



THE ICAT LOGISTICS

# Bottom Line Newsletter

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## Port Labor Talks 2024

### SUMMARY

*The current contract for East Coast port dockworkers doesn't expire until the end of September 2024, but the Union representing them has made it clear: members should prepare to go on strike next October.*

### BACKGROUND

Both importers and exporters that previously utilized West Coast ports shifted business toward East Coast and Gulf Coast ports to avoid potential disruptions, with the ports of Los Angeles and Long Beach container volumes falling almost a quarter in the first six months of 2023 year-over-year. The West Coast ports have been experiencing a shrinking share of shipping volume compared to other parts of the U.S. over the past 20 years, with that shift gaining momentum during the COVID-19 pandemic. West Coast ports have been marred by uncertainty in 2023 following a year of negotiations with the International Longshore and Warehouse Union (ILWU). The deal, finalized in June, secured a six-year contract.

Although the West Coast labor issue is resolved, low Panama Canal water levels restrict transiting container ships bound for East and Gulf Coast ports. This logistical hurdle, spot rates, and import data imply that the West Coast is regaining some lost ground. This shift could play a factor in upcoming negotiations between the ports and the Union on the East Coast.

### CURRENT STATUS

The looming negotiations are the latest in a string of labor battles in 2023, which saw victories for West Coast port dockworkers in the U.S. and Canada and a new contract for 340,000 UPS workers. With the screenwriters and actors strike at the forefront of the entertainment industry and hotel cleaners, Amazon warehouse employees and food industry workers following in pursuit, this summer has been coined "the summer of strikes."

Terms for a new East Coast deal are likely to be similar to the reported 32 percent wage increase and bonus package achieved by the International Longshore Workers Union (ILWU) on the West Coast ports. "All the cargo that diverted away from the West Coast and came to the East Coast because of the labor negotiations—there's the potential for that all to shift back if a contract isn't resolved, and we start to see disruption," said Jonathan Gold, vice president of supply chain and





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customs policy at the National Retail Federation. Harold Daggett, president of the International Longshoremen's Association (ILA), told union members at a conference last week to prepare for a strike if no new agreement is reached before the current contract expires on September 30, 2024. He repeated a previous assertion that the contract would not be extended.

Beyond seeking wages, Daggett has been particularly hawkish in his opposition to port automation, with the Union making the issue a central theme of the contract talks. In the past, the ILA has criticized the ILWU for being too lenient on automation. According to Gold, automation has become even more of a hot-button issue as the ocean freight dynamic has changed since the pandemic when container shipping giants were making record profits amid sky-high freight rates.

## IMPACT

As the deadline nears, the ILA will look to capitalize on the precedent set by its West Coast counterparts. During the ILA's Quadrennial Convention in July, the Great Lakes District of the ILA said it had already got 40 percent higher wages and benefits for a new six-year contract. Gold told Sourcing Journal that although the contract deadline is nearly a year away, retailers should have risk mitigation plans to avoid potential port disruptions. "You consider the economy that we're living in, consider what we've been through this last three years. I think workers and employees have really felt like they need more support and more help," said Senate President Pro Tempore Toni Atkins.

## RESOURCES:

- [East Coast vs. West Coast: More Imports Shift Back to Pacific Ports](#) (Yahoo)
- [Importers Ditch West Coast Ports After a Year of Labor Unrest](#) (MSN)
- [Contract Expires Next Year for 45,000 Dockworkers on the U.S. East Coast](#) (Macleans)
- [Union Will 'Hold Firm' on 2024 East Coast Port Strike Without New Deal](#) (Yahoo)
- [Big Wins for Organized Labor and Progressive Causes as California Lawmakers Wrap Up the Year](#) (AP News)
- [The U.S. Labor Movement is Popular, but Union Membership is Shrinking](#) (USA Today)

