



POTENTIAL IMPACT OF AN INTERNATIONAL LONGSHOREMAN'S (ILA) STRIKE

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ABSTRACT

This paper documents the findings of a study examining the potential impact of an International Longshoremen’s Association (ILA) strike at the United States (U.S.) East and Gulf coast ports. The study finds the potential for substantial disruptions in the movement of container and roll-on / roll-off cargo impacting the local and national economy and supply chains. This is a quick look study aimed at obtaining insightful estimations. A more detailed assessment would include accounting for active mitigation, seasonal impacts, inventory levels, and more refined economic modeling to account for dynamic and interactive impacts of disruptions to industrial inputs. Additional documentation regarding this study can be found in [1]. Section references, below, are in reference to [1].

INTRODUCTION

The International Longshoremen’s Association master contract with the U.S. Maritime Alliance expires on September 30, 2024. Although no coastwide disruption has occurred since 1977, opposition to increased port automation and demands for higher wages are major issues in the current negotiations. Should a strike occur, there may be significant implications on the ability to move goods domestically and internationally, impacting the U.S. economy and beyond.

The ILA has a presence at nearly every port along the East and Gulf Coasts, leaving few alternative ports to offload/load cargo impacted by a strike. The ILA contract does not cover all port operations. Its focus is container and roll-on/roll-off operations (Section 2).

About 51% of overall principal port capacity (measured by volume) is located along the U.S. East and Gulf Coasts.

Although excess capacity along West Coast ports can partially offset some of the risks, the ability to handle a significant amount of roll-on/roll-off and container diversions may not exist (Section 2).

Some industries would be impacted more than others. ILA ports accounted for more than 90% of total U.S. imports of 34 HS4 commodity codes in 2023 (Figure 1).

Dominant exports from East and Gulf coast ports include items such as mineral oils and coal, certain chemicals, and wood-based products that may not be directly impacted by container and roll-on/roll-off operations (Figure 2). However, it is unknown if an ILA strike could potentially impact other operations such as tanker, breakbulk, and other types of port operations (Section 5).

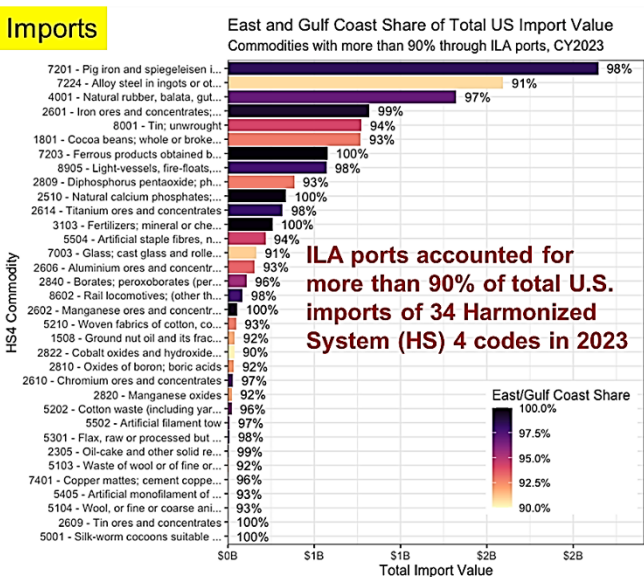


Figure 1. Commodities Where 90% or Greater Value are Imported through ILA Ports.

