

INTERNATIONAL LONGSHORE & WAREHOUSE UNION



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November 16, 2021

VIA EMAIL AND MAIL

Mr. James C. McKenna
President and CEO
Pacific Maritime Association
555 Market Street, Third Floor
San Francisco, CA 94105

Re: PMA's November 16, 2021 Request for an Extension to the 2019 Contract Extension

Mr. McKenna:

The shipping industry is currently making record profits. Here are some of the recent headlines:

- **June 24, 2020: JOC - Container shipping on track for \$9 billion annual profit**
- **August 3, 2020: JOC - ONE reports \$167 million profit; sees volumes recovering**
- **August 11, 2020: JOC - Trans-Pacific GRIs pushing spot rates above \$3,500 per TEU**
- **August 20, 2020: JOC - UP levying \$3,500 surcharge on small shippers out of LA**
- **October 23, 2020: Forbes - Global Shipping's Coronavirus Bounce Sees \$23 Billion Increase in Market Value**
- **January 18, 2021: gCaptain - OOCL profits are surfing the wave of soaring rates and demand**
- **March 12, 2021: JOC - CMA CGM cuts debt, posts \$1.75 billion 2020 profit**
- **March 26, 2021: Shipping Watch - OOCL eras close to USD 1 billion in record year**
- **May 5, 2021: WSJ - Maersk Posts Record Profit, Steps Up Buyback Program**
- **June 10, 2021: Xinde Marine News - Yang Ming's monthly profit surged 50 times to new high**

- **June 10, 2021: Taipei Times - Evergreen's net profit jumps on rising freight rates**
- **June 21, 2021: Recycling Today - Analysis: Shipping line profitability raises eyebrows**
- **July 6, 2021: Port Technology - Carrier profits to surpass \$100 billion in 2021**
- **July 7, 2021: Financial Times - MSC poised to overtake Maersk as biggest shipping group**
- **July 29, 2021: JOC - UP raises California surcharges to \$5,000 for second straight year**
- **July 30, 2021: Freight Waves - ONE giant leap - 1,432% profit gain**
- **August 2, 2021: JOC - ONE rides 'strained' market to \$2.5 billion fiscal Q1 net profit**
- **August 2, 2021: JOC - Maersk boosts 2021 profit outlook by about \$5 billion**
- **August 2, 2021: Seatrade Maritime News - Hapag-Lloyd expects 2021 profit up to \$11.2 billion on continued supply chain disruption**
- **August 11, 2021: Port Technology - Maersk books \$3.7 billion profit in Q2 earnings update**
- **August 12, 2021: JOC - Rising rates lead Hapag-Lloyd to \$3.3 billion net profit**
- **August 12, 2021: Financial Times - Shipping group Hapag-Lloyd earns more in 6 months than in previous 10 years**
- **August 13, 2021: Korea JoongAng Daily - HMM profit shoots up as freight rates rise**
- **August 13, 2021: Taipei Times - Yang Ming reports Q2 net profit of NT\$34.69 billion**
- **August 16, 2021: Ship Technology - HMM records 98.4% increase in revenue in H1 2021**
- **August 19, 2021: Washington Post - Container Shipping Earnings Now Rival Apple. It's Not a Good Look**
- **August 23, 2021: Seatrade Maritime News - Asian container lines report massive surges in H1 profits**
- **August 30, 2021: Market Watch - COSCO Shipping development's net profit nearly tripled in first half**

