

Representing The Wiping Materials, Recycled Clothing, New Textile By Products and Fiber Industries

President's Column



BOXED IN

By SMART President Bill Schapiro

I have come to believe that business is simply the act of solving one problem after another and there is never a break in the action. Lately, many of us are sold out of our commodities, particularly U.S. exporters who are benefiting from a weak dollar.

For the export oriented, factors are in place for a great year, while the rest of the economy flounders. But from nowhere comes this problem: there are virtually no containers and equipment available for loading. We are sold-out, but we can't execute. Business: Always a problem even in the best of times.

The Wall Street Journal article of April 10th entitled, "Container Shortage Puts U.S. Exports in a Box" outlines the causes and dimensions of the problem.

The article describes a situation where the flow of shipping containers has essentially reversed itself. Our weaker economy and weak dollar have slowed demand for imports resulting in the attendant decrease in containers coming to North America.

At the same time, the weak dollar is turning the U.S. "into an export machine" so the demand for containers outbound is rising much faster than supply. Compounding the issue is a shortage of chassis as well.

Another factor cited is that "the global commodity boom has increased the cost of shipping by bulk, which in turn has pushed more goods into containers."

Very relevant to our industry are the problems reported by the scrap metal dealers. In the past, shipping lines courted this industry (as they did ours') to fill outbound containers with scrap metal. Now that fewer containers are available and there are higher priced goods available for export such as grain, chemicals and machinery, the secondary material business is no longer coveted by the shipping companies.

One scrap metal dealer complained, "What's really frustrating is that today, I could be moving 2000 boxes a month without any problem, but I can't get the boxes." Sound familiar?

The Wall Street Journal article mentions that this problem began about six months ago and that the problem could persist at least through the end of next year. I have had a few calls asking if SMART can assist in the problem.

Huge manufacturers with long-term relationships with shipping lines have the problem, so even in concert, with SMART behind us, the remedy for this problem will be the market.