

ILWU News:

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http://www.joc.com/port-news/us-ports/port-los-angeles/la-long-beach-oakland-pnw-congestion-reaches-critical-stage_20150203.html/

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LA-Long Beach, Oakland, PNW Congestion Reaches Critical Stage

Bill Mongelluzzo, Senior Editor | Feb 03, 2015 4:06PM EST

Congestion in Los Angeles-Long Beach has reached a crisis stage with 20 container ships stuck at anchor Tuesday in the largest U.S. port complex — and no relief in sight.

The Marine Exchange of Southern California reported that the vessels at anchor increased by four since Monday. Shipping lines say vessels in recent weeks have been sitting at anchor for seven to 14 days, and when they proceed to berth, it takes another six to eight days to work the ships. Vessels in the trans-Pacific have been thrown so far off schedule that at least one line has no vessels available to carry containers from Asia because all of its ships are stuck on the West Coast.

Meanwhile, contract negotiations between the International Longshore and Warehouse Union and the Pacific Maritime Association appear to be going nowhere. Significant progress was made when the PMA on Jan. 26 confirmed that a tentative agreement was reached that would allow ILWU mechanics to inspect all chassis before they leave the marine terminals.

However, with hopes raised that a settlement could be forthcoming in a matter of weeks, ILWU negotiators reportedly stunned employers by returning to the bargaining table the next day with a dozen new demands, some of which are considered to be highly controversial.

Meanwhile, a dangerous standoff between employers and the ILWU continues. The PMA several weeks ago discontinued all vessel work on night shifts at all West Coast ports. Employers said the container yards had become so congested that night shifts would concentrate on clearing out the container yards so the yards would be able to accept containers when vessel work resumed the next morning.

The PMA said the crisis began to unfold in Los Angeles-Long Beach when the ILWU on Nov. 3 notified employers that the union hall would slash from 110 to 35 the number of yard crane operators that would be dispatched each day, and that has been the routine each day for the past three months.

The ILWU denies hard-timing employers, and said congestion has been present at the ports since last summer because of operational issues.

Conditions are not much better at other West Coast gateways. In fact, some lines are pulling back on their services to Oakland because of severe congestion at the Northern California port. In a service advisory to its customers on Jan. 30, Maersk Line reported that since the port “has hit a significant roadblock in its ability to service oceanborne cargo,” some future voyages will be terminated in Southern California, and Northern California cargo will be sent there via rail. The normal rotation in the Pacific Southwest is for vessels to call inbound in Los Angeles-Long Beach to discharge 80 percent or more of the containers, and then to stop in Oakland before proceeding back to Asia. Oakland reported four vessels at anchor and 14 outside of the Golden Gate Bridge on Tuesday.

Seattle and Tacoma are also terribly congested, with seven container vessels reported to be at anchor and awaiting berthing space. The PMA said the ILWU is hard-timing employers in Oakland and Seattle-Tacoma by reducing crane productivity from a historical level of about 28

container moves per crane, per hour. The ILWU denies engaging in work slowdowns in the northern ports, although the PMA has maintained a running count of crane productivity each day.

Contract negotiations began on May 12, 2014, and proceeded without incident even after the previous West Coast waterfront contract expired on July 1. Port congestion has been an issue since last summer. Big ships discharging thousands of containers in a single vessel call, carrier alliances discharging containers over multiple terminals in the same port complex, chassis shortages and dislocations and intermodal rail service problems contributed to the congestion. The PMA said those problems, though real, suddenly turned into a gridlock situation in early November when the ILWU hard-timing began.

The contract negotiations have been held under the auspices of the Federal Mediation and Conciliation Service since Jan. 6. The FMCS has maintained a high success rate in mediating labor disputes across the country. The mediator cannot dictate a solution, but rather attempts to bring both parties together in a spirit of compromise.

With terminal congestion and vessel backlogs now at a crisis level, time is quickly running out, and there appears to be a growing call among cargo interests and indeed some employers that more drastic actions be taken.

