PMA UPDATE

A Bulletin for the Membership of the *Pacific Maritime Association* Vol. 9, No. 5 - May 1997

NEWS BRIEFS

Longshore Contract Booklets Now Available

The 1996-1999 Pacific Coast Longshore Contract Document booklet is now available. Extra copies are available to PMA members by mail or by pick-up from the local Area Office or from Coast Headquarters.

The Pacific Coast Clerks' Contract Document booklet will be available on June 11, 1997, and the Pacific Coast Walking Bosses & Foremen's Agreement booklet will be available about June 30, 1997.

State-of-the-Art Crane Simulator on the Way

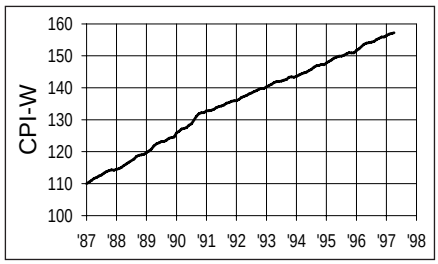
The PMA Training Department's Crane Simulator trailer is in Logan, Utah where Digitran has just completed removing most of the old equipment. An all-new state-of-the-art system is being installed to replace the old equipment.

The new system will be controlled by three different types of computers which will manage the various functions that the system will perform and to which it will respond. The graphics will be all new and totally digitally generated. The previous mix of video clips with low-resolution graphics

Continued on Page 2

CONSUMER PRICE INDEX
U.S. CITY AVERAGE - ALL ITEMS
(1982-84 = 100)
Urban Wage Earners & Clerical Workers

Month	1995	1996	1997	12 Mo.
JAN	147.8	151.7	**156.3**	**3.03%**
FEB	148.3	152.2	**156.8**	**3.02**
MAR	148.7	152.9	**157.0**	**2.68**
APR	149.3	153.6	**157.2**	**2.34**
MAY	149.6	154.0		2.94
JUN	149.9	154.1		2.80
JUL	149.9	154.3		2.94
AUG	150.2	154.5		2.86
SEP	150.6	155.1		2.99
OCT	151.0	155.5		2.98
NOV	150.9	155.9		3.31
DEC	150.9	155.9		3.31



Notes from the 14th Annual International Intermodal Expo

Building Global Alliances was the theme of the 14th Annual International Intermodal Expo, held in Atlanta, Georgia April 29 through May 1. This year was the first in which the Intermodal Association of North America (IANA) shared sponsorship with the founding organization, the Georgia Freight Bureau.

About 6,700 attended the event, well below the more than 8,000 level reached in 1995. Also, the number of exhibitors was down which might be attributed to recent mergers, resulting in fewer railroads and fewer vessel operators.

The seminars and panel discussions were more densely populated with academics than in previous years when industry executives played a larger role in the program. Many of the sessions left the general impression that some academics are not as fully acquainted with the industry as might be expected and need to continue to improve their understanding of the specific industry segments and operations which they study.

Cost and Productivity

The increasing costs of longshore labor and the declining longshore productivity at West Coast ports were raised in several of the panel discussions and in a keynote address. It was pointed out that West Coast longshore costs and productivity do not compare favorably to those in South Atlantic ports and some other ILA ports.

The Port of Charleston was used as an example of a port that consistently moves a significantly greater number of containers per hour per crane than any West Coast port.

One speaker stated that "cargo will flow to ports where a friendly labor situation exists" and emphasized that this is a critical issue which will dictate the ports through which international cargo will move in the future.

Differentiating Between Carriers

One of the most interesting discussions during the vessel operators' session developed around the following observation and questions: "All carriers have the same hardware today. How are shippers to differentiate between carriers, and why should a carrier even be an asset owner?"

The panelists all agreed that it is indeed difficult to distinguish among the physical container slots of various carriers, and they listed what they believe distinguishes individual carriers.

"People" and "service" topped the lists. Next came assets—how they are deployed—, commitment to alliances, and development of efficient container terminal infrastructure. These were followed by better information systems and better supply chain management. Also mentioned were maintaining an effective sales force and a clear focus on the primary business: efficient, economical, and damage free delivery of cargo.

