

Valley nut, citrus exports halted in port dispute

By Robert
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In this October 2013 file photo, container ships wait to be off-loaded at the Port of Oakland. The West Coast ports that are America's gateway for hundreds of billions of dollars of trade with Asia and beyond are no stranger to labor unrest. A slowdown now by dock workers is causing exports to stack up.

BEN MARGOT — AP

- Labor issues complicate exports of agricultural products
 - A slowdown at the ports on the West Coast has caused a backlog of farm products from the San Joaquin Valley.
 - Valley agriculture processors are worried that if the port problem continues, they will have to slow down production, with layoffs possible.
 - If the slowdown continues for several more weeks, one citrus packer says prices for oranges may fall.
- Ocean transportation's role

The agriculture industry relies heavily on ocean transportation to export products worldwide.

- In 2011, 80% of U.S. agricultural exports (146.5 million metric tons), and 78% of imports (40.7 million metric tons), were shipped, according to the U.S. Census Bureau.
- The top port for moving farm goods was New Orleans. Los Angeles was No. 2, Long Beach No. 9 and Oakland No. 10, according to a report by the U.S. Department of Agriculture.

Nut crops and citrus are among California's hottest exports this time of year. But stalled labor negotiations between West Coast dock workers and terminal operators has put the brakes on overseas shipments, causing warehouses to begin filling up and impatient buyers to cancel contracts.

The labor dispute that is now in its sixth month has created a logjam at the ports, including three of California's busiest for exporting agricultural products: Los Angeles, Oakland and Long Beach. Workers for the International Longshore and Warehouse Union and their employers, Pacific Maritime Alliance, have been unable to reach an agreement on a contract.

Despite the efforts of a federal mediator and pressure from members of Congress and industry groups, the bottleneck continued as of Friday, increasing the anxiety level among importers and exporters.

The slowdown has been especially painful for San Joaquin Valley nut and citrus growers, who have carved out lucrative markets overseas. Almonds are the leading California agricultural export, with growers shipping more than 70% of their crop.

Jim Zion, managing director of Meridian Growers, a Clovis-based seller of nuts and fruit, said the dispute has caused delays of several weeks, prompting angry calls from overseas buyers.

"We have customers screaming for their product," said Zion. "And things are only getting worse."

Because of the delays at the ports, some cargo ships have canceled their contracts and left. Without a ship to deliver the product, shipments have begun clogging warehouses or are being redirected to other ports in the United States unaffected by labor issues.

"The logistics are an absolute nightmare right now," Zion said. "Everyday is a crap shoot. Some days the ships will show up early and some days they won't show up at all."

Zion estimates the slowdown has cost his company \$125,000 in added storage fees and transportation costs. If the situation does not improve, those added costs will rise quickly. Zion is thinking about transporting his cargo by rail to the port in Houston. The company ships about 5 million pounds of nuts a month, or about 120 to 150, 40-foot-long containers. Lately, Zion has only been able to move about half of that amount.

The situation isn't much better for pistachio grower and processor Chuck Nichols in Hanford. He has pistachio shipments from November and December that are still waiting to be loaded onto a ship to the Pacific Rim.

"I have a great deal of sympathy for our sales and warehouse manager, because things are starting to fill up around here," Nichols said. "If we can't get stuff out the door, our people are going to suffer. We may have to stop running product or turn to operating shorter days or weeks."

Nichols' plant employees 360 people and he vows to do everything he can to keep operating, but he is nearing a crisis point.

"Every day we talk about how to manage his mess," he said. "Hopefully something will break lose soon."

Citrus growers face the added problem of trying to keep a perishable crop from spoiling.

"We can't have fruit in trucks and containers for two to three weeks," said Barney Evans, vice president of sales for Sun Pacific, one of the region's largest citrus growers, packers and shippers. "Thank God, this is not a huge crop because if it were, this would be a disaster."

Evans said that if the fruit cannot get out on a ship, it may be redirected to the domestic market. With more fruit available in the U.S., Evans said orange prices could fall, if the the slowdown continues for several more weeks.

“We don’t want to take the risk of having fruit just sit around,” he said. “It has to be sold.”

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