

Wednesday, October 2, 2024

## US East and Gulf Coast dockworkers start strike

Dear valued Customer,

As of October 01, 2024, the strike at US East and Gulf Coast ports has officially commenced, affecting 45,000 dockworkers across 36 major ports. This strike, initiated due to unresolved labor negotiations between the International Longshoremen's Association (ILA) and the United States Maritime Alliance (USMX), is expected to cause significant disruptions to global supply chains, with potential ripple effects lasting into 2025, depending on the overall duration of the strike.

### Impact on the Global Supply Chain

The US East Coast ports are key entry points for goods coming from Europe, Asia, and South America, and their closure or reduced operations will likely have a ripple effect on global supply chains. According to data from Xeneta, port disruptions are expected to cause increased congestion at alternative ports, delayed shipments, and a potential rise in freight costs as carriers and shippers navigate the challenging environment.

Lars Jensen, a noted maritime industry expert, warns that the strike could exacerbate already strained global logistics networks, which are still recovering from pandemic-related disruptions. "The timing is critical. This strike comes during a peak shipping period, meaning we could see backlogs that last well into the coming months," Jensen stated.

### Port Disruptions and Freight Costs

Bloomberg reports that the port strike is expected to hit the most active East Coast ports, such as New York/New Jersey, Savannah, and Charleston. These ports handle a substantial volume of US imports and exports, particularly in the retail and manufacturing sectors. Analysts forecast that freight rates on routes connected to these ports could surge, with Xeneta predicting potential price hikes of up to 10-15% in the short term due to reduced capacity.

In addition, rerouting cargo to alternative ports, such as those on West Coast, could lead to new congestion problems at these locations. Drewry Shipping Consultants highlighted that any rerouting or delays caused by the strike will likely create "disruptions that could reverberate throughout global supply chains for months."

### Industry Response

Global shipping lines are already adjusting their schedules and capacity to minimize the impact. However, due to the scale of the strike, there is limited flexibility in the market. As reported by FreightWaves, some carriers are suspending services to affected ports until further notice, while others are exploring alternative transport routes through rail or airfreight - both of which are expected to see increased demand and potentially higher rates.

Press reports state that first shipping lines are beginning to declare a notice of force majeure, as the US East and Gulf Coast port strike enters its second day. A Force Majeure clause is a contract clause that goes into effect when any condition or set of circumstances beyond the carrier's control prevents the carrier from performing fulfillment of their obligations.

### Our Recommendations

In light of these developments, we encourage you to take the following actions to minimize disruptions to your supply chain:

- **Plan ahead:** Review your current shipping schedules and anticipate delays in transit times for shipments to and from the US East Coast.

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- **Explore alternatives:** Where possible, consider rerouting shipments through West Coast ports, or explore airfreight options for time-sensitive cargo.
- **Consider airfreight solutions:** Airfreight offers a faster alternative to ocean shipping, particularly for high-value or urgent cargo. While rates may fluctuate due to increased demand, airfreight can help mitigate delays during the strike period. We recommend booking early to secure capacity and manage costs effectively.

If you are in need for airfreight solutions please get in contact with our experts:

**Oliver Kaut** (Head of Global Product Management Airfreight): [oliver.kaut@leschaco.com](mailto:oliver.kaut@leschaco.com)

**Ray Weisman** (Country Airfreight Manger – USA): [ray.weisman@leschaco.com](mailto:ray.weisman@leschaco.com)

For any other questions about your shipments, please get in touch with your known contact person in the Leschaco Group.

Further developments and effects remain to be seen. We are actively monitoring the situation and working closely with relevant partners to minimize any potential disruptions to your supply chain operations. Our team is committed to providing timely updates and support to ensure minimal effect on your business activities.

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.