



National Retail Federation[®]

The Voice of Retail Worldwide

July 30, 2013

Mr. Patrick J. Foye
Executive Director
Port Authority of New York & New Jersey
225 Park Avenue South
New York, NY 10003

Mr. John Nardi
President & CEO
New York Shipping Association
333 Thornall Street, Suite 3A
Edison, NJ 08837

Dear Mr. Foye and Mr. Nardi:

On behalf of the National Retail Federation (NRF), I am writing to you today to express our concern with the current situation of terminal congestion at the Port of New York and New Jersey. While the problem stems from the introduction of new computer processes at Maher Terminals, we understand that the congestion problems are now impacting the other terminals as well. We strongly urge the port authority to work with the terminal operators to help alleviate and resolve the problems before they get worse.

NRF has heard from a number of its members about the negative economic impact this is having on their supply chains and their business partners. As we enter the eighth week of cargo delays, it is critical that the current congestion issues are resolved now before the peak shipping season begins. NRF members have experienced significant delays within their supply chains. The delays are impacting both import and export containers. The economic costs from the delays not only include increased transportation and storage costs, but opportunity costs from lost sales for products that were scheduled to be on store shelves. Some of these costs and impacts include:

- One medium-sized retailer has had no fewer than 1.6M units across 46 containers on 10 vessels for key Back to School deliveries delayed from 1-3 weeks. This number continues to grow because of the backups and delays.
- One apparel retailer noted that they have seasonal product valued at \$8,000,000 that will be 10 days past due for floor sets. They will also incur incremental expedited shipping costs to make up the time.
- Another retailer noted that they have 21 containers that are currently stuck at the port and an additional 35 that are about to arrive. Each of these containers is valued at \$2,000,000. Current performance at the terminals will result in the retailer missing important due dates.

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- Another retailer noted that they have had to pay thousands of dollars over the last 4-6 weeks as a result of the congestion and poor communication. The charges have been for storage at the terminal, for driver wait time and for additional chassis rental days due to not being able to return empties in a timely manner either. As a result, spot shortages of chassis are being exacerbated. This same company noted they have had freight delayed getting into their New Jersey distribution center anywhere from 1 to 4 days, which in turn leads to delays in getting the merchandise to their stores.
- Numerous retailers have noted that their trucking partners have noted that they have had to wait some times as long as 6 hours before they can enter the terminal gate to retrieve cargo. This has a significant impact on the drivers who now have to comply with more rigorous Drivers Hours of Service requirements.
- A retailer noted that most drayage operators are now charging an additional \$65 per container for the additional wait time. This translates to about \$6,000 per week for this retailer. When compared to NRF Port Tracker information, that will be an additional \$8,000,000 a month in these charges alone for the industry.

These are just a small sampling of what NRF members are experiencing at the container terminals. As we are in the peak shipping season for holiday merchandise, it is critical that the Port Authority and the Terminal Operators do everything they can to not only alleviate the current congestion problems, but resolve the issue before shipments significantly increase. This is a critical time for the retail industry as holiday merchandise for some retailers is on the store floor as early as August. This is especially true for the end of the Back-to-School season. We cannot afford to continue to see these delays and resulting increased costs continue. This not only hurts the retail industry, but our transportation partners as well.

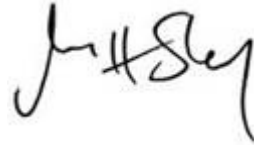
We urge the Port Authority and the Terminal Operators to work closely with all of the stakeholders, including the beneficial cargo owners and the harbor drayage truckers, to immediately find work on effective solutions to solve the current situation. At a minimum, the Terminal Operators should offer additional free time, including the weekend, in order to help clear out the backlog. If the situation does not improve, retailers will have no other option but to look for alternative gateways to bring in their products. We have heard from some NRF members who have already diverted some cargo to avoid the current situation.

As the world's largest retail trade association and the voice of retail worldwide, NRF represents retailers of all types and sizes, including chain restaurants and industry partners, from the United States and more than 45 countries abroad. Retailers operate more than 3.6 million U.S. establishments that support one in four U.S. jobs – 42 million working Americans. Contributing \$2.5 trillion to annual GDP, retail is a daily barometer for the nation's economy.

While we know the situation is difficult for everyone, we urge you to act quickly to resolve the problems before they get worse and cost U.S. retailers and others more money in delayed cargo and lost sales. We thank you for your immediate attention to this critical issue. If you

have any questions, please feel free to contact Jonathan Gold, NRF's Vice President for Supply Chain and Customs Policy.

Sincerely,

A handwritten signature in black ink, appearing to read "Matthew Shay". The signature is written in a cursive, slightly slanted style.

Matthew Shay
President & CEO

CC: Mr. Gary Cross, President & CEO, Maher Terminals
Mr. Brian Clark, Managing Director, APM Terminals Elizabeth
Mr. Jim Devine, President & CEO, Global Terminal & Container Services, LLC and
New York Container Terminal
Mr. Jim Pelliccio, President, Port Newark Container Terminal
Mr. Bill Baroni, Deputy Executive Director, Port Authority of New York & New Jersey