Portland port chief: Carrier loss to have big impact on middle-class jobs

Bill Mongelluzzo, Senior Editor  |  Apr 17, 2015 10:26AM EDT

The most damaging aspect of the exodus of two major container lines from the Port of Portland, Oregon, last month was the loss of more than 650 trade and transportation jobs in Oregon, the port’s executive director said Wednesday.

Any loss in the international trade sector matters, not just to the Portland region, but to the entire state, Bill Wyatt said Wednesday in the port director’s Gateway to the Globe presentation. “It matters because jobs matter,” he said.

Two major liner companies, Hanjin Shipping Co. and Hapag-Lloyd, announced in the past month that they had ended service to Oregon’s only container port. Hanjin had warned the port authority, terminal operator ICTSI and the International Longshore and Warehouse Union for more than two years that it would end its weekly trans-Pacific service to Portland if the ILWU did not improve productivity.

Port authority numbers show that crane productivity at Terminal 6 plunged in June 2012 by 40 to 60 percent and has stayed at low levels ever since because of a labor dispute between the ILWU and ICTSI. Hanjin in March made its final call to Portland, followed shortly by Hapag-Lloyd. The two lines accounted for 99 percent of Portland’s container volume.

International trade generates exactly the type of middle-class jobs that Portland needs, Wyatt said. Referencing a report by the Oregon Employment Department, he noted that Portland’s job growth has been mostly in high-paying positions that require a college degree, and low-paying jobs. However, middle-income jobs that typically do not need a college degree have been declining, according to the report.

“International trade is one of the ways we can build our economy,” Wyatt said. Import- and export-related jobs pay 18 percent more on average than jobs in other economic sectors, and a number of the jobs in international trade and transportation are available for workers who do not have a college degree.
Oregon economist Christian Kaylor said that if the Portland economy fails to create more middle-income jobs that do not necessarily require a college degree, the region “will be further stratified, with a growing gap between rich and poor.”

Contact Bill Mongelluzzo at bmongelluzzo@joc.com and follow him on Twitter: @billmongelluzzo.


L.A., Long Beach container volumes roar back
Bill Mongelluzzo, Senior Editor | Apr 16, 2015 6:17PM EDT

Container volumes at the ports of Los Angeles and Long Beach came roaring back in March, with the largest U.S. port complex reporting a 24 percent increase in container traffic compared to March 2014.

Los Angeles reported a total container volume of 791,864 20-foot container units in March, and Long Beach’s total container volume was 630,084 TEUs. Total container volume moving through the Southern California port complex was 1,421,948 TEUs. The total volume includes loaded import containers, loaded export containers and empties.

Loaded import containers moving through Los Angeles-Long Beach in March were up 36 percent over March 2014. Loaded export containers were down 21 percent, reflecting the continued downward pressure on U.S. exports due to the strong dollar and weak economic performance among major trading partners such as China, Japan and the European Union. The ports indicated that their performances in March were stellar by any measurement. March was the second busiest month ever in Los Angeles, second only to October 2006, which was the peak year for container volume before the U.S. economic recession. Long Beach reported that this was the busiest March ever in the port’s history.

Despite the huge cargo gains in March, both ports are still down year-to-date due to the severe congestion resulting from labor disruptions in the coastwide contract negotiations between the International Longshore and Warehouse Union and the Pacific Maritime Association. Los
Angeles’ container volume in the first quarter is down 5 percent compared to the same period in 2014, and Long Beach is down 3.3 percent.

All West Coast ports were overwhelmed by congestion for four months from early November until a tentative contract agreement was signed on Feb. 20. According to the PMA, the ILWU engaged in work slowdowns that devastated productivity for almost four months, and all West Coast ports are still coping with the residuals of the congestion.

Vessel backlogs at all of the ports disrupted schedules in the trans-Pacific, and carriers are still three to four weeks away from getting all of their ships back on the normal weekly rotations. The Marine Exchange of Southern California reported Thursday there were four container ships at anchor awaiting berths, the same as on Wednesday. While that is a far cry from the peak of the congestion, when 28 vessels were at anchor, it nevertheless indicates that it will take awhile longer for trans-Pacific services to be back on track.

So, what lessons can be learned from the work slowdowns of recent months? Even though the ports continued to move cargo during the four months of hard-timing by the ILWU, the plunge in productivity was so severe that it affected the entire U.S. economy. Importers and exporters did their best to divert cargo to ports in Canada and on the East and Gulf coasts, and those ports reported double-digit growth in container volumes earlier this year. However, those ports required extra work shifts to deal with the diverted cargo, and some, such as New York-New Jersey and the Virginia ports, paid a price in terms of congestion and long truck queues as terminal gates.

