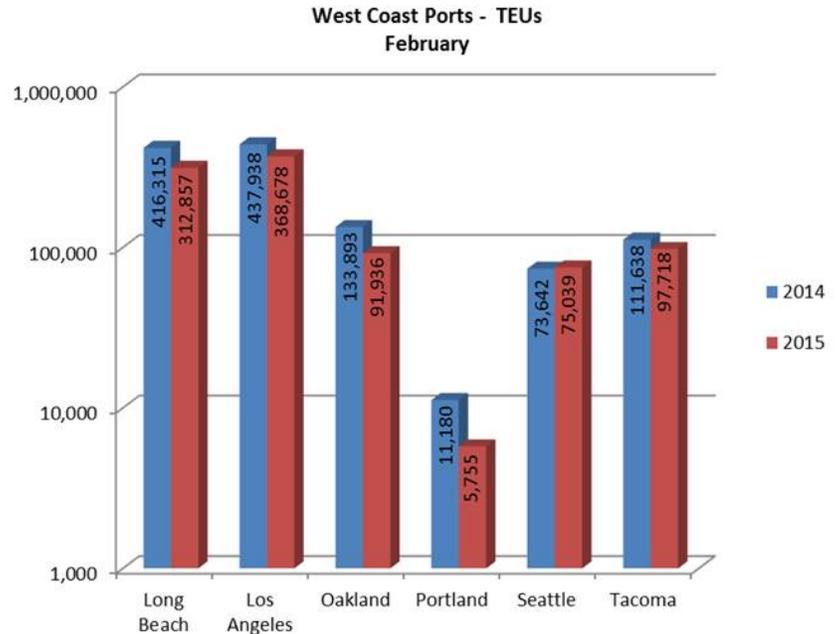


## West Coast ports

Major West Coast ports experienced a 22 percent drop in volume in February compared to a year ago, according to results released by the Pacific Maritime Association. The drop is a direct result of the slowdowns, port congestion and diversions of cargo experienced during the ILWU and PMA contract negotiations. The Port of Seattle was the only port that managed to churn out an increase with a gain of 2 percent or 1,397 TEUs for a total of 75,039 TEUs. While the Port of Portland experienced the biggest drop of 49 percent due to low work productivity. The cause of the low productivity is directly linked to the ILWU slowdown in an ongoing dispute against ICTSI, the ports terminal operator. After issuing several complaints for the low port productivity, Hanjin Shipping Co. and its alliance partners, which accounts for more than 90 percent of the port's volume, has discontinued vessel calls in March.



Combined for a drop of 172,718 TEUs in February from the previous year, the leaders from the Port of Los Angeles and Port of Long Beach met a couple weeks ago to discuss ways to enhance velocity and efficiency throughout their gateway's supply chain. Their goal is to prevent the congestion and backlogs that resulted from the long negotiations from ever happening again. The first meeting, according to the POLB, included discussions on the framework for how the ports will collaborate, work with stakeholders within the supply chain and communicate the results of these efforts. Future discussions will include improvements to marine terminal, trucking, rail and vessel operations along with legislative advocacy, security enhancements, infrastructure, technology and environmental improvements related to supply chain optimization. As shippers divert their cargo to avoid the congested ports of the West Coast, congestion and backlogs are being reported in the East Coast, at the Port of Virginia, and the Panama Canal.

## The Port of Virginia

Estimating that the backlog is six-week-old, dating back to the four day closure caused by the winter weather during Presidents' Day weekend, the authorities at the Port of Virginia has been trying to various methods to relieve the congestion from opening weekend gate hours to re-opening the long-shuttered Portsmouth Marine Terminal (PMT). Citing equipment shortage as one of the culprits for the congestion, the port moved three rubber-tired gantry cranes from Norfolk International Terminals, where it is not being utilized, to PMT. In addition, there are plans in place to add 400 chassis to the pool by the end of April.

## Panama Canal

The backlog experienced on both sides of the waterway, accordingly to officials at the Panama Canal, is a direct result of the U.S. West Coast port congestion. "The situation affected the weekly schedules of services between Asia and the West Coast of the United States with a domino effect throughout the full supply chain, forcing shipping companies to add additional ships to their services to meet their commitments," said Carlos Correcha, spokesman for Autoridad del Canal de Panamá. Reporting an increase of vessels awaiting transit for the past few weeks, the authority has introduced several measures to reduce the backlog, including the suspension of all maintenance work and the addition of locks personnel.

The \$5.25 billion expansion is continuing with the completion expected in April 2016. Once completed, the Panama Canal will allow for container ships with capacities up to 14,000 TEUs to travel across the international trade lanes that link the Pacific, Atlantic and Gulf of Mexico.

Aiming to gain additional volume, the canal agency is proposing a new toll structure on container shipping that it wants to introduce after the new locks are open. The new structure will benefit individual carriers, as well as the alliances through a loyalty program that rewards the vessel and the alliance each time a vessel transits through the canal.

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“In our proposal, we are planning to lure not only the liners individually but the alliances as well by our loyalty program,” said Panama Canal Administrator Jorge Quijano. “If you are in an alliance, you will get credit for transits by the vessels in that string. If you are in an alliance where NYK has some part of the vessel and “K” Line has some part of the string as well, then if the alliance has two transits, each will get credit for two transits. The more vessels in that alliance passing through the canal, the more each member carrier will benefit from the canal’s new loyalty structure.”

The outlook for the Panama Canal to gain additional volume is promising as three carrier alliances have announced additional Asia to U.S. East Coast services that will add to the total capacity transiting through the Panama Canal.

ILWU delegates approves

In light of the backlogs, the ILWU announced Friday, April 3, 2015, that the agreement between the ILWU and PMA has been recommended for approval by the 90 delegates, who spent the week to review the details of the agreement. Passing by a margin of 78%, the next and last step in the contract ratification process for the ILWU is the membership ratification vote, which will be placed by secret ballot. The ballots will be tallied on May 22, 2015.

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

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