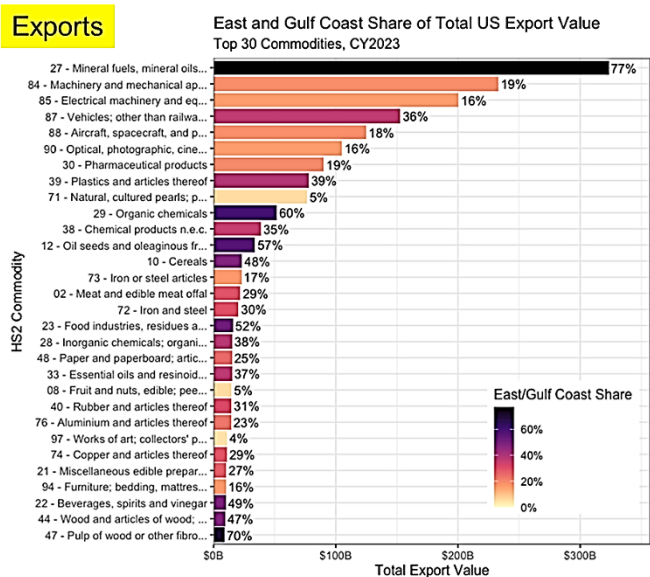


Figure 2. Top 30 Exports (% share by value) from East and Gulf Coast Ports.



Figure 3. Shipments from places such as Antwerp to Norfolk may need to follow longer sea routes to a West Coast Port. Additional inland travel adds to cost.

A port strike could lead to longer ocean routes and inland routes to move commodities to U.S. and international destinations.

These longer routes (Figure 3), and increased demand on West Coast ports, could raise the cost of shipping (Section 5).

Examining the top ten ports by value along the East and Gulf coasts (such as in Savannah, GA; New York/New Jersey; and Hampton Roads, VA), some (Figure 5) would have a significant percentage of vessels impacted by a strike (58% - 81%).

Port	Imports			Exports			% Vessels Affected
	Total Value, \$B	% of US Value	Top Commodity (HS Code)	Total Value, \$B	% of US Value	Top Commodity (HS Code)	
New York/New Jersey	\$232	7.5%	Petroleum (2710)	\$52	2.6%	Vehicles (8703)	65%
Houston, TX	\$103	3.3%	Petroleum (2709)	\$124	6.1%	Petroleum (2709)	15%
New Orleans, LA	\$67	2.2%	Returned Exports (9801)	\$69	4.4%	Aircraft (8800)	9%
Savannah, GA	\$56	3.1%	Vehicle Parts (8708)	\$33	1.6%	Vehicles (8703)	75%
Hampton Roads, VA	\$69	2.2%	Pharmaceuticals (3004)	\$39	1.9%	Pharmaceuticals (3002)	64%
Corpus Christi, TX	\$5	0.2%	Petroleum (2709)	\$80	4.0%	Petroleum (2709)	1%
Charleston, SC	\$69	2.2%	Vehicle Parts (8708)	\$33	1.6%	Vehicles (8703)	81%
Baltimore, MD	\$59	1.9%	Vehicles (8703)	\$22	1.1%	Vehicles (8703)	58%
Philadelphia, PA	\$32	1.1%	Vehicles (8703)	\$6	0.3%	Petroleum (2711)	61%
Brunswick, GA	\$20	0.7%	Vehicles (8703)	\$12	0.6%	Vehicles (8703)	79%

Figure 5. Top 10 ports as determined by ILA presence and the total import and export value. Including Total Value, % of U.S. Value, and Top Commodities for Imports and Exports as well as % of Vessels Potentially Affected

Others, such as Corpus Christi, TX, and Houston, TX, that have significant petroleum exports would have fewer impacted vessels (Executive Summary). The largest share of imports and exports by value along the East and Gulf coasts occur in New York/New Jersey (Imports) and Houston (Exports) (Section 2).

A high-level analysis of economic impacts from an ILA strike lasting 30 days (accounting for minimal mitigation) and centered at the New York/New Jersey Port estimated the impact at \$640 million/day.

Export impacts in Houston could be as high as \$51 million/day and \$41.5 million/day for imports (Section 6). Hampton Roads, with a large share of impacted vessels (64%), could have an economic impact of \$600 million/day; ~\$18 billion over 30 days (Figure 6) (Section 6).

