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Container lines warned over US exports

Former regulator suggests legislation is necessary to enforce carriage of exports

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Box carriers are accused of prioritising empty equipment returns over cargo exports. Regulatory pressure could be brought to bear on lines to ensure export commitments are met



US REGULATORS ARE ALREADY TAKING A CLOSER LOOK AT EXPORTS

Source: AP

CONTAINER lines could face additional regulatory burdens in the US if the supply chain issues surrounding containerised agricultural exports are not resolved.

Speaking in a webinar hosted by the European Maritime Law Organisation, former Federal Maritime Commission member William Doyle warned that the power of the farm lobby was not to be trifled with.

“If you want to work with any administration, whether it is Republican or Democrat, our number one priority in the US is our export products,” said Mr Doyle, who is now executive director of the port of Baltimore.

“The agricultural industry and the farmers hold a lot of sway and they need to get their products into the world market.”

Agricultural producers have become increasingly frustrated at the lack of available containers for exports.

They have claimed that carriers are prioritising the return of empties that can be restuffed for lucrative head haul services over lower-value back haul export cargoes.

One shipper recently claimed that the pandemic-driven congestion in the supply chain had been a “disaster” for US exporters.

“Three out of every four boxes leaving Los Angeles and Long Beach are empty,” said April Zobel, export traffic manager at agricultural goods exporter The Andersons.

“Coupled with the number of vessels that are sitting at port across the network, it has really become a disaster for the US exporter. Every stakeholder in the agri-business and more broadly in the US export sector is feeling the impact.”

Propelled by unhappy voters, US legislators have called on the FMC to investigate the blocking of US export cargoes by carriers.

Surging demand for imports has led to congested ports and inland supply chains, which in turn has reduced turnaround times for container equipment.

This in turn has led to a shortage of containers in Asia’s export markets, a factor behind the recent record high spot freight rates.

For carriers to mitigate that demand issue requires a fast return of containers on the backhaul, often at the expense of waiting for containers to be filled with export produce.

But the World Shipping Council rejects claims that exports are being affected and carriers say terminal congestion is the main factor in the shortage of export space.

Nevertheless, Mr Doyle warned that a solution must be found.

“What I would recommend on the ocean carrier side is that we find ways and solutions to get those agricultural products from middle America to the west coast, find those containers and get them filled with agricultural products and get them on to the world market,” he said. “Because what you’re going to be faced with if we don’t is legislation.”

Laws could be introduced to “enforce and ensure” that products were put in containers and that empty containers are not the first priority going back to Asia, he added.

“I think it is time to do that,” Mr Doyle said. “A working group could be put together between port authorities, the shippers, the carriers and agriculture. Time is of the essence. It is very important that we pay attention to our export market.”

Original article by James Baker of Lloyd's List, bringing curated maritime news and market analysis to help professionals connected to maritime trade around the globe stay well-informed. Read more here (c) 2021 Informa PLC