
Summary of Testimony of

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Before

Committee on Agriculture
US House of Representatives

"Uncertainty, Inflation, Regulations: Challenges for American Agriculture"

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The Agriculture Transportation was established in 1988 to provide a voice for a broad cross-section of U.S. agriculture exporters, importers requiring dependable, affordable ocean, rail and truck transportation services to maintain and grow foreign market share.

Maritime press declared the AgTC as "the principal voice of U.S. agriculture exporters in transportation policy." Members are primarily ag exporters and importers, also their forwarders, truckers, trade associations, state commodity commissions, Departments of Agriculture.

The AgTC annually conducts Ag Shipper Workshops around the country, culminating in the AgTC Annual Meeting - the nation's largest annual gathering of ag international transport stakeholders.

**Outline of Comments:**

1. **We Cannot Take Global Demand for US Agriculture For Granted**
2. **Role of the Federal Government – Congress, Executive Branch and Agencies**
    a. **US agriculture exporters brought Congress and the Administration together in a bipartisan way in 2022**
    b. **There's More to Do to Improve the Ag Transport Supply Chain**
    c. **Intl Shipments to Inland Rail Ramps Requires Federal Regulatory Clarity**
    d. **Infrastructure**
3. **Agriculture Export Supply Chain is Complex and Fragile – Case Study**
4. **Conclusion**

## 1. We Cannot Take Global Demand for US Agriculture For Granted

There is virtually nothing in US agriculture and forest products grown or produced in this country that cannot be sourced or substituted with products from elsewhere in the world; if we cannot deliver affordably and dependably, both our foreign and US customers can, and have proven they will, shift their purchases to those other countries, sometimes permanently. This has in fact occurred periodically, for pork, beef, cotton, almonds, soybeans, fresh fruit, etc.

## 2. Role of the Federal Government – Congress, Executive Branch and Agencies

There is a role for govt to assure adequate supply of transportation services. Federal and State policies and laws can and do either facilitate the flow of ag commerce, or in a number of states, hinder it.

### a. US agriculture exporters brought Congress and the Administration together in a bipartisan way in 2022

Recently, Congress has been very active on ag transportation, last year passing one of the very few, if only major pieces of legislation to move through the US Senate unanimously and passing the House overwhelmingly three times – the Ocean Shipping Reform Act of 2022 (OSRA). While all importers and exporters benefit by OSRA, the primary sponsors were Congressmen and women, bipartisan, on behalf of their ag constituents – beef, pork, almonds, hay, lumber, cotton, etc.

There are significant requirements in OSRA designed to prevent or alleviate significant unreasonable practices by the ocean carriers which at times rendered US agriculture an undependable and unaffordable supplier to the world during the past few years of the COVID supply chain crisis.

The Federal Maritime Commission is responsible to assure compliance with the Ocean Shipping laws, and is now engaged in Rulemakings to implement OSRA.

### b. There's More to Do to Improve the Ag Transport Supply Chain

More is needed to improve the transportation supply chain, for example, legislation has been introduced:

- to make **truck weights** reasonable,
- assure availability of **truck drivers**,
- provide reasonable **hours of service** (driver hours);

Congress and the White House must continuously monitor and engage as necessary to assure the labor-management disputes do not disrupt the supply chain.

**Rail:** This past fall both the White House intervened to prevent threatened national rail strikes; Congress was ready with legislation if needed.

**Port Labor**: Currently the West Coast port gateways are operating without a longshore labor contract in place, creating uncertainty, and causing shift of carriers and cargo from the West Coast ports to East and Gulf coast. Hopefully to be resolved in coming months.

### c. Intl Shipments to Inland Rail Ramps Requires Federal Regulatory Clarity

Currently, for international ocean shipping movements that originate or end at inland locations, regulatory jurisdiction is unclear. Thus, when a shipper is treated unreasonably by the railroad of the ocean carrier for such an international shipment, does OSRA apply subject to the Federal Maritime Commission regulation, or does the Surface Transportation Board apply its own regulations? This uncertainty is currently preventing exporters and importers from gaining intervention and resolution of significant impediments to efficient freight movement in those inland locations.