The fact that so many vessels remained at anchor for days outside of West Coast ports during the slowdowns rather than proceeding to ports in Canada or on the East Coast indicates those ports simply do not have the capacity to handle unexpected surges in cargo volume.

Reliability is now a word of great importance in the port industry, possibly as important as capacity and productivity. West Coast ports have a huge capacity to handle containers, and in fact all of the gateways, if anything, must contend with how to best utilize the excess capacity they have. If West Coast ports had continued to offer reliable service during the protracted ILWU contract negotiations, they would not have experienced a significant loss of cargo. The West Coast routing makes sense for much of the U.S. trade with Asia both financially and in terms of time-to-market for high-value, time-sensitive shipments.

Furthermore, East Coast ports that market themselves based solely on the labor troubles on the West Coast will deliver a hollow message to the shipping public, which knows that U.S. foreign commerce needs the capacity and unparalleled intermodal rail connections that West Coast ports offer to markets in the eastern half of the country.

For example, California trade experts last week remarked that Florida Gov. Rick Scott sounded foolish when he led a trade mission to poach cargo from the Golden State. They commented that if Scott had even a basic knowledge of geography, he would have known that Florida is located outside of the mainstream of the trans-Pacific trade lanes, and he obviously has no idea of the magnitude of cargo volume he is trying to compete with.

Container statistics published Thursday by Los Angeles and Long Beach show that the 1.4 million TEUs handled by the port complex in the month of March rivals the entire annual
throughput of Florida’s powerhouse port complex of Miami and Port Everglades, which handled about 1.8 million TEUs in the entire fiscal year 2014.

Contact Bill Mongelluzzo at bmongelluzzo@joc.com and follow him on Twitter @billmongelluzzo

-------------------------------------------------------------------------------------------------------------------


GAO to investigate West Coast port disruption

Nebraska Sen. Deb Fischer says labor impasse sent "ripples through the U.S. economy." By Chris Dupin | Thursday, April 16, 2015

Sen. Deb Fischer, R-Neb., has asked the Government Accountability Office to investigate "service disruptions" at West Coast ports that developed during and after the contract negotiations between the International Longshore and Warehouse Union and Pacific Maritime Association.

In a letter to Gene Dodaro, comptroller general at the GAO, Fischer said "stalled negotiation caused widespread delays in cargo movement, inventory shortfalls at retail stores, crop losses to agriculture producers, and input delivery delays to manufacturers."

“Seaports serve as gateways to domestic and international commerce, connecting U.S. business, workers and consumers to the global marketplace,” she wrote. “West Coast ports, in particular, are key hubs for international trade, handling nearly half of all U.S. maritime imports and exports, including inputs for manufacturers in Nebraska and across the states.”

Fischer, who chairs the Senate's Surface Transportation and Merchant Marine Infrastructure Subcommittee, convened a hearing on the West Coast ports disruptions in February.

She asked the GAO investigate:
- Implications of the port disruptions for different industries and whether it resulted in "increased transportation costs, inventory shortfalls or market share losses."
- How alternative transportation modes affected industry supply chains.
- Costs and impacts of cargo shifts to ports on the U.S. East Coast and Gulf of Mexico, Canada and Mexico.
- "Current condition of infrastructure at our West Coast ports" and their ability to withstand future disruptions.

Fischer has given the GAO 18 months to report back its findings from investigation.

-------------------------------------------------------------------------------------------------------------------


Volumes surge at L.A., Long Beach ports
Southern California container terminals clear backlog in wake of tentative ILWU contract.
By Chris Dupin | Thursday, April 16, 2015

The ports of Los Angeles and Long Beach broke container volume records in March, as they worked off the cargo backlog that developed during the contentious dockworker contract negotiations between the International Longshore and Warehouse Union and its employers earlier this year.

The Port of Los Angeles said it handled 791,863 TEUs in March, 17.3 percent more than in the same period last year, as terminals sought to clear congestion that developed during the final months of labor negotiations which resulted in a tentative contract agreement being announced by the ILWU and Pacific Maritime Association on Feb. 20.

It was the second busiest month in the port's history after October 2006, and all the more unusual because it came outside of the normal fall peak season for the container shipping industry.

Even with the very busy March, containerized cargo volumes at Los Angeles in the first three months of 2015 were 1,823,854 TEUs, or down 5 percent, compared to the same period in 2014.

