

UPS opens huge automated warehouse, where robots outnumber people 15 to 1

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United Parcel Service opened a new, technologically advanced warehouse last week. The 900,000 square foot facility, the company's largest, will operate with over 3,000 robots doing the heavy lifting. The warehouse will initially employ 200 workers, but that number may eventually grow to 500. All of them are non-union jobs.

The warehouse is located on the outskirts of Louisville, Kentucky, the location of the company's all-points international air hub Worldport, which employs roughly 12,500 workers. All told, UPS employs about 25,000 people in the Louisville area.

The opening of the new warehouse, called UPS Velocity, comes on the heels of the sellout contract passed last August. Hailed as "the most lucrative agreement" ever negotiated by the Teamsters at UPS, the contract contains no protections against jobs lost to robots and AI.

As reported by the *World Socialist Web Site*, UPS plans to reduce its 140,000 part-time employees in sortation centers through automation. Experts estimate this will save UPS \$3 billion a year in labor costs.

UPS Velocity represents the leading edge of the company's shift to automation. Speaking with Bloomberg News, Bill Seward, president of UPS Supply Chain Solutions, said, "It's a linchpin of our strategy." Seward was echoing UPS Chief Executive Officer Carol Tomé's comments on the cost of the contract to the company when she said, "[W]e can put together plans to mitigate that cost, plans to drive productivity inside of our business through automation, which, oh by the way, we retained the ability to do so."

According to Seward, the push for automation at UPS will allow the company to grab up market share from companies with older infrastructures that rely on human beings to do the work. Robots process orders faster and

more accurately, track inventory and stack inventory higher in the building, therefore saving on space. It is anticipated that UPS Velocity will process more than 350,000 packages per day.

Seward declined to discuss the impact on jobs that automated warehouses will have, saying only that worker retention will increase by about 30 percent and injuries from lifting heavy objects and repetitive motion will decrease by 40 percent with the help of the robots.

In a recent interview with Freightwaves, former UPS executive Alan Amling was more forthright in his assessment of the move to automation on jobs: "As wages rise, the relative cost of technology drops. I expect you will see accelerated investments in technology that help employees become more productive, and in some cases, replace them." Amling went on to predict that job growth at UPS will be low to zero in the coming years.

At the end of September, UPS announced that it was deploying automation technologies such as pick-and-place and unloading technologies as well as autonomous guided vehicles at a number of facilities in the United States.

So far this year, 57 percent of UPS volume first processed at US hubs went through automated facilities. According, an article in Supply Chain Dive, AI and machine learning technology diverted volume from non-automated to automated hubs, reducing labor hours as demand declined in the second quarter this year.

The new facility is not only key to UPS' strategy going forward, it is also a devastating exposure of the Teamsters bureaucracy's claims that its new contract with the company was "historic" and "life-changing." In reality, the new deal not only maintains two-thirds of the workforce as part-timers, where new hires will

make only \$21 an hour for the first four years of the contract, it also sets the stage for the massive job losses through automation. The only “limitation” in the contract is that the Teamsters be notified in advance when the company intends to employ these new technologies.

To the extent that workers voted for the contract because they believed the Teamsters’ claims, this means it was ratified under false pretenses. In the announcement of its investigation into the integrity of the vote for the contract, the UPS Rank-and-File Committee stated: “An illegitimate vote can only produce an illegitimate result. The bureaucracy will use the result to claim there is huge support for them and this contract. But that is a lie. The whole procedure, from start to finish, was manipulated to produce the desired outcome.”

The Teamsters bureaucracy’s deliberate charade of tough talk and empty threats to call a national strike belied the fact that the Teamsters officials knew that job cuts through automation were coming but did nothing to warn the membership they were imminent as the result of the accelerating shift to automation at UPS.

The fight against job cuts can only be organized through a rebellion against the unaccountable, pro-corporate apparatus. This means the development of new, democratic structures through the UPS Workers Rank-and-File Committee to organize joint actions and return the initiative to the shop floor where it belongs.



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