- <http://www.wsj.com/articles/for-peets-sake-solve-this-labor-dispute-overheard-1422999228>

Overheard: For Peet's Sake, Solve This Labor Dispute

The Wall Street Journal - Feb. 3, 2015 4:33 p.m. ET

Bay Area residents buying their morning fix at local roaster Peet's Coffee & Tea are holding their favorite beverage a little more gingerly this week. The reason: a shortage of cardboard cup sleeves, with many Peet's outlets in northern California having run out.

Like many supply-chain snafus, this one started much further up than the counter at Peet's.

The problem is a dispute between the Pacific Maritime Association and the **International Longshore and Warehouse Union**. A work slowdown has led to congestion affecting 29 ports on the West Coast, according to a spokesperson for the Port of Oakland.

The big four West Coast ports—Los Angeles, Long Beach, Oakland and Tacoma—accounted for 49% of containers entering the U.S. in 2013, according to Macquarie. Reporting quarterly results late last month, Union Pacific took a lot of questions from analysts on the labor dispute and the impact it was having on the railroad operator's international intermodal business.

Oakland's biggest imports are machinery and apparel. But somewhere in those containers waiting at sea are also stacks of cardboard sleeves. Plunge into a labor dispute in our interconnected world and you really can get your fingers burned.

- <http://www.presstelegram.com/business/20150202/congress-to-dockworkers-employers-reach-contract-agreement-soon>

Congress to Dockworkers, Employers: Reach Contract Agreement Soon

By Karen Robes Meeks, Long Beach Press Telegram

POSTED: 02/02/15, 4:42 PM PST | UPDATED: 36 SECS AGO

Concerned that talks could lead to a potential shutdown at West Coast ports, more than 80 members of the U.S. Congress urged the groups representing 20,000 dockworkers and their employers to come to an agreement on a labor contract.

In a letter addressed to **International Longshore and Warehouse Union** President Robert McEllrath and Pacific Maritime Association Chairman and CEO James McKenna, Congress members said the effects of unresolved contract talks are being felt throughout the supply chain and businesses across the nation.

The [letter](#) details how specialty crop producers are losing export sales, while the nation's meat and poultry industry is losing at least \$40 million weekly.

"Our constituents are losing business, letting employees go, and worrying about the future," according to the letter. "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."

[Rep. Dave Reichert](#), a Republican who serves Washington state's 8th Congressional District, said his constituents have been unable to get crops such as apple and hay exporters through their ports because of ongoing bottlenecks. Since May, apple and pear growers have lost \$70 million in sales. "It's a tremendous impact," he said. Reichert said more of his fellow members of Congress, both Democrat and Republican, wanted to join in on the letter to negotiators. "It's become a huge national impact affecting our economy," he said.

Since May, both sides have been embroiled in talks over a new contract that would cover longshore workers along the West Coast, including the ports of Los Angeles and Long Beach, the nation's busiest seaport complex handling 40 percent of U.S. imports.

Although both sides reached a tentative agreement on health benefits in August, talks stalled last fall when both sides began blaming each other for slowdowns at the ports, adding to bottlenecks created by the arrival of bigger ships carrying more cargo, the uneven distribution of chassis — the trailers needed to tow cargo containers — and a shortage of rail cars.

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http://www.joc.com/regulation-policy/transportation-policy/us-transportation-policy/us-congress-steps-pressure-ilwu-pma-reach-deal_20150202.html

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US Congress Steps Up Pressure on ILWU, PMA to Reach Deal

Joseph Bonney, Senior Editor | Feb 02, 2015 3:01PM EST

The U.S. Congress is stepping up its pressure on the **International Longshore and Warehouse Union** and the Pacific Maritime Association to reach a "swift resolution" to their 9-month-old contract negotiations.

Eighty-four U.S. House members have [signed a letter](#) urging the **International Longshore and Warehouse Union** and the Pacific Maritime Association to reach a deal to end the economic pain rippling through supply chains. Although more members of Congress are wading into the the issue, there's little that lawmakers can do except to urge the two sides to reach agreement.

The most recent letter was organized by Reps. Dave Weichert, R-Wash., and Kurt Schrader, D-Ore. It followed a letter by the co-chairs of the bipartisan, 90-member Congressional Ports Caucus urging both sides "to reach a mutually acceptable resolution."

