



April 11, 2022

Eric Holloway,
Deputy Director for the Office of East Asia, Oceania, and APEC
International Trade Administration
Department of Commerce
1401 Constitution Avenue NW
Washington, DC 20230

Re Docket number ITA-2022-0001

Dear Mr. Holloway,

The American Association of Exporters and Importers (AAEI) has been a national voice for the international trade community in the United States since 1921. AAEI represents the entire spectrum of the international trade community across all industry sectors. Our members include manufacturers, importers, exporters, wholesalers, retailers, and service providers to the industry, which is comprised of customs brokers, freight forwarders, trade advisors, insurers, security providers, transportation interests, and ports. Many of these enterprises are small businesses seeking to export to foreign markets. AAEI promotes fair and open trade policy. We advocate for companies engaged in international trade, supply chain security, export controls, non-tariff barriers, import safety and other movement of good's issues.

AAEI supports the Biden Administration's current efforts to explore the development of an Indo-Pacific Economic Framework to deepen economic relations in the Indo-Pacific region. We believe that the significant challenges for U.S. exporters seeking to deliver their products to foreign markets affordably and dependably necessitates the Administration's focus on "fair and resilient trade," specifically within supply chains.

AAEI would like to offer the following pain points and recommendations:

Infrastructure or operational bottlenecks and chokepoints

Ports across the United States and globally are experiencing unprecedented congestion and record container volumes, which pose significant challenges for exporters seeking to deliver their products to foreign markets affordably and dependably. During this challenge, we have reports that certain Vessel Operating Common Carriers (VOCCs) are engaged in unfair trade practices.

The issue of VOCCs returning with empty containers is the primary cause of these delays. Ports may not have enough space to accept empty containers. Some ports have attempted ad hoc solutions, but long-term solutions are needed. Additionally, many terminals have appointment systems which do not address the current challenges and lead to long waiting times. Logistic providers often get frustrated upon being turned away because the terminal cannot get to the container to release it.

Ocean carriers are also charging truckers, importers, and exporters daily fees, known as “detention” or “per diem”, when they do not return the carrier’s container to the terminal within the time allotted under the contract of carriage. The carriers and marine terminals also charge “demurrage” when the trucker or shipper does not remove an import container from a terminal quick enough or returns the container to the terminals before the terminal wants it. These charges are now, in aggregate, in the hundreds of millions of dollars. Most disconcerting, the carriers and terminals are charging these fees even when it is not possible for the truckers or shipper to access the terminal to return or retrieve the container. These fees are jeopardizing the financial viability of exporters and importers.

AAEI believes that the Indo-Pacific agreement could be a pathway to negotiate regional approaches to improve shippers’ rights, provide greater transparency in supply chains, and give governments the proactive authority to investigate unlawful port and shipping practices. Similarly, regional, and global work has been done in the passenger travel space, including the publication of country and regional shipper and passenger rights. **AAEI believes each party of the Indo-Pacific Agreement should make available on a free, publicly accessible website what are the contractual rights for shippers.**

Technology issues

The growing complexity and traffic at ports make data management essential. Currently, carriers, port terminals, importers and exporters, and rail carriers lack the kind of advanced and common information that would help all parties achieve greater

efficiency. There is a great deal of container data generated at global ports. The lack of shared information as to allocation of containers and times when they are available clouds supply chain visibility. The use of Big Data and automation would provide ocean carriers with accurate notice of arrival and departure and allow the marine terminals to load and unload efficiently. **AAEI believes each party should examine how best to coordinate and consolidate port data information for the benefit of port actors.**

Current barriers

There are two current barriers that could be immediately addressed: increasing near-port capacity and addressing labor shortages.

The lack of capacity of near-port distribution centers to accept and process massive volumes of import cargo is contributing to port congestion. The increased volume has strained capacity at the region's ports, which have limited acreage for expansion. Ports and terminal operators are reconfiguring terminals, promoting increased rail shipments, and encouraging the speedier flow of automobiles off the docks. AAEI believes that there should be an Indo-Pacific strategy to increase port capacity. **AAEI believes each party should seek to identify port bottle necks caused by the lack of capacity and provide short-term and long-term recommendations on how best to leverage resources to improve capacity.** While capacity is a major issue, worker shortages has become a growing global concern.

The pandemic has reopened the debate about competitive wages, decent work conditions, and improved training. As vessel sizes get larger, ports are often faced with a shortage of permanent workers. In many instances, terminal operators have often turned to temporary labor. The consistent flow of new candidates has slowed significantly and growing concerns over national security have tightened the requirement for credentials. **AAEI believes each party should investigate how best to improve the recruiting and on boarding of port workers.**

Given these factors, operators are forced to look at other resources for qualified labor. Automation is an important piece that needs to be reviewed. However, many Indo-Pacific countries' workforce are not currently prepared for increased global competition and rapid technological change. **AAEI believes each party should identify how gaps in educational and skill training programs contribute to port bottlenecks.**

Major risks to logistic and international transportations modes

Because ports are part of the critical infrastructure sector, the risks that may occur at overseas port locations every day constitute a challenge for U.S. national security.

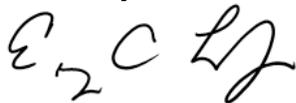
These risks include theft, smuggling of weapons and chemicals, human trafficking, terrorism, etc. For this reason, it is important to monitor all the critical areas where crime may occur or any illicit good may enter or exit. Due to the increased commercial exchange, the number of vessels that transport has grown. The difficulties that arise from the lack of acceleration the loading and unloading of containers have caused an increase in the waiting times inside ports. Besides generating inefficiencies and costs, port congestion constitutes a potential risk in terms of robbery of goods, failure of the delivery of critical health, military and safety equipment, and problems of environmental impact due to possible oil spills and potential marine and fishery contamination. **AAEI believes each party should make recommendations on how to better share trade compliance intelligence.**

AAEI believes the need is urgent, especially with record container volumes at the major global ports. These volumes, and the resulting congestion, will only grow as the global economy recovers from the coronavirus pandemic. Port problems will continue due to the broad and systemic issues causing this congestion, some of which are operational in nature. Producers rely on competitive access to foreign markets. The hope for post-pandemic economic recovery is at serious risk when goods cannot get to market. This is true for finished goods which are exported, but also the raw materials and components which need to be imported to make those export goods.

A long-term solution is needed in the Indo-Pacific region. U.S. importers and exporters strive to drive improvement, but their capabilities are limited to initiatives within their own operations and within the U.S. To drive a step-change in world competitiveness, there needs to be a focused effort to build effective supply chains globally to drive insights and accelerate our U.S. goods to world markets.

We look forward to working with the Department of Commerce to address “fair and resilient” supply chains.

Sincerely,



Eugene C. Laney
American Association of Exporters and Importers
President and CEO