA prohibits ocean carriers from "unreasonably refusing cargo space accommodations when available or resorting to other unfair or unjustly discriminatory methods" and "unreasonably refusing to deal or negotiate, including with respect to vessel space accommodations provided by an ocean common carrier." The FMC will conduct rulemakings to clarify the scope of these prohibitions and ocean carriers will be required to provide the FMC with quarterly reports detailing the total import and export tonnage and total loaded and empty 20-foot units per vessel.

OSRA also addresses concerns over the fairness of terminal demurrage charges assessed against loaded containers that sit at a port beyond a "free period" when port congestion or other events beyond an importer's control cause delays. It requires an FMC rulemaking to clarify what constitutes unreasonable demurrage and detention rules and practices, prohibits carriers from assessing such charges contrary to the FMC's rules, and creates a new expedited FMC process to address demurrage disputes. It gives the FMC authority

to issue civil penalties for violations and/or refunds to aggrieved parties.

As counsel to the National Industrial Transportation League, a leading proponent of the OSRA reforms on behalf of U.S. businesses that rely on competitive and efficient ocean transportation services, Thompson Hine was pleased to be directly involved in the development and advocacy of this important new legislation.

FOR MORE INFORMATION

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