

Negotiations between USMX and ILA - UPDATE

The talks between the ILA & the USMX Unions broke off on Tuesday. Everyone thought that the talks would result in a favorable resolution. This is not the case.

Unions voted for a strike. The irreconcilable differences between the Unions and the Government cannot be resolved, at least for the time being.

The strike would affect all the ports from Maine down to Texas. This situation would completely paralyze the country.

If the strike occurs as soon as December 29th (initial dead line), the best solution would be to pull all the containers from all the terminals prior to that date.

As in the case of Hurricane SANDY, any container on the water will be discharged at any port chosen by the ocean carrier. However, in this particular situation, there is no real contingency plan to discharge at any Gulf & East Coasts ports as all of them would be impacted. Please bear in mind that the cost of bringing the container back is for the account of the cargo owner, i.e. the consignee for FOB and EXC shipments. The same rule applies for congestion surcharges. When strikes occur, ocean carriers implement "congestion fees" that can be applicable for weeks after the strike ends. This additional cost - mainly announced at \$1000 per 40' - is also for the consignee's account. On top of the congestion fees, detention and diversion or repositioning fees can also apply.

A strike that lasts a week can affect the ports many weeks after the strike ends.

Should you need additional information, please contact our DC office.

More on the negotiations, please read the news from :

- <http://usmxlaborupdates.com/news-and-updates/>
-

- <http://www.ilaunion.org/news.html>