During the labor contract negotiations, PMA accused the union of slowdowns, and employers curtailed hours at many terminals rather than pay shift differentials for what it said was reduced productivity.

At the Port of Long Beach 630,084 TEUs were handled in March, a 32 percent increase over the same month last year. That was the busiest March ever and the busiest month for containerized cargo in Long Beach since August 2013.

In Long Beach, imports were recorded at 317,520 TEUs, a 42.1 percent increase from last year. Exports decreased 17.3 percent to 127,337 TEUs. Empty containers increased 85.4 percent to 185,227 TEUs. As in Los Angeles, despite the strong month, cargo at the Port of Long Beach was down 3.3 percent for the first three months of the year when compared to the first quarter of 2014.

"March container volumes were robust as our terminals worked aggressively to clear out the backlog of vessels," said Port of Los Angeles Executive Director Gene Seroka. "The number of ships waiting at anchor has reduced significantly, labor levels are strong and our container terminals are extremely active. We continue to work on a series of initiatives to improve efficiencies throughout the supply chain."

Next week, the two Southern California ports will co-host stakeholders to "discuss additional solutions to further optimize the San Pedro Bay supply chain," he added.

In the Port of Los Angeles, imports increased 31.5 percent, from 327,497 TEUs in March 2014 to 430,898 TEUs in March 2015. Exports declined 22.5 percent, from 187,826 TEUs in March 2014 to 145,536 TEUs in March 2015. Combined, total loaded imports and exports increased 11.86 percent, from 515,323 TEUs in March 2014 to 576,434 TEUs in March 2015. Factoring in empties, which increased 34.7 percent, overall March 2015 volumes (791,863 TEUs) improved 17.3 percent.
On Thursday morning, the Marine Exchange of Southern California said there were only seven ships at anchor outside the ports of Los Angeles and Long Beach, including four containerships. That's down from a peak of 35 ships and 29 containerships before the tentative agreement was announced.

On Wednesday, the U.S. Federal Maritime Commission announced it had voted unanimously to allow an agreement between the Ocean Carrier Equipment Management Association, West Coast Marine Terminal Operator Agreement, and almost every vessel-operating carrier and marine terminal operator serving U.S. West Coast ports to move forward.

The new Pacific Ports Operational Improvements Agreement will allow the parties to discuss and exchange information, and reach agreement on measures to address and improve efficiency of operations at U.S. West Coast port facilities to reduce congestion.

"Given the exigent circumstances related to congestion, this agreement’s effectiveness is timely. Through this agreement, the parties seek to address issues that could help to alleviate the congestion that is plaguing U.S. Pacific Coast ports," said FMC Chairman Mario Cordero. "While the agreement has great potential to achieve this goal, the commission will closely monitor the activities of the agreement to identify emerging 6(g) concerns and act quickly should it become necessary. As the primary gateways for trade between the U.S. and Asia, the ports along the U.S. Pacific Coast play an important role in ensuring the efficient flow of goods in and out of the United States. This agreement is an example of supply chain participants cooperating and working together under the authority of the Shipping Act to improve port productivity, innovation, and efficiency."

The ports measure their volumes based on how many containers come on and off ships. PierPass, an organization that encourages drayage drivers to deliver and pick-up containers from terminals at night in order to reduce daytime traffic on the highways around Los Angeles and Long Beach also reported dramatic increases in container traffic in and out of the terminals in March 2015. There were 680,194 truck moves in March 2015 carrying all size containers, 21.6 percent more than in March 2014 and 62.8 percent more than in February 2015.

374,007 of those moves occurred during peak hours during the day on Monday through Friday in March 2015, a 29.2 percent increase over March 2014. 306,187 occurred in March 2015 during offpeak or exempt hours in the evening or over the weekend, a 13.4 percent increase over March 2014.

The PierPass numbers only include this is truck-borne cargo and exclude on-dock rail.

With labor dispute resolved, cargo traffic spikes at LA, Long Beach ports
By Staff and wire reports
Posted: 04/16/15, 12:06 PM PDT | Updated: 3 days ago
Cargo traffic at the ports of Los Angeles and Long Beach shot up dramatically in March compared to the same month last year, following a slow start this year as the twin ports struggled with congestion and a labor dispute.

Figures released Thursday show cargo volume increased 32 percent at the Port of Long Beach over March 2014, and 17.3 percent at the Port of Los Angeles.

