



## **The IWLA Government Affairs Update**

**October 1, 2024**

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### **Immediate Warehouse Issues**

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#### **Largest Strike in Decades Begins at East, Gulf Coast Ports**

U.S. dockworkers at ports along the East and Gulf Coasts have begun their first major strike in decades after labor negotiations failed to result in a contract Oct. 1. The United States Maritime Alliance (USMX) and the International Longshoremen's Association (ILA) have been negotiating a new master labor agreement throughout the summer. The deal would cover 45,000 unionized dockworkers at more than 30 container ports. But discussions between the sides have deteriorated into a labor strike. ILA President Harold Daggett first announced the union would strike a month earlier if an agreement wasn't reached before the old labor contract expired Oct. 1. The union accused port leadership of refusing to come to fair terms on wages and automation. The USMX has in turn filed an unfair labor practice complaint alleging that the union is not bargaining in good faith. The strike, the ILA's first major stoppage since 1977, is worrying businesses that rely on ocean shipping to export their wares or secure crucial imports. It affects 36 ports - including New York, Baltimore and Houston - that handle a range of containerized goods from bananas to clothing to cars. The walkout could cost the American economy roughly \$5 billion a day, JP Morgan analysts estimate, as shipments are disrupted from busy terminals. [Read More](#) [Read Even More](#)

#### **IWLA Applauds House Passage of CTPAT Pilot Program Act**

On Sept. 23, the U.S. House of Representatives passed The Customs Trade Partnership Against Terrorism (CTPAT) Pilot Program Act of 2023 (S. 794). The legislation directs Customs and Border Protection (CBP) to establish a pilot program allowing up to 20 trusted non-asset and asset-based 3PLs to gain CTPAT certification. Currently, there are 11,400 certified participants in the CTPAT program across the supply chain, but 3PL warehouses have been excluded from this vital initiative until now. The bill, approved by the U.S. Senate July 18, 2023, by unanimous consent, is now on its way to President Biden's desk for final approval. In a statement, IWLA President & CEO Jay Strother said, "With the passage of the CTPAT Pilot Program Act, the barriers preventing 3PLs from gaining CTPAT certification will finally be removed. IWLA looks forward to working with CBP to demonstrate the high-security standards adhered to by 3PLs and the value they bring in boosting national security, combating terrorism, and preventing supply chain security breaches. We thank Congressional leadership for their bipartisan efforts in passing this crucial legislation. We urge the president to sign the bill into law." [Read IWLA Press Release](#)

#### **IWLA to Host Members of Congress for 'Warehouse Days' Events**

IWLA Government Affairs is pleased to announce that we will be hosting our inaugural 'Warehouse Days' this October, coinciding with the Congressional District work period, in an effort to expand IWLA's government outreach and advocacy. For this year's inaugural event, roughly a dozen IWLA members have invited their member of Congress to tour their facility, providing them with a firsthand look at the critical role 3PLs play in the supply chain. These events also provide a chance to highlight how IWLA members prioritize workplace safety, safeguard supply chain security, and bolster America's competitiveness.

The 2024 Congressional District work period runs from Oct. 1 to Nov. 8. During this time, members of Congress typically attend local town halls, meetings, events, and business site visits—making it the perfect moment for our members to showcase their contributions to the supply chain and educate congressional leaders about the key issues impacting the 3PL industry. It also provides a great opportunity to build a more personal relationship with your Congressman and serve as a trusted resource to them when legislation affecting our industry arises. If you'd like to

learn more about hosting your Representative at one of your facilities, please contact IWLA Government Affairs Coordinator Bruce Linderman. [Email Bruce](#)

