

New California task force shines spotlight on port automation

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In a sign of growing focus on marine terminal automation ahead of potentially volatile longshore labor negotiations this year on the U.S. West Coast, a California state agency has set up a task force to evaluate the impact of automation on employment.

California Labor & Workforce Development Secretary Natalie Palugyai on Dec. 30 [announced](#) the members of a new industry panel to help develop findings and recommendations “on how to best mitigate the employment impacts of automation at the Port of Los Angeles and the Port of Long Beach.”

The panel was created as a result of legislation, supported by the International Longshore and Warehouse Union, that was signed into law by Gov. Gavin Newsom in the fall of 2020.

The deployment by terminals of automated cargo handling equipment to mitigate labor cost increases and densify operations at the land-starved Los Angeles-Long Beach gateway is highly controversial among dockworkers. While they agreed to allow automation in 2008 and in subsequent contracts in return for generous benefits, they have grown increasingly opposed to automation in recent years.

Because of that shift, automation is an issue many see as potentially leading to labor disruption on the docks during negotiations to replace the existing collective bargaining agreement that expires on July 1, 2022. Employers anticipate that when the ILWU presents its negotiating position, likely in a few months, it will contain demands such as giving the union veto power over future automation plans by terminals – a right negotiated by East Coast dockworkers -- or otherwise limiting employers’ ability to implement automated cargo handling technology and equipment.

Negotiations will go forward in coming months after the union in November rejected a proposal by employers to extend the current contract by a year, citing ongoing congestion and disruption at West Coast ports.

The members of the new panel are Andrew Gutierrez of the International Longshore and Warehouse Union (ILWU) Local 94; Sal DiCostanzo of ILWU Local 13; Rich Dines of ILWU Local 63; John Ochs, chief labor relations officer for APM Terminals; Alan McCorkle, president & CEO of Yusen Terminals, LLC; Patrick Burgoyne, chief operating officer of CMA-CGM North America;

Gene Seroka, executive director of the Port of Los Angeles, and Mario Cordero, executive director of the Port of Long Beach.

It is an open question how much influence the panel's recommendations will have given that the ability of terminals to automate has long been determined at the negotiating table and not within state government. The legislation requires the panel to issue its findings and recommendations no later than July 1, 2023, a full year after the next contract would be implemented.

Panel a new lever for union to fight automation

The creation of the panel, which the ILWU supported, is an example of how the union has been increasingly determined to fight automation outside the confines of a contract that allows employers to automate. For example, in 2019, ILWU members in Southern California led a vocal effort to persuade the Port of Los Angeles Board of Harbor Commissioners to stop APM Terminals from implementing automation in a portion of its Pier 400 facility. APM Terminals had the right to automate based on the collective bargaining agreement in place between the ILWU and the Pacific Maritime Association, which represented terminals in longshore labor negotiations, but the union sought, unsuccessfully, to have the harbor commissioners vote to deny what would normally have been a routine construction permit.

Similarly last spring, the union [issued a press release](#) protesting plans by Total Terminals International (TTI) terminal at the Port of Long Beach, which is 80% owned by MSC, to initiate a long-term automation plan, saying the employer “needs to remember that the ports exist for the benefit of the U.S. and local economies, not the destruction of jobs and maximum extraction of foreign profit.”

A separate California bill supported by the ILWU as originally introduced, but not passed, would have empowered the State Lands Commission to approve the use of automated technology on a case-by-case basis. In Washington state, a bill was signed last year prohibiting the purchase of fully automated container handling equipment using funds made available to ports for purchasing zero or near-zero emissions equipment.

Employers paid dearly for right to automate

The employers see automation differently. From their perspective, the total value of the wages and benefits agreed to in the 2008 contract in return for the ILWU's agreement to allow automation will have amounted to roughly \$800 million through the end of the current

contract on July 1. The contract also provides salary, benefits, and increases in wages and benefits for life for any dockworkers who lose their job to automation.

Employers also believe that terminals at Los Angeles-Long Beach, which are limited to their current acreage with virtually no ability to expand, have no choice but to automate in order to densify operations and thus expand capacity to continue growing. Many believe the ports, especially having seen significant growth this year, have reached the outer limits of their capacity, which is making it difficult for the ports to unwind the current near-record level backups of ships awaiting berth.

The union's growing agitation over automation and the employers' lack of interest in giving back rights long-ago negotiated at a substantial cost, is the reason why automation is seen as such a combustible issue in 2022 despite any pressure the union might be under by the Biden Administration or the national spotlight to stand down in the interests of not exacerbating the prolonged port congestion along the West Coast. The issue may be further impervious to pressure from port authorities and the PMA who argue that multiple instances of costly longshore labor disruption during negotiations going back to the 1990s has led many shippers to flee or reduce their dependence on West Coast ports, which has resulted in a steady erosion of market share to ports on East and Gulf coasts and fueled the growth of major new gateways like Savannah.

So far three terminals along the West Coast – TraPac and APMT at Los Angeles and Long Beach Container Terminal -- have implemented automation. TTI has signaled plans to initiate automation and CMA CGM is believed to be considering automation at the Fenix Terminal (former APL) terminal at Los Angeles that it acquired late last year.

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