

Dockworker Strike Could Impact Supply Chains



With 45,000 dockworkers preparing to strike this week, ship traffic at 36 U.S. ports could be impacted.

About 45,000 dockworkers along the U.S. East and Gulf Coasts are threatening to strike this week, a move that would shut down ports that handle about half the nation's cargo from ships, according to CBS.

The International Longshoremen's Union is demanding higher wages and a ban on the automation of cranes, gates and container movements that are used in the loading or offloading of freight at 36 U.S. ports.

"Whenever and however the dispute is resolved, it's likely to affect how freight moves in and out of the United States for years to come," CBS adds.

"If a strike were resolved within a few weeks, consumers probably wouldn't notice any major shortages of retail goods," it continues. "But a strike that persists for more than a month would likely cause a shortage of some consumer products, although most holiday retail goods have already arrived from overseas."

Bracing for the Impact

CBS says that a prolonged dockworker strike would "almost certainly" hurt the U.S. economy and that even short strikes cause disruptions. It says the longshoremen's union and the United States Maritime Alliance, which represents the ports, haven't met to negotiate since June, when the union said it suspended national talks to first complete local port agreements.

Assessing the potential supply chain risks, should the strike occur, PYMNTS says the disruption could upend both domestic and foreign supply chains across multiple sectors. It would be the first coast-wide dockworker strike on American shores since 1977 and it could create delays, shortages and rising costs at a time when inflationary pressures and economic uncertainties already weigh heavily on the economy.

"With the holiday shopping season approaching, businesses may be forced to scramble for alternatives to meet consumer demand, risking either product shortages or costly air freight shipments to maintain inventories," PYMNTS points out.

"As businesses brace for the potential strike at U.S. ports, the importance of proactive planning cannot be overstated," it adds. "While the exact outcome remains uncertain, the potential consequences of a labor disruption at key maritime gateways are clear: delays, higher costs and strained supply chains."

Election and Political Implications

In "[Port Strike Looms Over the US Supply Chain Weeks Before Election](#)," Bloomberg says the trade gateways impacted by the strike handle more than half of all goods shipped in containers to and from the U.S. A weeklong strike could impose a \$4.5 billion to \$7.5 billion hit, it estimates. The auto parts supply chain would be particularly hard hit in a strike, it adds.

“Just as U.S. policymakers shift focus from curbing inflation to shoring up the job market, the economy faces a jolt that threatens the kind of supply-chain disruption and consumer discontent rife during the pandemic — and possibly puts your daily dose of bananas at risk,” *gCaptain* says. “This time, the shock looms just weeks before a knife-edged election.”

If a strike occurs, *gCaptain* says the flow of consumer goods, components for factories and certain vehicles would seize up, disrupting auto supply chains and other manufacturing networks in election battleground states. “Refrigerated fruit imports and fresh meat exports would face spoilage and diversions,” it adds, “leading to shortages and higher prices.”

Because the two sides remain far apart at the negotiation table, many prognosticators are predicting that a strike will happen. *Axios* says that trade groups are asking the White House to step in and either avert the strike or step in once one starts.

“We are monitoring and assessing potential ways to address impacts to U.S. supply chains related to operations at our ports, if necessary,” said White House Spokesperson Robyn Patterson in a statement. “That said, we continue to encourage the parties to continue negotiating towards an agreement that benefits all sides and prevents any disruption.”