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U.S. farmers push Washington to help boost exports even after a record year

U.S. agriculture exports were at an all-time high in 2021, but Congress and the Biden administration are heeding industry calls to intervene in supply chain bottlenecks.

Steven Overly
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Exports of U.S. agricultural goods reached an all-time high in 2021 despite supply chain bottlenecks sparked by the pandemic. But American farmers say they should be doing even better.

Producers of crops, meat and dairy are leaning on the Biden administration and Congress to intervene in what they see as a market failure: Their exports are being left behind in the U.S. as ocean carriers choose to haul empty containers back to Asia to retrieve more imports.

Both the White House and Congress have heeded those calls with proposals to alter shipping industry regulations and implement changes at U.S. ports, steps that policymakers contend will boost the U.S. economy by promoting exports, particularly for the large and politically influential agricultural sector.

“We don’t think the ocean carriers are treating agricultural exports the way they should,” said John Porcari, the port envoy President Joe Biden tapped to fix supply chain issues. “And if their emphasis is on getting empty containers back to point of origin, as opposed to helping U.S. exports, that’s unacceptable.”

The sharpest resistance is coming from the ocean carriers, most of whom are based outside the United States. They argue the government wants U.S. exports to receive preferential treatment in what amounts to unprecedented market interference that could potentially worsen existing supply chain backlogs.

“You can’t simply say ‘prioritize exports’ and not have an impact for the rest of the system,” said John Butler, the president and CEO of the World Shipping Council. “When trade volumes come back into balance and we see a more normal market, that’s what’s going to fix this.”

The coronavirus pandemic triggered a surge in imports that has stressed the global supply chain. A shortage of shipping container space subsequently caused shipping rates to skyrocket, resulting in massive profits for ocean carriers, with the biggest bucks going to those ferrying products from Asia to the U.S.

And while carriers have always made the journey back to Asia with some empty containers, data over the last year has shown more carriers are choosing to do so, leaving some U.S. exporters without a vessel to get their products to overseas markets. For instance, roughly 77 percent of the export containers leaving the Port of Los Angeles last year were empty.

“If you have cargo that’s ready to go and you’re ready to pay and the ship just turns around, it is like getting left on the sidewalk by taxis,” said Ed Gresser, director for trade and global markets at the Progressive Policy Institute. “Quite reasonably they’re upset about that and there is some real damage, too.”

Agricultural groups have made headway in Washington by appealing to lawmakers with stories from farmers and other exporters in their districts whose products have been shut out. That has inspired bipartisan legislation that would impose new regulations requiring shipping companies to prioritize U.S. exports over empty containers. The House version of that bill, H.R. 4996, won quick approval in December and the Senate introduced its own version, S. 3580, just last week.

Meanwhile, the state and federal agencies launched a pilot program at California’s Port of Oakland last month that dedicates additional yard space and equipment specifically for agricultural exporters to help them expedite shipments and secure more containers on ships. Porcari said it is a model that could soon be adopted at more ports around the country.

“Trade is a two-way street and we, in the case of U.S. agricultural exports, intend to reinforce that principle,” Porcari said. “We want to make sure that no part of the agricultural economy in the U.S. is disadvantaged by these short-term dislocations when they spent years building their markets.”

Commerce Department data released Tuesday paints a much more positive picture of the sector’s exports last year.

U.S. farm and food exports hit an all-time high of \$177 billion in 2021, which the Department of Agriculture notes surpassed the previous record set in 2014 by 14.6 percent. Those figures were part of a broader boon in U.S. goods exports, which totaled a record \$1.8 trillion for the year.

“It really doesn’t seem that the bloody murder that exporters have been screaming about has really materialized,” said Scott Lincicome, the director of general economics and trade at the libertarian Cato Institute.

But Lincicome and others are quick to acknowledge the data tells an incomplete story. To start, the Commerce Department’s figures are not adjusted for inflation, which can make a significant difference in light of dramatic price increases last year.

Nevertheless, exports as a percentage of gross domestic product also increased from 10.2 percent in 2020 to 10.8 percent in 2021, a sign that exports grew relative to the overall U.S. economy last year. However, that's still below the pre-pandemic share of 11.8 percent in 2019 .

The export figures also capture a broad basket of agricultural goods when industry lobbyists say a narrow subset has been most hampered by shipping issues. Specifically, perishable products that must travel by sea in shipping containers have had the greatest struggle over the past year.

The American Farm Bureau Federation estimates that shipping issues at the West Coast ports suppressed agricultural exports by at least \$4.2 billion. What's more, they say their banner year can be attributed more to inflation than to an actual increase in production.

“Our numbers were good in 2021 and we're thankful for that, but that lends a bit more to the conversation of, ‘Could they have been higher?’” said Veronica Nigh, a senior economist at the Farm Bureau. “Based on several different data points, the answer is resoundingly ‘Yes.’”

Still, some of the agricultural goods that were most subject to supply chain strain performed well. Dairy exports reached an all-time high, according to the U.S. Dairy Export Council. Beef and pork exports also broke new records, according to the U.S. Meat Export Federation.

“What they don't tell you alongside that number is all the added staff time and expenses that exporters have had to invest in order not to lose customers,” said Shawna Morris, senior vice president of trade policy for the National Milk Producers Federation and the U.S. Dairy Export Council.

“The fact that we still are able to move product does not mean that the real issues that company after company have pointed to about how the export supply chain is frankly not working well, that those don't still persist,” she added.

And the headline-grabbing figures aren't deterring the ag sector's allies on Capitol Hill. Rep. Dusty Johnson (R-S.D.), who co-sponsored the House shipping legislation, said in a statement that the numbers should not obscure the challenges exporters encounter sending their products overseas.

“Demand is far outpacing the supply chains' ability to keep up, and that's going to continue to be a problem we should get ahead of,” Johnson said. “While both exports and imports hit record levels in the last year, Congress should ensure American exports remain on a level playing field and are prioritized in the same way foreign exports are by ocean shippers.”