

National Customs Brokers and Forwarders Association of America (NCBFAA)

Amy Magnus

President
ncbfaa.org



This past year was one of unimaginable disruption in the global supply chain; at a given time, more than 60 ships with over 450,000 containers were floating outside the port of Los Angeles for weeks awaiting docking and unloading.

Although the COVID-19 pandemic has been a major disrupter, it wasn't the only one. Our failure to learn and adapt fast enough to external changes is the real culprit. International trade is an elaborate system, and to function properly, all parties must learn and adapt to deal with disruptions to ensure predictable delivery of goods.

Looking ahead, 2022 will be another year of system adjustments in the supply chain if we are to resume relative predictability and adapt to the various external changes that resulted

in this incredible backlog. Consumers in the US will continue to consume and order even more products online. Traders must adjust, as smaller orders shipping directly to consumers will continue the exponential growth of the last several years. Consumers enjoy the ease and convenience of ordering online, and this too is a significant change in the supply chain system.

COVID-19 will continue to rage, causing unexpected delays all around the world, and carriers, terminals, chassis providers, warehouses, labor, forwarders, brokers, governments, and all the involved parties in the chain must meet these and other challenges in a coordinated fashion.

To do so, we must learn to share our thinking — and suspend our assumptions about the “cause” of the latest disruption — so that together, we can find a systemic approach, as each participant in the supply chain has a stake in the long-term outcome. Defending opinions and assumptions about how to unplug the mess will

not help and could continue the spiral of “fixes that fail,” as one party or another implements a fix that fails to solve the system’s underlying problems.

All the parties must find a new kind of communication among themselves, a shared dialogue to force a new future that gets the

“Although the COVID-19 pandemic has been a major disrupter, it wasn't the only one. Our failure to learn and adapt fast enough to external changes is the real culprit.”

system humming again. No one group, party, or even external event caused the backlogs at our ports, and understanding this and working together to craft new ways of sharing thoughts and ideas will be the only way to bring about positive change.

There is much at risk if we cannot engage in peaceful trade, and the need to untangle the mess at our ports is urgent.

Here, regulators have an important opportunity to act in the interests of ensuring more resilient global supply chains and, in turn, the ability for economies to strengthen and flourish.

Crucial to addressing these issues, and to ensuring the future fluidity and resilience of the maritime supply chain, is ensuring fair competition and a level playing field for all supply chain actors. FIATA welcomes the comprehensive efforts taken by US maritime regulators to delve into the various issues and supports the Ocean Shipping Reform Act of 2021, which would strengthen US regulatory enforcement in this area and provide an excellent example for other economies around the world.

An important initiative of the current US administration is its work investigating the effects of carrier consolidation on other essential industry sectors, such as freight forwarders. This should include a review of carrier alliances, consortia, and vessel-sharing agreements,

as well as the increasing trend toward vertical integration of ocean carriers to include end-to-end freight movement within their services in direct competition with other logistics sectors, despite benefiting from special anti-trust immunities.

While business models inevitably evolve, it is important that competition remains fair. In the context of rapidly rising freight rates, maritime regulators should also exercise greater scrutiny over practices that perpetuate a wide spread in prices and treatment between large shippers and smaller shippers, which usually access the market via freight forwarders.

Following the US Federal Maritime Commission’s (FMC) work to produce its Final Rule on Demurrage and Detention, FIATA produced a toolkit to help its members leverage the ruling as a best practice in other economies around the world. The next step should be to ensure the Final Rule really has teeth, using strict enforcement to mitigate what

“The global transportation network, like most businesses, is actually a ‘people business’ that depends on interpersonal relationships built on trust, knowledge, and cooperation.” ▶

Edward J. Kelly

has become an increasingly complex bottleneck in the global supply chain.

With the right regulatory responses, resolving the inefficiencies of the maritime supply chain may no longer be *Mission Impossible*. Fair competition and a level playing field, as well as developing smoother interfaces between the different supply chain actors, is crucial to this effort.

Maritime Association of the Port of NY/NJ

Edward J. Kelly

Executive Director
nymaritime.org



The safe and efficient movement of people and goods has been a critical concern since the earliest

days of humankind. Over the years, we have evolved a global network of