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Thirty-One Nations Drew on Reserves To Release Millions of Barrels of Oil

On April 7, the International Energy Agency (IEA) announced its 31 member countries, including the United States, would release 120 million barrels of oil from their emergency reserves over 6 months, in addition to the 63 million barrels they pledged in March. The new commitments amounted to the largest release in IEA's history, according to the organization. Half of the newly pledged amount—60 million barrels—was to come from the United States, as part of the larger release from its strategic petroleum reserve announced by the White House. (See Grain Transportation Report, April 7.) From April through September, around 240 million barrels of emergency oil stocks—amounting to well over 1 million barrels per day—was to be made available to the global market. IEA's 31 member countries are in Europe, Asia, and the Americas. The strategic releases were intended to stabilize energy prices that had soared since Russia invaded Ukraine.

DOT Reported Progress Toward Relieving Supply-Chain Issues in Trucking

On April 8, the White House provided an update on its Trucking Action Plan. According to the U.S. Department of Transportation (DOT), as of April 2022, the trucking industry employed roughly 30,000 more drivers than at the start of the pandemic. DOT hoped to bolster these gains with accomplishments in its efforts to advance trucking. These achievements included more than 90 employers launching registered apprenticeship programs in 90 days and—between 2021 and 2022—a 112-percent increase in commercial driver's licenses issued in January and February. DOT had also recently launched a new Women of Trucking Advisory Board to recruit women and a new Veterans Trucking Task Force to bring more veterans into the industry. DOT noted trucking was "one key bottleneck," which had struggled with declining employment—even before the pandemic—and a historic demand for goods since the pandemic.

FMC Examined How Carriers Can Improve Service to Exporters

On April 22, the Federal Maritime Commission (FMC) announced that its staff were comprehensively examining how key ocean carriers served U.S. export shippers. Launched in response to a March 2022 directive of the FMC Chair, the review was led by the Commission's vessel operating common carrier (VOCC) Audit Team. The previous week, the VOCC Audit Program had finished its first round of meetings with 11 key shipping lines. The meetings helped identify which ocean carriers had export strategies and how well those strategies worked. The VOCC Audit Team also used its exchanges with carriers to urge companies without export strategies to establish one.

ATRI Released New Study on the Environmental Impacts of Zero-Emission Trucks

On May 3, the American Transportation Research Institute (ATRI) released a new report on the environmental impacts of zero-emission trucks. The study used Federal and industry-sourced data to identify and compare full life-cycle CO2 emissions for a range of truck types (including a baseline diesel truck, battery electric trucks, and hydrogen fuel cell trucks). The researchers found that use of electric trucks would result in only 30-percent less CO2 emissions than standard diesel trucks. Despite electric trucks' lack of direct tailpipe emissions, the CO2 production associated with producing the vehicle, battery, and electricity was sizeable. The marginal environmental benefits of electric trucks were largely due to lithium-ion battery production, which generated more than six times the carbon of diesel truck production. The research concluded that hydrogen fuel cell trucks were ultimately the most environmentally friendly truck type. However, the technology was not presently feasible for long-haul operations. The report also identified additional strategies that could reduce CO2 truck emissions for all three energy sources—diesel, electricity, and hydrogen. For example, renewable diesel could decrease CO2 emissions to only 32.7 percent of a standard diesel engine without requiring new infrastructure or truck equipment. Finally, hydrogen sourced from solar-power electricity could enable hydrogen fuel cell trucks to emit only 8.8 percent of the baseline diesel CO2. The full report is available here.

FMC Enhanced Its Monitoring of Alliance Carrier Operations

On May 5, the Federal Maritime Commission (FMC) began requiring the three global ocean carrier alliances (2M, OCEAN, and THE) and each of their member companies to provide enhanced pricing and capacity information. The newly mandated information would allow FMC to use uniform data in assessing ocean carrier behavior and marketplace competitiveness. This new transparency was intended to give FMC's Bureau of Trade Analysis (BTA) insight into carrier pricing, broken down by individual trade lane and by type of container and service. FMC has also gained timely information about capacity management decisions of ocean carriers and alliances. The new requirements were the result of a year-long examination by BTA to determine the data needed to properly analyze carrier behavior and marketplace trends. BTA continuously monitors compliance to assess whether agreements have an anticompetitive impact on the marketplace.

