

Prepared Remarks of  
Federal Maritime Commission Chairman  
Richard A. Lidinsky, Jr.  
at the  
25<sup>th</sup> Annual Meeting of the Agriculture Transportation Coalition  
San Francisco, California  
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Thank you for inviting me to this important event, the 25<sup>th</sup> Annual Meeting of the Agriculture Transportation Coalition. I am pleased to be here this evening to share my views on the President's Export Initiative, and to thank you for the key role you play every day in helping to feed the world.

In March 2010, President Obama directed agencies "to use every available federal resource" to double U.S. exports over the next five years. Since then, the President's initiative has been very, very successful. Exports increased 14.5% from 2010-2011, and in 2011 exports exceeded \$2.1 trillion for the first time in U.S. history. U.S. agriculture has provided a steady, reliable source for U.S. exports. In 2010 and 2011, agricultural exports totaled \$115.8 billion. We are happy to see these figures, and hope they continue well into the future.

There are many federal agencies that have been tasked with ensuring that we reach the President's goal of doubling U.S. exports by 2015. The Federal Maritime Commission is just one small, though vital, piece of the export plan. In my confirmation testimony before Congress in July 2009, I emphasized three goals that the White House had for the FMC during my chairmanship. The first of these goals was to refocus the agency so that American exporters, importers, ports, inland transportation providers in the supply chain, labor unions, and consumers were equal partners with a voice in our foreign waterborne commerce regulatory system. There would now be an emphasis on carriers being aware of U.S. export needs and opportunities. Second, streamline and eliminate unnecessary regulations that were costing funds that could be

better used to hire new employees and expand business operations. And third, play our part in the green developments that were about to take place at sea, ports, ports terminals, and on trucking and rails.

I want to discuss tonight the first goal of the Administration as it relates to carriers and their obligations under the Shipping Act to you as American exporters. When I first served at the FMC in the 1970's, charges were raised, primarily by shippers, that the agency was misnamed. In reality, they said, it should have been called the "Federal Carrier Commission." This resulted from the belief that once granted the powerful tool of antitrust immunity, carriers were seen by some to have their way with ocean customers with no FMC oversight. The 1984 Act reinforced this perception and even the OSRA changes did not totally dispel the perception of unequal bargaining power in service contract negotiations or in general line-shipper relationships.

So when the President proclaimed his exports initiative, I felt, as did a couple other commissioners in the wake of our Fact Finding 26 proceeding on ocean carrier practices, it was time to tell carriers that a new policy of equal treatment for all was in effect: simply serve, or at least offer to serve, U.S. exporters. The time had come to stop treating them as, "backhaul opportunities" subservient to the return of an empty container to Asia or elsewhere.

While many carriers still insist that exports remain backhaul, several lines did positively respond. Together with lines supporting change, we also worked with the USDA to help develop container availability systems. We also encouraged the discussion between exporters and carrier talking agreements such as WTSA and I am pleased to see many carriers attending this conference. However, one line had the temerity to say not only would they not help grow our exports, but even published a list of U.S. states they would *not* serve. That was wrong and your voices in DC were heard. We told them to stop, and we told them also if there is a shortage of

boxes, to allow 3<sup>rd</sup> party equipment on their ships. And changes slowly started to take place. And these harmful actions started to recede.

Recognizing from 2009 that capacity is today the golden key for carriers, it must be stated that the FMC can never assure a perfectly balanced capacity world. It can however; urge carriers to provide needed capacity levels in return for shippers being as accurate and open as possible on cargo forecasts. This vital capacity balance is not a science but we must all work together to get the export job done!

Following the tumultuous, horrible financially lost year of 2009, I urged carriers and shippers to be “partners in recovery.” What this meant was that as rates inevitably rose, shippers would accept long delayed price increases, while carriers would implement needed higher rates in a responsible fashion, with equally good service practices.

I think we now face the same set of capacity/rate circumstances as we did 3 years ago. Skies still remain a bit cloudy, but the major storm is over, and prospects for a brighter end of 2012 and early 2013 appear hopeful. So tonight I am calling for a new round of container agricultural export initiative dialogues or “partners in export expansion.” For the benefit of both parties, a top priority should be to have well drawn up and properly negotiated service contracts. As many of you know, the FMC CADRS office has helped resolve a number of your issues over the years. Our CADRS deputy director, Jennifer Gartlan, is here and will speak tomorrow. So in your new service contracts you could include a clause for CADRS which can help with no cost resolution of disputes. You might consider inclusion of rate indices, and other contractual items that will ensure fair carrier compensation and service when and where needed to the shipper.

We remain committed to our small part in this export effort. But in order to continue to achieve these goals, we need your participation. At the moment we have published a notice of

inquiry seeking views on the request to develop and publish container freight indices for U.S. agricultural exports, based on a sampling of service contracts filed with the FMC. The proposed would cover grains, cotton, hay, and frozen meat. Comments are due by July 9, 2012. We urge your input.

In conclusion, thank you for your support of the Commission. Our door is always open to you. As a small token of our appreciation of your efforts, I have something I've brought from Washington to present to Peter. Stay united, stay in touch, and do not hesitate to come to the FMC on any matter. Again, thank you for having me here tonight and I wish you a successful conference.