



COALITION FOR
Reimagined Mobility

Transportation Policy that Puts People First

September 14, 2022

re: FMC Docket No. 22-19 - Comments of the Coalition for Reimagined Mobility

Chairman Maffei, and Members of the Commission:

The Coalition for Reimagined Mobility (ReMo), a global initiative of the organization SAFE, recommends the Federal Maritime Commission (FMC) issue an Emergency Order to increase transparency and supply chain resilience.

ReMo brings together industry CEOs, public sector leaders and practitioners across transportation, technology, and sustainability to advance public policy and real-world solutions to improve the movement of people and goods worldwide. The Coalition is part of SAFE, a bipartisan, nonprofit accelerating the real-world deployment of secure, resilient, and sustainable transportation and energy solutions that enhance the country's economic and energy security. ReMo has recently focused on supply chain resilience and the need for additional data exchange in the maritime shipping industry.

ReMo's recently published report, "Solving the Global Supply Chain Crisis with Data Sharing," found that the lack of available information about the destination, status, and arrival of cargo results in freight stakeholders being unable to plan and act in a timely fashion, increasing cargo delays, greenhouse gas emissions and oil use, and business costs that are ultimately passed on to the consumer.

Our livelihoods, standard of living, and the stability of the global economy depend on a functioning and resilient global supply chain. The pandemic, geopolitical tensions, and increasingly severe weather events have already caused—and will continue to cause—dramatic disruptions in the supply chain, highlighting the urgent need to modernize and streamline operations. Real-time operational data exchange would benefit all stakeholders in the freight transportation sector all the way down to the average consumer.

An Emergency Order, with appropriate requirements, could catalyze the development of more resilient supply chains and minimize freight sector congestion. The FMC should use this short term authority, granted under the Ocean Shipping Reform Act, to address current port congestion and supply chain disruption.

We applaud Commissioner Dye's innovation working groups and Fact Finding Report 29, and Commissioner Bentzel's Maritime Data Initiative (MDI) which have developed critical stakeholder consensus. The Commission has vital expertise and buy-in from stakeholders throughout the supply chain. The work of the Shipper Advisory Committee also provides invaluable guidance to support the need for additional visibility into maritime shipping operations. The Committee and witnesses before the Commission have repeatedly highlighted

the importance of operational visibility to better use existing resources and improve customer service.

Ships travel at full speed over oceans just to wait at anchor for a berth, resulting in higher emissions and oil use. Trucks, trains, and ships often travel at a fraction of full capacity because trip-scheduling data are not efficiently exchanged, resulting in additional trips and empty runs. Motor carriers, often dispatched by phone calls and faxes, incur significant unnecessary costs. Drivers often work uncompensated hours, waiting to pick up cargo and being stuck in traffic around ports. Standardized data exchange will reduce these operational inefficiencies, which will result in cost savings that can ultimately be passed on to the consumer. ReMo estimated in its report that, by 2050, digitalization could result in a 6% lower costs per ton-kilometer across the entire freight industry.¹

Standardized data exchange will build system-wide resilience that will enable supply chains to better respond to both expected and unexpected disruptions.

For example, this summer saw the Rhine, Western Europe's most important waterway, fall to a record low, preventing many ships from using it. Germany depends on the river for about 80% of its water freight. The final economic costs will likely be in the billions and will only compound the woes Europe faces as a result of Russia's invasion of Ukraine.

Standardized data exchange would vastly improve freight's ability to respond to and mitigate the impacts of unpredictable natural and human-made disasters like these, which will increase in frequency and severity with the changing climate.

In addition to the economic and resilience benefits, modernizing the freight network will also produce sustainability benefits. ReMo's research found that standardized freight data exchange can deliver operational efficiencies that significantly reduce freight sector emissions. Widespread adoption of freight data exchange standards would result in the use of 2.5 billion fewer barrels of oil per year, reducing emissions by 22% by 2050 in comparison to 2019 levels, even when accounting for projected industry growth.

The Emergency Order presents an opportunity to address this market failure that neither industry nor regulators have been able to resolve. Federal coordination and intervention is needed to ensure that data sharing solutions are built on shared data definitions, using common measurements and terminology, and with open standards rather than proprietary integrations. The FMC should partner with the U.S. Departments of Transportation, Commerce, and State, and the U.S. Customs and Border Protection Agency to develop a whole of government effort to modernize supply chains.

In response to the specific questions posed by the Commission, ReMo responds with the following comments:

- (1) *Whether congestion of the carriage of goods has created an emergency situation of a magnitude such that there exists a substantial, **adverse effect on the competitiveness and reliability of the international ocean transportation supply***

system. *If so, please explain why and provide examples or data to support your view. If not, please explain why and provide examples or data to support your view;*

In the past several years, port congestion and supply chain disruption have created significant economic and environmental consequences that impact global economies, regional transportation networks, and the air quality of communities surrounding ports. As tensions in the South China Sea and other geopolitical hotspots escalate and the frequency of severe weather events continue to grow, it is clear that the current global supply chain is ill-equipped to respond to future crises. This has real potential to cause economic and political shocks at home.

While data exchange does not prevent crisis situations, it will help to manage the impacts, making the freight sector more resilient and aid in mitigating disruptions.

National security: As we saw in the pandemic, disruptions to the supply chain and the inability to respond quickly with real-time data can have major impacts on whether vital materials, components, medicines, and household goods get to manufacturers, store shelves, and hospitals. In the face of rising geopolitical tensions, a fragile supply chain will undoubtedly be exploited by rival nations. The ability for the U.S. freight industry to coordinate in real time as shipping routes become embroiled in political standoffs will be vital to mitigate the impact of such outcomes on average Americans.