Alternative Ports

What might be called "non-traditional ports" for moving containers into and out of the U.S. was the subject of several sessions. Most of this discussion focused on the East Coast, particularly on the Canadian ports of Montreal and Halifax through which a significant amount of container traffic from U.S. Northern Atlantic ports is said to be be diverted.

About 1.25 million container TEUs moved through Montreal and Halifax in 1996. (Another 616,000 container TEUs moved through the West Coast port of Vancouver, B.C.) Using a PMA formulation for container distribution based on population, about 280,000 of the container TEUs moving through Eastern Canadian ports could be described as "discretionary," and some of these might have previously been shipped through U.S. ports.

Far more discretionary containers are being handled in the South Atlantic ports, and these containers may also be part of the loss in market share by the North Atlantic ports. This alternative was never raised in the discussions of cargo loss to Canadian ports.

Freeport (in the Bahamas) was mentioned during several sessions as a possible alternative port for containers now moving through South Atlantic ports. These containers would be destined for transshipment

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to and from Caribbean nations and South America. Freeport is a deepwater port located in the Bahamas just East of Florida. Freeport has only begun to be developed and is manned by non-union labor.

There also was a brief mention of future alternative ports for U.S. West Coast containers on the West Coast of Mexico and Central America. The Delta Port in Vancouver, B.C. with a capacity of more than 500,000 TEUs per year was also mentioned as a possible site for some of the containers currently being shipped through Seattle and Tacoma. This new terminal is largely unoccupied at present.

Cargo Growth

There was general agreement that cargo growth rate in 1997/98 would increase over the rate of growth during the previous year. Projected growth ranged from 5% to 7% with the preponderance of opinion leaning toward the 7% range. Generally it is believed that the eastbound trade growth will be greater than westbound. One speaker stated that currently over 37% of the eastbound trade to the U.S. is from China. Also, the North-South trade between the U.S. and South America is becoming an important factor in overall U.S. trade.

Although few long range projections were made, one speaker did project that U.S. West Coast cargo will double between now and 2005.

Cargo Rates

The "financial damage being caused by unrealistically low container slot rates" was a recurrent theme at the "town hall" vessel operator session. One executive stated the Industry would not survive as currently structured unless there is an increase in the container slot rate.

Others agreed, adding that rates must bottom out. Any further reduction in rates could lead to the total collapse of the Industry. Another executive observed that "psychology plays more of a part in setting freight rates than does the supply of a carrier's assets."

It was emphasized that one of the most serious misconceptions in the industry is that every time a larger vessel class comes on-line it automatically means that the container slot rate is going to be less. The cost of construction and the operation of a container slot on larger vessels may be less than on smaller vessels—the problem being that the rate structure for carrying containers is being forced down at a faster pace than the cost of construction and operation.

Several shippers addressed somewhat sarcastic and, even, hostile questions to the carrier executives at the close of this session. These questions clearly indicated that the shippers believed that the carriers were making a fair return based on current container slot rates. One vessel operator executive conceded that "you can still make money as a container carrier today if you do it right."

Ship Size

For the first time in several years no one was forecasting the inevitability of ever-larger vessels. There was consensus that, at least during the next decade, vessels will not exceed 8,000 TEUs. Most new construction will be in the 6,000 to 7,000 TEU range.

By the end of the decade, new vessels coming on-line may be moving beyond 7,000 TEUs. The reasons that vessel size will not grow much beyond the current 6,000+ TEU size are based on terminal and crane capacity. Very few terminals are designed to handle the throughput of 12,000 TEUs in 36 hours that is expected for a 6,000+ TEU vessel.

Each new 6,000 TEU vessel adds significantly to the total worldwide container carrying capacity. For example, if a 6,000 TEU vessel were to discharge all of its 6,000 TEUs and load 6,000 TEUs during a single port call and called on that particular port 18 times during a year, the total port terminal throughput would be 216,000 TEUs. With this capacity, one or two vessels in the 6,000 TEU class would tax the individual annual TEU capacity of most of the container terminals existing in the world today.

Sixty of these vessels could, at 18 trips per year, take care of the present entire container TEU hauling capacity required by the U.S. Worldwide, however, only about 40 of these vessels are either operational or being built.

Last Take

Although smaller than in previous years, the International Intermodal Expo remains the largest show of its kind in the U.S. It is a highly informative event and an opportunity to meet a broad spectrum of the major players in the water, the rail, and the over-the-road transportation industry. Perhaps someday soon, the air cargo segment will participate thereby including all segments of the intermodal transportation system under one roof.