## **Fed Cuts Rates by Half-Point to Combat Slowing Job Growth**

The Federal Reserve on Sept. 18 cut its benchmark interest rate by an unusually large half-point, a dramatic shift after more than two years of high rates helped tame inflation but that also made borrowing painfully expensive for American consumers. The rate cut, the Fed's first in more than four years, reflects its new focus on bolstering the job market, which has shown clear signs of slowing. Coming just weeks before the presidential election, the Fed's move also has the potential to scramble the economic landscape just as Americans prepare to vote. The central bank's action lowered its key rate to roughly 4.8 percent, down from a two-decade high of 5.3 percent, where it had stood for 14 months as it struggled to curb the worst inflation streak in four decades. Inflation has tumbled from a peak of 9.1 percent in mid-2022 to a three-year low of 2.5 percent in August, not far above the Fed's 2 percent target. The Fed's policymakers also signaled that they expect to cut their key rate by an additional half-point in their final two meetings this year, in November and December. And they envision four more rate cuts in 2025 and two in 2026. [Read More](#)

## **Port of Montreal Dockworkers Kick Off 72-Hour Strike at Pair of Terminals**

Dockworkers at the Port of Montreal have started a three-day strike at two terminals, after the local union and the Maritime Employer's Association (MEA) failed to agree to a new collective bargaining deal. The 72-hour strike kicked off at 7 a.m. Eastern on Sept. 30 at the port's Viau and Maisonneuve Termont terminals, with an estimated 350 workers walking off the job, CBC reports. The union initially took a strike vote on Sept. 24, after rejecting the latest proposed terms from the MEA. Three days later, the union issued a strike notice for the two terminals, while indicating that it would be willing to call off the stoppage if employers met certain conditions. In a statement issued on Sept. 29, the MEA said that it had exhausted "all possible means" to avoid a strike, including federal mediation and an emergency meeting with Canada's Industrial Relations Board. The Viau and Masonneuve terminals account for 41 percent of container traffic at the Port of Montreal, combining to handle more than a million twenty-foot equivalent units of cargo annually. The longshoremen's union at the port has been without a collective bargaining deal since its previous agreement expired at the end of December 2023. [Read More](#)

## **Vancouver Port Strike Disrupts Grain Shipments at Harvest**

Grain workers at Canada's biggest port went on strike on Sept. 24, over a dispute regarding hours and pay, setting up what an industry association called a "devastating" situation for farmers during the harvest season. The Grain Workers Union Local 333 served a 72-hour strike notice on Sept. 21, and the measure took effect at 7 a.m. Pacific Time three days later, after talks with the Vancouver Terminal Elevator Association fell through. Vancouver handled about 52 percent of grain produced across Canada last year, according to the Grain Growers of Canada trade group, which is calling on the federal labor minister to step in and ensure the parties reach an agreement. The stoppage could prevent about 100,000 metric tons of grain from arriving at the port's shipping terminals each day, meaning a potential loss of C\$35 million (\$26 million) daily, the association said, citing Canadian Grain Commission estimates. "Without intervention, Canada's international trading reputation will continue to suffer, leading to the loss of key global markets and customers," the Grain Growers group said. The walkout follows recent industrial disputes across the country involving rail workers, port workers, and airline workers. [Read More](#)

## **Biden-Harris Administration Takes Aim at De Minimis Exemption**

The Biden-Harris administration plans to limit the types of goods that can be shipped via the de minimis exemption while enhancing information collection for such shipments, according to a Sept. 13 announcement. Although not yet officially issued, through multiple notices of proposed rulemaking, the administration would exclude shipments containing products covered by certain tariffs from using the de minimis exemption while requiring additional data, such as tariff classification numbers and the filing of Certificates of Compliance, at time of entry. The administration also urged Congress to pass reform legislation by the end of this year, specifically calling for the exclusion of import-sensitive products like textiles and apparel from de minimis eligibility. The de minimis exemption, which currently allows companies to avoid duties and taxes for imports below \$800, has been part of U.S. trade law for nearly 100 years, but its use by e-commerce giants like Temu and Shein has pushed it into the spotlight. The exemption has buoyed air cargo and parcel delivery demand, but its impact on other sectors has been more muddled. [Read More](#)  
[Read Press Release](#)

