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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](mailto: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:

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