

MARKET DISRUPTION BRIEF

East and Gulf Coast ports negotiations (Updated December 17)

Members of the International Longshoremen's Association (ILA) began walking off the job on October 1 as the master contract with the United States Maritime Alliance (USMX) expired, but it has since been extended to January 15, 2025, and dockworkers will return to work immediately.

Current Conditions

As of December 17, 2024, negotiations between the International Longshoremen's Association (ILA) and the United States Maritime Alliance (USMX) regarding East and Gulf Coast port operations are ongoing. The current master contract, extended after a three-day strike in October, is set to expire on January 15, 2025. Key issues under discussion include wage increases and the implementation of automation technologies at port facilities.

Recent Developments:

- **October 2024 Strike and Tentative Agreement:** In early October, approximately 45,000 dockworkers initiated a strike over wage disputes and concerns about automation. The strike concluded after three days when both parties agreed to a tentative deal, which included a 62% wage increase over six years and an extension of the existing contract until January 15, 2025, to allow further negotiations on unresolved issues.
- **Automation Concerns:** A significant point of contention remains the adoption of automation in port operations. The ILA opposes increased automation, citing potential job losses, while the USMX argues that modern technology is essential for handling higher cargo volumes efficiently. Recent statements from both sides indicate that this issue is a major hurdle in reaching a comprehensive agreement.
- **Call for Resumption of Talks:** Trade organizations, including the National Fisheries Institute, have expressed concern over the stalled negotiations and the potential for another strike in January. In early December, over 250 retail and trade groups signed an open letter urging both parties to resume negotiations promptly to avoid further disruptions.

A failure to reach an agreement by January 15 could lead to another strike, disrupting operations at 36 ports along the East and Gulf Coasts. Such disruptions could have significant economic implications, affecting supply chains and the availability of goods nationwide.

Proactive Strategies

Vizient recently [published a piece](#) on navigating the murky waters of a potential port strike and included these three tips that we encourage providers to explore:

- Review this brief regularly for the most up-to-date information regarding disruptions from a potential strike
- Leverage **Vizient Reserve**: The program drives additional dedicated inventory of essential medications and supply, housed in the United States.
 - Routine Respiratory Disposables with AirLife: AirLife states no impact from a port strike
 - Medication Delivery Respiratory with AirLife: AirLife states no impact from a port strike
 - Surgical Blades & Scalpels with Aspen: Aspen states no impact from a port strike
 - Novaplus Enhanced Supply Reserve (essential medications)
- Diversify essential products: Assess the ability to minimize concentration risk and consider domestic sourcing options. Tools like the Critical Supplies Management program provide dedicated support to assess concentration risk and plan for future capabilities.

Furthermore, see below on supplier information we have gathered to date.



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As the nation's largest member-driven health care performance improvement company, Vizient provides solutions and services that empower health care providers to deliver high-value care by aligning cost, quality and market performance. With analytics, advisory services and a robust sourcing portfolio, we help members improve patient outcomes and lower costs.

Historical conditions

Recently, representatives of unionized dockworkers unanimously backed their leaders' calls for a strike at U.S. East and Gulf Coast ports if they did not secure a new contract with employers by October 1. With no new contract in place, dockworkers at ports from Maine to Texas began walking picket lines. "We are prepared to fight as long as necessary, to stay out on strike for whatever period of time it takes, to get the wages and protections against automation our ILA members deserve," Union President Harold Daggett said in a statement. "They must now meet our demands for this strike to end." Wage increases and opposition to automation are at the heart of the dispute between the USMX and ILA.

There have been talks of the Biden administration invoking the Taft-Hartley Act that grants presidents power to intervene in labor disputes by imposing an 80-day period where employees are forced back to work while negotiations continue, but the administration said they will not intervene and **encourages all parties** to remain at the bargaining table.

The strike at East and Gulf Coast ports has garnered significant attention and concern across various sectors, highlighting the critical role these ports play in the global supply chain. These ports manage more than half of the United States' containerized imports and exports. This strike will disrupt the movement of countless goods and materials, causing widespread economic impacts and harming both consumers and businesses at a time when inflation is still a major issue. The severity of the impact will be determined by the duration of the strike. The U.S. Department of Health and Human Services **released a statement** saying, "On Monday, HHS met with trade associations, distributors, manufacturers, and other stakeholders to assess vulnerabilities and supply chain impacts. Current preliminary assessments indicate immediate impacts across medicines, medical devices, and infant formula for consumers, parents, and caregivers should be limited." It went on to say, "ASPR and FDA have and will continue working closely with HHS to quickly identify potential shortages of lifesaving products impacted by a strike to determine the cause and work with manufacturers and distributors to address local, regional and national needs as they arise."

The strike affects work at 14 ports along the East and Gulf Coasts, according to the U.S. Maritime Alliance. They are the Ports of Boston, New York/New Jersey, Philadelphia, Baltimore, Norfolk, Wilmington, Charleston, Savannah, Jacksonville, Miami, Tampa, Mobile, New Orleans and Houston.

Supplier Impact

Vizient has engaged suppliers to understand potential impacted categories and mitigations strategies that have been put into place. Should we identify a potential disruption, we will share within this document. Generally suppliers are closely monitoring the situation to ensure uninterrupted supply of essential products. Suppliers have implemented various strategies such as exploring alternative shipping routes and shifting volumes to alternate ports, utilizing airfreight, and increasing inventories to mitigate potential impacts of a strike on the East and Gulf Coast ports.

Pharmacy Impact

Our Shortage Surveillance and Readiness Team (SSRT), in coordination with Supply Assurance and Supply Risk Solutions, has been actively monitoring and assessing the potential impact of the East and Gulf Coast port strikes on the pharmaceutical supply chain. Additional outreach to supplier partners has been ongoing to understand preemptive planning and mitigation strategies for these organizations if the port closures do occur. General supplier responses, of those utilizing these ports and developing plans if impact to the supply chain, have included shipping additional inventory to the US prior to the potential closures, plans to air freight critically needed cargo, or utilization of alternative ports. The SSRT will continue to monitor the situation as it develops.

Mitigation strategies for suppliers

Suppliers have learned from supply chain issues that started with the pandemic and are relying on the following strategies:

- **3PL shippers:** Partnering with end-to-end third-party logistics (3PL) providers offers more visibility and improved real-time decision-making.
- **Switching ports:** Reversing the 2022-23 trend to switch to East Coast ports, this potential strike, as well as the Houthi and drought issues are requiring a return to West Coast ports.
- **Air freight prebooked; safety stock increased:** Small, lightweight critical products are going by airfreight.

Additional resources

- [Supply assurance webpage](#); [Vizient Newsroom](#), [Union, employers resume war of words in East Coast port contract dispute](#), [Retailers grow concerned over East Coast port strike as negotiations hit 'crossroads'](#), [National Fisheries Institute urges resumption of talks in East and Gulf Coast port contract negotiations](#)



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