

## Could East and Gulf Coast port strike result in banana shortage?

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Port of Savannah

Furniture, bananas and motor vehicle parts could be the top containerized commodities that would be affected by a potential labor strike at the United States East Coast and Gulf Coast ports, according to US Census Bureau data.

The top three containerized goods processed by East Coast and Gulf Coast ports year to date have included nearly 2.5 million tons of furniture, followed by 2.2 million tons of bananas and plantains and 1.8 million tons of motor vehicle parts.

Rounding out the top five containerized goods handled by East Coast and Gulf Coast ports are semiconductor devices and LED lights (1.4 million tons) and ceramic flags and wall tiles (nearly 1.4 million tons).

While shippers have considered shifting some cargo to US West Coast or Canadian ports, the answer may not be so simple for all goods, according to Jason Miller, a supply chain professor and economist at the Eli Broad College of Business at Michigan State University. Miller compiled and organized the Census Bureau data.

Take bananas, Miller said in a recent LinkedIn post. About 75% of banana and plantain imports come into the US via the East and Gulf Coast. Water transportation of bananas is more cost-effective than shipping bananas by refrigerated truck on a per-mile basis, according to Miller.

“There is zero chance of shifting all these imports through the West Coast, and the low dollar value per unit of weight for bananas means putting them on planes isn’t economical. Moreover, you can’t frontload a perishable product,” Miller said.

The percentage of motor vehicle parts coming through East and Gulf Coast ports is about 55%, with most actually coming from Asia and the remainder coming from Europe, according to Miller. But shifting all these motor vehicle parts isn’t feasible, particularly for European auto parts, which can have a higher value per unit.

Meanwhile, when considering the value of tonnage processed through East and Gulf Coast ports, motor vehicle parts and motor vehicles dominate: the value of motor vehicle parts that have been shipped via containerized imports year-to-date is worth US\$10.8 million, while the value of motor vehicles and transport vehicles shipped year-to-date is worth US\$7.7 million.

The high stakes for US importers compelled them last week to ask President Joe Biden to encourage the International Longshoremen’s Association (ILA) and the United States Maritime Alliance (USMX) to continue to negotiate a new labor agreement before the current one expires on 30 September. ILA members have said they plan to go on strike on 1 October should a labor contract not be reached.

“A strike at this point in time would have a devastating impact on the economy, especially as inflation is on the downward trend. ... The administration needs to provide any and all support to the parties in their negotiations. In addition, the administration needs to be ready to step in if a strike or other action occurs that leads to a coastwide shutdown or disruption,” said a letter addressed to President Biden on 17 September and signed by 177 trade associations, including the American Home Furnishings Alliance, the American Spice Trade Association, Autos Drive America, the National Retail Federation and the National Grain and Feed Association.

For now, Biden has indicated that he will not invoke a federal law that would prevent ILA members from striking on 1 October.

But “Combine a highly emotional consumer product that people will be irate about if there are stockouts (bananas) and the potential for widespread disruption to the most important manufacturing sector in a critical swing state (Michigan), and I can’t help but think a prolonged port strike will not be allowed to occur just prior to a presidential election,” Miller said.