

March 26, 2021

Hon. Omar Alaghabra
Minister of Transport
Transport Canada
330 Sparks Street
Ottawa, ON K1A 0N5

Re: Request for Assistance Concerning Anti-Competitive Marine Carrier Behaviour

Mr. Alaghabra,

As Minister of Transport, you are aware that marine transport in 2020 and continuing into 2021, has been inconsistent, restricted, and ultimately unavailable for many Canadian exporters. Many international shipping lines have been shipping empty containers back to Asia, containers that usually are made available to Canadian exporters, especially exporters of Pulse crops and forest products.

This withholding of service is not isolated to Canada and is also a problem in the United States.

Attached is an article from the Journal of Commerce, dated March 4, 2021 (Annex#1). The article describes the action of the Federal Maritime Commission, specifically;

The US Federal Maritime Commission (FMC) in November expanded the scope of a fact-finding investigation into carrier behavior launched back in March 2020 to include, among other things, “practices related to the carriage of US exports.”

More recently, on March 9, 2021, congressional lawmakers have sent a letter to the FMC to voice concern about the current state of the ocean shipping market that has resulted in U.S. exporters having a difficult time obtaining containers.

Suite 210, 600 Terry Fox Drive

Ottawa, ON K2L 4B6
www.fma-agf.ca

Telephone: 613-599-3283

E-mail: corey@bellnet.ca



FREIGHT MANAGEMENT
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ASSOCIATION CANADIENNE
DE GESTION DU FRET

Since Canadian shippers are being mistreated in the same way as American shippers;

- Are there any plans by the Government of Canada, specifically Transport Canada, to launch a review or an investigation into these unreasonable, anti-competitive and hurtful practices of maritime carriers, currently not servicing Canadian exporters?
- If no investigation is being undertaken or being planned, what is the Canadian Government doing to support Canadian exporters in relation to this matter during this especially economically fragile period?
- If there currently is no authority or mechanism to protect Canadian exporters who need containers for export, are there plans to put in place the necessary legislation to protect Canadian exporters from unreasonable and detrimental treatment by marine carriers?

As you can appreciate this matter is extremely time sensitive. Canadian Pulse and forest product exporters are losing international sales, paying exorbitant costs and Canada's reputation as a reliable supplier is in jeopardy.

I look forward to hearing what action the Government of Canada will take to address this critical issue.

Sincerely,

John Corey
President
Freight Management Association of Canada

cc: Hon. Chrystia Freeland, Deputy Prime Minister and Minister of Finance
Hon. Marc Garneau, Minister of Foreign Affairs
Hon. Mary Ng, Minister of Minister of Small Business, Export Promotion and
International Trade
Scott Streiner, Chair & Chief Executive Officer, Canadian Transportation Agency
Michael Keenan, Deputy Minister, Transport Canada

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Annex#1

Senators support FMC probe of alleged US agricultural export denials

JOC Staff | Mar 04, 2021 5:31PM EST

Members of Congress are getting involved in a dispute between US agriculture exporters and container carriers over an alleged denial of service during the second half of last year, when a sudden and sustained surge in volumes sent spot trans-Pacific freight rates through the roof.

US exporters, particularly those moving agricultural products, claim carriers have been [systematically refusing bookings since last fall](#) in an attempt to speed the return of empty containers to Asia, where they can be filled with higher-paying import cargo. That deprioritization of export shipments, along with widespread port congestion, vessel delays, equipment shortages, and other logistical breakdowns caused by near-record US import volumes is resulting in [significantly higher costs for exporters and even lost business overseas](#).

The US Federal Maritime Commission (FMC) in November [expanded the scope of a fact-finding investigation](#) into carrier behavior launched back in March 2020 to include, among other things, “practices related to the carriage of US exports.”

Senators John Thune, R-South Dakota, and Amy Klobuchar, D-Minnesota, on Tuesday sent a letter to FMC chairperson Michael Khouri in support of the investigation. If the allegations prove accurate, “such practices would be unreasonable, anticompetitive, and hurt millions of producers across the nation,” the senators wrote.

“The need is urgent, especially with record container volumes at the nation’s major ports,” Thune and Klobuchar added. “These volumes, and the resulting congestion, will only grow as the global economy recovers from the coronavirus pandemic. Producers rely on competitive access to foreign markets, and the reported actions by certain [carriers] to undermine this access pose significant ramifications for agricultural exporters and the industry at large.”

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In a Dec. 8 speech at the Global Maritime Conference, Khouri referred to the actions by carriers as an “abandonment” of the US agricultural export industry that is “shutting them out of global markets,” adding that the commission would specifically be looking into whether such behavior violates the Shipping Act of 1984.

Thune and Kloubuchar, both of whom are members of the Senate Commerce and Agriculture committees, were joined by 22 fellow senators — 15 Republicans and seven Democrats — in sending the letter, which followed a similar message last week from members of the agricultural export community to President Joseph Biden.

In a Feb. 24 letter, 71 associations including the Agriculture Transportation Coalition (AgTC) and the Specialty Soya and Grains Alliance (SSGA) claimed carriers denial of export cargo is “severely injuring US agriculture, food and forestry product exporters, preventing us from delivering affordably and dependably to international markets.”

“This is a crisis: unless the Shipping Act and other tools available to our government are applied promptly, agriculture industries will continue to suffer great financial losses; these carrier practices will render US agriculture non-competitive for years to come,” the letter added. “While the FMC is undertaking further efforts to gain compliance, the damage being done to our agriculture and forest products industries is severe, increasing, and with lost foreign markets, may be irreversible.”

From: JOC Newsletters <newsletters@joc.com>

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