



## **The IWLA Government Affairs Update**

**September 10, 2024**

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### **Immediate Warehouse Issues**

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#### **U.S. East, Gulf Coast Dockworkers Inch Closer to October Strike**

Union representatives with the International Longshoremen's Association (ILA) unanimously supported calls for a strike if a new collective bargaining agreement isn't reached with the U.S. Maritime Alliance (USMX) by September 30. The ILA's wage scale committee finished two days of meetings in New Jersey on September 5, where it finalized its contract demands and voiced its support for a strike if those demands aren't met by the time the union's current deal expires. According to *The Wall Street Journal*, the ILA is pushing for a 77 percent wage increase over the next six years, which would outpace the 32 percent wage bump that West Coast longshoremen agreed to in 2023. In a release sent out on September 5, the USMX asserted that its current offer includes "industry-leading wage increases," as well as formal language that bans the use of automation at ports without both sides agreeing to terms on workforce protections. Automation has been a sticking point for dockworkers throughout negotiations, with the ILA leaving the bargaining table in June after discovering that an automated system was being used to process trucks at several ports. The union has refused to restart negotiations until the USMX resolves the issue, and despite both the USMX and ILA filing for federal mediation in August, no talks are scheduled between the parties in the weeks leading up to the September 30 deadline for a new deal. [Read More](#) [Read Even More](#)

#### **Canada Rail Union Challenges Order That Ended Work Stoppage**

The union representing thousands of Canada's rail workers has filed an appeal against a government order that had forced them to return to work. Canadian National Railway (CN) and Canadian Pacific Kansas City (CPKC) locked out workers on August 22, following months of failed attempts to reach a new collective bargaining deal with Teamsters Canada Rail Conference (TCRC). A day later, Canada's labor board imposed binding arbitration on the railways and union, requiring the work stoppage to end as soon as possible while the two sides continue negotiating. Now, the TCRC is challenging that decision from the labor board, claiming that it interferes with the union's ability to collectively bargain. According to Bloomberg, train movements at both railways are nearly back to normal following the brief lockout. CN employees went back to work on August 23, while CPKC's returned on August 26. In a written statement, CN said that it expects the full recovery process to take "several weeks," while CPKC said that it's "making progress." Union workers will remain on the job while the TCRC's appeal works its way through federal courts in Canada. [Read More](#) [Read Even More](#)

#### **Federal Court Shoots Down STB's Streamlined Rate Dispute Resolution Process**

A federal appeals court on Aug. 20 tossed out the Surface Transportation Board's streamlined process for resolving rate disputes between shippers and railroads, saying the 2022 Final Offer Rate Review rule exceeded the board's authority. Union Pacific and the Association of American Railroads had challenged the Final Offer Rate Review process. The U.S. Court of Appeals for the 8th Circuit agreed with the railroads that Final Offer Rate Review exceeds the STB's authority because the board would pick rates either proposed by the shipper or the railroad involved, rather than perform any economic analysis of its own. In a 3-2 decision split along party lines, the STB in December 2022 adopted a pair of streamlined rules designed to make it easier for shippers and railroads to settle disputes in smaller rate cases. Republican members Patrick Fuchs and Michelle Schultz dissented. [Read More](#)

## Canada Follows US, Imposes 100% Tariff on Chinese-Made Electric Vehicles

Canada is launching a 100 percent tariff on imports of Chinese-made electric vehicles effective Oct. 1, citing unfair trade practices that it says threaten the global EV market. The country will also put a 25 percent tariff on imports of steel and aluminum made in China, effective Oct. 15. “The measures are an important step towards ensuring Canadian workers and businesses can compete fairly. Global trade rules are not always adequate to protect against the type of non-market behavior we have witnessed from China in this sector,” Mary Ng, Canada’s trade minister, said in a news release. The tariffs include hybrid vehicles, as well as trucks and buses produced in China. The tariffs announced by Canada on Monday follow the Biden administration’s announcement in May of a 100 percent tariff on Chinese EVs. In July, the Biden administration also imposed a 25 percent tax on foreign-made steel imports routed through Mexico. The measure is aimed at curbing imports of metals from China and other countries that ship products through Mexico to circumvent tariffs, officials said. Canadian officials will also launch a review on other industries critical to the country, such as batteries, semiconductors, and solar products. [Read More](#) [Read News Release](#)