## **Gavin Newsom Signs Law to Limit New Warehouses in California**

California Gov. Gavin Newsom on Sunday signed a law to limit new warehouses from being built close to homes, schools and hospitals. Newsom's signing aims to curb pollution from warehouses by imposing minimum distances between facilities and sensitive sites. The law requires new or expanded warehouses' loading docks to be 300-500 feet from neighbors' property lines, depending on a neighborhood's zoning. The law applies statewide but is aimed at addressing development in California's Inland Empire, east of Los Angeles and home to some of the worst air pollution in the country, as well as other regions of Southern California where the logistics industry is growing, like Kern County. Business and environmental groups had both fiercely lobbied Newsom to veto the measure after lawmakers sent the bill, AB 98, to his desk late last month. Business groups argued it would restrict economic development, while environmentalists said it didn't go far enough. In addition to the setbacks, the law requires warehouses to include energy-efficiency and EV-ready measures, as well as other elements like planted or hard buffers, separate entrances for trucks, and air pollution monitoring. It also limits truck traffic to commercial roads and requires developers to replace demolished housing at a 2-to-1 ratio. [Read More](#) [Read Even More](#)

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## Updated Warehouse Issues

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### **IWLA Submits Comments to EPA on CARB's Advanced Clean Fleet Rule**

On Sept. 16, IWLA submitted comments to the EPA opposing the California Air Resources Board's (CARB) request for waiver of preemption and authorization for the Advanced Clean Fleets (ACF) rule. In the comments, IWLA firmly called on the EPA "to reject CARB's waiver request for the ACF rule due to the profound negative impact it will have on the trucking, logistics, and supply chain sectors, as well as the broader economy." The comments go on to state, "the ACF rule's mandate for a full transition to zero-emission vehicles (ZEVs) for medium- and heavy-duty trucks by 2036 is not only premature but also unattainable under current technological and infrastructural constraints. The rule, while well-intentioned in its effort to reduce emissions, fails to account for the real-world complexities of the trucking industry, and if implemented, will cause severe disruptions to national and international freight movement, hike prices for consumers, and jeopardize tens of thousands of jobs across the country." [Read Full Comments](#)

### **Biden Admin Says President Won't Block Potential Strike at East, Gulf Coast Ports**

President Joe Biden won't intervene to prevent a strike at East and Gulf Coast ports by union longshore workers, according to a published report. The ILA, representing 45,000 employees at three dozen ports from Texas to Maine, has said its members will walk off the job if a new contract is not in place by Oct. 1. Disputes over wages and automation have brought bargaining to a standstill. The first ILA work stoppage in nearly 50 years would halt ocean container traffic and other cargo as shippers bring in import merchandise for the critical holiday retail season. Employers are expressing increasing concerns. A coalition of 177 trade groups ranging from retailers, manufacturers, and automakers to farmers and transportation providers, including IWLA, in a letter asked Biden to "restart stalled negotiations" between the ILA and employers represented by the United States Maritime Alliance (USMX). "We call upon the administration to immediately work with both parties to resume contract negotiations and ensure there is no disruption to port operations," the coalition stated in the letter. The trade group pointed out recent successful efforts by the White House during negotiations between railroads and their unions, and between UPS and the Teamsters. "A strike at this point in time would have a devastating impact on the economy, especially as inflation is on the downward trend," the coalition wrote. It said Biden should be ready to "step in" to prevent a shutdown of ports. [Read More](#) [Read Letter](#)

### **More Interest Rate Cuts Likely, Powell Says at Forum**

Federal Reserve Chair Jerome Powell indicated Sept. 30 that more interest rate cuts are likely, though their magnitude and timing would depend on economic developments. Wall Street investors and economists are considering whether the Fed will follow its larger-than-usual half-point cut earlier this month with another substantial reduction at either of its upcoming meetings in November or December. At their Sept. 18 meeting, Fed officials projected two more quarter-point rate cuts at those final meetings this year. In remarks before the National Association for Business Economics in Nashville, Tennessee, Powell said the U.S. economy and job market are generally healthy. He emphasized that the Fed is "recalibrating" its key interest rate, which is now about 4.8 percent. He also said the rate is headed "to a more neutral stance," a level that neither stimulates nor restrains the economy. Fed officials have estimated the "neutral rate" at about 3 percent, significantly below its current level. Powell stressed that the Fed's current goal is to support a largely healthy economy and job market, rather than rescue a struggling economy or prevent a recession. [Read More](#)

