GLOBAL SHIPPING CONTAINER SHORTAGE:
HOW TO SECURE YOUR SUPPLY CHAIN

For decades, containers have been a silent cog in the global supply chain. But not anymore. The shipping container – previously a less frequently discussed component of global trade – is now at the centre of the international supply chain crisis. The acute shortage of shipping containers has led to an increase in shipping rates for manufacturers and retailers alike. The problem is not limited to just one industry; rather, it concerns all industries across the globe. Read on as we examine the reasons behind the current container shortage.

Container Flow: A Global Process

In order to fully grasp the current situation, it is necessary to understand the complexity of container flow. Supply chains are not limited to a single country or continent and should instead be viewed as global challenges. An event at one end of the transport process has an effect at the other end. An essential part of this transport process is loading equipment – that is, containers.

Unlike the cargo itself, container flow does not follow a linear process and thus does not have a defined starting and ending point. Once unloaded at a shipment's destination, the empty container is dropped off at the shipping lines' container yard or at an inland depot, where it is eventually picked up in order to be loaded again and shipped to another part of the world. Due to the imbalanced cargo flows worldwide, not all containers can be relocated in such an economic way, and many must be shipped empty to where they are needed.

Container flow is thus best described as a cycle rather than a chain because containers serve as loading equipment for countless ocean freight shipments over and over again. Consequently, a disruption of any kind in the supply chain has a spillover effect on the whole container flow cycle. Compared with other parts of the supply chain, it takes longer to re-initiate a smooth container flow once it has gone out of balance. By repositioning empty containers, the industry tries to counter both global imbalance and predictable fluctuations in demand. However, this system is highly vulnerable to unforeseen incidents, as we have seen in the recent past.

Coronavirus: A Global Problem for a Global Industry

When the coronavirus began to spread, many countries announced nationwide lockdowns, which forced manufacturers to stop production. Subsequently, demand for the transportation of goods decreased. Shipping companies reacted by **reducing the number of operating vessels** in an effort to reduce losses as much as possible. This decision not only reduced available space, but also led to empty containers that were no longer picked up and repositioned.

As the pandemic is by its very definition a worldwide spread of disease, the part of the world affected first was also the first to recover and begin production again while other countries were still in the midst of the first wave and remained in full lockdown. This resulted in an even higher **imbalance of cargo flow** and in a pileup of empty containers at the receiving end of the transport chain with no possibility of being sent back.

Simultaneously, consumer behaviour changed drastically. Instead of spending money on services, people began investing in products that would ease their time in lockdown, such as furniture, DIY goods, electrical devices, and bicycles. **Demand increased** again, but space in shipping containers remained scarce.

In addition, labour and trucker shortages led to extensive delays in port handling and inland haulage, thereby causing severe **port congestions**.

All of the effects mentioned above are linked together and have a direct impact on global container flow. Solving the problem of imbalanced container availability on a global scale is thus one of the most challenging tasks that the shipping industry faces.