



Date August 22<sup>nd</sup>, 2024

Subject **Customer Advisory: Canadian Rail Strike & US East Coast Labor Dispute**

Dear Customer,

We are monitoring the market situation in **Canada and the United States** very closely and would like to provide you with an update about the latest situation.

### **Why are we writing?**

Canada's top two railroads today have locked out more than 9,000 unionized workers, triggering an unprecedented rail stoppage that could heavily impact North American supply chains.

The companies - Canadian National Railway (CN), and Canadian Pacific Kansas City (CPKC) and the Teamsters union blamed each other for the work stoppage after multiple rounds of contract talks failed to yield a new agreement.

Despite negotiations over the last week, no meaningful progress has occurred, and the parties remain far apart in their negotiations. Hence, both CN and CPKC are continuing with their progressive and planned shutdown of their networks.

The two companies had said they would lock out workers at 12:01 a.m. ET on Thursday, August 22.

### **What is the impact for you?**

Please find the possible scenarios below and how these will be handled:

1. Import containers and LCL that have arrived in port and waiting for rail loading or arriving to port in less than 72 hours prior to August 22, 00:01
  - These containers are essentially stuck and will be cleared by the ports when the strike is over. Rule of thumb is average 1 week of delay for every day of a work stoppage.
2. Import containers and LCL on the water that are not in the 72 hour window mentioned above
  - For any urgent containers we can request a change of destination (COD) and apply transloading/delivery or intact container delivery pricing.
  - All LCL cargo will be stopped at port of entry and brought inland by truck. This applies to both DHL own boxes and co-loaded cargo. Mandatory additional charges are applicable.
3. Import containers that have not departed from origin
  - If the empty container has not been dispatched, we can amend the booking to stop at the destination port.
  - If empty container has already been dispatched, the COD process with the carrier must be followed.
4. Export containers that are in-gated to inland rail ramps and not currently on rail
  - These containers may be stuck due to embargos implemented.
5. Export containers that are new bookings
  - Bookings will have to be made from the port of exit (Vancouver, Montreal, Halifax, etc.)
  - We have many trucking solutions ready to bring export cargo to the ports.

### **What Does this mean for US Customers?**

The West Coast Canadian ports of Prince Rupert and Vancouver are both used as major rail gateways for US destined cargo that is traveling to the Midwest and other regions. Similarly, some Midwest bound cargo travels on the rail from Montreal. In the event of a work stoppage on the Canadian rail,



this type of cargo will sit either on ships or at ports until the dispute is resolved. This could last for days or weeks and Customers should be prepared for resulting delays.

While some re-routing or change of destination or mode may be possible, in the event of a prolonged work stoppage Canadian ocean terminals will be severely congested with dwelling IPI cargo and effective mitigation options will be limited due to congestion and basic supply/demand imbalances.

**What is the latest situation on the US East Coast labor dispute?**

The United States Maritime Alliance, Ltd. (USMX) was notified by the International Longshoremen's Association (ILA) about their intention to exercise their rights, including striking, upon the expiration of the current USMX-ILA Master Contract on September 30, 2024. It is anticipated that the USMX and ILA will meet during the first week of September to further discuss matters and if an agreement is not reached before September 30<sup>th</sup>, work stoppages at all US East and Gulf coast ports should be expected.

**What is DHL doing to help you?**

We continue to monitor the development, track your shipments and supply most actual data via mydhli.com.

DHL Global Forwarding has prepared several contingency options to help you in the current situation, including:

- **Vancouver/Halifax/Montreal Transloading via Truck:**

We will pick up the container from the port terminal, move it to our dedicated warehouse, unload contents of the container and reload them to trucks and move them to your destination by road.

Please contact your local DHL Global Forwarding Sales or Customer Service representative if you are interested in these solutions.

We appreciate your continued support and hope for your understanding.

Kind regards  
DHL Global Forwarding