



# Agriculture Transportation Coalition

"The principal voice of agriculture exporters in transportation policy"

[www.agtrans.org](http://www.agtrans.org) | [info@agtrans.org](mailto:info@agtrans.org)

## Inventory of Supply Chain 'Solutions' – November 2021

The [Agriculture Transportation Coalition](http://www.agtrans.org) has been asked by US government agencies, the White House, and Congressional Committees for 'solutions' to the supply chain crisis – big or small, easy or not.

This **Inventory of Supply Chain 'Solutions'– November 2021**, was proposed by exporters, importers, port leaders, truckers, terminal operators (very confidentially), public officials such as Governor Newsom, and most importantly, **those closest to the crisis, the membership of the AgTC**. Some could be implemented immediately, some already are, others will take years, some are logical but controversial, some sound simple, but none are. That does not mean these shouldn't be considered and as appropriate, pursued aggressively. Most would agree: the status quo is not sustainable.

Each of these 64 'solutions' requires a more detailed description and discussion of the feasibility, cost, benefits, interests of various stakeholders, the short-term and long-term impacts on the supply chain. We are glad to discuss, and add others. We encourage private parties and/or governments to consider these, add other 'solutions', and as appropriate, implement.

The agriculture shipping community continues to urge, together with importers, exporters, service providers, passage of [H.R. 4996](https://www.congress.gov/bills/116/4996), the bipartisan Ocean Shipping Reform Act of 2021 introduced by Rep. John Garamendi (D- CA) and Rep. Dusty Johnson (R- SD).

Feel free to contact the AgTC team at: [info@agtrans.org](mailto:info@agtrans.org).

### This list of 'solutions' is organized as follows:

1. Marine Terminal Operations/Trucking into Terminals
2. Additional Land / Warehousing - Near Ports and Inland
3. Trucking Costs and Truck Driver Shortage
4. Information/Transparency of the Supply Chain Investment
5. Rail Service at Inland Rail Ramps for Ag Access to Marine Terminals
6. Chassis Shortage
7. Ocean Carrier Practices; Federal Maritime Commission Enforcement
8. Creating a Competitive Marketplace
9. Federal Agency Contribution to Increased Export and Import Fluidity
10. Federal Financial Assistance for Agriculture Lost Sales, Transport Costs, Product Damage
11. Restoring Port Authority Control over Port Operations

#### 1. Marine Terminal Operations/Trucking into Terminals

- a. Expanded marine terminal gate hours; while 24/7 would be ideal, however, opening the gates just 2 hours earlier in the morning ("flex" hours), and perhaps another hour in the afternoon, would help immensely.
- b. Stagger lunch hours rather than completely shut down terminals/cranes/gates in the middle of the day

- c. Street turns – various methods. For instance, truck hauling an import container out of the terminal, after dropping container and chassis at importer DC or other location, either hooks up a container (full or empty) and returns to the marine terminal. Alternatively, after dropping the import container, proceeds to an exporters facility to hook up a loaded export container and returns to the terminal. This reduces congestion and cost and trucking shortages, by converting two round trips, to just one round trip.
- d. Earliest Return Date: At West Coast ports follow example of many East Coast ports where the ERD is “frozen”, meaning no demurrage charge assessed against the shipper if the ERD changes. Further, carriers/terminals must allow sufficient time for the shipper to collect a container from the terminal, and then unload/load it, and return it to the terminal. Currently carriers are providing as little 12 hours!
- e. Set aside Saturdays and Sundays for dedicated removal of containers of the largest volume (number of containers to be determined) importers, from the terminals. Those importers (or the ocean carriers) who arrived those containers, to pay for the terminal operations (longshore labor) on those days.
- f. Peel-off piles – to expedite the unloading and evacuation of containers from marine terminals. This requires planning and information sharing by the foreign shipper, the carrier, the marine terminal here, the importer, and the truckers.
- g. Automate all or at least some marine terminal operations. Install the automation that is operating at major ports globally.
- h. Suspend the PierPass appointment system, which is not working as intended
- i. Suspend marine terminals’ dual transaction requirements for trucks at marine terminals
- j. If a trucker shows up for a container and it is not available, the terminal must pay \$500 for a truck not used.
- k. If the terminal takes more than 2 hours to turn a truck inside the terminal then the terminal must pay \$100/hour or part thereof.
- l. If a carrier refuses to take back an empty, or a booked loaded export container, then the carrier must pay a penalty of \$500 for each violation
- m. If a carrier requires a trucker to go to a different facility to either drop an empty or pick up a chassis, the carrier will have to pay a charge of \$500. per violation
- n. As appropriate, move homeless encampments that interfere with truck access to the marine terminals.
- o. Terminal congestion caused by ‘box rules’ – see Chassis section
- p. Determine if carrier practices to provide certain champion account importers lengthy “free time” (which means no detention or demurrage charges), and generous chassis terms, reduces their incentive to remove their containers off the terminals. (Compare to small/medium importers who get only 2, 3 or 4 days free time, no waiver of demurrage/detention). Similarly, if carriers pass port authority-imposed container dwell fees onto some shippers, but not others, does this constitute a Shipping Act violation?