## California’s AB 98 Sets Distance Rules for New Warehouses

New large warehouses would have to be several hundred feet or more from homes, schools, and other sensitive land uses if a late-hour bill approved by California’s Legislature becomes law. AB 98 passed the Assembly 47-16 and the state Senate 22-16 on Aug. 31, hours before the legislative deadline. Gov. Gavin Newsom has until Sept. 30 to sign the bill, which would take effect Jan. 1 if approved. Sponsored by Assemblymembers Eloise Gómez Reyes, D-Colton, and Juan Carrillo, D-Palmdale, AB 98 addresses long-standing complaints about air pollution, truck traffic, noise, and other issues associated with large warehouses located near residential areas. AB 98 would require new warehouses to be built on roads primarily used for commercial traffic, with some exceptions. It would also mandate 300-foot setbacks between sensitive areas and loading bays for warehouses in industrial zones, and 500-foot setbacks in non-industrial or rezoned areas, as well as landscaping and screening requirements. Depending on their size, new warehouses would have to use zero-emission technology, meet energy efficiency standards, and prohibit truck idling. AB 98 faced strong opposition from business groups concerned about job losses in the logistics industry, a major Inland Empire employer. Environmental justice advocates also criticized the bill, arguing it didn’t go far enough. [Read More](#)

## FTC Ban on Worker Noncompete Agreements Blocked by Federal Judge

A sweeping federal ban on noncompete agreements — which was set to take effect for tens of millions of Americans nationwide on Sept. 4 — is now permanently on hold. In a ruling on Aug. 20, a federal judge in Texas upheld a challenge to the FTC’s rule banning noncompetes, saying the government agency lacks the authority to put the ban in place. An estimated 30 million Americans — 1 out of every 5 workers — are employed with noncompete agreements in industries ranging from tech to fast food. The FTC argues the agreements stifle workers’ ability to switch jobs and earn higher wages. The FTC rule would have meant that anyone applying for a new job could not be forced to sign a noncompete. For workers with existing agreements, noncompetes would no longer be enforceable. The decision from U.S. District Judge Ada Brown means those changes are effectively blocked. [Read More](#) [Read Even More](#)

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## Updated Warehouse Issues

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## US Labor Cooldown May Have Started Earlier Than Thought

U.S. job growth in 2024 through March was likely far less robust than initially estimated, which risks fueling concerns that the Federal Reserve is falling further behind the curve to lower interest rates. Goldman Sachs Group and Wells Fargo & Co. economists expect the government’s preliminary benchmark revisions on Aug. 21 to show payroll growth in the year through March was at least 600,000 weaker than currently estimated — about 50,000 a month. There are a number of caveats in the preliminary figure, but a downward revision to employment of more than 501,000 would be the largest in 15 years, and suggest the labor market has been cooling for longer — and perhaps more so — than originally thought. The final numbers are due early in 2025. Such figures also have the potential of shaping the tone of Fed Chair Jerome Powell’s speech Aug. 23 in Jackson Hole, Wyo. Investors are trying to gain insight as to when and how much the central bank will start lowering interest rates as inflation and the job market cool. [Read More](#)

## **LA Port Terminal Getting \$52 Million for On-Dock Rail**

The Los Angeles Harbor Commission on Thursday said it has approved a lease amendment that finalizes plans for \$52 million to improve the on-dock rail capacity at the Port of Los Angeles Pier 300, the second-largest terminal there. Construction is expected to begin in 2025, the port said in a release, and will add five loading/unloading tracks in the intermodal yard, increasing on-dock railyard capacity and enabling more cargo to be loaded directly onto trains via the on-dock railyard within the terminal. Pier 300 is the latest in a series of rail improvement projects aimed at ensuring the Los Angeles-Long Beach port complex remains the top gateway for U.S.-bound containerized imports. In July the port completed a \$73 million on-dock expansion at LA's Pier 400, and Long Beach broke ground on a \$1.56 billion upgrade that will triple its on-dock TEU capacity and more than double the number of daily double-stack train departures. Grant funding for the project includes approximately \$18 million from the U.S. Department of Transportation Maritime Administration and \$19 million from California's Trade Corridor Enhancement Program. The port will provide the balance of the funding. [Read More](#)

