

March 1, 2022

The Honorable Joseph R. Biden
President of the United States
The White House
1600 Pennsylvania Avenue, NW
Washington, D.C. 20050

The Honorable Kamala Harris
Vice President of the United States
The White House
1600 Pennsylvania Avenue, NW
Washington, D.C. 20050

Dear President Biden and Vice President Harris:

We, the undersigned associations, appreciate the Biden-Harris Administration's continued focus on addressing the disruptions facing our nation's supply chain. To ensure today's challenges to continued operational fluidity are not compounded, we implore your early and persistent engagement in the impending contract negotiations between the Pacific Maritime Association (PMA) and the International Longshore and Warehouse Union (ILWU). A timely and satisfactory resolution that advances the needs of both the workers and the ports is imperative to avoiding further backups, delays, and higher costs.

Last year the White House brought labor leaders and business together to engage in a dialogue to discuss the ongoing supply chain crisis and to find solutions to alleviate the effects of the current historic disruption impacting this country. We welcomed the dialogue and the establishment of the new Supply Chain Disruptions Task Force to provide a whole-of-government response to address near-term supply chain challenges to the economic recovery, along with the appointment of John Porcari as the port envoy. However, the looming contract negotiations on the west coast could undermine these efforts, at a time when the nation can ill afford a step backward.

The U.S. west coast ports account for over 44% of nationwide container port traffic. The west coast is home to several key gateways that are essential to the uninterrupted flow of imports and exports, including America's busiest port complex, in San Pedro Bay. The current global supply chain disruption—driven by several factors but chiefly related to the effects of the COVID-19 pandemic—has been especially acute among west coast ports.

Though negotiations have yet to begin ahead of the contract's July 1st expiration, the uncertainty is already affecting operations on the ground. Importers and exporters wary of further disruption are already adjusting freight strategies to avoid or mitigate potential impacts in order to keep goods moving as they have throughout the pandemic. These adjustments are influencing volumes and market share, with the contract expiration just months away.

Looking back at past negotiations, the potential for negative effects on supply chains and the U.S. economy is significant. Previous labor disputes at the ports cost the U.S. economy upwards of \$1 to \$2 billion each day, and as the administration knows, today the stakes are even higher. Even a relatively short port slowdown or shutdown could compound inflationary pressure and cause long-lasting damage to consumer confidence and American businesses. After helping finalize a contract negotiation during the last slowdown, former Labor Secretary Tom Perez stated this "brings to an end what has become a significant headwind" to the economy, with "too many innocent people and businesses suffering." The result of the slowdown in the ports, including several days of closure to ship movements this month, has been "empty shelves and angry customers." If current contract talks aren't addressed on an expedited timeline, the consequences enumerated by Secretary Perez will be compounded by existing supply chain challenges and would do immediate and long-term damage to the nation's economy.

The outcome of these negotiations could effectively determine the future of U.S. supply chain competitiveness. The World Bank's 2020 Global Container Port Productivity Index shined a harsh light on U.S. port productivity compared to global leaders, with only four U.S. ports ranking in the top 100, and none in the top 50. To avert an ongoing cycle of congestion and ensure U.S. ports are positioned to compete globally, some essential steps are needed. Of paramount importance is a targeted investment and support for infrastructure modernization and automation with workers skilled and prepared for these advanced jobs. In addition, addressing systemic operational challenges, and enabling transparency, data sharing and interoperability to facilitate end-to-end visibility. We also believe there needs to be continued recognition of the crucial role port workers have played in supporting supply chain and logistics needs during the most challenging of times.

We believe these are vital elements that must be considered in any final agreement between PMA and ILWU. We agree with the Administration's assessment that our country's ports are the gateways for getting goods to market, and we ask the Biden-Harris Administration to compel the parties to address these important issues now to ensure our supply chains are fully prepared to support continued economic growth and mitigate potential disruptions. Many of the disruptions wrought by the pandemic were unforeseen, or at the very least, largely unavoidable. The challenge before us is not. We have the time and knowledge to avoid a self-inflicted wound to the nation's pandemic recovery.

Our associations support efforts by your Administration to encourage and, if necessary, convene the parties to facilitate negotiations. These efforts will benefit American importers and exporters, the tens of millions of workers they employ, and the hundreds of millions of consumers they serve. Swift action and consistent attention to this matter can safeguard our shared economic gains and protect the progress your Administration has made in addressing supply chain disruption and port congestion.

Sincerely,

Accessories Council

Airforwarders Association

American Apparel & Footwear Association

American Bridal and Prom Industry Association

American Chemistry Council

American Fly Fishing Trade Association

American Home Furnishings Alliance

American Import Shippers Association

American Lighting Association

American Pyrotechnics Association

American Spice Trade Association

Association of Food Industries

Auto Care Association

Council of Fashion Designers of America

Fashion Accessories Shippers Association

Fashion Jewelry & Accessories Trade Association

Footwear Distributors and Retailers of America

Game Manufacturers Association

Gemini Shippers Group

Global Cold Chain Alliance

Information Technology Industry Council

International Association of Movers
International Casual Furnishings Association
International Housewares Association
International Warehouse Logistics Association
Jeweler's Vigilance Committee
Juvenile Products Manufacturers Association
Leather and Hide Council of America
Meat Import Council of America
National Association of Foreign Trade Zones
National Retail Federation
Network Association of Uniform Manufacturers and Distributors
North American Home Furnishings Association
North American Meat Institute
Outdoor Industry Association
Plumbing Manufacturers International
Promotional Products Association International
Retail Industry Leaders Association
Society of Chemical Manufacturers & Affiliates
Sports & Fitness Industry Association
Tea Association of the USA, Inc.
The Halloween & Costume Association
The Hardwood Federation
The National Industrial Transportation League
The Worldwide Cleaning Industry Association
Toy Association
Travel Goods Association
U.S. Chamber of Commerce
U.S. Fashion Industry Association