

UPS, Teamsters Hit Roadblock in Labor Talks as Strike Looms Package-delivery company urges union representing drivers and sorters to remain at negotiating table

By *Esther Fung*, Updated July 5, 2023 6:36 pm ET



[United Parcel Service UPS -2.07% decrease; red down pointing triangle](#) and the International Brotherhood of Teamsters said negotiations have stalled on a new labor contract, raising the risk of roughly 330,000 package-delivery drivers and package sorters going on strike next month.

The company and union on Wednesday each accused the other of walking away from contract talks, which have been under way since May. The Teamsters-represented workers [voted to authorize a strike](#) if a new agreement isn't reached. The current deal expires July 31.

The UPS-Teamsters contract is the largest collective-bargaining agreement involving a private employer in North America, and a strike could harm the [supply chains of many companies](#). UPS pilots, airline and ground mechanics and some other employees are covered under different labor contracts.

“The Teamsters have stopped negotiating despite UPS’s historic offer that builds on our industry-leading pay,” UPS spokesman Jim Mayer said. “We have nearly a month left to negotiate. We have not walked away, and the union has a responsibility to remain at the table.”

The Teamsters said the company’s most recent offer was unacceptable and didn’t address their members’ needs. No additional negotiations have been scheduled, according to the

union. Last week, the Teamsters said there hasn't been an agreement on prospective wage increases and cost-of-living adjustments for workers.

"UPS had a choice to make, and they have clearly chosen to go down the wrong road," said Teamsters General President Sean O'Brien.

Terms of the latest offer that UPS made to the Teamsters couldn't be learned.

UPS full-time package-delivery drivers with at least four years in the company make an average of \$42 an hour, or about \$95,000 annually. The union said that workers need more compensation for working thru the pandemic and for forced overtime during that period.

The hourly wage increase totaled \$4.15 over the life of the current UPS-Teamsters agreement, which began in 2018.

The Teamsters last month secured a new contract for unionized employees with trucking company ABF Freight in which workers would get a \$3.50-an-hour raise starting in July. The total increase over five years would be \$6.50 an hour.

The ABF deal sets a benchmark for expectations for the UPS contract, said Satish Jindel, president of ShipMatrix, which analyzes package-shipping data.

Shares in UPS fell more than 2% in Wednesday, trading to \$179.97 as investors weighed the prospects of a stalemate in labor talks.

The Teamsters and UPS have made inroads on other issues, including the company agreeing to eliminate its two-tier system for drivers. The union said this classification had earlier allowed UPS to pay some drivers lower wages.

The parties last month reached an agreement on air conditioning in vehicles, including equipping newly purchased small-package vehicles with cooling capabilities, installing fans in package cars and heat shields on the cargo floor. The union said drivers suffer extreme temperatures and some have succumbed to heat-related injuries during the summer.

The Teamsters and the company have also agreed on supplemental contracts across the country covering local work rules.

In anticipation of a possible work stoppage, some customers of UPS have started conversations with alternative carriers as part of business continuity plans. Parcel consultants said the closer it gets to the contract deadline, more customers will start shifting parcel volumes to other carriers to mitigate risks to their operations.

The last time Teamsters-represented workers had a walkout at UPS was in August 1997.