Nearshoring, Friendshoring, Reshoring and Dual-Sourcing: Options for Businesses Rethinking China-Based Supply Chains

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Contents

Introduction

While most U.S. businesses seem to agree that a China-based supply chain is not as ideal as it once was, there are broad differences of opinion about how to rectify the situation. For some, the answer has been to shift a portion of production out of China, but not out of Asia, usually to Vietnam, Malaysia, Singapore, or other low-cost countries. Others have returned manufacturing back to North America, with Mexico the primary beneficiary. Still others are choosing to add resiliency by lining up backup suppliers that can be called upon should supplies from China go awry.

Regardless of the solution, the trend is undeniable. American attitudes about doing business in China have changed—a decline that began before the pandemic—but has been exacerbated both by prolonged Covid-related lockdowns, and by ongoing political and economic tensions. Consider, for example, April 2023 reporting by the *Wall Street Journal* that found spending on new U.S. factories during 2022 reached an all-time high, outpacing spending on schools, healthcare facilities, and office buildings. "[C]ompanies that once relied exclusively on lower-cost countries for manufacturing," the article said, "have found reasons to come home."

Another point of reference: The American Chamber of Commerce in China (AmCham China), reported in early 2023 that for the first time, a majority of its membership "no longer regard China as a top-three investment priority—a place where they should spend money to grow their business." The survey results, which were reported by the *BBC*, found 66 percent of AmCham China members cited "uncertainty of bilateral relations" as their leading challenge in China, with 49 percent agreeing that China has become "less welcoming to foreign companies."

There are many reasons for this change in attitude:

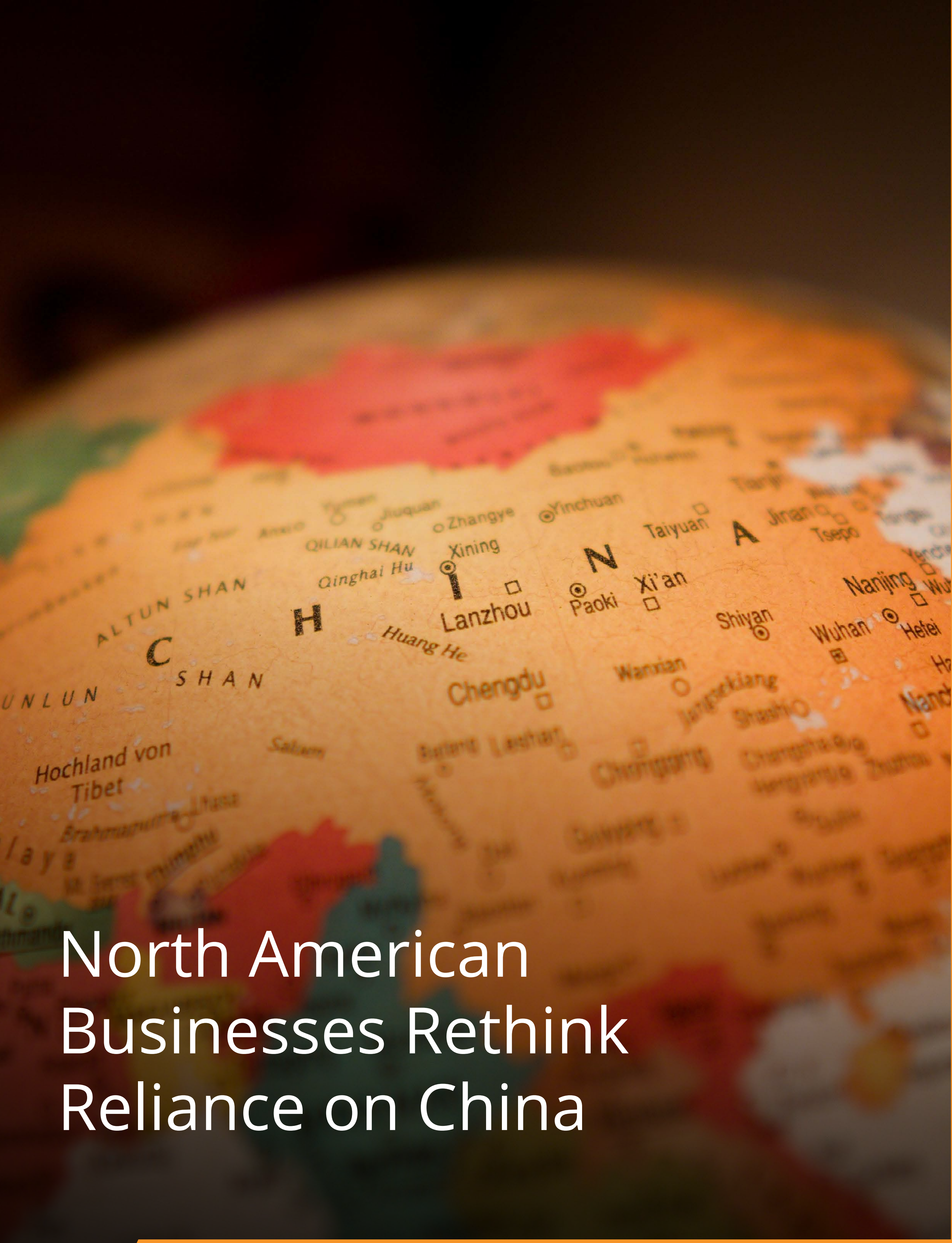
- A trade war that began during the Trump Administration and has continued into President Joe Biden's time in office.
- Continued fall-out from China's "zero Covid" policies, which resulted in a near-complete shutdown of China's factories and ports and triggered a global supply chain crisis.
- Complicated supply chains.
- A shift in China's economic situation which has resulted in increased labor and production costs.
- A changing geopolitical landscape which, according to *The New York Times*, the Biden Administration considers "the greatest long-term challenge to American power."
- And investments and policy decisions made by governments including Mexico and Vietnam to become more competitive as a source for international procurement.

