

Consolidation, Relocation & Closure of China-based Operations

Tuesday, May 24, 2022

11:00 AM EST



Webinar Agenda

Part 1: Brief Introduction of East West Associates

Part 2: Brief Introduction of Harris Bricken

Part 3: Webinar Series

Part 4: Introduction of Speakers

Part 5: Current Global Supply Chain & Distribution

Part 6: Q&A Discussion

Part 7: 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



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Webinar Series

- This webinar is part of a series on China & Mexico
- Second webinar "Supply Chain & Manufacturing Diversification in Mexico"
Date TBD
- Housekeeping – Q & A Format

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

Youming Ye, former Managing Director for The Jordan China Company, a Chicago based private equity firm

Mark Plum, former President of Briggs & Stratton Asia (NYSE: BGG)

Dan Harris, Partner, Harris Bricken

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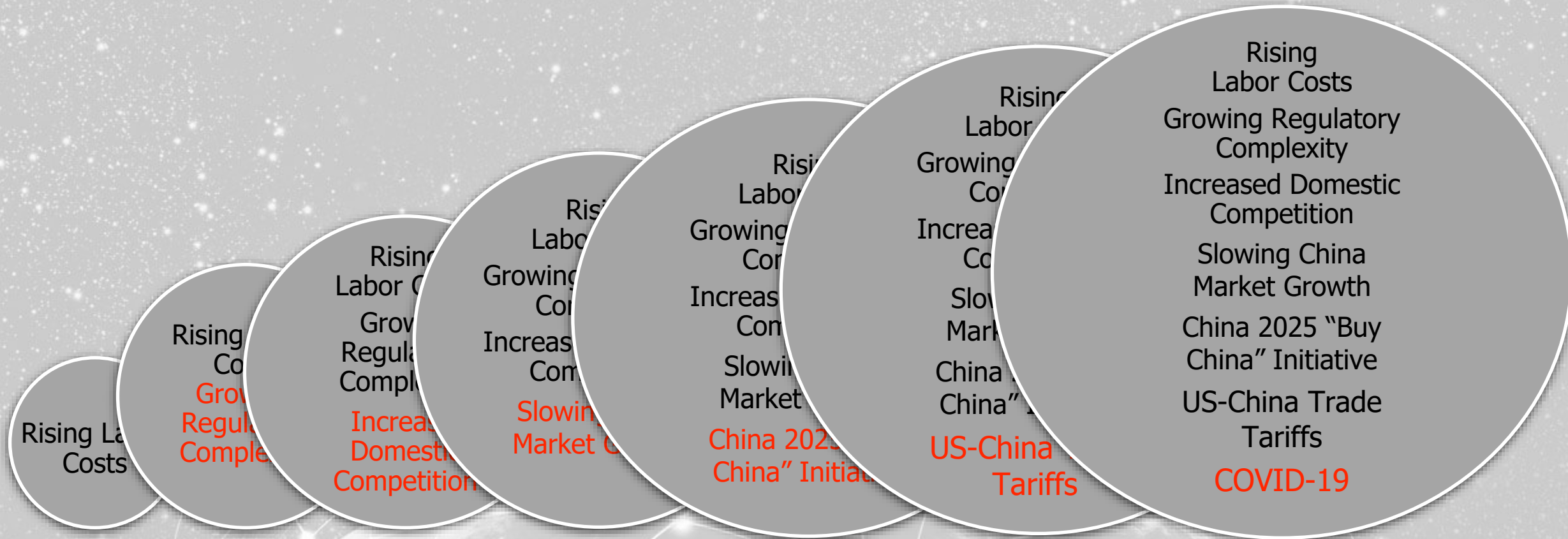
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Current state

1. Increasing raw material and component pricing
 2. China tariffs
 3. Increased labor costs in China
 4. Freight costs 3X higher
 5. Significant Logistic delays
 6. Company concern about overdependence on China
 7. Increase in regional sourcing strategies by companies, rather than China Supply Chain strategies
- Supply Chain Diversification from China has been occurring by Chinese and Western companies
 - Speed & Intensity has increased over the last few years
 - Affected by Industry sector, location of customer's markets, etc.
 - Not relevant to companies with China supply chain selling into the China market

During the last 12 years, the economic challenges facing western companies operating in China have been continuously evolving and growing for years:



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Part 6: Q&A Discussion Questions + Audio Time

Discussion on the 2 different types of Western companies operating in China – Export driven vs. In China For China

15:30 – 17:50 Audio Time

Plant Closure

Some companies are evaluating closing their China -based plants/operations because their original biz model was to produce products in China for export to their US markets

- Implementation challenges to close plant
- Methodology for closure
- Biggest issues & roadblocks
- Severance and Human Resource issues
- Intellectual Property (IP) protection
- How long to close?
- How convey to vendors

17:50 – 36:00 Audio Time

Part 6: Q&A Discussion Questions + Audio Time

Plant Closure Questions (continued)

- Who are key participants that need to be on the team for these types of projects (both local and overseas)?
- Are there any considerations for the removal of assets and exporting them to other countries?
- Negotiate severance on plant closure & bankruptcy protection

17:50 – 36:00 Audio Time

Part 6: Q&A Discussion Questions + Audio Time

Plant Relocations

- Key roadblocks/challenges
- IP transfer from China in the event of relocation
- Molds/Tooling

36:00 – 41:30 Audio Time

Can you comment on the nuances of doing a factory downsizing vs. a full closure in China?

- Personnel
- Business License
- China Government Regulations
- Molds/Tooling

41:30 – 50:00 Audio Time

Part 6: Q&A Discussion Questions + Audio Time

Would it be wise for a manufacturing company (example: aerospace engines) to relocate from China to Mexico in today's climate?

- Relocation from China to Mexico
- Relocation from China to Central Europe
- Relocation from China to Asia Pacific

Can manufacturing equipment be moved out of China?

- Is it feasible to consider?
- IP transfer risk
- Human resource & employment differences between China & Mexico
- Duty on equipment relocated out of China

50:15 – 58:45 Audio Time

Part 6: Q&A Discussion Questions + Audio Time

Localization of Supply Chain to customer base

- Central Europe, Southeast Asia & Europe

58:45 – 1:00:30 Audio Time

China, Mexico, De-Coupling & 301 Tariff Relief

- Do you have in Mexico the employee skill sets you find in China?
- Do you expect Chinese contract manufacturers to invest in Mexico to make product in Mexico?
- Mexico as an alternative to China?
- Do you believe the Biden administration will give some 301 Tariff relief in view of inflationary concerns?
- China De-Coupling Trends

1:01:30 – 1:08:45 Audio Time

Part 6: Q&A Discussion Questions + Audio Time

Partnering with a Chinese supplier to move manufacturing outside of China to Mexico/Southeast Asia

- Challenges & benefits of partnering with a longstanding Chinese supplier to relocate manufacturing

1:08:45 – 1:13:30 Audio Time

Plant Consolidation as a Business Optimization Strategy

- Generally viewed as 3 plants consolidated to 2 plants in order to reduce costs
- Address Vendors? Government Agencies?
- Key roadblocks?

1:13:30 – 1:20:45 Audio Time

Part 6: Q&A Discussion Questions + Audio Time

Is there a new China?

- How about Brazil? India? Mexico?

1:20:45 – 1:28:30

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- * Webinar Survey will be sent
- * Webinar Recording & PowerPoint – will be provided in follow up email on EWA website

Webinar Agenda

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Alex Bryant

President

East West Associates

704-807-9531

abryant@eastwestassoc.com

Dan Harris

Partner

Harris Bricken

206-202-6756

dan@harrisbricken.com