

Shipping: Logjam at ports will likely persist well into 2022

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agricultural exporters in another way, too. Once international customers turn elsewhere for products, Friedmann said U.S. producers risk losing them forever.

"If we can't deliver it affordably and dependably, our foreign customers will go somewhere else," he said. "The reality is, there is nothing we produce here in the U.S. agriculturally ... that can't be sourced from somewhere else in the world."

Experts say the logjam at ports will likely persist well into 2022, though new legislation and infrastructure improvements may help to alleviate the problem.

'Self-inflicted wounds'

Friedmann said there are several "self-inflicted wounds" that led to the crisis.

Most terminals along the West Coast, he said, were built to accommodate smaller ships that carried 7,000 containers at a time. Today's largest vessels are almost a quarter-mile long and carry from 18,000 to more than 22,000 containers.

"There's no place to store this stuff when it gets off (the ship)," Friedmann said. That's especially true in cities where the docks are surrounded by busy downtown areas.

Friedmann said the U.S. also has some of the lowest allowable truck weights in the world, with California interstate highways capped at 80,000 pounds gross weight. Instead of hauling loads in one or two truckloads, he said it takes two or three, contributing to the shortage of chassis and drivers.

The American Trucking Associations estimated the driver shortage would hit a record high of more than 80,000 drivers by the end of the year.

Although these problems had been festering in the U.S. for decades, Friedmann said, the coronavirus pandemic brought them to a head in 2020.

COVID-19 caused shutdowns at ports and factories in China, which limited the production and movement of products. Meanwhile, more Americans were stuck at home and shopping online, amping up demand for imported consumer products.

That created the perfect recipe for delays. In November, a record 111 container ships were anchored off the Southern California coast, waiting to dock and unload their cargo.

"It's complete confusion," Friedmann said, adding that carrier service schedules have become "completely un dependable."

In a recent survey, Agriculture Transportation Coalition members reported losing 22% of their export sales due to supply chain problems.

'Shipping fatigue'

At BOSSCO Trading, Jacobson, the international sales manager, and Shelly Boshart Davis, vice president of international sales, say they are left exhausted.

"There's this shipping fatigue that's really starting to set in," said Boshart Davis, who also serves as a Republican representative in the Oregon Legislature. "We pride ourselves on being flexible, but it feels like we're putting out fires every day, every hour, all the time."

BOSSCO Trading markets straw from about 40 grass seed farms around the Willamette Valley.

Once the seed crop is harvested, BOSSCO's crews arrive to rake and bale the left-over straw, which then goes to a hay press in Salem. The bales are loaded into shipping containers and sent to ports in Seattle, Tacoma and Portland via truck and rail.



The CMA-CGM Benjamin Franklin arrives in Elliott Bay and prepares to dock at the Port of Seattle.

Port of Seattle

Normally, BOSSCO Trading handles 2,200 containers in a year. However, Jacobson said it is becoming harder to find containers, as they are stuck on ships or at docks. Bookings from some carriers have also been canceled for months — called "vessel voids" — leaving products stranded.

Boshart Davis estimates their costs are up 100% to 150% between increased rates and fees, to say nothing of the mental and emotional toll.

"When you can't be productive and efficient ... it costs a lot of money when you're scrambling all the time," she said.

Todd Fryhover, the president of the Washington Apple Commission, said his members are under similar pressure.

Apples are Washington's most valuable agricultural commodity, with \$2.1 billion in sales in 2020. About 30% of the state's production is exported, though Fryhover said port congestion has producers concentrating this year more on North American markets as opposed to overseas.

But that also has a cost. For every 1 million boxes of fresh apples shifted into the U.S. domestic market, the price drops about 50 cents per box as supply begins to overtake demand, Fryhover said.

"The entire supply chain has been affected," he said. "It's not easy to point at one place and say, 'Fix this and everything will be better.' That's certainly not the case."

Increasing capacity

The vast majority of marine cargo in the Northwest is handled by the ports of Seattle and Tacoma, governed by the Northwest Seaport Alliance. It is the fifth-busiest container gateway in the U.S., behind the ports of Los Angeles, Long Beach, New York-New Jersey and Savannah, Georgia.

Tom Bellerud, the chief operations officer for the seaport alliance, said agriculture is a dominant exporter in the region.

Congestion has certainly hampered the Seattle-Tacoma gateway, Bellerud said, though he sees signs that pressure may be letting up somewhat. The number of ships that were once backed up in Seattle — albeit not as extreme as Southern California — is now

the lowest it has been "in a very long time," he said.

Bellerud credited a few factors that have helped to relieve the bottlenecks.

First, he said both Seattle and Tacoma are utilizing alternative container yards, freeing up valuable space on the terminal docks and allowing products to move more efficiently. The Port of Seattle identified an additional 40 acres at Terminal 46, and the Port of Tacoma opened an additional 20-acre yard.

