

WASHINGTON OFFICE:
2410 RAYBURN HOUSE OFFICE BUILDING
(202) 225-2615 FAX: (202) 225-2154

SAN JUAN OFFICE:
157 AVENIDA DE LA CONSTITUCIÓN
ANTIGUO EDIFICIO DE MEDICINA TROPICAL
ALA DE ENFERMERÍA 2DO PISO
SAN JUAN, PUERTO RICO 00901
(787) 723-6333 FAX: (787) 729-7738

Congress of the United States
House of Representatives
Washington, DC 20515-5400

May 5, 2015

Honorable Meredith M. Broadbent
Chairman
U.S. International Trade Commission
500 E Street, SW
Washington, DC 20436

Dear Chairman Broadbent:

I write to urge the U.S. International Trade Commission to exclude 53-foot marine containers from any antidumping and countervailing duties that the Commission may decide to place on imports into the United States of bimodal products that are of the same exterior length, but that are designed for use in road and rail transportation networks and are structurally unsuitable for use in maritime trades. The Commission should recognize the distinction between these two products.

I hope the Commission will consider the following facts as it finalizes its work on the petition for duties to be imposed on products commonly referred to as bimodal 53-foot domestic dry containers.

First, marine containers are distinguishable in several material respects from the bimodal domestic dry containers that are the focus of the petition. While both products are 53 feet in exterior length, the manufacturing process, volume and structural integrity of each product is materially different. Marine containers are built with about twice as much structural framing, handling fittings and steel as bimodal domestic dry containers. Marine containers also feature additional locking mechanisms that enable stacking as high as seven-fold for transport on U.S.-built oceangoing containerships and barges operating in the domestic coastwise trades. As a result of these design, technical and structural differences, marine containers are capable of withstanding harsher conditions in the marine environment, are logistically suitable for handling at seaports, and offer less interior capacity than bimodal domestic dry containers, which are capable of being stacked only two high for the rail mode.

Second, carriers operating in the domestic coastwise trades point out that there are no domestic manufacturers or suppliers available to them to source 53-foot marine containers. The only recourse carriers have available to them is to import the product. Two of the carriers operating in the Puerto Rico maritime trade are in the process of recapitalizing their approximately 40-year-old fleets with new, more energy-efficient containerships—the first of which is scheduled to begin service this October. Carriers have already made significant investments for the

Puerto Rico maritime trade as reflected in the new ships coming online and in equipment orders, including for new marine containers that are designed to sync with the new containerhips and on which considerable merchandise—such as construction materials, household goods, retail store inventories, and restaurant supplies—is to be carried. Subjecting these equipment orders to antidumping and countervailing duties would reportedly double the cost.

Third, I am concerned that costs resulting from duties would be passed back to consumers in Puerto Rico. My constituents already pay the price of a shipping-dependent economy, and the state of finances in the territory is in a particularly precarious state. Efficiencies that stand to be gained with the recapitalization of the U.S. fleet serving the Puerto Rico maritime trade would be compromised by trade duties that are sought to bring relief to domestic manufacturing of 53-foot domestic dry containers that are separate and distinguishable from the marine containers that dominate the Puerto Rico maritime trade.

Indeed, as the U.S. Governmental Accountability Office (GAO) points out, carriers operating in the Puerto Rico maritime trade have tailored their service by operating with 53-foot marine containers to respond to market demands and achieve efficiencies that benefit their operations and the domestic shipping customer. GAO indicates that operating with 53-foot marine containers enables more efficient loading and unloading of merchandise at seaports, and more efficient delivery of shipped merchandise to its final destination in Puerto Rico.¹ These same efficiencies are realized with use of 53-foot size marine containers in the Alaska maritime trade and are reason behind greater emergence of this product in the maritime trade serving Hawaii. These facts make the petition—and the Commission’s impending decision—an especially sensitive one for the non-contiguous jurisdictions, in particular for Puerto Rico, that depend upon domestic maritime service for facilitation of interstate commerce. It is for my constituents and the health of Puerto Rico’s economy that prompts me to register my views with the Commission.

In conclusion, the consequences of the potential imposition of antidumping and countervailing duties on 53-foot marine containers for my constituents is significant, and would seem to be misdirected if the action is meant to counterbalance any less-than-fair-value sale of foreign-manufactured but materially-different product that dominates the road and rail modes and that is impracticable for use in the maritime mode for Puerto Rico.

Thank you for your attention to my views, which I respectfully request that you share with your fellow Commissioners prior to any final vote being taken on this matter.

Sincerely,



Pedro R. Pierluisi
Member of Congress

¹ See “Puerto Rico: Characteristics of the Island’s Maritime Trade and Potential Effects of Modifying the Jones Act,” U.S. Government Accountability Office (March 14, 2013) at page 9.
<http://www.gao.gov/products/GAO-13-260>