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ILWU News:

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http://www.joc.com/port-news/longshoreman-labor/international-longshore-and-warehouse-union/us-west-coast-labor-negotiations-frequently-asked-questions_20140523.html/

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US West Coast Labor Negotiations: Frequently Asked Questions

JOC › Port News › Longshoreman Labor › **International Longshore and Warehouse Union** |
2-3-2015

Why is there concern about possible disruption at U.S. West Coast ports?

Negotiations for new longshore labor agreements on the West Coast, indeed at ports generally, are when the risk of disruption is at its highest. West Coast longshoremen have in the past sought to apply pressure on management by striking or employing any of a number of slowdown tactics. No recent negotiation between the **International Longshore and Warehouse Union** and the Pacific Maritime Association, representing waterfront employers, has been free of disruption.

Disruptions normally take the form of sporadic work slowdowns, with no discernible pattern. However, the 2002 negotiations were characterized by a 10-day lockout of **ILWU** workers by employers, who were responding to what they believed to be illegal slowdowns.

In 2002, jawing began months before the two parties even sat down to negotiate. The biggest issue in those negotiations was the computerization of port operations, which impacted marine clerks as well as other port employees. By the end of the contract, on July 1, 2002, there was no agreement.

The PMA and **ILWU** continued to go back and forth at one another, both at the table and in the press, until the PMA locked out dockworkers for 10 days. President George W. Bush invoked the Taft-Hartley Act, ports went back into operation, and the negotiations continued until December 2002, when a new contract was signed.

Negotiations in 2008 were less eventful, but were bogged down by the then-controversial topic of automated cargo handling. Despite beginning early — the PMA and **ILWU** sat down at the table in mid-March 2008 — the negotiators missed the deadline yet again. Although this time there was no lockout, there were reports of slowdowns until a new pact was agreed to in August. The negotiations to replace the current six-year collective bargaining agreement covering dockworkers at West Coast ports, which expired on July 1, involve less-controversial topics, but the threat of slowdowns still looms.

When is the risk of disruption the greatest?

The risk of disruption is greatest as negotiators get closer to the end of the current contract, which expires at midnight on June 30th, and in the days and weeks after if no agreement is reached by then, which is a distinct possibility. The **ILWU** is bound by a clause in its current contract barring strikes during the life of the contract, but slowdowns are harder to prevent, as the **union** can make an argument that it's due to a health or safety issue. If no contract has been agreed to by the July 1 deadline — a result predicted by Pacific Maritime Association President James McKenna at the JOC's TPM Conference in March - the parties may agree to extend the existing agreement into July, but there is no guarantee.

Is disruption a certainty?

It is likely there will be some disruption, but how much is very hard to predict. The **ILWU** is a famously democratic **union** where locals at the various ports will take matters into their own

hands, engaging in job actions without the support of the **union** headquarters in San Francisco, if members feel the **union**'s leadership is compromising on issues they feel are important. However some groups and individuals are tamping down expectations for disruption. The National Industrial Transportation League told its members not to expect a strike or lockout but to anticipate picketing and even labor slowdowns. Given the national economic impact from a work stoppage, the White House would force the ports to reopen within a few days using a Taft-Hartley injunction, which President George W. Bush used to re-open the ports in 2002, former APL CEO Ron Widdows told the JOC's TPM conference in March. However others see a quick Taft-Hartley injunction as less likely. Agriculture Transportation Coalition Executive Director Peter Friedmann said Obama would be hesitant to invoke Taft-Hartley, which is seen as an anti-**union** tool, since he is a "close friend of organized labor." When they began negotiations on May 12 the PMA and **ILWU** issued a joint statement that said "both sides said they expect cargo to keep moving until an agreement is reached." PMA president James McKenna told the TPM conference that a contract will be reached without a strike or lockout, though the possibility for slowdowns or other forms of disruption remains.

What ports do the negotiations cover?

The negotiations cover 29 U.S. West Coast ports, including all the major West Coast container ports — Los Angeles, Long Beach, Oakland, Portland, Seattle and Tacoma. It does not cover ports in Canada or those on the U.S. East and Gulf coasts, the main reason why shippers are seeking refuge at those ports.

Are shippers diverting or accelerating cargo shipments to avoid the U.S. West Coast. What are shippers' options?