Next year, for the first time, the Expo will move from Atlanta to open at the Dallas-Fort Worth Metroplex on May 6-8, 1998. It will return to Atlanta in 1999 on April 13-15.

NEWS BRIEFS *(continued from page 1)*

is gone, and the new system will generate a very realistic interactive environment.

The new Crane Simulator is due to be delivered in early July.

New Additions to http://www.pmanet.org

The Pacific Coast Longshore Contract Document (PCLCD) 1996-1999 and the Pacific Coast Marine Safety Code (PCMSC) are available through the PMA website in Portable Document Format (PDF). Other PMA agreements will soon be available.

This format enables the internet user to view or print the selected document as the original pages appeared in the printed document. Documents using the PDF format may be found on many websites, particularly government sites such as the IRS.

To view or print a PDF document, you must install Adobe® Acrobat® Reader 3.0 on your computer. The Acrobat Reader is a free application that may be downloaded from the Adobe website. Just "click" on the "Get Adobe Reader" button in the PMA Publications page to take you to the appropriate location on the Adobe website.

Follow the directions on the Adobe website page to download the file. Create a folder for the file or write down the name of the file that you begin downloading. (Downloading the file could take from 10 to 20 minutes depending on the speed of the modem you are using.) After completing the download, close down your internet session. Select the name of the file you downloaded and install it. If you are using Windows 95®, just double click on the file and follow the installation instructions. Once you have installed the application, it will automatically load anytime you click on a PDF file.

The contract documents will also soon be available in Microsoft Word file format. This will enable users to download, view, and print the contracts as MS Word documents.

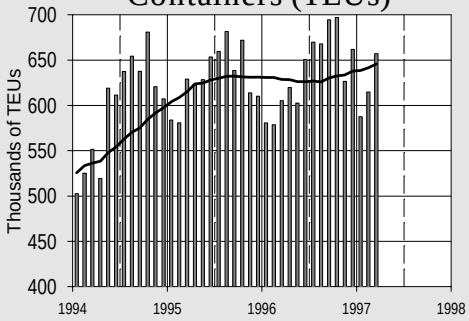
General Safety Training (GST III)

The third General Safety Training Program was rolled out this month. Known as GST III, this program is a continuation of the regular safety training PMA conducts to bring Longshore, Clerk and Walking Bosses up-to-date on the latest in general safety training.

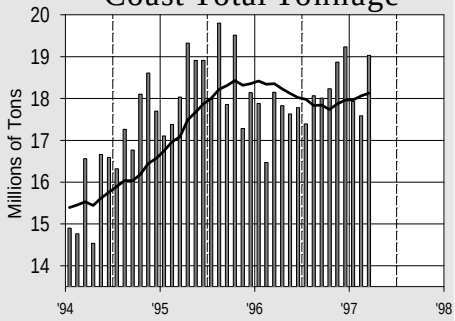
These programs also meet Federal and State requirements for ongoing safety training. Member Company personnel are welcome to attend any of these sessions., but prior notice is necessary in order to manage class size.

Monthly Tonnage by Reporting Category and Weekly Hours by Occupation Code Type

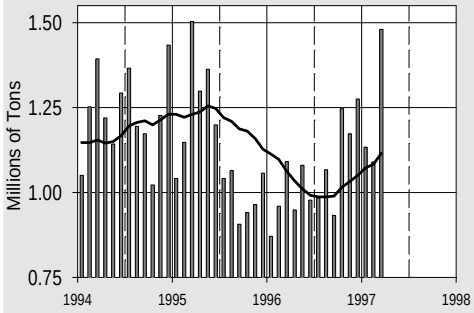
Containers (TEUs)



