

March 11, 2022

The Honorable Laura Friedman
California State Assembly
1021 O St., Room 6310
Sacramento, CA 95814

RE: AB 2406 (Aguiar Curry) – SUPPORT

Dear Assemblymember Friedman:

The undersigned organizations are proud to **SUPPORT** Assembly Bill 2406, which will update existing California law to better protect its economy from unfair supply chain fees.

The undersigned organizations represent nearly the entirety of California's agricultural export, retail, manufacturing and logistics industry.

As the leading exporter of agricultural products to international markets and as the primary national gateway for imported goods, the global supply chain crisis uniquely impacts California's economy. California businesses such as agricultural exporters, manufacturers, retailers and truckers contract ocean carriers for use of shipping containers to import and export commodities to and from global markets. As with any rental company, ocean carriers set timeframes for the prompt pick-up and return of equipment. Late pickups & returns past the grace period are charged daily fees known as detention and demurrage.

Under ordinary circumstances, these fees are designed to encourage the efficient use of containers. However, during our recent and ongoing port congestion crisis, late charges have been imposed on California businesses by international ocean carriers even when containers cannot be returned due to circumstances not within the control of the importer, exporter or trucker. While detention and demurrage fees have increased across the globe, ocean carriers are charging two to ten times the fees in Los Angeles and Long Beach versus other major ports worldwide.

Agricultural exporters are losing global market share while absorbing unfair fees. California manufacturers and retailers are already facing unprecedented cost increases for imports on top of paying the highest detention/demurrage rates in the world. All of these costs ultimately increase the price of goods and services for Californians.

In 2005, California adopted SB 45 (Alarcon) which prohibited levying of these fees against truckers when the delayed pickup or return of a container is not within the control of California businesses. However, the industry has evolved since this law was adopted and it needs to be modernized. AB 2406 would update existing law to fit today's operating environment and continue the existing policy of protecting California trade from unfair fees.

For the reasons outlined in this letter, the undersigned organizations are proud to SUPPORT AB 2406.

Sincerely,

African American Farmers of California
Agricultural Council of California
Agriculture Transportation Coalition – AgTC
Air-Conditioning, Heating and Refrigeration
Institute
Almond Alliance of California
American Chemistry Alliance
American Forest & Paper Association
American Home Furnishings Alliance
American Lighting Association
American Pistachio Growers
American Trucking Associations'
Agricultural Food Transporters Conference
and Intermodal Motor Carrier Conference
Association of Food Industries
Association of Home Appliance
Manufacturers
Auto Care Association
California Apple Commission
California Blueberry Association
California Blueberry Commission
California Citrus Mutual
California Cotton Growers and Ginners
Association
California Farm Bureau
California Fresh Fruit Association
California Manufacturers and Technology
Association
California Olive Oil Council
California Retailers Association
California Rice Commission
California Trucking Association
California Walnut Commission
Capay Canyon Ranch
CAWA - Representing the Automotive Parts
Industry
Far West Equipment Dealers Association
Fashion Jewelry and Accessories Trade
Association
Fashion Accessories Shippers Association
Foreign Trade Association
Gemini Shippers Association
Green Coffee Association
Harbor Trucking Association
International Housewares Association
International Warehouse Logistics
Association
Leather and Hide Council of America

Los Angeles Customs Brokers and Freight
Forwarders Association
Meat Import Council of America
National Confectioners Association
National Hay Association
National Milk Producers Federation
National Onion Association
Nisei Farmers League
North American Meat Institute
Northern California Customs Brokers and
Freight Forwarders Association
Pacific Coast Council of Customs Brokers
and Freight Forwarders Association
Pet Food Institute
Plumbing Manufacturers International
Promotional Products Association
International
Olive Growers Council of California
Retail Industry Leaders Association
San Diego Customs Brokers and
Forwarders Association
Specialty Crop Trade Council
Sports & Fitness Industry Association
Truck & Engine Manufacturers Association
U.S. Dairy Export Council
U.S. Forage Export Council
Western Agricultural Processors
Association
Western Growers Association
Western Plant Health Association
Western States Trucking Association