

January 9, 2024

Mr. Harold Daggett
President
International Longshoremen's Association
5000 West Side Avenue
North Bergen, NJ 07047

Mr. David Adam
Chairman and CEO
United States Maritime Alliance, Ltd.
125 Chubb Avenue, Suite 350NC
Lyndhurst, NJ 07071

RE: Resumption of Port Labor Negotiations

Dear Mr. Daggett and Mr. Adam:

On behalf of the National Retail Federation, I am writing to urge both the International Longshoremen's Association and the United States Maritime Alliance to return to the bargaining table with the goal of reaching a new labor contract before the current contract's expiration at the end of September. Although we were encouraged by initial discussions between the parties regarding an early contact extension, we are now concerned that the discussions have been on hold for months and talk of potential disruptions has increased. **We strongly encourage both sides to return to the table as soon as possible and resume negotiations.**

It is critical that a new agreement is reached before the current contract expires to provide supply chain stakeholders with the certainty they need for their operations. Supply chain disruptions during previous contract negotiations are well documented. The East Coast and Gulf Coast ports certainly gained from the recent protracted West Coast labor contract negotiations. A significant shift in cargo volumes from the West Coast occurred, with much of the business remaining in place today. While volumes are down from their peak during COVID-19, the share of cargo volumes remains.

Retailers and other supply chain stakeholders are facing ongoing supply chain challenges, including the disruptions affecting the Red Sea and Suez Canal and ongoing restrictions on the use of the Panama Canal. Retailers continue to evaluate alternatives to address these issues. Adding the potential for a coastwide disruption from the labor negotiations could lead to retailers and other businesses shifting operations away from the East Coast and Gulf Coast ports.

It is also important to note that even the threat of a disruption can have a negative economic impact on the covered ports, especially if cargo owners and other supply chain stakeholders believe that operations will be slowed or shut down during the all-important peak shipping season this fall. As history has shown us, cargo owners will begin implementing contingency plans early to ensure that cargo is not disrupted.

We recognize that there are important issues both parties must resolve as part of the contract negotiations. However, we firmly believe that those issues can only be resolved by resuming negotiations immediately. When those negotiations are put on hold, it causes great

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uncertainty among supply chain stakeholders. There is already plenty of uncertainty about the supply chain and global economy as we enter 2024.

We believe you can reach an agreement that will ensure the continued success and competitiveness of the East Coast and Gulf Coast ports. If you have any questions, please contact Jonathan Gold, NRF's Vice President, Supply Chain and Customs Policy at goldj@nrf.com. Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "M. Shay". The signature is fluid and cursive, with a large initial "M" and a long, sweeping tail.

Matthew Shay
President and CEO