

**RELOCATING OUT OF CHINA?
CRITICAL CONSIDERATIONS FOR TRANSFERRING TECHNOLOGY**

Tuesday, September 24, 2024

11:00 AM EST

east  **west**[®]

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: Why are manufacturers relocating out of China? What are some critical considerations?

Part 5: Q&A Discussion

Part 6: Follow up

East West Associates advises manufacturing companies on establishing and improving international manufacturing operations and global supply chains.

China, Southeast Asia, Mexico & Poland/Central Eastern Europe

- GLOBAL MANUFACTURING & SUPPLY CHAIN FOOTPRINT
 - Global Manufacturing & Supply Chain Footprint
 - Global Manufacturing & Supply Chain Footprint Implementation
 - Global Site Selection
 - Identification & Qualification of Contract Manufacturing
 - Plant Rationalization / Consolidation / Relocation
 - Plant Closure Planning
 - Negotiation of Foreign Governmental Incentives
 - Project Management of Plant Construction & Relocation

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China, Southeast Asia, Mexico & Poland/Central Eastern Europe

- OPERATIONAL & COMMERCIAL PERFORMANCE
 - Operational Diagnostics and Functional Reviews
 - Growth Potential and Development
 - M&A Due Diligence
 - Corporate Turnarounds & Restructurings

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China, Southeast Asia, Mexico & Poland/Central Eastern Europe

- SUPPLY CHAIN
 - Global Supply Chain Assessment
 - Make VS. Buy Strategy
 - Set Up & Operate Sourcing Office
 - Supplier Identification & Qualification
 - Covert & Overt Supplier Investigations
 - Supplier Performance Improvement
 - Supplier Transition
 - Global Relocation Of Supply Chain

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China, Southeast Asia, Mexico & Poland/Central Eastern Europe

- HUMAN RESOURCES & RISK MANAGEMENT
 - Integrity Awareness Training
 - Interim General Management
 - Executive Search
 - Background Checks
 - Organizational Assessment & Implementation
 - Compensation & Benefits

EWA Executive-level Advisors in 5 Global Regions

East West Associates



East West Associates Representative Clients

East West Associates



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Dan McLeod, Director, East West Associates

Li Xiao, Director of China, East West Associates

Tze Beng Lim, Senior Consultant, East West Associates

Moderator: Alex Bryant, President of East West Associates

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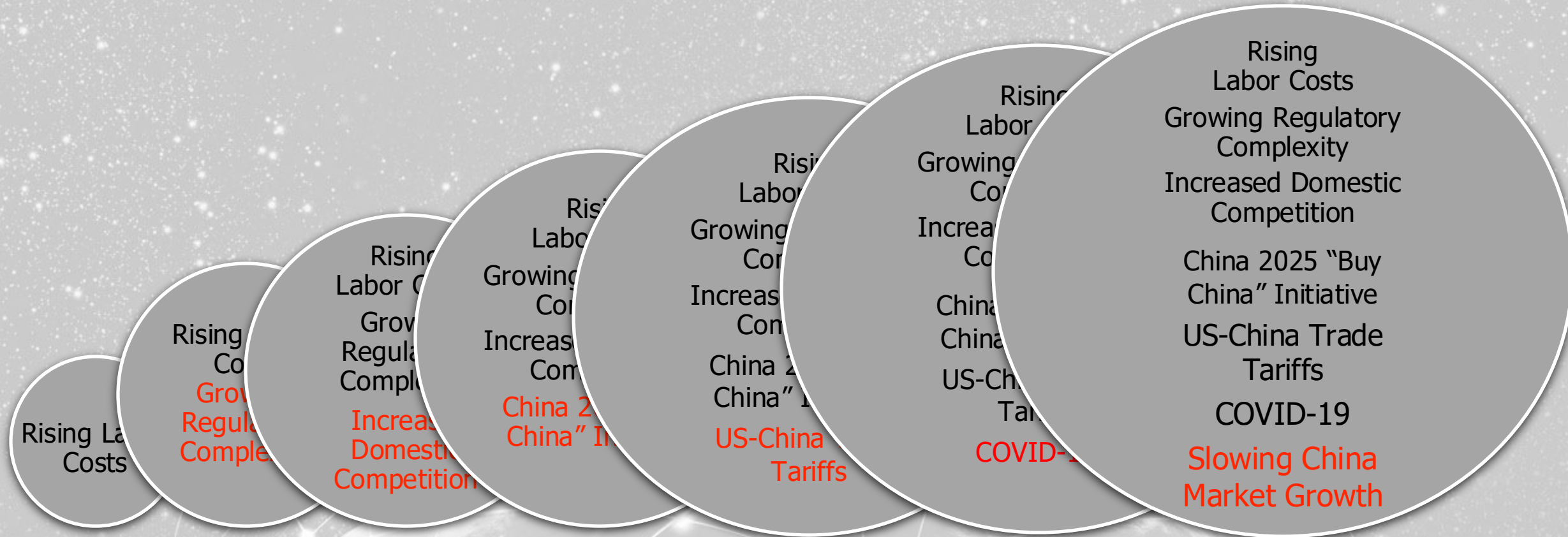
Part 4: **Why are manufacturers relocating out of China? What are some critical considerations?**

