



U.S. Chamber of Commerce

Suzanne P. Clark
President and
Chief Executive Officer

June 9, 2023

The President
The White House
Washington, DC 20500

Dear Mr. President:

The U.S. Chamber of Commerce is very concerned by the premeditated and disruptive service actions that are slowing operations at several major ports along the West Coast during the ongoing contract negotiations between the International Longshore and Warehouse Union (ILWU) and the Pacific Maritime Association (PMA). With continued and potentially expanded service disruptions at these ports heading into peak shipping season, we urge your Administration to intervene immediately and appoint an independent mediator to help the two parties reach an agreement that prevents significant economic harm to American families and the economy.

The current round of labor negotiations began in May 2022, and while there were initial breakthroughs on health care and other benefits, reports indicate that negotiations over pay and other benefits are at a standstill. Isolated work actions led by local unions at the ports of Los Angeles and Long Beach began in April,¹ and those actions are now spreading with intermittent shutdowns,² and slowing operations at key marine terminals at the ports of Los Angeles, Long Beach, Oakland, and Seattle, amongst others.³ Such intermittent actions raise concerns that larger disruptions are imminent.

These actions follow a familiar pattern of negotiations between the PMA and the ILWU over the last twenty years, supporting the necessity of intervention by the Administration to prevent a larger economic catastrophe. For example:

¹ Update from Pacific Maritime Association, April 20, 2023. https://www.pmanet.org/wp-content/uploads/2023/04/PMA_Statement_4.20.23.pdf

² Update from Pacific Maritime Association, April 20, 2023. <https://www.pmanet.org/wp-content/uploads/2023/06/PMA-Update-6.2.23.pdf>

³ ILWU Continues Coordinated Work Actions to Disrupt Operations at Largest West Coast Ports, June 5, 2023, <https://www.pmanet.org/wp-content/uploads/2023/06/PMA-Statement-6.5.23.pdf>

- 2002: A breakdown in negotiations led to work slowdowns and an 11-day shutdown of West Coast ports. President Bush intervened initially by appointing a federal mediator, which was supported by both the ILWU and PMA. However, President Bush ultimately obtained a Taft-Hartley injunction to re-open the ports. It was estimated the 11-day 2002 shutdown cost the U.S. economy \$10 billion.⁴
- 2008: In May, the ILWU engaged in a day-long work stoppage that shut down all major West Coast ports. In July, three weeks of work stoppages started in Los Angeles and Long Beach and spread to the Pacific Northwest. Both parties came to an agreement voluntarily.
- 2014: Stalled contract negotiations led to work slowdowns, creating gridlock at ports. A deal was ultimately reached in 2015 after then-Labor Secretary Perez helped broker an agreement, with the support of the ILWU and PMA.

In each case, service disruptions began gradually and then escalated. Government intervention was necessary to resolve two of the last three negotiations.

A serious work stoppage at the ports of Los Angeles and Long Beach would likely cost the U.S. economy nearly half a billion dollars a day – and a more widespread strike along the West Coast could cost approximately \$1 billion per day, using the cost estimates of the Bush Administration in 2002.⁵ The economic costs of a dispute that results in a port closure would be devastating to consumers and businesses, which are already enduring historically high levels of inflation. Simply put, the easiest way to return to the West Coast port crisis of 2020-2021 is if this situation is not resolved as soon as possible.

Importantly, shippers are also showing their lack of confidence in the ongoing labor negotiations by diverting cargoes away from the West Coast. This began last summer as negotiations started as many shippers started diverting cargoes to East and Gulf coast ports in anticipation of potential labor disruptions. A decline in cargo volumes at Los Angeles and Long Beach, the main gateways for U.S. trade with Asia, has accelerated this year. Combined container imports at the neighboring ports dropped 38% last month from a year earlier, to their lowest level since March 2020. As labor talks continue to stall, there is a growing realization that these shift diversions could become permanent, doing lasting damage to the local economies around these ports.⁶

⁴ <https://www.nytimes.com/2002/10/09/us/president-invokes-taft-hartley-act-to-open-29-ports.html?pagewanted=all>

⁵ Inforum, “The National Impact of a Los Angeles and Long Beach Port Stoppage,” June 2022. https://documents.nam.org/IIHRP/NAM_PortStoppage_062822_ver2.pdf

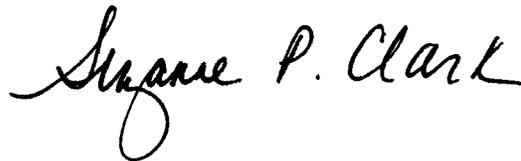
⁶ “Assessment of the Impacts of Congestion at San Pedro Ports on Market Share and Future Utilization of Atlantic and Gulf Coast U.S. Ports,” Martin Associates, May 2022, <https://www.pmanet.org/wp-content/uploads/2022/05/Martin-Congestion-Report-May-2022.pdf>

West Coast ports are a critical artery of the nation's transportation infrastructure and essential for the seamless flow of imports and exports – cargo moving through West Coast ports represents an economic value of 12.5 percent of U.S. GDP and for moving over 50% of all U.S. imports.⁷ It is difficult to understate their importance.

The best outcome is an agreement reached voluntarily by the negotiating parties. But we are concerned the current sticking point – an impasse over wages and benefits – will not be resolved. The ILWU is seeking a doubling of wages over the life of the contract and significant increases in pension benefits, while the marine terminals will not agree to a contract that results in permanent cost increases at a time that demand has decreased from its peaks of 2020-21.⁸

Therefore, we urge you to appoint an independent mediator to help the parties reach a voluntary agreement. As shown above, the ILWU and PMA have supported similar solutions in years past, and it is a solution championed by Republican and Democratic Administrations. This step is necessary to avoid potentially billions of dollars in economic damage to the American economy before it occurs. In addition, we urge your Administration to continue engaging directly with both parties and to consider additional steps that may be necessary in the event of a widespread work stoppage.

Sincerely,

A handwritten signature in black ink that reads "Suzanne P. Clark". The signature is written in a cursive, flowing style.

cc: The Honorable Julie Su, Acting Secretary of Labor

⁷ Martin Associates, "Economic Impact and Competitiveness of the West Coast Ports and Factors that Could Threaten Growth," page 3.

⁸ Peter Tirschwell, "Dockworkers' Strike Missed Its Moment," June 6, 2023, Wall Street Journal, https://www.wsj.com/articles/dockworkers-missed-their-moment-west-cost-port-union-freight-rates-6332e39?mod=Searchresults_pos2&page=1