



July 13, 2020

Dear Governor Newsom, Lt. Governor Kounalakis, Members of the State Legislature

The undersigned trade associations, organizations, and businesses altogether represent a broad cross-section of the California economy, including such industries as retail, manufacturing, agriculture, aerospace, and logistics. The importance of a robust goods movement sector throughout the state cannot be understated. The sector

supports 1 in 3 jobs in California and 1.6 million trade-related jobs in Southern California, generates direly needed tax revenue, and services the state's critical industries. In the Port of Oakland alone, agricultural items totaled \$13.75 billion which accounted for nearly 70% of the port's total exports last year. Moreover, the sector ensures that critical supplies can be available during the current crisis. We are requesting that Governor Newsom and the Legislature consider the importance of California's goods movement industry sector and take action to reverse the decline in market share before California permanently loses jobs and direly needed state revenue.

West Coast Ports Face "Significant" Continual Decline in Market Share.

- A recent [analysis](#), prepared for the Pacific Merchant Shipping Association (PMSA) by international trade economist Jock O'Connell found that West Coast ports' market share has declined 19.4 percent since 2006.
- The impacts of these factors resulted in approximately 5.6 million fewer containers traveling through West Coast Ports versus competing gateways had West Coast ports maintained their market share.

Loss of Market Share Impacts the State's Largest Employers, Increases Costs for Consumers, and Deprives the State of Infrastructure Investment, Environmental Benefits, and Tax Revenues.

- The loss of market share impacts labor unions, many of California's leading employers, including retail, trucking, warehouse and distribution centers, ports, railroads, marine terminals, and export industries such as agriculture and aerospace.
- Infrastructure improvements and operational costs will be borne by California residents, as discretionary import cargo is diverted to East and Gulf Coast Ports.
- Trade routes are established over time and around infrastructure such as rail, warehouses, and distribution centers. Loss of market share means that investments in infrastructure are happening in other states, not California, resulting in more jobs and higher state and local tax revenues elsewhere and fewer jobs and state and local tax revenue here.

We propose that you take the following steps to address the major causes of the loss of market share:

- Promote California ports as the most efficient and environmentally progressive ports in the nation.
- Meet the challenge from East and Gulf Coast states whose governmental leaders promote and invest in their ports and goods movement industries.
- Re-examine the state and regional regulations that are creating a disincentive to use California gateways. Determine whether the policies, particularly in environmental areas, are backfiring and encouraging more greenhouse gas emissions by sending more business to ports that are far behind California's climate program.
- Reconcile state laws encouraging environmental and efficiency mandates with the need to re-train workers to adapt to a changing work environment.

Thank you for your consideration of this request. We look forward to working with you to ensure the competitiveness of our ports and to recapture lost market share. If you have any questions or need additional background on the issues raised, please contact John McLaurin at jmclaurin@pmsaship.com.

Sincerely,

Signatories:

Pacific Merchant Shipping Association
California Trucking Association

NAIOP California
San Pedro Chamber of Commerce
Harbor Trucking Association
San Gabriel Valley Economic Partnership
California Business Properties Association
Harbor Association of Industry & Commerce
Inland Empire Economic Partnership
Industry Business Council
Customs Brokers Association of Northern California
California Railroad Association
LA Custom Brokers & Freight Forwarders
Western Growers
Los Angeles County Business Federation
International Association of Machinists and Aerospace Workers District 190
El Monte/ South El Monte Chamber of Commerce
Wilmington Chamber of Commerce
Los Angeles Area Chamber of Commerce
California Citrus Mutual
Propeller Club, Port of Los Angeles and Long Beach
South Bay Association of Chambers of Commerce
Foreign Trade Association
Future Ports
Pacific Maritime Association
California Manufacturers & Technology Association
California Retailers Association
Nisei Farmers League
African-American Farmers of California
National Retail Federation
California Hispanic Chamber of Commerce
Retail Industry Leaders Association
California Walnut Board & Commission
Long Beach Chamber of Commerce
Valley Industry & Commerce Association
California Chamber of Commerce
Agriculture Transportation Coalition
Pacific Coast Customs Brokers and Freight Forwarders
California Cotton Ginners and Growers Association
Western Agricultural Processors Association
American Pistachio Growers
Tulare Farm Bureau
National Shippers Strategic Transportation Council
Kings County Farm Bureau
Merced County Farm Bureau
Madera County Farm Bureau
Fresno County Farm Bureau
San Joaquin Farm Bureau
California Farm Bureau
California Fresh Fruit Association

Milk Producers Council
Stanislaus County Farm Bureau

CC:

Ann O'Leary: Chief of Staff, Office of the Governor

Tom Steyer: Chief Advisor to the Governor on Business & Jobs Recovery