

# The New York Times

## Biden targets shipping companies as supply chain challenges persist

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President Biden is expected to talk about infusing more competition into the shipping industry on Tuesday night as he looks for way to bring down price increases that are bedeviling consumers.

On Monday, his administration blamed ocean freight carriers for skyrocketing shipping costs and vowed to pursue antitrust investigations into the industry.

The White House, in a statement, said that ocean freight companies have formed global alliances that control nearly all of the world's critical east-west trade lines, and they have drastically increased their shipping rates since the beginning of the pandemic.

The price to ship a 40-foot container has surged since the pandemic began, with the cost hitting \$9,789 on Feb. 25, up from \$1,358 roughly two years ago, according to the Freightos Baltic Index, a weighted average of global shipping routes. At the same time, ocean carriers have charged customers billions in fees for delays in retrieving their cargo, and profit margins for major ocean carriers have grown, the administration said.

Importers, exporters and customs lawyers have complained privately of egregious behavior by shipping companies, including unfair fees and [ocean carriers that depart American ports](#) without picking up any cargo. Some point to excessive concentration in the shipping market as a problem.

But economists and logistics experts say basic economic factors have driven soaring shipping rates during the pandemic — namely, a surge in demand for furniture, electronics, industrial goods and other products, combined with bottlenecks in the global supply chain.

While more Americans order goods online than ever before, the pandemic has shut down foreign ports and decreased the workforces of ports, [trucking companies](#) and warehouses. The Port of Los Angeles, the country's biggest container port, recorded its busiest January on record this year, moving the equivalent of 865,595 20-foot steel containers, despite the surge in the Omicron variant.

Colin Grabow, a trade policy analyst at the Cato Institute, said the spike in shipping rates during the pandemic was “mostly due to an increase in demand for imported goods combined with port slowdowns that functionally act as a reduction in the number of ships operating.”

He added: “Increased demand combined with reduced supply means higher rates,.”

Mr. Grabow added that he thought it was “grossly hypocritical” for the Biden administration to complain about limited competition and high rates in the international shipping market while also supporting the Jones Act, a law which he said “drastically limits competition and produces elevated rates in the domestic ocean shipping market.”

Supporters say the law, which requires that goods shipped between U.S. ports travel on vessels built and owned by U.S. citizens, has preserved an American maritime industry, while critics call it a protectionist policy that has pushed up prices.

The shipping industry responded to Mr. Biden’s criticisms in the State of the Union saying their industry is competitive and that market dynamics are influencing prices, not carrier alliances.

The alliances between ocean carriers allow companies to share space on each others’ ships, but they do not include commercial cooperation, and companies do not discuss prices, said John Butler, the president of the World Shipping Council, which represents liner shipping companies.

“It is disappointing that unfounded allegations are being levied against an industry that is moving more cargo right now than at any time in history in order to meet the unprecedented demand for imported goods during the pandemic,” Mr. Butler said.

The Biden administration has announced [an array of measures](#) aimed at speeding the movement of goods through supply chains, including easier licensing requirements for truckers and expanded container yards for American ports. But the administration has struggled to show much progress addressing an issue that is ultimately underpinned by global economic factors.

Russia’s invasion of Ukraine has only [further scrambled supply chains](#) and sent energy prices soaring, suggesting the global shipping market is unlikely to return to normal anytime soon.

In recent months, many Democrats have turned their attention to companies that are responding to inflation by increasing customer prices and maintaining fat profit margins in the process. In January, the administration signed an executive order to increase competition in the meat and poultry processing sector.

In its announcement Monday, the Biden administration said the Justice Department and the Federal Maritime Commission would begin a new joint initiative to promote competition in the global shipping sector, by cracking down on antitrust violations among shipping companies and stepping up oversight of unfair fees. Bringing more competition into the industry is crucial for lowering prices, improving the quality of service and strengthening the resilience of supply chains, the announcement said.

The administration also urged Congress to pass legislation, approved by the House in December, to increase the Federal Maritime Commission’s oversight of the shipping industry.

Exporters have called for the bill’s swift passage. Michael Dykes, the president of the International Dairy Foods Association, said earlier this month that the bill would place

“disciplines on ocean carriers’ ability to decline export cargo and when demurrage can be charged, helping to get U.S. dairy exports on the water in a timelier manner.”