

# Directional imbalances in supply chain



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Imbalance is a concept that suggests a lack of stability, and in relation to supply chain it is one type of instability that if occurs would have substantial costs on organizations. It is a mismatch that happens along the same corridor causing large numbers of empty containers to be shipped back to the source. That means “ large surplus of containers at one side and a deficit of containers on another. ” Studies show that “ the situation is the worst in the corridor between Asia and USA, there is almost three times more maritime freight going from Asia to USA than the other way around. <sup>1</sup> This phenomenon has several outcomes, from forgone revenue to the change of prices to the competition between modes of transport. On the other hand there are several factors that affect it. Seasonal variations for instance, that comes about due to the lack of demand for certain seasonal goods. Let’s take oil transport as an example; the oil tankers are specifically made for the transport of oil. These containers cannot be refilled with any other type of good.

The shipping industry regarding containerized goods has to deal with several types of cargo which makes it easier to deal with imbalances by creating solutions and routes to outcome this imbalance. It is a different thing with oil shipping as it is imported from oil rich countries to industrial countries who consume oil. That means that the oil containers goes one way full and comes back empty. Shipment companies have to cope with these imbalances by looking at the situation as a whole. The solution comes from the fact that they deal with several ports and more than one industry of goods.

Adjusting prices is one strategy, making exports from a surplus port less costly than imports to the same port and vice versa. Another is creating

collapsible shipping container. This ingenious idea developed by a Dutch shipping container manufacturer, Cargoshell. It is an “ energy-saving solution to empty shipping container. ” Its benefits outweigh the financial aspect as “ CO2 emission is reduced drastically as each is made of a composite material that weighs 25% less than standard shipping containers. 2 In the late 1960’s, shipping giant Sealand responded with the introduction of a round the world liner service which was not very successful. The collapsible containers, although as they may seem to solve a lot of this problem, has not yet been introduced commercially and they render some issues with transport and handling aspects. This means that it is inevitable to have some ships leave ports empty and it is just the concern of reducing that number as much as possible that matters.