Yes. Shippers are clearly diverting and accelerating shipments to avoid potential impact from the negotiations. They have options, but by late May time was running out given the necessary multi-week lead times on shipments from Asia. Shippers have moved up orders, asked customers to take on more inventory, and routed cargo through ports in Canada and the U.S. East and Gulf Coasts. Two-thirds of the 221 shippers that responded to a May 12-14 JOC survey said they had plans to divert and of those, 73 percent said they will ship through East or Gulf Coast ports, 25 percent said they would ship through Canadian ports and 2 percent through Mexico. Carriers say all-water services from Asia to the U.S. East Coast have been full, and freight rates out of Shanghai as tracked by the SCFI as of May 15 were up 5.2 percent to the East Coast versus the same date last year but were down 4.5 percent to the West Coast. A survey by the investment research firm Wolfe Research found much the same thing.

What will be the duration of the new West Coast longshore contract?

The six-year duration was introduced in 2002 following the 10-day shutdown and was repeated in 2008. Prior to that contracts had lasted three years. Shippers, carriers and other industry players prefer six-year agreements because they mean longer periods of labor peace. But the **union** is seeking a three-year contract this time. At the JOC's TPM conference in March, PMA President James McKenna indicated that negotiators may decide to postpone the issue of who — dockworkers or employers — must pay for an estimated \$150 million per year Obamacare tax on the **union**'s premium health care plan under which employers pay 100 percent of premiums in the **ILWU** health and dental care plan for members and their families, and **union** members pay just a \$1 co-pay per prescription for medicine. Such "Cadillac" plans are subject to tax under Obamacare. Employers have indicated that a cost-sharing formula can be worked out, while the **ILWU**, in its traditional "no-give-back" strategy, does not want to pay any taxes on its health care plan. Since the tax takes effect in 2018, some have the idea that by then Congress will change Obamacare to eliminate the tax. If not, the **union** and employers can revive the issue then as part of a separate negotiation.

What are other potential flashpoints?

Jurisdiction is a big one. With **union** jobs in general in decline, **unions** are fighting it out among themselves over who will represent the remaining workers. The West Coast waterfront is no exception. At several terminals along the coast non-**ILWU** workers represented by **unions** like the International Association of Machinists and the International Brotherhood of Electrical Workers must co-exist with the **ILWU**, which would prefer to represent all workers inside marine terminals. But the **ILWU** is not necessarily in the best position to represent those workers. The spread of technology and automation threatens **ILWU** jurisdiction because maintaining the sophisticated cargo-handling equipment requires specialized skills that the mechanics and electricians **unions** encourage by putting their members through rigorous educational and apprenticeship programs. Last year the **ILWU** withdrew from the AFL-CIO, complaining that the umbrella labor organization was not supporting it in jurisdictional disputes with other **unions**. The **ILWU** still has bad memories of losing a jurisdictional battle in the early 1990s to unload ships at a steel plant in Northern California; if there is a core longshore function, it's working ships, and that work is done by the Operating Engineers **union**.

How much do West Coast longshoremen earn?

ILWU workers receive a compensation package that is "among the most lucrative among all blue-collar workers in the United States," according to the PMA. Full-time workers earn an average of \$142,000 annually in wages, along with a non-wage benefits package costing more than \$82,000 per active worker per year. Pay ranges depend on the job, with regular longshoremen earning less than clerks and both of them earning less than foremen. According to the 2013 Pacific Maritime Association Annual Report, most of the 9,985 "Class A" longshoremen working that year, which comprised those who worked 2,000 or more total hours, earned roughly \$137,000 per year, though many earned less and a few of the highest paid longshoremen, those who worked an average of more than 50 hours per week, earned over \$200,000. Most clerks earned roughly \$147,000, while the highest-paid **ILWU** workers, many of them earning well over \$200,000 and some more than \$300,000. Nearly 13,600 **ILWU** workers are employed at West Coast ports. In 2013, the total payroll for the nearly 13,600 **ILWU** members was roughly \$1.4 billion.

Are wages expected to be a sticking point in the negotiations?

Probably not. Total longshore earnings, when overtime and skill-differential wages are included, are already among the highest in blue-collar America, so negotiators for both sides normally agree to modest annual hourly increases in the base wage.

What options do negotiators have for jurisdictional issues?

Jurisdiction can be tricky because the PMA as an employer group does not control 100 percent of the jobs on the waterfront. For example, the IBEW or IAM **unions** have contracts with individual employers that date back many years. Therefore the PMA can not arbitrarily give that jurisdiction to the **ILWU**. Jurisdictional issues can arise outside of the years when a contract is negotiated, such as when a terminal changes hands and the new owner has a contract with a different **union**. Appeals are then lodged through the established grievance procedures, or lawsuits may ensue. Jurisdictional issues are expected to intensify in coming years because automation eliminates some jobs but also creates new jobs calling for new skills.

