Agriculture Transportation Coalition
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Peter Friedmann's View from Washington DC
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There's a lot in motion these days, in the world, in the country and in the Nation's Capitol. But from the perspective of those of us who toil here in DC, there's a common thread that impacts every decision inside the Beltway.

The supply chain crisis has been raging for three years now, with the world watching ships lining up halfway across the Pacific waiting to berth at LA and Long Beach ports. It's creating congestion and delay, leading to shortages and increased costs of anything imported, or even assembled here in the US, comprised of imported components (such as automobiles). **The supply chain crisis is contributing to the highest rate of inflation in decades**. To try to get a handle on this crisis, Congress is on the verge of passing the **Ocean Shipping Reform Act of 2022, which the President has already promised to sign.**, What difference will it make? It will not suddenly result in additional ocean carrier capacity, the end of the chassis shortage, nor eliminate port congestion, and reduce spiraling costs of imported goods.. But it can provide hundreds of millions of dollars of relief each month to importers and exporters who have been trying to keep their businesses afloat in the face of mounting detention and demurrage invoices. The OSRA will provide the FMC with the tools to enforce the Commission's 3 year old Interpretive Rule on Detention and Demurrage Charges, setting forth the criteria as to what constitutes a 'reasonable' charge, and what does not. It could lead to increased number of containers and bookings available to US exporters. It will create a less intimidating means for importers and exporters to seek FMC review of disputed charges. While the carrier practices (the costly detention and demurrage) have been a particular motivation for retailers and other importers to lobby for OSRA passage, it is the exporters' plight that seems to have captured policymakers' hearts, as revealed by the statements of Senators, Representatives and Cabinet Secretaries.

West Coast ILWU-PMA Longshore Contract: Top of mind for all exporters, importers, truckers, rail and ports is: "**what happens when the current longshore contract expires June 30** – less than 3 months from now!" All desperately seek to avoid the disruption which has accompanied each contract expiration, forcing carriers to reroute ships, and causing exporters and importers to divert or otherwise replace cargo (at great expense). There is trepidation among retailers, agriculture exporters, manufacturers and all others, as June 30 approaches. The central issue between the terminals and the Ocean carriers? Automation of West Coast marine terminals. The terminal operators and carriers say it is essential if our US ports are to match the efficiency levels of Asa and European ports; ILWU fears massive job losses.

The contract has the White House's attention as never before. The supply chain is stretched beyond its limit. **Inflation is rampant, the costs associated with the supply chain crisis are blamed for much of the cost increases to consumers.** Further disruption would push those costs "off the rails". Just 5 months before the Mid-Term Congressional elections which will determine which party controls the Congressional agenda for the remainder of President Biden's term.

The White House has appointed Secretary of Labor Marty Walsh to lead efforts to avoid disruption, as **the ILWU and the employers (West Coast terminal operators and ocean carriers) argue over whether to permit automation of the West Coast terminals** – the central issue in this year's negotiations. Exporters, importers, manufacturers, agriculture, customs brokers and forwarders, truckers are all pressing the ILWU, the PMA and the WH to not all our West Coast ports to slow even further, even as many are starting to make plans for alternative gateways in the Gulf and EC, in case negotiations do not resolve issues, prior to the contract lapsing.

Once again, several Senators have "introduced the Prevent Labor Union Slowdowns (PLUS) Act to change the National Labor Relations Act to define a labor slowdown by maritime workers as an unfair labor practice. The bill also makes it an unfair labor practice for labor unions to block modernization efforts at ports and specifies that refusing to work automated vessels is an unfair labor practice." Obviously, the bill has been and will again be fiercely (and successfully) resisted by ILWU, ILA and all labor unions, as well as many in Congress and the Administration. There will also be attention focused on the ocean carriers' unprecedented profits. So this could be a contentious negotiation All eyes remain on June 30, even while the Administration's eyes are on looking ahead to the im**pact of these negotiations, on inflation** – which will determine the outcome of the November midterms.

The state of the longshore negotiations should be more clear when we convene in Tacoma for the 34th AgTC Annual Meeting in June.

