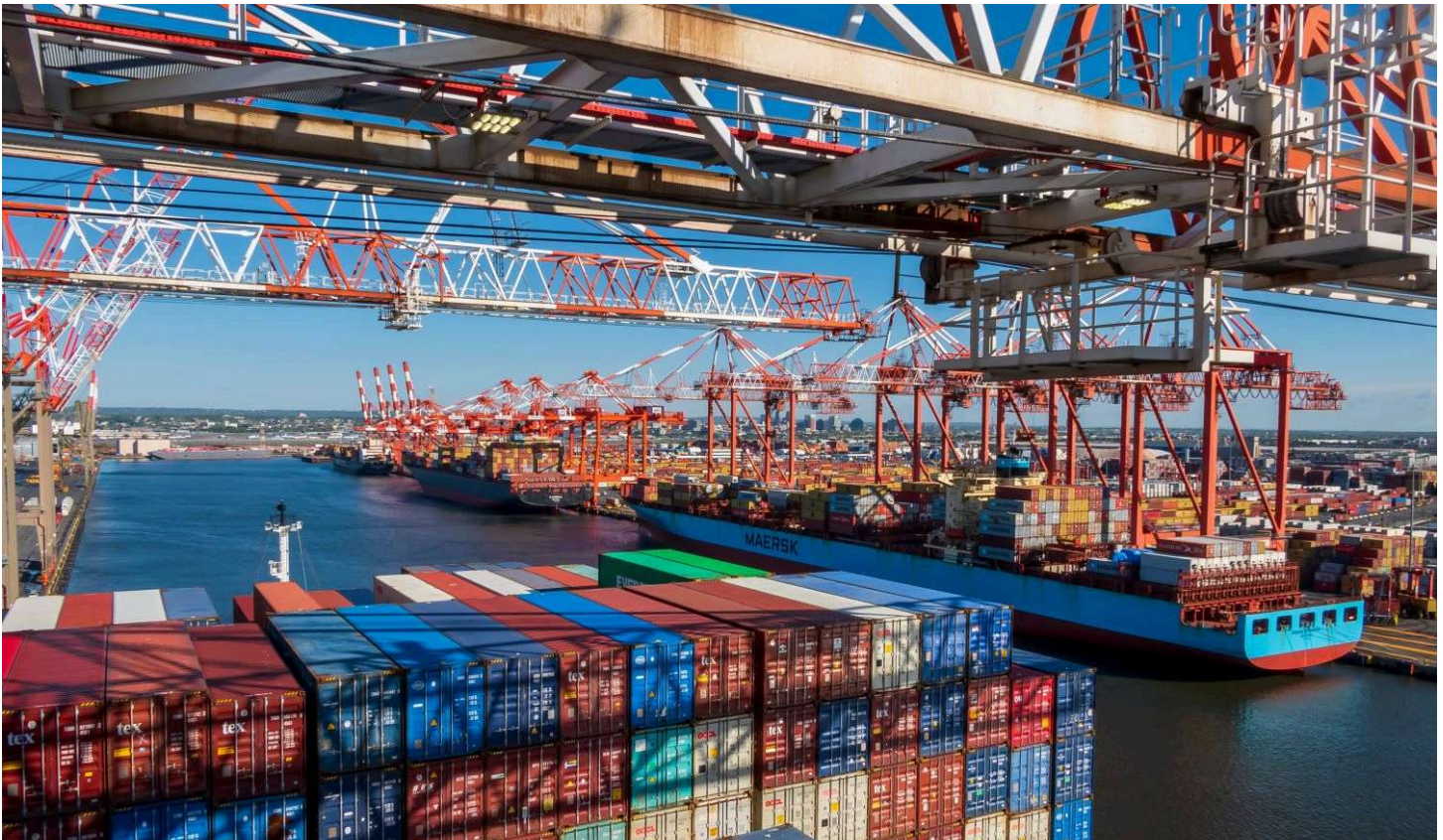


Trump's backing of ILA puts pressure on carriers to cave to union's demands



Ocean carriers have long-pent up frustrations with US ports, where cargo handling costs are the highest in the world, they say. Photo credit: ambient_pix / Shutterstock.com.

Peter Tirschwell | Dec 13, 2024, 10:28 AM EST

Did President-elect Donald Trump, in issuing a strong statement of support for East and Gulf coast dockworkers on Thursday, end any hope ocean carriers had of emerging from contract negotiations with anything other than a complete capitulation to the union's demands?

Trump's statement made it clear he stood with the International Longshoremen's Association (ILA) and their opposition to automation at ports along the East and Gulf coasts, saying "the amount of money saved is nowhere near the distress, hurt and harm for American workers, in this case our longshoremen."

**Journal of Commerce
Analysis**

That spells a virtual dead end for ocean carriers wanting to push their interests to the max in stalled contract negotiations, some insiders tell the *Journal of Commerce*, given the role the White House has played in pushing through deals to end strikes or extended labor slowdown actions. Those insiders predict that ocean carriers represented by the United States Maritime Alliance (USMX) will now cave in to the demands of the ILA to eliminate existing rights port employers have to introduce automation.

Trump's post on Truth Social is "game over for carriers," said one knowledgeable source. "No strike and they will give [the union] what they want and then fight another day."

The logic behind that point of view is the carriers who dominate USMX will not risk another head-to-head confrontation with a US president like the one they found themselves in during the three-day ILA strike in October, the first since the late 1970s. They walked away from that interaction having seen their group CEOs all but forced by the White House to agree to a staggering 62% wage increase for ILA workers over the course of the next contract. Another confrontation this time with the incoming Trump administration could create unknown risks for the carriers' lucrative business in the US.

The alternative is to fight, which, although some see it as a remote possibility given carriers' traditional desire to lay low, is one at least some carriers appear to be champing at the bit to give a try.

That scenario is based on thinking that the carriers aren't as powerless in the negotiations as it may appear, even though they are all but friendless politically in the US. Carriers in this point of view have a strong argument to make, if they could get their act together on the public relations front, that US ports are woefully costly and inefficient and require automation to enable US containerized trade to continue growing without constantly bumping up against capacity limitations at US ports.

Carriers' long and growing frustration

Carriers have long-pent up frustrations with US ports, where cargo handling costs are the highest in the world, carriers say, yet they have no ability to directly pass those costs along to customers in the form terminal handling charges that they assess almost everywhere else in the world.

The USMX began belatedly making that point in early December, a sign of its stepped-up PR strategy under pressure from their carrier board members.

“Due to the lack of available new land in most ports, the only way for US East and Gulf coast ports to handle more volume is to densify terminals — enabling the movement of more cargo through their existing footprints,” USMX said. “Port operations must evolve, and embracing modern technology is critical to this evolution.”

Practically speaking, the two sides at least currently are careening toward another strike as of Jan. 15, the deadline set in October for a new contract. There has been no meaningful resumption of negotiations since June, but carriers are not motivated to get a deal done by the deadline and avoid another strike; if Jan. 15 arrives with no deal, the 62% increase is off the table, according to two carriers.

Furthermore, in prior negotiating rounds with US dockworkers over several decades, carriers prioritized keeping the ports open and cargo flowing. But they no longer have such motivations given their recent experience that disruptions force up freight rates.

That is why some carriers might be all too happy to allow a second strike to go forward, assuming the ILA chooses to strike as of Jan. 15, giving carriers leverage at the negotiating table because it would require their agreement to terms that would end the strike.

One scenario is that the ILA strikes on Jan. 15 and the parties are forced into a deal on Jan. 20, the day of Trump's inauguration.

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