Iowa Enacted Law Requiring Higher Blends of Ethanol and Biodiesel

On May 17, Iowa enacted a law requiring gas stations to offer gasoline containing 15-percent ethanol (E15). Iowa was the first State in the Nation to adopt such an E15 standard. The law was intended to lower gas prices as it expanded consumer access to gasoline blended with high shares of ethanol and biodiesel. The law included a range of tax credits and incentives for biofuel producers and fuel retailers. Under the law, starting next year, any new or upgraded fuel infrastructure must be compatible with E85 (gasoline with 15-percent ethanol) and B20 (diesel with at least 20-percent biodiesel). The additional grain needed to produce the E15 blend should increase the demand for truck transportation. The new high-ethanol blends were also expected to lower fuel prices, which have reached historic highs this year.

Helena Harbor Awarded $535,000 Grant by Arkansas Waterways Commission

On May 19, The Arkansas Waterways Commission awarded a grant of $535,000 to the Helena Harbor, West Helena, AR, to support the Helm Fertilizer Terminal expansion at the harbor. The grant will fund a staging lane for 18-wheeler traffic, as well as provide for critical road improvements that enable safer, more efficient operations at Helena Harbor. Ground breaking took place on October 9. Over the next 2 years, Helm Fertilizer plans to invest more than $12 million to expand the terminal's infrastructure to support agriculture and accommodate increased fertilizer demand.

Global Index Ranked 2021 Port Performance in Processing Containers

On May 25, the World Bank and S&P Global Market Intelligence released the second edition of their jointly produced annual Container Port Performance Index for 2021. Listed in descending order of efficiency, the worldwide port rankings were based on the time spent by vessels in port exchanging container cargos, and averages were weighted by call size and vessel size. In the ranking of 370 ports worldwide, the ports of Long Beach and Los Angeles took the last two spots—369 and 370, respectively. (In 2020, out of 351 ports, Los Angeles had ranked 337 and Long Beach, 341.) The index's performance metrics showed large variances in port efficiency, which often related to differences in infrastructure spending. According to the index report, the large queue of ships on the U.S. West Coast in 2021 stemmed from such factors as pandemic-induced labor issues at the ports, slow chassis turns, lack of container staging space, slow rail service, and containers out of position in the network. According to the report, these issues were common among the least efficient ports.

FMC Released Findings on Effects of COVID-19 on Ocean Transport

On May 31, the Federal Maritime Commission (FMC) released its final report on "The Effects of COVID-19 on the U.S. International Ocean Transportation Supply Chain," a 2-year investigation involving hundreds of FMC stakeholders. Both importers and exporters emphasized two primary pandemic-related concerns: the high cost of shipping cargo and excessive demurrage and detention charges. Among other points, the investigation's final recommendations to address stakeholder concerns included the following: new rulemakings to clarify carrier practices; an investigation of the various charges shippers are assessed; required employment of a FMC officer for ocean common carriers, seaports, and marine terminals; and enhanced cooperation between FMC and USDA ("the agency most experienced in agricultural export promotion") regarding container availability and other issues. The final report can be accessed here.

Port of Houston Started Ship Channel Expansion Project

On June 1, the Port of Houston started Project 11 to expand the Houston Ship Channel—the planning for which started in 2010. Scheduled for completion in 2025, the $1.1 billion expansion project will allow the ship channel to accommodate an additional 1,400 vessels per year. Along the Houston Ship Channel's 26-mile reach to the Galveston Bay, Project 11 will increase the channel's width from 530 feet to 700 feet. It will also increase the upstream segments' depth from the current 45 feet to 46.5 feet. Currently, the channel accommodates about 8,200 vessels and 215,000 barges each year, hauling more than 247 million tons of cargo. The Port of Houston handled 5 percent of total U.S. exported bulk grains, soybeans, and grain products in 2020.

DOT CRISI Grants Will Help Improve Midwestern Rail Transport

On June 2, the Department of Transportation's (DOT) Federal Railroad Administration announced the award of funding from its Consolidated Rail Infrastructure and Safety Improvements (CRISI) grant program—part of which will be used to help increase supply chain resilience and fluidity. The funds include $184 million for rural rail projects. The rural grant awards included funds devoted to shortline railroads in many top grain-producing States, such as Michigan ($30 million), Kansas ($20.4 million), Indiana ($8.4 million), Iowa ($7.1 million), Ohio ($6.9 million), North Dakota ($6.7 million), Nebraska ($6.3 million), Illinois ($1.8 million), and Minnesota ($1.4 million). The short line rail industry plays a key role in the first and last miles of grain shipments by rail. In 2018, USDA funded research that developed a list of available Federal and State short-line-rail assistance programs.