How is automation being handled?

The 2002 contract gave employers the right to use computer technology, and the 2008 contract gave employers the right to introduce automated cargo-handling equipment. The **ILWU** normally uses the grievance machinery to challenge the new technology, but when the process runs its course, the employer is free to move forward with the technology. As a practical matter, the individual employers normally have many meetings with the **ILWU** locals and agree upon

manning, use of the new equipment and related issues. The goal of employers is to achieve “buy-in” from the locals so that the expensive machinery is introduced smoothly, without work stoppages.

- <http://www.scarbrough-intl.com/84-congressmen-urge-resolution-ilwu-pma-contract/>

84 CONGRESSMEN URGE RESOLUTION OF ILWU-PMA CONTRACT

Port congestion is causing layoffs and inability to reach overseas consumers.
Excerpt from American Shipper | By: Chris Dupin | February 02, 2015

A group of 84 members of Congress have sent a letter urging the **International Longshore and Warehouse Union (ILWU)** and Pacific Maritime Association (PMA) pressing them to agree to a contract soon.

“Our constituents are losing business, letting employees go, and worrying about the future, as trade supports over 38 million jobs across the country, we strongly urge your organizations to reach an agreement because the inability to reach consumers outside our borders impacts jobs here at home,” stated the [letter](#), which was organized by Reps. Dave Reichert, R-Wash., and Kurt Schrader, D-Ore.

The **ILWU** and PMA met on Saturday to work on the contract and talks are resuming Monday morning. The **union** and employers have been negotiating a new contract since last May to replace a pact that expired on July 1, 2014.

Dozens of ships are backed up at West Coast ports, waiting for berths to discharge and load cargo.

The Marine Exchange of Southern California said 20 vessels, including 16 container ships, were anchored outside the ports of Los Angeles and Long Beach on Monday morning because of congestion.

Related News:

- <http://www.thepigsite.com/swinenews/38833/dispute-must-be-resolved-now-to-protect-us-exports>

Sea Port Dispute Must Be Resolved Now to Protect US Exports

ThePigSite News Desk | 02 February 2015

US - The National Pork Producers Council and 92 other food, agricultural and allied industry groups have urged the parties involved in a labor dispute that is affecting food exports that ship out of West Coast ports to resolve their differences as soon as possible.

The organizations also called on the federal government to consider all remedies to bring the dispute to a swift end.

Slowdowns by dock workers at the ports in Long Beach, Los Angeles and Oakland, California, and in Seattle and Tacoma, Washington, have stranded thousands of containers of pork and other farm products over the past several months.

Since November, pork prices, for example, have tumbled by 20 per cent in large part because of the port problem, and meat and other perishable products awaiting shipment soon may need to be destroyed or discounted and sold on the domestic market. One estimate has the US meat and poultry industries losing more than \$30 million a week.

The **International Longshore and Warehouse Union (ILWU)** and the Pacific Maritime Association (PMA) have been unable to hammer out a new contract since the last one expired in July. Although the **ILWU** initially agreed to continue sending workers to the ports during the contract negotiations, in November it reneged on that agreement.

Exports of agricultural products have grown to \$144 billion in 2013 from \$46 million in 1994, with much of the growth in Asian markets, which are most directly affected by the ports slowdowns.

In an open letter to the White House, congressional lawmakers, the PMA and the **ILWU**, NPPC and the other organizations pointed out that the increase in food and agriculture products exported has been very beneficial to the companies that own West Coast ports and to the dock workers.

"But the apparent indifference by [the PMA and the **ILWU**] to the impact the slowdowns are having on our sectors is disturbing," the groups said.

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<http://shippingwatch.com/Ports/article7409466.ece>

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SealIntel: California Ports Defy Congestion

BY KATRINE GRØNVALD RAUN – Published 02.02.15 at 10:42

PORTS:

Los Angeles and Long Beach ports raise handling of containers by 3.3 percent in 2014, despite the worst congestion in years, according to analysis from SealIntel.

Shippers have not made changes to supply chains in LA ports, even though the ports are hit by the worst congestion in years. This is the current development in Los Angeles, Long Beach and Oakland, the three main ports in California, according to SealIntel's analysis.

2014 was the busiest year in Oakland, annually handling containers of almost 2.4 million teu. One might think this was due to shippers moving volume from LA ports, Los Angeles and Long Beach, to Oakland, but that is not the case, according to SealIntel.

