Committee on Transportation and Infrastructure
U.S. House of Representatives
Washington DC 20515

Peter A. DeFazio
Chairman
Katherine W. Dedrick
Staff Director

Sam Graves
Ranking Member
Paul J. Sass
Republican Staff Director

March 8, 2021

The Honorable Michael A. Khouri
Chairman, Federal Maritime Commission
Federal Maritime Commission
800 North Capitol Street, NW
Washington, D.C. 20573

Dear Chairman Khouri:

As you are aware, the COVID-19 pandemic completely upended the shipping industry, resulting in severe backups at ports and disrupting every link in the maritime supply chain.[1] Unprecedented demand for imported products due to the consumer shift toward mass home delivery has exacerbated our trade imbalance with foreign countries.[2]

In response, many ocean carriers have prioritized higher value foreign goods over U.S. agricultural products.[3] These carriers have elected to ship empty containers back to foreign ports while increasing charges on agricultural exports up to $500 per container to China and other Asian countries, resulting in limited shipping capacity for U.S. farm exporters.[4] This has led to widespread spoilage of produce and threatens not only the financial wellbeing of our farmers, but also the reliability of our domestic agriculture industry as an international trade partner, the delivery schedules for other intermodal components of the supply chain, the lifeblood of our rural communities, and the broader U.S. economy.

Sales of U.S. agricultural products to foreign markets account for one-fifth of U.S. agricultural production, representing $136 billion and approximately 8 percent of total U.S. exports

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[1] Marketplace. *Record port backups hit California as U.S. consumers supercharge purchases* (January 29, 2021) *available at* https://www.marketplace.org/2021/01/29/record-port-backups-hit-california-as-u-s-consumers-supercharge-purchases/

[2] The Wall Street Journal. *Global Outlook Brightens as U.S. Consumer Imports Reach Pre-Pandemic Levels* (October 6, 2020) *available at* https://www.wsj.com/articles/u-s-trade-gap-in-august-was-largest-since-2006-11601988513

[3] CNBC. *California asks Federal Maritime Commission to take action on agricultural shipping delays* (February 2, 2021) *available at* *https://www.cnbc.com/2021/02/02/california-asks-federal-maritime-commission-to-take-action-on-shipping-delays-.html*

[4] *Id.*

in FY 2020.[5] The economic benefits of agricultural exports also extend across rural communities, while overseas farm sales help to buoy a wide array of industries linked to agriculture, including transportation, processing, and farm input suppliers.[6] Further, the U.S. Department of Agriculture's Economic Research Service forecasts inflation-adjusted U.S. net cash farm income to decrease $10.4 billion and for U.S. net farm income to decrease $12.0 billion in 2021.[7]

We are writing to ask that the Federal Maritime Commission takes immediate action to ensure that ocean carriers are abiding by subtitle IV, Regulation of Ocean Shipping, of title 46, United States Code, popularly known as the Shipping Act. Specifically, we would like to know:

1. If Commissioner Dye's Fact Finding 29 investigation on International Ocean Transportation Supply Chain Engagement found that the carriers and MTOs are operating in compliance with the Interpretive Rule on Detention and Demurrage that became effective on May 18, 2020.[8]

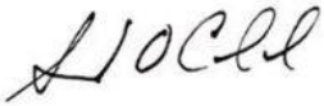
2. Whether there have been any violations of 46 U.S.C. 41102(c), which prohibits unjust and unreasonable ocean shipping practices and regulations related to, or connected with, receiving, handling, storing, or delivering property.

If you have questions, please contact Matt Dwyer, Democratic Staff Director, Subcommittee on Coast Guard and Maritime Transportation at 202-225-4472, or John Clark Rayfield, Republican Staff Director, Subcommittee on Coast Guard and Maritime Transportation, at 202-225-3372. We appreciate your attention to this matter and look forward to hearing any updates from the Federal Maritime Commission.

Sincerely,

Peter A. DeFazio
Chair

Sam Graves
Ranking Member



Salud Carbajal
Chair
Subcommittee on Coast Guard
and Maritime Transportation

Bob Gibbs
Ranking Member
Subcommittee on Coast Guard
and Maritime Transportation

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[5] Congressional Research Service. *Major Agricultural Trade Issues in the 117th Congress* (January 8, 2021) *available at* https://www.crs.gov/Reports/R46653?source=search&guid=de388c374cf24f6e9e8c94e536ca9e17&index=5
[6] *Id.*
[7] USDA Economic Research Service. *U.S. farm sector profits forecast to fall in 2021* (February 5, 2021) *available at* https://www.ers.usda.gov/data-products/chart-gallery/gallery/chart-detail/?chartId=100436
[8] Fed. Maritime Com. FF no. 29, 85 Fed. Reg. 19146 (April 6, 2020).