

India faces container shortage due to export-import mismatch

A sudden improvement in exports and a slump in imports, especially from China, have created a shortage of containers for exports.

The waiting time for an access to a container for exporters is now two-three weeks, compared with a maximum of four days earlier. With the Indian festive season on and the Chinese New Year holidays imminent, the cycle is unlikely to be regularised until February, said industry executives.

During July-September, India's exports in terms of volume grew 24% from a year earlier, even as imports reduced 28%. In October, exports fell by 5.4% and imports by 11.26%.

Usually, the same set of containers that come in as import shipments are shipped out for exports. During the peak of the lockdown when all trades were down, shipping lines had cut capacity and allied transportation systems like trucks were largely unavailable. Also, clearances, especially of Chinese shipments, took longer because of worsening trade relations between the countries. When exports rebounded and imports fell, it led to a pileup of containers in some ports and a scarcity in others.

As a result, the shipping lines which until July 2020 used to ship out empty containers from India, had to start repositioning empty boxes into the country and move them inland to demand locations at a huge cost for the shipping lines.

Congestion at transshipment ports like Colombo for instance adds further to the lead time. The rail-road system in the US too is currently congested, causing delays of up to two days per container. The impact on turnaround affects the eventual availability of boxes in other countries, including India.

The situation, meanwhile, is improving gradually. The import-export cycle has started improving and ports and container freight stations are getting decongested. Also, a change in priorities on the part of big global players could change things more rapidly. If a player such as Maersk were to reroute 50,000 containers from other hubs to India to India, the situation would improve much faster.

Source: Business Line