

## PMA sees no big hurdles ahead of ILWU contract talks

Michael Angell, Associate Editor | May 06, 2022 5:58PM EDT



With the start of critical contract talks just days away, the main negotiator representing US West Coast longshore employers Friday struck an upbeat tone on management and workers keeping cargo flowing during the talks, saying the two sides are on good terms after cooperating during the pandemic-linked cargo surge.

But on the contentious issue of automation, James McKenna, the president and chief executive of the Pacific Maritime Association (PMA), did defend it as a key tool that marine terminals will need to adopt to handle more containers. Yet he assured longshore workers that automation can benefit both sides. McKenna said wages, hours, and working conditions were central to negotiations.

He made the comments during a press conference hosted by the Port of Los Angeles. McKenna is confident that [a new contract can be struck with the International Longshore and Warehouse Union \(ILWU\) without causing any disruption to port activity.](#)

He said the marine terminal operators that PMA represents have had to work more closely than ever with the ILWU during the pandemic. As such, he said the initial tone coming from both sides is less confrontational than it had been in prior negotiations.

Asked whether he anticipates any labor action because of the negotiations, McKenna said, “I don’t see any. I don’t think either of us walks into the negotiations and says we have a problem.”

“The relationship between the two sides is very healthy,” he added. “Really working together at overcoming the (pandemic) obstacles I’ve already talked about has solidified our ability to come together.”

### **PMA defends automation**

McKenna did not share any specific points that are expected to be on the table during the negotiations, but noted that wages, hours, and working conditions are always “challenging issues.” He said the intense

government scrutiny on the Southern California ports means it's in the interest of both sides to get an agreement together quickly. The existing contract expires July 1.

“Hopefully, everybody is focused to the point that there will be no further disruptions to the fragile supply chain, and we are going into the negotiations with that spirit of cooperation,” McKenna said. His tone was more upbeat than in late March when he told Bloomberg there was a 50-50 chance negotiations would sputter, triggering major disruptions.

Port of Los Angeles Executive Director Eugene Seroka acknowledged during the press conference that some shippers [have diverted freight to other ports](#) as a way to “de-risk their supply chains.” But he pointed to the port’s ongoing import strength. While May and June volumes may be below last year’s volumes, Seroka said there is no sign of mass diversions ahead of the contract talks.

“From the numbers that we have put up over the last two years, we are driving more volumes through this port than we ever have,” he said.

The optimistic tone struck by McKenna comes as the PMA and ILWU talks will again cover marine terminal automation, which the union has been fighting because the potential loss of members’ jobs. Earlier this week, [PMA released a study on productivity at the two automated terminals in Southern California](#), the Long Beach Container Terminal and TraPac in Los Angeles.

Despite long-standing ILWU claims to the contrary, the study showed both terminals are able to handle more containers faster on less land. Moreover, longshore labor saw higher pay raises at automated marine terminals than their peers working at non-automated terminals, the study said, adding the employment growth at the two Southern California ports has been higher than at others along the West Coast.

McKenna downplayed talk the study was being used as leverage in the upcoming negotiations, saying the timing of its release was based on when it was completed. Still, he defended the report’s conclusion that further terminal automation will be needed to allow ports to serve more cargo on the same land footprint.

“The dense pack you achieve with an automated facility is really quite amazing,” McKenna said. “The reality of the situation is that these facilities are in urban areas. There is no room to expand the facilities themselves, so you need to go up. Automation gets you the ability to handle more in single terminal.”

The ILWU strongly opposes automation of cargo-handling equipment, claiming it has resulted in the loss of hundreds of cargo-handling jobs at the TraPac terminal and at LBCT. ILWU Coast Committeeman Frank Ponce De Leon, responding to the PMA study, called claims of automation-driven productivity gains at the terminals a “shell game.”

Contact Michael Angell at [michael.angell@ihsmarkit.com](mailto:michael.angell@ihsmarkit.com) and follow him on Twitter at [@michael\\_angell](https://twitter.com/michael_angell).