

CUSTOMER ADVISORY

US West Coast Port Labor Disruptions, Panama Canal Draft Restrictions Impact Supply Chains

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Following a number of unscheduled work stoppages [that forced the closure of several West Coast terminals](#) between June 2 and June 4, persistent labor-related disruptions [continue to affect West Coast ports in the United States](#), with select terminals continuing to experience labor slowdowns and shift closures.

Truckers have reported being turned away from some terminals at the Port of Los Angeles. The disruptions have caused frustration for logistics companies, increased costs, and raised concerns about inflation and product delivery during peak shipping seasons.

The National Retail Federation has called for the Biden administration to intervene in the labor negotiations, while industry experts warn of significant repercussions on global supply chains if the issues persist.

Adding to this, draught [restrictions at the Panama Canal](#) may lead to a spike in transpacific spot rates from Asia, likely accelerating the shift of cargo to East and Gulf coast gateways in the US.

Carriers have begun implementing surcharges and considering general rate increases (GRIs) for transpacific Panama Canal routes, and the reduced capacity caused by the draught restrictions is forcing carriers to downsize vessels or consider routing more shipments via the Suez Canal, which would result in longer transit times and higher costs. The Panama Canal Authority has deferred some restrictions but continues to monitor the situation.

KWE will continue to monitor the situation as it develops. We aim to mitigate any disruptions to client supply chains. Please contact your local representative for further information.



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