



Container Shortage

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Why in News

Recently, there is an ongoing major **container shortage** which is **impacting international trade** in a big way.

Key Points

- **Reasons for the Shortage:**

- **Low Number of Shipping Vessels:**

The **reduction in the number of shipping vessels** operating as a result of the **Covid-19 pandemic** has led to fewer empty containers being picked up.

- **Congestion:**

Long waiting times at key ports such as those in the US due to **congestion on Chinese ports** are also contributing to lengthening turnaround time for containers.

- **Global Impact:**

A sustained **global economic recovery** has added to the impetus to trade. The **lack of availability of containers and the faster than expected recovery** in international trade has **pushed up freight rates significantly**.

It has **led to freight rates rising by over 300%**.

- **Impact on India:**

- Indian **exporters are facing major delays in their shipments** and consequent **liquidity issues** as they have to wait longer to receive payment for exported goods.

Liquidity refers to the ease with which an asset, or security, can be converted into ready cash without affecting its market price.

- **Structural problems such as the high turnaround time** for ships in India also adds to the problem

- **Step Taken by the Government:**

The **Central Board of Indirect Taxes and Customs** has directed its officers to **expeditiously dispose of the unclaimed, uncleared, and confiscated goods that are holding up containers**, a move aimed at easing availability of containers for exporters.

Way Forward

- Government can **regulate the export of empty containers**. It can also **notify a freight support scheme** for all exports till the end of the fiscal when freight rates are expected to normalise as requested by the **Federation of Indian Export Organisations**.
- Government can also **push back on a move by shipping lines to offer priority bookings at higher rates**, asking that shipping lines revert to taking bookings on a **first come first serve basis**.

Source: IE