

Apple marketers look for more shelf space

By DAN WHEAT
Capital Press

YAKIMA, Wash. — More product diversity within almost every supermarket category is making the competition for shelf space more keen, a leading market analyst told leaders of the Washington apple industry on Dec. 7.

That means new apple varieties will continue to eat into the shelf space of older varieties unless retailers are able to increase their income from the space devoted to apples and then increase it, Steve Lutz, vice president of Columbia Marketing International, Wenatchee, said at the Washington State Tree Fruit Association annual meeting.

That happens, Lutz said, when retailers display well-packaged, newer varieties more prominently than older varieties offered at lower prices.

Lutz said he surveyed the top 15 and the bottom 15 retailers in apple sales last year when Washington's largest apple crop in history was being marketed. He found those that promoted more popular, higher-priced varieties sold more apples. Those cutting prices lost money and volume, he said.

Lutz founded The Perishables Group, now Nielsen Perishables Group, a category



Dan Wheat/Capital Press

Jeff Cleveringa, head of research and development of Oneonta Starr Ranch Growers in Wenatchee, holds a Lady in Red apple as he talks with Ken Adams, president of Willow Drive Nursery in Ephrata, at the Washington State Tree Fruit Association annual meeting in Yakima on Dec. 7. Cosmic Crisp, Chelan Spur and Royal Red Honeycrisp are also on display.

management firm in Chicago, following his tenure as president of the Washington Apple Commission. He sold The Perishables Group to Nielsen and joined CMI a few years ago.

Promoting cheap apples is a "self-defeating strategy and waste of space," Lutz said.

An assortment of 37 unique apples was sold last October through April and some of those are also available as organic, he said.

During a panel discussion of top marketers that followed Lutz, Mike Taylor, vice president of sales and marketing at

Stemilt Growers, Wenatchee, said he thinks retail space for apples will grow, but slowly.

Apples will continue to benefit from the trend toward healthy eating but it'll take time, said Randy Abhold, vice president of sales and marketing at Rainier

Fruit Co. in Selah.

Mac Riggan, director of marketing at Chelan Fresh Marketing, said young people are looking at what's in their food and will choose Honeycrisp apples at \$2.99 per pound over Red Delicious at 99 cents. "Organics are taking off.

Last year (amid a huge crop and poor prices) organics had a halo effect. People are paying extra for new brands like Jazz or Envy, and for organics," Riggan said.

Robert Kershaw, president of Domex Superfresh Growers in Yakima, said getting the right price for larger apple crops is like breaking the four-minute mile. Once it's broken others have more confidence to do it, he said.

Abhold said consumers are hungry for new, exciting varieties that are consistent and eat well.

The marketers said companies market individual varieties they manage better separately than collectively, but that they'll work collectively on the new Cosmic Crisp that will be planted in 2017 and thereafter.

Riggan said when he sees expensive cars in other countries, he's not as worried about how many apples they can't buy as how many they can. The opportunity in exports, he said, is like "another population the size of our country."

Mexico is buying as many Gala as they did Red Delicious and paying more for them, Abhold said. "That's a huge evolution."

Taylor also said H-2A-visa guestworkers are the answer for labor shortages until greater mechanization is perfected.

Feds cite longshoremen for unfair labor practices

By MATEUSZ PERKOWSKI
Capital Press

A federal agency has twice faulted the longshoremen's union for unfair labor practices at the Port of Portland, but such rulings won't directly restore container service at the facility, experts say.

Ocean carriers responsible for the majority of container traffic at the port, Hanjin and Hapag-Lloyd, stopped servicing the facility earlier this year due to low productivity.

The disruption has affected farmers who relied on Portland's container terminal to export crops to Asia and now face higher shipping costs.

The National Labor Relations Board has found that since September 2012, the

International Longshore and Warehouse Union operated cranes and trucks in a "slow and nonproductive manner," among other actions, to force ocean carriers and the terminal operator to "cease doing business with the port."

