



# AHFA Sustainability & Regulatory Summit

## Supply Chain Challenges Retailers Face Today

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Vice President, Supply Chain and  
Customs Policy

# Today's Agenda

- About NRF
- Supply Chain Issues
  - Trade
  - Supply Chain Challenges
  - Environmental, Social, and Governance

# About NRF

- World's largest retail trade association
- Represent discount and department stores, specialty stores, Main Street merchants, chain restaurants and Internet retailers
- Nation's largest private sector employer - supports one in four U.S. jobs - 52 million Americans
- Contributing \$3.9 trillion to annual GDP

# Trade Issues

- China Issues
  - 301 Tariffs
  - Forced labor
  - Ongoing Administration Review
- Preference Programs
  - Generalized System of Preferences
  - Miscellaneous Trade Bill
- Trade Disputes
  - AD/CVDs
  - Digital Service Taxes
  - Vietnam 301s (currency, illegal timber)
  - Steel/Aluminum tariffs

# Trade Issues

- Customs Issues
  - Forced labor
  - CTPAT
  - 21<sup>st</sup> Century Customs Framework
  - eCommerce
- Country of Origin Labeling Online
- Worker Centered Trade Policy

# Supply Chain Challenges

Business Equipment Logistics

Dan Ronan | Associate News Editor

March 9, 2021 12:30 PM, EST

## Port Officials, Retailers See Congestion Lasting for Months

## Retailers pay more to fly everything from bikes to hot tubs from China as U.S. port backup delays deliveries

PUBLISHED FRI, MAR 5 2021-8:18 AM EST | UPDATED MON, MAR 8 2021-5:41 PM EST



Lori Ann LaRocco  
@LORIANNLAROCO

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## Global ports clogged with unprecedented shipping volume

Brendan Murray Bloomberg

Published 2:09 p.m. ET Apr. 19, 2021

Business Editor's Picks Last-mile delivery Modern Shipper News

## COVID broke Peloton's supply chain – can \$100M fix it?

As demand for products jumped, shrinking freight capacity slowed customer delivery, and now Peloton is playing catchup



Brian Straight, managing editor, Modern Shipper [✉](#) - Saturday, February 6, 2021

[7,192](#) [4 minutes read](#)

News / Box shortages and port congestion now an 'industry-wide challenge' across Asia

## US container shipping girds for new reality of undercapacity

Mark Szakonyi, Executive Editor | Apr 15, 2021 10:11AM EDT

SMALL BUSINESS

## Snarled Supply Chain Trips Up Small Businesses

Facing shortages of products from steel tubing to storage drums, business owners look for ways to limit the damage; \$8,000 to fly in T-shirts



# Supply Chain Challenges

NRF

National Retail Federation ✓ @NRFnews · Apr 1

Port backups delay merchandise for retailers.



From COVID-19 to containers, port backups delay merchandise for retailers. An NRF survey shows 98 percent of retail respondents have been impacted by delays at the ports.

[nrf.com](https://nrf.com)

NRF

National Retail Federation ✓  
@NRFnews

NRF calls on the White House to address port congestion challenges. [bit.ly/2U81JsT](https://bit.ly/2U81JsT)

**NRF** The voice of  
RETAIL

"The supply chain disruption issues, especially the congestion affecting our key maritime ports, are causing significant challenges for America's retailers."

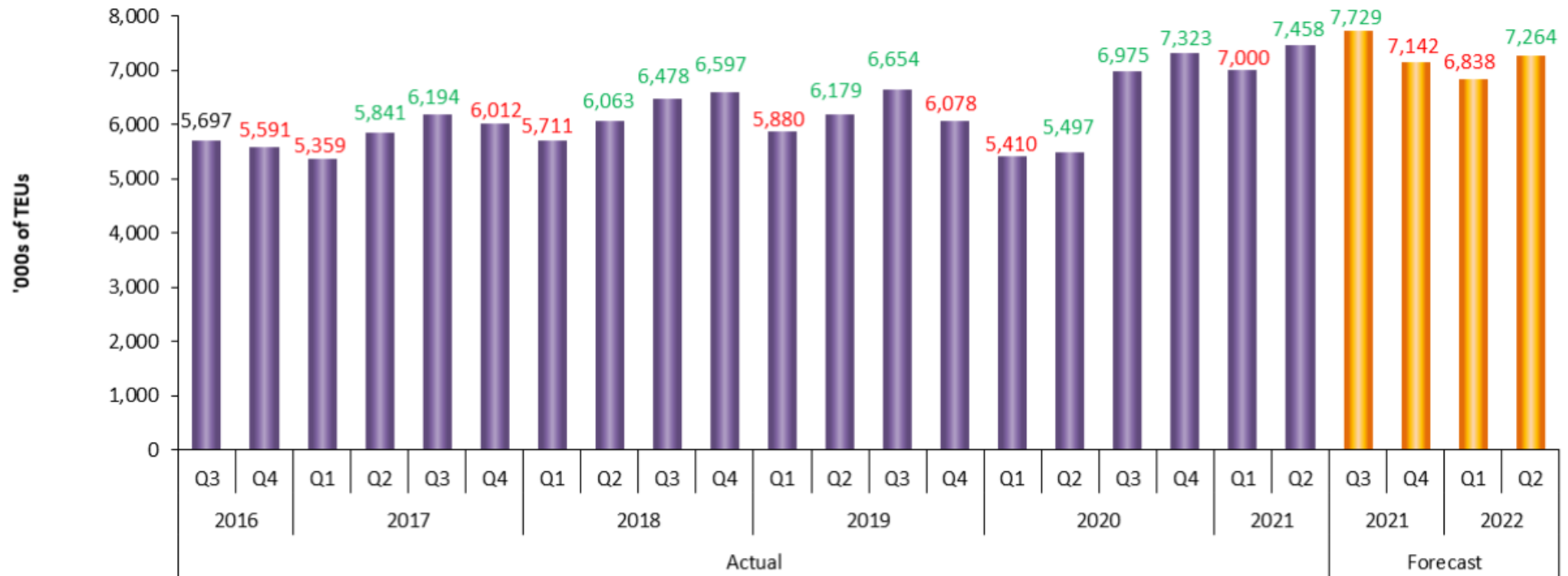
—  
MATTHEW SHAY  
President and CEO  
National Retail Federation

