



The IWLA Government Affairs Update

February 20, 2024

Immediate Warehouse Issues

IWLA Alert on Washington Pay Transparency Act

There has been a recent increase in Washington class action cases filed against logistics companies based on Washington's Equal Pay and Opportunities Act. Under that Act, Washington employers must make certain disclosures in job postings. Specifically, each job posting for each job opening must disclose the wage scale or salary range for the position, along with a general description of all of the benefits and compensation that will be offered to the applicant. The Act also provides statutory penalties of up to \$5,000 for violations of the Act. If you are a Washington employer that has questions about the law or needs assistance reviewing or revising your postings to make sure you are complying with the Washington Equal Pay and Opportunities Act, you can contact [Kevin Phillips](#) and [Chip Andrewscavage](#) from Scopelitis. Scopelitis has labor and employment attorneys who are familiar with this law and its implications. They can assist you in revising your postings and procedures to ensure you are in compliance with the Act.

New Jersey Lawmakers Raise Minimum Insurance

The New Jersey Legislature has passed a law requiring heavy trucks to carry a minimum \$1.5 million in liability insurance — double the current federal minimum insurance requirement of \$750,000. Under the new law, the owner or a registered owner of a commercial motor vehicle weighing more than 26,000 pounds will be required to maintain motor vehicle liability insurance coverage of at least \$1.5 million to insure against loss resulting from liability imposed by law for bodily injury, death and property damage. Earlier attempts to pass the law, which goes into effect July 1, were hung up in the Legislature for more than a year before the bill was signed into law by Democratic Gov. Phil Murphy on Jan. 16. The current Federal Motor Carrier Safety Administration standard requiring carriers to maintain a minimum of \$750,000 in liability insurance has been in place since 1985. The law has faced strong opposition from such trade groups as American Trucking Associations, the New Jersey Motor Truck Association, the Truck Renting and Leasing Association, the New Jersey Warehouse and Movers Association, and others. It does not specifically say whether the law is intended to just cover New Jersey-based carriers, or interstate carriers conducting business in the state. [Read More](#)

Red Sea Disruptions May Drive Port Congestion, Inflation

The U.S. economy may be at risk due to the Red Sea disruptions, stakeholders warned regulators during a hearing earlier this month. The House of Representatives' Coast Guard and Maritime Transportation subcommittee recently held a hearing to evaluate the emerging challenges posed by ongoing attacks on commercial shipping along the Red Sea. Shipping experts warned of possible congestion and higher inflation if the situation prolongs. The Red Sea vessel attacks from Houthi rebels have already caused a ripple effect for supply chains. As carriers have rerouted several vessel services, transit times and ocean shipping rates have gone up significantly. In turn, some shippers like Ikea have already reported delays and constraints for certain products. "We saw firsthand during the pandemic what a significant supply chain crisis can do to the global economy, and we must not let it happen again," Rep. Daniel Webster, a Republican from Florida and the committee's chairman, said during his opening remarks. [Read More](#)

Senators Introduce Freight Border Bill

Legislation meant to ensure border security staff remain at commercial ports of entry was recently introduced in the U.S. Senate. The Keeping International Land Ports of Entry Open Act would seek to prohibit the Biden administration from reassigning U.S. Customs and Border Protection personnel processing cargo at ports of entry to attend to migrants on the southern border. The legislation, sponsored by Sen. Ted Cruz (R-Texas), was introduced after the Senate opted not to consider a Republican-led comprehensive immigration bill. According to background information the sponsors provided, the bill includes a “built-in accountability mechanism and requires the Secretary of Homeland Security to notify the House, Senate and the American people what exception applies if he seeks to relocate staff and close a port of entry.” The legislation was referred to a committee of jurisdiction. Its consideration has not been scheduled. Groups endorsing Cruz’s bill include the Association of American Railroads, the National Grain and Feed Association, and American Trucking Associations. [Read More](#)

