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<http://www.yakimaherald.com/opinion/editorials/2806079-8/this-good-news-on-port-dispute-comes-too>

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This good news on port dispute comes too late

January 8, 2015, Yakimaherald.com

Just in time to miss the Christmas shopping season, a federal mediator will wade into the mess that has slowed the transport of goods through West Coast ports, including products from the Yakima Valley. This comes as welcome news to businesses and individuals who depend on exports — through ripple effects, that includes most of the Valley — but it should have happened weeks ago. Make that months ago, for a dispute that started last summer.

The involvement by the U.S. Federal Mediation and Conciliation Service won't resolve the issue tomorrow. The contract expired July 1 between the **International Longshore and Warehouse Union** and the Pacific Maritime Association, which represents shipping lines and operators of port terminals. The **ILWU** represents about 13,600 workers at 29 West Coast ports, including Tacoma and Seattle.

There has been some movement — the two sides have reached a tentative agreement on health care benefits — but labor and management remained deadlocked over wages and work rules, and mostly have pointed fingers over who is at fault. The maritime association accused workers of conducting a deliberate slowdown; in late October at the ports of Seattle and Tacoma, dock workers started moving containers from ships to trains and trucks at less than half the regular pace. The **union** claimed not enough trucks were available to move goods.

The maritime association called for a mediator in a letter dated Dec. 23, and the union came around a few days later. The two sides have a history with disputes; in 2002, employers locked out dockworkers for 10 days until a mediator intervened, got the negotiations going that reopened the ports.

While the slowdown signals a breakdown in the negotiating process, it also reflects a failure in political leadership. Washington U.S. Sens. Patty Murray and Maria Cantwell, along with Gov. Jay Inslee, urged both sides to come to an agreement, and in November a coalition of about 100 retailers, manufacturers and farms asked President Barack Obama to send in a federal arbitrator. The White House met the request with a deafening and disappointing silence on an issue of national consequence.

The slowdown put a number of jobs at risk. A November story in the Yakima Herald-Republic spelled out the local impacts: one packing company reduced payroll by 20 percent, and another predicted layoffs of 40 percent if the slowdown persisted through December — which, of course, it did. A number of workers in the apple and hay industries saw pay cuts right before Christmas. The U.S. apple industry reported losses of \$19 million a week as trucks idled at gates and shippers scrambled to find storage.

According to The Associated Press, the National Retail Federation called the announcement “the first positive news from the West Coast ports in some time.” It took far too long a time for that positive news to arrive.

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<http://www.apparelnews.net/news/2015/jan/07/will-port-congestion-fees-be-imposed/>

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Will Port Congestion Fees Be Imposed?

By Deborah Belhum, January 7, 2015, California Apparel News

Cargo in January normally speeds through the Port of Long Beach and the Port of Los Angeles like water gushing through a pipeline.

But the worst Los Angeles/Long Beach port congestion problem in a decade still has cargo stacked high on the docks. Goods continue to take two to three weeks to get off out of the ports and onto trucks and rail cars.

With so much cargo backed up, some shipping lines again are thinking about imposing a costly port congestion fee on every cargo container offloaded at the docks.

So far, Hapag-Lloyd and Matson Inc. have filed documents with the Federal Maritime Commission to start imposing a \$1,000 per 40-foot container fee starting Jan. 15 for all cargo traveling from Asia and landing at the 29 West Coast ports where **longshore laborers** are working without a contract. The last contract expired on July 1.

It is still uncertain if the fee will go forward. Originally shipping lines said they would start charging a congestion fee on Nov. 17. But the FMC got the companies to postpone additional charges until the end of 2014.

Many importers thought the port congestion problem would be a recent memory by now. But that hasn't happened.

There continues to be a lack of chassis used to transport cargo containers out of the ports. And with no new contract, **longshore worker** slowdowns are aggravating the situation.

On Jan. 5, the U.S. Federal Mediation and Conciliation Service said it planned to send in Scot Beckenbaugh, a skilled mediator and the service's deputy director, to get **the longshore workers** and their employers, the Pacific Maritime Association, to agree to a new six-year contract. The association, which represents terminal operators and shipping lines, has been negotiating with **the labor union** since mid-May.

While strides have been made to resolve one of the stickiest points of the contract – healthcare—other issues have not been as easy to resolve. One difficult subject is what role the ILWU will have in repairing and maintaining the chassis fleet that once was owned by the shipping lines.

Last year, almost all the shipping lines sold their chassis inventory to three leasing companies that are not obligated to use longshore workers to keep the chassis running. One shipping line—SSA Marine—still owns and operates its own chassis.

The leasing companies have had a hard time evenly stocking each port terminal with chassis – with too many at one and not enough at another. That may change in February when the three leasing companies—Direct ChassisLink, TRAC Intermodal and Flexi-Van as well as SSA Marine create a gray chassis pool that is interoperable, making it easier to pick up and drop off chassis at any terminal.

“It is still real bad,” said Robert Curry Sr., president of California Cartage Co., a large trucking and warehouse concern in Long Beach, Calif., that contracts with about 200 truckers to pick up cargo containers.

