



2023 KEY OBJECTIVE SUMMARY INTERNATIONAL AFFAIRS

ISSUE: SHIPPING AND PORT CONGESTION

IMPORTANCE: Over the past several years, U.S. beef and pork export volume and value have grown exponentially. However, ongoing shipping delays and disruptions, driven in part by nefarious ocean carrier practices and frequent work stoppages, are jeopardizing U.S. agricultural competitiveness in critical foreign markets.

Ocean carriers have often declined or canceled export cargo bookings, providing little or no notice to exporters, whose shipments, because of these carrier practices, have been delayed by weeks or even months. The resulting inability of shippers to deliver their products on schedule affects the reliability of American exporters, and decreases export values and market share.

NAMI has been working closely with the Agriculture Transportation Coalition (AgTC) and other organizations to address the ongoing crisis at U.S. ports, which is hindering U.S. agriculture trade, including trade in meat and poultry products. As part of this effort, NAMI and these partner organizations have been pressing Congress, the Administration, and the Federal Maritime Commission (FMC) to hold ocean carriers accountable for their practices, as agriculture importers and exporters face unjustified, punitive detention and demurrage charges, persistent challenges obtaining and maintaining export bookings, and ongoing problems accessing containers and other vital equipment to ship products to critical overseas markets.

In particular, NAMI, along with the AgTC and other industry organizations, helped secure passage of the bipartisan [Ocean Shipping Reform Act](#) (OSRA), which President Biden signed into law in June 2022. The legislation represents the largest overhaul of the ocean shipping industry since 1998 and addresses the punitive detention and demurrage charges ocean carriers have levied on U.S. agriculture shippers, including meat and poultry importers and exporters. The law also prohibits ocean carriers from unreasonably declining U.S. exports and enhances the FMC's oversight authority to respond to carriers' nefarious practices. Specifically, the law:

- Requires ocean carriers to certify that any late fees—known in maritime parlance as “detention and demurrage” charges—comply with federal regulations or face penalties.
- Shifts the burden of proof regarding the reasonableness of “detention or demurrage” charges from the invoiced party to the ocean carrier that issues the charge.
- Prohibits ocean carriers from declining opportunities for U.S. exports unreasonably, as determined by the FMC in new rulemaking.
- Requires ocean common carriers to report to the FMC how many empty containers they are transporting.
- Authorizes the FMC to self-initiate investigations of ocean common carriers' business practices and apply enforcement measures, as appropriate.
- Establishes new authority for the FMC to register shipping exchanges.

As required by OSRA, the FMC has launched a series of rulemakings to implement the law's provisions. NAMI and its affiliate organization, the Meat Import Council of America, submitted [joint comments](#) responding to the agency's [proposed rule](#) on demurrage and detention billing requirements. NAMI and MICA broadly support the proposed rule, and encourage its prompt adoption and subsequent implementation as a final rule, which the organizations assert would bring fairness, transparency, and predictability to detention and demurrage billing practices.

NAMI has also worked closely with, and supported, the Biden Administration's efforts to improve existing port capacity to minimize ongoing congestion issues. Furthermore, NAMI, as part of a larger coalition, has pressed USDA to alleviate logistical issues at the Port of Houston, including addressing the shortage of chassis at the port. In 2022, USDA reached an [agreement](#) with the Port of Houston to fund additional chassis. NAMI is currently engaging the Administration and Port of Oakland to press for additional reefer capacity to accommodate chilled and frozen meat exports to top U.S. customers in Asia.

More recently, NAMI worked with the Agriculture Transportation Working Group and other coalitions to urge Congressional intervention to avert a rail strike, after four of the 12 rail unions voted to reject a tentative labor agreement reached in September 2022. NAMI's efforts proved successful, as Congress approved legislation imposing the tentative agreement and avoiding a rail shutdown.

In the last few months, NAMI has been monitoring disruptions at West Coast ports stemming from coordinated work actions from the International Longshore and Warehouse Union (ILWU). These work stoppages have impacted operations at the Ports of Los Angeles, Long Beach, Oakland, and Seattle, among others. Although contract negotiations between the ILWU and the PMA are ongoing, members of the ILWU have reportedly engaged in work actions to demand better pay. NAMI remains engaged in coalition efforts to press for a swift resolution to the contract negotiations and is urging the White House to take a more active role in the discussions to minimize future disruptions.

In 2023, NAMI intends to continue to work with the FMC and the Biden Administration to ensure OSRA is implemented. The Meat Institute will also engage ports and other critical supply chain stakeholders to address ongoing capacity and logistical concerns.

OBJECTIVES: Advocate for and advance concrete legislative and regulatory proposals aimed at resolving current and mitigating future transportation challenges facing meat and poultry trade.

ACTION STEPS:

- Engage with the FMC, regulatory agencies, and policymakers to underscore challenges facing U.S. agriculture shippers and to encourage concrete solutions, both through Executive action and legislative proposals, to alleviate port congestion and thwart exploitative ocean carrier practices.
- Advocate for laws and regulations that codify FMC's authority and bolster the agency's resources to enforce laws governing the U.S. shipping industry. Press for ocean carrier compliance with those laws.
- Participate actively in coalition efforts to address concerns of NAMI members, the meat and poultry industry, and the broader agriculture sector.
- Conduct ongoing outreach to NAMI members regarding the impact of rail and port delays and ocean carrier practices on their business.