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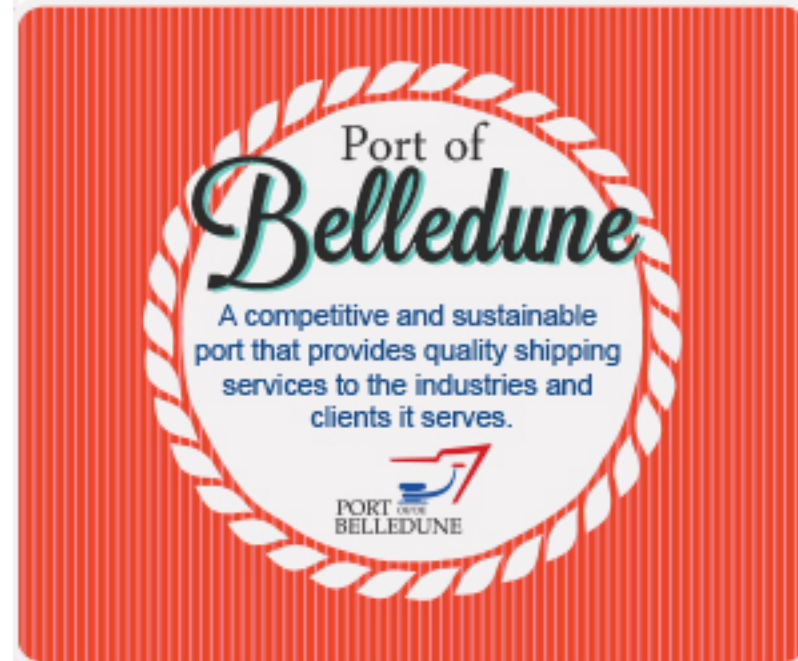
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PMA's McKenna: West Coast port bargaining needs changes

Joseph Bonney, Senior Editor | Sep 21, 2015 4:25PM EDT

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FORT LAUDERDALE, Florida — The head of the [Pacific Maritime Association](http://www.joc.com/port-news/terminal-operators/pacific-maritime-association) raised the possibility of a contract extension or an early start to the next round of West Coast longshore contract talks, and said current bargaining practices are “not sustainable.”

PMA President and CEO James McKenna said the PMA and International Longshore and Warehouse Union have been busy implementing their new contract and haven't formally discussed the potential changes, but have kicked them around informally.

McKenna's address at the annual conference of the Intermodal Association of North America in Fort Lauderdale, Florida, came on the eve of planned talks by the [International Longshoremen's Association](http://www.joc.com/port-news/longshoreman-labor/international-longshoremen%E2%80%99s-association) and its employers about extending their East and Gulf contract [until 2025](http://www.joc.com/port-news/longshoreman-labor/international-longshoremen%E2%80%99s-association/ila-usmx-officials-hopeful-about-10-year-contract_20150916.html).

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ILA and United States Maritime Alliance officials have made no secret of their interest in gaining a step on the West Coast by getting an early start on talks for a new or extended East and Gulf coast contract to replace the current one, which expires in 2018.

Cargo interests and carriers are still feeling the impact of the last [PMA-ILWU contract talks](#) (<http://www.joc.com/special-topics/ilwu-labor-negotiations>), which produced labor slowdowns that crippled West Coast ports before an agreement was reached last February.

The disruption produced billions of dollars worth of economic damage, and infuriated companies whose cargo or ships were stranded for weeks. Prodded by retailers, manufacturers and other business interests, several members of Congress have introduced [bills to rein in longshore unions](#) (http://www.joc.com/regulation-policy/transportation-policy/us-transportation-policy/senate-consider-us-port-productivity-bill_20150716.html).

McKenna said possible changes to West Coast bargaining could include a contract extension, an early start to the next bargaining with the intent to finish early, and an agreement to extend the current contract and its grievance procedures during the next round of talks.

Today the PMA and ILWU are getting along well, and are moving rapidly to implement their new contract, McKenna said. But he warned that if employers and the ILWU stick with the status quo on bargaining, they're inviting outside intervention.

"Unless we find a different way to do this, from my personal perspective, somebody's going to do it for us," he said. "People are not going to continue to be put into this position, contract after contract after contract. It's just too unpredictable."

The last PMA-ILWU negotiations were complicated by the introduction of local issues to the "big table" of coastwide bargaining, McKenna said. "The big issues of technology and automation were settled in the two previous rounds of bargaining. That left the 2014-15 talks with no linchpin issue, just a lot of little issues."

McKenna suggested that future bargaining might be more productive if negotiators could concentrate their efforts on wages, pensions and health care, the three issues that form the core of most collective bargaining agreements.

The railroad industry, via the Railway Labor Act, prevents strikes or lockouts over minor issues, said John Kaiser, vice president and general manager of intermodal marketing and sales at Union Pacific, who spoke on the same discussion panel as McKenna.

International trade is a more significant portion of the U.S. economy than it was in 1935, when the National Labor Relations Act was passed, and port disruptions can cause wider economic damage, Kaiser noted. "There are a lot of people involved now that are impacted by a disagreement of this magnitude," he said.

Chris Kravas, chief marketing officer at Hub Group, said his company's survey of its shipper customers found "measurable impacts" on shippers' attitudes about West Coast ports, although it was not clear that the ports will suffer a long-term loss in market share.

Bob Fredman, director of global logistics at discount retailer Big Lots Stores, said two of his company's five import distribution centers are dependent on the West Coast, but that some of the cargo Big Lots shifted to other ports "will probably stay there for a long time."

West Coast ports' share of total U.S. imports during the first eight months of this year fell to 51 percent from 55 percent a year earlier, according to PIERS, a sister product of JOC.com within IHS. The East Coast gained 3 percentage points, to 43 percent, and the Gulf Coast added one percentage point, to 6 percent.

Contact Joseph Bonney at joseph.bonney@ihs.com (<mailto:joseph.bonney@ihs.com>) and follow him on Twitter:

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Starting early talks - isn't that what happened last time around? And we still have the issue of productivity being the same today as it has been for years, decades. Have they addressed it at the new middle harbor? I sure hope so.



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