



*Imminent*  
**U.S. EAST**  
*and*  
**GULF**  
*Coast Port Strike*





# Situation Overview

With the expiration of the current labor agreement between the International Longshoremen's Association (ILA) and U.S. port operators on September 30, 2024, the prospect of 45,000 dockworkers on the U.S. East and Gulf Coasts going on strike on October 1 appears increasingly likely. Contract negotiations have stalled, with the ILA demanding a 70% wage increase and a commitment from terminal operators to avoid automating port operations. The strike would impact critical port facilities, including six of the ten busiest U.S. ports.



# Key

# Developments

## 1. Union Stance:

- Harold Daggett, ILA President, has publicly stated that a strike is imminent, while Dennis Daggett, Vice President, expressed the union's strong opposition to automation and robotics in port operations, which they argue would displace human workers.

## 2. Port Operators:

- The United States Maritime Alliance (USMX), representing port employers, has shown little optimism in reaching an agreement. Analysts from Linerlytica warn that a coastwide strike appears all but certain starting October 1, 2024.



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# Impact Assessment

- **Port Operations:**

The 14 ports controlled by the ILA handle approximately 28.4 million TEUs (twenty-foot equivalent units) of containerised cargo annually, translating to nearly 550,000 TEUs per week. A prolonged strike could:

1. Disrupt 1.7% of the global containership fleet weekly.
2. Impact over 4.5 million TEUs of capacity, equating to 15% of total global fleet capacity in case of an indefinite strike.

- **Supply Chain and Freight Rates:**

The strike would likely have severe ripple effects on the supply chain:

1. HSBC has forecasted the potential stalling of imports from Europe and Latin America.
2. Diversions of Asian imports to U.S. West Coast ports could cause significant congestion.
3. Freight rates are expected to spike due to capacity bottlenecks and equipment shortages. The Port of Long Beach, for instance, reported a 34% increase in cargo volumes in August as shippers began diverting cargo in anticipation of the strike.





# Impact Assessment

### 3. Recovery Time:

- Maersk has advised clients that even a one-week strike could take four to six weeks to recover, with backlogs and delays worsening as the strike continues.
- Sea-Intelligence analysts estimate that for every day of a strike, it may take four to five days to restore normal operations. A two-week strike would likely push port recovery into 2025.

### 4. Financial Penalties:

Ensign Freight issued warnings to shippers regarding potential demurrage and detention fees accumulating during the strike, exacerbating operational and financial challenges for businesses reliant on U.S. East Coast ports.



# CONCLUSION

The likelihood of an ILA strike on October 1, 2024, remains high, with significant implications for global supply chains, freight markets, and port congestion. The failure to resolve wage and automation issues could trigger a cascading crisis, affecting imports, exports, and shipping logistics globally. Key stakeholders must prepare for prolonged disruptions and develop contingency plans to mitigate the strike's impact.



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