Customs & Border Protection can help or hinder trade. US DOT Secretary Pete Buttegieg has often stated that it will take an "all of govt approach" to effectively address the supply chain crisis. So the question arises: if USDOT and USDA and FMC are engaged, what about the Federal agency that greats and processes every import brought into the US, by ship, by rail, by air? Is CBP part of the "whole of govt" that is addressing the supply chain crisis? What is it doing, what is its responsibility? Is CBP, at headquarters, at the Districts, at Centers of Excellence, and in the field considering the impact of their decisions and actions, on the supply chain? Or are they focused on enforcement, revenue, without regard or even awareness of their impact on the flow of commerce?

We are concerned about recent overzealous and incorrect inspections and rejections imposed on several AgTC members, in addition to recent messaging from CBP HQ that suggests increased focus on enforcement, and less focus on facilitation. Proposed mandates contained in "Customs in the 21st Century" are worrisome, even holding US licensed customs brokers to standards that are unrealistic, yet threaten the brokers with unprecedented exposure to penalties and other liabilities. In addition, actions in the field suggest that the "whole of govt" campaign against the supply chain crisis, has not filtered down to all in the field. The CONECT Customs Committee is constructively addressing these issues,

Some things aren't changing. **While Joe Biden and Donald Trump would *never* claim to have *anything* in common, they actually do in at least one area at the core of CONECT's mission – trade policy.** Two years into his Presidency, Joe Biden has made no effort to rescind the "Trump Tariffs on China"; so now they could be called the "Biden Tariffs on China". It is really no surprise, both Presidents have always talked about bringing manufacturing back to the US, and both have allied with and curried favor with labor unions. With the supply chain crisis caused by the overwhelming volume of import cargo flooding into our ports, the calls to bring manufacturing "home", as voiced by both Presidents (and thus avoid the need to ship everything across the seas, into the US), are only going to increase. On the other hand, those seeking repeal of the tariffs point out that they are **increasing the cost of everything coming from China, which is driver of inflation**. Thus, keeping the tariffs intact may curry favor with labor, doing so also fuels inflation, which could jeopardize the role and influence of the party with the closest relationship with labor.

Can ports expand to alleviate congestion and delay? On the East and Gulf coasts, the ports are expanding. The biggest ports are dramatically growing their footprint by adding large tracts of adjacent acreage. The somewhat smaller ports are doing the same, attracting significant addition cargo, and new vessel service by the world's largest container carriers. Adding acreage is not an option for the West Coast container ports, there isn't any adjacent land available. While inland load points are standard at most East and Gulf Coast ports, virtually none exist to serve West Coast ports. What's a solution for the West Coast? One might be to build an entirely new container port, with deep draft, terminals that are minutes from open ocean. Can this happen, the only land is in very rural areas, lacking the major interstate highway access that serves all the major US container ports? One might use the spectacular growth of Prince Rupert as a model, as long as the rail service is sufficient. It is a concept being pursued by global investors at the **Oregon Port of Coos Bay**. Ambitious? Certainly, but there aren't many options for growing port capacity on the West Coast.

As if the world needs more uncertainty, **Russia's invasion of Ukraine** appears to have united the world, at least that's the impression if one watches US media outlets…but has it? Much is made of the fact that over 170 countries voted at the UN to sanction Russia; it sounds significant, doesn't it? But less know is the fact that 41 countries did not, either against or abstained. And those 41 represent approximately 60% of the world's population, including economic powerhouses China and India. Gives one pause, doesn't it?

The war may be in Ukraine, but the impact here in the US is tangible. Ukraine has been the breadbasket of Europe and other countries, who will now shift purchases of grain to other countries, including the US.

The war has created disruption in the global supply of oil and gas as many countries have raced to discontinue commercial relations with Russia. It has driven up the price of oil, and gasoline at the pump – the place where **inflation** becomes painfully apparent to all Americans, including those who vote. High gas prices have led to defeat for US Presidents in the past, so the current Administration is working to moderate the pain, by releasing Strategic Petroleum Reserves. Why? In my mind, **at least partly to moderate inflation**, the greatest threat to maintaining the Majority in Congress.

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