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Contact: Tom Cook (516) 359-6232
tomcook@bluetigerintl.com

Diane Martin (516) 768-9011
dmartin@bluetigerintl.com

The coronavirus outbreak appears to be a developing pandemic based on the responses by other foreign governments over the past week.

Businesses, personnel, imported and exported goods and shipping ... remain delayed or stranded. China sourcing is at serious risk. Other countries are becoming seriously affected.

The media continues reporting on the effects the coronavirus is having on individuals and business, specifically global shipping out of China and now OTHER markets. We are now seeing the stock markets reacting to this looming crisis. For weeks, supply chains have been learning of delays and cancellations of their imports out of China but it now appears the coronavirus could be having an effect on other global business and not solely the Chinese markets.

Over the last few days new countries outside of China are now reporting new cases. According to the World Health Organization, these countries include the Islamic Republic of Iran, Lebanon, Israel and Italy. The stock markets and specifically, airlines and technology companies are reacting and readjusting their forecasts for investors. Industries including auto, tech, energy and tourism have been particularly hard hit. Additionally, small businesses that shape daily life in just about every corner of the world are beginning to experience a downturn. Currently, there is no clear end in sight.

Globally there has been 77,794 confirmed cases with over 76,000 coming from China and nearly 2,500 deaths since it has been found (*statics from WHO as of 2/23/20*). The latest snapshot of industrial activity in the world's second largest economy, due to be published this week, is expected to reveal a plunge in Chinese factory output in February as quarantine efforts to contain the disease disrupt supply chains. This past weekend, China's president warned the coronavirus would have a "relatively big impact on the economy and society". He also added it would be short-term and controllable, and that the Chinese government would step up efforts to cushion the blow.

We at Blue Tiger International 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 a consulting expert we are being asked daily our opinion

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.

An important mitigation strategy we have been using 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 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 directly with the coronavirus.

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

February 25, 2020

Virus impact to hit LI firms as inventories dwindle, trade expert says



Long Island retailers could feel the bite as tourism slows. Roosevelt Field mall is a top destination for Chinese tourists, according to Discover Long Island. Credit: Danielle Finkelstein

By Ken Schachter kenneth.schachter@newsday.com @kschach

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The coronavirus' full impact won't hit Long Island businesses until the spring, when inventories are depleted and supply chains from China likely will remain frozen, a trade expert said Monday.

"Companies are surviving on inventory," said Thomas A. Cook, managing director of Blue Tiger International, an East Moriches logistics consultancy. "They're going to run out of supplies probably in April or May. That's the issue."

The warning came as the Dow Jones industrial average tumbled more than 1,000 points Monday, one of its steepest declines on a points basis in history. The S&P 500 and the Nasdaq Composite indexes also fell about 3%.



Even as Chinese factories get back to work, shipping restrictions are preventing products from reaching the U.S. Credit: AP/Ben Margot

Cook said about 40 companies — a third of them based on Long Island — have sought Blue Tiger's guidance on the issue.

While he would not disclose clients' names, he said the Long Island companies include producers of chemicals, cosmetics, pharmaceuticals, medical devices and industrial goods.

"Think about how huge China is," Cook said. "They produce almost everything that's made. They're able to produce huge quantities at a low cost."

Even when China is not manufacturing the primary product, he said, it may be the source of a vital component — anything from labels to packaging to food preservatives — required to deliver the final product.

He said that while some factories closed by the coronavirus concerns have reopened, "their inventory is not able to move" because of shipping restrictions.

Cook said he's advising Long island companies to conserve and manage their existing inventories and find alternative sources of supplies.

He said that many companies were being fed misinformation. For instance, one client, a jewelry company, was assured for 60 days that a component was coming and then was told that the Chinese manufacturer could not arrange shipping.



Some LI companies "are surviving on inventory" and will run out of supplies by April or May, said Thomas A. Cook, managing director of Blue Tiger International. Credit: Ed Betz

"You'll find more and more companies in that same scenario," Cook said. "It's not an issue now. We're still riding on the inventory companies have, usually 90 to 100 days. I don't think the seriousness of this problem has really hit the business community."

Sino-Global Shipping America Ltd., a Roslyn shipping and freight logistics company whose primary business is a China subsidiary, said last week in its financial report for the quarter ended Dec. 31 that the coronavirus "posed disruption and restrictions on our operations."

The company, which reported revenue of \$2 million for the quarter versus \$10.4 million in the 2018 period, said the health crisis could "significantly impact our operating results."

Long Island retailers also could feel the bite as tourism slows.

Locally, the top destinations for Chinese tourists are the Americana Manhasset shopping center, Roosevelt Field mall and the Tanger Outlets centers in Deer Park and Riverhead, according to the region's tourism promoter, Discover Long Island.

While stocks were pummeled, investors charged into the safety of the bond market, driving yields down. That created an opportunity for homebuyers or homeowners seeking to lower their monthly payments.

"The drop in bond yields, to new lows, is bringing mortgage rates down, too," said Greg McBride, chief financial analyst for Bankrate.com. "This blows the refinancing door wide open," he said in a statement.

Savio S. Chan, chief executive of U.S.-China Partners Inc., a trade consulting firm with an office in Great Neck, said his clients would ride out the storm and wait until the virus subsides.

But Cook said even before the coronavirus crisis, some companies that he advises had been trying to move production out of China to skirt tariffs imposed by Washington. The coronavirus, however, has added a new urgency.

"The same companies are asking us to move this along faster," he said. "We've brought several companies back to the United States. Mexico is probably the number one alternative. People now are so upset, they want to get out of China and find other places."



By Ken Schachter kenneth.schachter@newsday.com [@kschach](#)

Ken Schachter covers corporate news, including technology and aerospace, and other business topics for Newsday. He has also worked at The Miami Herald and The Jerusalem Post.