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Global Supply Chain Update

Understanding the Impact of the Covid-19 Pandemic and Creating Mitigating Strategies

Since December 2019, the global supply chain has been disrupted since its origin in Wuhan, China when manufacturing began to slow down and delaying shipments to the world.

As we enter the last days of April, global supply chains on every continent have significantly impacted imports, exports and domestic business models.

In some countries and regions international trade and local commerce has halted. Manufacturing for non-essential products has come to a stand-still and most people are sheltered-in-place.

The economy in the United States, as in most of the world, is and will remain in a recession mode for the immediate future. Unemployment is at record levels with companies furloughing many employees as the operation move into cost containment mode.

While the future of business will change, all is not lost. As of April 20th, it appears the Covid-19 pandemic in most Asian, European and North American countries has plateaued, and we there will be a decline of new cases. Social distancing, virus testing and a robust healthcare system has made a favorable impact.

As people get back to business, other countries and various American states open commerce, trade and business ... we will see the growth and resurgence of supply chains both domestically and in global markets.

As the recovery process moves forward, there are twelve strategic steps one can take to mitigate the impact on your global supply chain:

1. Do not panic. Keep a steady demeanor and focus on what you have to do to make matters better. Be positive and keep an open mind.
2. Develop resources for guidance. Consultants, service providers with expertise are available to help deal with trade disruption and recovery management.
3. Communicate openly, transparently and comprehensively with suppliers, channel partners and customers.

4. Conserve resources, inventories and capabilities where they are most needed and beneficial to your sustainability.
5. Anticipate delays as supply chains start-up again.
6. Expect limited carrier bandwidth on certain trade lanes, more specifically in ocean and truck freight services. Air freight will be a viable option, but at a very high price. Expect overall freight costs to increase from 20-100%.
7. Recovery will be slow as it begins in May and pick up aggressively by September.
8. Learn what financial resources, grants, loans and deferments are available by Federal, State and Local agencies.
9. Most recently for importers, who may face “significant financial hardship” they may be in a position to defer Customs (CBP) duty obligations for 90 days.
10. Service providers, 3PL’s, freight forwarders and customhouse brokers will be critical partners in managing your supply chain recovery efforts.
11. Many government programs, such as but not limited to: Drawback, Bonded Warehousing, Foreign Trade Zones, Free Trade Agreements, Tariff Engineering ... all present options to importers and exports to lower risk and cost in their import and export supply chains.
12. Utilization of technology could prove to be a very valuable tool in your supply chain responsibilities to increase efficiency, allow for more capable operations and provide real-time management tools.

This Covid-19 pandemic has done much harm to our friends, families and colleagues all over the world. Tied into the personal tragedy has been a huge disruption as to how we buy, sell, manufacture and distribute our products and services throughout the world.

We need to view this disruption, as we enter the recovery mode as a “challenge”. The record of American entrepreneurs, managers and people are 100% successful in overcoming roadblocks, walls, moats and enemies. We have always risen to the challenge.

We need to be determined, creative, diligent, resourceful, responsible, engaged and resolved to quickly enter the recovery mode and bring back the economy to where it was as we moved from 2019 to 2020, just a few months back.

Blue Tiger International’s team of expert trade consultants stand ready to assist you in assessing and working through these strategies to determine which ones provide you the most leverage and benefit. Then creating an operational and implementation structure in your business model.

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