THOMPSON HINE

Transportation Update

January 2024

FMC to Hold Hearing on Red Sea Shipping Conditions

The Federal Maritime Commission (FMC) has responded to the operational challenges ocean carriers are experiencing in the Red Sea and Gulf of Aden, announcing on January 12 that it will hold a hearing to examine how conditions in the region are impacting commercial shipping and global supply chains.

Commercial vessels operating in the Red Sea and Gulf of Aden have faced increasing security threats over the past several months that have caused carriers operating in the region to increase rates and impose surcharges on shippers to recover expenses for longer journeys around the Cape of Good Hope, and/or for additional security and insurance while traveling through the Red Sea and Gulf of Aden.

By regulation, ocean carriers are required to provide at least 30 days between announcing an increased rate or additional surcharge published in tariffs and the effective date of those increased costs. However, an ocean carrier may seek a Special Permission from the FMC to reduce the 30-day period, which it will grant upon the carrier showing good cause. Since October, the FMC has granted 11 Special Permissions to ocean carriers authorizing them to immediately increase tariff rates and impose surcharges to offset costs for operating in the Red Sea and Gulf of Aden, and/or circumnavigating Africa.

Realizing the abrupt rise in commercial shipping costs and the worsening conditions in the Red Sea and Gulf of Aden, the FMC will hold a public hearing to gather information on vessel disruptions and increased rates and surcharges. The hearing will be held on February 7 at the Surface Transportation Board Hearing Room at 395 E Street SW in Washington, D.C. Parties who are interested in participating must submit written comments or a request to testify in person to the FMC by January 31.

FOR MORE INFORMATION

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