

The Longshoreman Strike: How Might It Affect Agriculture?

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Background To The Strike

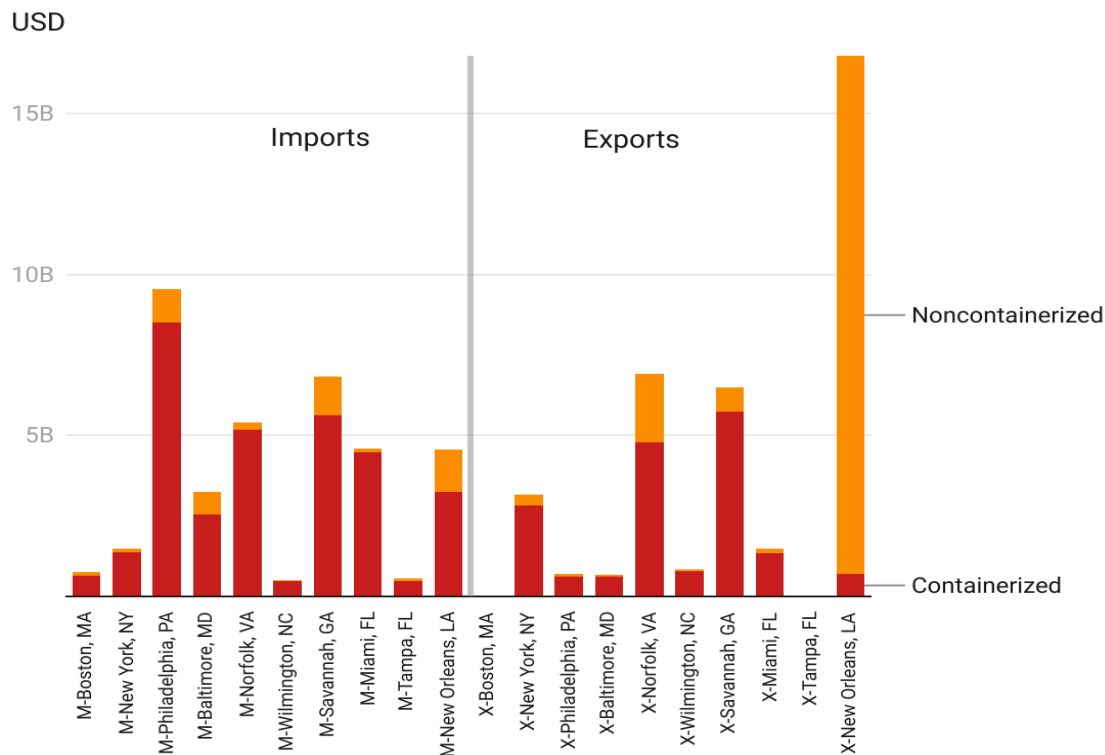
With growing pressure on farm margins (Jonathan Coppess, *Squeezing the Farmer Part 1: Initiating Examination of a Persistent Challenge*, Gardner Policy Series, September 26, 2024), and no relief currently in sight from a new Farm Bill being negotiated and signed by Congress (Farm Policy News, *2018 Farm Bill Extension Expires – What Does That Mean?*, October 3, 2024), the first major dock strike since 1977 has some potential to exacerbate the current rather negative market outlook for US agriculture. The strike also comes at a time when agricultural trade forecasts by USDA’s Economic Research Service (ERS) indicate the sector will continue to run a deficit for 2024 (USDA/ERS, *Outlook for U.S. Agricultural Trade*, August 2024).

At midnight September 30, the contract between the International Longshoremen’s Association (ILA) and the United States Marine Alliance (USMX) expired, negotiations between the parties having been stalled since June of this year, dockworkers going on strike on October 1 (Farm Policy News, *Dockworkers Begin Strike at East and Gulf Coast Ports*, October 1, 2024). The ILA represents an estimated 25,000 affected port workers, while the USMX represents ports on the East and Gulf Coasts and container carriers operating out of those ports. The ILA has been seeking wage increases exceeding the 32 percent won last year by the International Longshore and Warehouse Union which represents West Coast dockworkers. In terms of U.S. agricultural trade, of the \$174 and \$196 billion exported and imported in 2023, 38 and 43 percent respectively went through the affected ports (USDA, *Global Agricultural Trade System*, 2024).

