

ILWU News

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US Congress keeps distance from ILWU-PMA labor talks

By Mark Szakonyi, January 8, 2015, Journal of Commerce

WASHINGTON — Rep. Janice Hahn, the California Democrat who co-founded and co-chairs the Congressional PORTS Caucus, this week told her colleagues that the **International Longshore and Warehouse Union** and West Coast waterfront employers reaching a labor contract was essential to the U.S. economy.

For shippers and transportation providers frustrated with long delays caused by alleged **ILWU** slowdowns at U.S. West Coast ports, Hahn's comments on the House floor were hardly surprising. For many on Capitol Hill, however, West Coast port congestion is barely a blip on the radar, reflecting not only Congress's limited ability to assist in the talks, but also how low a priority the issue ranks for the majority of legislators.

"You certainly have shipper groups such as the (National Retail Federation) banging the drum but that is still pretty low-level," said a veteran D.C. executive involved in the maritime industry. "No one is coming into this new Congress thinking, 'I have to deal with this.'"

The dearth of public pressure on the federal government to get both sides to iron out a contract also has helped keep the Obama administration on the sidelines. Granted, neither Congress nor the president could have called in federal mediators to aid negotiations, because the Federal Mediation and Conciliation Service only joins the table at the invitation of both parties. The **ILWU** did that this week, following an identical request from the PMA in late December.

Still, the limited attention the contentious negotiations and broader port congestion have received within the Beltway speaks somewhat to the disconnect between the freight industry and Washington. Legislators also are staying out of the fray because it's unclear what the obstacles are to reaching a deal, the maritime executive said.

"You can't expect D.C. to get in the middle of it when no one has articulated why there is no agreement," he said.

And, with the **ILWU** denying it's engaging in slowdown tactics and there being plenty of other factors contributing to port congestion — including rapidly growing volumes and chassis dislocation — few, if any, legislators want to risk taking sides. West Coast legislators, the majority of whom are Democrats with close ties to unions, don't want to risk angering their more liberal base at the expense of scoring

points with business interests, or vice versa, Jock O’Connell, a California-based international trade economist, told JOC.com.

It’s a delicate balance for legislators. Hahn last weekend attended a rally at an **ILWU** local in Southern California, where she sympathized with workers’ lack of a contract and urged them not to strike. Hahn told JOC.com that she was concerned that the PMA wasn’t putting the “right people at the table.”

ILWU President Robert McEllrath in late December challenged ocean carrier executives to be more involved in the negotiations. The PMA countered that “board and coast committee members, who represent carriers and terminal operators, have been intimately involved in these negotiations.” At the same time, Hahn also expresses sympathy for businesses that depend on moving goods efficiently through the Los Angeles-Long Beach port complex.

The murkiness of contract negotiations and political risk has left legislators with few avenues other than to write letters to the heads of the ILWU and PMA urging them to stay at the table and forge a deal. The Congressional PORTS Caucus, a bipartisan group of 90 members of Congress, on Wednesday sent a letter to the heads of the **ILWU** and PMA expressing its concern with how long talks have lasted and reminding both sides that the caucus is watching closely.

“We will continue to monitor this situation closely and urge both sides to reach a mutually acceptable resolution,” Hahn and Rep. Ted Poe, R-Texas, her co-chair of the ports caucus, wrote to McEllrath and James McKenna, the PMA’s chairman and CEO. “We stand ready to assist in any way to bring matters to a sustainable resolution and to move talks forward for the good of our ports, workers and businesses across our country.”

Although many individual business owners are feeling pain from port congestion, the impact on the total U.S. economy has been more of a “kick in the shins,” O’Connell said. That’s partly the reason Congress and the Obama administration haven’t given West Coast port congestion as much attention as shippers, carriers and ports would have hoped, he said.

So what would it take for more members of Congress to get more involved, both publicly and through back channels? A supply chain disruption that average Americans would feel, O’Connell said. Before the holidays, retailers warned that American children might not be able to get their favorite toy because of port delays, but that didn’t happen, he said.

A Trader Joe’s store in Sacramento that O’Connell visited recently was out of Dijon mustard from France. “But that didn’t motivate me to write my congressional representatives,” he said.

National media has drawn sporadic attention to West Coast port woes, but the likes of MSNBC, CBS and CNN haven’t elevated the issue by covering port congestion and the seemingly stalled **ILWU**-PMA talks on a daily basis. Aside from a few stories from Politico and CQ Roll Call, well-read D.C. political publications, the Beltway press has largely ignored the issue, as well.

Considering the limited D.C. exposure **longshore** labor negotiations have received in a time of crisis, there's little chance Congress will work to put longshore labor agreements under the purview of the Railway Labor Act, a move supporters say would reduce the threats of labor slowdowns and lockouts.

