Port Workers Could Strike Again if No Deal Is Reached on Automation

Cargo could stop flowing at East and Gulf Coast ports, which handle most imports, if a union and an employers' group can't agree on the use of machines that can operate without humans.

By **Peter Eavis**
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Ports on the East and Gulf Coasts could close next week if dockworkers and employers cannot overcome their big differences over the use of automated machines to move cargo.

The International Longshoremen's Association, the union that represents dockworkers, and the United States Maritime Alliance, the employers' negotiating group, on Tuesday resumed in-person talks aimed at forging a new labor contract.

After a short strike in October, the union and the alliance agreed on a 62 percent raise over six years for the longshoremen — and said they would try to work out other parts of the contract, including provisions governing automated technology, before Jan. 15.

If they don't have a deal by that date, ports that account for three-fifths of U.S. container shipments could shut, harming businesses that rely on imports and exports and providing an early test for the new Trump administration.

"If there's a strike, it will have a significant impact on the U.S. economy and the supply chain," said Dennis Monts, chief commercial officer of PayCargo, a logistics payments platform.

The union is resisting automation because it fears the loss of jobs at the ports. President-elect Donald J. Trump lent his support to the union's position last month. "I've studied automation, and know just about everything there is to know about it," he said on his website Truth Social. "The amount of money saved is nowhere near the distress, hurt, and harm it causes for American Workers, in this case, our Longshoremen."

But figures close to Mr. Trump, like Vivek Ramaswamy, who the president-elect says will co-head an agency that will advise his administration on slimming down the government, have been critical of the union. In October, Republicans in Congress called on President Biden to use the Taft-Hartley Act to force striking longshoremen back to work.

And while the maritime alliance has agreed to a hefty raise, it may not be as ready to compromise on technology. Employers say that the technology is needed to make the ports more efficient and that they want the new contract to give them more leeway to introduce the sort of machinery that the union opposes.

To prepare for the potential closing of East and Gulf Coast ports, businesses have accelerated some imports, delayed others and diverted some to West Coast ports, said Jess Dankert, vice president for supply chain at the Retail Industry Leaders Association, which represents many businesses that import goods.

“Contingency plans are pretty well developed,” she said, but added that a strike of more than a week would have significant ripple effects that could take a while to disentangle.

The International Longshoremen’s Association declined to comment.

The cost of shipping a container has risen over 60 percent on average in the past year, in large part because attacks on shipping in the Red Sea have forced ocean carriers to travel a longer, more expensive route and use more vessels. And if the East and Gulf Coast ports close, some carriers recently said, they will add surcharges to shipping rates for containers destined for the ports.

In earlier negotiations, the union secured a deal that would increase wages to $63 an hour, from $39, by the end of a new six-year contract. With shift work and overtime, the pay of many longshoremen at some East Coast ports could rise to well over $200,000 a year. (At the Port of New York and New Jersey, nearly 60 percent of the longshoremen made $100,000 to $200,000 in the 12 months through June 2020, the latest figures available, according to data from an agency that helped oversee the port.)

But to get those raises, the union will have to reach a deal on the rest of the contract, including new provisions on automation.

The core of the technology dispute concerns “semi-automated” port machinery that does not always require the involvement of humans. At the Port of Virginia, humans operate cranes that load containers onto trucks, but the cranes can also arrange huge stacks of containers on their own.

The last labor contract allowed for the introduction of semi-automated technology when both parties agreed to work-force protections and staffing levels. But in recent months, leaders of the International Longshoremen’s Association criticized port operators’ use of semi-automated technology, contending that it will lead to job losses.

“Now, employers are coming for the last remaining jobs under the shiny banner of semi-automation,” Dennis A. Daggett, the union’s executive vice president, wrote in a message to members last month.

The employers want the new contract to let them introduce more technology. In a statement to The New York Times last month, the maritime alliance said it was committed to keeping the job protections in place, but added, “Our focus now is how to also strengthen the ability to implement equipment that will improve safety, and increase efficiency, productivity and capacity.”

Even with automation, hiring of longshoremen has gone up at the Port of Virginia, according to union records. An increase in the number of containers the port handles is largely behind the increase in hiring.

“The Port of Virginia is thriving with automation,” said Ram Ganeshan, professor of operations and supply chain at William & Mary in Williamsburg, Va. “They’re not mutually exclusive.”

Some labor experts said there was a model for compromise: The union could agree to more automation, and the employers would offer solid job guarantees.

The International Longshore and Warehouse Union, which represents dockworkers on the West Coast, agreed to a contract over a decade ago that “recognized that the introduction of new technologies, including fully mechanized and robotic-operated marine terminals, necessarily displaces traditional longshore work and workers.” The union got guarantees that its members would maintain and repair the machinery at the terminals.

Harry Katz, a professor at Cornell University’s School of Industrial and Labor Relations, said a deal on the East and Gulf Coasts was possible in part because the employers were profitable enough to offer job guarantees. “I do expect a compromise,” he said.