Coast Total Tonnage

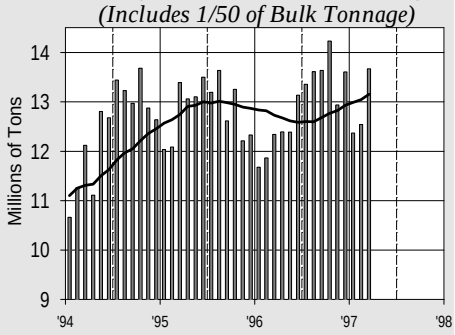


Automobiles & Trucks

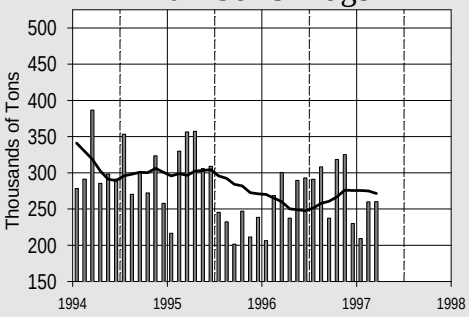


"Weighted" Total Tonnage

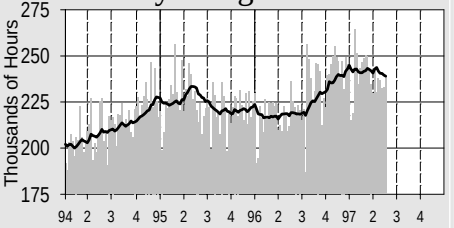
(Includes 1/50 of Bulk Tonnage)



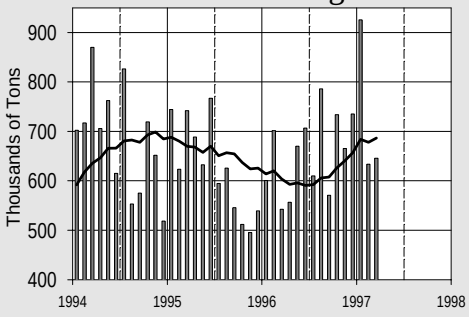
Lumber & Logs



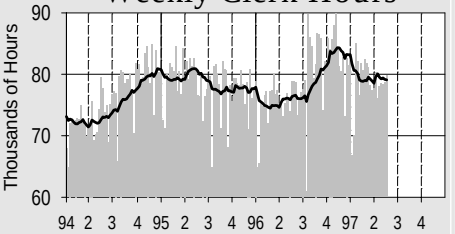
Weekly Longshore Hours



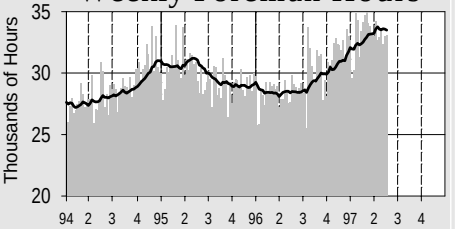
General Cargo



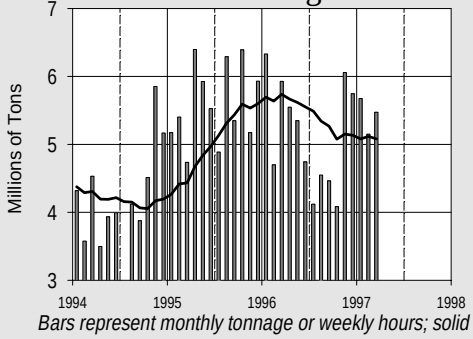
Weekly Clerk Hours



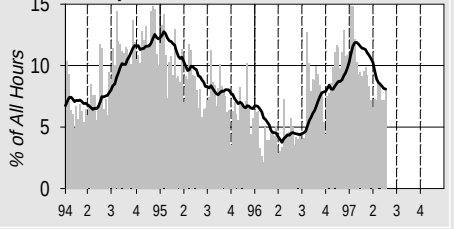
Weekly Foreman Hours



Bulk Cargo



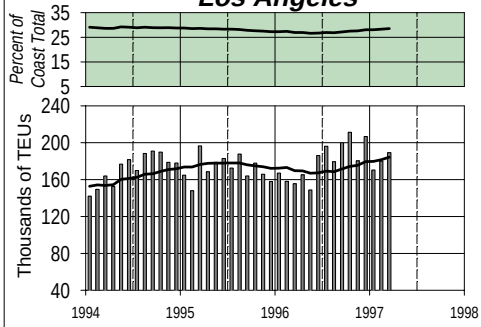
% of Hours Paid to Casuals



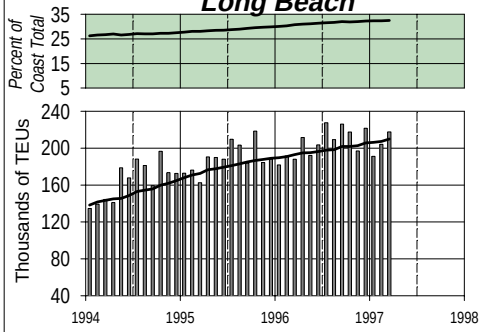
Bars represent monthly tonnage or weekly hours; solid lines represent 12-month or 13-week running averages.