Coalition Sues CARB Over Emission Report Mandates

California is being sued over its new emission laws mandating that companies there and out of state report their supply chain emissions and mitigation efforts. The legal action was taken by the U.S. Chamber of Commerce, American Farm Bureau Federation, Western Growers Association, and two California business groups. The state government is accused of violating both the First Amendment by forcing a business “to engage in subjective speech” and the federal Clean Air Act, “which pre-empts a state’s ability to regulate emissions in other states — as California seeks to do by mandating reporting on out-of-state emissions.” A 30-page complaint for declaratory and injunctive relief by the groups was filed Jan. 30 in the Los Angeles Western Division of the U.S. District Court for the Central District of California against the California Air Resources Board and its board chair and executive officer. The lawsuit also was joined by California’s Central Valley Business Federation (representing 75 businesses and trade organizations with 400,000 employees) and the Los Angeles County Business Federation (420,000 employers, 5 million employees). [Read More](#)

Warehouse Rents Poised to Keep Climbing After Record 2023

Asking rents for U.S. warehouse and distribution space reached a record-high \$9.72 per square foot in 2023, up 20.6% year over year, according to data released in January from real estate giant Colliers. “More rent increases are forecast while vacancy rates remain historically low, although at a more reasonable pace than the unprecedented [increase] since 2021,” according to Colliers. A surge of new industrial real estate supply entered the market in 2023, helping ease a crunch in warehouse space. However, a dwindling construction pipeline amid higher costs and cooling demand should keep rental rates around their current level, said Stephanie Rodriguez, Colliers’ national director of industrial services. “Construction starts have dropped off significantly,” Rodriguez said in an interview. “That allows the markets to sort of catch up and absorb that space that’s been delivered at the end of 2023 and in the beginning of 2024. There’s really not much coming in behind it.” [Read More](#) [Read Colliers Report](#)

Updated Warehouse Issues

Cargo Diversions to West Coast Have Started, LA Port Director Confirms

Shippers are looking to the West Coast as they steer their supply chains away from Red Sea attacks and drought conditions at the Panama Canal, the Port of Los Angeles confirmed last week. “Recently, as I’ve traveled overseas shippers are beginning to tell me that they’re starting to reroute cargo over to the West Coast of the United States, and avoid these hotspots,” Executive Director Gene Seroka said at a media briefing Wednesday. As shippers continue to raise the alarm over insecure trade along the Red Sea, some have already chosen to redirect cargo to the West Coast before using intermodal options to ship cargo back to the East Coast. Although there has not been a deluge of freight, the port is seeing an uptick in volumes because of the uncertainty and other seasonal factors such as Lunar New Year, Seroka said. Cargo volumes at the Port of Los Angeles rose 18 percent year-over-year to 855,652 total TEUs in January, marking the port’s second busiest January on record, Seroka said. [Read More](#)

The U.S. Bought More Goods from Mexico than China in 2023

Mexican exports to the U.S. in 2023 topped out at \$475.6 billion, beating China, which saw its exports to the U.S. fall by 20 percent year-over-year to \$427.2 billion. New data published February 7 shows that Mexico surpassed China as the U.S.’s top source of imports in 2023 for the first time in 20 years. According to The New York Times, the data also showed that U.S. quarterly imports from China in 2023 were at about the same level they were in 2013. “We are decoupling, and that’s weighing heavily on trade flows,” said Mark Zandi, the chief economist of Moody’s Analytics, discussing the trade relationship between the U.S. and China. Research conducted by Caroline Freund, the dean of

the University of California at San Diego's School of Global Policy and Strategy, demonstrated that trade with China fell for products that have high tariffs, while trade continued to increase for products that do not. Ralph Ossa, chief economist of the World Trade Organization (WTO), said that trade between China and the U.S. was growing at a rate 30 percent slower than trade between those two countries and the rest of the world. [Read More](#) [Read Even More](#)

