

Longshoremen port strike unlikely to hinder holiday retail season, expert says

Retailers accelerated imports in recent months in anticipation of dockworker strike

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More than 20,000 members of the International Longshoremen's Association could go on strike Tuesday after their employment contract with ports expires. (Photo: Jim Allen/FreightWaves)

With dockworkers from Maine to Texas threatening to go on strike Tuesday, the impact of a work stoppage could be lessened because retailers have been accelerating imports for months, according to Ron Leibman, chair of Newark, New Jersey-headquartered law firm [McCarter & English's](#) transportation, logistics and supply chain management practice.

"Retailers have been forward stocking, expecting this. Now, will that take care of the whole season? I don't know, but it wouldn't be the same as if they hadn't prepared," Leibman told FreightWaves in an interview.

The International Longshoremen's Association (ILA) said its 25,000 members will walk off the job when their employment contract with ports represented by the United States Maritime Alliance (USMX) expires at midnight on Monday.

Major issues on the bargaining table are wages, benefits and rules on port automation. Contract talks stalled in June, and no new meetings have been scheduled.

The ILA/USMX contract covers workers in container and roll-on/roll-off services at 36 ports in the U.S., including some of the nation's largest in New York, Houston, Miami, New Orleans and Savannah, Georgia.

Related: [Fear rises at FMC about possible East, Gulf Coast port strike](#)

Leibman said retailers have had time to prepare for the possibility of a longshoremen strike.

"If you look at traffic volumes going from the Far East or Asia to here, they're up. They've been up for several months," Leibman said. "I know clients of mine are already stocked. As far as the Christmas season goes, any smart retailer has been bringing in their goods for months."

Not every industry can stock up months in advance, and industries such as manufacturing and food and beverage could be impacted by a strike, Leibman said.

"How will a strike affect the economy? A lot of people have stocked goods in advance, but not every industry can do that," Leibman said. "There's some important industries ... manufacturing parts and things like that, food exports, for example. If we can't export food, or it slows down, that hurts the farmers and the food manufacturers."

The East and Gulf Coast ports that would be affected by the ILA strike handle more than 40% of all goods shipped in containers to and from the U.S. Thousands of containers carrying commodities such as fresh produce, coffee, plywood, plastic resins, auto parts and manufactured components could be affected.

Barry Kukkuk, co-founder and CTO of [Netstock](#), said industries that could be impacted by the longshoremen's strike include retail, consumer products and manufacturing.

Boston-based Netstock is a global provider of supply and demand planning software utilized by more than 2,400 businesses around the world.

"If the ILA strike does occur on [Tuesday], it could significantly affect a wide range of goods and result in delivery delays for inventory – thus negatively impacting inventory levels across the U.S.," Kukkuk told FreightWaves in an email. "This could be particularly devastating for businesses moving high-volumes of inventory that are often port-dependent or can't be transported via truck."

Kukkuk said while the larger ports could see the most disruptions from a strike, the impact would reverberate across supply chains.

"The ports that could face the most significant disruptions include major East and Gulf Coast hubs, such as Savannah, Charleston, New Orleans and Houston," Kukkuk said. "These ports handle a large volume of U.S. imports, and a strike would have ripple effects across the supply chain. Savannah and Houston, being key entry points for retail goods and industrial supplies, could be hit particularly hard, but all these ports would experience substantial slowdowns or closures."

Leibman said the likelihood of a strike is high, with dockworkers feeling empowered by recent contracts that the Teamsters achieved with UPS as well as the United Auto Workers' recent wins against auto manufacturers.

"I think the threat of a strike is very real; I think [ILA President] Harold Daggett wants to strike," Leibman said. "From everything I've read, it just appears ... before he retires or leaves, he wants to leave something. I've read that he feels that the East Coast has been slighted, for whatever reason; it just appears like the union is determined to strike."

Related: [Port of New York-New Jersey details strike operations plan](#)

When the ILA broke off contract talks with USMX in June, one of the sticking points was port automation. The ILA is reportedly seeking a total ban on the automation of cranes, gates and equipment used in container movements at ports.

Leibman said it's unclear if automating more operations at ports would take away ILA jobs.

"The interesting thing about it is, in the ports of Virginia, where they've been using some automation in some ways, they have more ILA members now than they did two years ago. Similarly, the West Coast ports, there are more [union] members than there were two years ago," Leibman said. "So is the direct correlation to automation to no jobs real? Like any other automation you have, it depends how many more jobs there are that people can be retrained for. In fact, if the automation allows more volume through a port, maybe that creates more of these other jobs."

With the strike deadline just days away, ports along the East and Gulf coasts have launched strike [contingency plans](#) to clear out cargo over the coming days. Some ports are offering extended gate hours and warning shippers that refrigerated cargo won't be monitored after next Monday.

Kukkuk said businesses can prepare for future disruptions by planning ahead and having accurate data throughout their logistics chain.

"In the short-term, businesses can best prepare for potential strikes by planning for longer lead times on shipments," he said. "With the help of accurate data and supply chain technology, businesses can become more agile and responsive – ensuring they can make the right decisions today to meet demands and remain nimble amid future disruptions."