

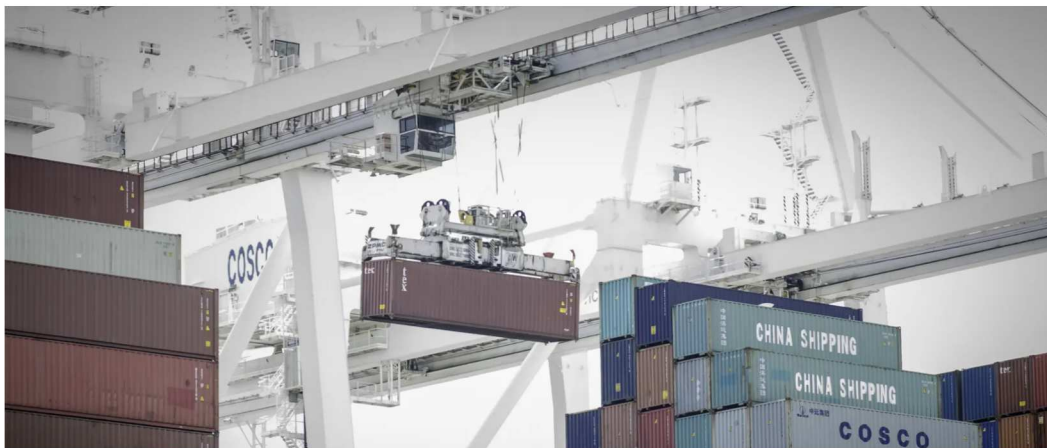
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White House to ocean carriers: Take more ag exports ... or else


Transportation, Agriculture departments pressure container lines to stop refusing exports, use underutilized ports



Eric Kulisch, Air Cargo Editor [Twitter](#) • Friday, December 17, 2021 [4 minutes read](#)



 Container traffic at the Port of Los Angeles has been extraordinarily heavy this year. Slow processing and high shipping rates has motivated carriers to move containers to Asia as soon as possible rather than wait for exporters to fill them up. (Photo: Jim Allen/FreightWaves)

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The Biden administration on Friday again urged global ocean carriers to accept more export freight and restore service at underutilized West Coast ports to ease supply chain constraints and give U.S. agriculture companies a fair chance to sell their goods in overseas markets. The request signals that the White House will remain focused on trying to tighten regulation of the industry next year.

With eastbound transportation rates 10 times higher than pre-pandemic levels, vessel operators are quickly returning empty containers to Asia so they can

reload them with higher-yielding import loads to the U.S. Food and feed shippers that previously benefited from low contract rates are hurting because their products are being left behind and losing value waiting to get loaded.

Transportation Secretary Pete Buttigieg and Agriculture Secretary Tom Vilsack on Friday [sent a letter](#) to a dozen foreign-owned container lines asking them to treat imports and exports equally, utilize less-congested ports, such as Oakland, California, and Portland, Oregon, and provide better service to exporters.

“Shippers of U.S.-grown agricultural commodities and goods have seen reduced service, ever-changing return dates and unfair fees as containers have short-circuited the usual pathways and been rushed to be exported empty. This imbalance is not sustainable and contributes to the logjam of empty containers clogging ports. The poor service and refusal to serve customers when the empty containers are clearly available is unacceptable and, if not resolved quickly, may require further examination and action by the Federal Maritime Commission,” the secretaries wrote.

More than 40% of U.S. container imports move through the ports of Los Angeles and Long Beach, which were overwhelmed this year when existing infrastructure and labor capacity couldn't keep up with record import levels. More than 100 vessels were stacked up earlier this week near the coast or across the Pacific Ocean waiting for a berth.

The historic 2-to-1 imbalance between imports and exports has widened during the pandemic, increasing carriers' motivation to rush empty containers back to Asian manufacturing centers. In February, the Agriculture Transportation Coalition and 73 other groups wrote to President Biden and Buttigieg asking the federal government to stop ocean carriers from denying equipment availability in the nation's heartland.

The administration has little leverage to exert over carriers to take action, such as allowing more containers to circulate inland where agriculture exporters are located, that is not in their financial interest.

Although the letter doesn't have any teeth, the FMC reference suggests it could be a final "pretty please" request before Congress and the administration move to crackdown on ocean carrier practices in 2022.

