

LEGAL UPDATES

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# ILA Contract Expires, Dockworkers on Strike

Time has run out on efforts to negotiate and implement a new labor contract that would head off a work stoppage at all U.S. East Coast and Gulf Coast ports. On October 1, 2024, the International Longshoremen's Association (ILA) sent home approximately 45,000 dockworkers, crippling the operations of ports from Texas to Maine. The ILA and the United States Maritime Alliance, Ltd.—the representative of carriers, terminal operators, and port associations—reportedly have not held negotiations since the ILA broke off talks in June 2024. It is the first ILA strike since 1977.

There is no indication that either side in the dispute is taking a more conciliatory position. Similarly, the Biden administration has not signaled a willingness to intervene, despite the urging of private businesses and trade groups; therefore, there is no good estimate for how long the strike will last. While the daily cost of the strike is substantial—some estimates run as high as \$5 billion per day—the longer a strike lasts, the longer it could take to normalize the supply chain after the dispute resolves.

Throughout 2024, we have already experienced considerable volatility in container rates in reaction to geopolitical tensions affecting key supply-chain chokepoints, notably in the Red Sea. The ILA strike adds another layer of complication and will likely impact rates as shippers seek alternatives. Furthermore, there is uncertainty in connection with demurrage and detention in the context of a strike and what party bears the cost.

### What this means to you

Shippers should begin forming contingency plans for a longer-term event, if they have not already done so. After all, many of the 'quick-fix' approaches that some have taken in the run-up to the strike, such as pulling orders forward,

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rerouting shipments to unaffected ports, or shifting to air freight, may not be viable over a longer timeline.

### **Contact us**

If you have legal or regulatory questions in connection with the ILA strike and its aftermath, contact Julie Maurer or your Husch Blackwell attorney.