However, as compelling as these factors may be, China remains the global leader when it comes to manufacturing. According to *The New York Times*, as of early 2023 the country's factories were working at productivity levels not seen in more than a decade. "China is the second-largest economy in the world, after the United States" the paper noted, "but its manufacturing capacity is gargantuan, producing more of the globe's factory output than the United States, Germany and Japan combined."

China's role as "the world's factory" has resulted in many U.S. companies building deeply-rooted supply chains in that country, so rooted that leaving the market entirely is simply not feasible. Supply chains have become entrenched, built up over the decades since China first emerged as a source of low-cost manufacturing. As one analyst told *CNBC*, "the U.S. needs China more than China needs the U.S."

As American businesses consider their best path forward in adapting to these changes, logistics, of course, will be a prominent consideration. Businesses moving production out of China will want to improve their supply chain operations and add efficiency. Among other things, a business will want to ensure ready-access to required transportation services, full visibility, service guarantees, and flexibility in building a viable logistics strategy. Afterall, a business won't want to invest the time and resources to relocate its supply chain, only to encounter a new set of challenges.

The following discussion will delve into current options available to businesses considering a shift in their supply chain operations. This includes an overview of current practices including nearshoring, reshoring, dual-sourcing, a "China-plus-One" approach, and the most recent addition to the list—friendshoring. The discussion will also highlight logistics considerations specific to U.S. and Canadian businesses, and the importance of partnering with an experienced, capable logistics provider.



North American Businesses Rethink Reliance on China

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The World Bank cites 1978 as the year in which China opened to international markets and began to reform its economy. In the ensuing 45 years, the impact of China's refocused economic zeal fundamentally changed the world order.

Consider U.S. trade with China which, according to the Congressional Research Service totaled about $2 billion in 1979 but by 2017 had grown to almost $640 billion. Five years later, in 2022, *Bloomberg* reported that trade between the countries had grown to more than $690 billion, "a reminder that consumers and companies in the world's two largest economies remain deeply connected while their governments diverge on a range of economic and political issues."

With regard to manufacturing, China overtook the United States as the world's manufacturing hub more than 10 years ago. China currently accounts for almost 30 percent of total global output for manufacturing, with a value of nearly $4 trillion.

China earned the title "world's factory," and when U.S. manufacturers began outsourcing production to China, management could depend on production costs that were generally 25- to 30-percent lower than in the United States. Reduced labor costs, a well-trained workforce, relaxed regulatory standards, favorable tax structures, and government-support for building its outsourcing capabilities caused China to grow its outsourcing revenues by 30 percent annually through 2013.