Oregon Rail-to-Barge Facility Received $2 Million State Grant

On June 3, the Oregon Transportation Commission approved a $2.1 million grant for the Morrow County Grain Growers (MCGG) cooperative to expand its rail-to-barge grain facility at the Port of Morrow on the Columbia River. The grant will cover two-thirds of the project's $3 million dollar cost. The MCGG board, which is responsible for the final costs not covered by the grant, must issue the final approval. The Port of Morrow facility is currently the only one on the Columbia River that can unload grain from rail cars into barges headed to downstream export elevators. The expansion will install a new 600,000-bushel grain bin, which will enable the facility to handle Canadian Pacific trains of 134 or more railcars. According to U.S. Army Corps of Engineers data, from 2016 to 2020, grain shipments originating or moving through the Columbia River system ranged between 27.5 million tons and 33.8 million tons—or 66-74 percent of all shipments on the river. From 2016 to 2020, wheat was the primary grain commodity shipped on the Columbia River, with shipments ranging between 12.7 million tons and 16.4 million tons.

EPA Finalized Ethanol and Biodiesel Blending Requirement

On June 3, the Environmental Protection Agency (EPA) finalized the renewable volume obligation (RVO), at 20.63 billion gallons for 2022. The RVO is the EPA-set minimum of renewable fuel that must be blended with gasoline or diesel and made available to consumers, for a given year. EPA's 2022 RVO includes 15 billion gallons of ethanol, up from 12.5 billion gallons finalized in 2020 and 13.79 billion gallons in 2021. The 2022 biodiesel volume is set at 2.76 billion gallons, up from the 2.43 billion gallons set in both 2020 and 2021. The 2022 ethanol and biodiesel totals comprise the highest RVO to be finalized since EPA's Renewable Fuel Standard was created in 2007. According to EPA, the increased RVO will help reduce the Nation's dependence on oil. The high blending requirements are also intended to diversify the fuel supply by raising domestic biofuel production. The additional blending requirements will require more grain and should increase the demand for transporting grain and biofuels.

FHWA Issued Final Rule Extending Inspection Requirements for Bridges

On June 6, the Federal Highway Administration (FHWA) implemented its final rule updating the National Bridge Inspection Standards (NBIS) for the Nation's highway bridges. Taking a risk-based approach to inspection, the rule lengthens intervals between inspections for some bridges (based on the level of risk they pose) from 24 months to 48 months for routine inspections and to 72 months for underwater inspections. Conserving resources in this way, FHWA can then support more effective use of inspection resources elsewhere (for bridges that need the most attention). The final rule will also allow the use of technologies such as unmanned aerial vehicles and sonar to perform some inspections. According to the American Road and Transportation Builders Association's *2022 Bridge Report*, more than 43,500 bridges are rated in poor condition (i.e., classified as "structurally deficient). Furthermore, "36 percent of U.S. bridges—nearly 224,000 spans—need repair work, and 78,800 bridges should be replaced."

FMC Launches Three Initiatives To Improve Supply Chain Performance

On June 8, the Federal Maritime Commission (FMC) announced three new initiatives that will enhance assistance to shippers, further improve compliance with FMC regulations, and help resolve supply chain issues. All three actions are based on recommendations in FMC's report, "The Effects of COVID-19 on the U.S. International Ocean Transportation Supply Chain." One initiative will establish a new and permanent International Ocean Shipping Supply Chain Program. Another will reestablish the Export Rapid Response Team. Finally, the third action will take the steps necessary for carriers, marine terminal operators, and operating seaports to employ a designated FMC compliance officer. The report recommending the actions is the result of a 2-year investigation involving hundreds of FMC stakeholders.

STB Instructed Railroads To Revise Service Recovery Plans

On June 13, the Surface Transportation Board (STB) required the four U.S. Class I railroads to correct deficiencies and provide additional information on their planned actions to improve their service. Throughout 2022, the railroads—BNSF Railway, Union Pacific Railroad, CSX Transportation, and Norfolk Southern Railway—have struggled with delays and congestion on their networks. On May 20, the railroads submitted service recovery plans to STB, as requested. STB said the plans were "an opportunity [for the railroads] to show their commitment to improved service—and to demonstrate progress." However, STB also stated, "the Carriers failed, in varying degrees, to provide service recovery plans that met the Board's stated expectations." In its June 13 decision, STB described in detail the information needed from each of the four railroads. The railroads were required to submit their revised service recovery plans on June 23.

