# Congress of the United States
## Washington, D.C. 20510

February 1, 2024

The Honorable Daniel B. Maffei
Chairman
Federal Maritime Commission
800 N. Capitol Street, NW
Washington, D.C. 20573

Dear Chairman Maffei:

We urge the Commission to initiate the rulemaking for shipping exchanges required under the *Ocean Shipping Reform Act of 2022* (Public Law 117-146) to prevent manipulation of the global ocean shipping market by the People's Republic of China. While the law requires this rulemaking no later than June 16, 2025, we believe the Commission must begin its work without further delay to maintain a fair, competitive market for U.S. shippers.

With proper regulatory oversight, shipping exchanges can provide trusted, real-time data to market participants that have the potential to significantly improve contract performance and overall supply chain reliability for U.S. importers and exporters. By issuing the necessary regulations, we believe the Commission can ensure this outcome.

The Shanghai Shipping Exchange is a major international freight shipping exchange that is state-owned, jointly by the Ministry of Transport and Shanghai Municipal People's Government. It currently has a stranglehold on rate indexes to and from the China region, presumably intending to become the industry benchmark. This would be a troubling outcome for American shippers and global commerce. Chinese Communist Party (CCP) economic indicators have proven to be unreliable, often subject to manipulation or outright falsification. We are increasingly concerned with a CCP-controlled index dictating the perceived health of the global ocean shipping market or being used as an unreliable benchmark for shipping contracts worldwide.

With the regulatory oversight required under Section 4 of OSRA 2022, we believe properly regulated U.S.-based shipping exchanges will provide a fair, competitive, and reliable counterbalance to the Shanghai Shipping Exchange. Currently, U.S.-based shipping exchanges exist in a space where the lack of regulatory clarity hinders their ability to provide maximum value to the industry. Implementing the shipping exchange regulations would eliminate this uncertainty, putting the United States on a path to more effective competition with the People's Republic of China.

This past May, the House Committee on Transportation and Infrastructure passed the "Ocean Shipping Reform Implementation Act of 2023" (H.R.1836). Among other things, this bipartisan legislation would require the Commission to establish a formal process for the public to report violations by shipping exchanges, require a rulemaking on price indexes for containerized ocean freight, and commission an independent audit of the CCP's influence over the Shanghai Shipping

Exchange. We hope you view this bipartisan legislation as a sign of Congress's ongoing, intense interest in the work of the Commission.

Thank you for your leadership and work to complete the Congressionally directed rulemakings on shipping exchanges under the 2022 law as expeditiously as possible. We look forward to the Commission's response.

Sincerely,

Dusty Johnson
Member of Congress

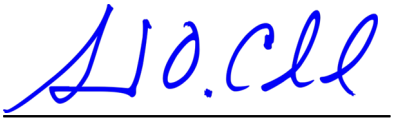
John Garamendi
Member of Congress

Mike Gallagher
Member of Congress

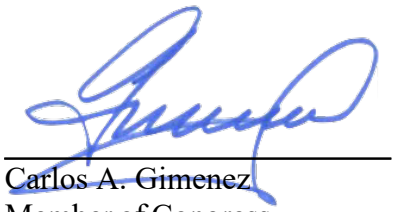
Sam Graves
Member of Congress

Raja Krishnamoorthi
Ranking Member
House Select Committee on the Strategic Competition Between the United States and the Chinese Communist Party

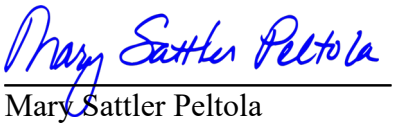
Rick Larsen
Member of Congress



Salud Carbajal
Member of Congress
Ranking Member,
Subcommittee on Coast
Guard and Maritime
Transportation



Carlos A. Gimenez
Member of Congress



Mary Sattler Peltola
Member of Congress

Mike Ezell
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Seth Moulton
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Chris Pappas
Member of Congress

cc: Federal Maritime Commissioners