

THE SHIPPING STANDARD

OUR EXPERTISE YOUR ADVANTAGE

DON'T BE TROUBLED BY THE EMPTINESS:
PROPER PLANNING CAN HELP SHIPPERS
NAVIGATE EMPTY CONTAINER ISSUE

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WHERE'S CONTAINER?

DON'T BE TROUBLED BY THE EMPTINESS:

Proper Planning Can Help Shippers Navigate Empty Container Issue

While many predicted the empty container shortage would improve this year, the reality is this has become a seemingly never-ending problem that continues to confound the industry. This issue, which emerged following the initial impact of COVID-19, has become a very serious market complication because continued congestion has been tying up equipment.

As a result, the lack of containers is wreaking havoc on a global scale. According to Reuters, delays in shipments from China to Europe are impacting European exports to the U.S. East Coast. These delays are a major contributing factor to port congestion at U.S. East Coast ports.



Sources: commons.wikimedia.org/wiki/File: Bashful_rice.jpg
commons.wikimedia.org/wiki/File: A_view_of_Sugar.jpg

“Container allocation is a problem that is going to persist for quite a while, and it will continue to be a major cause of global congestion,” said Anthony Fullbrook, President of OEC Group’s Northeast Region. “Additionally, the impending labor issue on the U.S. West Coast has the potential to strike a major blow to the flow of containers.”

To combat the container crunch, a number of shippers have resorted to breakbulk. According to The Loadstar, rice and sugar are two commodities that have been converted back from containerized to loose breakbulk. Rather than pack these goods into containers, shippers have been able to take advantage of more available capacity on bulker services. At this point in the overall market it may become more popular as container capacity issues persist.

“While the industry struggles with container shortages, the reality is there are viable options available to shippers beyond simply waiting,” said Logan Cooper, Senior Manager of Traffic for OEC Group’s Northeast Region. “This requires shippers to work with a seasoned logistics professional who has the industry relationships to access equipment because in this industry having the right relationships can make all the difference between success and failure.”

**CHARLES KLEIN**

Station Manager for OEC Group's Detroit office

INTERVIEW WITH AN EXPERT

Charles Klein, the Station Manager for OEC Group's Detroit office, shares his expertise regarding the state of automotive logistics, and offers advice on how shippers can give themselves the best chance of getting products imported during difficult market conditions.

Q: Can you give us a quick snapshot from a thousand feet up of the automotive logistics landscape?

A: Supply chains in both the new build and aftermarket automotive sectors are still experiencing a lot of the same difficulties that emerged just after the initial impact of COVID-19. For example, the chip shortage persists, and, in some cases, completely manufactured cars are on hold waiting for them. As a result, many people turned to used cars and demand for aftermarket parts increased. Simultaneously, container capacity was swept up in major backlogs at U.S. ports. Now, ports like L.A.-Long Beach and New York-New Jersey remain jammed. Also, we've been seeing equipment shortages and rail delays on shipments coming from the West Coast and the Pacific Northwest to automotive hubs in the Midwest.

Q: Have most automakers switched from just-in-time to just-in-case?

A: While there have been media reports of companies like Toyota and Nissan, early adopters of the just-in-time system, transitioning to just-in-case to keep assembly lines moving, the reality is, a lot of manufacturers are doing their best to hold on to the efficiency of just-in-time, especially with the difficulty of finding warehouse space. This makes supply chain planning even more critical because delayed or otherwise poorly planned shipments can temporarily halt an entire assembly line. We recently saw this when Volkswagen and BMW stopped European production when Ukraine could no longer supply automotive wire harnesses.

Q: Do supply chain roadblocks have a more severe impact with aftermarket parts or fully manufactured new builds?

A: Supply chain disruptions impact new builds more than aftermarket parts because with new builds, if just one part is held up, then the entire operation can be paused. With aftermarket parts, retailers and mechanics rely on building inventories. As a result, brick-and-mortar retailers like Advanced Auto Parts do not necessarily lose substantial business because of shipping delays. However, if certain parts are delayed during the importing process, like brakes, then it could impact whether or not people around the country can maintain and fix their vehicles.

Q: Any ideas on short-term or long-term developments in either sector?

A: For fully manufactured new builds, supply chain issues and the global chip shortage are likely to continue causing problems at least in the short-term. Aftermarket parts have a better outlook as they have stocked traditional inventory for years. However, many critical parts, such as brakes and wipers, stay in short supply. Current market conditions make it difficult to offer any concrete long-term predictions for either sector.

Q: What actions can a shipper take now to survive this impending situation?