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Why are manufacturers relocating out of China? What are some critical considerations?

During the last 15 years, the economic challenges facing western companies operating in China have been continuously increasing and evolving:



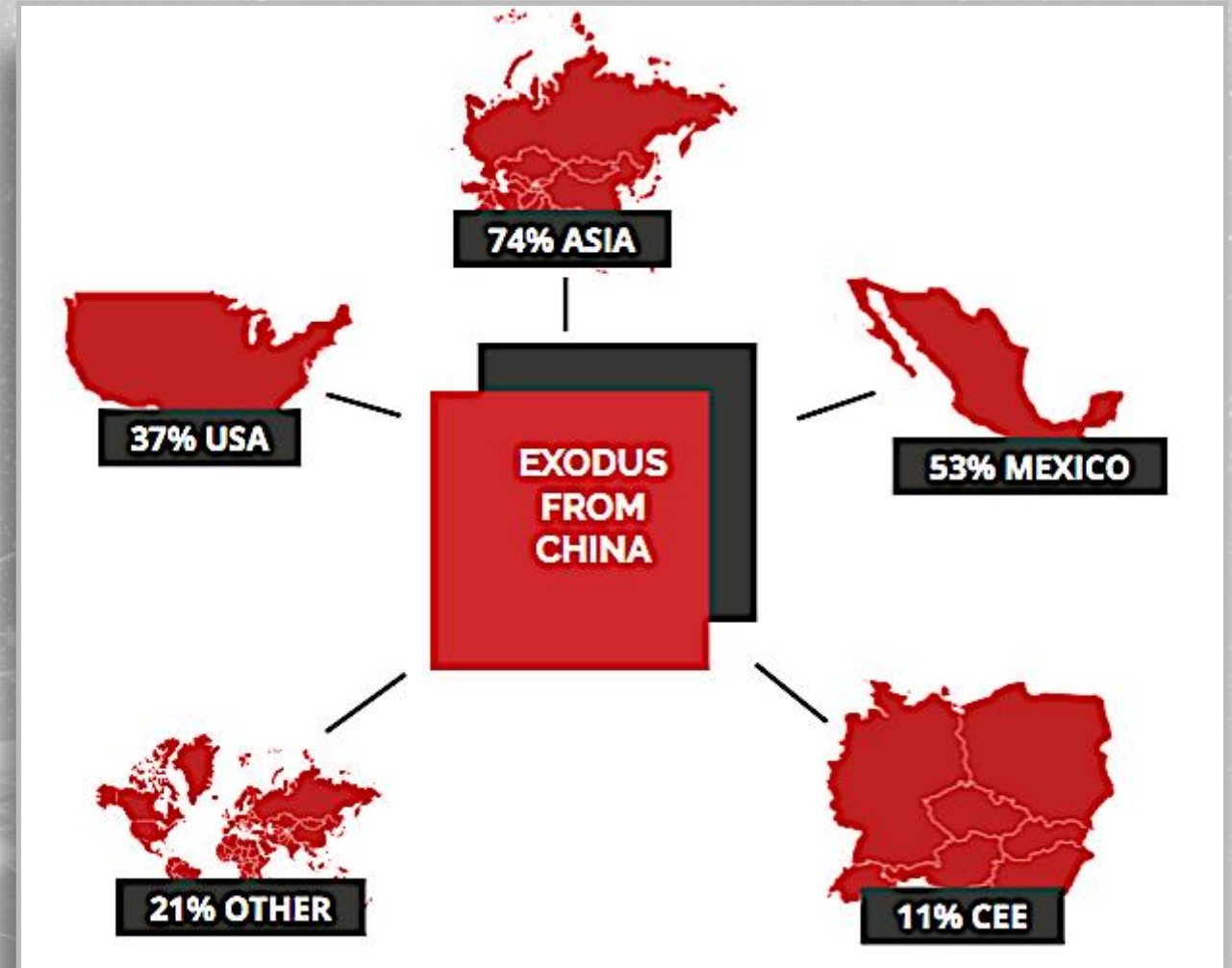
Why are manufacturers relocating out of China? What are some critical considerations?

