



## Supply Chain Challenges and Inflation's Impact on the Potato Industry

### **ACTION REQUESTED**

- ✓ The impact of supply chain inefficiency and inflation are likely to impact potato production for the 2022 crop.
  - Input prices are up over 100% for fertilizer and essential chemicals
  - Freight rates are also at multi-year highs
- ✓ Congress and the Administration must move rapidly to reduce bottlenecks where possible.
  - CDL additional burdens must be minimized for agriculture
  - Ocean Shipping Reform Act passed
  - Increased truck weight limits
  - Hours-of-Service flexibility

The U.S. potato industry is dependent upon an efficient transportation system in moving product from the farm through the supply chain to the end consumer. The current supply chain disruptions are creating severe shortages of vital inputs for potato production and inflating prices for those fortunate producers who can secure supply. Several specific regulatory or legislative actions could assist in relieving some of the current bottlenecks that are severely impacting producers:

#### **Remove Burdens to Attracting New Truck Drivers to the Profession**

The U.S. is suffering from a severe lack of qualified commercial truck drivers. This shortage has a disproportionate impact on U.S. agriculture which is primarily served by these trucks. The Administration has recently enacted new federal mandates that greatly increase the hourly burden on new drivers to obtain commercial driver's licenses (CDL). These new requirements serve as a disincentive for these drivers and will lengthen the time necessary to fill these vacant positions. Conversely, the Bipartisan Infrastructure Act took important steps to attract new drivers by permitting state pilot programs which allow drivers 18 years of age, instead of age 21, to qualify for their CDL. The Administration should be aware of the conflict between that law and their new regulations. We strongly urge them to reconsider the unintended consequences of these new regulatory mandates and seek to address safety through less obstructive means.

#### **Pass the Ocean Shipping Reform Act**

The Ocean Shipping Reform Act (HR 4996/S. 3580) is intended to reduce the burden upon shippers who are suffering from supply chain disruptions impacting intermodal freight transiting through commercial seaports. Currently, shippers are having to pay daily demurrage charges (monetary penalties) for containers that are stuck in seaports through no fault of the shipper. This is costing thousands of unnecessary dollars and keeping valuable equipment idle, thereby driving up freight rates due to lowered supply. The OSRA would prohibit these types of burdens and also seeks to utilize data to avoid future bottlenecks.

### **Increased Truck Weight Limits**

Multiple studies have shown that trucks operating with an additional (sixth) axle improve highway safety. These heavier trucks exhibit greater braking efficiency and better weight distribution, which reduces road wear. In terms of enhanced safety, the biggest single factor in the number of accidents involving trucks is vehicle miles traveled. Heavier loads would reduce the number of trucks in operation and miles traveled, thereby reducing the number of accidents and overall emissions.

NPC strongly supports increasing federal truck weight limits from 80,000 lbs. to 110,000 lbs. for trucks utilizing a sixth axle. The passage of the infrastructure bill provides the opportunity for a comprehensive consideration of this essential element.

### **Enhanced Hours-of-Service Flexibility for Agriculture Operations**

The shortage of trucks continues to impact the agriculture industry throughout the year and particularly during the planting and harvest seasons. These shortages are caused, in part, due to issues surrounding the Electronic Logging Device (ELD) and Hours-of-Service (HOS) regulations. Throughout 2018, NPC worked successfully with Congress and the Administration to improve those regulations.

Those improvements, and additional flexibility should be considered to reduce the regulatory burden on the agriculture industry. The HOS rules should acknowledge the unique challenges for transporting perishable commodities. Consideration should be given to expanding the current 150-mile loading exemption to cover both loading and unloading activities. Truck drivers should not be penalized for encountering delays at loading points or congestion at distribution warehouses or port facilities. Such operations are not over-the-road in nature and time spent idling in a marshalling yard should not count against HOS mandates.

### **Temporary Intermodal Yards Are a Positive**

USDA should be commended for its creativity in announcing temporary intermodal freight yards (“pop ups”) in proximity to the Port of Savannah and Port of Oakland on idled federal land to facilitate refrigerated storage and relieve traffic congestion at ports. We understand USDA is currently evaluating other parcels of land near ports for additional staging pop ups.