- **September 1, 2021: Nikkei Asia - Chinese shipping profits surge across industry on capacity squeeze**
- **September 10, 2021: American Shipper - Container sector is so hot that ships rent for \$200,000 per day**
- **October 7, 2021: JOC - Container shipping profits in 2021-2022 to hit \$300 billion-Drewry**
- **October 11, 2021: Loadstar - OOCL bellwether numbers point to ocean carriers reporting huge Q3 profits**
- **October 12, 2021: Market Watch - The huge demand for shipping from China juiced this company (Matson) profit, and it expects much more**
- **October 12, 2021: Freight Waves - Container shipping's "hockey stick": Liner profits just keep on climbing**
- **October 29, 2021: NBC New - Shipping companies are having a bumper year, racking up profits while they can**
- **November 1, 2021: Business Insider - World's largest shipping co. sees highest profit in 117 years**
- **November 1, 2021: Business Standard - Shipping Corp second quarter profit soars 71% to Rs 243 crore**
- **November 4, 2021: Reuters - Japanese shippers reap quarterly profit bonanza amid supply chain chaos**

In this context of hand over fist profit making, PMA cites current supply chain issues as a basis to seek another extension to the PCL&CA, in addition to the one they received in the prior bargaining cycle.

ILWU dockworkers are moving unprecedented levels of cargo on the docks and have played a vital role in keeping the ports up and running during the COVID-19 health crisis. Specifically, you have stated, "Through this unprecedented pandemic period, the ports' resilience has been due in large part to the daily dedication of thousands of West Coast longshore workers." Yet today, despite our sacrifice during the pandemic, including the loss of lives, you ask us to forgo that which makes ILWU dockworkers safe and our jobs secure for current and future generations. Further, while your members rake in historic profits off the backs of ILWU dockworkers, you cast a shadow over future negotiations based on "a perception among the trade community that negotiations are likely to result in some kind of disruption", you foreshadow "intense scrutiny by the media" and "Government intervention", and you ask us to give up the one thing that takes care of labor – collective bargaining.

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It is especially ironic to ask labor to pass on collective bargaining when there is an historic labor shortage outside of the ports caused precisely because these other workers (for example, truck drivers and workers at distribution centers) do not have the types of wages and working conditions attained through collective bargaining that persuade people to stay and commit their lives to tough, physical labor – the glue of the U.S. economy.

So, while we take you at your word that you are focused on protecting commerce and our economy, we know that you will take us at our word that through collective bargaining we are focused on the same. Thus, we will see you at the bargaining table in the upcoming year, and we are confident that both parties, who have been negotiating contracts together since the 1940s, can handle the task ahead.

Sincerely,



William E. Adams
ILWU International President

Attachment: PMA's November 16, 2021 Request for an
Extension to the 2019 Contract Extension

cc: All Coast Longshore Division Locals

cc/opeiu29/afl-cio

PACIFIC MARITIME ASSOCIATION

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JAMES C. MCKENNA
PRESIDENT AND CEO

November 16, 2021

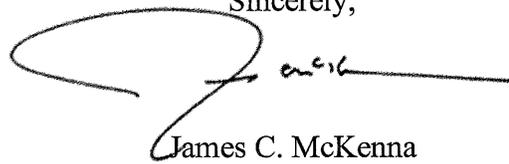
VIA EMAIL and CERTIFIED MAIL

Mr. William E. Adams, International President
International Longshore and Warehouse Union
1188 Franklin Street, 4th Floor
San Francisco, CA 94109

Dear Willie:

As a follow up to my verbal comments at our meeting on October 4, 2021, I am formally requesting a one-year extension to our current collective bargaining agreement, with a new expiration date of July 1, 2023. The ongoing cargo surge which has 80 vessels at anchorage in Southern California is expected to continue for the foreseeable future. Given our bargaining history over the past 20 years, there is already a perception among the trade community that negotiations are likely to result in some kind of disruption. This perception will have a disruptive effect on the supply chain. Any disruption on top of the already fragile supply chain that is seen as being caused by our negotiation will be met with intense scrutiny by the media, shippers, and the public and could very well lead to Government intervention. I believe we should take this necessary step to protect commerce and our economy during this recovery period.

Sincerely,

A handwritten signature in black ink, appearing to read 'James C. McKenna', with a large, stylized initial 'J'.

James C. McKenna
President and CEO