To where are you considering or planning to relocate your China-based operations, (Multiple Responses Possible)

EWA Survey of 150 Manufacturers Operating in China

Diversification from China

- Alter the global business landscape
- Drive supply chain networks to alternative emerging markets
- Accelerated growth of emerging markets



Transferring the company technology

- After successfully establishing manufacturing and sourcing in China for the past 20+ years, many companies have relocated, or plan to relocate, all or part of their operations to another country. In the past 4 years alone, 100 MNCs have announced intentions to downsize or shutdown manufacturing in China.
- Companies are relocating their China-based operations to reduce labor costs, lessen tariff exposure, protect their IP, and move closer to customers. If you're looking at doing so as well, you'll need to be prepared for some new challenges.
- These include selecting the country that best fits your unique or not-so-unique operation, Make-vs-Buy decisions, restructuring costs, avoiding burned bridges in China, and successfully transferring your technology and intellectual property out of China.
- One of the most overlooked or under-appreciated challenges of relocation is transferring the know-how your company has developed in China over the years, whether it's in-house or with key suppliers.
- In this webinar, East West Associates executives who have actually moved operations to China and from China will share their experiences, learnings and insights that will help you avoid delays and costly hassles.

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Q&A Discussion

1. How do we define Manufacturing Technology?
2. Do you know for sure that your technology, product designs and know-how are adequately documented? Is there a significant amount of know-how controlled by China suppliers, or by only your factory personnel currently living in China?
3. Will you face difficulties or limitations by the Chinese government when physically moving hard assets including manufacturing machinery out of China?
4. Ability to access or transfer tooling and specialized equipment from your current supplier?
5. What constraints might you encounter when transferring technical know-how documentation out of China? What about your information-laden laptops, desktops and hard drives during relocation?
6. Is localizing procurement of raw materials and components in your target country a realistic option? Or will you continue to be reliant upon current suppliers in China?

7. Will your manufacturing process allow you to meet “Country of Origin” requirements at the new location?
8. How will you identify and qualify the right people to support your relocation project?
9. Do you fully understand the cultural differences between the sending factory and a soon-to-be receiving factory? How do you plan to manage those inevitable differences, which could be critical to your success? These cultural differences could be between China and countries in Southeast Asia (Thailand, Vietnam, Philippines) as well as Mexico.
10. What trade compliance and certifications are necessary to minimize tariffs and duties?
11. What is the manufacturing “eco-system” in your target country? Are you relocating to an area with a similar or complementary manufacturing base? Is there a qualified & affordable labor pool? Will the government there be friendly and inviting, and offer incentives to new US-owned businesses?
12. Which service providers are critical to establish at the new location: legal, compliance, tax, accounting, advisory, IT, maintenance services, HR services, etc.?

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Part 4: Current Global Supply Chain & Distribution Situation

Part 5: Q&A Discussion

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)

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