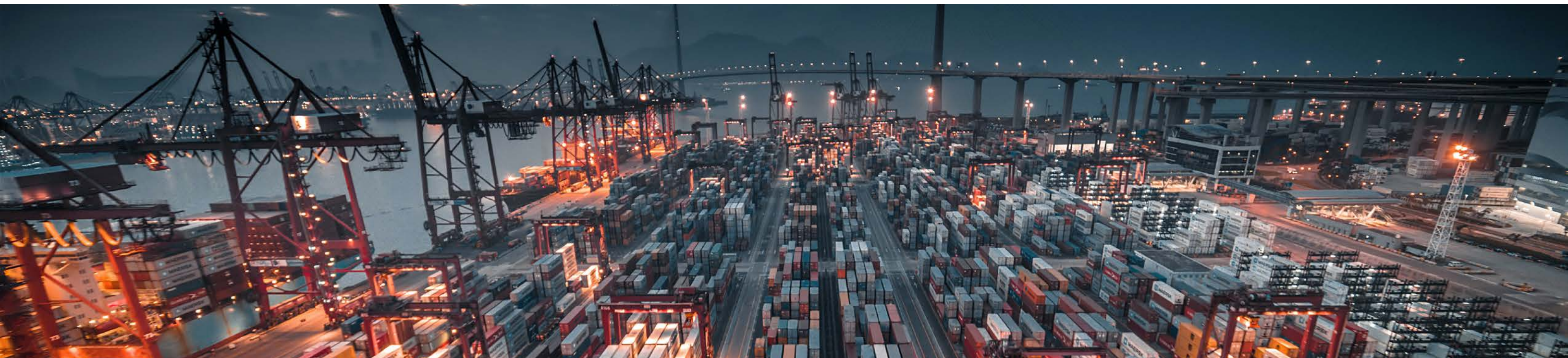
As analysis in Foreign Policy magazine pointed out, offshoring to China became "a financial imperative," given the reality that U.S. manufacturing workers who earned $20 per hour—or more—could be replaced by workers earning less than one dollar an hour.

Overall, Foreign Policy notes, "in 1982, U.S. multinationals had 30 percent of their labor forces abroad; in 2014, the share had doubled to 60 percent. Companies that moved at least a portion of manufacturing offshore included a veritable "Who's Who" of American businesses, including Apple, Caterpillar, Boeing, General Motors, Nike, and Ford, among many others.

"We need China as much as they need us, if not more so," Caterpillar CEO Doug Oberhelman told *CNN* in a 2012 interview. Oberhelm noted that 70 percent of his company's revenue came from outside the U.S., and with the Chinese economy and population rapidly growing, "why wouldn't we want that marketplace open to us and do all we can to really lead and be a winner in China?"

Changing Tides—China Slows Down while the U.S. Picks Up Steam

As enthusiastic as Caterpillar's chief executive was about his company's production shift to China, just two years later he was addressing a significantly different landscape. "We have definitely seen a slowdown from the past couple of years," he told *CNBC* in 2014, addressing changing economic conditions in China. "I don't seem a doom and gloom atmosphere coming up, but certainly I don't see a boom either," Oberhelman said.



Instead, he suggested that "what we're witnessing is the continuing transition from a really good, solid, double-digit growth rate of 12-15 percent a few years ago down to maybe 7-or-8 percent, and frankly we're all caught up in that kind of a slowdown. That's a big adjustment to make in a relatively short period of time."

As U.S. businesses adapted to a "less robust" Chinese economy, other factors also emerged including:

- Increased labor costs. According to *CNBC*, average hourly wages for Chinese factory workers increased by 64 percent over the 2011-2017 period, reaching US$3.60 per hour. By 2020 the hourly wage was $6.50, compared with US$4.82 in Mexico and US$2.99 in Vietnam, as reported by international consultants Dezan Shira and Associates.
- Volatility in world oil markets have driven up production costs.
- The U.S.'s own natural gas boom dramatically reduced energy costs for U.S.-businesses.
- Political instability and international catastrophes—ranging from the COVID-19 pandemic to the ongoing trade war—have demonstrated how vulnerable an Asian-based supply chain can be to external factors.
- Severe time zone discrepancies stymied communication between U.S.-based managers and their Asian production facilities.
- Difficulty in monitoring quality control and protecting company intellectual property and assets.
- Poor working conditions in some Asian factories have caused a backlash against low-cost goods manufactured in "sweatshop conditions."
- U.S. manufacturing, largely driven by advances in automation, has become more productive, causing labor costs to become a smaller portion of production costs.
- Need for faster access to goods. Outsourcing decisions that were based primarily on lower labor costs, were able to accept complicated supply chains that involved long transit times and very little room for flexibility. At that time, it was "normal" for an Asian supply chain to involve a 35- to 45-day transit time. Now though, as business needs have evolved, especially among apparel manufacturers, extensive lead times are no longer sustainable.

