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Senate Commerce Committee Hearing
A Hearing on the Ocean Shipping Reform Act
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Provided by:



Yesterday, the Senate Commerce Committee held a [hearing](#) on the Ocean Shipping Reform Act. The witnesses were Federal Maritime Commission (FMC) Chairman Daniel Maffei and FMC Commissioner Rebecca Dye. Below is a summary of significant comments from the hearing prepared by Delta Strategy Group.

Committee Chair Maria Cantwell (D-WA):

- There has been an unprecedented increase in import volume due to a rise in demand in consumer goods during the pandemic, leading to congestion in American ports and an increase in shipping costs. Ag exporters have been particularly impacted by this issue and have found themselves unable to get their products to market in a timely fashion.
- The FMC should be strengthened to crack down on unfair practices such as unreasonable detention and demerge fees.

Committee Ranking Member Roger Wicker (R-MS):

- Limitations on intermodal transport, lack of port terminal and warehouse space, and workforce disruptions are just as impactful as congestion at sea caused by high demand. Domestic policies are hindering the transportation of products. The administration has tried to blame this issue entirely on ocean carriers, but accusations do not improve the situation for ag exporters. The administration has tried to stop detention and demerge fee gouging, but it supports high dwell fees, which are just demerge fees by another name.
- I support Sen. Blackburn's (R-TN) legislation that would incentivize a private sector-led chassis pool in Memphis as an inland intermodal hub to improve ag export shipping lines. Many of the solutions to the transportation problems we have should come from the private sector.

Sen. John Thune (R-SD):

- Despite record-level ag exports, inefficiencies have negative impacts American producers throughout the country. The Ocean Shipping Reform Act takes significant steps to clarify and improve FMC authority to deal with these issues.

Sen. Amy Klobuchar (D-MN):

- We cannot allow ocean carriers to shakedown our ag exporters with intimidation and exorbitant fees. This legislation will force ocean carriers to not unfairly discriminate against American ag exports.

FMC Chairman Daniel Maffei:

- Images of ships lined up outside of ports can be misleading because the real root of the problem is inland infrastructure deficiencies, such as inadequate cargo facilities, shortages of equipment such as chassis and containers, and shortages of warehouse workers and truckers. The largest impacts of this problems have been on smaller shippers and American producers who lack the shipping volumes of major retailers and, therefore, the bargaining power with ocean shippers. We do not have an overall shortage of containers, but we are struggling to move containers to where ag exporters need them in an efficient and timely way. We do not currently have the authority to fully oversee the logistical challenges of moving containers in an efficient enough way to ensure that ag products are moved in a timely way.
- My highest priority is to promote access to export markets for U.S. producers, especially ag exporters who are placed at the largest disadvantage due to the shortage of equipment available in farming regions and the unpredictability of the shipping lines. FMC's audit team will expand its investigation of carriers, their handling of exports, and how the system can be improved. Any new authorities exercised by the FMC should be targeted to avoid unintended consequences or costs for those using shipping lines.
- We need to make it more difficult for foreign-owned shipping lines to refuse American exports when they leave ports. An export quota may sound good in principle, but it may lead to ocean lines not stopping at export ports at all.
- The FMC does not currently have the right to regulate rates or define a rate as unreasonable simply because it has risen dramatically. Legally, this is determined by how shipping lines arrive at their new costs based on supply and demand.

FMC Commissioner Rebecca Dye:

- The risk for detention and demerge fees should fall upon marine terminals, ports, and ocean carriers, not producers. We are investigating potential violations of demerge and detention practices. During times of high demand for cargo space, American exporters are at the highest risk because they do not have binding contracts for the space they need on ocean lines.
- Improving the availability and provisioning of chassis is extremely important to alleviate shipping problems. Improving the domestic manufacturing of such critical infrastructure should be a top priority.