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International Longshoreman's Association Walks Away from Negotiations:

Increasing Threat of Another Work Stoppage after January 15th while Canada Port Workers Return back to the Job

On October 1st of this year, the ILA went on strike for three days before the Biden Administration intervened and guided both sides to return to work and provide an extension to the current contract up to January 15, 2025. This was agreed to by both the International Longshoreman's Associate (ILA) and the United States Maritime Alliance (USMX), which resumed their negotiations this month.

However, recent disagreements regarding technology and automation have brought the talks to a temporary halt earlier this week. The ILA has been adamant about mitigating the concept of automation that could replace union workers, while the USMX is focused on modernization, safety and efficiency of the ports.

This remains the largest sticking point to finalizing the contract where it appears many other items have been agreed to, including wages. With support coming in from unions around the world, the ILA appears to be taking a hardline approach in their action to break off the talks and now increases the potential of what could be another work stoppage after the negotiation deadline that expires on January 15th. If there is no agreement by then, this could yet again shut down the ports and create delays along the U.S. East and Gulf Coasts.

As frustration mounted and stalemates continued in recent weeks between the longshore workers and maritime employers

of both coasts in Canada, the Labor Minister of Canada ordered binding arbitration this past Tuesday.

Using the Canada Industrial Relations Board [CIRB] to force the workers back on the job, the major ports of Montreal (East Coast) and Vancouver along with Prince Rupert (West Coast), will resume operations as negotiations are tabled with the assistance of government arbitrators in both situations moving forward, until a contract is agreed upon. It has been cited that today thru Sunday will see shifts return at the ports at both coasts. This will also allow the Canadian National Railway (CN) and the Canadian Pacific Railway (CP) to also reinstate intermodal services that had been temporarily halted in the wake of the work stoppages.

It is anticipated that some delay will mount, especially on the West Coast at the ports of Vancouver and Prince Rupert where ocean carriers have remained at anchor, waiting for resolution. It has also been reported that most ocean carriers continued to accept bookings from Asia origins and have maintained their routes to the West Coast ports as scheduled.

While the above two events have been the focus of current disruption to trade, the ports of Los Angeles/Long Beach and Seattle/Tacoma remain congested relative to inland rail moves as cargo has stacked up waiting for rail cars and inland movement.

The estimated delay to get on a train has been cited as up to 14 days for both regions of the U.S. West Coast. While vessels have remained fairly full out of China and S.E. Asia, it is being suggested that the inland delays could continue until volumes drop or increased void sailings take place. There are no reports of any significant delays along the U.S. railroads or interior rail ramps, reflecting infrastructure improvements compared to the past.

Together with the West Coast Canada ports, proper transits should be identified to account for containers that need to be railed inland and the likely delays that will be encountered. Furthermore, volumes and activity should be watched closely over the next few weeks as there is likely to become a new pattern of front-loading inventory out of China, in anticipation of any tariff increases; the continued concerns with regards to the ILA/USMX negotiations and impact to the U.S. East and Gulf Coast

ports; and an early Chinese New Year where the public holiday in China will begin on January 28th and where shipments will be moved up in advance in order to ship out before factories close.

With market volatility and unforeseen developments, we remind our community to plan in advance, anticipate delays, and be prepared for disruptions. Should you have any further questions or concerns, please contact your account manager or local handling office for assistance.

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