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June 15, 2010

The Honorable Richard A. Lidinsky, Jr.
Chairman
Federal Maritime Commission
800 North Capitol Street, N.W.
Washington, D.C. 20573

Dear Chairman Lidinsky:

We write to express our concern with reports that U.S. agricultural exporters are experiencing serious service issues with the foreign-flagged ocean carrier industry. The problem is prevalent from all major domestic ports to all major trade lanes. These service problems threaten agriculture's ability to expand overseas sales and boost incomes.

As you know, President Obama has launched a National Export Initiative aimed at doubling U.S. exports over the next five years and as noted in a recent report from the Department of Agriculture and Department of Transportation, agriculture products represents a significant share of bulk and container trade. Agricultural exports will continue to have a significant role in the success of this initiative and future growth in rural America. In FY 2009, the value of U.S. agricultural exports reached \$96.6 billion and supported approximately one million jobs both on and off the farm. As 96 percent of the world's consumers live outside the United States, there is still great potential to further increase the value of our agricultural exports.

However, the ability of our agricultural exporters to expand markets abroad is dependent on adequate ocean-going vessel capacity and container availability at inland locations. If this critical link in the export chain does not function fairly or efficiently, our shippers will be unable to get agricultural products to key overseas markets. This will not only cost U.S. farmers and ranchers new export opportunities, but could cost them existing overseas customers.

According to constituent reports and recent media stories, U.S. exporters may be forced to wait as long as a month to secure space on an ocean carrier compared to earlier wait times of about a week. In some parts of the country, obtaining the necessary containers, which are ultimately loaded onto a carrier vessel, is becoming increasingly difficult as well.

These service interruptions, along with frequent rate hikes, are occurring despite the fact that most U.S. shippers enter into 12-month service contracts with the ocean carriers for fixed rates during the period. These contracts are supposed to ensure that the carriers will provide the necessary weekly equipment and vessel space consistent with

each individual agreement. Unfortunately, it has come to our attention that carriers are now routinely failing to honor these contracts. Such breaches lead to increased costs for U.S. agricultural exporters and, in some cases, lost export opportunities.

It is our hope that the global economic recovery and improvements in fleet capacity will mitigate future problems. In the meantime, we are keenly interested in the steps the Federal Maritime Commission is now taking to address these issues. We applaud your announcement on March 17, 2010, of an official investigation into space and equipment shortages and look forward to the results of this inquiry. We would also appreciate your perspective concerning the specific authorities that the Commission has available to ensure the ocean carriers' honor their service contracts with U.S. shippers, including the ability to penalize carriers for egregious practices. If you lack such tools, we would welcome a discussion of ways to potentially strengthen the Commission's authority with the carriers.

U.S. agricultural exporters are excellent customers for the ocean carriers and deserve consistent service that is fair to all parties. We must insist that the carriers be good partners with U.S. agricultural exporters so that we can continue to expand overseas markets. We appreciate your attention to this request and look forward to working with you on this critical issue.

Very truly yours,



Blanche L. Lincoln
Chairman



Saxby Chambliss
Ranking Member