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Import, export cost goes up as freight rates rise



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Freight charges have risen in the last few weeks due to the adverse effects of Covid-19 on the global shipping sector, pushing the cost for importers and exporters in Bangladesh, industry people said.

Major mainline operations have increased the freight rates citing an acute shortage of empty containers following a surge in demand for imports.

Besides, the ongoing coronavirus pandemic has disrupted the global supply chain, causing delays in shipment and congestion at several ports, they said.

CMA-CGM, the fourth largest container shipping line in the world, has recently announced that it would implement new freight charges for the routes between base ports in Northern Europe and the Indian subcontinent.

The new rates are set to come into effect on January 1.

Similarly, the operators running feeder vessels between Chattogram and various hub ports such as Colombo, Singapore and Port Klang of Malaysia, last month increased the freight charge by imposing an emergency cost recovery surcharge of \$75 for each loaded container and \$37.50 for an empty container.

The congestion at several ports is causing a pile-up of containers, and this has led to additional operating costs for vessels, forcing shipping lines to increase the freight rates, according to Ahsanul Hoq Chowdhury, chairman of the Bangladesh Shipping Agents Association.

Masudur Rahman Bhuiyan, a Chattogram-based fruit importer, is importing 18 containers of apple from China with the cargo set to arrive by the end of December.

"Last month, I paid \$3,200 to ship a single 40-foot container from China. Now, the freight charge has risen to \$4,200 for the same container," said Bhuiyan, adding that he had no other option but to increase the price of his goods to make up for the extra expense.

Local buyers have started importing various food items such as chickpeas, lentil and wheat from countries like Australia, Canada and Egypt with an eye on next Ramadan.

Abul Bashar Chowdhury, a commodity importer based in Khatunganj, said freight charges from importing countries have already increased.

"Shipping liners from these countries now charge \$4,000 on average for each 40-foot refrigerated container from \$1,400 previously," he added.

As a result, the import cost rose about \$20 per tonne.

Chowdhury also said his Australian suppliers told him that they would not be able to deliver his shipment until the end of February due to a shortage of empty containers.

Earlier this week, CMA-CGM informed its customers that it would not take bookings for cargoes bound for ports in southern China for several weeks in early 2021 due to the suspension of feeder services.

Nasir Uddin Chowdhury, chairman of the standing committee on port and shipping of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), said the hike in freight rates would impact the country's garment exports.

"As most of our raw materials are imported, the freight charge hike will increase the import cost. The export cost will also be raised for the same reason," he added.

The impact on the export costs will be felt in the next season when buyers will have to adjust the additional freight charges with the prices of their next order, said BGMEA First Vice President MA Salam.

Criticising the rising trend of freight charges, he said every business sector had been affected by the pandemic.

"So, the shipping sector should not have arbitrarily raised the freight rate to recover their losses at the expense of other sectors."