



The Honorable Joseph R. Biden, Jr.
President
The White House
1600 Pennsylvania Avenue, NW
Washington, DC 20500

Dear President Biden:

As our nation continues to struggle with the COVID-19 pandemic, we write to highlight how supply chain challenges and inflation are weighing down restaurant industry rebuilding and ask for your help in creating solutions that will have a lasting impact.

The drop in consumer confidence brought on by the delta variant this summer halted the small gains we made earlier this year, and there are no indications of immediate relief. Ninety thousand restaurants have closed permanently or long-term, and restaurant sales are down approximately \$300 billion since the pandemic began.

At the same time, restaurants are facing massive supply shortages and delays while food costs are soaring. This situation is increasing costs, restricting supply, and limiting the industry's ability to function. For example, consider the following:

- 95% of restaurants have experienced significant supply delays or shortages of key food items in recent months, according to a recent national survey we conducted.
- 75% of restaurants have made menu changes because of supply chain challenges.
- Wholesale food prices increased sharply in September, posting the highest 12-month increase since 1980.
- Restaurant commodity prices are soaring with beef up 57.7%, fats and oils up 49.6% and eggs up 39.2%.
- Menu prices have risen 4.7% in last 12 months alone.

Restaurants aren't like other small businesses. They run on tight pre-tax margins that average 3-5% and have, on average, 16 days cash on hand. According to a recent Alignable survey, 51% of small business restaurant owners reported they couldn't cover their September rent. Tableservice restaurants, which were the hardest hit by the pandemic restrictions, are also the most likely to be impacted by supply chain issues.

Faced with these very challenging times, our industry is doing its level best to protect employees and customers, while restaurants are struggling to keep their doors open.

Given this climate, we appreciate the Administration's efforts to sharply focus on the supply chain crisis including the creation of the White House Supply Chain Disruptions Task Force, shifting the Ports of Los Angeles and Long Beach to 24/7 operations, and convening stakeholder sessions to develop solutions.

We stand ready to work with the Administration and Congress on this issue and encourage the Administration to consider the following suggestions to help solve restaurant supply chain challenges.

Facilitate Impactful Solutions to Workforce Challenges

As you are aware, labor shortages throughout the supply chain are wreaking havoc on the restaurant industry. A shortage of truck drivers, agricultural workers, people to unload shipping containers, etc. are all leading to increased costs, delayed shipments, and a lack of critical inputs. The Administration should utilize any tools at its disposal to remedy our nation's worker shortage and quickly stop the current backlog that has been created.

However, restaurants also need long term solutions to solve our nation's workforce challenges as outlined below.

- **Comprehensive Immigration Reform.** Create a clear path to legalization for the more than 11 million undocumented individuals living and working in the U.S. Many are in search of work, and others are paying taxes and contributing to the economy and their communities. Restaurants support a clear path to legalization for these workers, including a permanent solution for DACA recipients.

Overhaul the visa worker program to match willing workers with willing employers. The restaurant industry is built on a culture of diversity and inclusion, employing individuals from many cultural and socioeconomic backgrounds. It's time to create a viable visa worker program that allows legal foreign-born workers to come into the U.S. under a controlled process to work year-round in the hospitality sector.

- **Expand Employment Opportunities.** Partner with the private sector to expand employment opportunities for former incarcerated persons and assist the private sector in overcoming the stigma and barriers to help these individuals secure and advance in good jobs.

Address Transportation and Shipping Constraints

The restaurant industry relies on trucking to bring virtually all food, beverage, packaging, and other restaurant inputs to our stores. However, our nation's trucking industry is currently facing a massive shortage of 80,000 drivers, in addition to backlogs at ports due to less drivers available to transport cargo. This driver shortage is affecting every part of the supply chain, including foodservice and restaurants.

One solution to this issue is to allow more young people to enter the trucking industry as drivers, as the average age of a long-haul driver in 2018 was 55 years old. Additionally, high school graduates cannot join the trucking industry upon completion of school as federal regulations prohibit them from driving in interstate commerce until the age of 21.

The bipartisan infrastructure package currently being considered in Congress contains a program modeled on the DRIVE-Safe Act to safely train 18- to 21-year-old individuals to become drivers, allowing them to drive in interstate commerce once they meet rigorous training and safety requirements. Implementation of this program is something that can be immediately done to begin addressing the truck driver shortage.

We strongly support this program, the underlying legislation, and any other efforts or incentives to encourage people to enter the trucking industry and increase the number of drivers. Allowing more qualified, safe drivers to enter the workforce will not only help alleviate the driver shortage, but also help the economy get back on track and work to solve the supply chain crisis.

Additionally, the U.S. is experiencing a massive shipping crisis at ports leading to bottlenecks and backlogs, which are increasing delays and costs. While work is being done to remedy the immediate bottlenecks, long term reforms should be considered to relieve pressure for years to come.

For example, the Administration could support and encourage passage of the Ocean Shipping Reform Act of 2021 (HR 4996), which would establish minimum requirements for service contracts to ensure freight is not unreasonably refused and enact common sense reforms to address unfair business practices.

Additionally, the Administration could consider suspending or reforming the Merchant Marine Act of 1920, also known as the Jones Act, to allow freight to move more cost effectively between U.S. ports.

Utilize Trade and Import Capabilities

Finally, the Administration should consider our nation's trade policies to help remedy both the supply chain shortages and their effects. Restaurants rely on global, interconnected supply chains to provide meals to millions of customers daily, and disruptions to these supply chains significantly affect the availability and price of products vital to restaurants in every community. Removing burdensome tariffs on food and beverage products, in addition to equipment used in the supply chain, can ensure that the foodservice industry can continue to grow the U.S. economy and add jobs.

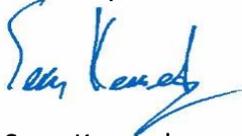
We encourage the Administration to provide tariff relief to businesses on a variety of products (e.g., food and beverage products, truck chassis, and seafood) as this will help companies offset increased costs caused by the supply chain crisis.

Additionally, while the industry is experiencing supply chain challenges across the board on menu item ingredients, one area that has been particularly challenging is the poultry and the broader meat supply. For example, restaurant operators are citing shortages of poultry (47 percent) and beef (45 percent).

We urge the Administration to consider opening more markets and eliminate barriers surrounding importation of food and animal products that meet our country's rigorous food safety and animal health standards.

Taken together, these recommendations can work to help our nation's restaurants that are being crippled as the pandemic rages on and supply chain challenges grow. Thank you for your leadership for our industry, and we look forward to continued engagement with your Administration on behalf of a vital part of every community.

Sincerely,



Sean Kennedy
Executive Vice President, Public Affairs