5:10 PM · Jun 14, 2021 · Sprout Social

# Supply Chain Challenges

## Global Port Tracker Overview

### Quarterly Import Volumes





# Supply Chain Challenges – June NRF Survey

- 98% of retailers surveyed say they have been impacted by port and shipping delays.
- Most common challenges:
  - U.S. port congestion
  - Carrier capacity
  - Available containers overseas
- Majority have had to add 2-3 weeks to their supply chains
- All respondents said their costs have increased
- Majority have passed along some of the costs to consumers.
- Nearly all (85%) are experiencing inventory shortages

# Supply Chain Challenges – June NRF Survey

- Majority of respondents said they have contingency plans to address the congestion. These include:
  - Using alternate ports
  - Chartering dedicated vessel space
  - Using air freight
  - Using more domestic sourcing
  - Looking for alternate sourcing
- Ongoing challenges
  - Container availability at origin ports
  - Equipment availability at U.S. ports
  - Rail issues
  - Warehouse space

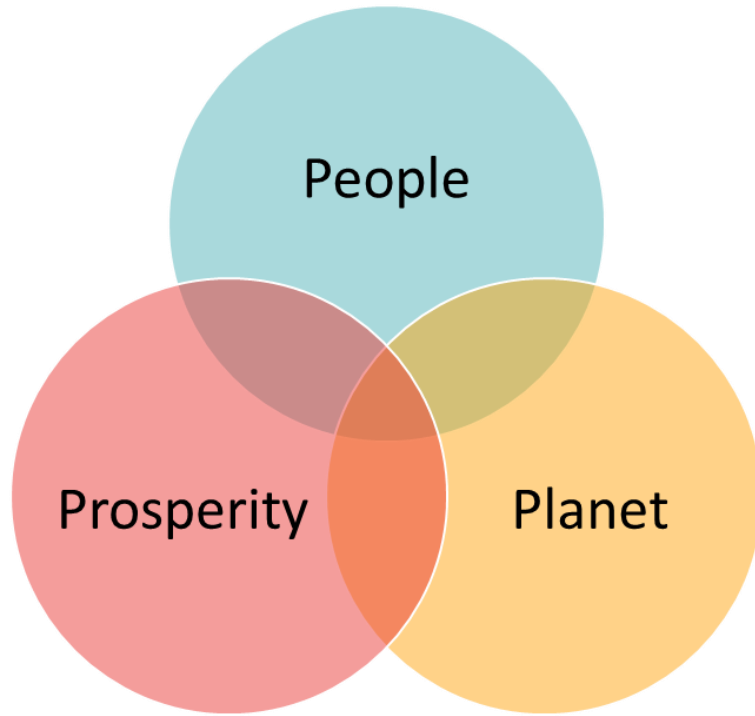
# Supply Chain Challenges - Solutions

- Convene a high-level working group including all affected stakeholders to discuss the current issues and identify solutions
- Codify the Federal Maritime Commission's Interpretive Rule on Demurrage and Detention
- Develop a National Freight Portal
- Ensure we have a sufficiently trained workforce
- Evaluate whether or not our ports are operating in a manner that truly meet the needs of a 21st century global supply chain
- Legislation – Ocean Shipping Reform Act of 2021 (OSRA21)

# Supply Chain Challenges

- Infrastructure Bill
  - Senate passage
  - House vote by Sept. 27
  - Concerns with \$3.5 trillion reconciliation package – tax increases
- Labor Negotiations
  - ILWU/PMA – July 2022
  - ILA/USMX – September 2024

# Environmental, Social and Governance



**“Creating net positive  
environmental, social,  
and community  
benefits.”**

**CSR** emerged as a priority when too many people focused only on the environmental aspects of sustainability.

**ESG** emerged when investors wanted better metrics.



# ESG – Challenge for Retailers

Every single purchase has hidden human health, environmental, and social impacts



# ESG – Key Trends



**Consumers Care**



**Transparency**



**Externalities Matter**

# ESG – Risks, Opportunities and Success



# ESG – Key GR Issues

- ESG Reporting – SEC
- Carbon tax, carbon cap-and-trade and carbon accounting proposals
- Material-specific materials (e.g., leather, precious metals, etc.)
- Forced labor issues
- Chemicals of concern
- Environmental labels/certifications
- Recycling policies and infrastructure
- Single Use Plastics
- CSR/sustainability metrics
- Renewable energy markets
- Infrastructure (e.g., ports, roads, and resilience efforts)

# Thank You!

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National Retail Federation

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NRF empowers the industry  
that powers the economy.

