



## **The IWLA Government Affairs Update**

**August 20, 2024**

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### **Immediate Warehouse Issues**

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#### **Canada Rail Strike, Lockouts Slated to Start Thursday**

A work stoppage at Canada's major rail carriers could happen Thursday unless nearly 10,000 union workers get a new labor deal before then. The Teamsters Canada Rail Conference served a strike notice Sunday to Canadian Pacific Kansas City, stating its estimated 3,300 union-represented workers employed by the railroad will withdraw services effective 12:01 a.m. ET Thursday unless they receive a new contract. In response, CPKC said it would lock out all union employees beginning Thursday. Canadian National Railway followed suit Sunday, informing the union of its intent to lock out the roughly 6,000 represented workers employed by railroad on Thursday unless the parties agreed on a new labor deal or the union agreed to binding arbitration. While talks between the Teamsters and the two rail carriers have been ongoing since the last contract expired at the end of last year, a deal has yet to be reached. A work stoppage at Canada's main rail carriers would have widespread implications to supply chains, according to logistics experts. Over 900,000 metric tons of goods move daily on Canada's railways, according to the Railway Association of Canada. The threat of service disruption due to a work stoppage led CPKC and Canadian National to begin shipping embargoes last week to avoid leaving critical freight unattended. Executives from both rail carriers have reported shippers diverting freight to other transportation modes, including trucking, in anticipation of a work stoppage. [Read More](#) [Read Even More](#)

#### **ILA Sets Date to Prep for Potential East Coast, Gulf Port Strike**

The International Longshoremen's Association (ILA) is planning to meet in September to look over its final contract demands and, if necessary, prepare its members for a potential strike at Atlantic and Gulf Coast ports. According to a release from the union on August 5, the ILA will conduct a two-day "marathon" session spanning September 4-5 in New Jersey, where it will present its proposed contract terms to its wage scale committee. ILA chief negotiator Harold Daggett said that the meeting will also give the union a chance to strategize for a potential strike if an agreement isn't reached by the time the union's contract expires on September 30. Talks between the ILA and the U.S. Maritime Alliance (USMX) were halted in June, after the union discovered that an autonomous system was being used to process trucks at Alabama's Port of Mobile, among other shipping hubs. The ILA claimed that the use of an "auto-gate" system violated the union's existing deal with the USMX, and vowed to not pick up labor talks again until the issue is resolved. The union has not returned to the bargaining table since. The ILA has also sent notices to its employer groups that it will not offer an extension to its expiring labor deal, keeping September 30 as the cutoff date for an agreement. If a deal isn't reached by then, East and Gulf Coast port workers will go on strike on October 1. [Read More](#)

#### **Inflation Slows to Three-Year Low, Clearing Way for Fed Rate Cut**

The consumer price index rose last month at just a 2.9% annual rate, slowing to a three-year low and fueling expectations that the Federal Reserve will trim the main interest rate next month by at least a quarter percentage point. Compared with June, energy prices were unchanged and prices for apparel and used vehicles fell 0.4% and 2.3%, respectively, the Labor Department said Wednesday. The declines blunted a 0.4% gain in shelter costs, which accounted for nearly 90 percent of the monthly increase in CPI. "We see the signal from this report as reinforcing the Fed's bias to cut, and we continue to expect that cut to come in September," Bank of America economists said in a report. They predict policymakers will reduce the federal funds rate by a quarter-point in both September and

December. “It would take quite a bit of evidence that the U.S. economy is reheating for an interest rate cut in September to come under doubt,” Matt Colyar, an economist with Moody’s Analytics, said in an email. [Read More](#)  
[Read Press Release](#)

## **California Enacts New Rules Protecting Indoor Workers from Extreme Heat**

New regulations protecting indoor workers from extreme indoor heat have taken effect in California. The rules went into place on July 24, and cover the majority of indoor workplaces in the state, ranging from warehouses and manufacturing facilities to restaurants and refineries. Moving forward, when temperatures reach 82 degrees Fahrenheit, employers in California have to institute a series of protections to keep workers safe from heat-related illnesses. That includes access to potable water, rest periods, designated cooldown areas, and additional training on working in warm conditions. When temperatures hit 87 degrees, employers must actively cool down work areas, implement work/rest schedules, and provide personal heat protection equipment. California is now one of three states that have heat protections in place for indoor facilities, joining Oregon and Minnesota. The new rules cover roughly 1.4 million workers in the state, but exclude correctional facilities, which will be covered in separate standalone regulations sometime in the coming months. [Read More](#) [Read Press Release](#)

