

MARKET DISRUPTION BRIEF

East and Gulf Coast ports strike (Updated October 3)

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

Per [AP News](#) and [ABC News](#), the ILA and USMX have reached a tentative agreement on wages and will extend their current contract until January 15, 2025 to allow more time to negotiate a new contract. Dockworkers will return to work immediately.

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.

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



To learn more, please contact:
 Vincent Aguilera, Program Services Director,
disasterresponse@vizientinc.com

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.

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. See responses below:

Supplier	Supply Impacted	Mitigation Strategies
Abbvie	None Provided	We are closely monitoring the negotiations between the International Longshoremen’s Association (ILA) and the United States Maritime Alliance (USMX). As a global biopharmaceutical company, we have a responsibility to patients who depend on our medicines. We will continue to monitor the situation as it evolves and take actions, as required, to ensure the uninterrupted supply of our essential and lifesaving medicines to patients.
Baxter	None Provided	Current port strikes will have a minimal impact on products
Applied Medical	None Provided	There is no domestic impact to Applied. We do not import product from outside of the US as all our raw material, manufacturing, sterilization, packaging, and distribution operations occur in the United States at our owned-and-operated facilities.
Draeger	Potentially may affect consumables/Booms and Lights	For any potential port closures, our freight forwarded will go to the next available port. This will impact consumables/accessories since we use ocean freight to import them. However, we have set-up safety stocks for all our parts to cover any temporary supply constraints or delays. Equipment is not affected by port closures, as we air freight all, except Booms and Lights.
GE Healthcare	If these ports were to fully close, categories that could need mitigation strategies include: Anesthesia, Diagnostic Cardiology, CT, IGS Invasive, Maternal Infant Care, MI, Monitoring solutions, MR, PCS, Radiology, Surgery, Ultrasound, Women’s Health, and Xray	Based on our current assessments, we do not anticipate any immediate high-risk impact on our products. We are monitoring the situation and have plans in place to manage any potential effects on our products, should a disruption occur. To proactively address potential disruptions, we are prepared with options to shift volumes from East Coast operations to West Coast ports, or shifting to air. This strategy aims to have the capacity and flexibility needed to manage potential impacts.
Hologic	Breast and Skeletal product may be impacted.	Likely transition to airfreight as needed
Johnson & Johnson	None Provided	Johnson & Johnson is closely monitoring the East & Gulf coast labor negotiations and has a robust Business Continuity Plan in place if needed. At this time, we expect minimal impact to our supply chain. As a leader in global health, our top priority remains ensuring our products are available for patients and customers who rely on us
Medtronic	None Provided	Medtronic is monitoring the developments of the possible U.S. East and Gulf Coast Port strike. Given the limited use of ocean freight services by Medtronic, we do not expect material operational impacts. In the event of a strike, we stand ready to activate business continuity plans to mitigate service disruptions and ensure uninterrupted patient care.
MTF	Primarily Consumables	MTF does insulate a bit with additional inventory both internally and with our distributors, (safety stock). Possible re-route to undisturbed ports.
Siemens	None Provided	Should a strike occur on the East and Gulf Coast ports, Siemens Healthineers will utilize alternative ports and/or air