The cumulative effect of these factors led many companies to question whether their supply chains had become too entrenched in a single country, located on the other side of the world. The result has been a recalibration among North American businesses—big and small—with regard to supply chain sourcing and management.

Current Trends—Reshoring, Nearshoring, Friendshoring, China-Plus-One, and Dual-Sourcing

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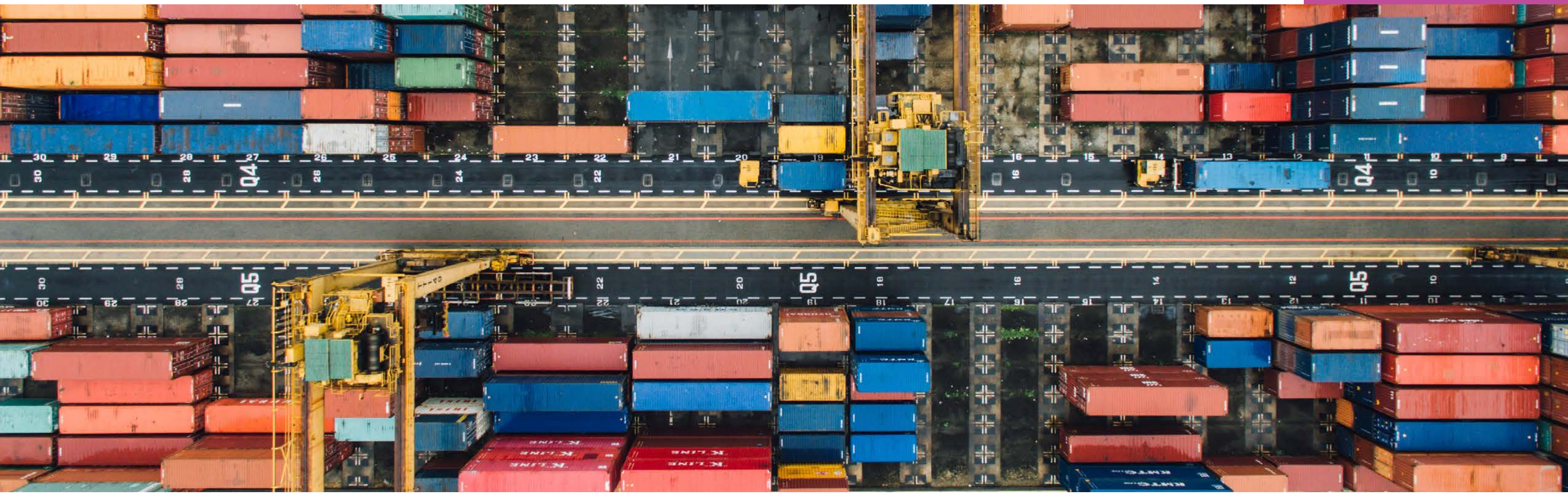
Deciding to move production away from China—or to scale back—requires a great deal of thought and calculation. Companies considering a change quickly learn there is no single solution. Instead, there are multiple options for addressing a business's specific needs. Current practices generally include:

- **Reshoring.** Reshoring occurs when a business returns production to its home country. This is the opposite of offshoring, which occurs when a business moves production to another country, usually to China or another Asian country.
- **Nearshoring.** Nearshoring is the practice of shifting production or supplier networks to a country located in close proximity to a business's home country. This is usually done to improve supply chain management. A company that chooses to nearshore will often share a border with the country in which its manufacturing partner is located.
- **Friendshoring.** Friendshoring is the "new buzzword in the global trade room," according to the World Economic Forum, and refers to companies choosing partners located in countries with shared values as a way to minimize the risk of supply chain disruptions.
- **China-Plus-One.** Another option called "China-Plus-One," occurs when a business moves certain operations to other countries, usually within Asia, while keeping other functions in China.
- **Dual-Sourcing.** As described by TechTarget, dual-sourcing refers to the practice of using two suppliers for a specific component, raw material, product or service. The practice can be extended to include "multi-sourcing," in which more than two suppliers are used.

