

No agreement has yet been reached in the U.S. West Coast Labor Negotiations despite two weeks of involvement by the Federal Mediation Conciliation Service. The biggest hurdles hampering an agreement of a new contract are disagreements over chassis maintenance and repair. Looking to prevent non-ILWU mechanics from working on the chassis, ILWU is pressing to make it a requirement that ILWU mechanics inspect chassis before trucks are allowed to pull the chassis and container from their facilities. However, after selling most of their chassis to equipment leasing companies, the terminal and shipping lines say they are not in the position to make such a demand since they don't own the equipment.

To address the congestion, PMA have recently eliminated the night-shifts on a temporary basis at many West Coast Ports to reduce the number of containers that are being unloaded from the vessels and into the already congested yards. However, this move pushes the problem further back as more and more container ships are at anchor, causing delays and vessel congestion at the harbor.

Already operating at more than 15% over their effective operating capacity of 80%, PMA suspended vessel operations on Martin Luther King Jr day at Los Angeles and Long Beach to relieve the terminal congestion. With vessel operations suspended, they were able to allocate their resources on clearing the terminal to allow for additional containers to be unloaded from the vessels. The decision came at a price as nine vessels were left stranded until vessel operations resumed on Tuesday, January 20, 2015.



Looking ahead, experts identified the challenges to the congestion crisis which are expected to remain unresolved even after a contract agreement has been reached between the ILWU and PMA. The three main topics of on-going concern are:

1. Handling of the big ships with capacity of 8,000 20-foot container units (TEUs) which began to arrive at the Los Angeles/Long Beach port complex earlier in the year.
2. Adjusting to the demands and special requirements of the powerful carrier alliances such as the G6 Alliance, and the CKYHE Alliance and the recently formed Ocean Three, and the 2M Alliance which combined are forecasted to soon control 95 percent of the cargo moving in the global container trade.
3. Establishing a new chassis regime to reduce the equipment shortage situation.

In the near future, U.S. West Coast terminals will be faced with a surge in volume in the weeks leading up to the Chinese New Year as Asian forwarders are preparing to stock their shelves ahead of the three-week long closure after Chinese New Year in mid-February.

Please contact your local KWE branch if you have further inquiries.

For on-going coverage of this and other matters of concern to the shipping community, you may also follow us on Twitter at:

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