

6/20/22, 12:57 PM

New Supply Chain Risk: 22,000 Dockworkers Who May Soon Strike - The New York Times

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New Supply Chain Risk: 22,000 Dockworkers Who May Soon Strike

With the contract of union workers at West Coast ports nearing expiration, the prospect of a labor impasse threatens another shock to the global economy.



By Peter S. Goodman

Peter S. Goodman, who has been covering the supply chain upheaval since 2020, reported this article from Long Beach, Calif.

March 28, 2022

In a world contending with no end of economic troubles, a fresh source of concern now looms: the prospect of a confrontation between union dockworkers and their employers at some of the most critical ports on earth.

The potential conflict centers on negotiations over a new contract for more than 22,000 union workers employed at 29 ports along the West Coast of the United States. Nearly three-fourths work at the twin ports of Long Beach and Los Angeles, the primary gateway for goods shipped to the United States from Asia, and a locus of problems afflicting the global supply chain.

The contract for the International Longshore and Warehouse Union expires at the end of June. For those whose livelihoods are tied to ports — truckers, logistics companies, retailers — July 1 marks the beginning of a period of grave uncertainty.

A labor impasse could worsen the floating traffic jams that have kept dozens of ships waiting in the Pacific before they can pull up to the docks. That could aggravate shortages and send already high prices for consumer goods soaring.

Some port workers accuse the longshoremen of adding to the chaos at the ports in the lead-up to their contract negotiations, boosting their leverage with the terminal operators while stymieing the flow of cargo for everyone else.

“Every time there’s a contract up, things slow down,” said Anthony Chilton, 55, who drives a truck hauling containers between the ports and warehouses of Southern California. “We always blame the longshoremen. They slack off, take breaks, call in sick.”



6/20/22, 12:57 PM

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Anthony Chilton drives a truck hauling containers between the ports and warehouses in the Los Angeles area. Alex Welsh for The New York Times

Among those who work on the docks, such depictions fuel grievous resentment. The longshoremen say they have no intention of slowing or halting work that is at once economically vital, physically exhausting and dangerous — work that they have pursued uninterrupted through the worst pandemic in a century.

“When everybody else was shutting down, we didn’t stop,” said Jesse Lopez, the secretary and treasurer of I.L.W.U. Local 13. “We knew that the American people needed their products.”

Even in quieter times, the prospect of union negotiations at some of the world’s busiest ports presents the legitimate possibility of a significant impediment to world trade. These are not quiet times.

With ports consumed by traffic and Americans bemoaning inflation, the longshoremen grasp that their leverage may be uniquely potent. An impasse or a strike could deal another shock to the global economy, just as the world is grappling with the impacts of Russia’s invasion of Ukraine and as China imposes new Covid restrictions on industry.

The dockworkers have moved unprecedented volumes of cargo during the pandemic, even as at least two dozen succumbed to Covid-19, according to the union. They are aware that many of the shipping terminals in Southern California are controlled by global carriers that have been racking up record profits while sharply increasing cargo rates — a fact cited by President Biden in his recent State of the Union address as he promised a “crackdown” to alleviate inflation.

With ports now capturing attention in Washington, some within the shipping industry express confidence that negotiations will yield a deal absent a disruptive slowdown or strike.

“There’s too much at stake for both sides,” Mario Cordero, executive director of the Port of Long Beach, said during a recent interview in his office overlooking towering cranes and stacks of containers. “There’s an incentive because the nation is watching.”



Shipping containers stacked high on docks, waiting to be sorted and loaded onto trucks. Coley Brown for The New York Times

6/20/22, 12:57 PM

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But others in the industry cite history as a cautionary tale. The last time the union's contract expired, in 2014, the result was pronounced turmoil at the ports. This time, odds for a deal without drama are "50-50," declared Jim McKenna, the chief executive of the Pacific Maritime Association, which represents the shipping terminals in talks with the union.

"The last four contracts ended up in some sort of disruption," he said.

Major retailers that import products from Asia have been ordering extra goods as a hedge against a breakdown in contract talks, while stockpiling their wares at newly developed storage yards inside the ports of Long Beach and Los Angeles, said Sepehr Matinifar, vice president of commercial operations at Pacific Terminal Services, which operates the overflow yards.

Walmart alone has room for 4,000 shipping containers there, he said.

"There are concerns that if there is a strike, they are not going to have access to their cargo," Mr. Matinifar said, straining to make himself heard over the clattering boom of heavy equipment depositing metal boxes onto the pavement.

