

U.S. Senator Maria Cantwell

**U.S. Senate Committee on Commerce, Science, and Transportation
Hearing on the Ocean Shipping Reform Act**

**Witnesses: Daniel B. Maffei, Chair, Federal Maritime Commission
Rebecca F. Dye, Commissioner, Federal Maritime Commission**

March 3, 2022

TRANSCRIPT: Cantwell Opening Statement

[\[VIDEO\]](#) [\[AUDIO\]](#)

Cantwell: Today we will evaluate the bipartisan Ocean Shipping Reform Act, which was introduced by my colleagues Senators Klobuchar and Thune and co-sponsored by 24 bipartisan members.

During the COVID-19 pandemic consumers spent more on e-commerce goods that were shipped from overseas. From 2019 to 2020, we saw a nearly 32 percent increase in ecommerce spending. And, from 2020 to 2021, we saw another 14 percent increase.

The arrival of these imports has led to record volumes at U.S. ports. In 2021, the Ports of Los Angeles and Long Beach moved 10 million containers for the first time ever. In the state of Washington, the Northwest Seaport Alliance saw a 15.4 percent increase in container volumes over the last year.

This unprecedented volume continues to cause a massive back-up of ships offshore and as of yesterday, 30 vessels are at anchor or loitering waiting to access the ports of Los Angeles and Long Beach.

As the economy has roared back, ocean shipping companies have struggled to keep up with the demand, and freight costs have soared.

The [pre] pandemic shipping rates for a forty-foot container was about \$1,300 dollars. By 2021, the cost jumped to \$11,000 dollars. That's a 746 percent increase in freight cost. This increase means U.S. consumers are paying higher prices for goods every day.

In November of 2021, a United Nations report found that if container freight rates continue at this pace through 2023, the cost of importing goods could increase by 11 percent, which would raise consumer prices.

This Committee worked tirelessly on numerous provisions that were included in the Bipartisan Infrastructure Law. We made a historic \$2.25 billion-dollar investment in Port Infrastructure and Development.

In total, the bill included \$28 billion for freight infrastructure over the next five years, including \$3 billion for at-grade railroad crossings which are known to be a supply chain bottleneck problem.

We also know we need a robust Federal Maritime Commission and we passed out a nominee to join you. I think Max Vekich has been sworn in as a member.

Today, we are taking another step by holding this Ocean Shipping Reform Act hearing. This bill would significantly strengthen the Commission and provide tools to crack down on unfair practices. The bill would direct the commissioners to establish a rulemaking to address unfair detention and demurrage charges. These unfair fees are being passed down to consumers.

A June 2021 report on the 20 busiest ports globally, found that detention and demurrage charges nearly doubled between 2020 and 2021. I will have specific questions to the FMC members today about that.

As we heard from our witnesses at a previous hearing that we had on unfair shipping practices chaired by our colleague from Michigan, we know that these costs are passed onto consumers.

In addition, these unreasonable charges, we need to address the complaints that our constituents have...that we've heard from many of the important industries across the state of Washington.

According to the Agriculture Transportation Coalition, impacted farmers include:

- hay and potatoes from Washington state,
- cotton growers from Mississippi,
- pork from South Dakota,
- soybeans from Minnesota,
- paper products from Tennessee,
- almonds from California,
- dairy from Wisconsin,
- poultry from Georgia, and
- citrus from Florida.

We're proud of what we make and grow in the United States of America and we expect it to get to its' destinations in a timely fashion. It is unfair that these consumers are being gouged with these high prices and our very important growers can't get their products to market in a timely fashion.

Today, we will hear from the Federal Maritime Commission's Chair, Daniel Maffei and Republican Commissioner, Rebecca Dye. We want to hear from you about what needs to be done to help address this issue.

We want to know what tools in the Ocean Shipping Reform Act you can use immediately if passed into law that would help you find real solutions for the market today. We need a commission to offer real and immediate solutions to those farmers to get these products to these global markets.