		transportation to mitigate any product delivery challenges. Should the situation or outlook change, I will follow up with new announcements.
Boston Scientific	None Provided	At this time, we have not experienced any supply disruptions. We are closely monitoring the situation, and contingency plans have been implemented.
Olympus	See Mitigation Strategies	<p>As the contract expiration nears for the International Longshoreman's Association (ILA), Olympus is exploring mitigation plans for implementation should scenarios present a delay to customer inventory. Olympus can confirm that a majority of its product is processed through the East Coast warehouse.</p> <p>Mitigation actions being taken are the use of non-ILA ports and the use of airfreight.</p> <p>Forecasting around shipping delays is being pursued at this time, in concert with our partners and suppliers. As analyses are completed, Olympus will strive to communicate with customers around these potential product availability concerns. As always, patient safety is our topmost priority.</p>
Stryker	Most of Stryker products are manufactured and assembled in the US, and they do not anticipate impacts on their supply chain.	Stryker employs multiple strategies, including redundancy in capability, process, geography, distribution network, etc. In addition to a diverse supplier base, our on-hand inventory position is strong, and we continue to monitor market trends and adjust production rates to ensure product supply. Beyond our on-hand inventory, we work closely with our global distribution network to strategically position our safety stock; these combined efforts are intended to avoid product disruptions and have yielded a record-low backorder globally, even during the global pandemic
Zimmer	None Provided	<p>Zimmer Biomet does not anticipate any disruptions from the strike as most of our consumable products come via air shipment or via West Coast ports. We are currently forecasting healthy inventory levels through the fourth quarter of this year.</p> <p>We will continue to monitor closely the situation and the potential disruption should the strike last longer than anticipated.</p>
Owens & Minor	None Provided	Closely tracking the looming port strike along the East and Gulf Coast, maintaining open communication with our top 200 suppliers. Many suppliers are rerouting containers to the West Coast and expediting deliveries. We've set up an internal command center to monitor issues, with minimal expected impact on high-volume HALYARD® branded categories. We're committed to updating customers and minimizing disruptions. <i>Message on Sept. 30.</i>
Medline	None Provided	We are monitoring the situation closely and working the steps Medline proactively took over the summer to help mitigate potential disruptions in the supply chain from an East Coast port strike, including shifting cargo to the West Coast, injecting additional safety stock into the network and more. In addition, we have been in touch with the manufacturing suppliers that we distribute, and currently we have not been informed of any anticipated disruptions due to this strike. <i>Message on October 1</i>
Getinge	See Mitigation Strategies	Getinge utilizes an independent shipping service for products shipped overseas: Independent Container Line (ICL), a Trans-Atlantic shipping line with an integrated

		<p>logistics network. At this time, it has been reported by ICL that there is minimal impact from the strike on delivery of some of our Infection Control products, including washers, as well as other Lancer products arriving from France.</p> <p>We do not anticipate the strike will affect our ability to receive and/or ship product from other business areas, such as Acute Care Therapies (EVH, CA, Grafts, Ventilators, Anesthesia), to our customers.</p> <p>We will continue to monitor the situation closely and share any new information as it becomes available.</p>
US Foods	None Provided	<p>A majority of the products we sell are produced and shipped domestically, we have taken a variety of proactive measures to mitigate any potential supply chain disruptions for products that are imported. Proactive measures include, increasing inventory in advance of the strike, leveraging alternative suppliers, reviewing alternative routes for suppliers through non-impacted ports, and shifting product across our 70+ distribution centers as needed. Relevant US Foods subject matter experts are working closely together to mitigate any potential disruptions. As the situation evolves, we will communicate relevant updates to you in a timely manner. In the meantime, please feel free to contact your sales representative with any additional questions.</p>
Sysco	See Mitigation Strategies	 <p>International Longshoremen's Association (ILA) Strike Impacts & Sysco Contingency Plans October 2, 2024</p> <p>October 2, 2024 Valued Customers,</p> <p>Sysco has been closely monitoring the situation between the International Longshoremen's Association (ILA) and the U.S. Maritime Alliance and has been preparing for several weeks for the potential impacts of the strike that began on October 1.</p> <p>The strike includes about 45,000 port workers from Maine to Houston. Our operations continue as usual, and we have no inventory or product shortages at this time.</p> <p>Sysco has engaged suppliers as well as our network of land and sea carriers to minimize disruption to our business and our customers by taking the following actions:</p> <ul style="list-style-type: none"> • Identified and prepared alternative routing options, including rerouting some of our business through West Coast and Canadian ports, as well as Mexico. • Sourced additional local, domestic suppliers for some products, such as canned and frozen goods, that we believe will be most impacted by the strike. • Engaged internal and external stakeholders to continuously monitor inventory, pricing, alternative vendors and routes where needed, and other ongoing challenges. <p>Sysco, including all our specialty companies, will leverage our scale and scope in the food and hospitality industry to continue servicing our customers and our communities.</p> <p>Please contact your sales representative for additional information and we will continue to update you as needed.</p> <p>Sysco Corporation</p>

We will update this table as necessary.

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](#)



Want to receive weekly Supply Assurance updates?

Update your preferences through our [Subscription Manager](#) by selecting Supply Assurance Weekly Digest.

Questions? Contact disasterresponse@vizientinc.com, pharmacyquestions@vizientinc.com, novaplus@vizientinc.com.