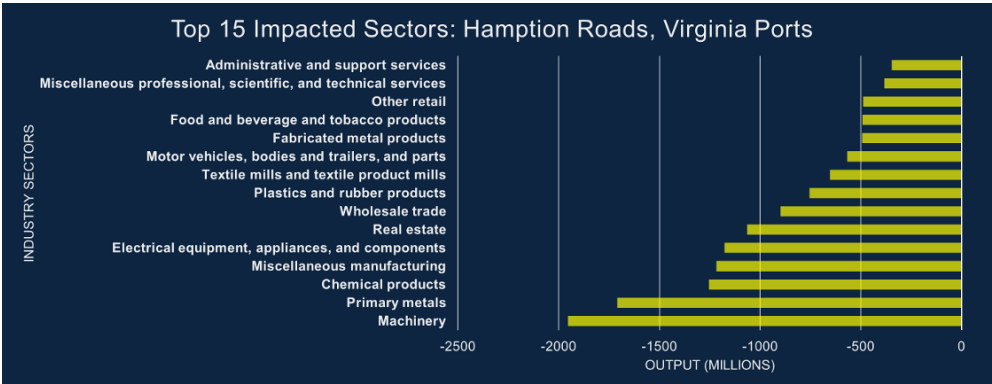


Figure 6. Top Impacted Sectors Assuming a 30-Day Disruption in Hampton Roads, Virginia

Section 7 of [1] documents the data sources (Figure 7) and limitations of this study.

Data Name	Source	Description
US Census	USA Trade	Monthly US imports/exports by commodity code
US Army Corps of Engineers (USACE)	Principal Ports	Annual imports/exports for top 150 US ports by tonnage and geodatabase
International Monetary Fund (IMF)	Port Watch	Annual vessel counts by category for top global ports by value
US Dept of Labor	Union Reports	Local union office location with membership counts
U.S. Maritime Alliance (USMX)	https://www.usmx.com/about/	Ports of call, membership, scope of influence
International Longshoremen's Association	https://ilaunion.org/ila-links	ILA Ports, Jurisdiction, labor agreement
Individual Port Information	Facts at a Glance Port of South Louisiana (portsl.com)	Terminal information, capabilities, etc.
FAF – 5	Freight Analysis Framework (FAF) (ornl.gov)	Commodity flows between zones in the US
Eurostat	SeaRoute	Shortest maritime route and distance between locations
AIS	Lloyds List Intelligence	Vessel movements for selected East Coast pharmaceutical imports
Bill of Lading	Bloomberg	Commodity type, value, shipping vessel for selected East Coast pharmaceutical imports

Figure 7. Data Sources Leveraged by the Study

For a more complete assessment, additional analyses are recommended, including:

- Detailed assessment of specific industries most likely impacted by an East and Gulf coast port strike
- Examination of mitigation opportunities including historical shifts of commodity movements that took place from the West coast to other ports during 2022/2023 negotiations between the International Longshore and Warehouse Union (ILWU) and the Pacific Maritime Association (PMA)
- Determination of broader national and local economic impacts of a strike as well as transportation delays, performance, and costs for imports and exports
- Estimation of increased wages on the cost of transporting goods and possible inflationary pressures

This study has shown the significant impact that may occur from a strike up and down the East and Gulf coast. Many Federal, State, and Local agencies, as well as industry stakeholders, may be interested in better understanding the potential impact of an ILA strike along the East and Gulf coast.

- *Department of Transportation:* Transportation policies and actions to optimize transloading at ports and freight flow movements during a disruption
- *Industry Trade Associations and Coalitions:* Understanding of most impacted inputs to manufacturing processes in the country and impact from various delay scenarios
- *State and Local Governments:* Understanding the dollar magnitude of the effect, which industry sectors in their jurisdictions are most impacted, impacts on local labor, and length of disruptions to guide needed mitigation measures
- *Department of Commerce, International Trade Administration:* Understanding risks to one or more supply chains, including the effect on the national and regional economies and impact on exports
- *U.S. Department of Agriculture:* Understanding effect on transportation delays from port disruptions and strikes on all agricultural flows and possible food disruptions

References:

[1] *Impacts of International Longshoremen’s Association (ILA) Strike on the U.S. Economy*, The MITRE Corporation, July 2024 (not published).