## **Vancouver Port Acts Ahead of Possible Stoppage**

While contract negotiations to avert a possible Canadian rail shutdown were continuing, the busiest import container gateway was implementing measures to sustain cargo flows in the event of a work stoppage. “We are concerned about the prospect of further labor disruptions impacting port and supply chain operations,” the Vancouver Fraser Port Authority said in a statement Monday. “The impact to the Port of Vancouver will be significant, with approximately two-thirds of all cargo volumes at the port moved by rail, including 90 percent of international exports.” Vancouver accounts for one-third of all Canadian merchandise trade by value outside of North America. “We have taken proactive measures to manage vessel arrivals and anchorage assignments to maintain port fluidity, ensure the safe movement of vessels and manage anchorage capacity for terminals not affected by strike activity,” the authority said. Ships en route to Vancouver are being instructed to adjust their arrival times by slowing down to prevent further congestion. “We expect disruptions to the movement of containers, grain, potash, coal and other cargo transported to and from port terminals by rail,” the port added. [Read More](#)

## **Senate Greenlights Its Version of Water Infrastructure Act**

In a show of bipartisanship, senators voted to inject billions into the nation’s ports, dams and canals, passing a sweeping water infrastructure bill. On Aug. 1, the Democratic-led chamber easily approved its version of the biennial Water Resources Development Act 2024. Bill sponsors said they will meet with House counterparts after the August recess to negotiate a final version. Congressional transportation policymakers expressed interest in clearing the bill for the president’s signature before 2025. The House passed its version July 22 by a vote of 359 to 13. The Senate bill would authorize 83 feasibility studies and 13 new or modified construction projects. It would direct the Army Corps to finalize existing congressionally approved projects while requiring Government Accountability Office studies on the measure’s implementation. Projects on the bill’s radar pertain primarily to ports, dams, waterways, canals, and locks. [Read More](#)

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## **Updated Warehouse Issues**

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### **DOT Safety Plan Promotes Wireless Communications on Roadways**

The U.S. Department of Transportation released a national plan to promote the advancement of a developing technology enabling vehicles and road infrastructure to communicate with each other to improve safety, while acknowledging challenges. Contrasting roadway safety benefits with grief from families who lost loved ones in traffic accidents, several top federal transportation officials joined Aug. 16 at DOT headquarters to unveil a road map for the nascent technology called “Saving Lives with Connectivity: A Plan to Accelerate V2X Deployment.”

Transportation Secretary Pete Buttigieg, in an earlier-released prepared statement, said a milestone was reached by issuing the national plan to save lives, transform travel and “move us closer to nationwide adoption of this technology.” In June, the Federal Highway Administration granted \$60 million for V2X (vehicle-to-everything) to promote adoption of connected and interoperable vehicle technologies in model programs in Arizona, Texas, and Utah. The federal V2X plan seeks National Highway System deployment on 20 percent of the NHS from 2024 to 2028, on 50 percent of the system from 2029 to 2031, and full deployment no later than 2036. [Read More](#)

## **Trucking Industry Relieved as Tax Commission Rejects Shift in State Taxation**

An effort to shift how freight is valued for tax purposes as it travels through multiple states appears to be dead. The Multistate Tax Commission (MTC) rejected an effort at its mid-July meeting to continue the work of a committee that would study greater adoption of the “pick up and deliver” rule. That would be a shift from the existing “mileage rule.” Under pick up and deliver, the allocation to states of tax payments generated by movement of freight would be based on where freight is picked up and dropped off. That would be a change from the mileage rule, under which the allocation is based on the miles incurred in the transit of the freight from its origin to a destination. The pick up and deliver rule would favor more populous states at the expense of states that may be geographically large – generating a higher number of transited miles – but not as heavily populated. It was reported that that a push to have the work group continue studying the rule switch failed before the MTC’s Uniformity Committee. That body focuses on having states adopt uniform taxation of cross-border transactions. [Read More](#) [Read Even More](#)

