

Commentary: Dockworkers hold fist over America's supply chains

U.S. shippers should not underestimate the power the nation's longshore unions hold over the flow of containerized cargo, said Chris Gillis, editor at *American Shipper*.

BY CHRIS GILLIS | FRIDAY, APRIL 07, 2017

America's dockworker unions - the International Longshoremen's Association (ILA) on the East Coast and the International Longshore and Warehouse Union (ILWU) on the West Coast - are undoubtedly powerful forces in the United States.

They have the ability to wreck supply chains and cripple the U.S. economy just by shutting down one coast or the other if they're feeling displeased with their current contract or disrespected by employers or lawmakers.

Take, for example, the move in late February by the vice president of ILA Local 1422 in South Carolina, who stepped outside the confines of the union's top brass and called for ports to shut down along the East and Gulf coasts, in addition to staging a march in Washington, D.C., to "wake up decisions makers and force them to focus on our ports."

The ILA local called for the coastal shutdown over a local port issue, even though the union's master contract with its terminal operator employers, of which the local is a part, forbids any form of work stoppage by the union. In addition, the strike action was not sanctioned by the ILA's national leadership. This was truly a renegade action by one ILA local, but that doesn't change the fact that it could have succeeded in some part.

Fortunately, ILA leadership stepped in to calm down the South Carolina local, as well as warn other locals who may have been preparing to join the work stoppage against such action. And American shippers and their complex supply chains dodged a major bullet.

As Peter Friedmann, executive director of the Agriculture and Commodities Transportation Coalition, warned in a letter to incoming Transportation Secretary Elaine Chao, for every day a port terminal is shut down, it takes at least six days to recover, and in many cases, even longer. Shippers won't soon forget (or at least they shouldn't) the shutdowns of port operations perpetrated by the unions in 2002 and 2014-2015, and the occasional interruptions in between. Other leading trade organizations, such as the National Retail Federation and National Industrial Transportation League also raised their voices in opposition to the proposed ILA stoppage.

However, the dustup from the South Carolina ILA local may be a warning shot for what's to come as the union and its employers, represented by the U.S. Maritime Alliance (USMX), wade more deeply into the upcoming round of contract negotiations. The current master contract between the ILA and USMX is set to expire Sept. 30, 2018, not that far away at all considering the complex and often contentious nature of dockworker labor contract talks. On top of this, it won't be long there- after when the ILWU will be renegotiating its master contract with its West Coast port employers, which expires July 1, 2019.

American shippers should not underestimate the power the nation's longshore unions possess over its flow of containerized cargoes. To get containers on and off the piers in most marine terminals in the U.S., they first have to get past a union dockworker.

It will be interesting to see if shippers burned by those past port shutdowns or slowdowns have actually implemented contingency systems and processes to be more agile this time around, or if they will once again be forced to make drastic changes to their cargo flows in the event of a disruption. In other words, have the past port problems induced shippers to create truly different supply chains, or have they simply become reactive each time the threat of a slowdown rears its head?