USACE Endorses Deepening Port of New York and New Jersey

On June 15, the U.S. Army Corps of Engineers (USACE) endorsed a 4-year study done by USACE and the Port Authority of New York and New Jersey (PANYNJ), which recommends deepening the port to 55 feet, from its current depth of 50 feet. To accommodate longer, larger ships, the study also recommends widening all bends in the channel leading to the port. Likewise, the study proposes deepening Ambrose Channel—from its current depth of 58-feet—to help ease supply chain issues. As the main entrance into the lower New York Harbor, a deeper Ambrose Channel would allow ships to enter the harbor with more containers, generate less idle time due to tide restrictions, and allow more post-Panamax ships to call on the East Coast's busiest box port. The port has road and rail reach into 17 States and is a key driver of East Coast economic activity. USACE's endorsement of the study allows the agency to seek congressional funding in the 2024 Water Resources Development Act to help pay for the recommended projects. PANYNJ will also contribute funds.

Ocean Shipping Reform Act of 2022 Became Law

Enacted on June 16, the Ocean Shipping Reform Act of 2022 (OSRA) is intended to expand the Federal Maritime Commission's (FMC) authority to optimize the ocean transportation system to facilitate movement of U.S. exports. In contrast to previous ocean shipping policy, the law specifies shipment details that detention and demurrage invoices must include, directs FMC to promptly investigate complaints about charges, and makes carriers responsible for establishing the reasonableness of any detention and demurrage charges. Within the new law's first 45 days, FMC must initiate a rulemaking to further define prohibited detention and demurrage practices. The law also prohibits carriers from "unreasonably refus[ing] cargo space accommodations when available" and from "unreasonably refus[ing] to deal or negotiate, including with respect to vessel space accommodations." In the months following OSRA's enactment, FMC must initiate rulemakings to further clarify carrier practices. Such rulemakings are expected to help prevent carriers from returning only empty containers to China, rather than first loading them with agricultural products.

USDA Partnered With Two More Port Locations—Tacoma and Houston

On June 16, USDA announced partnerships with two more ports to ease congestion for agricultural exporters—on top of earlier projects with the Ports of Oakland and Seattle. In one case, the Northwest Seaport Alliance (NWSA) opened a 16-acre "pop up" site at the Port of Tacoma, WA. Both the Tacoma site and NWSA's 49-acre pop-up site in Seattle accept dry agricultural or refrigerated (reefer) containers for temporary storage. USDA will provide payments of $200 per dry container and $400 per reefer container to help cover the additional logistical costs of using the sites. In addition, a partnership between USDA and the Port of Houston, TX, has ensured agricultural companies and cooperatives can export their commodities. During the first year of the Port of Houston's 5-year lease of an additional 1,060 chassis, USDA will cover 50 percent of the cost of obtaining and leasing the chassis. USDA's aim with these projects is "to help American farmers and agricultural producers move their product to market."

Port of Houston Awards Contracts To Dredge Houston Ship Channel

On June 17, the Port of Houston awarded two contracts, worth $429.4 million, to dredge a 17.3-mile section of the Houston ship channel. The two firms performing the work are Weeks Marine (with a $329.6 million contract) and Curtin Maritime Corp (with a $99.8 million contract). The firms will widen one portion of the channel by 700 feet and another portion by 455 feet. The channel dredging is part of the Port of Houston's previously announced $1.1 billion expansion, to be completed by 2025. The expansion should allow the ship channel to accommodate 1,400 vessels per year and is expected to generate more than $134 billion annually. The Houston Ship Channel is currently the busiest waterway in the Nation. Its facilities have an economic impact of almost $802 billion and support more than 2.1 million jobs.

U.S. Supreme Court Declines to Hear CTA's Petition

On June 30, the U.S. Supreme Court declined to hear the California Trucking Association's (CTA) petition regarding California's Assembly Bill 5 (AB5) independent contractor law. The Supreme Court's decision means the previous ruling upholding AB5 from a lower U.S. Circuit court stands and a preliminary injunction preventing AB5 from being enforced on motor carriers ended July 7. The new law requires employers to prove workers are independent contractors, rather than direct employees, and the law could result in a reclassification of all owner-operators within the State.

FMCSA Cancels HOS Waiver for Feed and Fuel

The Federal Motor Carrier Safety Administration (FMCSA) canceled its waiver on hours-of-service (HOS) requirements for trucks transporting feed, fuel, propane, and ethanol. After the waiver was first issued in 2020 to help address the national COVID-19 emergency, FMCSA extended the waiver more than 10 times, sometimes modifying it. Based on comments received during the most recent extension period through October 15, FMCSA decided to let the waiver expire.

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