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ILA-USMX talks: Look past the sound and fury

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Joseph Bonney, Senior Editor | Dec 07, 2017 5:33PM EST

For shippers fretting about the halt in negotiations on an International Longshoremen's Association (ILA) contract extension for US East and Gulf coast ports, here is some advice: do not let it ruin your holiday.

At first glance, the news seems ominous. The ILA and United States Maritime Association (USMX) broke off talks after hitting a snag on automation issues, and ILA president Harold Daggett warned that the union was prepared to avoid further bargaining until the current contract expires next Sept. 30.

A closer look, however, suggests less cause for alarm. Several union and management officials dismissed this week's developments as part of the normal give-and-take of bargaining, and told JOC.com they are still optimistic they will reach a long-term contract without a work stoppage.

They rated odds on the negotiations remaining in limbo until September about even with chances of a white Christmas in Hollywood, Florida, where this week's bargaining sessions were held.

They are optimistic because, for one thing, participants did not expect this week's meetings, the first formal negotiating sessions the ILA and USMX have held, to produce a tentative agreement. And it was unrealistic to expect that negotiations would not have a glitch or two along the way.

Also, the current contract does not expire for another 10 months — and three months still remain until the JOC's TPM conference on March 4 to 7, when officials would like to be able to tout an extension to shippers who are starting their annual rate-and-service negotiations with trans-Pacific carriers.

Yet another reason for optimism is this round of ILA-USMX bargaining on a contract extension reportedly is limited to a handful of issues, which makes for simpler bargaining than a full-scale contract negotiation. And although it is unclear when talks will resume on the coastwide master contract, Daggett has directed union officials to continue bargaining on supplemental local contracts.

Talks on a coastwide extension were suspended after Daggett objected to USMX's proposed definition of fully automated terminals, which the ILA hopes to keep out of East and Gulf coast ports. He said the USMX proposal would allow semi-automated terminals, which the ILA has grudgingly accepted in the ports of Virginia and New York-New Jersey, to operate like fully automated terminals.

But even this issue is not seen as an insurmountable obstacle. The contract proposal's disputed language on automation is brief and could be revised through negotiation, and a bit of wordsmithing, into something that both sides can accept.

More surprises may lie ahead, but the biggest reason for optimism about an ILA-USMX contract extension may be that both sides truly seem committed to getting it done. East and Gulf coast ports are posting record volumes, which translates into higher container royalty payments for ILA dockworkers, and have gained market share at the West Coast's expense.

Completing an extension, and doing it soon, would continue those trends — and both sides appear to recognize this.

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