

Written Statement of

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Committee on Transportation and Infrastructure

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Chairman Ezell, Ranking Member Carbajal, and members of the Subcommittee, thank you for this opportunity to appear before you today to present the Federal Maritime Commission's (FMC) Fiscal Year 2027 Budget Request and to highlight our contributions to the Administration's goal of revitalizing the U.S. maritime industry.

President Trump has centered the conversation of America's maritime dominance where it has the most significance: the economic impact shipping has on Americans. The release of the President's Maritime Action Plan in February 2026 and the collaborative efforts by the FMC and many other federal agencies have helped restore America's position in the global maritime industry. The FMC's unique role is to protect the American consumer, promote competition in the country's ocean supply chain, and mitigate any inflationary impacts resulting from disruptions to the supply chain.

The FMC is the federal consumer protection and competition agency solely responsible for ensuring a competitive and reliable international ocean transportation supply system and protecting U.S. cargo and U.S. shippers from unfavorable and unlawful shipping conditions. The funding you have provided has allowed our agency to support the U.S. economy, protect consumers from unfair and deceptive practices, and ensure that threats to the ocean supply chain are identified and remedied. But there is more work to do. The Commission will continue to vigorously use all its statutory enforcement authorities to aggressively protect U.S. exporters and importers from potential anticompetitive behavior and promote port and marine terminal process improvements.

I support the President's FY 2027 Budget of \$40 million for the Federal Maritime Commission. This budget provides the agency the necessary resources to carry out our responsibilities to ensure effective and efficient industry oversight, enforcement, and service to the public. Of this \$40 million, approximately \$27 million is allocated for employee salaries and benefits, \$4.4 million for office rent and security services, and \$5.8 million for critical IT applications and maintenance as we continue to enhance IT infrastructure. The remaining funds cover other budgetary and operational requirements essential to the agency's operations.

This FY 2027 budget will enable us to continue our mission-critical work as we move full speed ahead to assertively investigate practices that risk harming the American shipping public, no matter where in the world those practices occur, and engage more constructively with our government partners. I am pleased to highlight for you the ways our agency protects the U.S. public from financial harm and defends the integrity, stability, and security of the U.S. supply chain and thus delivers real results for the American people.

A. Key Investigations and Enforcement Matters

The FMC has made it a priority to investigate and prosecute violations of U.S. shipping laws and Commission regulations. These investigations not only enable the agency to monitor and enforce concerning practices, but they also put foreign governments, foreign carriers,

and other industry stakeholders on notice that the FMC will not hesitate to use the authorities given to it by Congress.

1. Flags of Convenience Investigation

The FMC is authorized to investigate unfavorable shipping conditions caused by the laws, regulations, or practices of foreign governments or the practices of foreign-flag vessel owners or operators. The FMC initiated an investigation of the flagging rules and practices of foreign governments in May 2025 after receiving reports indicating that vessel registration practices of certain foreign countries, also referred to as flags of convenience, were creating unfavorable shipping conditions in the foreign trade of the U.S. The lack of accountability for these flags of convenience has compromised the standards, efficiency, reliability, and safety of the vessels used in the ocean shipping supply chain.

The comment period has closed, and the FMC is currently reviewing the information received and determining appropriate next steps.

2. Chokepoints investigation

In March 2025, the FMC initiated an investigation into conditions at seven key global chokepoints: the English Channel, the Malacca Strait, the Northern Sea Passage, the Singapore Strait, the Panama Canal, the Strait of Gibraltar, and the Suez Canal. By this inquiry, the FMC is investigating whether constraints at these global maritime chokepoints have created unfavorable shipping conditions caused by the laws, regulations, or practices of foreign governments or the practices of foreign-flag vessel owners or operators.

The comment period has closed. Comments were filed by several key entities, including the Panama Canal Authority and the Government of Singapore. This investigation remains ongoing, and the FMC continues to review these issues in light of recent developments in the Middle East and the Strait of Hormuz.

3. Spain Investigation

The FMC is authorized to investigate and take remedial measures to address laws or policies of foreign governments that discriminate against U.S. flag vessels. Exercising this authority, in December 2024, the FMC initiated an investigation in response to reports that the Government of Spain had barred port entry to U.S. flag vessels that were participating in the U.S. Department of Transportation Maritime Administration's Maritime Security Program. The FMC solicited public comments and received over 8,000 comments, including one from the Government of Spain.

