US dockworkers launch strike after labor contract expires

AFP- Dockworkers at major ports along the US East and Gulf Coasts began walking off the job early Tuesday after last-minute negotiations yielded no new labor contract, a stoppage expected to drag on the world's largest economy just ahead of the November presidential election.

A strike at the Port of Virginia "began at 12:01 am," the port said on its website, adding that talks between the International Longshoremen's Association (ILA) and the United States Maritime Alliance (USMX) shipping group "have reached an impasse."

"This is not unique to Virginia," the port of Virginia said. "This is a coast-wide labor action, meaning it is directed at container ports along the US East and Gulf Coasts."

Neither the ILA nor USMX replied immediately to a request for comment.

A possible stoppage had been telegraphed for months, with the odds rising in recent weeks as the two sides described themselves as far apart, with no sign of real progress.

USMX however said late Monday that it was "hopeful" after the two sides exchanged counter-offers.

But when the six-year contract expired at midnight, there was still no deal.

"Nothing's going to move without us – nothing," ILA President Harold Daggett said Tuesday outside a port in Elizabeth, New Jersey, according to The New York Times.

The walkout marks the ILA's first since 1977 and follows other high-profile strikes at US automakers, Boeing and other

employers. The contract directly affects some 25,000 ILA members at 14 large US ports, including New York/New Jersey, Boston, Philadelphia, Savannah, New Orleans and Houston.

While the economic hit of the stoppage will depend on its length, analysts said a long strike could significantly drag on the US economy, potentially adding to inflation after recent progress.

A lengthy strike could also pose political challenges.

US President Joe Biden, a close ally of organized labor, has so far ruled out federal intervention, citing the need to respect collective bargaining rights.

But business lobbies are sure to amplify calls for action if the strike drags out.

– Fighting automation –

On Monday, New York Governor Kathy Hochul said port officials were scrambling to clear out as many items as possible before the impending stoppage.

Other ports such as New Orleans and Savannah have offered extended hours in recent days ahead of the deadline.

The union is pressing for protections against automation-related job loss and for hefty wage hikes after dockworkers kept providing essential services throughout the pandemic.

Shipping interests are engaging in a “disgraceful” effort “to make their billion-dollar profits at United States ports, and off the backs of American ILA longshore workers,” the ILA said Monday.

USMX said late Monday its new offer would “increase wages by nearly 50 percent, triple employer contributions to employee retirement plans, strengthen our health care options, and retain the current language around automation and semi-

automation.”

Media reports say the ILA is asking for a 77 percent wage increase over six years.

Oxford Economics estimated that the strike would dent US gross domestic product by $4.5 billion to $7.5 billion per week. The overall economic hit depends on the length of the strike, analysts say.

“A port strike would paralyze US trade and raise prices at a time when consumers and businesses are starting to feel relief from inflation,” said Erin McLaughlin, senior economist at the Conference Board.

“There’s no easy Plan B. While shippers have already begun diverting some cargo to the West Coast, capacity for such alternative options are limited.”

New York officials emphasized that any strike would not lead to shortages of basic goods.

“We don’t anticipate shortages of essential goods anytime soon,” said New York Governor Kathy Hochul. “People do not need to rush out to the grocery store and stockpile goods like they did during the pandemic.”

Hochul noted that pharmaceutical products will not be affected because they are typically flown in and not sent by ship. State officials are monitoring other medical supplies, but stockpiles are adequate for the foreseeable future, she said.

But Hochul cited automobiles and semiconductors as items that could be affected more quickly. She also said a lengthy strike could limit availability of fresh foods such as bananas.

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