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Mediators prevent port dispute from escalating

Mateusz Perkowski; Capital Press
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Federal mediators are expected to prevent a labor contract dispute between longshoremen and container terminal operators from escalating, but disruptions to agricultural exports won't end soon.

Federal intervention in a labor contract dispute between longshoremen and container terminal operators will stop the conflict from escalating but won't immediately end port disruptions, experts say.

The longshoremen's union and their employers recently allowed federal mediators to participate in contract negotiations, which will probably prevent a strike or lockout, said Michael LeRoy, a law professor at the University of Illinois who specializes in labor relations. While the mediators can keep the parties from going over the brink, persuading them to hammer out a resolution usually involves a longer process. LeRoy said. "It's a bit like untying a knot that's tied very tightly," he said. "I would not expect a quick outcome."

The International Longshore and Warehouse Union's prior labor contract expired in July 2014, and in recent months terminal operators represented by the Pacific Maritime Association accused it of deliberately staging work slowdowns to gain leverage in negotiations.

The ILWU was initially undecided about PMA's request for federal intervention but agreed to let mediators participate in early January after thinking over the option for two weeks.

Federal mediators are able to settle more than 80 percent of collective bargaining disputes, according to government statistics. "It's an encouraging sign," said Peter Friedmann, executive director of the Agriculture Transportation Coalition. "It's better than the two of them not talking to each other." Even so, agricultural exporters continue to face a "dire" situation at ports along the West Coast as congestion impedes the shipping of perishable crops, meat and dairy products while overseas buyers' secure alternate sources of farm goods, he said. "Foreign customers are looking elsewhere for dependable suppliers," Friedmann said.

The Federal Mediation and Conciliation Service's engagement in the talks is a relief for shippers, as the public vitriol between ILWU and PMA over the reasons for port congestion had grown worse in late 2014, said Eric Schinfeld, president of the Washington Council on International Trade. "It was pretty clear they were not on the same page at all," he said. "That was sort of the 'darkest before the dawn' moment." However, even under the most optimistic timeline, the parties probably will not reach a tentative agreement before the end of January, Schinfeld said. After that, it will still take many months to clear the backlog of cargo that has accumulated at container yards, he said.
Until they strike a deal, it's unlikely that the longshoremen and terminal operators will resume the public sniping seen in late 2014, said LeRoy. Parties are discouraged from speaking to the media to avoid aggravating tensions and but are allowed to vent their frustration to mediators, he said. "These mediators are like giant shock absorbers," LeRoy said. "They absorb a lot of negative energy."

Mediators often speak separately to negotiators from opposing camps to focus on the fundamental issues and avoid confrontational tactics, he said. This process provides the mediators with insights about points of possible compromise and allows them to spot "horse trading" opportunities, LeRoy said. Mediators have an "encyclopedic knowledge" of the problems facing the ILWU and PMA — like increased automation aimed at relieving high labor costs — and can float proposals that allow the parties to save face and not appear to be backing down, he said. "It's a way of resetting the conversation," LeRoy said. "It's a good way of injecting some new energy into the talks."

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IMPORTS EXPECTED TO RISE AS WEST COAST PORT ISSUES CONTINUE
J. Craig Shearman; January 9, 2015

"We hope the mediator will be able to help the parties quickly reach a new contract."
NRF VP Jonathan Gold

WASHINGTON, January 9, 2015 – Year-over-year import cargo volume at the nation's major retail container ports is expected to continue to rise during most of the first half of 2015 despite significant congestion still impacting West Coast ports, according to the monthly Global Port Tracker report released today by the National Retail Federation and Hackett Associates. "Now that a federal mediator is on the scene, we hope the mediator will be able to help the parties quickly reach a new contract so we can begin to work on solutions to the ongoing congestion issues," NRF Vice President for Supply Chain and Customs Policy Jonathan Gold said. "The urgent need to end the uncertainty we've seen for half a year now isn't over just because the holiday season has ended. Retailers are already starting to bring in products for the spring season, and want both labor and management to work together to bring these issues to an end."

