

## Logistics and Supply Chain Update

June 4, 2020

### Supply Chain

**China:** Industrial output increased 3.9% in April from a year ago and the first growth since December.

**Thailand:** Curfew hours have been shortened and restrictions eased. Manufacturers continue to gradually work towards increasing capacity.

**India:** Ease of lockdown measures continue despite soaring infections.

**Japan:** Continues to have infection rates under control despite not imposing a nation-wide lockdown.

**Philippines:** Lockdown restrictions have finally eased in Manila. Reports of improvement to delivery lead times are being reported from most suppliers.

**Malaysia:** Suppliers continue to improve lead times extended by COVID. Operations for non-essential business continue to recover dramatically.

**Europe:** Supply chain capacity continues to rise, working towards pre-COVID benchmark.

**Americas:** Many states and counties continue to move toward phase 2 of reopening from the lockdown. Small custom product suppliers are finally showing distinct improvements to delivery dates.

**Mexico:** Border cities continue to struggle with reports of outbreaks disrupting operations. But limited capacity remains in place for most part to support industries.

### Logistics Update

International air capacity continues to be constrained; 30% down from a year ago. We continue to see delays in pickup on heavy palletized air of over one week, resulting in some regions ship times of 3 weeks and pricing surcharges of 200% to ensure availability. Small parcel international air lead times are easing slightly but lead times of up to two weeks are common with pricing surcharges continue. Blank sailing practices remain in place creating frequent increases in Ocean lead-times. Updates / changes by regions that are impacting availability and lead times are below.

**China:** The US government announced it will block Chinese airlines as early as June 8 from flying into the US in response to what it says is a policy that has prevented US carriers from service between the two countries. Hours after the announcement, China's civil aviation a notice that would effectively allow US carriers to resume limited services into the country. It is not clear if the US government will carry on with the ban and we will continue to monitor what impact this may have on international freight



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**India:** Restrictions ongoing throughout until at least Jun 30. Indian authorities have extended the international flight ban through Jun 30. Cargo flights are exempt from the suspension. Some domestic flights have resumed, though authorities have limited the number of available services.

**Hong Kong:** Currently no impact with minimal protests as China made announcements on further restrictions to Hong Kong citizens.

**Thailand:** Passenger flights to Thailand remain suspended through 30 Jun. Cargo, emergency, and repatriation flights and government aircraft will continue operating. The 3rd phase of relaxation of the businesses and activities lockdown, effective 1 Jun 2020,

**Philippines:** The Philippines will resume some domestic flights from Jun 3 amid ongoing (COVID-19) measures.

**United States:** Continue to monitor the situations with the protests. Currently no to minimal impact on shipments

**Global Operations:** Although we do not talk specifically about each of our facilities and their capacities, ALL of our global factories, centers of excellence, and NPI centers are running as usual. We are proud of the work our global teams have done, and confident in the BCP plans we have implemented and continue to follow in line with the CDC and WHO regulations and recommendations.

