



PIONEERING DEPENDABLE OPPORTUNITIES
FOR AGRICULTURE WORLDWIDE

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Karen V. Gregory, Secretary
Federal Maritime Commission
800 North Capitol Street, N.W.
Washington, D.C. 20573-0001

RE: HMT

Dear Secretary Gregory,

Port competitiveness is important for the Northwest hay industry. Even though we are exporters, import volumes matter to our business model. Cargo diversion to Canadian ports is a major concern, and has implications for the future of our industry.

Since the Port of Prince Rupert has been open, import volumes have been diverted from the ports of Seattle and Tacoma and moved through Prince Rupert to the Midwest. Those containers then go back the same way to Prince Rupert rather than come back to Seattle / Tacoma for local exports as they would have prior to this ports opening. Even 100,000 containers per year has an effect on the export market in the PNW. Anderson Hay is a very large exporter with annual exports of around 25,000 feu per year. Prince Rupert is taking four times that many cans away from the exporters in the PNW.

Like most agricultural products hay is grown inland, hours away from a seaport. The exporters transport hay to their processing facilities where it is compressed and loaded into an ocean container and transported to the port for sailing. Without available containers and competitive ocean freight rates, the commodity is not a viable export. Bulk shipments or trans loading of product into containers at the seaport leave the commodity open for contamination. These products are being fed to dairy and beef cattle and thus are going into the food chain of the importing country and quality is of utmost concern to those countries. Due to this factor hay exporters do not enjoy the freedom of switching back and forth from bulk, to containers, or have the ability to trans load into containers closer to the seaport.

Since the empty container availability is less than it used to be 10 years ago, export freight rates from the PNW have increased, while export rates in PSW have remained stagnant. Hay export volumes from the PNW are declining while volumes from the PSW are increasing. That fact is due to the large freight differential between the US West Coast Ports. Because of the current ocean freight environment, our business model and strategy has changed. We are no longer a PNW only exporter. To grow, to survive, we have to move some exports to the PSW to be able to compete in a global market place. The lack of equipment supply and reduced carrier capacity in the Northwest has inflated rates to a point where PNW hay exports struggle to compete with PSW hay exports in landed cost in the market place.

We have heard that Prince Rupert is selling the fact that cargo coming through this gateway does not have to pay the HMT just as aggressively as they are selling their transit time to Chicago. Maybe it is time to address this issue and see if HMT should be required on cargo arriving in Seaports that do not have to be dredged, or if it should be assessed on ALL imports regardless if the import is entering the US on a vessel, train, or truck, to help ensure that our exports remain competitive globally.

Kind Regards,
Laura Daniels
Anderson Hay and Grain Co., Inc
Transportation Manager