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## ***Global Markets Transportation Advisory II – March, 2021***

### **U.S. transportation update on containerized grain and soya shipping**

The past year has been one of the most disruptive periods for global container shipping, and it is continuing into 2021. This is the second Global Markets Transportation Advisory that the [Specialty Soya and Grains Alliance](http://www.soyagrainsalliance.org) is issuing in an effort to inform our global food industry customers that our current supply chain continues to be severely challenged. We realize this is temporary, but the SSGA staff and member leaders remain engaged daily to shorten the time and frustration we are all experiencing to get this corrected.

#### **What's been happening?**

SSGA's advisory in April 2020 covered the first months of the coronavirus pandemic when fears of a global economic recession caused container ocean carriers to cancel more than 145 scheduled sailings from Asia to the U.S. The result was a shortage of containers available to U.S. exporters and great disruption of supply chain schedules.

Then the trade picture changed. Beginning in August and throughout the fall, we saw a huge turnaround in international supply chains. There was extraordinary growth in ecommerce and unprecedented growth in demand for containers in Asia to ship consumer home goods to North America. Ocean carriers raised their rates for imports to the U.S. to the highest levels ever, and containers came to be in short supply in China and other Asian ports. The impending result was that exporters again faced growing delays and difficulties in lining up bookings for exports from the U.S. to overseas markets, much like the early months of 2020.

In late October, [SSGA member exporters were shocked to learn](#) that some ocean container carriers had begun to refuse to allow their containers to take on export cargo from the U.S. They preferred to send empty containers back to Asia simply to save time and have more boxes available for higher-revenue consumer goods ready to be exported to North America. Soon, key West Coast U.S. ports became overly congested with the inflow of import cargo. The U.S. inland rail system for containers also slowed down, and the container shipping system overall failed to perform anywhere near its usual reliable levels.

#### **Impact on U.S. exporters**

Over the past four months, U.S. soy and specialty grains exporters have had great difficulty finding available containers, while scheduled bookings are often cancelled or delayed. Consider:

- Current shipping problems are affecting all U.S. export sectors – not just soybeans, grains and agriculture shipments.
- Other countries seeking to ship products to China and North Asia are also facing problems accessing containers.
- Export shipping rates have been steadily climbing, while remaining still much lower than U.S. import rates for higher-value products from Asia.



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- Container movement overall has bogged down. Global Ocean Carrier Reliability – a measurement of on-time performance – fell to its lowest level ever, down nearly 35% in January 2021 compared to January 2020, according to Sea-Intelligence, a leading maritime consulting firm.
- Ocean carriers continue to minimize handling food and agriculture cargo.

## **SSGA is pushing ocean carriers to serve exports, restore reliable shipping**

SSGA and other agriculture trade organizations have called for the U.S. Federal Maritime Commission (FMC), the regulatory body for ocean shipping, and other officials to step in and assure that ocean carriers will continue to handle U.S. exports in a timely manner.

- FMC commissioners have responded and communicated to ocean carriers that they must continue to handle U.S. exports or they will face severe penalties. FMC also is investigating ocean carrier operational practices at key ports.
- SSGA is pushing for both immediate improvement in access to containers and for long-term reforms to ensure more reliable shipping and flow of the system. These may include reforms to the Shipping Act by the U.S. Congress.
- SSGA and other agriculture organizations [have asked President Biden](#) and his administration to examine current supply chain problems and skyrocketing rates and to address needed reforms, including requiring timely communication of any vessel schedule changes and to restore exporter access to containers.
- SSGA is urging overseas food and agriculture customers to be in contact with ocean shipping regulatory agencies in their countries and press them to require priority service from ocean shipping lines. Food, feed and agricultural product shipping should always be a priority for needed timely service. Food and agriculture supply chains should all collaborate in calling for better service at the ports and on the water.

## **Current Priorities**

U.S. ag exporters, including SSGA grain and soy suppliers and logistics service members, are now working harder than ever to find any and all options for exporting their products to their customers overseas. In some cases, that may even mean shipping their products out from East Coast U.S. ports, where containers may be more available, even though the transit time will be longer and the move more costly than normal.

- Customers, U.S. suppliers and SSGA members should stay in continual communication regarding the status of any container shipments, which frequently undergo changes and delays. Plan ahead and seek and analyze any available routes. And be prepared to report ocean shipping line failures to provide service.
- It is important that all parties of the global supply chain work to speed up returns of containers to the ports and rail terminals as soon as possible.
- All port employees and transportation workers should be considered “essential workers” and have coronavirus vaccines made available to them as soon as possible, if they have not already been vaccinated.



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## **How long will this last?**

This is a temporary crisis. However, what was expected to ease in early January – and then by the end of February – carriers and industry experts now are forecasting to last into the late spring. Others are saying there could be lingering congestion and shortages until fall or perhaps beyond if demand for containers in Asia is not stabilized. Ocean carriers that once were idling ships in early 2020 now have nearly all available ships in service. Manufacturing of new containers is returning to previous strong levels. However, those added containers also need to keep moving and not be stalled at the ports.

SSGA believes it is vital to maintain a strong two-way trade transportation system to maintain sustainable service business. The current imbalances in international trade and container shipping environment serve no one's best interest.

## ***SSGA is keeping in touch with all segments of the supply chain***

*Please be assured, SSGA food and agricultural exporters and our logistics and freight forwarding member companies are doing everything they possibly can to provide timely delivery of their products to our global customers, in spite of current challenges.*

For further information, [contact Bruce Abbe](#).