

# OEC NEWS

OUR EXPERTISE YOUR ADVANTAGE

CLAIMS THAT SEVERE  
CONGESTION IS EASING  
PROVING TO BE PREMATURE

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INTERVIEW WITH AN EXPERT

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YO-YOS  
FUN FACTS

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ABOUT  
OEC GROUP



# CLAIMS THAT SEVERE CONGESTION IS EASING PROVING TO BE PREMATURE

*Recent media reports claiming severe port backlogs are easing and the industry is slowly getting back to normal are, at best, premature. Up to date information from multiple sources throughout the industry shows that ports are as congested as ever, if not worsening, and space is at a premium.*

Major port disruptions continue to emerge even as we move farther away from the apex of pandemic complications. JOC recently reported that severe backlogs at the Port of Yantian, an important shipping hub in South China, are due to a recent COVID-19 outbreak amongst workers. As a result, productivity went down by 80%. To date, production is still not back to normal, as some working teams continue to have issues with the virus. Many carriers are consistently skipping Yantian to avoid costly delays.

On the other side of the pacific, most US ports are still struggling with severe congestion. To demonstrate just how severe port congestion is, the top three global carrier alliances have opted to drop Oakland on some Pacific Southwest services to help reduce severe delays and maintain service integrity. The high TEU volumes have proven to be too much to handle for the northern California port. Now, premium services from those alliances will skip Oakland and only berth in Los Angeles, which is also suffering from a substantial backlog.

*“One good indicator that this strong market trend is here to stay is the number of new ships on order,” said Anthony Fullbrook, President of OEC Group’s Northeast Region. “Carriers have commissioned the construction of new vessels that would increase total global seaborne capacity by 4.17 million TEU, and they are expected to be delivered by 2025. Carriers are betting this new trend will continue and become the norm.”*



One area of hope for improved operations in logistics had been air cargo. That optimism is due to an increase in commercial airline flights from the overall increase in vaccinated people and the opening of the tourist industry. While air travel has gone up, it has not risen enough to make a meaningful dent in the cargo backlog. Additionally, recent cases of COVID-19 have emerged in some airports in the Far East, causing new closures. At the same time demand levels for commodities like clothing, footwear, electronic goods, and children’s toys are expected to remain high and the e-commerce boom shows no sign of slowing down.

*“Despite what is being claimed in media reports, the reality is demand for consumers goods remains high and global supply chains are as congested as ever,” said Peter Hsieh, regional vice president of sales and marketing for OEC Group. “Right now, the only thing importers can do is plan early, not delay their shipments, and prepare for delays.”*



**NICK KLEIN**

Vice President of Sales  
at OEC Group Chicago

## INTERVIEW WITH AN EXPERT

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*Nick Klein, Vice President of Sales at OEC Group's Chicago office, discusses the current state of logistics in the aftermarket auto parts industry.*

**Q: How is the global chip shortage hurting the automotive industry?**

A: The global chip shortage is affecting the automotive industry because limited supply has significantly decreased new car production levels around the world. As a result, new buyers, car rental companies, and other organizations that rely on automobiles aren't acquiring new vehicles at the pace they planned for. This has had a ripple effect, resulting in a spike in sales of older vehicles. In turn, the need for repairs and aftermarket auto parts themselves have increased dramatically. Due to this boosted demand for parts and the severe chip shortage, supply chains associated with both new car production and the manufacturing of aftermarket auto parts have been severely stressed.

**Q: Over the last few months, several auto industry innovators of “just-in-time” have been struggling with production. What do their struggles mean for supply chain practices in the industry right now?**

A: One trend going on in the background has been a significant increase in the number of warehouses being built in the U.S. and China. Much of this can be attributed to the growth of e-commerce, online retailers, and fulfillment centers; however, a portion of those facilities are designed to hold product that would normally be in transit via “just in time”. In the case of the auto part industry, some low-cost and time sensitive items would fall into that category, and companies are now stockpiling inventory. In China, the new storage is used to house goods while companies wait for available shipping space and to prevent the slowdown of manufacturing. Stateside, those warehouses are used to hold larger stocks of products that have been susceptible to delay.

**Q: How do you see “just-in-time” evolving as we move forward?**

A: As you know, this is a very competitive business. Just-in-time has been the automotive industry standard since the 70’s, and organizations shifted that way to compete more effectively. Companies are recognizing the disruption to the supply chain from severe congestion delays and are adding storage of key products to prevent a shortage of inventory. However, I could see some manufacturers snapping back to just-in-time if things loosen up in the supply chain and there are significant improvements to port and rail infrastructure. That being said, those who stick to that model must be prepared to absorb substantial losses any time there’s a delay in the supply chain.