Efficient and responsive shipping will also help the U.S. respond more effectively to support allies in need of humanitarian aid and facing economic pressure from bellicose governments.

Additionally, reducing the freight industry's dependence on oil by increasing efficiencies not only has tremendous environmental benefits but also helps ween this vital sector of the U.S. and world economy off the volatility of the global oil market.

Global Competitiveness of US Trade: Digitalization of the freight sector is key to improving the U.S.'s position as a global, and competitive trade partner. The U.S. lags behind many European countries, Singapore, Japan, and Hong Kong in supply chain resilience rankings.² Bringing the U.S. freight sector into the digital age will have benefits that extend beyond industry and regulators. It will make the U.S. a more attractive country for international trade, which represents 23% of U.S. Gross Domestic Product. Widespread adoption of freight data exchange standards would reduce costs per ton-kilometer by 6% for U.S. freight businesses through fuel savings alone.³

Competitiveness of lower-emitting modes: Congestion during peak periods between 2020 and 2022 resulted in ocean shipping losing market share to higher emitting modes such as air freight. During 2021, air freight grew 14.9% globally, while sea freight grew only 6.6%.⁴ This disproportionate increase is

evidence of a more competitive air freight sector that can respond more rapidly to demand-side fluctuations. Standardized data exchange will bolster the resilience of the maritime sector, increasing its competitiveness during disruptions.

(2) *Whether an emergency order pursuant to Section 18 of OSRA 2022 would alleviate or improve such an emergency situation—and if so, why, and if not, why not; and*

Much of the fragility of the supply chain comes from the lack of a coherent and efficient framework for sharing vital real-time information. An Emergency Order would provide the regulatory framework to catalyze the adoption of a data exchange that would facilitate commerce, and reduce delays and supply chain disruptions.

Data exchange promises to reduce communication breakdowns—inherent to an industry where access to accurate information is limited—and enable freight stakeholders to make better decisions regarding trip planning. Improving freight stakeholders' coordination builds resilience, which is critical when responding to crises and safeguarding national security.

To drive resilience and draw actionable insights from data exchange, widening the scope of data collection and exchange, as well as stakeholders involved will be crucial. This would be an appropriate public-sector investment, as data exchange will lead to advancements that reduce emissions and create operational efficiencies that lessen the need for fossil fuels. Working collaboratively, policymakers, stakeholders, and advocates have an opportunity not only to transform the global freight system and supply chains, but to help shape a more resilient, sustainable, secure future for all. Furthermore, many ports in the U.S. are subsidized by government in some form, underscoring the importance of government action to improve port efficiency.

(3) *The appropriate scope (duration and geographic) of such an emergency order, if the Commission were to issue such an order and the basis for that scope.*

The FMC should initiate an Emergency Order requiring the exchange of real-time data to improve operations, and sustain the program until results can be measured and evaluated. There is a need for nationwide guidance and leadership. Currently, the multitude of concurrent approaches to data standard development run the risk of further fragmenting data flow.

The Emergency Order should require:

- The exchange of near-real time operational data. Information shared should be dynamic and periodically updated to represent changing conditions on the ground. Timely and reliable information is what freight stakeholders need to make better informed decisions regarding trip planning and reduce systemic

inefficiencies.

- Consistent and standardized data formatting to enable interoperability, without costly "conversion" systems. ReMo's research finds that when information exchange systems, such as Port Community Systems, are built upon proprietary integrations or specifications, they aggravate information silos and increase costs for public and private sector players.⁵
- Data exchanged or collected should be limited to what is directly relevant and necessary to accomplish a specific use case. Data exchange should use best practices for data protection and privacy. Industry surveys find that concerns over cyber threats and data protection remain one of the most significant roadblocks to data exchange. Data governance should therefore be thoughtfully considered.
- An exchange should include ocean carriers, terminal operators, port authorities, trucking and logistics companies, rail operators, beneficial cargo owners, and other port stakeholders.

Limited-term data exchange pilots between freight stakeholders can build the case for data exchange, but achieving the full scale of benefits and efficiencies across supply chains will take time. Freight players will need time to comply once requirements are agreed upon, and adoption cycles are likely to be iterative. This Emergency Order should not be seen as a short-term fix, but rather the start of a transition of the freight sector towards greater stakeholder transparency across supply chains. The all-of-government approach recommended in these comments can accelerate this transition so that the efficiency, resilience, and sustainability benefits are realized sooner.

To ensure that the Emergency Order brings the scale of data exchange envisioned, FMC, in partnership with other relevant federal agencies, should consider a suite of incentive and enforcement mechanisms.

ReMo supports the efforts of the Federal Maritime Commission to modernize oceangoing shipping to support American competitiveness. The Coalition stands ready to assist the Commission in developing actionable solutions to our current supply chain crisis. Should you have any questions about these comments, or the Coalition's research, please contact us at info@reimaginedmobility.org.

Sincerely,



Christine Weydig
Executive Director

About the Coalition for Reimagined Mobility

As a global initiative of [SAFE](#), the Coalition for Reimagined Mobility (ReMo) brings together industry CEO's, public sector champions and academic leaders from across the transportation, technology, and sustainability sectors. The Coalition advances public policy and real-world solutions to transform transportation systems and achieve the efficient, flexible, resilient, accessible, and sustainable infrastructure and services that are the backbone of a flourishing global economy.

The Coalition's leadership ensures that its work has credibility and reflects the full range of stakeholders necessary to act now on a global scale and inform policy change. The coalition is led by leaders in the public sector, including, but not limited to, the California Air Resources Board, Carnegie Mellon University, and the European Union Commission, and CEOs and senior executives from Ford, FedEx, TransDev, Qualcomm, Stantec, and Goodyear.

Learn more at reimaginedmobility.org.