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NEWSLETTER

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US labour contract expires for 22000 dock workers

By Lyse Comins

Employer association and trade union negotiations for a new labour contract for more than 22 000 dockworkers at US West Coast ports failed to reach a new agreement before Friday's deadline that saw the latest contract in place expiring.

However, workers and employers have promised that there will be no disruption to services and that cargo will keep moving while they continue to thrash out a new wage deal. The labour agreement expired on Friday, July 1.

The International Longshore and Warehouse Union (ILWU) and the Pacific Maritime Association (PMA), which includes port terminals and shipping lines have been negotiating a new labour deal since May 10.

The negotiations are taking place during "a period of unprecedented stress on America's supply chain and logistics network" PMA warned in a statement during the negotiation period. The association highlighted the stressful economic climate in a statement on its website.

"PMA will negotiate with the ILWU in a spirit of co-operation. PMA is committed to conducting these negotiations with the interests of the nation in mind. We will

engage in good faith talks, and believe a contract must be achieved without work disruptions at our marine terminals. A disruption of any kind would be devastating to an already vulnerable supply chain," PMA said.

It said employers would "continue to provide world-class wages and welfares to ILWU workers, who are essential to keeping goods moving and ensuring the West Coast ports' health".

"Under the current contract, the 15500-plus union members earn, on average, nearly $195 000 per year – roughly three times the US median income. In addition, ILWU members enjoy a benefits package worth an average of $102 000 per worker per year, including fully employer-paid healthcare, generous pension and retirement savings plans, and guaranteed pay for up to 40 hours per week when work is not available," PMA said.

"Hellenic Shipping News" reported on Friday that the National Retail Federation, which represents companies like Walmart WMT.N and Target TGT.N, and the Agriculture Transportation Coalition, which includes citrus, hay and nut exporters, were among the industry groups pressing for a quick agreement.

"Meanwhile, wary shippers are not taking any chances. They are routing cargo away from the West Coast to avoid potential labour-related slowdowns, particularly at the nation's busiest seaport complex at Los Angeles/Long Beach that handles nearly $500 billion in cargo annually. That is driving up their costs and contributing to back-ups at ports in New York/New Jersey, Savannah and Houston," the publication reported.

The automation of container movement at ports, which will result in fewer jobs, is believed to be a major issue in the negotiations. However, workers and employers have not specifically raised the issue as being a point that is stalling the striking of a deal, although both have produced research studies and highlighted the impact in previous media reports.

American Airlines scheduling glitch allows pilots to drop thousands of July flights to grow cargo capacity

-By Leslie Josephs

A glitch in a scheduling platform allowed American Airlines pilots to drop thousands of July assignments overnight Saturday, their union said, a headache for the airline as it tries to minimize flight disruptions during the booming travel season.

American said it didn't expect the problem to affect its operation, including during the busy July Fourth holiday weekend.

The union and airline are now discussing additional pay for pilots whose dropped trips the airline reinstated, the Allied Pilots Association said.

"As a result of this technical glitch, certain trip trading transactions were able to be processed when it shouldn't have been permitted," the airline said in a statement. "We already have restored the vast majority of the affected trips and do not anticipate any operational consequences because of this issue."

More than 12,000 July flights lacked either a captain, first officer, or both, after pilots dropped assignments, the Allied Pilots Association said. APA said the airline reinstated about 80% of the trips.

Pilots can routinely drop or pick up trips, but time off in the summer or holidays is hard to come by for airline employees as schedules peak to cater to strong demand.

On Saturday alone, American had more than 3,000 mainline flights scheduled and they were 93% full, according to an internal tally. Flights left unstaffed, however, are an additional strain on any airline.

The glitch occurred during a rocky start to the Fourth of July weekend when thunderstorms and staffing issues caused thousands of U.S. flight delays and hundreds of cancellations.

A similar issue occurred in 2017, when a technology problem let American's pilots take vacation during the busy December holiday period. The carrier offered pilots 150% pay for pilots that picked up assignments.

American and its pilots' union, whose relationship has been fraught, are in the middle of contract negotiations and the airline most recently offered nearly 17% raises through 2024.

Union president Capt. Ed Sicher, who started his term Friday, told American's roughly 15,000 pilots Saturday night that American Airlines CEO Robert Isom said he is committed to paying an "inconvenience premium" to aviators whose trips American put back on their schedules after the glitch.

"To Mr. Isom's credit, he called me four times today to commit to mitigating the damage from this debacle," Sicher wrote late Saturday. "We started at a 200% override, although the details of this pay are still the subject of negotiations and there is no guarantee of the details or the amounts."

American Airlines refused to comment on Sicher's message to pilots.

American's pilots have picketed recently against grueling schedules, something they want to be addressed in a new contract.

Pilots at Delta and Southwest have picketed in recent weeks for some similar reasons.

Sicher also struck an upbeat tone about contract talks with American, particularly about quality of life issues.

"Please understand that no firm commitments have yet been made, but I feel that we have, at least for the first time since negotiations began, received positive indications that management is motivated to achieve collaborative solutions to longstanding problems with our current contract that will greatly enhance our ability to trade our trips and consequently enhance our quality of life," he wrote.

Cape Town port ramps up capacity

By Liesl Venter

According to Tshepo Ramonyaluoe, senior manager for operations at Transnet National Ports Authority (TNPA), the Port of Cape Town will revert to a three-berth operation before the end of July.

