

Customer Advisory: Potential ILA Strike on October 1, 2024 and Impact on Global Shipping

Overview

The threat of strike on October 1, 2024 by the International Longshoremen's Association (ILA) will potentially impact several North American East Coast (NA EC) and North American Gulf Coast (NA GC) ports, causing significant delays in shipping and logistics. This disruption could affect global supply chains, leading to increased transit times and rising shipping costs.

What's Happening?

The potential ILA strike stems from a labor dispute between port workers and the USMX organization representing the Carriers and Terminals over wages, working conditions, automation and benefits. As negotiations have not yet reached a resolution, port operations may be disrupted. This could result in longer wait times for vessels, delayed shipments, and added costs.

How Will This Affect Shipping?

1. **Port Delays:** NA EC and NA GC ports are experiencing slower processing times, causing shipping backlogs.
2. **Longer Transit Times:** Due to rerouting, expect potential delays
3. **Rising Costs:** Shipping rates, especially spot rates, have increased due to the supply-demand imbalance. Costs related to fuel and rerouting vessels have also risen.
4. **Equipment Shortages:** Delays in returning empty containers are further straining global shipping operations.



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What Solutions Are Available? To help mitigate the impact of the ILA strike, we are recommending alternative solutions to keep your supply chain moving efficiently:

1. **West Coast Ports:** Shifting some shipments to North American West Coast (NA WC) ports to avoid the impacted East Coast.
2. **Canadian Routes:** Utilizing Canadian West Coast ports (such as Vancouver) and trucking freight across North America as an alternative routing option.
3. **Mexico Transloading:** For some shipments, transloading freight through Mexico and clearing at the US/MX border can be an effective solution.
4. **Alternative Transport Modes:** In some cases, considering air freight can help reduce delays and keep products moving.

How to Plan Ahead: To avoid further disruptions, we recommend the following actions:

- **Be Flexible:** Consider alternative routes and transport modes to ensure supply chain resilience.
- **Plan for Delays:** Build in extra shipping time and account for potential delays in your supply chain planning.
- **Keep Updated:** Stay informed about changes in the situation as the strike continues to unfold.

What's Next?

The duration of the potential ILA strike remains uncertain, and the situation is fluid. We will continue to monitor the developments closely and provide updates as necessary. In the meantime, we are committed to working with you to minimize the impact on your business and supply chain.

Please reach out to your account manager for any questions or to explore alternative shipping solutions. We are here to help you navigate this challenging time.

Thank you for your understanding and partnership. We will continue to provide updates as the situation evolves.

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