**AgOTC Agriculture Ocean Transportation Coalition**

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# TRANSPORT THREAT TO AGRICULTURE

It is abundantly clear that the primary barrier facing the agriculture export (and import) supply chain is the inability of US domestic and international transportation infrastructure to handle the volume of cargo moving both eastbound and westbound. The deterioration of ocean carrier, port, truck and rail capacity and service is threatening US agriculture competitiveness in global markets.

Rail is at the center of the crisis, the inability of the western railroads to dependably haul cargo in either direction, is placing unprecedented its pressures on the rest of the cargo transportation infrastructure.

A major Midwestern grain trader advises that he is losing about 500 to 1000mt per month of wheat sales. He states: " We can't shift to SeaTac because the railroads don't have any railcars and even if they did their freight rates are outrageous and their service is awful. As far as we can tell, those sales are going to Australia and Europe rather than another US trader." This is compounded by recent announcements of the BN, which raise questions as to the railroad's continued interest in carrying bulk commodities by container. Thus, shippers nationwide are spending an inordinate amount of their time seeking the means to route cargo to whatever ports are served by ocean carriers with available capacity. This has resulted in a dramatic shift of cargo off of rail to trucks, which are already in short supply.

Ships are bypassing West Coast ports because laying at anchor for 3 or 4 days outside the ports would cause them to miss their scheduled transit through the Panama Canal. Exporters who depend on all water shipping from the US West Coast to Europe must now transit to Houston or all the way across the country to East Coast ports, adding great expense, and multiple handling of fragile cargos. In Columbia River, a major West Coast export gateway, carriers have curtailed vessel calls, in order to concentrate service at ports in China where high value and high revenue consumer imports originate.

The congestion at West Coast ports is due in part to the inability of the railroads to haul the cargo out, but also due to lack of capacity of the ports, stevedores and labor to handle the volume of container. Until the modernization initiatives which were the key component of West Coast longshore labor contract are fully implemented, the full and much needed productivity benefits will not be achieved. This in turn is putting pressure on the ports to operate 24 hours a day, or at least, extended hours. To fund that, marine terminal operators at Ports of LA/Long Beach have announced a new terminal user fee to be assessed against all import and export containers loaded during regular daytime hours. This will hopefully reduce some congestion, although the fee will increase costs.

Lack of dependable capacity in the most direct and efficient routes, is causing ag shippers to lose their profit margin, or lose the sales all together. The US economy faces erosion of one of the most important components of the positive balance of trade -- agriculture exports.

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