Curry calculates that his company is behind by 1,200 loads and there is no way to ease the congestion because there are not enough truck drivers to get the job done. “We just had a meeting with the Evergreen steamship people. They are looking for more truck power to move some of their cargo to the railroads going east, and we have no more truck power.”

To clear back-logged cargo faster from the docks, the Pacific Maritime Association announced on Jan. 2 it would reduce the number of workers ordered to unload ships on the night shift, which generally runs from 6 p.m. to 3 a.m., so containers don’t continue to stack up, making it harder to locate unloaded containers and get them out of the gridlocked system.

“It makes no sense to maintain the pace of removing containers from ships when there’s no room for them on the terminals,” said PMA spokesman Wade Gates. “If a parking lot were full, you would clear out empty spaces before bringing in more cars. The same rule applies here.”

The PMA has also been complaining that since the end of October, the ILWU has been withholding skilled yard crane drivers from their shifts.

“The PMA is squarely blaming the longshore union for sending over trainees instead of top-of-the-line people to unload the ships. They can’t work as fast as the really good crane operators,” said Debra Taylor, a customs broker at Alba Wheels Up.

She said some of her customers are now just getting cargo that arrived dockside on Dec. 17.

ILWU spokesman Craig Merrilees said the PMA’s action to reduce the number of night gangs that would otherwise be filled by trained equipment operators is counterproductive and will only exacerbate the

backlog of ships waiting for berths. As of Jan. 7, there were seven cargo container ships anchored off the Los Angeles/Long Beach breakwater waiting for space to dock. Normally there are none.

“The shortage of yard crane operators is a consequence of the PMA’s refusal before the commencement of negotiations to adequately train. The PMA regularly rejected the union’s overtures for such training and also refused to register new workers,” Gates wrote in an email.

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<http://www.washingtonpost.com/news/business/wp/2015/01/07/the-issue-mcdonalds-blames-for-its-french-fry-shortage-is-causing-other-retail-problems/>

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The issue McDonald’s blames for its french fry shortage is causing other retail problems

By Sarah Halzack, January 7, 2015, Washington Post

Want a side of fries with your Big Mac?

If you’re in Venezuela, you’re out of luck. McDonald’s 100 franchises in the South American country are out of french fries.

“McDonald’s Venezuela is working to resolve this temporary shortage,” a company spokeswoman said in a statement. “We will continue to give our customers the McDonald’s experience, offering 100 percent Venezuelan options, such as yucca fries and arepas (corn pancakes).”

The lack of fries has caused some blowback in Venezuela, where President Nicolas Maduro retweeted a story about a McDonald’s customer in Japan finding a tooth in their food.

The Associated Press reports that an Argentina-based spokeswoman for the franchisee that runs the restaurants, Arcos Dorados, blamed the shortage on a slowdown at West Coast ports in the United States.

While experts told AP that other factors likely contributed to Venezuela’s french fry shortage, including its currency controls and generally challenging economic climate, the report brings to the foreground an issue that’s been simmering for months and giving the retail industry a headache during its most important quarter of the year.

Lululemon said in December that it was slashing its fourth-quarter revenue guidance by \$10 million because of the port problems. Chico’s FAS, the company behind women’s clothing chains Chico’s and White House Black Market, has said it estimates its total sales in the most recent quarter were 1 percent lower because of the port situation. Ann Taylor said its inventory levels on key merchandise such as pants were affected.

So what exactly is going on?

For starters, the ports have been experiencing greater congestion, with some ships waiting in the water for days to dock and have their cargo unloaded. A labor dispute might also be playing a role in the slowdown.

Leaders of the Pacific Maritime Association, which represents employers of several major West Coast port terminals, have been working since May to negotiate a new contract with the **International Longshore and Warehouse Union**. As the negotiations have stalled, the **union** has reportedly refused to dispatch some of its workers at the busy Los Angeles and Long Beach, Calif., ports. Workers in Oakland, Calif., walked off their jobs.

Because of the slowdown, many retailers had to come up with a Plan B for getting their merchandise into stores for the crucial holiday season. Chains such as Dollar General and Express rerouted their shipments through East Coast ports. Others, such as New York & Co., turned to air freight to get their items in place. These alternative shipping tactics, especially air freight, may be ratcheting up some companies' costs and could hurt their bottom line in the fourth quarter.

"The slowdown in the West Coast ports has been a much bigger deal than people think," Fred Smith, the chief executive of FedEx, said during the shipping giant's December earnings call.

Smith said he believed that many retailers were probably going to have to deal with "a lot of not-in-stocks" during the holiday, a situation that could disappoint customers and cost the retailers sales. "I suspect you're going to hear a lot more about it in January, when the retailers start putting their results out," Smith said.

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<http://www.politico.com/morningshift/0115/morningshift16632.html>

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FEDERAL MEDIATOR STEPS INTO WEST COAST PORTS DISPUTE

By Brian Mahoney, January 7, 2015, Politico

The Federal Mediation and Conciliation Service will assist labor negotiations between the **International Longshore and Warehouse Union** and the Pacific Maritime Association.

