



November 10, 2014

Dear Valued Customers,

For Immediate Release from PMA.



Longshore Union's Job Actions Spread from Pacific Northwest to Nation's Largest Port Complex in Southern California

ILWU withholds hundreds of skilled workers from vital terminal jobs at Los Angeles and Long Beach Ports, threatening holiday commerce and U.S. economy

San Francisco, CA (November 6, 2014) – Escalating its use of orchestrated job actions that have already crippled terminal operations at Pacific Northwest ports, the International Longshore and Warehouse Union (ILWU) has now targeted the ports of Los Angeles and Long Beach by unilaterally refusing to dispatch hundreds of qualified, skilled workers for critically important positions transporting containers in terminal yards at the nation's largest port complex. In short notice, the Union informed the Pacific Maritime Association (PMA) that starting Monday, November 3rd, it would not dispatch qualified ILWU members, most of whom have significant experience operating yard cranes in the terminal, placing cargo containers on trucks and rail cars for delivery to customers. "We've used the same dispatch procedures for qualified crane operators since 1999," said PMA spokesperson Wade Gates. "After 15 years, the ILWU leadership has unilaterally decided to change the rules for hundreds of qualified workers who are dispatched daily to help operate terminals at the Los Angeles and Long Beach ports."

Terminal congestion has been a mounting issue at Southern California port terminals due to a variety of factors, including a surge in cargo volume, shortage of chassis and rail cars, and insufficient numbers of truck drivers. Given these already congested conditions, the ILWU's refusal to fill critical yard crane positions makes an already difficult situation far worse. Many of the qualified, skilled members the ILWU is withholding have more than 1,000 hours of experience operating this equipment. As a result, the PMA estimates



that the ILWU's withholding of skilled workers will leave half of the yard crane positions unfilled unless corrective actions are taken.

The ILWU's job actions, which have already crippled operations at the ports of Seattle and Tacoma, now threaten to do the same in Los Angeles and Long Beach. Together, these four ports collectively handle nearly 80% of all containerized cargo at West Coast ports. The job actions began soon after a PMA offer responding to the ILWU's demands during contract negotiations last week.

The labor - orchestrated slowdowns come at a critical time in negotiations for a new coast - wide labor contract, and threaten to stem the flow of cargo during the final holiday season push. "Although the existing congestion has had ripple effects throughout the supply chain, it is the ILWU slowdowns that now have the potential to bring the port complex to the brink of gridlock," Gates said. "The ILWU's orchestrated job actions are threatening the West Coast's busiest ports and potentially billions of dollars in commerce. It is essential Longshore Union's Work Actions Spread to Southern California that the ILWU return to normal operations, as promised, so that we can continue meaningful negotiations in a productive environment free of union - staged slowdowns that are disrupting terminal operations at our largest ports."

Negotiations for a new coast - wide contract covering nearly 13,600 registered workers began in May, with the goal of reaching an agreement by July. Once the contract expired on July 1st, the parties agreed to continue negotiating, and to resolve their differences at the table. The PMA and ILWU specifically stated that normal operations at West Coast ports would continue until an agreement could be reached. In a jointly - issued statement the day the contract expired, the parties stated: "While there will be no contract extension, cargo will keep moving, and normal operations will continue at the ports until an agreement can be reached between the Pacific Maritime Association (PMA) and the International Longshore and Warehouse Union (ILWU)."

"After six months of negotiations, during which a tentative agreement was reached on maintaining health benefits, the ILWU has resorted to its old playbook of slowdowns in order to leverage the employers at the bargaining table," said Gates. "We were hopeful that the ILWU's promises of normal cargo operations during negotiations would prove true - and until last week, they did. Now, they reneged on that agreement."

In the Pacific Northwest ports of Tacoma and Seattle, continuing slowdowns have resulted in terminal productivity being reduced by an average of 40 to 60%. For example, some terminals that typically move 25 - 35 containers per hour were moving only 10 - 18, according to statistics compiled by PMA, which tracks historical productivity based on the number of containers moved per hour for each vessel at the same terminal.



The PMA, representing carriers and terminal operators coast - wide, has informed the ILWU that its unilateral action to withhold qualified, skilled workers in Southern California is a violation of the parties' contract. According to the terms of the ILWU - PMA contract, slowdowns are impermissible, and jointly appointed arbitrators have repeatedly found in favor of employers during such disputes. Yet the ILWU has refused to agree to a contract extension – which would preserve the waterfront's long - standing grievance procedures – thus frustrating employers' efforts to return the ports to normal operations. While the ILWU typically denies slowdown activity, often making false or exaggerated safety claims to justify the work - slow orders, the practice has been well - documented. During the 1999 contract negotiations, the *Wall Street Journal* revealed an ILWU dispatch audio tape that ordered slowdowns in Oakland. During the 2002 negotiations, the *Los Angeles Times* ran a story under the headline, "The Fine Art of the Slowdown."

And during the most recent six - year contract period, independent arbitrators have repeatedly ruled that ILWU slowdowns or work stoppages were in violation of the ILWU/PMA contract. "Given the headwinds faced by our industry, and the declining market share of West Coast ports, further instability on the docks could lead to permanent losses of cargo and jobs," Gates said. "Ultimately, despite our differences on the issues, the PMA and the ILWU both have an interest in preserving jobs on the docks and in our communities. It is time for us to show that we are serious about reaching agreement without putting jobs and our economy at risk."

Contacts: Wade Gates, (415) 591 - 4048, pmanews@bm.com
Steve Getzug, (310) 633 - 9444, steve.getzug@hkstrategies.com

Regards,
Sea Shipping Line eNews