Major Container Ports: Monthly TEUs Reported & Percent of Coast Total TEUs

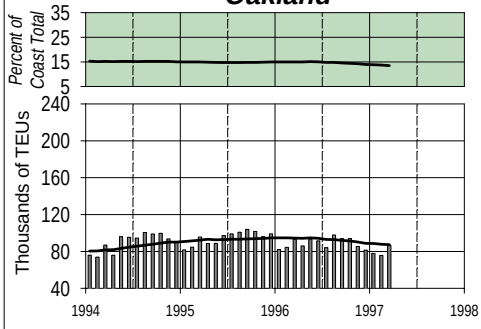
Los Angeles



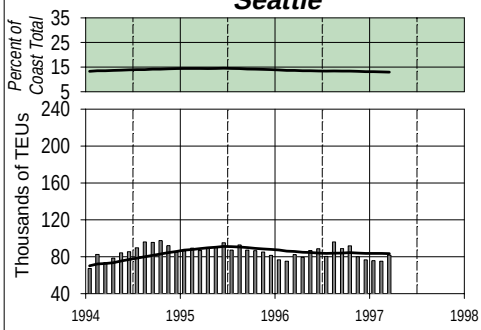
Long Beach



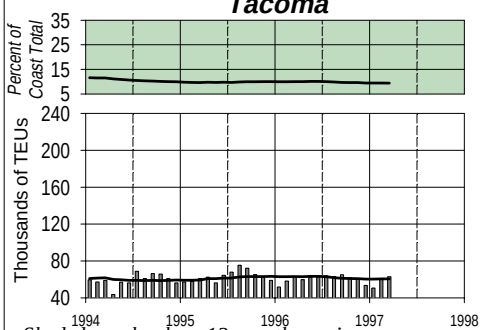
Oakland



Seattle



Tacoma



Shaded graphs show 12-month moving averages of TEUs reported in the port as a % of the coast total. Vertical bars represent TEUs reported in the port each month; lines are 12-month moving averages.