Addressing delegates at the Exporters Club Western Cape (ECWC) Ramonyaluoe said plans were under way to optimize the port as a delivery platform, ensuring that cargo came in and out of the city not only at the lowest cost possible but also efficiently.

"It is important to ensure our assets are utilized efficiently," he said indicating that investment into infrastructure was on the cards. "We are working very hard to complement the flow of containers in and out of the port. In this regard, we have acquired the land parcel at the Culemborg site that will allow for the development of a back-of-port commercial logistics area."

Truck congestion, a long-standing bone of contention not only inside the Port of Cape Town but also around the precinct, would be addressed by a new truck staging site.

According to Ramonyaluoe, this will be commissioned by 2024 at the latest with the date having been brought forward significantly from 2026.

"Truck congestion has been a nightmare inside and outside the port. A truck booking system has managed to address the flow of trucks in the port.

An interim truck staging area that can hold up to 110 trucks will open next week (July 4) buying us some critical time as we work on the final site."

Ramonyaluoe said weather continued to be one of the biggest challenges at the port but the installation of a hydraulic shore tensioning system in April this year at one of the berths at the Cape Town Container Terminal was reducing delays caused by ranging (ship movements caused by wave surges). “We can arrest ranging by as much as 90% with the system and that is quite significant.”

Plans to purchase a helicopter for the port to take pilots out to waiting vessels would also make a difference he said as at current vessels could not be brought into the port during high swells.

Andrea Passoni, trade marketing manager at MSC, welcomed the interventions and plans outlined by Ramonyaluoe, especially the decision to activate three berths again as it improved capacity significantly. “This is great news from a shipping line point of view,” he said. “It will bring about a massive improvement and reduce delays and waiting time for vessels outside the port.”

Passoni said congestion remained a major concern for the lines, not only in South Africa but around the world. “The issues we are seeing at the North American ports far outweigh the situation we have in South Africa at the moment.

The shortage of equipment along with the growth of import volumes into the States has resulted in a backlog of cargo sitting in the ports that is a major industry challenge.”

Passoni said in South Africa it was important that port stakeholders continued to put challenges on the government to invest in its ports. “We cannot wait much longer and not invest in the very infrastructure that drives the economy of South Africa. Even if a decision is made to purchase equipment today it will still take 18 months before it is commissioned.”

Lubabalo Mtya, a Southern Africa area’s managing director who at Maersk, concurred, saying the importance of ongoing investment in the country’s ports was a serious matter from a competitive point of view. “We are a small part of global trade. Why do containers need to come here instead of somewhere else in the world? We need to drive more collaboration as a country and a region to improve our efficiencies in our ports and become more competitive.”

Spirit again delays voted on Frontier deal to continue deal talks with budget airline and JetBlue

By Leslie Josephs

Spirit Airlines is delaying a shareholder vote set for Friday again on its deal to merge with Frontier Airlines, a win for competing suitor JetBlue Airways, which wants to buy Spirit outright.

It is the third time Spirit has postponed the vote, which was originally scheduled for June 10. It was later pushed to June 28, but Spirit had delayed it until July 8 last week, a day before the vote.

Spirit said Thursday it would now hold the vote on July 15 so it could continue deal talks with both airlines.

The delays bode well for JetBlue Airways, which swooped in with a $3.6 billion all-cash offer to buy Spirit in April.

Two months earlier, Frontier and Spirit announced a $2.9 billion cash-and-stock deal to combine into a discount behemoth.

"We are encouraged by our discussions with Spirit and are hopeful they now recognize that Spirit shareholders have indicated their clear, overwhelming preference for an agreement with JetBlue," JetBlue's CEO Robin Hayes said in a statement after the latest delay.

Spirit's board repeatedly rejected JetBlue's offers, including sweetened proposals, arguing it didn't think regulators would sign off on the deal. JetBlue said both deals would face regulatory scrutiny, and Hayes said that Spirit's board didn't give JetBlue's offers full consideration.

It wasn't clear if Spirit would have the shareholder support it needed to get the Frontier deal passed ahead of the last scheduled meeting, according to a person familiar with the matter.

Frontier, which also sweetened its offer for Spirit, nearly doubling the cash portion to $4.13 a share, didn't immediately comment on the latest vote delay.

Spirit shares were up 2% in afterhours trading, while Frontier shares were down less than 1%. JetBlue was little changed.

Hong Kong extends linear shipping block exemption

By Marcus Hand

Hong Kong's Competition Commission has renewed a block exemption for vessel sharing agreements (VSAs) between liner shipping companies for another four years.

The Competition Commission said that the terms of the block exemption set out in 2017 would now remain in place until 8 August 2026.

The original order had been due to expire on 8 August this year and over the last year the commission has conducted review of the block exemption.

"The Commission has come to the conclusion that the relevant activities of the VSAs continue to meet the requirements of the efficiency exclusion," the Commission said.

While the original order lasted for five years an extension has only been granted for four years.

"This is in light of the continuing impact of the Covid-19 pandemic on the prevailing market conditions which warrants a review of the Order within a shorter time frame," the Commission said.

Record rises in container freight rates and delays to shipments have placed the liner shipping industry under scrutiny with accusations from shippers of excess profiteering and monopolistic actions by the sector.

The Hong Kong Competition Commission will commence its next review of the order in three-year time.

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