

# Closure, Near-Shoring, Relocation & Consolidation of Export-oriented China Operations & Supply Chains

Thursday February 2, 2023

11:00 AM EST

east  west<sup>®</sup>

a s s o c i a t e s

DRIVING COMPANY GROWTH IN CHINA, ASIA, MEXICO & CEE

## Webinar Agenda

### **Part 1: Brief Introduction of East West Associates**

Part 2: Webinar Series

Part 3: Introduction of Speakers

Part 4: Current Global Supply Chain & Distribution Situation

Part 5: Q&A Discussion

Part 6: Follow up

- Founded in 2005, EWA executives reside in 5 markets:  
US, China, Southeast Asia, Mexico & Central Eastern Europe
- All EWA executives have held senior management positions with P&L responsibilities for western MNCs, including Briggs & Stratton (NYSE: BGG), Bechtel Corporation and Ashland, Inc. (NYSE: ASH)
- Leading provider of Supply Chain & Operational, Commercial & Risk Management implementation
- Extensive experience in numerous key industries:

Automotive	General Manufacturing	Durable Goods
Metal Fabrication	Consumer Goods	Filtration & Separation
Chemicals	Packaging	Electronics
Semiconductors	Food & Beverage	Medical Devices
Specialty Metals	Laboratory Equipment	Food Technology
Energy & Natural Gas	Industrial Textile & Apparel	Costings & Building Materials

# EWA Company Profile



## Webinar Series

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## Webinar Series

- East West Associates will be conducting a multi-part Webinar Series on how companies can best manage the challenges facing their China-based operations and global supply chains in an increasingly complex environment.
- The overall focus will be on assessing, optimizing and if required, restructuring or relocating those operations to Southeast Asia, Mexico, or Central and Eastern Europe.
- This webinar is the first in a series of webinars to help companies best manage the challenges facing their China-based manufacturing plants in an increasingly complex global environment.
- Housekeeping: This webinar will utilize a Q&A format

## Introduction of Speakers

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## Introduction of Speakers

**Warren Wisnewski, former Vice President, Operations, Asia Pacific Region** – Eastman Kodak Co. (NYSE: KODK)

**Dan McLeod, former Director Asia Pacific Operations for Ashland Specialty Ingredients**



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## Current state

### 1. During the past 3 years:

- Global inflation driving increased costs of labor, raw materials, and finished goods
- Labor and other costs continue their decades-long rise in China
- Ongoing cost impacts of USTR China Section 301 tariffs; US-China political tensions
- Logistics costs beginning to moderate, but Supply Chain bottlenecks remain

### 2. Companies switching to “Near-Sourcing” strategies and away from dependence on China

- Need to move quickly has increased over the last few years
- Complicated by the capability and “uptake capacity” of other manufacturing countries
- Key considerations are industry/technology, scalability and closeness to end consumption
- Less relevant to companies with operations “in China, for China”

# Current Global Supply Chain

## 3. “There will never be another China”

- Today’s China emerged through an historic convergence of a vast untapped market, massive cost effective labor force and a stable government with business-friendly policies
- China made off-shoring decisions relatively easy during the past 2+ decades
- No other emerging economy approaches China’s broad manufacturing capability and depth:

	Foreign Direct Investment Inflow US\$ Bn				Foreign Direct Investment Inflow US\$ Bn		
	2019	2020	2021		2019	2020	2021
<b>China</b>	187.2	253.1	334.0	<b>Indonesia</b>	25.0	19.2	21.2
<b>Brazil</b>	69.2	37.8	46.4	<b>Vietnam</b>	16.1	15.8	15.7
<b>India</b>	50.6	64.4	44.7	<b>Philippines</b>	8.7	6.8	10.5
<b>Mexico</b>	29.7	31.4	33.3	<b>Thailand</b>	4.8	-4.9	12.2

Source: World Bank

## 4. Geopolitical issues make manufacturing investment decisions more challenging than ever

- Ongoing conflict in Ukraine limiting some relocation options in Central and Eastern Europe
- “Global Decoupling” of large economies adding to overall economic uncertainty
- Consider asset-light operating models where possible
- Building a project team with in-depth knowledge more important than ever

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# **Q&A Discussion**

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### **Part 6: Follow up**

- Participants will receive a webinar survey
- Webinar recording & PowerPoint will be provided in follow up email and available on EWA website ([www.eastwestassoc.com](http://www.eastwestassoc.com))

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