Shipping Bosses Warn Maritime Security in the Red Sea Getting Worse Not Better

Major shipping companies are warning that the security situation in the Red Sea is continuing to deteriorate, despite efforts by the west to limit attacks by Yemen's Houthi rebels. The bosses of A.P. Moller-Maersk A/S and D/S Norden A/S said on February 8 that they felt the threat level was continuing to escalate in the region. It comes after Japanese shipping giant Mitsui OSK Lines Ltd. said the disruption on the route could last for a year. Swaths of the merchant fleet have been avoiding the waterway since attacks by the Houthis began in mid-November. The area grew even more volatile after the U.S. and U.K. launched airstrikes in the middle of last month, prompting major owners in all sectors to avoid the region. The shipping companies' perceptions of risk matter because they are what will dictate when vessels return to the region. All of the owners said they will continue to re-route their ships until it is safe to travel in the Red Sea. [Read More](#)

Union Pacific's New Phoenix Intermodal Terminal is Officially Open for Business

Following its late November announcement, in which it rolled out plans to open up a Phoenix-based intermodal terminal, which will provide shippers with service between ocean ports in the Los Angeles basin and the Southwest, Omaha, Neb.-based Class I railroad carrier Union Pacific (UP) said earlier this month said that the new terminal officially opened up on February 1. Company officials said that this new Phoenix Intermodal Terminal offers up what the company called a "first of its kind intermodal service" between the Los Angeles basin and Phoenix, sourcing international shipping containers from the Ports of Los Angeles and Long Beach and also Union Pacific's ICTF Intermodal Terminal. UP added that this service provides a sustainable and efficient railroad option, which reduces emissions and removes trucks from congested highways in California and Arizona, noting that moving freight by train rather than trucks cuts down on greenhouse gas emissions by up to 75 percent. [Read More](#)

Georgia Breaks Export Record with Almost \$50B in Trade in 2023

For the third consecutive year, exports from the state of Georgia hit an all-time high, reaching \$49.7 billion in 2023, according to the state's Department of Economic Development. The previous record for exports was \$47 billion set in 2022. Top exports included civilian aircrafts (\$8.2 billion), motor vehicles (\$3.1 billion), turbojets (\$2.3 billion), poultry (\$1.5 billion) and chemical woodpulp (\$1.3 billion). "For the third year in a row, Georgia has broken every record when it comes to exports, bringing billions of dollars to communities all across the state," Gov. Brian Kemp said in a news release. "With an estimated 87 percent of those exports coming from small businesses, these numbers are further evidence of just how Georgia means opportunity for all. International trade touches every county in the state, supporting jobs in logistics, manufacturing, agriculture and more." During 2023, the state's top export markets were Canada (\$7.6 billion), Mexico (\$4.8 billion), China (\$3.9 billion), Germany (\$2.6 billion) and Singapore (\$2.2 billion). Georgia ranked seventh in the U.S. for dollar value of trade in 2023, facilitating more than \$186 billion. Georgia ranked 12th in the country for dollar value of exports. [Read More](#) [Read Governor's Press Release](#)

Water Level Projections Threaten Future Panama Canal Transits

Dry season in Panama is in full swing, and the impacts to trade through the Panama Canal will remain challenged in the months to come. The situation in the canal, after a wetter-than-expected November, wasn't as dire as many believed, allowing the number of daily transits to increase in January. The Panama Canal forecast 24 daily transits in January, up from 20 previously expected for January and 18 previously expected for February. Throughout fiscal year 2023, 12,638 vessels traversed the canal, a daily average of 34 oceangoing vessels moving through the canal. In the first four months of the canal's fiscal year 2024, there were 3,233 transits across all vessel types, with the vast majority being Panamax vessels. The run rate for fiscal year 2024 of vessels through the canal is 9,700, 23 percent lower than the 2023 fiscal year throughput. The water levels within the Panama Canal are largely to blame, but any hope for a significant rebound in water levels to boost throughput will likely be met with a harsh reality over the next few months. [Read More](#)

Questions? Contact [Bruce Linderman](#) or call 847.813.4698

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The IWLA 3PL Matters Update is designed to inform you on legislative and regulatory issues that directly impact and affect your warehouse and how you conduct business. The 3PL Matters Update is disseminated every three weeks and provides a look at recent developments and activities from the prior three weeks, as well as a look at what to expect in the upcoming weeks.