- q. **West Coast Labor Agreement Uncertainty.** As always, the approaching expiration of the PMA-ILWU contract (July 2022) creates uncertainty. At this time of extreme stress on the supply chain, perhaps PMA and ILWU could alleviate (or delay) the uncertainty by early agreement to extend the current contract another year.

## **2. Additional Land / Warehousing – Near Ports and Inland**

West Coast marine container terminals abut densely populated cities, with minimal room for expansion (in contrast to East and Gulf Coast ports with ample acreage to expand container capacity). So when cargo volume surges, or congestion slows the ability to evacuate containers from the terminals, west coast terminals can be (and currently are) overwhelmed. As the containers crowd the terminals, productivity drops. Thus the urgent need to find ‘space’ for containers, off the terminals.

- a. **On the terminals:** Level set free time at the terminal for all importers and exporters, to create equal incentives to expedite removal of containers, and make space to work the terminals. See item 3.p. above.
- b. **Container storage close to marine terminals:**
  - i. Immediately acquire land near ports for storing shipping containers and logistics. Expedite permitting or re-zoning that is necessary for land acquisition
  - ii. As per City of Long Beach, allow higher stacking of containers
  - iii. Find and improve (only as essential) unused lots in the vicinity of the marine terminals, where containers can be temporarily stacked
  - iv. To expand inventory of local container sites, cities in the port areas should amend or suspend local zoning/land use restrictions in order to provide land for excess container storage near the ports
  - v. CA state agencies should aggressively find land to temporarily store cargo and to expedite leasing on state-owned land
  - vi. Increase the number of employees at warehouses that are holding agricultural products through Federal incentive programs for employment.
- c. **Space within 2 hours of marine terminals:** Develop inland terminals, even if just rudimentary truck and storage yards, within one or two hours of the ports. A California example is “French Camp”, in the Central Valley, serving as a container yard to which containers can be removed from Oakland marine terminal, and serving Central Valley destined and originating cargo. Investments in these rural areas will create additional jobs and economic activity.
- d. **Inland Ports:**

Ports on the east coast have multiple ‘inland ports’ where cargo can be brought, loaded on train, and moved 100 to 200 miles to the ports, and enter the marine terminals, thus avoiding and reducing truck congestion at the marine terminal gates. Loaded import containers can be brought back to these inland load points as well. But there are no such facilities at US West Coast ports. Some sites have been identified in the Central Valley, which could create economic activity and employment opportunities for Rural America. CA state and local agencies must facilitate streamlined approval and implementation of these facilities.

