

Sunday, January 27, 2008

## **U.S. shipbuilders grapple with labor shortage**

By DANIEL LOVERING

Associated Press

Dirk VanEnkevort wanted to take advantage of a shipbuilding boom when his family's company leased one of the largest dry docks in the Great Lakes region in 2005. But now he is so short-handed he has turned to robots to help keep up.

His company, Erie Shipbuilding LLC, has since hired about 150 workers and equipped the facility on Lake Erie with sophisticated metalworking tools - including robots. It now has orders to build eight oceangoing barges and plans to hire additional workers as needed.

But as his order book fills, VanEnkevort faces a problem hampering dozens of other mid-size commercial shipyards across the country: a shortage of skilled, experienced workers capable of assembling and welding freight ships.

To fight the shortage, VanEnkevort and other shipbuilders have scoured the country and recruited from afar. They have appealed to prospective employees at local high schools and started in-house training programs. VanEnkevort says his company plans to use robotic welders extensively.

Some shipyards have temporarily hired foreign laborers, including from Mexico and countries in Eastern Europe, under a federal program that allows businesses to obtain so-called H2B visas if they prove efforts to hire locally were unsuccessful.

"There hasn't been any shipbuilding in Erie for quite some time," said VanEnkevort, 52. "So those people that were here are doing other things or moved away. We've just got to find people and train them, which is what we're doing."

After topping 100,000 in 1998, employment in the U.S. commercial shipbuilding and repair industry hovered around 91,000-92,000 for six years before climbing to 93,600 in 2006, according to the U.S. Bureau of Labor Statistics.

At the same time, demand has soared, mostly at mid-size shipyards. The industry - though tiny on a global scale and prone to dramatic boom-and-bust cycles - has seen its largest expansion since the 1970s in recent years.

The growth has been propelled by demand from shipping companies that are replacing or expanding fleets of aging tankers, tug boats, offshore supply vessels and other boats, in some cases to meet the fast-changing needs of the energy sector.

Single-hull tankers must be phased out and replaced with double-hulled tankers by 2015 under a federal law passed after the single-hull Exxon Valdez ran aground and spilled 11 million gallons of oil in Alaska in 1989.

And oil and gas companies are ordering ever larger and more complex ships to support drilling activities in deeper waters of the Gulf of Mexico, said John Snyder, editor of the New York-based trade publication Marine Log.

The labor crunch in U.S. shipyards has been spawned by several factors, including competition from other trades that offer lucrative work, such as construction in areas hit by Hurricane Katrina in 2005, said Matthew Paxton, president of the Shipbuilders Council of America, a Washington-based trade group that represents more than 35 companies that operate about 100 shipyards nationwide.

"What we've found is there's been a lack of interest in some of the work that our shipyards are doing," Paxton said, citing government figures showing there are about 180 commercial shipyards of various sizes across the country.

Industry representatives have fought back by trying to promote the trade in communities near shipyards, and some firms have established training programs for welders and shipfitters - workers who construct the vessels from parts, Paxton said.

"A lot of our shipyards carry significant costs in training and getting people to come to their yards, and there's no guarantee they'll stay," Paxton said. "But they're still willing to do it."

"We have had to look at foreign labor when things get extremely tight," he said, noting that shipyards have tapped workers from Mexico and Eastern European countries with a history of shipbuilding, such as Croatia.

Bollinger Shipyards Inc. of Lockport, La., which operates 12 shipyards in Louisiana and one in Texas, has spent millions on housing for laborers, said Robert Socha, the company's executive vice president of sales and marketing.

"It's not a cost-saving measure," he said. "It's a measure to keep your business flowing."

Bollinger's use of contract labor has also risen significantly, with contractors now comprising roughly 65 percent of its 3,200-strong work force compared with about 20 percent in the past, Socha said. "It's all based on people shortage."

The company's chief administrative officer, Craig Roussel, said he could realistically "hire 400 people today," if they were qualified and available.

Tim Colton, an independent consultant based in Florida, said the labor shortage arose partly because the industry has never been high-paying. It's not a particularly large industry, he said, and most companies are family owned.

The shortage extends not only to hourly paid workers, but to supervisors, planners and engineers, "all the people that make the shipyard function," Colton said. "It's terrible."