

Friday, September 20, 2024

US East Coast Ports face Possibility of Strikes

Dear valued Customer,

We would like to update you on the recent developments regarding the possibility of strikes at US East Coast Ports and their potential implications for global supply chains.

The US is facing potential disruptions at East and Gulf Coast ports as the labor contract between the International Longshoremen's Association (ILA) and the United States Maritime Alliance (USMX) is set to expire on September 30, 2024. If no agreement is reached, a strike could begin as early as October 01, affecting 45,000 workers across 46 ports - including six of the 10 busiest US ports.

Experts at Sea-Intelligence, a Danish container shipping analyst firm, suggest that for every one day of strike, it might well take at least four to five days to "clean up" to get back to normal. A one-week strike on October 01 would lead to large congestion problems into mid-November, according to Sea-Intelligence, while a two-week strike would mean ports would not get back to normal operations until 2025.

Liner Carriers are already beginning to divert traffic to West Coast ports, such as Los Angeles and Long Beach, but these gateways face capacity limits and potential congestion.

Common mitigation plans consider Canadian and Mexican ports. But recent Rail Strike in Canada and Mexico's Port facing infrastructure challenges and operational difficulties, capacities will be tight and also become challenging.

Strike impacts will have severe impacts on both inbound and outbound cargo:

- The ocean shipping market has already been disrupted by the possibility of an October 01 strike. There has been a surge in imports to the West Coast, the East Coast peak season started and ended early in part to get goods imported before the potential strike, and current rates to import goods to the East Coast have sharply decreased due to concerns that a strike may prevent imports from being unloaded.
- Numerous terminals have announced extended hours to facilitate the removal of containers before a strike begins. It is also uncertain whether detention and demurrage charges will accrue during port closures.
- In the event of a strike, extreme congestion is expected on the West Coast as cargo is diverted.

To minimize the impact of a potential strike alternative routings can be explored, inventories be stocked up early. Airfreight can be considered especially for urgent or high value cargo.

For urgent shipments, we recommend to proactively consult with your known contact person at Leschaco about alternative transport options and to book the freight immediately in advance to ensure that solutions can be created for your individual needs.

Further developments and effects remain to be seen. We will monitor the situation closely and keep you informed.

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We will make every commercially reasonable effort to fulfil the agreements concluded with you on time and under the agreed conditions. However, we cannot exclude the possibility that these developments and events may prevent us from doing so or may cause additional costs.

Kind regards

Leschaco (Lexzau, Scharbau GmbH & Co. KG)

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Disclaimer

Please note that all information reported in the Customer Advisory is to the best of our knowledge at the time of writing, but we cannot guarantee its correctness or accuracy.