"We have the luxury of having some additional land and space near our terminals that can offer greater utility to the overall operations," Bellerud said.

The biggest upgrade, however, will be the reopening of Terminal 5 in Seattle, Bellerud said.

The 185-acre terminal has been under construction for several years. It is slated to go into service in phases beginning in January, with more than \$500 million in improvements.

"That will open some space and relieve some congestion at Terminal 18," Bellerud said.

Bellerud said he is not aware of any other major port operation bringing this much new capacity to the marketplace.

"We're very proud of that," he said.

New legislation

Solving the supply chain crisis is expected to take time, but agricultural groups are encouraged by a bill they say will crack down on shipping lines' unreasonable practices and improve transparency for exporters.

The Ocean Shipping Reform Act of 2021 passed the U.S. House of Representatives with bipartisan support in early December. Lawmakers have said the bill will ensure maritime shipping remains competitive, reciprocal and protect businesses from price gouging.

Tracey Chow, federal government affairs specialist for Western Growers, said the bill is not a silver bullet, but as the shipping crisis eases it will allow the industry to ensure a level playing field for agricultural exporters.

"We want the commerce system to work for both sides," Chow said.

For example, Western Growers — which

represents vegetable, fruit and tree nut farms in California, Arizona, Colorado and New Mexico — has called out the practice of ocean carriers sending empty containers directly back to Asia instead of sending them inland to be loaded with agricultural goods for export.

Carriers are able to charge upward of \$20,000 per container for imports from Asia, enticing them to skip agricultural exports altogether.

"From a business perspective, it's hard to compete with that," Chow said. "You can't just keep bringing in imports and not have reciprocity for exports to leave."

The Ocean Shipping Reform Act would prohibit carriers from declining U.S. exports "unreasonably," as determined by the Federal Maritime Commission.

It would also require common carriers to report to the commission total import and export tonnage, and loaded versus empty containers per vessel each quarter.

To incentivize efficiency, Chow said ocean carriers and ports may charge what are known as detention and demurrage fees if containers are not unloaded or returned quickly. The fees can be as much as \$500 per day per container.

But with congestion at the ports, Chow said exporters may not have the flexibility to avoid getting hit with penalties.

It is typically up to the invoiced party to dispute whether these charges are reasonable. The bill would shift that burden of proof to the ocean carrier.

"(This crisis) has brought attention to how imbalanced the maritime shipping industry is becoming," Chow said. "Everybody understands this is an issue that needs to be addressed."

Looking ahead, Friedmann, with the transportation coalition, said the crisis at ports could drag into 2023 before ocean carriers can provide more ships and containers and demand for imported consumer goods starts to abate.

"As long as people are staying home and buying these huge volumes of imported goods, and everything we own and play with is made overseas, this is going to continue," he said.

Sirens: Clatsop County is the highest hazard county for tsunamis

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While the city has shown some interest in taking over responsibility, there are still a lot of logistics to work out.

Is it feasible? And what will it cost residents to upgrade and maintain the system? Those are some of the questions Rick Hudson, the city's emergency manager, has before the City Council considers taking on the role.

There are five tsunami siren towers in the city's jurisdiction, and while tsunami's are rare — the last one in Cannon Beach was in 1964 — Hudson said the sirens can save lives.

If the city decides to take ownership of the sirens, Hudson said he would work to modernize the system by linking it to a dispatch center and creating a management and financial plan so it doesn't become a burden.

If a tsunami is expected after a distant earthquake, there is usually two to four hours to evacuate, Hudson said, and the sirens can be a way of getting residents and tourists to pay attention and respond.

While there are other methods of notifying people, including wireless emergency signals that are used to put out Amber Alerts and local notification systems like Clatsop Alerts, a siren can notify people on the beach who decided to leave their phone in the car or at home.

"For me, personally, I'd hate to get rid of

something that really does fill a gap in the worst-case scenario when nobody has modern technology around," Hudson said.

Tiffany Brown, Clatsop County's director of emergency management, agrees the sirens play an important role. She said the situation in Cannon Beach is not a new story.

Coastal communities in Oregon began implementing sirens after Washington state decided to adopt and manage a siren system for the coast, she said.

But after some time, an exodus began, she explained, because the sirens were too costly to maintain and manage. Some communities that kept the sirens have seen the systems fall into disrepair, she said, and once other notification systems came into play, it furthered the argument by some to remove the towers.

Brown noted that Clatsop County is one of the few counties in Oregon still maintaining sirens because of its status as the highest hazard county for tsunamis.

In addition to the sirens in Cannon Beach and Arch Cape, there are sirens in Seaside and Gearhart, which are managed by Seaside. Warrenton is working to get the parts to install two sirens.

"I'm very proud that in Clatsop County we have so many communities with sirens," Brown said. But, she added, "there's no disputing that we'd be more resilient if it were a single system that was managed in a more comprehensive way."

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