August 29, 2022

The Honorable Gavin Newsom
Governor of California
1021 O St., Suite 9000
Sacramento, CA 95814

RE: Assembly Bill 2406 (Aguiar-Curry) – REQUEST FOR SIGNATURE

Dear Governor Newsom,

On behalf of 65 organizations representing nearly the entirety of California’s agricultural exporters, manufacturers, retailers, and truckers, we respectfully request your signature on AB 2406.

California is 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 the state’s economy. California businesses 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 without impacting the state budget.

Again, we respectfully request your signature on AB 2406.

Sincerely,

Chris Shimoda, Sr. Vice President
California Trucking Association
(916) 284-1785
cshimoda@caltrux.org
Supporters
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 Council
American Forest & Paper Association
American Home Furnishings Alliance
American Lighting Association
American Pistachio Growers
American Trucking Associations’ Agricultural Motor Carrier Conference
Association of California Recycling Industries (ACRI)
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 Ginners and Growers Association
California Farm Bureau Federation
California Fresh Fruit Association
California Manufacturers & 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 Accessories Shippers Association
Fashion Jewelry and Accessories Trade 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
Olive Growers Council of California
Pacific Coast Council of Customs Brokers and Freight Forwarders Association
Pet Food Institute
Plumbing Manufacturers International
Promotional Products Association International
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