

PORT GRIDLOCK

Global shipping crisis snarls agricultural exports, increasing costs and delays

By **GEORGE PLAVERN**
Capital Press

TANGENT — As congestion at ocean ports along the West Coast has continued in 2021, Alexis Jacobson has seen her schedule thrown into chaos.

Jacobson is the international sales manager for BOSSCO Trading, a company based in Tangent that sells grass straw from farms around the Willamette Valley to customers in Japan and South Korea. The straw is used as feed for beef and dairy cattle.

Under normal circumstances, Jacobson spends roughly an hour a day working with ocean carriers to ensure their cargo makes it aboard ships bound for Asia.

That was before COVID-19 inflamed a nationwide shipping crisis that has snarled ports, catapulted costs and left agricultural exporters scrambling for options.

“We’re constantly making a plan, and then changing that plan because of circumstances out of our control,” said Jacobson, who now spends most of her time each day calling audibles whenever a vessel is late or the booking is canceled. Timetables are constantly in flux, and often change with only a few days’ notice.

Ag exports impacted

BOSSCO Trading is hardly alone. Just about every Northwest farm exporter — from Oregon hazelnuts to Washington apples to Idaho potatoes — is feeling the pinch.

Shipping containers that once sat on the docks for 3 to 8 days are now waiting a month or longer to be loaded onto vessels, depending on their destination.

In some cases, carriers are foregoing Asia-bound exports altogether, opting instead to send empty containers back to Asia, where they are loaded with higher-priced merchandise such as clothing, footwear and kitchen appliances. Critics of the practice describe it as a money grab, with the industry reporting record profits this year of more than \$200 billion.

The price of shipping exports from the U.S. is also skyrocketing. Jacobson said general rates that once ran \$400 to \$500 per container are now as high as \$2,000 to \$2,500.

While that added cost can be tacked onto the prices of most consumer goods, farmers are largely price-takers, meaning they cannot pass along higher costs.

Peter Friedmann, executive director of the Agriculture Transportation Coalition, a trade group in Washington, D.C., that represents U.S. agricultural exporters, said he has heard from at least one member — a hay grower in Washington — who did not bother cutting hay for the first time because he could not get his product through the ports.

Delayed and canceled shipments hurt 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 current 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



Port of Seattle

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

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 goods. Meanwhile, more Americans were stuck at home and shopping online, amping up demand for imported consumer wares.

That created the perfect recipe for delays. Last month, 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 undependable.”

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 leftover 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.

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, president of the Washington Apple Com-

mission, 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, Washington, 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, 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 con-



Rep. Shelly Boshart Davis



Tom Bellerud



Alexis Jacobson

gestion 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 on Dec. 8. 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.

Committee Volunteers Needed

Grant County is now Recruiting Volunteers to Serve on Active Boards and Committees
Applications are Due by WEDNESDAY, JANUARY 5, 2022

Obtain an Application to Volunteer from the County Court, 201 S. Humbolt, No. 280, Canyon City, OR 97820

Online at [Committee Volunteer Application](#) or contact (541-575-0059) GCCourtAdmin@grantcounty-or.gov

Committees are formal public bodies required to comply with Oregon Public Meetings Law ORS 192.610.

College Advisory Board

Seven members plus three ex-officio members serve a three year term and meet monthly to promote local educational opportunities and identify educational needs within the community.

Extension & 4-H Service District Advisory Council

Eleven members serve three year terms and meet semi-annually to provide guidance and assistance to local OSU Extension staff in planning, developing, and evaluating balanced educational programs directed to high priority needs of county residents. Membership is limited to one re-appointment.

Extension & 4H Service District Budget Committee

Members include two advisory members and a member-at-large serving three year terms. Annual meetings include the County Court and are held to receive, deliberate, revise and approve the annual budget as provided by the District Budget Officer. Any proposed programs are discussed and considered.

Mental Health Advisory Board

Seven members (including two consumer representatives) serve three year terms and meet no less than quarterly to facilitate the provision of quality mental health services to county residents and enhance community knowledge of available programs and services. Acts as the Local Alcohol and Drug Planning Commission and Developmental Disabilities Advisory Board. The board is a formal public body required to comply with Oregon Public Meetings Law ORS 192.610.

Planning Commission

Nine members serve a four year term and two alternates serve a two year term, meeting as needed to review land use and zoning applications and discuss city and county growth issues and siting new facilities. Members must be residents of various geographic areas within the county and no more than two voting members shall be engaged in the same kind of business, occupation, trade or profession with agriculture designations of livestock / forage crop production and horticulture / specialty crop production. Commissioners serving in this capacity must file an Annual Verified Statement of Economic Interest with the Oregon Government Ethics Commission. Members must re-apply to the County Court before their term ends if they wish to be re-appointed. The commission is a formal public body required to comply with Oregon Public Meetings Law ORS 192.610.

Senior Citizens Advisory Council

ORS 410.210. Five members serve three year terms and meet semi-annually to define the needs of older adults, promote special interests and local community involvement, and represent senior citizens as an advocate to the local, state and federal government and other organizations.

Sera

The alliance provides a forum for local government agencies and the private sector to discuss, understand and coordinate long range transportation issues affecting the south east Oregon region including Grant, Harney and Malheur counties. The alliance acts as the Area Commission on Transportation. It reviews the process for determining transportation infrastructure and capital investments in the south east region, recommends priorities, and advises Oregon Transportation Commission on state and regional policies affecting the region’s transportation system. Five members, plus one alternate, serve three year terms as Grant County representatives. Daytime meetings are held monthly, or as needed, at locations rotating among the three counties.

Wildlife Advisory Board

Created by Resolution 1993-29. Nine members serve three year terms and meet as needed to discuss issues regarding big game management and make recommendations to Oregon Department of Fish & Wildlife, including tag allocation and hunting season structure as they relate to population and damage of property.

Wolf Depredation Advisory Committee

OAR 603-019-0015. Members include one County Commissioner, two members who own or manage livestock and two members who support wolf conservation or coexistence with wolves. These members agree upon two business representatives to serve as additional members. The committee oversees the procedure established by Grant County for its Wolf Depredation Compensation Program. The current vacancy is for a business representative.