In response to Monday's announcement, the Agriculture Transportation Coalition issued a statement in support of the federal agency's intervention, saying that delays traceable to the dispute have made West Coast ports "dysfunctional" and have resulted in millions of dollars in lost sales, lost customers, cargo damage and layoffs. The National Retail Federation and the National Association of Manufacturers also issued statements of support.

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http://tdn.com/news/local/weyerhaeuser-to-cut-jobs-at-longview-mill-citing-west-coast/article_0e6d0c2e-9704-11e4-9cc2-136c55fcf5fd.html
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Weyerhaeuser to cut jobs at Longview mill, citing West Coast port slowdown

By Marissa Luck, January 8, 2015, the Daily News Online

Weyerhaeuser Co. will cut production and jobs at its Longview pulp and paper mill because the West Coast labor dispute is making it difficult to ship its products, the company confirmed Wednesday. Cuts will occur at the end of the month, but the company did not say how many workers would be affected or whether the layoffs would be permanent or temporary.

Weyerhaeuser spokesman Anthony Chavez said the company is exploring alternative options to ship products to customers. He did not offer further details. But a paper union leader suggested the company may be joining business efforts to pressure longshoremen into settling the dock labor dispute.

The Association of Western Pulp and Paper Workers, which represents Weyerhaeuser paper works, has asked to meet with the company to learn more but has yet to hear back, union officials said Wednesday.

The majority of Weyerhaeuser's exports move from its liquid packaging plant in Longview through the Ports of Seattle and Tacoma. The current labor dispute between the Pacific Maritime Association (PMA) and the **International Longshoremen and Warehouse Union (ILWU)** has hurt Weyerhaeuser's ability to ship goods to customers, the company said.

"Due to the port congestion, we're not able to get our products to our customers overseas," Chavez told The Daily News Wednesday.

He declined to say whether that congestion is triggering cancellations in contracts or decreased demand from customers awaiting products.

"Obviously we're hoping both sides can reach speedy resolution," he added. "The sooner they can reach an agreement, the better off we're all going to be."

On Monday, **the ILWU** and the PMA requested federal mediation for contact talks that have failed to produce a compromise since negotiations began in May. The two sides blame each other for causing congestion at ports all along the West Coast, including Los Angeles, Tacoma and Seattle. The persistent bottlenecks have disrupted global supply chains, throttling shipment of goods and causing some businesses to lose sales.

If one were to occur, a full-blown lock out or strike at West Coast docks could cost the U.S. economy \$2 billion a day, according to a study from the National Retail Federation and the National Association of Manufacturers.

Greg Pallesen, vice president of the AWPPW, noted that news of the Weyerhaeuser layoffs coincides with statements by PMA and business interests that the dock labor dispute has been disruptive.

“The timing of Weyerhaeuser’s announcement to the employees of possible curtailments due to the alleged claim of ‘ILWU slowdown at the West Coast ports ’ certainly seems suspicious,” he said. “It appears to be a coordinated effort by Weyerhaeuser and the Pacific Maritime Association along with other business interest (s) to divide workers, unions and the labor movement.”

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<http://www.logistics-business-review.com/news/federal-mediator-to-push-for-negotiations-between-pma-and-ilwu-070115-4483123>

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Federal mediator to push for negotiations between PMA and ILWU

By LBR Staff Writer, January 7, 2015, Logistics Business Review

US Federal Mediation and Conciliation Service is getting involved to resolve the dispute between **International Longshore and Warehouse Union (ILWU)** and Pacific Maritime Association (PMA). The stalled discussions have affected trade links with Asia and slowed down transportation of cargo across the docks at 29 seaports which is estimated to involve billions of dollars.

US Federal Mediation and Conciliation Service acting director Allison Beck said: "In response to a joint request for assistance from the parties, collective bargaining between ILWU and PMA representatives will continue as soon as possible under the auspices of the Federal Mediation and Conciliation Service (FMCS).

"Deputy Director Scot Beckenbaugh, a senior FMCS mediator with extensive collective bargaining experience in this industry, has been assigned to help the parties bring these important negotiations to a mutually acceptable resolution."

The **Union** has withheld skilled longshore workers from their shifts on the docks, almost from the end of October 2014, aiming to gain leverage on the company during contentious negotiations for a new coast-wide contract.

Withdrawal of services by majority of yard crane drivers at the ports, who deliver and receive container loads from truckers, has been affecting cargo handling operations throughout Southern California, informed PMA.

Earlier, PMA spokesperson Wade Gates had said: "The congestion in the terminals is near a breaking point."It's not solely the number of longshoreman the Union is making available that matters, it's the type of workers themselves.

"Without qualified yard crane drivers who play a critical role in loading and offloading cargo containers from trucks, the congestion problem is made far worse at terminal yards."

Though immediate result is unlikely, the mediation is expected to bring back normalcy at the sea ports.
