

Two Transportation Labor Disputes Settled (Tentatively)

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In the first two days of this week, it appears likely that strikes by Yellow Corporation (Yellow) and United Parcel Service (UPS) have been settled.

On Monday, July 24, Yellow, the third largest LTL (less than truckload) carrier in the U.S., called off a work stoppage scheduled to commence that day, after Central States Pension Fund granted Yellow a 30-day payment extension for covered workers' health benefits.

Unfortunately, regardless of the outcome, Yellow may not survive in the long run due to the competitive landscape of the LTL industry and the long-term impact of this extended labor dispute. 66% of freight brokers expect Yellow to suffer a permanent reduction in volume, partly due to the impending strike, and partly due to fears of bankruptcy after years of underinvestment in Yellow's network. In 2020, the U.S. government bailed out the company with a \$700 million pandemic relief loan in exchange for a 30% stake in the business.

On a considerably brighter note, UPS and the Teamsters Union reached a tentative agreement on Tuesday, averting a strike slated for August 1 by 340,000 covered workers.

The tentative agreement, which is subject to a ratification vote by all members, provides wage increases for all full-time and part-time workers of \$2.75 per hour this year, and \$7.50 per hour in raises over the course of the contract. Minimum pay for part-time workers will rise to \$21 per hour; the top rate for full-time drivers will rise to \$49 per hour.

UPS has also agreed to create 7,500 new full-time union positions, and to fill thousands of open positions, for which part-time workers will be eligible. The category of lower-paid Saturday drivers, who made about 87% of the base pay of other drivers, will be eliminated. The removal of this class of workers was arguably the most contentious issue between the parties.

On the noneconomic issues front, UPS agreed to equip all new trucks with air conditioning, and existing trucks will be fitted with additional fans and venting.

Teamsters' General President Sean M. O'Brien hailed the proposed contract as "the best contract in the history of UPS" in a statement. Chief Executive Officer of UPS Carol Tom praised the deal in a statement calling it a "win-win-win." UPS has benefitted from the e-commerce boom. In 2022, it reported more than \$100 billion in revenue compared with \$31 billion in 2002, as reported by *The New York Times*.

A strike at UPS would have been potentially devastating to both the Company and to the economy. Roughly one quarter of the 59 million packages shipped nationwide daily are handled by UPS, according to the Pitney Bowes Parcel Shipping Index. A 10-day UPS strike has been estimated to cost the U.S. economy approximately \$7 billion.

Rank-and-file union members will vote on the proposed agreement from August 3 to August 22. If ratified, the deal will remove a serious threat to the U.S. economy.

Our attorneys are qualified to handle the full range of transportation matters and labor disputes in all union and non-union circumstances. Please reach out to any member in our [Barley Snyder Transportation, Logistics & Trade Industry Group](#) or in our [Barley Snyder Labor Law Practice Team](#) with any questions.