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National Newsflash



Dear Biljana

FIATA welcomes US FMC Final Rule on Demurrage and Detention!

US FMC brings transparency and fairness in the supply chain with Final Rule on Demurrage and Detention

On 23 February 2024, the United States (US) Federal Maritime Commission (FMC) announced its **Final Rule on Demurrage and Detention Billing Practices**. The regulation, which will come into effect on 28 May 2024, builds upon the FMC proposed rulemaking on 'Detention and Demurrage Billing practices', published on 14 October 2022, adopting the document with changes. FIATA welcomes the extensive investigations conducted by the FMC across the supply chain in the rulemaking process in the context of **substantial increases in demurrage and detention charges**. The investigation brought to light concerns about certain demurrage and detention billing practices and the need to ensure clarity for shippers regarding the content and nature of the charges.

The FMC Final Rule on Demurrage and Detention Billing Practices sets forth comprehensive guidelines aimed at ensuring transparency and fairness in billing procedures and dispute resolution regarding demurrage and detention charges, in line with the inputs provided by FIATA in the course of the rulemaking process. Notable provisions within the

document include the requirement for common carriers and marine terminal operators to add specific and identifiable information on their demurrage and detention invoices, facilitating clearer understanding for billed parties regarding the nature of charges incurred.

Additionally, the Final Rule defines some practices to be followed on the demurrage and detention billing processes. For instance, the document stipulates that charges can only be levied against either the individual who contracted with the billing party for the ocean transportation or cargo storage, or the 'consignee' – the ultimate recipient of the cargo. Furthermore, the document establishes a defined timeframe within which demurrage and detention invoices may be issued, allowing up to 30 calendar days from the last day charges were incurred. Subsequently, the recipient of the invoice is granted a minimum of 30 days to contest and dispute the charges. Moreover, the Final Rule clarifies the timeframe for non-vessel-operating common carriers (NVOCCs) to transmit demurrage and detention charges by issuing invoices to their customers.

The FMC proposed rulemaking from October 2022 and its subsequent Final Rule were developed based on the inputs received from the industry on whether the FMC should develop minimum requirements on demurrage and detention billing practices. FIATA, through its Working Group Sea, has played a pivotal role in this process by leveraging its expertise and gathering input from its global freight forwarding membership. Notably, FIATA released its '[FMC Final Rule on Demurrage and Detention Toolkit](#)', which states FIATA's position on the matter, and offered the FMC insightful commentaries and suggestions on the FMC proposed rulemaking. Additionally, FIATA has actively engaged in advancing the development of the FMC Final Rule by disseminating awareness of its proposed terms throughout the maritime industry, as well as bringing to the FMC's awareness the primary concerns of freight forwarders regarding demurrage and detention practices, including through organising relevant industry exchanges with the FMC.

The requirements and directives established by the FMC Final Rule, which reflects the feedback received from the industry, represent a landmark step towards transparency and fairness in maritime transport operations, contributing to fostering supply chain efficiency and mitigating unjust and unreasonable maritime billing practices.

FIATA welcomes the FMC's approach and regulations, recognising them as a significant milestone aligned with FIATA's longstanding advocacy on the subject. FIATA encourages its worldwide membership to embrace the FMC Final Rule as a benchmark for best practices, promoting greater certainty and a level playing field across the supply chain

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