Rep. Janice Hahn, D-Calif., whose district includes the Los Angeles-Long Beach port area, later criticized employers when they quit hiring night work gangs in response to what the PMA said were **ILWU**-orchestrated slowdowns.

Last November, the six U.S. senators from California, Washington and Oregon signed a letter urging the two sides to reach agreement.

There's been some discussion of bringing longshore labor relations under the Railway Labor Act, which covers the railroad and airline industries, but such a change would encounter strong opposition and has not been seriously pursued.

Former Rep. Jack Kingston, a Republican who represented Georgia's first congressional district from 1993 until this year, said West Coast congestion and longshore labor get little attention in comparison with other subjects. "I think right now things are kind of quiet and focused on the world of other issues, like Isis and healthcare and things like that, so it's not a top-tier issue," he told JOC.com.

The letter from the 84 House members to **ILWU** President Robert McElrath and PMA President James McKenna indicated that some lawmakers are paying attention. The House members said port delays are being "felt in all parts of the supply chain and across the entire country. Our constituents are losing business, letting employees go, and worrying about the future."

The letter cited a report last year by the National Retail Federation and National Association of Manufacturers estimating that a 10-day shutdown of West Coast ports would cost the economy more than \$21 billion.

Even without a port shutdown, companies are incurring costs and lost sales from delays at the ports. Retailers and manufacturers have had to reroute shipments, and agricultural exporters say they're being shut out of overseas markets. Meat and poultry producer Tyson Foods said last week that the delays are affecting export supply chains and soon could be felt by livestock producers

Related News:

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<http://www.thecattlesite.com/news/47395/fresh-call-to-end-port-dispute-hitting-agriculture-exports>

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Fresh Call to End Port Dispute Hitting Agriculture Exports

The Cattle Site - 04 February 2015 –

The coalition has expressed deep disappointment in the failure to resolve the dispute, which has resulted in a severe slowdown of terminal activity at five west coast ports.

In a letter to both sides of the argument, the coalition urges the **International Longshore and Warehouse Union (ILWU)** and the Pacific Maritime Association (PMA) to take into account the impact the dispute is having on many of their fellow Americans and to resolve their differences as quickly as possible.

The letter also urges the federal government to consider all available remedies to bring this dispute to a rapid end.

The letter says: "This regrettable situation is having a severe impact on our ability to export agricultural and food products to many of our main export markets. Inevitably, these overseas customers will look to other sources for their supply of these goods. Similar to what we encountered after ill-advised export embargoes in the past, once lost, a foreign customer can be difficult to recapture. Additionally, the dispute is affecting imports from counter-seasonal production areas important for serving US consumers.

"A more immediate problem, however, is the effect the drastic reduction in containers being loaded is having on perishable commodities. Those goods are spoiling and being destroyed before they can be shipped or are being diverted to the domestic market at severe discounts. This represents an unconscionable waste of food products and a serious loss in revenue for US producers."

The letter concludes: "We urge the **International Longshore and Warehouse Union (ILWU)** and the Pacific Maritime Association (PMA) to take into account the impact this dispute is having on many of their fellow Americans and to resolve their differences as quickly as possible. We also urge the federal government to consider all available remedies to bring this dispute to a rapid end. The interests and welfare of more than just the **union** and the terminals are at stake."

The North American Meat Institute, one of the signatories of the letter has also continued to highlight the dispute's impact on the meat and poultry industry in the media with stories in the Wall Street Journal, Economist and multiple agriculture trade press outlets featuring NAMI data and comments.

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http://www.joc.com/port-news/us-ports/congestion-ilwu-woes-slam-teu-volumes-west-coast_20150202.html

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Congestion, ILWU Woes slam TEU Volumes on West Coast

Bill Mongelluzzo, Senior Editor | Feb 02, 2015 6:09PM EST

Overwhelmed by congestion and hampered by **International Longshore and Warehouse Union** work slowdowns, West Coast ports saw their container volume drop 6 percent in December. For calendar year 2014, the ports were barely able to register a 1 percent gain.