## **\$44M Expansion Begins at Pharr International Bridge**

The city of Pharr, Texas, recently kicked off construction on a project to build a second bridge span on the U.S. side of the Pharr-Reynosa International Bridge. The expansion project is a joint U.S.-Mexico venture. The project will connect with another 1.5-mile portion of the bridge that Mexico has been working on for over a year. In conjunction with the existing bridge at Pharr, the second bridge will create the Rio Grande Valley’s largest international cargo crossing with Mexico once completed. The project costs about \$44 million and is being funded by Pharr in collaboration with the U.S. General Services Administration and U.S. Customs and Border Protection. The project will add two more cargo truck lanes to the bridge, as well as two additional inspection booths. The expansion will feature two crossovers, enhanced lighting and electronic signage, aimed at improving traffic flow, reducing wait times, and enhancing safety. [Read More](#)

## **Report Finds US Container Imports Could Approach Monthly Record**

The threat of a strike by longshore workers at U.S. ports could swell import container traffic to “a near-record surge” as shippers look to get holiday goods ashore in August. Fresh off June’s early peak shipping season for end-of-year holiday merchandise, the latest Global Port Tracker indicates container traffic approaching record monthly levels as retailers bring in merchandise ahead of a potential job action at East Coast and Gulf Coast ports this fall, according to the report by the National Retail Federation and Hackett Associates. The June early peak came in the face of ongoing supply chain disruptions caused by attacks on commercial vessels in the Red Sea by Yemen-based Houthi rebels, with longer sailing times for diverted vessels, as well as equipment shortages and congestion at Asian ports, and higher shipping costs. “Importers are continuing to grow their inventories and are shifting cargo to the West Coast as a precaution against potential labor disruptions,” Hackett Associates founder Ben Hackett said. “We calculate that the shift has pushed the West Coast share of cargo we track to above 50 percent for the first time in over three years.” [Read More](#)

## **Port of Oakland Awarded \$3M to Enhance Data Collection**

The Port of Oakland received \$3 million in funding from the California Containerized Ports Interoperability Grant Program in July. The port will use funds from the grant program for two separate projects aimed at enhancing its existing Freight Intelligent Transportation System (FITS). The system provides real-time traffic, terminal vessel and other data for shippers, ocean carriers, freight forwarders, trucking companies, warehouse companies, and port authorities, according to the Port of Oakland. The first project will focus on upgrading FITS features with new data sets and processes to distribute port-related information. The second project will create a unified marine terminal appointment system that works in union with FITS. The port expects the new features to increase appointment intake, improve appointment distribution, decrease missed appointments, accelerate the velocity and movement of goods, and enhance drayage efficiency. The Port of Oakland is one of several ports, such as the Port of Los Angeles and the Port of Long Beach, to receive funding that will support better data sharing and integration for improved operations and cargo flow. [Read More](#)

## **Court Decision Impacting Illinois Could Snare Any Carrier Crossing the State**

A federal court decision involving an Illinois trucking company and that state’s employment law could bring about a “slew” of lawsuits against any carriers that operate in the Land of Lincoln, a trucking-focused law firm warns. The decision last week by Judge Manish Shah in U.S. District Court for the Northern District of Illinois looked to the B prong of the ABC test that determines whether a worker is an employee or an independent contractor. While the test

is most closely associated with California's AB5 independent contractor law, it is also part of Illinois' Wage and Payment Collection Act. In a note to clients, Scopelitis law firm said the finding in the case that there is no minimum number of miles that must be driven in Illinois to bring a carrier under the state's Wage Act could have impact well beyond what is typical when a federal court rules on the provisions of one state's law. The firm said that an earlier decision on the subject "did not ... establish a minimum threshold for coverage" under the Wage Act - and that could be a problem, according to Scopelitis. Any trucking company that operates in Illinois, even if it isn't based in the state and drives only a small number of miles there, could find itself subject to the provisions of the act, the firm said in its note. [Read More](#)

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

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