



Statement For the Record

House of Representatives

Small Business Committee Hearing

*Unleashing Main Street's Potential  
Examining Avenues to Capital Access*

January 18, 2024



Chairman Williams, Ranking Member Velazquez, and members of the Committee, thank you for holding today's hearing on the issue of *Unleashing Main Street's Potential: Examining Avenues to Capital Access*.

My name is Bruce Burrows and I serve as the President and CEO of the Chamber of Marine Commerce. Our association supports small shipping companies that deliver materials throughout the Great Lakes, a region critical to the US and the global economy. Our shipowner members cost efficiently move raw materials and products that many small businesses depend on.

Today's hearing isn't just important to highlight the need for access to capital for small businesses, but to also highlight what the government is doing to prevent small businesses from growing and succeeding. If small shipping companies are going to continue to be able to support small businesses, we need your help. The Federal government shouldn't be in a position to increase fees at rates that are not backed up by data. The government should be looking at us as partners, not ATM machines.

Access to capital is critical for any small business growth, but so is being able to take the resources from sales of goods and services and reinvesting it back into our companies without having to take on any added debt. Today, with actions being taken by the Department of Agriculture, our costs are going to be so high that many small businesses will be impacted as they will face more costs to get raw materials.

Small businesses play a vital role in our nation's economy, serving as engines of innovation, job creation, and community development. It's imperative that we foster an environment conducive to their success. One key aspect of this environment is a fair and reasonable government fee structure that does not unduly burden these job creators.

As small businesses we are willing to pay our fair share, but the new fees being levied by the U.S. Department of Agriculture on small shipping companies to help fund the Department's Agricultural Plant Health Inspection Service (APHIS), which supports the Department's Agricultural Quarantine and Inspection (AQI) services, are not fair and reasonable, but excessive and job killing.

Last year the Department of Agriculture issued a proposed rule which would increase APHIS fees on small shipping companies by 290% in 2024 and 331% by 2028. For our members, this amounts to a \$2,009,000 increase.

This is a fee that will make it hard for any small shipping company to compete. Some might say simply pass that cost onto consumers. Haven't we seen inflation reach high enough levels where consumers cannot keep paying more. Consumers are not going to be able to pay these costs, nor should they, just as our small shipping companies can't and shouldn't have to.



While the proposed increase is ostensibly based on the increasing size of international container ships calling on U.S. ports, it fails to consider that our vessels have not increased in size over the years. Our ships are predominately traveling through the Great Lakes and are not the super ships these fees are meant for. Even in their presentations on this topic, the Department of Agriculture refers to super ships to justify the need for this increase. The Department has created a one size fits all approach that hurts small businesses. These fees are beyond excessive, they amount to an overreach by the Federal government, which will put small shipping companies out of business.

The proposed fee increase is based solely on the container shipping sector's growth, ignoring the different marine sectors that have not seen a corresponding increase in vessel size. Our vessels are intentionally size-constrained due to the nature of their trade and the physical limitations imposed by the U.S. Saint Lawrence Seaway lock system. Therefore, the rationale for a 290% fee increase in 2024 does not apply to our ships.

The proposed increases essentially would result in our members' Great Lakes vessels subsidizing the ocean container trade. Given our more frequent port visits and specific trade demands, this disproportionately impacts the Great Lakes short sea shipping trades. Canadian and American vessels play a pivotal role in supporting both the U.S. and Canadian economies by transporting essential cargoes through the Great Lakes and Saint Lawrence Region. These cargoes include critical materials like iron ore, stone aggregates, asphalt, road salt, cement, grain, heating oil, fuel, chemical products, and other commodities.

This benefits many small businesses such as construction companies, food services, and fuel distributors. Many of these cargoes have low dollar values, and the margins for commercial vessels carrying them are generally thin. However, these commodities contribute significantly to the broader economy, particularly in infrastructure and construction projects. These fees will have a negative impact on the supply chain, which still has not caught back up from the impacts COVID had on our economy.

The cumulative effects will disproportionately affect both Canadian and American domestic vessels in the Great Lakes and Saint Lawrence region. A 290% increase in APHIS fees by 2024, with further annual increases, could have significant repercussions on lower-dollar-value trades, potentially forcing a modal shift away from the marine mode.

Such a shift would have profound impacts on the environment, highway congestion, rail traffic, and APHIS inspections for other modes.

To address these concerns, we urge APHIS to reconsider its approach to the proposed fee increase. We recognize the need to align fees with the level of effort required for inspection, but a one-size-fits-all approach does not account for the significant differences in vessel types and trade dynamics. Our vessels operating in the Great Lakes and Saint Lawrence region generally pose lower risks of carrying harmful species compared to international ships.



We strongly recommend a more refined fee structure that differentiates ship types and sizes, recognizing the lower risk posed by Great Lakes bulk carriers. We urge the Department of Agriculture to hold stakeholder meetings to hear from us about what we do and what solutions we have to help their efforts. This type of approach will be a collaborative one, which will bring about sound policy for all. We are simply asking the Department of Agriculture to work with us on a fee structure that fits our industry and does not impose one size fits all policy, that will damage the economy, the resurgence of our supply chains, and our industry.

In conclusion, we understand the vital importance of protecting crop and livestock health from potential harmful organisms, as well as the mandate for APHIS to be financially self-sufficient. However, the proposed fee increase disproportionately impacts our members' vessels, which serve critical roles in the regional and national economies. We believe that implementing a fair and equitable fee structure based on vessel size and expected risks will better reflect the actual workload, ensuring a sustainable and efficient approach for all stakeholders.

Chairman, Ranking Member, and members of the Committee, we need your help today. We cannot sustain our small businesses when the government is imposing increased fees on our business of over \$2 million annually. A 290% fee increase is a hijacking of our industry and an attack on small businesses, who continue to be the economic engine driving the global economy.

We appreciate your attention to our concerns and look forward to further dialogue on this matter. Please feel free to contact us if you require any additional information or if you would like to discuss potential solutions.