Officials in Los Angeles said cargo volumes in March ranked the second-highest in the port’s history, with 800,063 Twenty-Foot Equivalent Units, or TEUs, moved. The last time there was more activity was in October 2006.

March was the busiest month for containerized cargo in Long Beach since August 2013, with 630,084 TEUs moved, port officials said.

However, port volumes over the first three months of the year were 5 percent behind the activity from the same stretch last year in Los Angeles, and 3.3 percent down in Long Beach, officials said.

Port of Los Angeles Executive Director Gene Seroka said last month’s “volumes were robust as our terminals worked aggressively to clear out the backlog of vessels.”

“The number of ships waiting at anchor has reduced significantly, labor levels are strong and our container terminals are extremely active,” Seroka said. “We continue to work on a series of initiatives to improve efficiencies throughout the supply chain.”

He said the Los Angeles port and the Port of Long Beach will meet with “stakeholders to discuss additional solutions to further optimize the San Pedro Bay supply chain.”

The stronger port activity follow months of congestion created by larger ships delivering bigger loads and exacerbated by contentious labor talks that did not get resolved until February. Alliances created between shipping companies had also complicated the flow of goods at the ports, port officials said.

Imports in March were up 31.5 percent to 480,898 TEUs from 327,497 TEUs last year, while exports were down 22.5 percent to 145,536 TEUs, from 187,826 TEUs last year.

Loaded imports and exports together were up 11.86 percent. The inclusion of empty containers results in a 17.3 percent increase in volumes during March.


'The reputation of West Coast ports is in the gutter:' Expert suggests ways to replace 'strike-prone' dock workers
Apr 16, 2015, 9:26am PDT
STEVE WILHELM | PSBJ
Automate West Coast ports and replace strike-prone dock workers. That was the suggestion of Bill Mongelluzzo, senior editor of New Jersey-based Journal of Commerce, who spoke before a Port of Seattle annual breakfast this week.

The increasing size of cargo ships and fallout from the months of labor strife between longshore workers and employers will make it difficult for Puget Sound ports to do anything to prevent the steady loss of market share, Mongelluzzo said.

“The reputation of West Coast ports now is in the gutter,” he said. “I hear it all the time from folks who control cargo. They have a keen loathing for the West Coast and labor contracts there.”

Mongelluzzo laid most of the blame for the months of cargo slowdowns on the International Longshore and Warehouse Union, arguing they weren’t concerned enough about the impacts on the economy.

“There were work stoppages and slowdowns for four months, November through Feb. 20, that did not have to happen,” he said.

Dan McKesson, president of ILWU Puget Sound District Council, fired back, pointing at terminal operators. They caused many of the slowdowns by not allowing longshore workers on the docks, he said.

“For six days our guys were sent home every day after six hours,” he said.

The months of labor strife ended in February, when, under federal pressure, the longshore workers and the Pacific Maritime Association, which represents ocean carriers, reached a settlement agreement.

In addition to the labor dispute, Mongelluzzo said the increasing size of ships handicaps Puget Sound ports by drawing cargo away.

A ship capable of carrying 14,000 containers can reduce the per-container cost by 60 percent compared to older ships a third the size. That is the key reason operators are now ordering ships carrying 20,000 containers, he said.

The bad news for Northwest ports is that owners are operating the largest ships out of Southern California ports first because of the large population in the Los Angeles basin. The better economics of the larger ships then attract more cargo.

Mongelluzzo said automation may be the answer for West Coast ports recovering cargo because it will free terminals from the impacts of labor actions, and also because automated terminals can be run more efficiently.

“An automated terminal is what the ultimate answer will be to productivity problems, and future of labor relations in the West,” he said.

As an example, he described one Southern California cargo terminal that kept operating during the worst of the labor problems this fall.
Port of Seattle Seaport Managing Director Linda Styrk tried to cool reactions to Mongelluzzo’s comments, indirectly addressing the longshore leaders who were there.

“My experience has been with ILWU leadership in Puget Sound,” she said. “I think these guys understand the supply chain...and they understand the balance between interest in automation, which is very costly, and productivity that can be maintained through more traditional methods.”

GOP senator wants investigation of West Port standoff
By Keith Laing - 04/15/15 03:29 PM EDT

A Republican senator is calling for a federal review of the impact of a labor standoff at West Coast ports that crippled the flow of cargo earlier this year.

Sen. Deb Fischer (R-Neb.) said Thursday that the General Accountability Office (GAO) should review the financial costs of a backlog at 29 ports on the West Coast that were shut down around Valentine’s Day because of a dispute between managers and the International Longshore and Warehouse Union (ILWU), which represents dock workers.

