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

**Thursday February 2, 2023** 

11:00 AM EST



#### **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



• 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

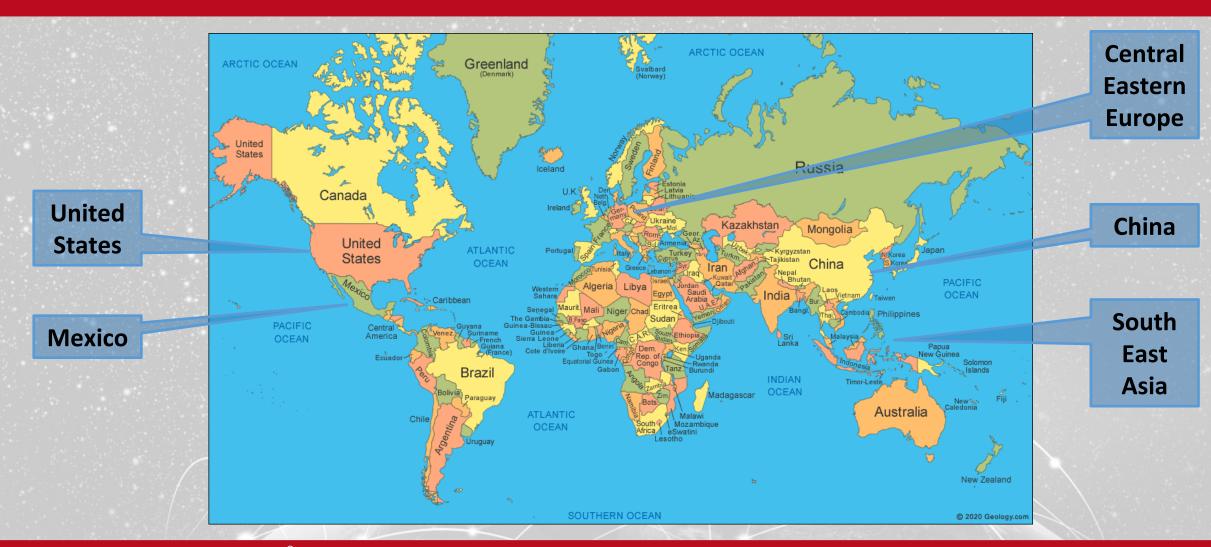
Semiconductors Food & Beverage Medical Devices

Specialty Metals Laboratory Equipment Food Technology

Specialty Metals Laboratory Equipment Food Technology

Energy & Natural Gas Industrial Textile & Apparel Costings & Building Materials







#### **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
China	187.2	253.1	334.0	Indonesia	25.0	19.2	21.2
Brazil	69.2	37.8	46.4	Vietnam	16.1	15.8	15.7
India	50.6	64.4	44.7	Philippines	8.7	6.8	10.5
Mexico	29.7	31.4	33.3	Thailand	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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- Participants will receive a webinar survey
- Webinar recording & PowerPoint will be provided in follow up email and available on EWA website (<a href="www.eastwestassoc.com">www.eastwestassoc.com</a>)



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