

US port strike would leave imports from Europe stranded

European and Latin American imports into the US would be left stranded if the threat of East Coast port dockworker strike from 1 October becomes a reality, warns HSBC Global Research.

[Marcus Hand](#), Editor

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Credit: GA Ports

At a Glance

- East Coast ports handled 55.5% of US container import volumes year-to-date
- Imports from Asia can divert via West Coast ports although would place significant strain on port and landside infrastructure
- European and Latin American imports would be left stranded with few viable alternatives

Talks between the unions, represented by the International Longshoremen Association (ILA), and employers represented by the United States Maritime Alliance (USMX), broke down in June. On 13 September USMX said there had been no further negotiations on the master contract, while the ILA have made clear their intention to strike coast wide if there is no new agreement by 1 October.

HSBC Global Research's latest Global Freight Monitor report noted that US Gulf and East Coast ports accounted for 57% of US imports and 8% of global container trade in 2023. A surge in volumes diverted to US West Coast ports in recent months has seen this share reduce slightly in 2024 to 55.5% of total import volume year-to-date.

If a strike goes ahead the picture would be bleaker for European and Latin American imports into the US than their Asian counterparts. "In case of a shutdown of EC and GC (Gulf Coast) ports, there would at least be some recourse to WC ports for Asian cargoes, but this would still place significant strains on the port side and landside cargo evacuation infrastructure," the report said.

Currently West Coast yard capacity utilisation stands at 65 – 71% with minimal delays to berthing, however rail dwell time runs at 5 – 12 days, according to figures quoted from Flexport.

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“If volumes diverted rapidly to the WC during a strike on the EC and GC ports, we could see these metrics deteriorate and also lead to equipment shortages (trailers and chassis). Separately, any go-slow actions by port workers at WC ports in solidarity with the ILA could worsen the situation,” HSBC said.

However, it believes the situation would be much worse for European and Latin American imports into the US with a lack of viable alternatives.

“Shipments from Europe and LatAm to the EC and GC would most likely be stranded, with shippers having very few options to reroute. Canadian and Mexican ports on the Atlantic side are well short on capacity to handle their own volumes as well as any spillover from the US,” the report said.

With Montreal handling a maximum of 132,000 teu monthly this year, and Halifax 124,000 teu in Q2 2024 Canadian ports would be overwhelmed by diverted cargo. Meanwhile Mexico has both limited port and intermodal capacity.

“We think a potential labour strike would likely impact the transatlantic volumes even more as European exporters appear to be less prepared. European exporters likely waited for clarity on the labour situation given the shorter voyage distances compared to exports from Asia and only accelerated the exports in recent weeks,” the report said.

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On the possibility that the Biden administration could choose to invoke the Taft-Hartley Act with a court order for an 80-day cooling off period, as happened in the 2022 West Coast ports lockout. However, with elections looming HSBC believes it might take some time for the federal government to choose to step in.

“The administration has shown a proactive approach in labour negotiation, as seen in its efforts to avert a rail strike in 2022. However, we sense the administration may explore all other negotiation options before invoking Taft-Hartley, considering potential political ramifications ahead of the election. It is possible that significant disruptions may have occurred before the administration steps in,” the report said.