



DRAMA ON THE HIGH SEAS

Negotiations have been underway since May to renegotiate a labor contract between the International Longshore and Warehouse Union (ILWU) and employers represented by the Pacific Maritime Association (PMA). The PMA has accused ILWU of intentionally slowing down the west coast ports since October. The ILWU countered saying they are working slower due to changes in the industry. No recent negotiations between the ILWU and the PMA, representing waterfront employers, have been free of disruption. There is typically no discernible pattern that the slowdowns take. Currently the ILWU is barred from striking based on the terms of its current contract. On the other hand slowdowns are harder to define or prevent, since the union can make an argument that they are due to a health or safety issue as they strictly enforce rules.

The terminal operations at PMA's 29 West Coast ports were temporarily shut down over this past weekend. This action was taken, as many shippers expect to see a continuing tug of war during negotiations. As many of you know the ports typically operate during weekends. "The PMA is playing a dangerous and unnecessary game of brinkmanship by idling vessels for two days in a not-too-disguised effort to intimidate the ILWU membership," said Jennifer Sargent, an ILWU spokeswoman.

"After three months of union slowdowns, it makes no sense to pay extra for less work," said PMA spokesman Wade Gates in the press release, "especially if there is no end in sight to the union's actions which needlessly brought West Coast ports to the brink of gridlock."

"James McKenna, PMA's president, said "The PMA must decide how much longer we will pay longshore workers to work slowly. It's the same result as a strike, but they are still getting a paycheck." Last Tuesday the PMA offered longshore workers a five year contract that included an annual income of \$147,000 with the option of a 3-to-5 percent increase per year and a fully

paid health care plan known as a 'Cadillac plan.' The Affordable Care Act mandates that the PMA pay a premium on that plan of \$35,000 per year, per worker. The ILWU members are one of the highest paid blue collar workers in America.

The PMA said they estimated that West Coast ports were operating an average of 50 percent slower than normal. Nearly 50 ships are anchored at West Coast ports waiting to be unloaded. Approximately 40% of US trade moves through the west coast ports. "The nation's shippers are being held hostage" said Harold Friedman, SVP of Data2Logistics. He further indicated that "In effect the costs for all practical purposes become a pass through to shippers as the PMA and the ILWU play cat and mouse. We think shippers should recognize that while the current contract 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. This is why we believe shippers should speak with our Professional Service Team about seeking refuge at those ports which are not affected."

Our Professional Services team stands ready to support you in controlling your transportation expenses and freight cost analysis. Please contact Leif Holm-Andersen, Executive Director of Professional Services at Leif.holm-andersen@data2logistics.com or +1 239 425 8050.