### d. Infrastructure

The supply chain crisis of the past few years exposed deficiencies in our infrastructure capacity. Ports nationwide were overwhelmed, as were communities in surrounding areas. Inland rail ramps and surrounding areas were also unable to handle the volume of trade that was entering and leaving the US. West Coast ports need enlargement of existing marine terminals, and building of new terminals, even construction of entire new deep-water ports. Some are now being proposed, seeking Federal infrastructure funding.

There must be continued expansion of **inland rail depots**, some relatively near the seaports, to relieve the pressure on the marine terminals at the seaports. There are many along the East Coast, but more will be effective. More are needed along the Gulf Coast. In comparison, the West Coast remains painfully and inexcusably lacking in inland rail load points to serve the overwhelmed West Coast seaports. They are desperately needed. It will require Class I railroads, short line railroads, state and local governments, port authorities and shippers to get these planned and built.

**Road access** is always needed, we hope the funding in the infrastructure bills will provide necessary expansion.

## 3. <u>Agriculture Export Supply Chain is Complex and Fragile – Case Study</u>

The transportation of agriculture for international delivery is complex and delicate. Let's take, for example, cotton, or grain, or soybeans, or beef or pork, originating in the heartland. One can see how many independent components, various transport modes – truck, rail, rail ramps, marine terminals, cold storage facilities, chassis,

ships -- are required, and how delay or shortage of any one, at any point, will disrupt or prevent the flow of agriculture, from US origins to the foreign customer.

- Truck to pick up empty ocean containers from a local or regional rail-ramp (Presuming the ocean carrier has directed the railroad to position those empty containers there – sometimes requiring repositioning of empty containers hundreds or more miles from a seaport or inland location to that particular rail-ramp),

- Truck to the inland production or packing facility,

- Loaded, then trucked back to the rail ramps where they will wait which can be days or weeks, for a train,

- Loaded on railroad, then railed to the coastal seaport.

- Then access to the marine terminals at the seaports, either:

    - by on-dock rail, onto the marine terminal. Then, when ship arrives and is ready for loading, loaded on ship, which departs for foreign destination.

    - or container is offloaded from the train at a rail yard near the port, where it can sit for days or longer. When the ship arrives, a trucker finds a chassis (the trailer upon which the ocean contain sits when pulled by a truck), of the same brand as designated by the ocean carrier, which is brought to the rail yard; the container is loaded on that chassis, the trucker then seeks an appointment at the marine terminal to enter the gate (these appointments are often not available). Trucker brings to the terminal, can wait many hours or longer to enter. Then the container goes to the ground in the terminal, to await ship arrival and availability for loading.

    - Note: much agriculture travels from the heartland in bulk rail 'hopper cars", which arrive at near-port 'transhipment' facilities where the bulk commodity is transferred into an ocean container, then, as described above, loaded on a chassis, taken to the marine terminal, etc.

- Once loaded on ship it departs for foreign destination, where most of the process above must be repeated, in reverse.

- At any point in the supply chain described above, a delay can occur, which then creates a crisis that extends throughout the transportation plan, not only for the particular shipment, but for all shipments of all shippers.

- **Refrigerated agriculture**. If you think this is complex, think about all our agriculture that requires refrigeration. Special ocean containers with precisely controlled temperature – frozen or chilled. Cold storage facilities near the inland rail ramps or truck depots, cold storage at or near the seaports. Reefer plugs on the marine terminals, and on the ships, and at the terminals at the foreign seaport destination…

## 4. Conclusion

The Agriculture Transportation Coalition on behalf of all agriculture and forest products members thanks the Committee for your attention to and pursuit of transportation efficiency, which is fundamental to US agriculture viability.