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Global Supply Chain Update

The general sense among the professional world, tied into all the various government agencies is that we have or are close to reaching the “Apex” of the pandemic.

That sensibility is a critical issue, as it is believed that business and the economy will start again, once the “Apex” has occurred.

Most businesses engaged in global trade have hunkered down, with personnel working from home, limiting in-person contact and maintaining minimum levels of supplier and customer relationships.

Generally, many businesses are furloughing and terminating employees. The basic intent is to “stop the bleeding”, with the hope that as the economy starts again, all personnel will be brought back or re-hired.

The coronavirus (COVID-19) has become a very serious pandemic impacting people, business and international trade in all markets and every corner of the planet. There are very few businesses that have not been impacted directly or indirectly.

The media continues reporting on the effects the coronavirus is having on individuals and business, specifically how the authorities are reacting and where we stand on both national, state and local scenarios.

Travel has continued to be restricted and appreciate that all business models that are engaged in the travel business have been seriously impacted.

China is reporting that manufacturing is passing 80% capacity and the various carriers have begun to re-position their assets to begin to move freight on regular patterns.

Airfreight out of China has seen a huge increase tied into pricing that has seen 3-400% increases.

Globally, over 120 countries have seen Covid-19 cases and as the pandemic moves from China, USA and Europe to Africa, Middle East and Central/Latin America.

As of today, Asia is slowly opening up. Europe is effectively closed down. The United States is mostly closed down, but manufacturing, particular business verticals and various states are still operating.

At Blue Tiger International we have been monitoring the situation and all reports closely. In this uncertain time, we understand the very real impact this outbreak has on business models, personnel and global supply chains. As consulting experts, we are being asked our opinion daily by media outlets, clients, business associations on this topic. We are preparing opportunities to speak to specific strategies and plans to prepare and mitigate the situation. Blue Tiger International has developed solutions, options and business models to assess and implement the necessary global supply chain modifications.

In the short-term companies may consider the following:

- Learn the resources available from federal, state and local government agencies that are offering grants, loans and other opportunities for financial assistance.
- Turn numerous “stones over” for where you obtain your information and intelligence. Focus on reliable information flows to keep apprised of the impact to their organizations and supply chains
- Keep up timely and comprehensive communications with suppliers and customers
- Be diligent on you process customer orders and conserve inventory levels. You want to make sure that your products sales are correctly focused
- Seek short-term options for supply sources. Other countries and here in the USA are alternative sources.
- Establish point personnel and committees to collaboratively provide daily information to the organization that can provide clear direction to your management teams
- As we get closer to the “Apex” of the Covid-19 Pandemic We need to continue being sensitive to health care concerns and individual needs of colleagues and staff. This ties into understanding the impact on our business colleagues with suppliers and customers. Show real concern for them as individuals and the impact on their business models.
- Shipping in certain market segments is beginning to pick-up again. The China to USA trade route has re-opened and shipments are beginning to move robustly again.
- Anticipate expedited shipping, such as by air freight ... which will increase “landed costs”.
- We anticipate that air, ocean, truck modes will all see increases in overall costs from a low of 15% to as much as a 100%. A san example ...Air freight costs from China to the USA, once at \$2.00/kilo are now seeing pricing as high as \$9.00/kilo.

Risk management in the global supply chain will become an increasingly more important subject matter for management teams to consider. The costs and implications associated with this Covid-19 Pandemic will be viewed adversely for a very long-time.

Trade offs on acquisition costs for more secure and sustainable sourcing models will begin to be more mainstream for companies operating in global supply chains.

Long-term ... a mitigation strategy we have been utilizing is Alternative Sourcing options, our clients who utilized this strategy are continuing to do business as they have found better suppliers in others markets such as Vietnam, Malaysia, Taiwan, Mexico and Turkey to name a few. These new suppliers are seeing an upswing in their business making them more competitive with providing even greater quality. Our clients are pleased with the savings and even more pleased as they are NOT being affected by the tariffs and disruptions occurring on goods originating in China.

China will always be an important supplier to the world, but companies should seek diversification in their supplier portfolios.

Blue Tiger International's "Risk Mitigation" strategies, with time proven benefits, operating in numerous verticals and focusing on supply chains with purchasing and sourcing outside of China. There are several options available, utilizations of programs in:

- Free Trade Agreements
- Bonded Warehousing
- Foreign Trade Zones
- Drawback
- Freight Consolidation
- Tariff Engineering
- Alternative Sourcing

Solutions can be short-term in just managing the current set of circumstances and disruption or long-term in searching for more sustainable options that will work over greater periods of time and circumstance.

Areas such as contingency planning, utilizations of different modes of transit, discriminating inventory allotments, and the demand planning process...all can be revised to deal immediately with the current set of circumstances.

Blue Tiger International remains committed to serving our valued customers and supporting the health and well-being of their personnel and **global business models**. Contact us to see how we can assist you with strategies to keep your business running effectively and smoothly.

Learn More about Blue Tiger International visit our website www.bluetigerintl.com or contact Diane Martin, Director of Client Services at Dmartin@bluetigerintl.com.