### **3. Trucking Costs and Truck Driver Shortage**

- a. **Nationally:** Increase our restrictive national uniform truck weight limits (lowest in the world) to the global standard (adopt the Canadian model, currently in place in various states, including WA, OR, ID, etc.
- b. **California Truck Weights:** CA truck weight limit (80,000 lbs GVW) is lowest in the US, should adopt weights long in place on designated freight corridors in other states (105,500 lbs GVW with extra axle). Current restrictions mean that cargo requiring 2 trucks throughout the world, require 3 trucks in California, adding to congestion, truck and driver shortages. While such weight increase to the global standard is urgently needed nationally, increasing weight limits on certain CA truck corridors, as proposed by Governor Newsom recently, is most urgent at this moment; this would be immensely effective in reducing the number of trucks on the roads, reducing congestion, limiting the truck driver shortage.
- c. Washington and California. Modest increase in two-axle trucks would reduce truck, chassis and driver shortages.
- d. Immediately reduce age for eligibility for training and testing for Commercial Driver Licenses, to 18 years. Currently 21 years and above. This will increase the number of drivers, lower the average age of the aging trucker driver pool.
- e. Allow for those in the US Military who are trained to operate large equipment to qualify for their CDL. Since they are qualified to operate large machinery in the US Military they should be well trained and qualified to operate trucks and should qualify for a streamlined process to receive their CDL.
- f. Delay or Suspend US DOT Restrictive Rules for CDL, to be effective Feb 7, 2022 which will further reduce truck driver supply.
- g. Extend Hours of Service: for draymen, either a set number of hours per day or a formula based on when they get on line outside the terminal until they are outgated (perhaps 1 hour extra HOS for every 2 hours of waiting). For over-the-road truck drivers, consider modest adjustments to the HOS formula to increase efficiency, and increase safety.
- h. Terminals must pay for the trucking cost if trucker arrives timely for marine terminal appointment, but the container is not available.
- i. Carrier must pay trucker if it refuses to accept an empty container return, or if it requires the trucker to take the empty container to a location different from where the container was picked up for the same carrier.
- j. CA Air Resources Board requirements on drayage trucks are uncertain, mandating technology that is either non-existent or unaffordable, imposing uncertainty and hesitation to invest in increased trucking capacity.
- k. For safety and unhindered cargo movement, remove the homeless encampments which are in and around goods movement corridors. This is a safety risk for the homeless in those areas.

#### **4. Information/Transparency of the Supply Chain Investment**

a. **Single Real-Time Data Portal**

Create a single data portal that tracks cargo movement shipping availability; trucking wait time; terminal appointments and gate operations, cargo cut, equipment location and availability, etc. to allow better business operations and logistics. Mandate participation by all port stakeholders – particularly the marine terminals, ocean carriers, chassis providers. Start with one portal for the entire LA/Long Beach port complex, then expand to a....

b. National Supply Chain Data Portal, to include all ports and inland rail ramps.

c. Ocean carriers should report to port authorities within one day of leaving and arriving at all U.S. container ports the accurate number of loaded export containers, empty export containers, and import containers. All U.S. container ports should provide such total numbers to the FMC on at least a monthly basis, and published.

#### **5. Rail Service for Ag Access to Marine Terminals**

Note: Rail service is critical to the movement of agriculture exports from locations, distant from the coasts, where much agriculture is grown and processed. Efficient on-dock rail and near-terminal transload facilities are vital for ag exports. Congestion and service shortcomings at inland rail ramps directly impact coastal marine terminal operations. The following is not intended to be comprehensive inventory of rail supply chain matters, but rather, focused on some of the most apparent factors determining ag access to the coastal terminals.

- a. Inland rail terminals should seek adjacent space for storing containers short term from nearby communities.
- b. Inland rail terminals should expand operating hours and, as with port terminals, start to ramp up to 24/7 hours of operation with incentives for off-hours use to truckers and BCO's.
- c. Railroads should identify possible additional container storage and intermodal service at other rail terminals that are currently little or non-used for container service.
- d. Railroads should participate in the individual port central data portals, and in the National Supply Chain Data Portal
- e. Railroads should work with port authorities to develop or expand inland load facilities (AKA 'inland ports') serving the coastal ports.
- f. Railroads, at their inland rail ramps, should not enforce or apply ocean carrier restrictions on chassis choice.

#### **6. Chassis Shortage**

- a. Additional land will allow for empty containers to be moved and stored, freeing up chassis for use.
- b. Remove trade barriers that increase costs of chassis being exported to the US; and/or stimulate US manufacturing of chassis for US ports.

- c. Ocean carriers should provide chassis at the same cost, and set “free time” (no detention or demurrage) for their champion account importers at same terms as they do to smaller/medium importers, to assure all importers have equal incentive to get containers off chassis and off terminals.
- d. Any available chassis should be eligible to carry any container. End “box rules”: some ocean carriers require their containers to be carried only on chassis owned by a particular company. When that company’s chassis are not available, even if those of other brands are idle nearby or if the trucker has his own chassis, the trucker must drive around to find the ‘right’ chassis. Until then the container can sit on the ground.