"However, the two LA ports' combined annual throughput increased 3.3 percent Y/Y to 13.6 million TEU, which makes 2014 the fourth busiest year ever for the LA ports. Even though the increase might have been bigger had the LA ports not experienced severe congestion in 2014, the increase clearly shows that shippers have predominantly not moved their supply chains away from the LA port complex."

These three ports handle about 40 percent of all containers going in and out of the US. Although in 2014 the ports were plagued with problems following a conflict between port workers and shippers that began 8 months ago during contract negotiations.

Alternative routes

The result was a lack of truck drivers and capacity on land to handle the larger vessels as well as container ships lining up to enter the ports. Overall regarding the port development, SealIntel writes:"It could be that growth in the three ports would have been higher if congestion had not been an issue, but it is not something that has moved the majority of shippers. If the congestion keeps getting worse and the conflict between the PMA and **ILWU** continues, it must be expected that more and more shippers will start to choose alternative routes."

Last week both sides of the West Coast port conflict reached a temporary agreement regarding maintenance and monitoring of ship chassis. This agreement brings hope that a complete agreement will be reached soon.

- http://www.joc.com/maritime-news/strong-us-economy-bodes-well-container-trade-drewry-says_20150202.html

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Strong US Economy Bodes Well for Container Trade, Drewry Says

Greg Knowler, Senior Asia Editor | Feb 02, 2015 4:17AM EST

HONG KONG — A strengthening U.S. economy will continue to generate strong container volumes this year despite weak head haul demand during the latter stages of 2014, according to Drewry Maritime Research.

Carriers were paying more attention to broader economic indicators rather than to shorter-term slack season lifting statistics in order to gauge whether 2015 will continue to see healthy levels of throughput growth in the eastbound trade lane.

“All the signs are that it will,” was the Drewry assessment in its weekly newsletter, highlighting President Obama’s declaration in his State of the **Union** speech that the financial crisis was over. The U.S. economy added 252,000 jobs in December, with the unemployment rate dropping to 5.6 percent, and single-family housing starts raced to their highest levels since March 2008.

“The U.S. Consumer Confidence Index published by The Conference Board recovered in December some of the ground that it had unexpectedly lost the month before, and American households were certainly more optimistic about the economy at the year-end than they were at the beginning of 2014,” Drewry said.

Other confidence boosting indicators included the falling fuel price and a 4.1 percent rise in sales during the pre-Christmas shopping season against that of 2013, according to the National Retail Federation.

This optimism comes despite headhaul volumes to West Coast of North America late last year showing little growth. During November it was only year-over-year growth in the Mexican market that kept the trade marginally in positive territory, Drewry wrote.

Asian exports bound for all the U.S. gateways in November posted a year-on-year rise of 3.3 percent, while traffic totals for the U.S. West Coast ports showed a slight decline. But Drewry pointed out that volumes to East Coast terminals climbed by 14.6 percent, “which underlines the extent to which goods were still being switched to an eastern seaboard routing as it was clear to all at that stage that the talks between the PMA and **ILWU** over a new USWC port labour agreement had effectively reached stalemate.”

Still, the fact that in November the Asia-West Coast North America corridor suffered its worst result since March — with monthly volumes dipping below the one million TEU threshold — has not unduly concerned carriers.

“The month marks, after all, the start of the winter slack season and the 12-month rolling growth average still pointed to a solid 5.6 percent gain.”

Drewry said two other critical factors were currently occupying the minds of shipping lines.

“Uppermost is whether the Pacific Maritime Association (PMA) and **International Longshore and Warehouse Union (ILWU)** can, after eight months of long drawn-out negotiations and now with

the assistance of a federal mediator, eventually hammer out an agreement of sufficient substance to dispel the congestion plaguing the West Coast ports.

“Since the start of the year, night time shipside working at all the five major USWC ports has been suspended in order to direct more resource to decongesting the landside operation. Consequently, ships continue to wait for berths,” Drewry said in its newsletter.

The congestion at West Coast ports is also heavily impacting U.S. exports to Asia. For November, Drewry said outbound shipments were down a massive 26 percent compared to a year earlier, and it followed three consecutive months of double-digit percentage declines.

The fall coincided with China’s ban on the import of a large proportion of U.S. corn-based products amid concerns that they contained an unapproved genetically modified strain. Recent diplomatic efforts may result in this ban being relaxed to some extent, but in the meantime backhaul ship utilisation is struggling to reach even 40 percent.