Douglas Holtz-Eakin, president of the American Action Forum, a center-right policy institute, told JOC.com that passing legislation to put ports under the same law governing rail and airline industry would be a "big-lift."

Holtz-Eakin, a former director of the Congressional Budget Office, can't recall any legislative language calling for such a change introduced in Congress.

That may be disheartening to shippers and transportation providers who don't want to see another drawn-out longshore negotiation in their lifetime, but at least Congress is more in tune with port issues than in the past.

The passage of the Water Resources Reform Development Act, which included measures aimed at reforming port funding, is the best example of legislators' growing realization of the importance of ports to the U.S. economy, Hahn said.

But for most Americans and the national media, ports are "not that sexy of an issue," she said. "I don't go on MSNBC to talk about ports."

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The Chassis Is the Missing Link

By Laura Cecere, 1/8/15 (9:49 PM), Forbes.com

Meet Michael. He is caught in the middle between truckers, ocean carriers and port authorities. The words *supply chain risk* have taken on new meaning for Michael Amini, the CEO of Aico Furniture. Today, it is personal. Due to the Port of Long Beach slowdown, he can no longer get his furniture to his customers.

Michael currently has 23 containers sitting on the water. He cannot get them unloaded. They are gridlocked. Worse still, he does not have an answer for customers on when they will be unloaded. Instead, he has an out-of-control situation that is costing him money and goodwill every day.

Furniture is a seasonal business. The goods on the water are slated for trade shows in Las Vegas, but Michael cannot get answers on unloading. Some of his goods have been on the water since December 10th with no idea on a release date. The clock is ticking and his first major trade-show event is January 18th. Why can't Michael get his freight? It is complicated.

In short, the Port does not have enough chassis in the right locations for unloading. "What is a chassis?" you might ask. Look closely at this picture. Michael's problem is the lack of the frame, or chassis, that the containers are placed on for transport. Without sufficient chassis, the truckers cannot unload the ships. As a result, his freight is not moving.

Long Beach's Harbor Department is a major port of entry for Michael. Today, it is gridlocked.

November was a record month for the Port, and it is the second busiest in the United States (after the Port of Los Angeles, which it adjoins). When things go bad in the Port of Long Beach, they get real bad, real quick. As a result, he is stuck.

Michael's business is West Coast. The furniture business is seasonal with each designer creating new lines for the winter shows. His business is about design and excitement. When buyers enter his booth in Las Vegas they want to see excitement; but with the Port slowdown, this does not look like it will be a possibility. For seven months, he has been fighting to get his containers unloaded, but he has no answers and few alternatives.

Air freight would cost 2.5 times the price of the item, and shipping cross-country from another port would be an additional \$5,000 to \$10,000 per truck. All he can do is pray.

When today's big ocean containers come to port, the instantaneous need for chassis is high. It takes 2 to 3 days to unload a ship. The number of chassis required for a ship is between 2,000 and 5,000. The problem today in Long Beach's Harbor Department is complicated by three factors:

1. Change in Ownership. Ocean container companies used to provide the chassis as part of the contract. They started transitioning chassis five years ago in other ports to truck carriers; but, they held off on the transfer in Long Beach due to the size and complexity of the Port. This asset transfer occurred in Long Beach in February 2014, and it has not gone smoothly.

There has not been a clean handoff.

Today, ocean carriers still own 17% of the chassis. In parallel, the Port of Long Beach has not been able to manage the pool or supply of chassis that is estimated to be 100,000 in the southern California basin. The ports had five years to get ready. There were many studies, and several consultants; but few answers. The interests of the parties, i.e. ocean container company, truck carrier, shipper and labor unions, are divergent.

There is no lobbying group for the shipper, like Michael Amini. In the meantime, the problem is circular and growing worse. The lack of chassis delays unloading, and the delay at ports causes additional chassis shortages. It is the worst since 2004, leaving business owners like Michael in the lurch.

2. Complexity. There are seven sizes and shapes of chassis. It requires forecasting and planning and interoperability between providers. However, the three chassis providers in Long Beach cannot interchange chassis. The three major asset leasing companies in Long Beach are waiting for Justice Department clearance to work together. There seems to be no sense of urgency to enable chassis sharing between the operators.

3. Who Repairs the Chassis? Traditionally, the chassis were repaired by members of the International Longshore and Warehouse Union. The chassis fleet is aging. The average chassis has been in service for 15 years. They have a lifespan of 20 years. The labor unions want to ensure that they continue to service the chassis.

We live in a complex world. This is no small issue. The outsourcing of logistics and manufacturing is a new normal. After seven months of disruption in Long Beach, isn't it time for a call to action by Capital Hill?

I think the time for consulting reports and recommendations is over. The ports are central to our supply chains and our supply chains are core to commerce. Michael needs action. Today, he is not getting it. As shown in Figure 1, there are many Michaels in the world with freight on the water.

