



December 23, 2014

President Barack Obama
1600 Pennsylvania Ave NW
Washington, DC 20500

Dear Mr. President:

We write to follow up on our November 21 letter to you and urge you once again to reconsider your decision not to encourage the Pacific Maritime Association (PMA) and International Longshore Warehouse Union (ILWU) to accept mediation to resolve pending contract negotiations. Last night, PMA requested a mediator, concluding, "It is clear we need outside intervention to allow us to reach consensus on the issues between us."

When we last made our request, we were told by many that an agreement by Christmas was expected. At this time, this looks highly unlikely. We believe that mediation has become a critical and necessary tool because the parties have been unsuccessful in concluding discussions after eight months. Lack of resolution has negatively affected the efficient flow of commerce through ports along the West Coast for several weeks now, resulting in employee lay-offs, lost export opportunities and agricultural products literally rotting on the docks.

The ports of Seattle and Tacoma comprise the third-largest container gateway in North America and represent a critical node in the United States-Asia trade gateway on which American and global businesses and consumers depend. Moreover, Puget Sound serves as the principle gateway for waterborne commerce to the state of Alaska, which has limited surface transportation connections to the lower forty-eight states. Marine cargo activity on our docks is a major economic driver in many communities, supporting thousands of stable, good-paying jobs. This current situation affects people who work directly for our ports, shipping companies, terminal operators and other marine industries – overall activities that on an annual basis contribute \$378 million in local and state taxes to support schools, roads, police and fire departments.

Beneficial cargo owners across the country have reached out to us to share tales of the crippling effect of the current situation. Examples include:

- A fruit packer who laid off one-quarter of their 1,000 employees days before Christmas;
- A hay and grain exporter who has cut their employee hours by half when, during December, they usually are working overtime;
- A frozen food exporter who has lost \$500,000 in sales over the last month;
- A Midwest soy exporter has seen their foreign sales drop by half;
- Rationing of processed potatoes used in French fries in Japanese restaurants because of restricted U.S. exports to that country; and

- A major lumber yard in Tokyo, he said, is now down to a five-week supply of lumber, a record low.

Overall, we are seeing agriculture exporters unable to get perishable goods to market resulting in major losses during peak season, manufacturers shutting down operations and sending employees home, shippers and transloaders incurring higher costs for trucker-standby time, and examples of storage and rail car demurrage due to backlog at ports.

We also are aware of shippers who have diverted their cargo to non-U.S. ports, resulting in the loss of American jobs to foreign competitors. All of the major West Coast ports report drops in cargo volumes, some by double digits. Sixty-percent of U.S. shippers surveyed by industry magazine *Journal of Commerce* say they plan to ship less cargo through the U.S. West Coast next year because of the labor unrest.

The bottom line is that across many sectors from agriculture to manufacturing, workers are not getting paid during the Christmas season and some businesses are closing down.

This uncertainty and delay is unacceptable. We hope that mediation assistance from the federal government will help both parties find a fair and equitable resolution to the negotiations as soon as possible, to get Americans back to work and allow commerce to move efficiently.

Thank you for your consideration of our views. If we can be of any assistance, please let us know.

Sincerely,



Theodore J. Fick
CEO
Port of Seattle



John Wolfe
CEO
Port of Tacoma