**Q: Which products are companies having the hardest time importing?**

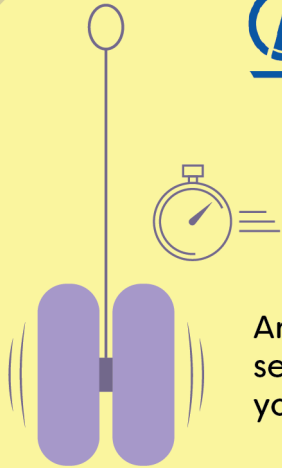
A: Right now, companies are struggling to import some low-value and time sensitive items such as brakes and body components into the U.S. Obviously, that’s something the industry needs in large quantities, especially at a time when new cars are largely unavailable and there is historic demand for aftermarket parts. In the short-term, we can expect organizations in the industry to try building up inventory levels. Currently, the supply of those parts is not sufficient to accommodate market demand.

**Q: How has OEC been in moving backlogged commodities in the automotive industry?**

A: We’ve been very successful moving cargo for our automotive clients. This is a result of our longstanding relationships with carriers and our significant experience dealing with difficult market conditions. Internally, we can avoid space shortages, minimize equipment issues, and optimize the overall shipping process by spreading shipments across multiple carriers and sailings. While many automotive companies have had to resort to airfreight in some cases to move their most seriously delayed and urgent orders to prevent production line closures, OEC has often been able to maintain the consistent flow of goods and avoid serious backlogs. Recently, we have assisted several new customers in revamping their supply chain operations and successfully delivering products to their final destinations with minimal delay.

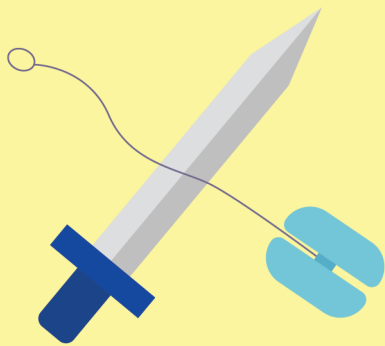
# Yo-Yos

## FUN FACTS



Amateur yo-yos can spin for 10-20 seconds, while professional ball bearing yo-yos can spin for 1-4 minutes.

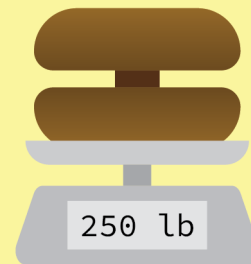
There is a Greek vase painting from around 500 BC that shows a boy playing with a yo-yo.



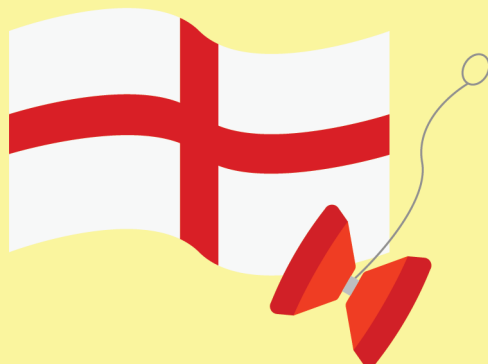
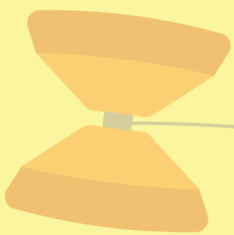
Historians report that Napoleon and his troops were seen playing with yo-yos before the battle of Waterloo.



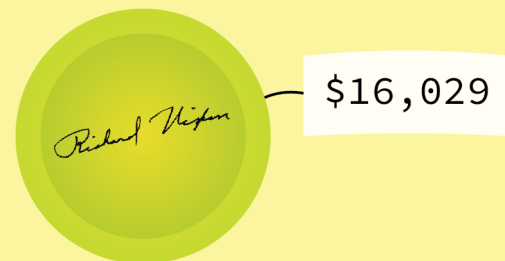
Japan boasts the most world yo-yo champions.



The world's biggest yo-yo weighs 256 pounds - and it works.



The world's first yo-yo contest was held in 1932 in London, England.



The most expensive yo-yo ever sold was one signed by former President Richard Nixon. It went for \$16,029.



# 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.