

## Ocean carriers pledge efforts to hit OSRA export mandates

Michael Angell, Associate Editor | Jun 21, 2022 12:50PM EDT

The two largest global container lines, Maersk and Mediterranean Shipping Co., and a new entrant to the trans-Pacific market, Transfar Shipping, are touting export services for agricultural shippers as US shipping reform puts the onus on ocean carriers to show they can also handle exports while dealing with an import surge.

All three carriers are part of [Federal Maritime Commission \(FMC\) probes into how they are serving US exporters](#) as imports overwhelm ship and port capacity, container and chassis availability, and raise overall transportation costs. Transfer came into the market last year to serve the import surge, but the independent carrier now has deals for fixed berth slots at two West Coast marine terminals from which it says it can offer export services.

The Ocean Shipping Reform Act of 2022 (OSRA), [signed into law last week by President Joe Biden](#), requires container lines to regularly report to the FMC how many exports they're loading and from which ports. The agency is also mandated to draw up rulemaking that more clearly defines when a container line not accepting exports is considered unreasonable.

The law's impetus largely came from aggrieved US agriculture shippers who claim ocean carriers unfairly denied them export space and containers in favor of quickly returning empty boxes to Asia to be re-loaded for the next round of more profitable exports back to the US. Container lines, in prioritizing higher-paying imports, have said that repositioning containers to load exports will hurt already record-low reliability and network fluidity.

Speaking at the Agriculture Transportation Coalition (AgTC) annual meeting, Federal Maritime Commission Chairman Daniel Maffei said that even before OSRA's passage, ocean carriers have been looking at how they can provide more export capacity to head off scrutiny from regulators.

"I believe [OSRA] creates an affirmative obligation by carriers to take exports," Maffei said. "A lot of carriers are anticipating this and some of them have created their export program. Once they knew it was going to happen, we had movement."

## Export boxes in tight supply

A big hurdle that ag shippers face is getting an empty container for an export booking due to repositioning of empties back to Asia. In a bid to relieve the strain, MSC has been sending up to 1,000 empty containers per week from Long Beach up to Oakland, a major gateway for California's agriculture exports, Fabio Santucci, MSC's US president, told the AgTC audience.

“There was a clear imbalance,” he said. “There were not enough containers.”

Along with equipment challenges, ag shippers have been hit by the decline in ship schedule reliability, which is particularly critical for time-sensitive food shipments.

Santucci said ag shippers once had a seven-day window for bringing exports to a dock ahead of a ship’s arrival, allowing them ample time to secure a trucker. But docks flooded with imports and with only a few ships arriving on time, export receiving windows are much smaller, Santucci said, leaving ag shippers to scramble for drayage at the last minute.

“There are clearly issues about getting the cargo ready, particularly when the receiving window is shrinking,” Santucci said. “With the lack of space and congestion, those windows have been reduced more and more for operational reasons.”

To that end, MSC added five extra ships to the 10 that are regularly on its “California Express” service, which connects the state’s ag shippers to Europe and West Mediterranean. The five extra ships allowed the service to make weekly calls, even as other ships were tied up in port congestion. Santucci said the five additional ships, which cost about \$300 million in yearly chartering costs, were needed “just to keep the old service in place.”

With Southern California ports jammed, MSC added a Portland call to one of its trans-Pacific services to offer ag shippers in the Pacific Northwest more capacity and an additional shuttle service between Portland and Asia.

## Maersk seeks to avoid rolling exports

Joseph Dokus, who heads Maersk’s westbound trans-Pacific business, said the carrier is looking to eliminate instances where export ag freight gets rolled to a later departing ship. Maersk offers bilateral commitments to a specific departure through offering export space on the New York Shipping Exchange’s (NYSHEX) booking platform, which enforces those commitments.

Dokus said that all of Maersk’s short-term export contracts, those 90 days or less, have bilateral commitments. According to a presentation from NYSHEX, US export contracts executed on its platform were about 150,000 TEU in the first quarter of 2022.

In addition to the short-term contract commitment, Maersk is also looking to roll out a similar quarterly contract commitment that will allow a shipper to parcel out shipments over several months. Dokus said the contract commitments are being rolled out to other countries, but “at its core has been American agricultural volumes.”

## Transfar readies export program

Jon Monroe, the chief US representative for Transfar Shipping, told the audience at AgTC that the carrier is “ready to flip the switch in early July on our export program.”

The independent carrier, which has not carried any US exports, is among the new entrants to the trans-Pacific market that are part of the FMC's ongoing probe into the export program of all carriers that serve the US.

Monroe said Transfar could not address the export market when it started US service last year because it didn't have a regular marine terminal to call. Rather, it was among the independent carriers that were relying on ad-hoc berth space to open in the Southern California import gateway.

He said Transfar now has berthing agreements with SSA Marine's Pacific Container Terminal in Long Beach and the Oakland International Container Terminal. Having regular berth space means more reliability in offering an export service, Monroe said. In addition, Transfar, which has seven ships now, plans to bring its fleet up to 13 by the start of 2023, he added.

“We're in this for the long run,” Monroe said.