

INTERNATIONAL LONGSHORE & WAREHOUSE UNION



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May 1, 2020

Mary D. Nichols, Chair
California Air Resources Board
1001 I Street
Sacramento, CA 95814

Re: Delay At-Berth Regulations – California’s Economic Recession

Chair Nichols:

On behalf of the International Longshore and Warehouse Union (ILWU), I am writing to request a postponement in the development of the pending At-Berth regulatory package. The California Air Resources Board’s (CARB) Initial Statement of Reasons supporting At-Berth regulations made a number of predictions that are no longer likely because of the COVID-19 pandemic. The ILWU supports improving air quality in the communities where we work and live. However, the current health crisis and resulting economic recession have caused a decrease in work for port workers. The proposed regulations would impose financial burdens on terminal operators and ports that would result in additional job loss. Given the current crisis, and for the reasons detailed below, the proposed At-Berth regulations should be postponed until January 2021 and, at that time, CARB should conduct a new economic analysis on the proposed regulations.

California’s Economic Recession – COVID-19 Pandemic

CARB released its Initial Statement of Reasons on October 15, 2019 when California’s unemployment rate was at a record low (below 4 percent). In December 2019, the State of California added 12,600 non-farming jobs. However, in March 2020, California’s economy came to a halt as the State of California and local governments issued Stay at Home Orders in response to the COVID-19 outbreak. Then, California’s unemployment rate jumped to 5.3 percent and 99,500 non-farming payroll jobs were lost. This is the State’s largest unemployment rate increase on record since 1976. In the last week of March 2020, more than one million Californians filed for unemployment. The number of individuals on unemployment increased in April 2020, many private businesses have permanently closed, and local governments are facing major fiscal deficits.

CARB’s Initial Statement of Reasons for the At-Berth regulations stated, “Staff anticipates an increase in cargo shipping activity in upcoming years...”, and highlighted a report published by Mercator International in 2016 estimating “that cargo activity in the United States will grow 50 percent between 2021 and 2032, as measured in TEUs, with activity at the POLA and POLB projected to grow by 57 percent.”

However, from January 2020 to April 2020, cargo volumes have continued to decrease at California’s ports because of the COVID-19 pandemic. Specifically, ports in California have experienced the following declines:

- The Port of Oakland experienced a 7.4 percent decrease in cargo volume in March 2020 compared to March 2019;
- The Port of Long Beach experienced a 6.4 percent decrease in cargo volume in March 2020 compared to the March 2019; and
- The Port of Los Angeles experienced a 30.9 percent decrease in cargo volume in March 2020 compared to March 2019.

Clearly, a new economic analysis is needed as CARB cannot rely on pre-COVID-19 forecasts.

Roll on, Roll off Vessels and Job Losses

CARB's Initial Statement of Reasons asserts that the regulations "provide job opportunities for emission control equipment manufacturers and installers, as well as engineering and construction companies." However, in addition to not accounting for the COVID-19 health crisis, the Initial Statement of Reasons fails to consider the number of jobs that will be lost as roll on, roll off Vessels go to other ports that do not impose At-Berth regulations. Roll on, roll off vessels can and will take vehicles to ports outside of California, which will eliminate port workers jobs. CARB ignores this economic impact.

Small ports in California generate a large portion of their revenue from the importation of vehicles from overseas manufacturers. In the last two months, these ports have seen a substantial decrease in vehicle imports as California's car dealers' inventory is overstocked and consumers are not making vehicle purchases. The United States is expected to see a 26.6 percent decrease in domestic vehicle sales, which is the lowest volume since 2010. Further, global light-duty vehicle production is expected to drop 21.1 percent due to the COVID-19 virus pandemic this year.

According to CARB's Initial Statement of Reasons for roll on, roll off vessels, "to utilize shore power, every vessel in a fleet would have to be retrofit for shore power to maintain maximum flexibility. Shore power installations would also require significant electrical infrastructure upgrades. Most roll on, roll off terminals resemble parking lots and do not have a large amount of existing electrical equipment." Small ports do not have the economic resources to make such large investment during the current economic crisis. Many of the fiscal assumptions that were used for the initial rule-making need to be revisited and revised based on updated economic analysis and changed conditions across industries due to the COVID-19 pandemic. The At-Berth regulations, at this time, would place a substantial fiscal burden on small ports that are seeing a substantial decrease in the movement of the commodities, such as automobiles, that make them viable.

Port Liability

Ports and port workers contribute to make California one of the top economies in the world. Under the proposed regulations, beginning in 2021, ports and terminal operators will be required to submit plans regarding how terminals will comply with the requirements for ocean-going vessels visiting each berth. However, complying with these requirements for many ports is unattainable as ports do not have billions of dollars to build the infrastructure, especially during an economic

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recession. The regulations propose burdensome requirements and penalties on ports which will deter cargo from coming to the State of California because ports and terminal operators will not be able to comply as current economic resources are limited.

Jobs at ports are middle class jobs that cannot be replaced. These jobs are a key ingredient to the economic wellbeing of the surrounding communities. CARB must take into consideration that the proposed regulations will result in job loss, which will have a devastating impact on families that have worked for generations at the ports and need these jobs now more than ever.

The ILWU looks forward to working with CARB to improve air quality in our communities in harmony with the maintenance and creation of jobs.

Sincerely,



William E. Adams

International President

International Longshore and Warehouse Union