ILWU LOCAL/PORT AREA	REGISTRATION (At 5/8/97) TOTAL	Class "B"	STATS (Ending 5/3/97) Number Working	Annual Hrs Pd	Wkly PGP	Hours Paid: Out of Port	Other Local	Casuals	Inactives	PORT HOURS (Year-to-date) P/R Wks 1-19, '97 Avg. Wkly HRS	% Cst	Hours Paid at Occ Codes Clk	Frm	Exp. Rates*	% of Category Coast Total (12 Months-to-Date) Cont'r RU's	Lmbr Logs	Autos Trucks	Other Gen'l	Bulk Cargo	TOTAL	1997 YTD (March) TONS	% of Coast Total	1997 YTD '97 as a % of '96	Cstwise Loaded TONS
Longshoremen	NO.	NO.	NO.	HRS	$	%	%	%	%	HRS	%	%	%	%	%	%	%	%	%	%	TONS	%	%	TONS
Southern California																								
29 San Diego	56	14	55	1,369	10	5.5	6.7	31.5	0.5	2,701	*0.7*	11.0	12.1	27.6	0.1	2.1	5.4	1.1	1.3	0.8	603,071	*1.1*	184.6	0
13 Los Angeles/Long Beach	3,124	632	3,078	2,013	< 1	0.3	1.4	10.9	0.8	200,107	*54.8*	23.0	10.1	20.7	61.1	4.0	38.9	53.3	23.2	48.0	24,998,041	*45.8*	107.7	34,125
46 Port Hueneme	85	11	83	1,907	2	13.1	5.0	23.2	0.0	4,356	*1.2*	14.0	6.1	22.7	< 0.1	< 0.1	8.1	8.1	-	0.8	441,665	*0.8*	92.0	0
Southern California Total	**3,265**	**657**	**3,216**	**2,000**	**< 1**	**0.7**	**1.6**	**11.5**	**0.7**	**207,165**	***56.8***	**22.7**	**10.1**	**20.8**	**61.2**	**6.1**	**52.4**	**62.5**	**24.4**	**49.6**	**26,042,777**	***47.7***	**108.5**	**34,125**
Northern California																								
10 San Francisco Bay Area	933	121	864	1,597	2	1.1	0.9	3.7	2.7	40,497	*11.1*	27.1	8.0	7.1	13.7	0.1	12.2	6.6	1.7	9.8	4,901,894	*9.0*	94.2	65,008
54 Stockton	56	17	56	1,486	49	0.5	9.0	23.5	5.5	2,988	*0.8*	8.9	6.6	13.3	-	-	-	1.3	2.4	0.7	380,407	*0.7*	109.5	0
18 Sacramento	28	14	27	1,466	168	5.4	13.7	28.1	2.9	2,014	*0.6*	22.0	6.3	19.9	< 0.1	0.6	-	2.1	1.3	0.5	288,435	*0.5*	94.4	0
14 Eureka	31	1	31	1,056	251	38.8	2.3	6.0	5.0	442	*0.1*	13.2	10.7	7.7	-	1.1	-	2.9	0.5	0.3	169,942	*0.3*	127.7	0
Northern California Total	**1,048**	**153**	**978**	**1,570**	**17**	**2.0**	**2.0**	**6.3**	**3.0**	**45,940**	***12.6***	**25.5**	**7.9**	**8.1**	**13.7**	**1.8**	**12.2**	**12.8**	**5.9**	**11.2**	**5,740,678**	***10.5***	**95.8**	**65,008**
Oregon																								
12 North Bend/Coos Bay	100	14	97	1,577	35	15.9	18.9	9.3	3.3	3,526	*1.0*	8.4	7.4	6.0	< 0.1	10.3	< 0.1	1.2	5.4	1.7	856,986	*1.6*	100.6	0
53 Newport	8	0	8	993	316	80.4	41.6	3.8	0.9	46	*0.0*	8.4	4.3	0.5	-	0.4	-	-	-	< 0.1	2,993	*0.0*	137.6	0
50 Astoria	54	0	54	710	367	85.3	1.1	4.2	3.5	79	*0.0*	0.0	0.0	1.9	-	0.5	-	-	-	< 0.1	8,739	*0.0*	86.3	0
8 Portland	467	102	461	1,757	5	4.7	7.0	3.5	1.4	20,943	*5.7*	14.3	7.2	4.7	2.9	2.9	18.3	3.1	19.2	8.4	4,807,637	*8.8*	103.9	6,041
4 Vancouver, WA	162	57	162	1,799	3	9.1	11.1	8.4	0.8	7,714	*2.1*	13.8	6.0	19.6	< 0.1	3.3	1.4	4.3	7.5	2.4	1,611,983	*3.0*	113.3	0
21 Longview, WA	206	34	201	1,923	10	12.3	7.2	5.9	2.8	9,656	*2.6*	9.0	8.6	7.2	-	26.5	-	5.3	15.5	4.9	3,210,163	*5.9*	90.1	17,447
Oregon Total	**997**	**207**	**983**	**1,716**	**31**	**10.4**	**9.1**	**5.5**	**1.8**	**41,965**	***11.5***	**12.5**	**7.3**	**8.2**	**2.9**	**43.9**	**19.7**	**13.9**	**47.6**	**17.4**	**10,498,501**	***19.2***	**100.2**	**23,488**
Washington																								