Following is an overview of each supply chain practice.



Reshoring

For many reasons, a growing number of businesses are returning manufacturing to the United States. *The Wall Street Journal* reported that during 2022, spending on factory construction reached a record high of nearly $110 billion. "Much of the growth is coming in high-tech fields like semiconductors and electric-vehicle batteries that are backed by government incentives," the article noted, "but it's also being driven by companies that once relied exclusively on lower-cost countries for manufacturing and now are responding to shifting supply chain imperatives."

The *Journal* noted one apparel supplier who cited retailers' desire "to cut down on in-store inventories," by switching to U.S. factories that allow for faster stock replenishment. "Much of the nationwide manufacturing buildup," the article continued, "aims to shorten the distance products travel from factory to sales floor. Toy maker Lego says that is why it is building it first U.S. plant in Virginia."

Tool manufacturer Stanley Black and Decker cited automation in U.S. manufacturing facilities as integral to its decision to open a manufacturing facility in North Carolina. "You've gone from a situation where if you did a power tool assembly in China or Mexico, you might have 50 to 75 people on a line," chief executive Donald Allen Jr., told analysts, as reported by *The Wall Street Journal*. "The automated solution we've created in North Carolina, current version, has about 10 to 12 people on that line because of the high level of automation, and the 2.0 version looks like it's going to get down to two to three people on the line."

According to the Reshoring Initiative, a record-breaking 364,000 reshoring-related jobs were created during 2022, continuing an upward trajectory that began in 2010. The trend surged from 2020 to 2022 though, the analysis notes, "driven by companies recognizing their vulnerability to supply chain disruptions and, most recently, to geopolitical events.

The Reshoring Initiative notes that federally-subsidized chips and electric vehicle batteries accounted for 53 percent of 2022 job announcements. Overall, industries leading the way back to the U.S. include:

1. **Electrical Equipment** (which includes category-leader electric vehicle batteries and charging stations).
2. **Computer and Electronic Products** (including solar panels, robotics, and semiconductors).
3. **Chemicals** (including pharmaceuticals, renewable fuels like hydrogen, and rare-earth based chemicals).
4. **Transportation Equipment** (including drones, EVs, and aerospace).
5. **Medical Equipment and Supplies** (including PPE, gowns, masks, and medical devices).
6. **Apparel & Textiles.**

Why are companies returning to the United States?

The Reshoring Initiative analysis found several reasons cited by businesses for returning production to the United States, including:

- **Government Incentives.** Several federal initiatives have been enacted in recent years, offering significant financial subsidies to U.S. manufacturers of certain targeted products including EVs, semiconductor chips, and green energy-related products.
- **Skilled Workforce Availability.**
- **Supply Chain Interruption Risk/Natural Disaster Risk/Political Instability.**
- **Proximity to Customers/Market.**
- **Eco-System Synergies.**
- **Infrastructure.**
- **Under-utilized Capacity.**
- **Automation/Technology.**
- **Lead Time/Time to Market.**
- **Manufacturing/Engineering Joint Innovation.**
- **Patriotism.** A renewed allegiance to producing products that bear the "Made in America" label.

The Reshoring Initiative analysis is supported by separate research conducted by Xometry, in conjunction with Forbes and Zogby polling. That research, the "Quarterly CEO Sentiment Survey" conducted in Q3 2022, found nearly two-thirds—64 percent of manufacturing company CEOs said they are currently reshoring or nearshoring their operations, while just 25 percent said they were planning to increase offshoring capabilities.

Nearshoring

A preferred option for many businesses has been to return operations to countries located closer to U.S. shores, while achieving efficiencies not available within the U.S. This practice is referred to as "nearshoring" and allows businesses to address shortcomings of their China-based strategies. While Mexico and Canada are obvious destinations, countries across Central and Latin America have implemented policies and practices to attract international investors.

This includes signatories to the Dominican Republic-Central America Free Trade Agreement (CAFTA-DR), described by the Office of the U.S. Trade Representative as "the first free trade agreement between the United States and a group of smaller developing economies." Signatories to that agreement include the U.S. along with Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, and the Dominican Republic. The United States also has trade agreements in place with Columbia and Panama that eliminate tariffs and remove trade barriers.

