

**Chairman Peters Opening Statement As Prepared for Delivery
Commerce Subcommittee on Surface Transportation, Maritime, Freight, and Ports
Uncharted Waters: Challenges Posed by Ocean Shipping Supply Chains
December 7, 2021**

First, I want to thank our witnesses for joining today's important discussion.

Throughout the past year, I have heard from small businesses, across multiple industries, about the significant delays and problems they and their supply chains are facing, specifically as they relate to ocean shipping.

And the bottom line is this: small businesses and families throughout Michigan and across the country are experiencing higher prices and major delays associated with importing and exporting their products and supplies.

The ocean shipping network, which is responsible for 90 percent of global trade, has gone from being a system that was fast and cost-effective, to one plagued by delays and exorbitant pricing practices.

Many factors have contributed to this shift, but one major cause has been the global economy's uneven recovery from the COVID-19 pandemic and the supply chain collapses that have occurred as a result.

In short, our supply chains are very efficient, but not resilient. This is an issue that I am committed to addressing and improving.

In 2019, through my role on the Senate Homeland Security and Governmental Affairs Committee, I released a report on the rising cost of prescription drugs. And one of the takeaways was that, in the event of a major event such as a pandemic, our supply chains were not prepared.

Sure enough, when the pandemic hit, we had a major shortage of personal protective equipment and medical supplies.

And right now, we have an ongoing semiconductor chip shortage that's hurting our autoworkers and manufacturers.

These shortages and disruptions pose not only a threat to our national security, but they also have devastating impacts on Michiganders, their families, businesses and workers across the country.

For instance, automakers and their suppliers have consistently encountered skyrocketing penalties and fees charged by ocean shippers.

Combined with heightened volatility around ocean shipping logistics, these conditions have diminished auto production.

There are examples of ocean carriers not fulfilling their commitment to move the product of small- and medium-sized businesses.

Retailers have had to pay six to 10 times the standard amount in shipping costs in order to get products in their stores and on the shelves, and even then, they have seen contract brokers decline to honor those agreed upon amounts.

Members of the agriculture industry have seen their orders routinely get rolled, oftentimes only after learning they have already incurred substantial demurrage fees.

These are just a few of many examples.

I applaud the Biden Administration's swift efforts to counter these challenges.

Whether it has been multiple executive orders, empowering the Federal Maritime Commission, working with major Ports, President Biden has taken important and necessary steps to better secure our ocean shipping supply chains against vulnerabilities.

We have already begun to see the positive results of these efforts, just last week, the CEOs of major retailers told President Biden that supply chain conditions have begun to show signs of improvement.

Additionally, the bipartisan Infrastructure Investment and Jobs Act will help ease inflationary pressures and strengthen supply chains by making long overdue improvements for our nation's ports, airports, rail, and roads. And the Build Back Better Act will take many steps to lower costs for families.

The Senate Commerce Committee has also addressed this issue from multiple angles in recent months from a freight mobility supply chain hearing I chaired through this subcommittee in May to a full committee hearing held in July that focused on implementing supply chain resiliency.

The multifaceted challenges facing our supply chains require a holistic response from all sectors, including from Ports, where I believe Great Lakes ports can play a significant part in reducing backlogs.

Ports in Michigan and across the Great Lakes-St. Lawrence Seaway System are a ready-made relief valve that are currently underutilized.

As we explore solutions to strengthen our shipping and supply chains, we must be sure to look to the Great Lakes, our nation's third coast, to help fill in gaps when possible.

Additionally, there are roles for both the federal government and private industry to play in alleviating our supply chain pressures and challenges.

I look forward to hearing from our witnesses today about what practices they have found to be successful in addressing supply chain challenges associated with ocean shipping, and where they believe gaps remain.

Now I invite Ranking Member Fischer to share her opening remarks.