WHAT COMES NEXT?

Frequently Asked Questions (FAQs)

February 20, 2015

After more than nine months of negotiations, a tentative contract agreement has been reached on the West Coast waterfront. The Pacific Maritime Association and International Longshore and Warehouse Union announced their settlement the evening of Feb. 20. The contract covers 29 U.S. West Coast ports including the Port of Oakland. Here’s a look at what the deal means for the maritime sector and global trade.

THE CONTRACT

Q: So this nine-month dispute is finally over?
A: Not quite. Union members must vote on the proposed contract. It’s not certain yet when that vote will be taken.

Q: Will there be more slowdowns, stoppages and delays in the meantime?
A: Both labor and management will hopefully commit to full productivity at the ports while ratification of the contract is pending.

Q: Why did this take so long?
A: A number of issues were negotiated at length including labor jurisdiction, health and benefits, technology and arbitration.

Q: What are the highlights of the deal?
A: It’s best to get that from the two negotiating parties. The Port of Oakland was not involved in the contract talks.

Q: Will it be more of the same at the next negotiation?
A: There’s a history of challenging bargaining over waterfront contracts. The hope is that both sides will recognize the need to settle future contracts without further damaging the economy.

RECOVERY

Q: Now can the Port go back to normal?
A: It could take 6-to-8 weeks for Oakland and other West Coast ports to recover from the cargo backlog. Cargo movement should improve soon, but it will take time to restore full productivity.

Q: Why will it take so long to recover?
A: Ships, containers and chassis are all out of balance. They’re not where they need to be to support cargo movement. Repositioning of these assets will take some time.
Q: What’s the Port of Oakland going to do to expedite cargo movement?
A: We’ve already instituted a number of extraordinary measures. These include: weekend gates, express lanes, additional truck parking and daily status reports for shippers. We will work now with marine terminals, truck drivers and shipping lines on additional issues including chassis availability, demurrage charges and appointment systems.

Q: Will containers continue to be stranded for days and weeks inside the Port?
A: Terminal operators will develop plans to expedite the release of cargo. Once productivity is restored at the terminals and chassis and containers are back in full circulation, cargo delays should disappear.

Q: What about exports: will shippers be able to get their goods, especially perishables, on ships for foreign markets?
A: Export delays will disappear when shipping lines resume normal rotations. Some are omitting Oakland calls to compensate for significant delays after stopping in Southern California.

Q: What can cargo owners do to get their containers out of the Port?
A: They should contact the shipping line that transported their cargo or the marine terminal where it’s awaiting release.

Q: Will we continue to see long lines of trucks at terminal gates?
A: Waiting times have declined significantly in the past month. Periodic traffic build-ups are likely while full productivity is being restored at the terminals.

Q: Can we expect more slowdowns and suspended operations while the contract awaits ratification?
A: Both negotiating parties will hopefully commit to full cooperation in assisting the full recovery of West Coast ports. That should help minimize disruptions and delays.

**CURRENT PORT STATUS**

Q: What’s the backlog at the Port of Oakland right now?
A: Thirteen vessels were at berth today and 16 were awaiting berths at the Port of Oakland. Those numbers should decline in coming days.

Q: What’s the status of imports stored in marine terminals?
A: In some cases it could still take several days for imports to be released from terminals. Look for improvement soon now that a tentative agreement has been reached.

Q: What about exports – will they still be delayed in getting loaded to ships?
A: That situation will also improve as vessels that have bypassed Oakland to overcome schedule delays return to normal rotations.

Q: Will truckers still face long waits at terminal gates?
A: Depending on the time of day, wait times could still be extensive at several terminals. Best times are usually early mornings.
Q: Is the Port operating at full productivity?
A: No. The rate of movement on vessels and in container yards has declined over the past three months. That should improve now that the contract impasse has been resolved.

Q: Why were ships avoiding Oakland?
A: Vessels calling the U.S. West Coast stop first at the ports of Los Angeles and Long Beach. Because of significant delays there, some were bypassing Oakland, returning instead to Asia to make up lost time. That practice could end soon with announcement of a tentative contract agreement.

Q: What happens to Oakland cargo if vessels truncate voyages in Southern California?
A: It’s discharged in Southern California and shipped via rail or truck to Oakland at additional cost.

Q: Is cargo volume increasing at the Port of Oakland?
A: It was. In 2014, the Port of Oakland set an all-time record for cargo volume. But volume declined 32% in January from the same period a year ago. Cargo volume has also declined at other major U.S. West Coast ports. Further declines are expected for February when the latest statistics are released in mid-March. The decline is attributed to the nine-month contract dispute.

PORT OF OAKLAND’S ROLE

Q: How could you let this contract dispute drag on for nine months?
A: The Port of Oakland was not part of the contract negotiations. The Port is a landlord, leasing facilities to marine terminal operators. Those operators hire longshore labor and negotiate contracts with the union.

Q: So you were powerless during this whole episode?
A: We had no authority to bring about a contract settlement. We did, however, advocate vigorously for a settlement and communicated continuously with the negotiators. We also worked closely with terminal operators, shippers and truckers to mitigate the effects of the dispute.

Q: If you’re only the landlord, what can you do help restore normal operations at the Port?
A: We’re already in discussions with the Port’s stakeholders on new measures to expedite cargo flow and clear out the backlog. We’re visiting other ports in search of new ideas. We’re also stepping up communication to customers to help them restore their supply chains.

IMPACT OF THE DISPUTE

Q: How much money did the Port of Oakland lose because of this dispute?
A: It’s too soon to tell if there has been a financial impact. The real risk is jobs. If shippers divert cargo permanently away from U.S. West Coast ports, jobs will be at risk. More than 73,000 jobs depend on the Port of Oakland. A large number of those could be jeopardized if cargo owners choose alternative gateways.

Q: Why should shippers continue to use the Port of Oakland?
A: More than 85% of the imports routed through Oakland are for final destinations in Northern California. The Port of Oakland is the convenient gateway for that cargo. Likewise, for Bay Area and Central Valley exporters – Oakland is the best choice. The goal is to increase business through Oakland. The Port is gearing up with new developments that will make it the West Coast’s leading transportation and logistics center. This will include warehousing, trans loading, cold storage and grain transport. Oakland is also an improving intermodal cargo gateway with good rail connections to the U.S. interior.

Q: How do you keep faith with shippers who lost business and money because they couldn’t get their cargo?
A: This is the top priority for the Port of Oakland. Service must improve. The Port must be easier to do business with. One-on-one meetings and customer forums help with understanding the needs of shippers. It’s the Port’s responsibility to meet those needs in collaboration with marine terminals, shipping lines and trucking companies.

# # #

Questions? Contact Us

STAY CONNECTED:

SUBSCRIBER SERVICES: Manage Preferences | Unsubscribe | Help