The container volumes were posted Monday on the website of the Pacific Maritime Association. They show that all of the major gateways — Los Angeles-Long Beach, Oakland, Portland and Seattle-Tacoma — experienced a decline in container volumes in December compared to December 2013. The Southern California port complex, which accounts for 64 percent of the total container volume on the West Coast, was the only region to register a year-over-year increase in calendar year container volume. Numbers posted on the PMA website refer to loaded containers.

When compared to container volumes posted recently by other major U.S. gateways such as New York-New Jersey, Virginia, Charleston, Savannah and Houston, the West Coast ports' performance imply that a major opportunity for growth in a recovering national economy was squandered. Although two-thirds of the U.S. population lives in the eastern half of the country, West Coast ports have traditionally been an important gateway for imports from Asia to the entire nation. West Coast ports until recent years handled slightly more than 50 percent of total U.S. container volume. That market share has dwindled slowly but steadily to about 47 percent.

When JOC Group's PIERS unit reports calendar year 2014 statistics, the numbers are likely to show that port congestion and almost nine months of bargaining between the PMA and **ILWU** on

a new waterfront contract took a heavy toll on West Coast ports. Container diversion to East and Gulf Coast ports, and to ports on Canada's Pacific coast, accelerated after **ILWU** work slowdowns began in late October.

Container volume in New York-New Jersey, which accounts for about 30 percent of the East Coast's total, increased 5.4 percent in calendar year 2014 compared to 2013, setting a new record. ExpressRail, which connects the marine terminals to the intermodal rail network, also set a record, increasing 9.3 percent from 2013. That indicates that New York-New Jersey handled a larger volume of intermodal containers destined for inland cities, with some of that volume likely being diverted from West Coast services.

The Virginia ports set a record in 2014, with total container volume increasing 7.6 percent from 2013. Container traffic surged in December, increasing 12.3 percent compared to 2013. Container volume in Charleston increased 12 percent in 2014. December was especially strong, with container volume up 14 percent year-over-year. Savannah had a record year, with container volume growth of 10.2 percent from 2013. December, which is usually a slow month for U.S. ports, was one of the busiest months on record in Savannah. Container volume spiked 18 percent year-over-year. Houston's container volume increased 4.5 percent in 2014 compared to the previous year.

Los Angeles-Long Beach was the only West Coast gateway to experience growth in 2014, with total container volume up 2 percent over 2013. Container volumes declined 1 percent in Oakland, 13 percent in Portland and 6 percent in Seattle-Tacoma.

The Southern California port complex is gaining market share on the West Coast because carriers deploy the largest vessels in their North American services to Southern California. Carriers price their services aggressively to fill the vessels with capacities ranging up to 14,000 20-foot container units. Also, the western railroads offer more weekly services and price their intermodal services from Los Angeles-Long Beach more aggressively to promote density.

Oakland, which services the bountiful agricultural sector of California's Central Valley, handles more exports than imports. However, U.S. exports as a whole struggled this year because of weak economic growth in China, Japan and the European Union. Seattle-Tacoma has lost market share in recent years because of growing competition from Port Metro Vancouver and Prince Rupert, British Columbia. Although the Pacific Northwest ports are capable of accommodating very large container ships, carriers deploy less capacity to the region than to Southern California because the local population base is smaller.

Portland has struggled the past two years because of a bitter dispute between the **ILWU** and ICTSI, which operates the port's only container terminal. ICTSI said that container moves per crane, per hour, dropped from 24.8 in May 2012, to the low teens, and has stayed in that range for more than two years. Productivity averaged 13.2 moves per hour in the final quarter of 2014. Portland experienced 36 **ILWU** work stoppages or slowdowns during the 2014 holiday season, ICTSI stated.

West Coast ports have experienced congestion since last summer, but the congestion has grown increasingly worse because of dockworker slowdowns that began in late October, according to the PMA. The **ILWU** has been working without a contract since its previous contract expired on

July 1, 2014. Coastwide negotiations in San Francisco have been held under the auspices of a federal mediator since Jan. 6. A client email sent on Jan. 29 by Apex Logistics International (JFK) Inc. said, "There is little hope for any short-term relief and we expect congestion and delays to worsen as labor contract negotiations are not resolved and continue to affect productivity against the surge in volume associated with Chinese New Year."
