

Supply Chain Solutions: A proposal from North America's fresh produce industry

In November 2021, North America's fresh produce industry issued a [call for urgent government action to address significant ongoing supply chain disruptions](#) with impacts to our food systems, economies, and ultimately individuals and families across the continent and around the globe.

This statement outlined examples of significant challenges facing the fresh produce sector, including:

- Crippling port congestion;
- Delays and exploding costs in container shipping;
- Cascading effects of inconsistent product delivery;
- Continuing labour shortages across the supply chain;
- Growing input shortages; and
- Stockpiling of consumer goods.

Throughout the COVID-19 global pandemic, our sector has continued to work daily to find solutions to ensure consumers continue to have access to our safe, healthy and nutritious products. Almost two years later, we are continuing this work in relation to the multi-faceted, complex and interconnected supply chain disruptions threatening our food security and long-term economic viability. The challenges we have faced not only threaten domestic production capacity, but also our ability to continue exporting to foreign markets around the world.

Below are a series of recommended government actions that we believe can advance solutions to addressing these challenges in a holistic and multi-lateral way, while also recognizing the specific and varied needs in our three countries. It is our sincere hope that these recommendations can act as a catalyst for future collaboration between industry and government to mitigate the serious threats of food insecurity and food shortages and bolster our supply chain as we move forward.

To begin, given the unprecedented and dramatic impact of recent supply chain disruptions, **it is recommended that North American governments consider the establishment of national and multilateral industry advisory groups** to inform decision-making and lend expertise to determining actionable steps to address existing and emerging challenges and the factors leading to the disruptions.

- **Crippling port congestion** – Gridlock at all major North American ports has resulted in lines of ships waiting to dock and containers stacked high waiting for unloading and pick-up. For our highly perishable products, long delays at port can result in loss of product, sales and ultimately food waste. Significant delays in receiving equipment, building materials and other inputs also serve to threaten upcoming growing seasons.

Path Forward –

- Establish protocols to prioritize the movement of perishable and essential goods to mitigate port congestion, avoid food waste and food insecurity, and support the return of refrigerated containers into the system. Wherever possible, port authorities and government bodies should expedite the inspection and clearance of perishable commodities.
- Identify and facilitate mechanisms to move containers inland to aid in the clearing of ports and the triaging of container movements, such as through the temporary use of

unused lots in the vicinity of marine terminals and the building of inland container storage yards.

- Recognize the interconnected nature of the supply chain in planning initiatives intended to ease port congestion. For example, expansion of port operation hours is only effective to the degree to which the rest of the supply chain, such as warehouse operations, carriers and customer receivers, can follow suit.
 - Support the critical role of agriculture inspections in port operations. Whether inspections occur at or near a port of entry, the impacts of the pandemic have stretched agency resources. Government food and agriculture inspection agencies should have a “plan B” in place to address situations such as staffing shortfalls or other resource or logistical constraints. Where possible, the agencies should coordinate on a state/province or local level to ensure that sector-specific nuances are taken into consideration.
 - Long-term, revitalize port infrastructure and strengthen government oversight into the maintenance of port service standards to streamline operations for the future.
 - Increase data gathering and transparency of information related to cargo movement through port terminals to support business operations and logistics planning, as well as improvements to port infrastructure and operations.
- **Delays and exploding costs in container shipping** – While major international shipping companies have been sending empty containers back to Asia and posting record profits, weeks-long shipping delays have resulted in major losses of product and sales for the North American industry. Coupled with exponentially growing container costs and a limited number of refrigerated containers, this situation creates serious challenges for the fresh produce industry and our countries’ food security.

Path Forward –

- Lead multilateral investigation and enforcement efforts to ensure fair and ethical business practices by international shipping companies to support the continued flow of goods; it is critical that these efforts do not create an economic incentive for companies to redirect their business to other countries.
- Support the implementation of industry best practices for shippers, carriers and receivers, such as those developed by the North American Produce Transportation Working Group, and ensure a strong dispute resolution mechanism is in place to resolve complaints.
- Conduct a review of all fees charged for events out of the control of importers or exporters, including but not limited to delays, holdovers, overnight holds, unloading time and changes to the Earliest Return Date, to ensure reasonable and fair business practices and avoid the accrual of costs that will be passed on to the consumer. The imposition of unreasonable charges should be prohibited.
- Ensure that government fees do not impose unintended costs and challenges in the supply chain. In advance of the addition of any “emergency” fees, consultation with industry should occur to ensure that well-intentioned efforts are not detrimental to business overall.
- Ensure that government efforts related to international container shipping account for the need for access to refrigerated containers to transport essential goods such as fresh produce.

- Identify measures to smooth the flow of truck shipments, including addressing jurisdictional disharmony between truck weight limits and temporarily extending the Hours of Service for carriers hauling agricultural goods and/or packaging supplies or other agricultural inputs.
- **Cascading effects of inconsistent product delivery** – When a significant delay in receiving perishable product is followed by receiving a large amount at once, a string of new issues and costs arise, including arranging distribution and sourcing additional labour required to re-grade and re-package salvageable product to recover sales and avoid waste. Barriers to exports resulting in more domestic product remaining in North America also have the potential to create new supply and demand challenges, including decreased profitability to all domestic supply chain partners.

Path Forward –

- Position government efforts to address the complex and interconnected issues facing the supply chain by harnessing the resources, expertise and dedication of all applicable departments and agencies, as well as industry stakeholders, to support effective solutions and avoid unintentional complications.
- **Continuing labour shortages across the supply chain** – The significant labour shortages in the fresh produce industry have extended from the farm throughout the supply chain, and are impacting everything from planting and harvesting, to packing, transportation and retail/foodservice. Governments have a key role to play in incentivizing workforce re-engagement and facilitating access to both domestic and international labour.

Path Forward –

- Provide incentives to support the domestic fulfillment of positions in areas critical to getting the supply chain moving, such as in warehouses and transportation.
- Seek opportunities to simplify and streamline the process for companies to hire international workers where the demand exceeds domestic capacity.
- Review eligibility requirements and improve government oversight activities for government employment benefits to ensure they are not creating unintended disincentives to work.
- Implement government training programs, promotion and incentives for people to learn skills that can help bridge the labour gaps across the supply chain.
- Recognizing the volatility of the fresh produce sector due to factors such as weather and plant health issues, ensure that programs have built-in mechanisms to enable a nimble response when such abrupt impacts occur.
- **Growing input shortages** – From fertilizer, crop protection products and greenhouse building materials, to pallets, cardboard and packaging, the fresh produce supply chain is experiencing increasing shortages and rising costs in inputs that are critical to our sector, with impacts being felt now and threatened for the future.

Path Forward –

- In addition to measures to aid the flow of goods, dedicate resources to opening access to different countries of origin for input products with restrictive import requirements.

- **Stockpiling of consumer goods** – As noted previously, while the supply chain issues outlined above pose significant concerns, it is vitally important that they are not further exacerbated by panic buying of consumer goods.

Path Forward –

- Clearly communicate to the broader public that stockpiling of goods will only make the current supply chain disruptions worse. This messaging must include reassurances, based on input from relevant industries, of the availability of consumer products in both the short and long term.

Finally, we reiterate again that it is imperative for our governments to work together to address ongoing supply chain disruptions in a multi-lateral and holistic manner. Without concerted engagement to find solutions, these challenges will have long-lasting impacts on all North American economies and the people who depend on them.