In a previous ruling, the NLRB also found that the union also engaged in earlier work slowdowns and stoppages during a dispute with the terminal operator, ICTSI Oregon.

These findings allow the agency to seek contempt sanctions against the union in federal court.

Capital Press was unable to reach an ILWU spokesperson for comment. Elvis Ganda, CEO of ICTSI Oregon, released a statement saying the



Mateusz Perkowski/Capital Press File

Cargo containers are shown being loaded on ships at the Port of Portland in this file photo. A federal agency has twice faulted the longshoremen's union for unfair labor practices at the port.

union should "accept the validity" of the ruling and agree to restore productivity at the container terminal.

While the terminal operator has prevailed in these NLRB disputes, using these

legal victories to actually bring ocean carriers back to Portland is a more complicated matter, experts say.

That's because the NLRB has ruled that ILWU cannot engage in work slowdowns,

but there's currently almost no work with which to interfere at the container terminal.

"This is a very unusual scenario when it raises the point of enforcing the law," said Michael LeRoy, a law professor specializing in labor relations at the University of Illinois.

For ICTSI, the NLRB rulings are more likely to serve as bargaining chips in its overall negotiations with the longshoremen's union, LeRoy said.

The union, the port and the container terminal are also engaged in other litigation in federal court.

It's possible that ICTSI will use legal victories as part of a public "tit for tat" with the longshoremen's union but later "wipe the slate clean" so the terminal can again become operational, LeRoy said.

Terminal operators have not traditionally enforced such NLRB rulings to win monetary awards due to fear of creating "lifelong ill will" with the longshoremen's union, said Jim Tessier, a labor relations consultant and former employee of the Pacific Maritime Association, which represents terminals.

"They use it as a negotiating tool," he said.

ICTSI would be wiser to drop the case against the union as a show of good faith rather than press for penalties, Tessier said. "That would mean the kiss of death for that company, in my humble opinion."

Ocean carriers won't return to the port unless they're convinced the union and terminal operator have reconciled, he said.

House passes port performance program

By DAN WHEAT
Capital Press

The U.S. House has passed a bill reauthorizing transportation and infrastructure programs that includes one of several bills aimed at addressing work slowdowns at U.S. ports.

A work slowdown crippled West Coast container ports a year ago, costing agriculture and other industries billions of dollars.

Reps. Dan Newhouse, R-Wash., and Kurt Schrader, D-Ore., led the effort to include the Port Performance Program in HR 22, the Fixing America's Surface Transportation Act.

The FAST Act passed the House, 359 to 65, on Dec. 3. It was agreed to in a conference report between the House and Senate, so is expected to easily pass in the Senate, a Newhouse aide said.

The program requires the Bureau of Transportation Statistics to collect and report port statistics and establish a working group to make recommendations to the agency on specific port performance metrics.

The program will provide objective baseline economic data for port operations that will be critical for examining the economic effects of port slowdowns, Newhouse said. "Unfortunately, very lit-

tle data exists on the performance of our ports when it is a requirement in nearly every other sector of our transportation system and is important not only in identifying and dealing with congestion but shaping transportation policy," Schrader said.

Under the bill, the bureau would submit a report on port capacity and volumes no later than Jan. 15 of each year. It would cover the top 25 ports in the nation by tonnage, containers and dry bulk.

The working group would submit recommendations to the bureau within one year of enactment.

On Nov. 5, Newhouse and Schrader introduced HR 3932, the Ensuring Continued Op-

erations and No Other Major Incidents, Closures or Slowdowns, which is known as the ECONOMICS Act. It would establish specific economic triggers that when met would require a board of inquiry to recommend to the president if judicial injunctions should be sought to end strikes or slowdowns.

On Aug. 5, Newhouse, Rep. Dave Reichert, R-Wash., and two other Republicans introduced HR 3398, the Protecting Orderly and Responsible Transit of Shipments, called the PORTS Act, allowing governors of seaport states and territories to initiate board of inquiries under the Taft-Hartley Act in the event of work slowdowns or strikes.

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