

U.S. Senator Amy Klobuchar

**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: Klobuchar Opening Statement

[VIDEO]

Klobuchar: Thank you very much Chair Cantwell and thank you to our two witnesses. I was amused as you came in and saw 25 Senators sitting here. You thought this was going to be a very different hearing. But there was a markup and all is good. I want to also thank my colleague Senator Thune. We worked well together on many many issues across the border in Minnesota and South Dakota and this is certainly a very important one.

As has been pointed out now by my colleagues, the past two years have highlighted significant supply chain disruptions and vulnerabilities for U.S. exporters, including many in my home state. Whether it is a soybean farmer in Minnesota, or as pointed out by the Chairwoman, a citrus producer in Florida, whether it is a beef producer in South Dakota, or a dairy farmer in Wisconsin, people have felt this in a big, big way. Now, it just doesn't end there, right? It ends in the grocery store when people are trying to buy milk and they see a price, or when people are trying to buy eggs or beef. We have seen this across the board.

So while we've seen the consumers and the producers of the goods socked by this, what do we see on the shipping side? It's estimated that the shipping container industry made a record \$190 billion profits in 2021. A seven-fold increase from the previous year. This isn't because of increased performance. We know that because we've heard all these complaints of our people's stuff not getting shipped. They are simply fleecing consumers and exporters because they know they can get away with it.

The cost of shipping containers has quadrupled. U.S. exporters have also been slapped with unexpected and often illegitimate fees. This has hit small businesses and agricultural communities hard. Carriers demand that they pay these extraordinary fees with little explanation or opportunity for appeal. They carry out so much market power, some fear retaliation for speaking out. In fact, one of the examples that I'm going to use today was someone who didn't want to be identified in a company because they were very afraid there would be retaliation. That's what happens when you have a concentrated market, in this case just a few major alliances of shippers, foreign based, leaving our people here at home often with little choice in terms of shipping their product and exorbitant ways to do it. We can't let ocean carriers slow down our supply chain while they're shaking down our exporters for their own profit.

That's why Senator Thune and I introduced our bipartisan solution - the Ocean Shipping Reform Act - which as he has discussed, clearly makes it better by protecting American farmers and manufacturers, makes it easier for them to ship, and limits foreign ocean carriers' ability to impose added fees. I was pleased that President Biden raised this issue in the State of the Union and our bill aims to level the playing field for American exporters by updating federal regulations for the global shipping industry.

We're pleased to have the Federal Maritime Commission witnesses here who have the know-how and the facts on the ground and we've been pleased to work with them in the past and into the future. So what our bill does is it directs the FMC, Federal Maritime Commission, for those not up on the latest acronym, to issue a rule prohibiting international ocean carriers from unreasonably declining shipping opportunities for U.S. exports, making it harder for them to unfairly leave our products behind in favor of importing products from, say, China. It also gives the FMC more authority to investigate bad practices by ocean carriers and directs the FMC to set new rules for what the international carrier companies can reasonably charge exporters and require ocean carriers to certify.

Senator Thune and I worked on this and our staffs did. I want to thank Baz from my staff particularly over a period of months because we wanted to make sure that nothing we put in the bill would have unforeseen consequences and that would provide some flexibility for the Commission. As he noted, we have a bipartisan group of 24 cosponsors, including 9 other members of this committee. In addition to the letters that Senator Thune put on the record, I'd like to enter into the record two letters in support of our bill. The first is an endorsement letter by a coalition of 89 trade associations that include the American Trucking Association, the Agricultural Transportation Coalition, the National Retail Federation, and the Consumer Technology Association. The second letter is from the American Soybean Association, expressing support for our Senate bill. Our bill is also endorsed by the American Association of Port Authorities, along with over 100 other groups. By the way, that was one of my first questions when we first started working on this, given that I have, Madam Chair, the port of Duluth, the Twin Ports that the President just visited yesterday, very timely and I wanted to make sure - here's Senator Baldwin who was also there on that visit where it was rather freezing cold as we stood outside at the port. And the point of it is that it is really good that we also have the support of the port associations.

So we're excited about this bill, excited to hear from you today. Thank you Madam Chair.