

West Coast port dispute hurts California citrus growers

By Peter Fimrite

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Leah Millis / The Chronicle

Employees sort oranges at a Sun Pacific Shippers and Farming packing facility in Exeter (Tulare County).

The sun was blazing in the San Joaquin Valley as Al Bates drove from one fruit packing plant to another, glancing nervously at the oranges hanging in the trees and wondering how much of the multimillion-dollar crop would be lost.

The president of Sun Pacific Shippers and Farming is intimately aware of the devastation that [the contract dispute at 29 West Coast ports](#), including the Port of Oakland, is causing the citrus industry, and, amid a four-year struggle with drought, he isn't happy about it.

“It’s a disaster,” said Bates, referring to the impact four months of work slowdowns and the shutdown of loading and unloading operations at the ports this holiday weekend are having on growers.

Sun Pacific, the largest navel orange grower in California and largest kiwi grower in the United States, is exporting half the oranges it normally ships because of the port impasse, a loss of at least \$3 million a week, he said. This comes at a time when farmers are already struggling, paying premium prices for the precious little water that is available.

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The slow movement of goods is forcing growers to leave fruit on the trees longer in an attempt to avoid rot, but the unseasonably warm weather — temperatures hovered around 80 degrees in the San Joaquin Valley last week — is causing even unpicked fruit to deteriorate.

Hitting peak season

“The catch is that we’re just starting to hit our peak season, so what was shaping up to be a really good year is quickly turning bad,” said Bates, who drives 70,000 miles a year between the company’s five packing plants and dozens of orchards and farms between Sacramento and Southern California. “You shouldn’t be able to hold an industry hostage. There’s got to be some way that we can continue to operate while they negotiate.”

The Pacific Maritime Association, which represents shipping lines and terminal operators, is not hiring longshoremen through Monday in an effort to avoid paying overtime, a move that has [idled dozens of container ships](#) waiting with cargo. The move is the association’s response to what it claims are union work stoppages and slowdowns that have caused crippling delays and devastating economic losses over the past few months.

It is all part of a contract dispute with the International Longshore and Warehouse Union, which represents 20,000 dockworkers, whose contract ran out July 1. Work delays and stoppages at the 29 ports have been going on for several months, despite federal mediation.

Eric Schultz, a White House spokesman, said Saturday that President Obama is sending Labor Secretary Tom Perez to California because of concerns about the economic consequences of further delays. Perez’s mission will be to push both sides to quickly come to an agreement at the negotiating table.

As many as 17 ships are anchored in San Francisco Bay or outside the Golden Gate at any given time, waiting for space to load and unload at the Port of Oakland. While it’s a big problem for Bay Area importers and small business owners, who are losing money as trucks line up waiting for containers full of goods, it is a disaster for agriculture.

3 to 4 week delays

Deliveries of fresh fruit, vegetables and nuts are being delayed three to four weeks.

The situation has prompted calls from legislators for a “swift resolution.” U.S. Sens. Dianne Feinstein and Barbara Boxer wrote a letter this past week to the association and union, demanding an agreement.

“Clearly the ramifications of this slowdown are hurting the California economy and our households, small businesses and communities,” the two senators wrote. “This is unacceptable.”

Hardest hit among the sufferers is probably citrus farming, a nearly \$1 billion industry that exports enormous amounts of oranges and other perishable fruits mostly to Korea, Japan, China and Australia in February and March.

Sun Pacific normally ships 350 containers of fruit a week — about \$6 million worth — this time of year. That’s about 60 percent of all of the fruit harvest, but Bates said the port delays have cut exports in half.

“The warm weather is really bad,” he said, explaining that orange peels thin out and the fruit gets mushy in the heat. “I can’t remember a time when it was 80 degrees in the first part of February. It’s a real problem.”

The quality issues are costing money that, with such a low output, might normally have been made up by higher export costs. But the reduction in exports means there is a glut of fruit on the domestic market, which cuts the price. That may be good for American consumers, Bates said, but it’s not good for an industry struggling more than ever to make ends meet.

The losses are even worse for smaller citrus growers, packers and exporters that don’t have the resources a company like Sun Pacific has. Export losses overall in the citrus industry could top \$500 million if the port troubles aren’t resolved, officials said.

The export difficulties come at a time when California fruit growers also are dealing with an infestation of Asian citrus psyllid, an invasive pest that carries a deadly disease called huanglongbing.

Stalemate hurts

Agricultural officials have quarantined 160 square miles of land in Northern and Southern California, including portions of Santa Clara, Fresno, Kern, San Joaquin, and San Luis Obispo counties. Citrus growers are being asked not to transport fruit, leaves or potted trees in an attempt to prevent the spread of the tree-killing disease, for which there is no cure.

The port stalemate is “the number one concern of this industry right now,” Bates said. “Everyone’s bottom line is likely to be impacted by 30 to 40 percent this year. When your costs have already been dramatically increasing over the last few years because of water costs and a lot more invasive pests, it’s really hard to take.”

The Port of Oakland is the third-largest in California, behind Los Angeles and Long Beach, and the fifth-biggest in the United States. The contract dispute has affected all the ports between Seattle and San Diego, prompting warnings of a “coast-wide meltdown.”

The fear among legislators and port operators is that customers will begin taking their business to other ports in the Gulf of Mexico and on the East Coast, which would further impact the California economy. It is a logistical move that Bates said he and others would have to consider if the situation does not improve.

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