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West Coast ag shippers demand reliability from ILWU, employers

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Bill Mongelluzzo, Senior Editor | Jun 26, 2015 10:11AM EDT

SAN FRANCISCO – Exporters of agriculture and forest products who diverted shipments from West Coast ports earlier this year because of labor disruptions and congestion are once again shipping most of their cargo through the West Coast. But in order to remain loyal shippers, they demand that the Pacific Maritime Association and International Longshore and Warehouse Union guarantee a more efficient and reliable labor environment.

"This will not get better if we don't do something different," Joe Goodwin, director of transportation at Seaboard Foods, told the annual meeting of the Agriculture Transportation Coalition Thursday. "We really do need to lean on the PMA and get things done," he said.

A panel of ag exporters said their companies collectively lost millions of dollars due to labor slowdowns, retaliation by employers and the additional thousands of dollars it cost to divert their shipments to ports on the East and Gulf coasts.

Unlike retailers and other large importers that have multiple import distribution centers and can somewhat seamlessly divert shipments from coast to coast, exporters, especially ag exporters, are tied to ports in their regions. Furthermore, agricultural products have low margins, so the cost of transportation can be a deal-breaker in the export market.

The ag exporters said the East and Gulf coast port authorities did their best to guarantee good service, but shipping commodities, especially perishables, cross country from production centers in the West and Midwest is not a sustainable model in the long term. Shipping lines were charging premium rates because of the increased demand for all-water services, and inland transportation costs to those ports were double or triple the rates to closer West Coast ports.

Furthermore, Marlon Jones, manager of international distribution at International Paper, said the cargo surge at the East and Gulf Coast ports resulted in sporadic congestion problems and truck capacity issues.

Nina Solari, vice president of quality control and food safety at Avanti Nut Company, said her family-owned export operation incurred an additional $50,000 in transportation costs and fees at West Coast ports and costlier transportation for diverted shipments the East Coast.

Solari had especially harsh words for how the PMA and ILWU handled the negotiations, saying they had no regard for small shippers such as her company, and she suggested that the 300-plus attendees at the AgTC event "take a walk to the PMA headquarters" nearby in San Francisco to demand changes in the future. Having said that, Solari said she has returned to the Port of Oakland "because it is the closest."

This is the dilemma that shippers of agricultural and forest products face. They ship through ports in their region because inland transportation and ocean-shipping costs are more favorable, but when labor and management at those ports make those gateways unreliable, and poor productivity adds unnecessary costs to their shipments, they have no reason to continue their allegiance.

Solari said she has no problem with the high salaries longshoremen are paid, "as long as it is earned." Employers should include in the waterfront contract productivity requirements upon which the pay can be based. Quoting PMA figures that said the ILWU during the previous eight-year contract period was judged by arbitrators as having engaged in more than 200 illegal work slowdowns, and that slowdowns continued even after the tentative contract was reached on Feb. 20, she said, "The ILWU violates its own contract and disrespects truckers, with no consequences." That system must be changed, she said.

In a creative suggestion that probably will never happen, Solari suggested that the ILWU be broken up into regional unions that will allow the individual ports to compete with each other on productivity.

Jones said that when the ILWU dragged the negotiations beyond the July 1, 2014, expiration of the previous contract, the uncertainties of the negotiations and the eventual work slowdowns opened the door for exporters in other countries to step in and take market share away from U.S. exporters of the same commodities. He suggested that future contract negotiations be resolved three to six months before the expiration of the existing contract. "We need regulations to prevent slowdowns," he said.

“What we lost was the confidence of our customer base. We will never have 100 percent of that market share back again,” he said.

Contact Bill Mongelluzzo at bill.mongelluzzo@ihs.com and follow him on Twitter: @billmongelluzzo.

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