The contract between the Pacific Maritime Association and the International Longshore and Warehouse Union expired on July 1. The lack of a contract and other operational issues led to crisis-level congestion at the ports, and NRF asked President Obama to engage with the parties and encourage the use of a federal mediator. A mediator arrived in San Francisco on Tuesday and is currently working with labor and management on the contract negotiations. Ports covered by Global Port Tracker handled 1.39 million Twenty-Foot Equivalent Units in November, the latest month for which after-the-fact numbers are available. That was down 10.7 percent from October as holiday merchandise wound down but up 3.5 percent from November 2013. December was estimated at 1.35 million TEU, up 2.7 percent from the year before. One TEU is one 20-foot cargo container or its equivalent.

Those numbers brought 2014 to a preliminary total of 17.2 million TEU, an increase of 6 percent over 2013's 16.2 million. Imports in 2012 totaled 15.8 million.

January is forecast at 1.39 million TEU, up 1.1 percent from January 2014, February at 1.3 million TEU, up 4.8 percent from last year; March also at 1.3 million TEU, down 0.5 percent; April at 1.43 million TEU, the same as last year; and May at 1.49 million TEU, up 0.6 percent.

"2014 started out with a whimper as winter weather hammered the country but it appears to have ended with a bang," Hackett Associates Founder Ben Hackett said. "Import volumes on the West Coast, despite all the problems there, were the highest since 2009. A similar picture exists on the East Coast, which had even healthier results."

Global Port Tracker, which is produced for NRF by the consulting firm Hackett Associates, covers the U.S. ports of Los Angeles/Long Beach, Oakland, Seattle and Tacoma on the West Coast; New York/New Jersey, Hampton Roads, Charleston, Savannah, Port Everglades and Miami on the East Coast, and Houston on the Gulf Coast. The report is free to NRF retail members, and subscription information is available at www.nrf.com/PortTracker or by calling (202) 783-7971. Subscription information for non-members can be found atwww.globalporttracker.com.

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US container volume forecast to rise in first half of 2015
Joseph Bonney, Senior Editor | Jan 09, 2015 1:30PM EST

Container volume through the top U.S. port gateways is expected to continue rising through the first half of 2015 after traffic rose 6 percent year-over-year in 2014 despite U.S. West Coast port congestion, according to the monthly Global Port Tracker report.

The report, produced for the National Retail Federation by Hackett Associates, estimated that container volume through the 10 gateways last year hit 17.2 million 20-foot-equivalent units. JOC Economist Mario O. Moreno forecasts total U.S. imports rose 6 percent last year to nearly 19 million TEUs, and he expects import volume in 2015 to increase 6.8 percent to 20.2 million TEUs compared to 2014.

Port Tracker's month-by-month forecast for the ports it covers is: January, 1.39 million TEUs, up 1.1 percent from January 2014; February, 1.3 million TEUs, up 4.8 percent; March, 1.3 million TEUs, down 0.5 percent; April, 1.43 million TEUs, the same as last year; and May, 1.49 million TEU, up 0.6 percent.

Volume in the latest month for which after-the-fact numbers are available, was 1.39 million TEUs, down 10.7 percent from October as holiday merchandise tapered off, but traffic was up 3.5 percent from November 2013. December was estimated at 1.35 million TEUs, up 2.7 percent.

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"2014 started out with a whimper as winter weather hammered the country but it appears to have ended with a bang," said Ben Hackett, founder of Hackett Associates. "Import volumes on the West Coast, despite all the problems there, were the highest since 2009. A similar picture exists on the East Coast, which had even healthier results."

Global Port Tracker covers the ports of Los Angeles/Long Beach, Oakland, Seattle and Tacoma on the West Coast; New York/New Jersey, Virginia, Charleston, Savannah, Port Everglades and Miami on the East Coast, and Houston on the Gulf Coast.

Jonathan Gold, NRF vice president for supply chain and customs policy, said he hoped the involvement of a federal mediator in West Coast longshore contract negotiations would encourage a settlement that would help end crippling congestion at the ports.

“The urgent need to end the uncertainty we’ve seen for half a year now isn’t over just because the holiday season has ended,” Gold said. “Retailers are already starting to bring in products for the spring season, and want both labor and management to work together to bring these issues to an end.”