## **U.S. Dept. of Commerce Launches Supply Chain Risk Assessment Tool**

The U.S. Department of Commerce (USDOC) has introduced a new supply chain risk assessment tool, designed to diagnose potential disruptions before they occur. The tool — known as SCALE — allows the U.S. government to weigh supply chain risk across the entire country's economy, and then provides an in-depth diagnostic assessment of what's driving those issues in any specific sector. To do that, it focuses on three main areas: how important an industry is to the U.S. government, how exposed this industry might be to disruption, and how difficult it would be for that industry to recover from a disruption. SCALE is the second supply chain tool rolled out by the Biden administration in the wake of the pandemic, joining 2022's Freight Logistics Optimizations Works (FLOW) initiative. FLOW was designed to collect, aggregate and anonymize information shared by ports, importers and ocean carriers, to weigh future demands against current capacity and keep the shipping industry running smoothly in the face of potential shortages or delays. [Read More](#) [Read Press Release](#)

## **Air Canada Agrees to New Contract with Pilots, Avoids Strike**

Air Canada and the union representing more than 5,200 pilots announced Sept. 14 that they have reached a tentative agreement on a four-year contract, averting a threatened strike that could have started within days. The preliminary deal must still be ratified by members of the Air Line Pilots Association. Air Canada said contract terms will remain confidential until the ratification vote, which is expected to take place within a month, and approval of the Air Canada board of directors. Ratification requires approval by a majority of the voting membership. Canadian newspapers reported that pilots received a 42 percent pay raise, with a large chunk of it retroactive to September 2023. Business groups and Air Canada in recent days asked the government of Canada to intervene and force binding arbitration in the absence of a late agreement. Industry trade associations had warned that a work stoppage at Air Canada, which carries cargo in the belly hold of passenger planes and on six Boeing 767-300 freighters, would harm agricultural, manufacturing and medical supply chains that rely on air transport to move time-sensitive goods. [Read More](#)

## **DSV Buys DB Schenker for \$15.9B, Creating Logistics Giant**

Danish logistics company DSV A/S has agreed to purchase DB Schenker, a unit of Deutsche Bahn AG, in a \$15.9 billion deal that will catapult DSV into one of the world's largest freight forwarding and supply chain management firms. The all-cash transaction, announced Sept. 13, marks one of the biggest sales of a state-owned business in Germany in recent years. The company said it will finance the purchase over the next 12 months through a share sale of as much as \$5.5 billion and debt financing. The deal, which confirms an earlier Bloomberg News report, has an equity value of nearly \$12 billion. The transaction will create the world's biggest freight forwarder — a business that books space on trucks, ships and planes and helps manage the supply lines of consumer companies. The transaction is subject to approval by Deutsche Bahn's supervisory board and Germany's transport ministry, as well as customary regulatory approvals. [Read More](#)

## **Port of Long Beach Hits 113-Year High in Cargo for August**

The Port of Long Beach once again saw record-breaking cargo numbers in August, port officials said Sept. 12. "Shippers are turning to us and returning as their business increases," port CEO Mario Cordero said in a virtual news briefing. "Peak season boosted the port's strongest month in its 113-year history." July was also an all-time record-breaking month for the port, Cordero said. "Cargo diversions and concerns about upcoming tariffs are creating a busy peak season for us," Cordero said. Also in play for shippers, Cordero said, are ongoing disruptions because of East and Gulf Coast labor negotiations, as well as impacts from ongoing world events in the Red Sea and climate issues impacting the Panama Canal. August numbers came in at 913,873 20-foot equivalent units — a 33.9 percent increase over the same month a year ago. August's numbers beat the port's previous all-time single-month record, set in May 2021, by 6,657 TEUs. And the surge is potentially not over yet. Cordero said he anticipates the strong cargo arrivals to continue through late this year. [Read More](#)

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**Questions?** Contact [Bruce Linderman](#) or call 847.813.4698

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*The IWLA 3PL Matters Update is designed to inform you on legislative and regulatory issues that directly impact and affect your warehouse and how you conduct business. The 3PL Matters Update is disseminated every three weeks and provides a look at recent developments and activities from the prior three weeks, as well as a look at what to expect in the upcoming weeks.*

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