



# PRESS STATEMENT

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## **MNSC Calls for Government Intervention to Address Issue of Container Shortage**

**December 4, 2020, Kuala Lumpur** The issue on container and vessel capacity shortage due to the COVID-19 pandemic has hit intra-Asia trade and become a serious problem for importers and exporters as well as the logistics industry in Malaysia at large. The container and space shortage on board shipping lines during the second half of the year has increased container freight rates for both export and import shipments by 300-400%.

Following Malaysian National Shippers' Council (MNSC) discussions with Shipping Association of Malaysia (SAM) and individual shipping lines, we were made to understand that container shortage stem from the boom in China following the country's post-pandemic trade recovery. Chinese exporters are willing to pay the premium rates to secure containers and space and thus most of the shipping lines have moved their inventory there to cater for the demand. On top of that, large volumes of cargoes are sent from China to North America for Christmas businesses since September 2020.

As currently almost every vessel out from China is full and Port Klang is the last port of call for ships headed west, Malaysia's trade is badly affected by the shortage of containers and space to meet shippers' demand. We also understand that during the first wave of Covid-19 shipping lines reduced the number of vessels and manpower due to low demand coupled with the inability to collect empty containers in countries that imposed movement control restrictions has led to a backlog of demand for containers from across North Asia.

In order to fulfil the contractual obligations and to continue the production activities, shippers are in dilemma and have no choice but to purchase high container freight rate under 'duress'. MNSC is concerned that the skyrocketing shipping costs will not only increase the costs of doing business but also escalate back to the consumers which further increase the costs of living especially in this challenging period. Based on feedback from members, booking request for large volume of export and last minute booking by the shippers are not allowed or booking was cancelled by the shipping lines at the very last minute which has worsen the current situation and further elevated supply chain disruptions. This issue is expected to persist during this peak season (Christmas festive season) until Chinese New Year Holiday in mid of February 2021.

Given the predicament of shippers to sustain business amidst the COVID-19 pandemic, MNSC seeks the assistance from the Government to help importers and exporters address the sky high prices arising from the acute shortage of empty container by considering the following:

- (i) Intervention by Ministry of Transport and Port Authorities similar to efforts undertaken by the U.S. Federal Maritime Commission and South Korean Authority to request shipping lines to increase capacity and allocate equipment to the more critical trade lanes where rates are climbing and discourage liners from skipping port calls to move to the more lucrative transpacific lanes;
- (ii) Offer more tax incentives such as tax rebates and double tax deductions to enable exporters to pay higher / premium rates to compete with international exporters; and
- (iii) Remove the cap of 30% of total logistic costs for export subject to a maximum of RM15,000 per shipment from the current conditions under the temporary relief granted through Market Development Grant (MDG) for the reimbursement of logistic costs including the cost of transportation, warehousing and freight. MDG funding to be expanded to allow importers to claim reimbursement of the logistics costs for import shipments.



YBhg Dato' Dr Ir Andy Seo  
Chairman

**About MNSC**

The MNSC was established in 1972 and members consisted mainly from the commodity based exporters. Among the objectives of the Council are to protect, represent and promote the interest of Malaysian exporters and importers, producers, manufacturers, trade and industry associations and commodity based associations in relation to the transportation of goods. FMM has taken over the Secretariat of the Malaysia National Shippers' Council (MNSC) from the Ministry of International Trade and Industry (MITI) effective June 2015.

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