Strike Looms At East, Gulf Coast Ports

Jay Lindsay, Associated Press

BOSTON (AP) — Weeks after a critical West Coast port complex was crippled by a few hundred striking workers, the East Coast is bracing for a possible walkout numbering thousands that could close 15 ports from Massachusetts to Texas.

The latest talks between shipping companies and dockworkers broke down Tuesday, less than two weeks before the contract expires Dec. 29, leading to worries a strike was inevitable.

The National Retail Federation wrote to President Barack Obama this week to ask him to use "all means necessary" to head off a strike, which they fear could have catastrophic ripple effects nationwide. "We foresee this as a national economic emergency, to be honest," said Jonathan Gold, the group's vice president of supply chain and customs policy.

Gold said billions in commerce at countless businesses nationwide could be affected, from auto manufacturers awaiting parts to the truckers that deliver them.

Ingrid Hirstin Lazcano, founder of the Los Angeles-based Andean Dream LCC, said a strike on the East and Gulf Coasts could bankrupt her company, which sells soups, pasta and other products made from quinoa, a grain, grown in the Bolivian Andes. The company has two containers shipped monthly to both Los Angeles and Philadelphia, and Lazcano said she's still recovering from the eight-day strike of 450 clerical workers at the Los Angeles-Long Beach port complex, which ended Dec. 4. "If the strike does happen, we will be paralyzed," she said. "We will not be able to fill orders."

James McNamara, spokesman for the International Longshoremen's Association, said the union knows what's at stake for others but must protect its membership. "We offer the labor that keeps the commerce moving," he said. "If management doesn't appreciate or respect the labor that has made them a lot of money, then we have to do what we have to do."

A strike wouldn't affect passenger cruise ships, U.S. mail, military cargo or perishable cargo with a limited shelf life. It also wouldn't affect non-container, or break bulk, cargo such as steel, wood products and cars.

The longshoremen's union represents 14,500 workers at the 15 ports, which extend south from Boston and handle 95 percent of all containerized shipments from Maine to Texas, about 110 million tons' worth. The New York-New Jersey ports handle the most cargo on the East Coast, valued at $208 billion in 2011. The other ports that would be affected by a strike are Boston; Delaware River; Baltimore; Hampton Roads, Va.; Wilmington, N.C.; Charleston, S.C., Savannah, Ga.; Jacksonville, Fla.; Port Everglades, Fla., Miami; Tampa, Fla.; Mobile, Ala.; New Orleans; and Houston.

The impasse comes during a 90-day extension of the current contract. On Tuesday, a federal mediator offered another monthlong extension. Various issues, including wages, are unresolved, but the sides couldn't agree on what's become the key sticking point, container royalties.

The royalties are payments to union workers based on the weight of cargo received at each port. They were created in the 1960s to boost wages and finance worker benefits after increased automation cut down salaries and jobs, making it impossible for the dwindling labor force to finance its benefits, McNamara said.

The container carriers and port operators, represented by the U.S. Marine Alliance, want to cap the royalties at 2011 levels, saying they've morphed into a huge expense, totally unrelated to their original purpose, which hurts the industry's competitiveness as it tries to keep up with new technology. The alliance says the royalty payments now amount to a bonus averaging $15,500 annually for East Coast workers who already earn more than $50 per hour.

The union says the payments aren't a bonus, they're an important supplemental wage. It argues that in its previous contract, management agreed to remove the royalties cap in exchange for being allowed to use $42 million of royalty payments to cover a previously negotiated wage increase. There's no way the union can allow the alliance to revive the cap now and accept the cuts in worker income and union revenue, McNamara said.

The sides have traded charges of inflexibility, though both also point to a history of cooperation since the last East Coast-wide strike in 1977. No one has ruled out renewing talks.

But with time so short, companies are pushing up shipment dates or finding alternative transportation, said Steve Lamar, executive vice president of the Washington-based American Apparel and Footwear Association.

Companies are already worried about restocking after the holidays, and some are still dealing with the effects of the West Coast shutdown and Superstorm Sandy, he said.

"You've already got companies and ports and trade that have been battered by a couple of situations over the last couple of months, and we still have this uncertainty," Lamar said.

In Philadelphia, port executive Robert Blackburn estimates a strike could affect 60 percent of the tonnage the port handles.

"Frankly, there's not a lot we can do except that hope that cooler heads prevail and, if they don't, perhaps there will be intervention by the president," Blackburn said.

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