



## India Ports Could Strike, Compounding Capacity Issues Into US East Coast

Story by Glenn Taylor • 21h • [4 min read](#)

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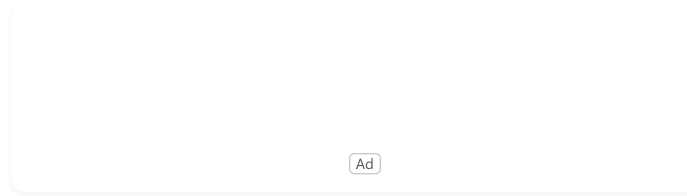


[L](#) India Ports Could Strike, Compounding Capacity Issues Into US East Coast

The [U.S. East and Gulf Coasts](#) aren't the only hotbeds of a potential port strike that could upend apparel trade.

Dockworkers across India's 12 largest ports announced on Aug. 10 they would be going on an indefinite strike starting August 28 if a new contract agreement is not met. Union workers are have been looking to resolve issues over pay wages, pension, benefits and

allowance-which is comparable to U.S. overtime pay-for nearly three years.



This could mean 3 percent of the world's clothing is hanging in the balance, according to estimates from the [World Trade Organization \(WTO\)](#), with India exporting \$15.4 billion in apparel in 2023. India is the fifth-largest apparel exporter in the world, after China, Bangladesh, Vietnam and Turkey.

Such a strike would worsen congestion problems at major Asian ports like Shanghai, [Singapore](#), [Ningbo](#) and [Chattogram](#) among others, as more shipments out of India get delayed.

Additionally, a work stoppage would come on the heels of an already concerning capacity shakeup in May after major carriers [Hapag-Lloyd](#) and Ocean Network Express (ONE) withdrew from a prior India-to-U.S. East Coast service line with [CMA CGM](#) to launch their own standalone service lines.

The All India Port Workers' Federation, which includes the national coordination committees of six major port workers' unions and federations throughout the country, said that the last settlement on wages and benefits expired on Dec. 31, 2021.



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The collective is calling for the agreements to be retroactive to January 2022, when the next contract should have begun.

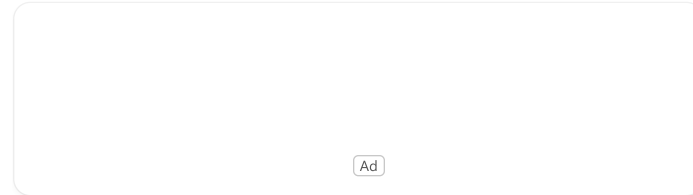
The unions alleged that industrial relations at the ports were in a "pathetic situation," according to Indian publication The Hindu.

No new talks are scheduled, but the government may intervene in the next two weeks in an attempt to compel the sides back to the negotiating table.

The annual cargo handling capacity of major Indian ports such as Chennai, Cochin and Mumbai totaled 1.62 billion metric tons, according to India's Ministry of Ports, Shipping and Waterways.

An Indian port strike may not be the only major concern for American shippers, compounding the fact that ocean carriers were already offering less space to shippers seeking to move cargo out of the country to the U.S. East Coast.

According to Joseph Firrincieli, sales supervisor at OEC Group New York, when CMA CGM and Hapag-Lloyd ended their joint "Indamex" partnership in June and opted to start their own stand-alone services in August, "that caused a lot of space issues, naturally, because that was a very sought after service."

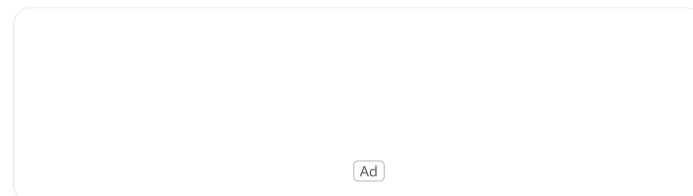


ONE's WIN service on the trade lane had gained favor since launching in May, and was presented as a more competitive price alternative, but the Indamex shaking shifted the balance of both space and costs, Firrincieli said.

"ONE was a great service on paper. There was really no issues with it, but CMA and Hapag blanking Indamex 2 for the entire month of July then caused a huge space crunch, because everybody tried using ONE at that point. So ONE then started increasing prices, and that started causing further space issues and further equipment issues."

The capacity concerns have sent ocean spot rates on the India-to-U.S. East Coast route skyrocketing since mid-June. As of Aug. 16, rates for 40-foot containers on that trade lane were \$10,000 on average, a 410 percent bump over just two months prior at June 14, according to S&P Global.

"The advice I've been giving most of the clients I have that import out of India into the US, specifically the U.S. East Coast, is to provide a longer forecast, ideally four to six weeks and book cargo in advance, even though the rate might not be available because we're seeing rates fluctuate. Carriers change rates every two weeks out of India."



The good news is Firrincieli said OEC expects the rates to decline as more capacity comes into the market, particularly starting in the second half of August as the standalone service lines settle in.

"By September, more like October, we should start to see normalcy in the market, where rates might start to come down and space and equipment issues might start to lessen as well," Firrincieli said.

According to the U.S. International Trade Commission (USTIC), India has become increasingly [reliant on America](#) for its apparel trade. As

of 2023, 35 percent of India's garment exports go to the U.S. East and West Coast ports, up from 23 percent in 2013.

While the countdown is on for India's ports, Australia is currently enduring a strike of its own at its largest container and cargo port Fremantle after vessel traffic service officers and small craft personnel stopped work Sunday. The 48-hour strike is set to end Tuesday morning at 5:30 a.m. local time.

Vessel cargo and terminal yard operations have not been impacted by the industrial action, but both the berthing of incoming container ships and the departure of vessels have been delayed.

The Australian Maritime Officers Union is calling for raises of \$15,000 to \$20,000 Australian dollars (\$9,900 to \$13,200) on base salaries of approximately \$140,000 Australian dollars (\$92,350).

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