The FMC's initial investigation confirmed allegations that Spain denied port entry to at least three U.S. flag vessels and that Spain had not changed its policy regarding denying or refusing port access to certain U.S. flag vessels. Based on these reports, the FMC initiated a

second comment period in December 2025 to inquire further into whether Spain's ongoing restrictions create conditions unfavorable to shipping in U.S. foreign trade, and, if so, measures the FMC could consider to offset or remedy such conditions. This comment period closed in February 2026, and the FMC is currently evaluating next steps.

4. Canadian Ballast Water Investigation

Since 2020, the FMC has been investigating and monitoring the impact of potential Canadian ballast water regulations on all U.S. flag vessels. The central issue of this investigation is Canada's planned 2030 implementation of ballast water regulations. The proposed regulations would require U.S. flag vessels, regardless of build date, to install new, expensive, and unnecessary ballast water management systems. This investigation, which would assess whether these regulations create a disparate impact on U.S. flag vessels, remains open pending Canada's implementation of the regulations.

5. Chassis Investigations

In 2024, acting on a formal complaint, the FMC ordered associations of ocean common carriers to immediately cease engaging in unlawful practices regarding chassis usage in four regions (Los Angeles/Long Beach, Savannah, Memphis, and Chicago). (*Intermodal Motor Carriers Conference v. Ocean Carriers Equipment Association* (Docket No. 20-14)).

On May 22, 2026, the FMC dismissed the remaining claims in that matter and closed a related investigation (Special Investigation 24-02).

Separately, the FMC is conducting an investigation into whether ocean carriers use service contracts to control chassis choice. The FMC's Office of General Counsel is currently reviewing the comments that were submitted as part of the investigation to determine whether Shipping Act violations may be occurring and what further action, if any, is warranted.

6. Enforcement Proceeding against Mediterranean Shipping Company, S.A.

The FMC's Bureau of Enforcement, Investigations, and Compliance (BEIC) prevailed in an enforcement proceeding against Mediterranean Shipping Company, S.A. (MSC), which concluded in January 2026 (Docket No. 23-08). BEIC's investigation alleged that MSC violated provisions of the Shipping Act involving deceptive billing practices, 46 U.S.C. §§ 40501, 41102(c) and 41104(a)(2)(A), and did so over the course of several years. The FMC concluded that MSC had violated the Act, and imposed a penalty of \$22,670,000. As of May 2026, the penalty has been paid in full to the U.S. Treasury.

7. Enforcement Program Compromise Settlements

In FY 2025, the enforcement program successfully resolved multiple cases through the FMC's compromise procedures, resulting in the collection of \$1,350,000 in civil penalties, which are paid directly to the U.S. Treasury.

Thus far in FY 2026, the FMC's enforcement program executed a compromise agreement with Maersk A/S, a vessel operating common carrier, for a total amount of \$1,900,000.

B. Significant Federal Court Litigation

The FMC's efforts to ensure that American importers, exporters, and truckers are treated fairly do not end with the issuance of regulations or orders imposing reparations, refunds, and penalties. In addition to the on-going investigations and enforcement proceedings, the FMC has vigorously defended its decisions and rulemakings in federal court litigation.

1. *Evergreen Shipping Agency (America) Corp. v. Federal Maritime Commission and United States of America (D.C. Cir. No. 25-1104).*

In this case, the FMC successfully defended its ruling that a carrier could not charge detention fees on days when a port was closed and containers could not be returned. The carrier, Evergreen Shipping Agency, petitioned for review of the FMC's ruling to the U.S. Court of Appeals for the District of Columbia Circuit, arguing that it has the right to charge detention fees even on port closure days. In April 2026, the Court of Appeals upheld the FMC's decision in its entirety.

2. *World Shipping Council v. Federal Maritime Commission and United States of America (D.C. Cir. No. 24-1298).*

On September 23, 2024, the FMC's final rule on unreasonable refusals to deal went into effect, 46 C.F.R. 542.1. This rule stems from the Ocean Shipping Reform Act of 2022 (OSRA), Pub. L. No. 117-146, and provides guidance on how a shipper may prove that a common carrier unreasonably refused to deal, including by a shipper showing that a carrier quoted prices so high as to not constitute a serious offer. The rule also requires carriers to submit a documented export policy annually to the FMC, outlining how they will handle U.S. export cargo. In September 2024, the World Shipping Council (WSC), a trade association made up mostly of foreign-based ocean common carriers, filed a petition for review in the U.S. Court of Appeals for the District of Columbia Circuit in which it challenged several portions of the FMC's final rule.

