



MEA NEWSLETTER - OCTOBER 2009

## **Avoiding Container and Space Shortages**

Containers are an essential component of international and domestic trade. Yet shortages of these ubiquitous boxes at key times and locations can be a logistical nightmare for manufacturers and producers.

Such shortages are partly due to a national imbalance of container empties. Typically there is a surplus of stock in southern regions and a lack of 20- and 40-foot boxes in northern centres such as Auckland or Tauranga.

This imbalance has been compounded of late by a sharp fall in container numbers resulting from lower import volumes during the economic recession. In addition, reductions in the frequency of calls by international shipping lines have tended to skew the placement of incoming and outgoing boxes on the cycle of import-export trade.

The big picture, therefore, is not looking all that good for the peak seasonal freight months of November and December. This is when demand for containers reaches an all-time high around the country.

So what should prudent manufacturers and producers of export and domestic goods do to combat this issue and avoid the potential for costly delays to their cargo requirements?

Firstly, they should assess their volume requirements for the coming months as soon as possible. This is particularly so if southbound consignments are needed such as from Auckland to South Island markets.

If last year is anything to go by, goods out of Auckland will be held up in the weeks before Christmas by a lack of container stock.

Plus it will more than likely be made worse by a lack of space on all transport modes, that is to say sea, rail and road.

Equally important, therefore, will be the need for freight owners and their agents to book space as early as possible and not leave things until the eleventh hour.

Full container loads (FCL) as well as LCL shipments certainly benefit from longer lead-in times and your freight will be assured of space, plus any equipment that may be needed, once a booking has been confirmed.

Freight rates are also liable to be more favourable when booked well in advance. This is the same discounting principle that applies to passenger airline travel.

Given sufficient notice, transport operators can and do readily re-position containers as well as any specialised equipment required, such as reefer boxes and insulated containers for perishable cargo.

The coastal operator Pacifica Shipping, for example, regularly moves empty containers between ports to meet expected demand based on seasonal and regional fluctuations.

Without signals and forward orders, however, it is next to impossible for general freight carriers to accurately forecast volumes of goods out of any given region on any given day.

All too often under this scenario, cargo can be delayed and is liable to incur substantial extra costs in the process.

All the more reason for transport users, then, to signal their intentions as early as possible and work with their preferred transport operator well ahead of time.