

## **Tensions Continue to Rise in West Coast Port Labor Negotiations, as Longshoremen Begin Slowing Productivity at Certain Ports**

### **Throughput at LA/Long Beach Down as Much as 20-30 Percent Last Week, as Union Continues to Work without a Contract; Who Holds the Stronger Hand?**

#### **SCDigest Editorial Staff**

**H**opes for a rapid and relatively uneventful set of negotiations between West coast port and terminal operators and the Longshoremen's union are rapidly dwindling. With the union entering its third week working without a contract, it has begun staging various disruptive activities that are hurting productivity at some ports.

Both the International Longshore and Warehouse Union (ILWU) and the Pacific Maritime Association, which represents port terminal operators, have consistently said they are committed to avoiding having the situation deteriorate like the scenario in 2002, when terminal operators locked workers out for 10 days, bringing West coast import activity to a halt, and ultimately causing some shippers to divert some import volumes to other ports to reduce future risk.

The two sides were unable to reach an agreement before the existing contract expired July 1. Since then, the union has been working without a contract, being paid according to the terms of the expired pact. It has refused to temporarily extend the current contract, as the Association requested, undoubtedly in part because that contract includes a no strike provision. Moreover, last week the union seems to have decided to turn up the heat.

Dock workers in LA/Long Beach began some coordinated activities that have disrupted container throughput. These include a series of relatively small steps, including taking breaks en masse rather than staggering them as had previously been the norm, tractor drivers operating their vehicles more slowly than normal, or other operators creating brief delays during routine actions such as placing containers on trucks.

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The Maritime Association initially said the group break ploy was causing a 10-15% productivity loss, then said that one day last week the additional actions were reducing throughput between 20-30%.

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A major disruption to West coast container movement would not only have a significant impact on individual importers, but to the economy as a whole. By some estimates, imports into the West coast impact 11% of the total US economy (direct imports and components needed for manufacturers).

It is unclear what the specific issues and positions are in the on-going new contract negotiations, but

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by almost any criteria the Longshoremen are well paid. Full-time wages for fully registered workers can exceed \$136,000. ILWU members also enjoy employer-paid HMO and PPO coverage, with no premiums or deductibles and 100 percent coverage for standard medical benefits.

The union and the shippers previously disclosed they had reached a tentative agreement on health care benefits. Wage, pension, safety and productivity issues remained under discussion. It is also not clear which side holds the stronger hand.