In March 2026, the Court of Appeals affirmed the FMC and rejected all aspects of WSC's petition. As a result, the FMC's rule remains in effect.

3. *World Shipping Council v. Federal Maritime Commission and United States of America (D.C. Cir. No. 24-1088).*

On May 28, 2024, the FMC's final rule on detention and demurrage billing practices went into effect. The rule implements requirements set forth in OSRA 2022, and clarified who could be billed for detention and demurrage, what information had to be included in detention and demurrage invoices, what timing requirements applied to such invoices, and provided mandatory dispute resolution mechanisms and efforts by carriers. At its core, the rule was intended to ensure a clear connection between the failure to pick up cargo or return equipment in a timely manner and the appropriate fee. The World Shipping Council filed a petition challenging the rule in the U.S. Court of Appeals for the District of Columbia Circuit.

In September 2025, the court struck one aspect of the FMC's rule, solely on the issue of whether motor carriers could be billed for detention fees. The FMC is revisiting this rulemaking and determining how best to proceed. Importantly, all the other provisions of the rule remain in effect and were not impacted by the court's decision.

4. *Mediterranean Shipping Company, S.A. v. Federal Maritime Commission and United States of America (D.C. Cir. 24-1007).*

This case concerned an FMC adjudication of a shipper's complaint that the ocean common carrier Mediterranean Shipping Company (MSC) had violated the Shipping Act. MSC substantially refused to participate in the discovery process, contending that key documents were located in Switzerland and could not be provided without violating Swiss law. The FMC rejected these arguments and ordered a default judgment against MSC, resulting in a reparations award to the shipper. MSC sought review of this decision in the US Court of Appeals for the District of Columbia Circuit.

In June 2025, the Court upheld the Commission's decision in its entirety.

C. Agreement Monitoring

In addition to investigating unfair practices or those that discriminate against U.S. importers, exporters, and U.S. flag carriers, the FMC administers a program of competition enforcement distinct from but parallel to antitrust law. The FMC monitors antitrust-exempt agreements and activities of ocean common carriers and marine terminal operators (MTOs) to ensure that collaboration between these commercial entities does not result in a reduction in competition that produces an unreasonable increase in transportation costs or an unreasonable decrease in transportation services.

The FMC's Office of General Counsel (OGC) runs this program. As part of its monitoring program, OGC holds semi-annual meetings with several major alliances. These in-person meetings allow for the FMC's attorneys and economists to inquire, among other topics, how the agreement is operating, how the parties make decisions, and the impact of any recent

developments. This program remains an important part of how the FMC fulfills its mission to ensure a fair and competitive ocean freight transportation system by closely examining cooperative agreements among competitors.

On June 26, 2025, the FMC initiated an investigation of the World Shipping Council agreement. On March 6, 2026, the FMC concluded that portions of that agreement exceeded statutory parameters, cancelling those portions of the agreement, and ordering WSC to justify certain other portions of the agreement that may also exceed statutory boundaries. The FMC continues to examine this matter and anticipates issuing a final decision on the WSC agreement later this calendar year.

D. Ocean Shipping Reform Act (OSRA) 2022 Implementation

The FMC is nearing completion of the last rulemakings mandated by OSRA 2022. I am pleased to report that nearly all of the major rulemakings required by OSRA have been completed. The FMC has made significant progress on the rulemakings that remain outstanding including the shipping exchange registry and the definition of unfair or unjustly discriminatory methods.

E. FMC Resources to Assist U.S. Shippers and Consumers

Since the enactment of OSRA 2022, the FMC has further committed to providing dispute resolution services to assist shippers and consumers. The FMC provides a variety of dispute resolution services, including free informal dispute resolution services, the adjudication of formal complaints before the FMC, and the resolution of charge complaints.