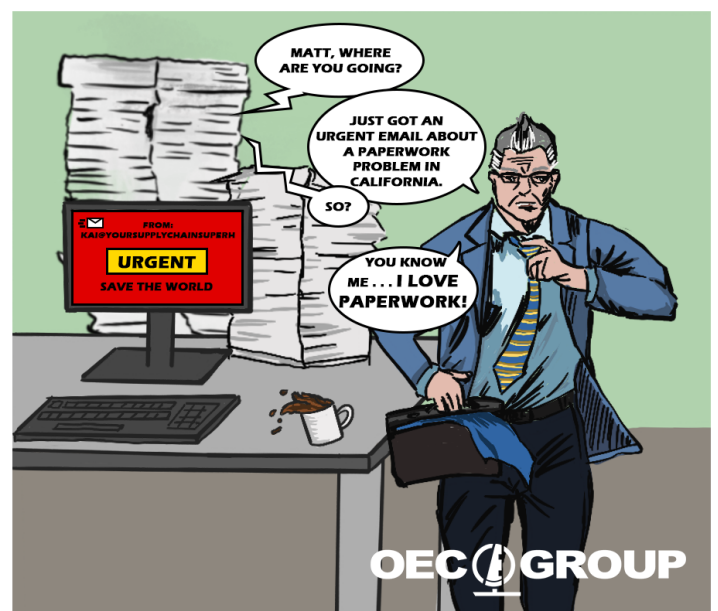
A: Most shippers believe that they can rely on the East Coast. However, that is not necessarily the case. Carrier allotments on the East Coast are pretty well booked up right now. As a result, shippers that strictly send goods to the West Coast and decide to swiftly shift to the East will struggle because they do not have previously established relationships. Therefore, any shipper that is interested in that shift should start thinking about it right now. Also, we have begun suggesting cross border opportunities and East Coast routings to our clients so that they can be ready if they need to utilize that strategy.

Q: What is your advice for shippers in the automotive sector trying to operate in this historically tight market?

A: Whether you're a shipper building your inventory of aftermarket parts or a shipper trying to keep assembly lines functioning, diversification is key. We've been proactive in helping our clients develop strategies that do not rely on just one trade lane, route, or port pairing. To simplify our strategy, we're spreading shipments amongst several destination ports in different regions of the US and sometimes Canada, specifically looking for routes with the most reliable transit times or those that are consistent and predictable. As a result, our clients can now plan more effectively, keep supply chains flowing, and minimize any effects to their bottom line.



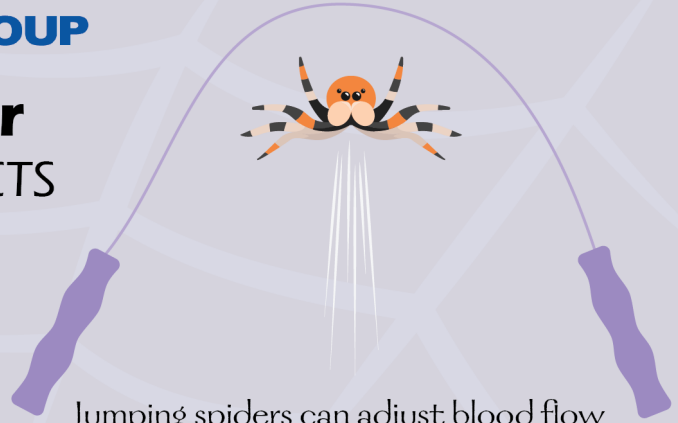
THE PORT OF L.A. - LONG BEACH



Spider FUN FACTS



There are over 45,000 known species of spiders and 3,500 species can be found in the United States.

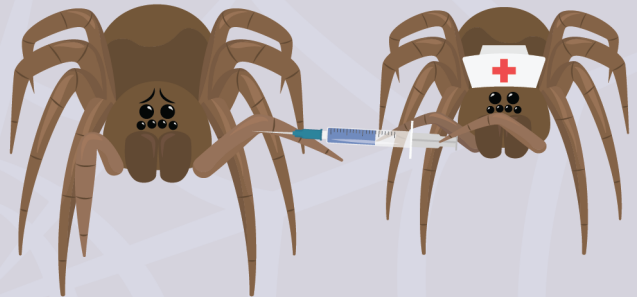


Jumping spiders can adjust blood flow to their legs to propel themselves around fifty times the length of their body.



W. Spider

Wolf spiders have eight eyes total arranged in three separate rows.



The color of a spider's blood is blue.



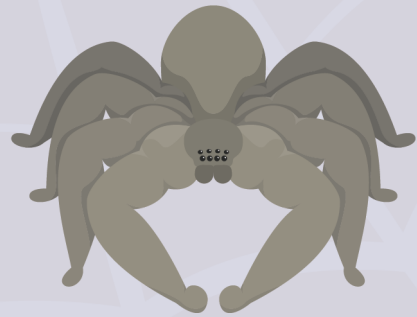
Female tarantulas can live for up to thirty years, but their male counterparts usually live less than ten.



Spiders are found on every continent of the world except Antarctica.



Cobwebs are abandoned spiderwebs.



Giant Huntsman spiders have leg-spans of around 30cm (12 in).

ABOUT OEC GROUP

At OEC Group, we have demonstrated our commitment to customer service in trans-Pacific trade for more than 35 years. Founded in 1981, OEC Group had a vision to provide comprehensive logistics services to clients. Today OEC Group serves destinations throughout the world and has grown into one of the leading logistics providers in North America. With over fifty offices worldwide, we take pride in being close to your cargo at all times.

OEC Group is monitoring and adapting to the changing market. We are well positioned to make continuous improvements to your supply chain using the fastest, most efficient and cost-effective services available. We work tirelessly to stay on top of the ever-changing logistics industry with the goal of delivering the most current information and services to you, our customer.

Our business is making our logistics expertise, your competitive advantage.