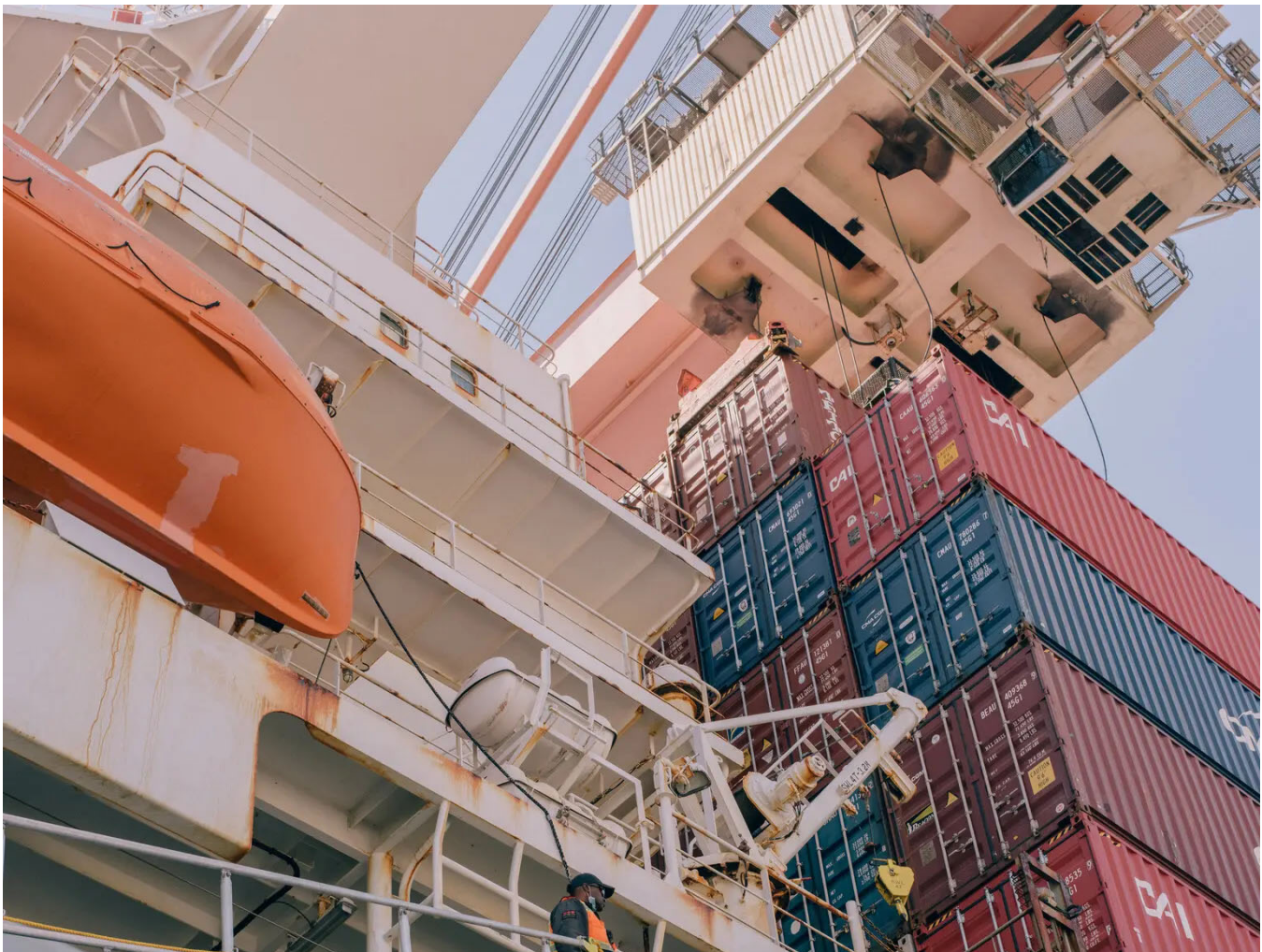
Still, he expressed confidence that a deal would be achieved. If the unions push too hard, he said, the shipping carriers will move cargo to fast-growing ports on the Atlantic like Savannah, Ga.

"If they don't come to a compromise, then freight will get permanently diverted to the East Coast," Mr. Matinifar said.

Animating contract talks is the popular notion that the longshoremen are a privileged class within the supply chain, using the union to protect their ranks — a source of resentment among other workers.

"They treat us like we're nobodies," said Mr. Chilton, the truck driver. "The way they talk to us, they're very rude."

The dockworkers are some of the best-compensated blue-collar workers in American industry. So-called Class A longshoremen, who have pensions and benefits along with guaranteed hours, routinely earn more than \$100,000 a year. Even "casual workers" — those guaranteed no shifts — begin at more than \$32 an hour.