## **7. Ocean Carrier Practices: Federal Maritime Commission Enforcement**

- a. Mandate carriers provide their shipper customers, terminals, truckers with accurate data of arrival times, loading windows, cargo cut, container return dates (ERD) and continuously update (as airlines do for their flights).
- b. Mandate carriers contribute all necessary data to each port’s central data portal
- c. Incentives for export carriage (vs. mandate); could include non-monetary options like preferred berthing access (first-in-line status) for carriers agreeing to increase export carriage
- d. International ocean carriers, should be required to carry our US exports (as long as they can be loaded/carried safely, and tendered timely, and are destined for the ports to which the carrier is already scheduled to arrive).
- e. Establish at the FMC a shipper advocate to resolve disputes between a carrier or terminal and the US exporter or importer.
- f. Prohibit ocean carriers from “marking up” marine terminal demurrage charges as set forth in their published tariffs. Typically, the marine terminals’ demurrage ranges from \$20/day to \$40/day. But the carriers add another \$100 to \$200/day, then invoice the BCO.
- g. Enforce the Federal Maritime Commission’s Interpretive Rule on Detention and Demurrage, which declares many current charges to be “unreasonable” (and thus a violation of the Ocean Shipping Act), as they are imposed even when the container is not available to the importer, exporter, trucker.
- h. Require carriers to certify compliance with the FMC D & D Rule as a condition to invoicing a shipper for such charges.
- i. Provide informal mechanism at the FMC allowing a shipper who is unfairly charged D & D or any fee by an ocean carrier, to submit the charge to the FMC (informally, without lawyers); the FMC will investigate, and if finding failure by carrier to comply with the D & D Rule, order waiver or refund of the charges, and as appropriate, impose Shipping Act penalties.
- j. Prohibit ocean carriers from imposing D & D or other charges on 3<sup>rd</sup> parties with whom they have no contractual relationship – freight forwarders, customs brokers, truckers.

- k. Prohibit demurrage or detention charges when a container is being held by a government agency for inspection or other purpose
- l. Earliest Return Date – reasonable notice: carriers must provide accurate ERD, may not charge detention/demurrage when the carrier changes it.

## **8. Creating a Competitive Marketplace**

The Justice Department should assess if the current structure of ocean container shipping services is limiting competition (facilitating freight rate increases and control of capacity).

## **9. USDA and CBP Contribution to Increased Export/Import Cargo Fluidity**

- a. USDA Inspection Services (APHIS, AMS, FSIS, etc.) – due to long delays of product leaving the port allow for inspections and associated documentation to allow for those delays. Having to re-inspect product, after an initial inspection and approval for shipment, causes additional delays that are unnecessary.
- b. Expanded CBP/APHIS hours of operations to prevent inspection/exam bottlenecks and impeded increased port hour operational success
- c. CBP should review its import enforcement and facilitation processes, including for instance, policies relating to “holds”, intensive exams, advance import cargo data sharing with ports/ terminals, and initiate changes which would increase import fluidity through the terminals and to the importer. CBP should share with Ports the vessel arrival information and container contents it gains through AMS filing, to give the ports and terminals time to plan for container processing prior to the vessel’s arrival.

## **10. Federal Financial Assistance for Agriculture Lost Sales, Transport Costs, Product Damage**

### **a. Farmer Payments for Product Loss or Sales as a Result of Port Delays**

- i. Loss of sales based on previous two-year export sales
- ii. Delayed arrivals at scheduled export destinations.
- iii. Rotten or lost product arriving at ports of entry. With increased delays of product arriving at ports of entry perishable products arrived rotten or damaged causing customers to seek payment for lost product and sales.

### **b. Transportation Cost Off-set**

- i. Transportation costs for freight of US products domestically is skyrocketing due to fuel costs and a shortage of truck drivers. This puts US farmers, ranchers and processors at a disadvantage when competing against low-cost imported product; and increases the cost of products for consumers. USDA should prioritize funding to a program that off-sets the sky-rocketing transportation costs for producers.

## **11. Restoring Port Authority Control over Port Operations**

Port Authorities which control terminal operations and policies can operate them in the public interest; several Southeast states are “operating ports”. US West Coast ports are “landlord ports”, leasing port property to companies which control terminal operations and pricing. If state laws were changed to allow Port Authorities to take control over marine terminals, would Port Executive Directors be able to take steps to increase terminals’ efficiency and more reasonable pricing?

### **Summary:**

Each of these 64 “solutions” requires a more detailed description and discussion of the feasibility, cost, benefits, interests of various stakeholders, the short-term and long-term impacts on the supply chain. We are glad to discuss, and add others. We encourage private parties and/or governments to consider these, add other ‘solutions’, and as appropriate, implement.

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