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<http://www.pe.com/articles/ports-757795-paterson-beach.html>

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LOGISTICS: Congestion persists at ports

By Fielding Buck, January 8, 2015, the Press Enterprise

There is no post-holiday lull for the twin ports of Long Beach and Los Angeles.

The ports continue to experience congestion that delays shipment of goods through Inland Southern California to the rest of the nation.

Lee Peterson, spokesman for the Port of Long Beach, estimated there is currently an average of six container ships waiting to get into the ports.

Those ships are likely carrying clothing to go on sale around Easter and building supplies for spring construction projects, he said in a phone interview.

The ports experienced their Christmas rush August through October. This month they're facing a Lunar New Year rush, as shippers in Asia push to get their products out in order to take a two-week holiday in mid-February.

Challenges the ports face include a rise in the volume of goods being shipped after the recession ended; a shortage of chassis used to move containers away from the ports; and a six-month labor dispute between dockworkers and shippers, although Peterson said that situation hasn't caused a slowdown.

This week, the Federal Mediation and Conciliation Service was brought into negotiations between the **International Longshore and Warehouse Union** and the Pacific Maritime Association after both sides requested mediation.

The ports have taken steps to create a "gray fleet" of chassis, which would make it easier to share the trailers while paying the providers for their use, Peterson said.

The Port of Long Beach also created a temporary storage depot for empty containers.

Such measures are like "throwing gravel into the Grand Canyon," said B.J. Patterson, CEO of Pacific Mountain Logistics LLC and chairman of the Inland Empire Logistics Council.

Patterson said congestion hurts his business, which is in Rancho Cucamonga. It makes it difficult to schedule staff, and he has to deal with complaints from clients who need their stuff.

He said in a phone interview that he has had to reroute a few shipments through Prince Rupert in British Columbia, which he described as expensive.

Lee Peterson, of the Port of Long Beach, said business is being lost to the Port of Oakland, which has its own congestion issues.

Both men hope for a little relief from a slack period after the Lunar New Year crunch.

Looking beyond that, Lee Peterson said, "Our focus is trying to make sure this kind of thing never happens again."

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<http://www.dailynews.com/opinion/20150108/los-angeles-and-long-beach-port-truckers-stuck-in-middle-of-labor-dispute-editorial>

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Los Angeles and Long Beach port truckers stuck in middle of labor dispute: Editorial

January 8, 2015, Los Angeles Daily News

Hauling the nation's goods from the Long Beach and Los Angeles ports to the massive warehouses inland, some truckers bitterly complain about working conditions.

Worse, they said, trucking companies weren't even calling them employees, allowing some companies to skirt labor rules.

Truck companies could charge for the use of their big rigs and parking while also forgoing the employees' right to unionize.

Now it looks as though one company — Shippers Transport Express owned by SSA Marine, a big player in the maritime industry — will allow its workers to decide whether they want to be represented by a union.

It's a good sign for those who believe that workers' rights are strengthened with unions. But all unions can do is apply pressure.

The truck operators have no obligation to change their business model.

In 2011, the [9th U.S. Circuit Court of Appeals found](#) the Port of Los Angeles could not force truck operators who had been part of a pollution reduction program to become employees.

The Teamsters union, which has been behind many of the truck labor disputes at the side-by-side ports, is hoping that this latest move will resonate far beyond Southern California and bolster unionization campaigns in New York and Georgia.

In 2012, about 65 drivers from the Australian logistics company Toll Group reached a collective bargaining agreement.

It was a watershed moment for unions that have made little progress at ports since Congress deregulated the industry three decades ago. By some estimates there are about 14,000 of these drivers. The Toll Group drivers, who transport goods, mainly from the ports to retail warehouses in the Inland Empire, appealed to many of the company's clients, retailers and manufacturers including Guess?, Polo and Under Armour.

Union officials are hoping to extend their victory.

But earlier this year, the Teamsters' campaign caused chaos at the port complex with a strike that threatened to worsen labor tensions among dockworkers and port operators.

Besides Shippers Transport, there are eight other trucking companies in the middle of labor disputes, including Rancho Dominguez-based trucking company Green Fleet.

A federal judge recently ordered the company to reinstate two Green Fleet truck drivers who were allegedly retaliated against for engaging in union activities and filing wage claims.

There's no doubt the union versus trucking company struggle is at a fever pitch, and the bad blood is spilling over to port operations, adding to congestion headaches.

Organizers say the answer to all this is simple.

Trucking companies that move the goods unloaded from the port, about 40 percent of all U.S. container cargo, need to allow workers the choice to unionize.

While this editorial board may not always agree with the tactics of organized labor, it does advocate for workplace rights. Some workers may be better off with unions while other independent drivers may prefer to be their own bosses.

The question is one of fair treatment.

And regardless of the business model that works best for trucking companies, nobody should take advantage of hard workers doing their job. Treat them fairly and let them chose.
