



October 11, 2022

### **Rail Union Ratification Hits First Obstacle, ILWU Negotiations Drag On and Congestion Continues to Impact the Supply Chain at a Cost to Shippers**

After a nationwide railroad strike was averted last month and all unions reaching tentative agreements, the **Brotherhood of Maintenance of Way Employees Division of the International Brotherhood of Teamsters (BMWED) is the first union to reportedly reject ratification.** The National Carriers Conference Committee, which represents the railroads in the ongoing negotiations, reported yesterday that there are four unions which have successfully ratified their agreements, while seven other unions have not yet reported their decision. The BMWED has agreed to continue discussions at the moment.

**The International Longshore & Warehouse Union (ILWU) and Pacific Maritime Association (PMA) negotiations continue to go at a very slow pace, plagued by inter-union jurisdictional disputes in Seattle-Tacoma.** Tension and work slowdowns have been witnessed in the ports of Oakland and Seattle-Tacoma in recent weeks, turning what was once optimism into continued concern and still a factor for many shippers that continue to divert their cargo to US East and Gulf Coast ports.

**As congestion continues at many of the major terminals, demurrage and detention remain a serious concern.** Containers remain buried in stacks. Chassis and Driver Shortages continue to plague port terminals and rail ramps across the country. Failed appointment systems, limited space to return empty containers, and the ocean carriers lack of action and responsibility to remove a higher percentage of empty containers on voyages back to origin, are disrupting the supply chain and causing a significant equipment imbalance. The Port Authority of New York & New Jersey has been planning to impose a \$100 container fee against the ocean carriers if they do not recover a minimum of 10% of empty containers above what they are dropping off within the quarter. The Ports of Los Angeles and Long Beach had tabled a similar penalty last year, but it was never implemented and could potentially be resurrected if conditions do not improve. The community awaits the actions of the carriers that vow to send in sweepers to assist, however efforts to this point have failed to make any major improvements. The Federal Maritime Commission has also taken notice and has started an investigation into detention within the guidelines of the Ocean Shipping Reform Act of 2022.

**Void sailings and temporary cuts in services are expected to increase on the transpacific eastbound trade, as ocean carriers look to reduce the overabundance of capacity that they have had in the market for the last several months.** The Golden Week holiday last week saw a sharp increase in void sailings and reports have cited that the month of October is likely to see over 45 void sailings and port omissions.

**As usual, we must continue to advise that there is still a great deal of uncertainty ahead and major challenges to endure, some that are unforeseen at this time and which has been proven between each of our News Flashes and guidance to our clients. We do highly recommend that you continuously review your supply chain and keep preparing for continued disruptions, volatility in costs, increased congestion, and long delays. Please continue to book your shipments weeks in advance as we have guided. Providing forecasts of your shipments is ideal. Due to volatility around the globe, this advice can be applied to all modes at this time. Please do your best to plan well in advance and communicate with all parties involved in your transactions. Do not hesitate to contact us should you have questions or need further guidance.**

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