

# THE COLD FRONT

By RLS LOGISTICS



## Frozen and Refrigerated Cold Chain Insights

Welcome to The Cold Front, presented by RLS Logistics, the Cold Chain Experts! We proudly offer nationwide [cold storage warehousing](#), [ltl shipping](#), [truckload freight brokerage](#), and [eCommerce fulfillment](#) cold chain solutions. This month's edition focuses on these topics for our September 2024 issue: Port Strikes, Trucking Market Updates, and Supply Chain Technology. The Cold Front is a monthly summary highlighting pertinent [cold chain storage](#) market data in one concise location. These insights ensure that you have the data to make better decisions to fuel your growth. We hope you find this information useful! **If you want data on your specific market, click the button below.**

### Port Strike: Is It Inevitable?

Our sources close to the looming East and Gulf Coast Port labor strike have indicated that the strike is inevitable and will commence on Tuesday, October 1, 2024.

A total of thirty six ports are preparing for a complete work stoppage if a new deal is not agreed upon by the International Longshoreman's Association (ILA). The ILA represents 85,000 total port workers whose functions vary from clerical



workers to heavy equipment operators and everything in between and from across the country.

This strike affects approximately 45,000 workers, specifically on the East and Gulf Coast, and the strike would shut down over half of the US port operations, disrupting 43% of US imports.

Analysts estimate that the overall economic impact could be similar to the 2002 West Coast strike, which cost the US economy about \$1 billion per day and took months to recover from. To put it into comparison, the 2002 labor lockout lasted for ten days and affected about 10,500 union workers and 29 ports across the West Coast. In addition to the economic impact, supply chain disruptions will ripple through an already fragile system. It is estimated that the cargo backlog at ports could take five to seven days to clear for every day of the strike. So, for example, if the strike lasts for seven days, it could be backlogged for forty-nine days before clearing customs.

Container lines are also bracing for a rocky road ahead by announcing disruption surcharges on containers destined for East and Gulf Coast Ports. Additionally, shippers will have their hands full managing demurrage and detention charges.

A port strike in the US has a global impact should container ships remain at anchor along the east coast. Experts warn that it would take around five weeks before the lack of empty containers affects other parts of the globe, particularly China. If history taught us anything, a container shortage significantly affects shipping pricing. We could expect pricing to increase faster than in 2020-2021 during the Covid pandemic. The timing is not great for the US consumer and could affect supply and demand during the busiest consumer shopping days of the year. It is expected that inventories could fall for key commodities. Let's hope for an expeditious end to this situation, as a prolonged strike could affect the situation well into 2025. We will continue to monitor and report on this developing situation in future editions.

## Trucking Market Update

It is no secret that the US trucking market has been in a freight recession for nearly two years now. Weak consumer demand and an oversupply of equipment have driven volumes and rates down. Although external data hasn't shown it yet, our internal data shows signs of recovery. Purchased transportation rates are increasing, squeezing margins, and volumes have been slowly increasing the past few months, although nowhere near the volumes witnessed in 2020-2021.

The looming East and Gulf Coast Port strikes could impact the transportation industry. We are referring to the supply chain weather incidents of 2018 and 2019, in which we saw two hurricanes in the southeast and the Polar Vortex of 2019. These weather events altered shipping patterns and consumed capacity, affecting freight rates in other parts of the country. We can see a similar disruption occurring as importers and exporters flock to West Coast Ports in an effort to minimize the impact on the East Coast. It is difficult to predict, but historically, these events alter the fragile supply chain enough to make an impact. We continue to monitor our internal metrics and will report on the future freight outlook in the coming months.



## Supply Chain Technology

We have covered disruptions in the supply chain and uncovered just how fragile the US supply chain is. Here are a few technological advances that can help reduce the impact of human intervention in the supply chain.

*Autonomous Trucks:* Waymo, Aurora, and TuSimple are key players in the race for autonomous trucks. As regulations evolve and technology improves rapidly, autonomous trucks could dramatically reshape logistics networks, improving speed and reducing costs.

*Cold Storage Warehousing:* Technology advancement in the cold storage space is improving operations and efficiency. Artificial intelligence predictive analytics are deployed to optimize warehouse operations, reduce energy consumption, and maintain proper temperatures throughout facilities. These advancements reduce costs and improve storage density and throughput capacity. Automated storage and retrieval systems (AS/RS) allow the warehouse to store more goods in less space, all while improving retrieval times.

*Packaging Sustainability & Efficiency:* Packaging technology is evolving rapidly with a strong focus on sustainability. Companies are focused on investing in automated packaging solutions and biodegradable materials to reduce waste and enhance product protection. Additionally, smart packaging solutions that incorporate RFID tags or QR codes enable real time tracking through the supply chain, ensuring goods remain intact throughout the supply chain.

These technologies are driving significant advancements in supply chain efficiency, sustainability, and cost savings. We are keeping a close eye on them and will report new revelations in future editions.



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