6/20/22, 12:57 PM

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A cargo ship docked at the Port of Los Angeles. Coley Brown for The New York Times



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Jesse Lopez, a dockworkers' union official, said workers were entitled to good pay given the dangers and rigors of their jobs. Coley Brown for The New York Times

“You get in here, you’re not going to want to go anywhere else,” Mr. Lopez, the Local 13 officer, said as hundreds of workers gathered before dawn inside a union hall near the Port of Long Beach on a recent morning, waiting to select their daily assignments. “You’re going to get a check every Friday because there’s work.”

His father labored on the docks until the mid-1990s, when he suffered a heart attack while he was climbing a crane, falling more than 50 feet. The accident ended his working life.

Mr. Lopez inherited his father’s union slot. In the 27 years since, his wages have allowed him to buy a three-bedroom house with a swimming pool, where he raised two daughters.

“I’m able to take care of my family,” Mr. Lopez said.

He and his fellow longshoremen make no apologies for their pay — the fruits of maintaining labor solidarity in an era of declining union power, they assert. That their comfortable earnings stand out as exceptional says less about them and more about the comprehensive downgrading of much of the American work force.

They also portray their pay as due recompense for the hazards of their jobs.

“You don’t get hurt down here,” Mr. Lopez said. “You get killed.”

6/20/22, 12:57 PM

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At the Port of Oakland in California. The last time the dockworkers' contract expired, West Coast ports suffered months of debilitating disruptions. Jim Wilson/The New York Times

Twice, he has watched co-workers crushed to death by containers, he said. More times than he can recall, he has had to knock on the doors of fallen dockworkers, standing next to their partners and children, to “let them know that their loved one is not coming home tonight.”

Union officials declined to discuss their objectives for a new contract.

Mr. McKenna, the maritime association chief executive, said the union had yet to outline demands while declining to engage in discussions before May.

He expected that the union would resist efforts to expand automation at the ports, a traditional point of contention. He said greater automation — such as adding self-driving vehicles and robotics to move cargo — was unavoidable in ports in dense urban places like Los Angeles. There, land is tight, so growth must come from increasing efficiency, rather than physically expanding.

The last time the I.L.W.U. contract expired, West Coast ports suffered months of debilitating disruptions — the source of enduring recriminations.

Terminal operators accused dockworkers of slowing operations to generate pressure for a deal. The union countered that employers were the ones creating problems.

Some dockworkers question whether terminal owners are sincerely seeking to speed up cargo handling, given that shipping rates have soared amid chaos at the ports.



6/20/22, 12:57 PM

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Jaime Hipsher driving a utility tractor rig, which moves containers on the docks. Coley Brown for The New York Times

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Global carriers have been racking up record profits while dramatically increasing cargo rates. Coley Brown for The New York Times

Jaime Hipsher, 45, drives a so-called utility tractor rig — equipment used to move containers — at a pair of Southern California shipping terminals. One is operated by A.P. Moller-Maersk, a Danish conglomerate whose profits nearly tripled last year, reaching \$24 billion.

She said maintenance of equipment was spotty, producing frequent breakdowns, while the terminals were often understaffed — two problems that could be fixed with more spending.

A Maersk spokesman, Tom Boyd, rejected that characterization.

“Freight rates have been impacted by the global Covid-19 recovery and the demand outpacing supply,” he said in an emailed statement. “Ships at anchor are not productive, nor are they earning revenue against a backdrop of large fixed costs.”

That Ms. Hipsher spends her nights on the docks represents an unexpected turn in her life.

Her father was a longshoreman. He urged her to attend college and do something that involved wearing business attire, in contrast to how he spent his working hours — climbing a skinny ladder to the top of ships and loading coal onto vessels.

“He would come home after work and he would have coal dust coming out of his ears, out of his nose,” Ms. Hipsher recalled. “His hands would just be completely black.”

But in 2004, when she was working as a hairstylist, her brother — also a longshoreman — suggested that she enter a lottery for the right to become a casual dockworker.

The ports had changed, her brother said. Growing numbers of women were employed.

Eighteen years later, Ms. Hipsher has gained the security of seniority, health benefits and a pension.

As contract talks approach, she pushes back against the notion that the union poses a threat to the global economy.

“You’re complaining about my wages, thinking that my wages are the source of inflation, and we don’t deserve it,” she said. “Well, look at the billions that the owners are making.”

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A cargo ship at the Port of Oakland. The longshoremen are some of the best-compensated blue-collar workers in American industry. Jim Wilson/The New York Times

Emily Steel contributed reporting.