

September 01, 2021

John W. Butler
President and CEO
World Shipping Council
1156 15th Street, N.W.
Suite 300
Washington, D.C. 20005

Dear Mr. Butler:

I am writing to you on behalf of the members of the National Association of Chemical Distributors (NACD). NACD members have come under tremendous strain due to the unreasonable business practices carried out by members of the World Shipping Council (WSC). I implore you to take these concerns directly to your members, to urge them to cease these practices immediately, and to work with our members to alleviate these problems.

NACD is an international association of chemical distributors and their supply-chain partners, whose member companies process, formulate, blend, re-package, warehouse, transport, and market chemical products for over 750,000 customers. NACD members supply products that are necessary for water treatment, food preservation, agricultural processes, pharmaceutical and vaccine production, as well as products needed to manufacture firefighting materials, sanitation products, and more. Many of these chemical products are no longer made in the U.S., and NACD members must source these chemicals from overseas manufacturers. They depend on reliable ocean transportation to bring the materials into the U.S. and deliver them to the customers who need them for critical functions.

WSC members have provided the service of transporting chemical products, both hazardous and non-hazardous, for NACD members for years; but recently, NACD members have encountered severe delays, skyrocketing costs, and outright order rejections. The interruption of our members' supply chains is a matter of national and economic security. The U.S. Department of Homeland Security has deemed the chemical sector as one of 16 critical infrastructure sectors whose assets, systems, and networks, are considered so vital to the U.S. that their incapacitation or destruction would have a debilitating effect on security, national economic security, national public health or safety, or any combination thereof. Chemical distributors are an integral part of the chemical sector and the entire U.S. manufacturing supply chain because of the essential services and products they provide.

Currently, chemical products such as glycerin, citric acid, sodium chlorite, sulfamic acid, among other materials, are struggling to move through the supply chain quickly enough. This situation continues to deteriorate, and it is putting Americans at jeopardy of having insufficient access to clean water, inadequate medical and medicinal supplies, limited food production and preservation capabilities, and more. For example, one NACD member reported that an ocean carrier refused to accept a rated order under the Defense Production Act for materials needed for the COVID-19 vaccine. As the world is experiencing an active pandemic, security of this supply chain is more important than ever.

Since the beginning of the pandemic, NACD members have experienced a plethora of shipping challenges with WSC members. I have highlighted only a few examples of the impact on NACD members below:

- Costs have increased year over year to upwards of 1000%.
- Charges for accumulating detention and demurrage fees have reached incompressible levels due to significant port delays.
 - One NACD member has paid more in these fees during the first seven months of 2021 than they have paid in total over the last ten years.
 - Another was charged \$30,000 to \$40,000 over the course of two weeks.
- Exposure to \$500,000 in U.S. Customs and Border Control penalties for late Import Security Filings because the ocean carrier issued late schedule notifications and made last-minute schedule change notifications.
- Shipping delays have increased by an average of 11 days or more for 82 percent of NACD members, with some facing average delays up to 77 days.
- Premium pricing is charged on all shipments, well beyond contracted agreements.
- NACD members pay the elevated prices to guarantee their space on a carrier, but WSC members raise the price further and/or delay the shipment to a future departure date or even cancel the shipment.
- Imposition of “Heavy Lift Charges” on goods packed into 20-foot containers. Prior to this new restriction, NACD members could ship 20 metric tons of chemical product; but now they are limited to between 12 and 18 metric tons. If they exceed these limitations, members are assessed “Heavy Lift Charges,” which can run \$1,400 per 20-foot container.
- Contracted rates range between \$2,000 and \$4,000 for a container. Now NACD members are paying \$10,000 to \$22,000 per container for spot shipments that are not guaranteed or honored.

Another great concern is that NACD members are having extreme difficulty finding carriers that will transport hazardous materials. As previously stated, these chemical products are used to support essential infrastructure operations and are necessary components of life saving medical treatments. WSC members have refused to transport hazardous materials that are required for water treatment, power generation, sanitation, and pharmaceutical production. The cascade of consequences if NACD members are continuously unable to import these goods is unimaginable. WSC members must reevaluate how they approach these shipments and begin to allocate space for essential products that support America’s basic needs.

WSC’s recent statement, published August 10, in response to the release of the Ocean Shipping Reform Act of 2021’s policy framework, states more than once that “all supply chain participants are working collaboratively to find solutions to today’s problems.” Given this statement, NACD is hopeful that by elevating our concerns to WSC we will find an ally who will assist in alleviating the strain on the chemical supply chain. NACD members take the safety and security of their material handling very seriously. These products and this industry are heavily regulated by multiple federal agencies to ensure worker safety, protect the public, and safeguard the environment. By disregarding NACD members’ concerns and prioritizing other goods over essential chemical products, WSC members are working against the greater good and security of the U.S. NACD stands ready to work towards a solution with WSC.

I appreciate your prompt attention to this matter.

Sincerely,



Eric R. Byer
 President and CEO
 National Association of Chemical Distributors (NACD)