## **NRF: U.S. On the Cusp of Nailing a "Soft Landing" in Inflation Fight**

With the economy slowing but still growing, and inflation down as the Federal Reserve prepares to lower interest rates, the United States appears to have dodged a recession, according to the National Retail Federation (NRF). "The U.S. economy is clearly not in a recession nor is it likely to head into a recession in the home stretch of 2024," NRF Chief Economist Jack Kleinhenz said in a release. "Instead, it appears that the economy is on the cusp of nailing a long-awaited soft landing with a simultaneous cooling of growth and inflation." Despite an "eventful August" with initial reports of rising unemployment and a slowdown in manufacturing, more recent data has "calmed fears of a deteriorating U.S. economy," Kleinhenz said. "Concerns are now focused on the direction of the labor market and the possibility of a job market slowdown, but a recession is far less likely." That analysis is based on data in the NRF's Monthly Economic Review, which said annualized gross domestic product growth for the second quarter has been revised upward to 3 percent from the original report of 2.8 percent. And consumer spending, the largest component of GDP, was revised up to 2.9 percent growth for the quarter from 2.3 percent. [Read More](#) [Read Press Release](#)

## **California Issues Draft Framework for Autonomous Heavy Trucks**

California unveiled on Aug. 30 a draft framework proposal that will be used to inform standards for operating heavy-duty autonomous trucks weighing 10,001 pounds or more. The draft language, issued by the state's Department of Motor Vehicles (DMV), follows several meetings held jointly last year with the California Highway Patrol to get public feedback on safety, economic, and workforce implications associated with autonomous trucks. "It's time to take the next step and continue to responsibly advance technology that has the potential to not only enhance safe and sustainable transportation options but also to create new jobs and opportunities for workers within the evolving transportation sector," said California Transportation Secretary Toks Omishakin, in announcing the draft language. The framework would allow autonomous trucks to operate on roads with speed limits of 50 mph or more and on frontage access roads – "essentially allowing for long-haul deliveries along hub-to-hub routes and in less complex operational areas," according to a proposal summary. The framework envisions a phased two-step permit process. Manufacturers would be required to initially hold a permit to test with a safety driver in the vehicle and apply in separate subsequent phases for driverless testing permit and a deployment permit. [Read More](#) [Read Full Proposal Summary](#)

## **Cargo Thefts in North America Jump 49% in First Half of 2024**

Cargo thefts at freight hubs in major cities across North America increased 49 percent year-over-year in the first half of 2024. According to data released by cargo security company Overhaul on August 22, 45 percent of cargo thefts were in California, the largest share of any state. Roughly 36 percent of those thefts took place in what Overhaul calls the "Southern California Red Zone," encompassing a 200-mile radius centered on the Ports of Los Angeles and Long Beach. That red zone also experienced as many cargo thefts in the first six months of the year as Texas, Tennessee, Illinois, Georgia, and Arizona combined. "This report should be a wake-up call," Overhaul CEO and founder Barry Conlon said. "Criminals are not only more organized, but they're also tracking loads as they leave warehouses and distribution centers known to store valuable products, waiting to strike when vehicles are left vulnerable." The Southern California Red Zone has become a hotspot due in large part to its status as the West Coast's largest shipping hub, as well as the presence of large distribution centers across the region. Thieves will typically monitor a warehouse or distribution center in the area, wait for a shipment to leave the facility, and then follow that shipment until it stops and is left unattended. After that, they'll break into the vehicle, take its cargo, and load as much of it as they can into a nearby van or truck. Police data gathered by Overhaul showed that thieves will often follow shipments for more than 200 miles, and wait for drivers to stop for breaks mandated by the Department of Transportation. [Read More](#) [Read Even More](#)

## Foreign Direct Investment Hits Record \$31B in Mexico in First Half of 2024

Mexico registered a record \$31 billion in foreign direct investment (FDI) in the first half of 2024, a 7 percent year-over-year increase, according to Mexico's Ministry of Economy. About \$30 billion came from companies with an existing facility in Mexico, while new investments totaled more than \$900 million. "For the second consecutive year, we highlight the unprecedented amount of reinvestment of profits by companies in the country, due to economic stability, the good business environment and the competitive advantages offered, an ideal situation to expand and improve their production processes, becoming companies that attract new investments," the ministry said in a news release. Companies from the United States were Mexico's top investors from January through June, accounting for 44 percent (\$13.7 billion) of FDI. Other top investors in the first half of the year include Germany (\$4.2 billion), Japan (\$3 billion), Canada (\$2.4 billion) and Belgium (\$1.5 billion). [Read More](#)

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

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