Impact on Grain and Oilseeds Exports

Key to understanding the potential impact of the strike is the distinction between containerized trade and bulk shipping. Agricultural exports via East Coast ports such as Philadelphia and Savannah are by container, while bulk commodities such as soybeans, corn and feed grains, Ohio’s top-3 exports (USDA/ERS, *Annual State Agricultural Exports*, 2024), are handled by ports on the Gulf Coast. For example, in 2023, of the \$16.8 billion worth of agricultural exports, only \$700 million was by containers (see figure) (Joe Glauber, *The Likely U.S. Longshoreman Strike and Its Implications for Agricultural Trade*, IFPRI, September 30, 2024).

US agricultural trade through selected East and Gulf Ports, 2023



M = imports; X = exports

Chart: Joseph Glauber • Source: TDM

Importantly, bulk grain facilities operate with different labor arrangements, either non-union or different labor unions that are not on strike, which means that bulk commodity exports will not be affected by the strike. For example, in 2023, 1 billion bushels of soybeans went through the Gulf Coast, compared to 100 million bushels exported by container via ports such as Baltimore and Charleston (Jim Wiesmeyer, *Chances of a Strike at East Coast and West Coast Ports are Growing: Here's How it Could Impact Farmers*, AGWEB, September 20, 2024). The bottom line is that the strike is expected to have only a modest direct impact on bulk commodity exports. However, there could be specific geographic effects for those producers operating near to ports such as Norfolk, Virginia which handles 60 percent of containerized soybean exports. Specifically, it could result in a sharp decline in basis, as local supply builds up, combined with limited demand due to disruptions at the port (American Farm Bureau, *\$1.4 billion in Weekly Ag Trade at Risk*, September 25, 2024).

Impact on Other Agricultural Exports

In terms of other agricultural exports, the impact of the strike on grain and oilseed producers is largely tied up with what will happen to US animal product exports. Products such as chilled or frozen meat, eggs, and other livestock products are mostly shipped in containers out of ports such as New York/New Jersey, Wilmington, and Houston. For example, 78 and 36 percent of waterborne exports of poultry and meat respectively are delivered via the affected East Coast ports (American Farm Bureau, *\$1.4 billion in Weekly Ag Trade at Risk*, September 25, 2024). Essentially, if containerized exports of animal products are slowed down or stopped by the strike, not only will it depress animal product prices, but it will also have negative feedback effects on soybean and feed grain producers, and would very likely put further downward pressure on farmgate prices.

(Jim Wiesmeyer, *Chances of a Strike at East Coast and West Coast Ports are Growing: Here's How it Could Impact Farmers*, AGWEB, September 20, 2024).

Impact on Consumers

At a time when the rate of food price increases has started to slow down, the strike may have some quite specific effects in the grocery store, although it should be pointed out that the two largest suppliers to the United States, Canada and Mexico, ship over 94-97 percent of their agricultural and food products overland by truck and train (Joe Glauber, *The Likely U.S. Longshoreman Strike and Its Implications for Agricultural Trade*, IFPRI, September 30, 2024). Outside of North America, 70-80 percent of European Union (EU) exports transit through the East and Gulf Coast ports, with other countries in South America, Africa and Asia also depending on these ports to access the United States (USDA, *Global Agricultural Trade System*, 2024). In 2023, the top-15 imports accounted for \$120 billion in value, with over 41 percent coming through ports affected by the strike.

Although processed fruits and vegetables are the leading U.S. agricultural import, most products enter via either West Coast ports, or from Mexico and Canada. However, commentators have pointed out that imports and prices of perishable products such as bananas could be significantly affected, 75 percent of banana imports coming through ILA-handled ports from Guatemala, Ecuador, Costa Rica, Colombia, and Honduras (Joe Glauber, *The Likely U.S. Longshoreman Strike and Its Implications for Agricultural Trade*, IFPRI, September 30, 2024). Other products that are likely to see higher store prices include imported cherries, canned foodstuffs, and chocolate, as well as imported beer, wine, whiskey, and rum (American Farm Bureau, *\$1.4 billion in Weekly Ag Trade at Risk*, September 25, 2024).

Planning for 2025

While the impact of this strike on Ohio agriculture is uncertain, it does reiterate the importance of farm management, records analysis, and financial budgeting and planning. Ohio State University Extension has recently released commodity budgets for 2025 available here: <https://farmoffice.osu.edu/farm-management/enterprise-budgets>. These budgets provide an ability to use your own farm numbers to evaluate profitability based on expected returns and input costs.

Additional farm management information is available here: <https://farmoffice.osu.edu/> and by contacting your local Extension Educator.