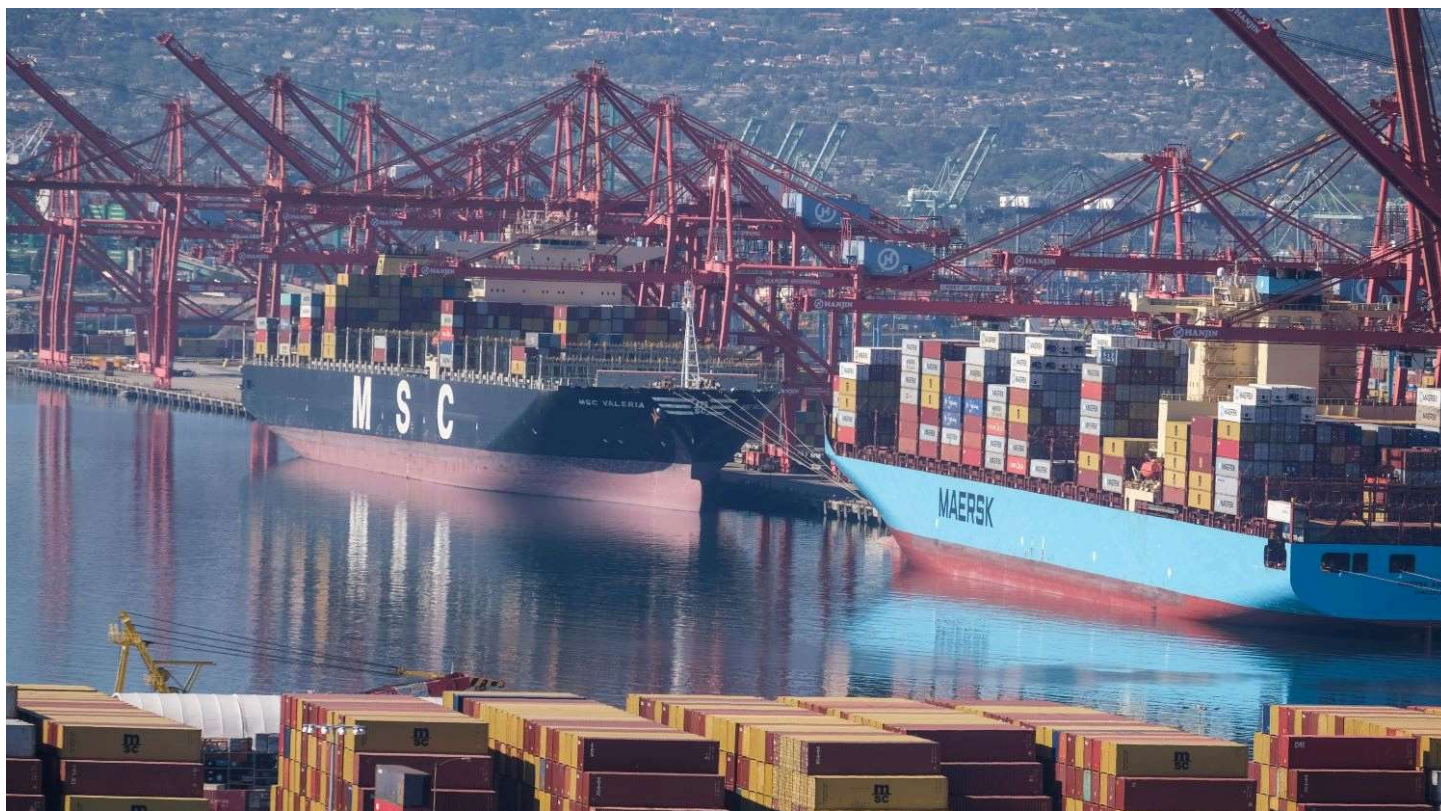


Ocean carriers take harder line with ILA as January strike date nears



Carrier CEOs were not willing to keep ILA's October strike going and potentially be exposed as a target for blame for influencing the outcome of the US presidential election. Photo credit: Ringo Chiu / Shutterstock.com.

Peter Tirschwell | Dec 10, 2024, 11:51 AM EST

Container lines, after months of trying to maintain a low profile, are pushing harder on the need for automation at US East and Gulf coast ports as longshore labor refuses to negotiate on the technology issue and the union's Jan. 15 strike threat nears.

The United States Maritime Alliance's (USMX's) newfound assertiveness was on display last week in a rejoinder to the International Longshoremen's Association (ILA) blaming the contract impasse on rail-mounted gantry cranes sought by carriers:

"Modernization and investment in new technology are core priorities required to successfully bargain a new master contract with the ILA."

Journal of Commerce
Analysis

The missive was the first issue-focused statement from USMX, which until Dec. 3 had kept its messaging within negotiation updates. In comparison, the ILA has released a fiery video and multiple searing statements, including one even knocking USMX's "weak publicity campaign."

Carrier executives who dominate the board of the USMX tell the *Journal of Commerce* they are done with what they consider to be an overly passive approach demonstrated in recent months by USMX staff in the face of repeated provocations by ILA leadership.

Sources told the *Journal of Commerce* that USMX staff advised the carriers to lay low and not confront the dockworkers over issues such as pay, productivity and automation even as the ILA castigated them as greedy, foreign-owned and bent on replacing American jobs with automation.

Carriers are still smarting from the Biden administration essentially forcing their group CEOs during an early October conference call to accept a 62% pay increase for dockworkers over a new six-year contract, which ended a three-day strike.

"The carriers were assured by USMX that things would work out, that [ILA President Harold] Daggett is only posturing, so they weren't aggressive in communicating how bad a deal this was," a knowledgeable source told the *Journal of Commerce*. "In retrospect, we were advised to stay out of the spotlight, not engage in a fight in the media, [and] allow Harold to sound off unchecked, without resistance."

According to two sources, frustration with that strategy led to recent changes in responsibility among senior staff at USMX. At least among some of the carrier members of USMX, there's a preference to take a harder line even if that means another ILA strike that is likely to draw in the new Trump administration.

Key, at least for some carriers, is the fact that this time around the US presidential election isn't hanging in the balance as it was in October. Back then, carrier CEOs were not willing to keep the strike going and potentially be exposed as a target for blame for influencing the election outcome.

Gauging the Trump factor

Similar to the Biden administration, President-elect Donald Trump has emphasized the foreign ownership of major container lines. On Oct. 1, the first day of the ILA's strike, the Trump camp told Politico: "American workers should be able to negotiate for better wages, especially since the shipping companies are mostly foreign flag vessels..."

In a Nov. 25 statement featuring a photo of Daggett's "constructive meeting" with Trump that took place in late 2023, the union boss praised the incoming president's nomination of Rep. Lori Chavez-DeRemer as US labor secretary. Trump during the ILA's three-day strike expressed sympathy for the dockworkers who "were decimated by this inflation."

Still, Trump's labor sympathies aren't shared by Elon Musk, his adviser and biggest reelection backer financially. Musk on Saturday retweeted a video by libertarian pundit John Stossel titled, "America's Stone Age Ports: How Unions Block Progress."

Flexport CEO Ryan Petersen, who estimates there's an 80% chance of ILA striking come Jan. 15 due to a lack of an agreement on automation, notes the differing stances of Trump and Musk.

"The big uncertainty is that Trump was very much pro-union back in October, while Elon has long been pro-automation," Petersen said. "Does Trump listen to Elon or follow his natural instinct which is to be the man of the people?"

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