The [Ocean Shipping Reform Act of 2021](#), passed by an overwhelming majority in the House this month and endorsed by the White House, would prohibit carriers from declining U.S. exports within a reasonable time frame. The bill places the burden of proof on carriers rather than cargo owners that fees are justified for late pickup or return of containers to marine terminals. And it allows the FMC to self-initiate reviews of carrier business practices rather than responding to complaints.

A Senate companion bill is expected to be introduced in early January. The draft bill is not identical to the House version sponsored by Rep. John Garamendi, D-Calif., and Dusty Johnson, R-S.D. A key difference is that it more narrowly defines the types of acts that carriers would be prohibited from and greater emphasis on the collection of freight data, according to a source in Washington with close Capitol Hill ties who didn't want to be identified so as not to jeopardize any of those relationships.

Last summer, the [FMC initiated an audit](#) of nine of the largest container carriers operating in U.S. markets to find out if they are using their market power to overcharge shippers on detention and demurrage fees. It also is cooperating with the Justice Department to boost the economic oversight of foreign carriers in the container trade as part of a White House effort to rein in the carriers' market power.

The joint letter "tells me that the administration is really feeling the heat from farmers and ranchers, who are now more dependent on foreign markets for profitability," Marianne Rowden, CEO of the E-Merchants Trade Council and former head of the American Association of Exporters and Importers, said in an email. "The only way I could see the administration making a difference is by ordering these carriers to other West Coast ports through the Coast Guard denying them access to the Port of LA/Long Beach and saying that idling the ships off the coast is a national security risk."

The secretaries urged the carriers to use other West Coast ports that are less busy, highlighting the suspension of service in Oakland by some liner companies earlier this year as an example of poor service. The decision has forced agriculture exporters to truck their harvests to the Southern California ports, they noted. ([American Shipper reported Friday how the Port of Hueneme is helping](#) a small amount of cargo bypass the gridlock in LA and Long Beach.)

“Restoration of service would not only ease the congestion at the Ports of Los Angeles and Long Beach but would allow the prompt export of American goods overseas and ease the strain on the supply of long-haul truckers necessary to transport goods from Northern California,” the officials said.

Cargo volume at the Port of Oakland declined 20% in October versus 2020, which the port attributed to less vessel traffic because carriers diverted ships directly to Asia rather than making another stop on their regular rotation.

With ocean carriers earning record profits, ocean carriers are in a better position than in previous years to add systems and equipment for handling export volumes, AgTC Executive Director Peter Friedmann said.

“We are currently working quietly with a couple ocean carriers on some specific changes that will benefit both those carriers and the shipping community. When we work with an ocean carrier our objective is reciprocal: to solve specific problems encountered by some of our AgTC members, who will then increase commitments with that carrier. This has been an effective formula for many years,” he told American Shipper.

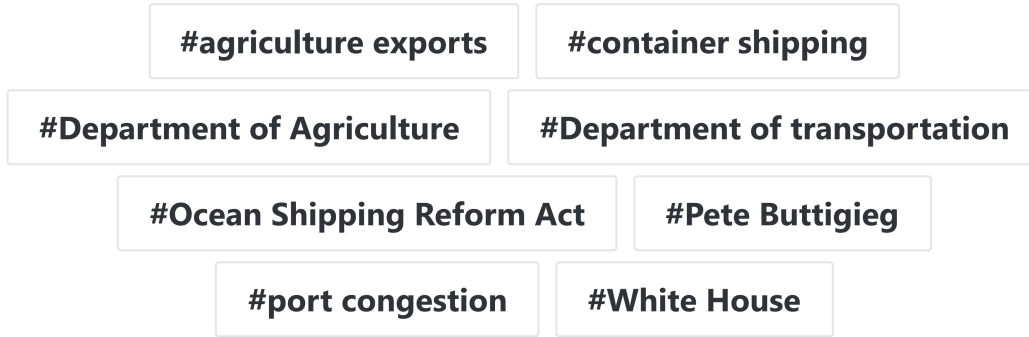
Matt Schrap, who heads the Harbor Trucking Association that represents short-haul drayage companies in California, suggested that ocean carriers could relocate empty containers from Los Angeles/Long Beach to Oakland. That would help ease the space crunch at marine terminals in the San Pedro Bay ports and give farm exporters access to the containers they desperately need.

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