

News

ILA strike: Gulf & Eastern seaboard of North America

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On October 1 2024, strike activity by the International Longshoremen’s Association (ILA) has been reported, impacting ports and terminals along the Gulf and Eastern Seaboard. We wish to provide you with an update and overview at this early hour.

It has been reported by CNBC that over 45,000 ILA union longshoremen at ports on the Eastern Seaboard and Gulf of the United States have walked off the job at 12:01am (EST) on October 1 after failing to reach an agreement on a new contract with port ownership.

At the time of this writing, no official word has been placed on the ILA website, though picket lines have been reported by gate cameras at the port of Philadelphia. The ILA is said to have rejected a last-minute offer from the USMX on Monday that included a 50% wage increase over 6 years and a pledge to maintain limits on automation from the current contract. Additionally, the ILA is currently refusing the USMX request to extend the current contract while an agreement is being negotiated.

Port operations for cargo vessels are expected to cease at Boston, New York/Nee Jersey, Philadelphia, Wilmington, Baltimore, Norfolk, Charleston, Savannah, Jacksonville, Tampa, Miami, Port Everglades, New Orleans, Mobile and Houston, among almost two dozen other ports on the East Coast and Gulf of the US.

The ILA, however, has vowed to maintain its pledge to service military cargo during a strike period and further acknowledged to continue to work passenger cruise ships.

It is estimated a one-week strike could cost the US economy nearly \$4 billion and cause supply chain disruptions and delays through mid-November. A two-week strike could cause delays and supply chain dysfunctions through January.

General Terminal Operations (Guidelines in Effect)

- At this time, most carriers/terminals have generally stated that demurrage and detention accrual will cease during the period that ports/terminals are closed and inaccessible. This does not include cargo that is already in a detention and/or demurrage penalty Cargo already accumulating detention or demurrage prior to the strike will continue to accrue these charges in the current version of carrier terms.
- Alternate CFS locations to return empties or export loads in transit are being reviewed and will be communicated, if any opportunity exists, by the individual carrier

Government Intervention

The Biden administration has said it will not invoke powers under the Taft-Hartley Act to force union members to go back to work for an 80 day cooling period and urged the parties to return to the bargaining table. ILA President Harold Daggett recently warned at a union meeting that if members were forced to go back to work they would purposely slow down, which would only add to the congestion at the terminals.

Surcharges

Strike-related surcharges are being announced and will be pursued by the ocean carrier companies in the event of a labor disruption. These surcharges are to be propagated to the shipping community in the form add-ons to existing rate levels for both FCL and LCL cargos and will be invoiced accordingly. The scale of these charges range from

\$1000-\$2000/TEU (FCL) and upwards of \$80 w/m (LCL), conditionally. Scan Global Logistics has filed a **Port Congestion Surcharge** to match the carrier surcharge schedule.

The carriers, in announcing their new surcharges, called them “indefinite” in their duration. As sample:

- **CMA CGM** announced Local Port Charges (LPC) on the US East and Gulf Coast to take effect from October 11th. This includes a 800 USD/20’ and 1000 USD/40’ Local Port Charge for exports to any destination worldwide and a 1500 USD/TEU Local Port Charge for import cargo coming from anywhere globally.
- **Hapag Lloyd** has announced a Work Disruption Surcharge (WDS) of \$1500/TEU or \$3000/FEU on imports to the US East Coast and Gulf starting October 18th.
- **MSC** has announced an Emergency Operations Surcharge (EOS) to ALL US AND CANADIAN PORTS, effective at discharge on Oct 26th at the rate of \$1500/20 and \$3000/40 from Asia origins and \$1000/20 and \$2000/40 from most all other origins
- **LCL** consolidators have also scheduled up to a \$80 w/m LCL Emergency Congestion Surcharge (ECS) applicable to all LCL shipments departing or discharging in the US (any port) for effect on October 1.

Contingencies

Scan Global Logistics (SGL) is continuing to work closely closely with our global carrier partners to identify and execute available contingency plans during this period.

- It is expected that US export bookings via the USEC and Gulf will be suspended. Cargo that is able to move via USWC and Canadian ports of load will continue to be accepted
- At this time we will continue to accept import bookings to and via the US East Coast and Gulf from all regions
- New bookings should be placed to USWC (Los Angeles, Long Beach, Oakland) as well as Western (Vancouver, Prince Rupert) and Eastern (Halifax, Montreal) Canada ports and moved intermodally or overland to interior and East Coast destinations
- Please consider transload at seaports and intermodal points from the USWC (i.e. transload at Chicago, Atlanta, Dallas or any inland point to move cargo closer to a final destination)
- All customers should review Airfreight and Sea-Air products and services for critical cargo
- Please review Mexico Routings via Vera Cruz and Lazaro Cardenas with in-bond movement to North America
- We are watching very closely for any indication of Force Majeure filing, though at this time there has been no declaration by any ocean carrier.

If you have any immediate concerns or require additional information, please contact your Sales Representative or any member of our Ocean Product Team.



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