1. Informal Dispute Resolution Services

The FMC's Office of Consumer Affairs and Dispute Resolution Services has experienced analysts and attorneys on staff who assist the public in finding solutions to their commercial disputes without having to bring formal legal action – at no cost. In FY 2025, FMC staff facilitated the resolution of 372 informal disputes, an increase from 272 cases in FY 2024. Thus far, in FY 2026, the FMC has received 565 requests for assistance. Requests for assistance with commercial cargo continue to drive program demand for assistance.

Through its work, the FMC has successfully helped recover approximately \$1.7 million for cruise passengers, shippers, and other supply chain participants. In FY 2025, staff conducted 39 mediations and preliminary conferences, resulting in settlements totaling approximately \$11.4 million. To date in FY 2026, FMC staff has conducted 16 mediations.

In FY 2025, the number of informal disputes handled by the FMC continued to grow, and this trend is expected to persist in FY 2026 and FY 2027. As demand for consumer assistance is expected to increase in FY 2027, the FMC plans to strengthen its capabilities by investing in advanced technologies to enhance data analysis and case management.

2. Adjudicatory Proceedings

Similar to the marked increase in requests for informal dispute assistance, the FMC has received and decided a significantly increasing number of formal complaints. These proceedings are handled in the first instance by the Office of Administrative Law Judges (OALJ). In FY 2025, the OALJ handled a total of 83 cases, which is more than the number of cases that the OALJ handled in FYs 2018-2021 combined. The OALJ issued 291 orders in FY 2025 — a 10 percent increase from the prior record-setting year and a 73 percent increase from 2023.

The FMC continues to experience a sustained increase in the volume and complexity of adjudicatory proceedings. In response to growing caseload demands, the FMC executed a memorandum of understanding (MOU) with the U.S. Department of Health and Human Services' Office of Medicare Hearings and Appeals (HHS/OMHA) for the detail of Administrative Law Judges (ALJs) to the FMC on a reimbursable basis. We currently benefit from four ALJs serving on detail to the FMC. The MOU will remain in effect through FY 2026 and is expected to continue through FY 2027 to support the growing caseload.

3. Charge Complaints

Consistent with the increase in assistance provided through the informal complaint process and the formal adjudicatory proceedings, the FMC has seen a steady demand for assistance with charge complaints. OSRA 2022 authorized the FMC to promptly investigate information concerning complaints about charges assessed by a common carrier, and order refunds and/or penalties for charges that do not comply with 46 U.S.C. §§ 41101(a) and 41102. Under the current interim procedure, the FMC takes the lead in evaluating charge complaints, and when appropriate, deciding them. To date in FY 2026, the FMC has received 195 charge complaints. This figure is on pace with the number of charge complaints received in FY 2025. The charge complaint process is an important tool for shippers of any size.

4. Special Permission Requests

Approximately one month after the start of Operation Epic Fury, the FMC received several special permission requests from vessel operating common carriers who sought to implement, on less than 30 days' notice, war risk or bunker surcharges related to increased costs navigating the Strait of Hormuz. The FMC rejected these requests on the basis that good cause had not been shown under FMC regulations. See 46 C.F.R. 520.14.

It is my view that a carrier must do more than merely assert that it has incurred increased costs to establish good cause. When a carrier seeks special permission to reduce the 30 days' notice period for a surcharge, the carrier should provide information to support a conclusion that the amount and duration of the surcharge is reasonably related to the increased costs it is intended to address.

The FMC's rejection of these special permission requests protected U.S. shippers from sudden price spikes. U.S. shippers were the only shippers globally that benefitted from this market stability and protection.

F. Conclusion

Geopolitical forces are increasingly shaping global shipping, and these challenges will continue into FY 2027 and beyond. Under the Trump Administration, the FMC remains steadfast in fulfilling its commitment to U.S. shippers and consumers, as evidenced by the significant increase in cases, investigations, and monitoring. As part of that commitment and our interest in ensuring stability in our U.S. foreign trades, the FMC is thoroughly engaged with its government partners, supporting interagency cooperation at every opportunity. Additionally, the FMC will continue to use the full scope of our enforcement authorities, where appropriate, to protect exporters and importers from potential anticompetitive or unfair and deceptive behavior. As the consumer protection agency for the shipping public, the FMC is dedicated to pursuing policies that bolster national and economic security for the U.S. taxpayer.

Thank you for the honor to serve and testify before you today. On behalf of my fellow Commissioners, I appreciate your interest in the Federal Maritime Commission, and I look forward to answering your questions.