24 Aberdeen	87	0	83	1,488	93	18.6	17.3	7.8	0.7	2,912	*0.8*	4.5	7.5	1.3	-	16.8	-	0.9	-	0.3	146,528	*0.3*	93.4	123,370
27 Port Angeles	57	0	57	1,204	273	51.8	10.7	3.2	0.0	785	*0.2*	6.8	7.0	2.3	-	4.1	-	-	0.4	0.2	90,074	*0.2*	107.1	22,043
51 Port Gamble	13	0	13	759	478	89.0	23.4	0.0	0.0	17	*0.0*	0.0	0.0	0.0	-	-	-	< 0.1	-	< 0.1	0	*0.0*	-	0
47 Olympia	22	0	22	984	317	24.6	39.2	9.0	0.5	511	*0.1*	3.4	11.3	7.3	-	3.4	-	< 0.1	-	0.1	17,951	*0.0*	111.6	0
23 Tacoma	439	75	436	1,986	-	0.8	4.9	17.6	0.8	27,755	*7.6*	19.8	8.6	7.3	9.4	17.2	10.7	3.0	12.6	10.2	5,986,685	*11.0*	105.0	0
19 Seattle	571	143	561	1,893	< 1	2.7	4.7	12.9	0.5	34,819	*9.5*	26.2	8.0	15.1	12.9	0.5	5.1	4.2	6.4	10.1	5,494,825	*10.1*	99.6	45,815
32 Everett	67	0	65	1,402	149	22.4	10.6	7.8	0.8	1,301	*0.4*	6.2	7.5	2.1	< 0.1	5.8	-	0.2	0.6	0.3	149,210	*0.3*	83.9	5,189
25 Anacortes	13	0	13	1,320	179	47.6	34.6	3.0	0.0	277	*0.1*	10.2	19.7	0.1	-	0.5	-	-	0.4	0.1	87,171	*0.2*	134.4	0
7 Bellingham	32	4	32	1,564	62	11.9	18.6	12.3	0.0	1,405	*0.4*	8.1	9.3	11.3	< 0.1	-	-	2.5	1.6	0.5	292,866	*0.5*	96.6	0
Washington Total	**1,301**	**222**	**1,282**	**1,802**	**40**	**6.2**	**6.6**	**14.0**	**0.6**	**69,783**	***19.1***	**21.6**	**8.3**	**10.9**	**22.3**	**48.3**	**15.7**	**10.8**	**22.1**	**21.8**	**12,265,310**	***22.5***	**102.0**	**196,417**
Total/Average	**6,611**	**1,239**	**6,459**	**1,852**	**15**	**3.3**	**3.7**	**10.5**	**1.1**	**364,853**	***100.0***	**21.6**	**9.1**	**15.8**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**54,547,266**	***100.0***	**103.9**	**319,038**
% Change from Update *of 5/96*	*+1.4*	*+4.5*	*+1.2*	*+2.5*	*0.0*	*-0.3*	*-0.4*	*+2.4*	*-0.6*	*+9.1*		*-0.9*	*+0.6*	*+5.3*	*2.7%*	*4.3%*	*5.0%*	*13.7%*	*-11.4%*	*-1.2%*				*183.8%*
Clerks																								
29 San Diego	4	0	4	***	***	24.0	38.9	10.1	11.3															
46 Port Hueneme	12	0	12	2,207	-	5.5	29.7	2.7	0.0															
63 Los Angeles/Long Beach	769	2	757	2,609	< 1	0.0	10.6	9.2	0.8															
14 Eureka	3	0	3	***	***	18.8	29.1	0.0	7.0															
34 SF Bay Area & Delta	269	5	262	2,278	3	3.1	5.6	1.3	2.3															
40 Portland	107	0	105	2,324	1	36.1	7.2	1.6	1.9															
23 Tacoma	58	0	56	2,642	-	0.1	43.1	4.5	1.4															
52 Seattle	163	0	163	2,654	< 1	16.3	15.2	5.9	1.1															
Total/Average	**1,385**	**7**	**1,362**	**2,521**	**1**	**5.3**	**12.7**	**6.8**	**1.2**															
Foremen/Walking Bosses																								
29 San Diego	2	0	2	***	***	0.6	70.4	0.7	0.2															
46 Port Hueneme	6	-	6	1,921	57	1.3	16.4	0.0	0.0															
94 Los Angeles/Long Beach	304	-	301	3,047	-	0.1	7.7	0.0	1.6															
91 Northern Calif. Area	74	-	73	2,422	28	0.3	7.5	0.0	2.4															
92 Portland	53	-	52	2,555	13	12.2	14.0	0.0	5.4															
98 Seattle	101	-	99	2,674	5	10.0	14.9	0.0	0.6															
Total/Average	**540**		**533**	**2,828**	**7**	**2.9**	**10.3**	**0.0**	**1.9**															

* Longshore and Clerk hours only. *** "Annual Hrs Pd" and "Wkly PGP" for groups of less than five individuals are not shown, but the data are included in category averages.