

## International Trade Alert

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### Dockworkers Union Threatening to Strike October 1

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The dockworkers union along the East and Gulf Coasts is threatening to strike on October 1, should there be no agreement with transportation providers by the end of September. **Such a work stoppage will adversely affect U.S. export and import shipments of most products – and likely result in collateral effects at West Coast ports, too – all a month before the presidential election.**

The coast-wide master contract between the International Longshoremen's Association (ILA) and the United States Maritime Alliance (USMX) is set to expire at midnight on September 30. The two parties have been negotiating since March but have not been able to reach an agreement for a new contract. In late August, negotiations collapsed and the ILA threatened to strike, but last week Federal mediators announced that the parties will return to the table on September 17th. The parties remain far apart and the prospect of a work slowdown or stoppage – whether by strike or lockout – is both real and imminent.

The gravity of this situation cannot be overstated. According to the president of the Retail Industry Leaders Association, "a disruption of this magnitude would be devastating to the retail industry and would have severe consequences for the U.S. economy." Retailers are stocking inventories for the holiday season, the most crucial time for many U.S. businesses. The potential strike would also come one month before a presidential election, with the incumbent facing reelection. The potential for the situation to devolve into political football – at the expense of averting economic disaster – is high. The Dept. of Transportation and the White House are involved, but few signs indicate there is a coherent strategy moving forward.

The last time a stoppage occurred on the waterfront was on the West Coast in 2002, when negotiations between the ILWU and management broke down and a lockout ensued. After 10 days of West Coast port closures, President Bush invoked the National Emergency provisions of the Taft-Hartley Act (1947) to reopen the ports to traffic. However, the damage was done as the stoppage led to massive financial losses (up to \$2 billion per day) and diversion of cargo traffic away from the West Coast, some permanent. Whether the Obama Administration plans to invoke Taft-Hartley in the event of a work stoppage is not clear. The Act, which gives the President authority to enforce a "cooling off" period for up to 80 days, is perceived by labor as heavily pro-management, and so the political calculus becomes very interesting – and difficult – only four weeks out from the election.

Venable is actively involved in the situation on behalf of several clients and is ready to provide updates, share practical advice on preparing for a possible strike, and advise on issues that may arise if the strike occurs. Please contact any of the authors of this alert or members of **Venable's International Trade and Customs Group** if you have questions.