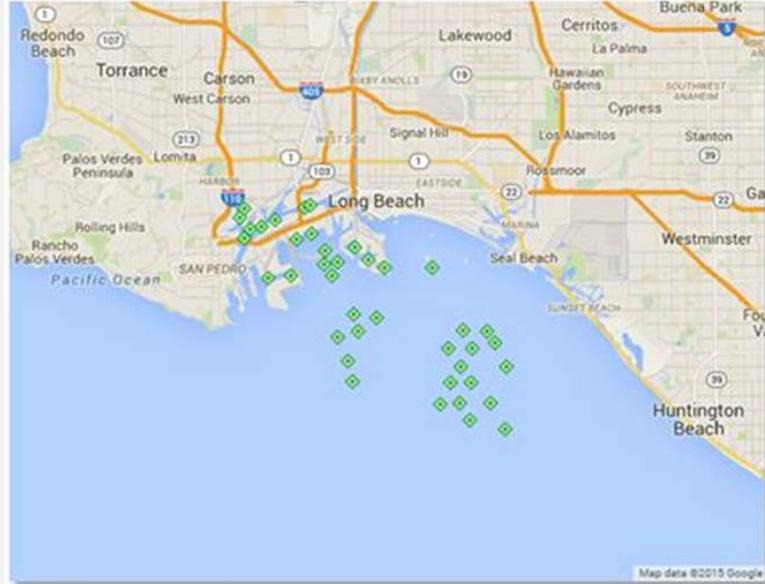


The resulting surge of shipments as shippers are preparing for the manufacturing plant closures in China beginning on the Chinese New Year holiday are adding to the West Coast congestion as the number of vessels seen at anchor at Los Angeles and Long Beach have increased to 20 on January, 4, 2015 from 15 a week earlier. According to reports, it is common to find vessels waiting from 7 to 14 days at anchor while they wait to berth and another 6 to 8 days for the longshoreman crane operators to work on containers before the vessels are able to move to the next destination. Seattle and Tacoma are not immune to the congestion as they have reported 7 container vessels at anchor in the past few days. In addition, the long delays are forcing shipping lines to pull back their service to the Port of Oakland in an attempt to get back on schedule. With less containers being imported, the terminals are expected to go back to normal during the Chinese New Year holiday.



February 4, 2015: Vessels anchoring and waiting to berth in Los Angeles-Long Beach.

Although significant progress was made in the West Coast Contract Negotiations on January 26, 2015 when a tentative agreement was reached on the Maintenance and Repair issue that has been the main hurdle for the past few weeks, there is resistance from the Los Angeles Harbor Trucking Association after publicly announcing its intention to sue both the PMA and ILWU if they go through with such chassis arrangement. The truckers will be at a disadvantage as the agreement will give ILWU the decision-making authority as to which chassis will be required to be repaired at the ILWU-run chassis repair facility.

With a growing call from cargo interests for drastic actions to be taken, many believe there is a strong possibility that there will be shutdown of the terminals by the end of this week and possibly through part of next week or longer. Even though there is no confirmation of an impending lockout, some logistics providers are taking preemptive measures to reduce the risk, should there be a lockout, by turning down live refrigerated containers until there is no threat of a lockout.

During a press conference held by PMA Chief Executive Office Jim McKenna, at 2 p.m. Pacific Time today, released details of their offer to U.S. West Coast longshoremen which they hope will avoid a lockout or strike by the International Longshore and Warehouse Union. The latest offer by PMA is generous and includes an agreement by employers to continue paying 100 percent of dockworkers' medical costs, including the Cadillac tax that goes in effect on the 1st of January, 2018 under ObamaCare and is projected to cost \$150 million annually. Another provision included in the PMA offer is an increase of annual pension payments to \$88,800 a year. If a new contract is signed, employers agreed to extend it for 5 years, not the 3 years observers thought they would propose.

Other contract issues yet to be resolved involve wages and pensions as well as a new demand by ILWU that arbitrators can be fired by either party. At present, the PMA and ILWU must both agree to remove a local arbitrator at the various ports.

In response to the PMA press conference, ILWU president Robert McElrath appealed to Federal Mediator to keep both parties in the talks until they reach a contract agreement by saying, "Closing the ports at this point would be reckless and irresponsible."

To read more, go to:

[PMA Makes "All-in" Offer to ILWU as Contract Talks Lag](#)

[PMA Offer Fact Sheet](#)

[PMA Port Operations Data Master Set from October 2014 until now](#)

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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