“As you may know, on June 30, 2014, the contract between International Longshore and Warehouse Union (ILWU) and PMA began in mid-May 2014; inability to come to an agreement led to a longstanding contract negotiations dispute,” Fischer wrote in a letter to GAO Comptroller General Gene Dorado.

“The temporary shutdown of the West Coast drew attention in Washington when President Obama sent Labor Secretary Tom Perez to Los Angeles to mediate talks between the dockworkers’ union and port managers.

The contract between the port operators and the ILWU was supposed to have been renewed in July 2014, but negotiations dragged on for months and the standoff resulted in several large cargo ships idling at sea.

Fischer said Wednesday that the standoff has impacts that reached far beyond the West Coast of the U.S.

“Seaports serve as gateways to domestic and international commerce, connecting U.S. business, workers and consumers to the global marketplace,” she wrote. “West Coast ports, in particular,
are key hubs for international trade, handling nearly half of all U.S. maritime imports and exports, including inputs for manufacturers in Nebraska and across the states.”

Fischer added that other forms of transportation are also impacted by the flow of cargo through ports.

“Freight infrastructure, such as railroads, inland waterways and highways, is essential to the efficient flow of goods through our nation's ports,” she wrote. “Service interruptions at our nation's ports could significantly disrupt our national transportation supply chain, sending ripples through the U.S. economy.”

Fischer asked the GAO to complete its review of the West Coast port situation within 18 months.

Ports Saw Cargo Surge in March
By Karen Jordan Thursday, April 16, 2015

The amount of cargo flowing through the local ports surged last month as a tentative labor agreement reached in late February and operational changes at the harbor eased the gridlock that had gripped the ports for the past several months.

At the Port of Los Angeles, March’s cargo volume rose 17.3 percent over the same month last year, making it the second-busiest month in the port’s history, according to port officials. The port handled 791,863 cargo containers in March, just a few thousand shy of the record 800,063 containers it handled in October 2006.

Imports climbed 32 percent over March 2014, while exports fell 23 percent, likely the result of the continued strength of the U.S. dollar, which has made U.S. products more expensive overseas.

At the neighboring Port of Long Beach, cargo surged 32 percent last month over the same month a year ago. Port terminals there handled 630,084 units in March, making it the busiest month for the port in more than a year. Imports rose 42 percent over last year while exports fell 17 percent.

Cargo still lingers following resolution of port labor dispute
Apr 15, 2015

OAKLAND, Calif. (KTVU) - The Port of Oakland announced Wednesday that March cargo volumes are up from a year ago, well before the port slowdown went into effect.

As good as that might sound, it still means plenty of delays for local firms still waiting.
The port labor dispute, settled almost two months ago, still hasn't been ratified. Although it's better, cargo still lingers.

Family owned South San Francisco-based Italian Harvest was getting down to bare shelves when KTVU met them in January.

Lack of product for their many artisan food retailers, caused many canceled orders and serious financial stress for the firm. "We have had a lot of loss, probably thousands of dollars a week waiting for these containers to come in," says John Blount, one of the founders of Italian Harvest.

Some containers have arrived, virtually all at once, causing a storage challenge in the small warehouse. "Containers that came in today departed maybe four months ago, but, a lot are still blocked in the port," says Blount.

Meanwhile, Baby World's three stores don't import even one container, but all of their suppliers do and that remains a big problem. "Car seats and strollers; a little bit of the clothes. I still have to quote to customers like four weeks just in case the company has a problem with the port or they are delayed," says Christina Cabello, Baby World's founder.

The biggest problem is cribs and bassinets with a four to five month wait. "We still have reports from the companies saying, 'I'm sorry, we cannot deliver until three more weeks,'" says Cabello.

Though the Port of Oakland is working its way through a huge backlog of containers in storage yards, continued delays are blamed on the ports of Los Angeles and Long Beach.

"There still are five to ten ships a day delayed in southern California. Those ships have to come to Oakland after they leave Los Angeles and Long Beach. When cargo arrives here from southern California, it is sometimes bunching up getting delayed in the marine terminals," says Mike Zampa, Director of Communications for the Port of Oakland.

That's expected to last for another month or so as ships, currently bunched up playing catch up, return to their normal schedules.

Little has been done to prevent a similar port slowdown, by either the shippers or the union. When the contract expires in just over 4 years - that's something government regulators are taking a close look at.