Following is a brief overview of several "nearshoring contenders," as provided by the Wilson Center. Each overview also includes the rating assigned by the World Bank's "Doing Business" Index. This ranking, based on 100 total points, assesses countries based on the ease of doing business with regard to regulatory matters including starting a business, paying taxes, enforcing contracts, getting electricity, and trading across borders, among other factors. For comparison, New Zealand was ranked number one, with a score of 86.8. The United States ranked sixth, with a score of 84.0, and China was 31st, with a score of 77.9.

Costa Rica. According to the Wilson Center analysis, Costa Rica "checks all the boxes" when it comes to nearshoring. The country currently lists 20 Fortune Ten companies and 250 multinationals including Amazon, Microsoft, Intel, IBM, and Google operating within its borders. Costa Rica has become a preferred destination for medical technology firms, with companies including Roche, Bayer, and Boston Scientific among those that have made significant investments in its production facilities.

Foreign companies are drawn to Costa Rica for reasons that include: Access to highly-educated technology developers, free trade zones, English proficiency, time zone alignment, proximity to the United States and Canada, reduced labor costs, and skilled workforce.

Ease of Doing Business Score: Costa Rica received a score of 69.2 and was ranked #74.

The Dominican Republic. This island nation has the largest economy in Central America and the Caribbean, and a pre-pandemic annual growth rate of 6 percent. The country's stable government and economic progress first caught the attention of multinational companies in the early 2000s, when firms including GE Energy, Johnson & Johnson, Medtronic, Eaton, and Rockwell Automation established a foothold. The Wilson Center reports that "eight of the top 30 companies in the world use the country as a production base for electrical components, jewelry, electronics, textiles, footwear, and many other industries."

Ease of Doing Business Score: The Dominican Republic received a score of 60.0 and was ranked #115.

Panama. The Wilson Center calls Panama "ideally positioned to serve as a major nearshoring locale," and cites its advantageous geographical location and logistics capabilities. An important logistics-positive is the country's automated cargo release, which reduces delivery times and adds efficiency. The Colon Free Trade Zone—the largest free port in the Americas—is home to more than 2,500 companies including Stanley Black & Decker, Calvin Klein, Diesel, Fisher-Price, and Westinghouse.

In 2020, as part of its post-COVID rebuilding strategy, the government of Panama established a framework known as EMMA designed to attract light manufacturing companies by offering financial incentives. According to Outlier Legal Services, EMMA offers qualified companies tax exemptions, labor and immigration benefits, and customs incentives. These benefits are in addition to free trade incentives already in place.

Ease of Doing Business Score: Panama received a score of 66.6 and was ranked #86.

Mexico. While Western Hemisphere countries such as those highlighted above have made progress in elevating their appeal as a nearshoring destination, no country comes near to matching the success that Mexico has achieved. Consider an overview from the U.S. Department of State's 2022 Investment Climate Statement for Mexico: "In 2021, Mexico was the United States' second largest trading partner in goods and services. It remains one of our most important investment partners. Bilateral trade grew 482 percent from 1993-2020, and Mexico is the United States' second largest export market."

This assessment is supported by a 2023 *Wall Street Journal* report, which noted that "companies from around the world are moving production and equipment to Mexico as they seek a manufacturing hub closer to the U.S." The report notes that companies are drawn to Mexico by favorable attributes including a manufacturing-based economy, free trade agreements including the United States-Mexico-Canada Agreement (USMCA), an educated workforce, reduced labor costs, and proximity to the United States.

Mexico also offers access to an established infrastructure network which includes 10 major seaports, more than three dozen international airports, and a 2,000-mile border with the United States. According to the U.S. Federal Highway Administration, Laredo, Texas is the most important truck crossing on the United States/ Mexico border, accounting for 60 percent of traffic crossing the border between Texas and Mexico.

U.S. companies benefit from provisions of the USMCA, including duty-free status for qualified goods. Companies may also have access to Mexico's network of maquiladoras, which are foreign-owned factories that export the products they produce. The maquiladora program allows for duty-free import of all manufacturing materials, and allows access to Mexico's reduced labor and operating costs.

U.S. companies also take advantage of Mexico's investments in industrial clusters, including medical devices in Tijuana, electronics and high-tech in Guadalajara, the aerospace industry in Queretaro, automotive in Toluca, and textiles in Puebla.

Most notably, U.S., Canadian, and Mexican supply chains are deeply integrated, with parts and supplies crossing the border multiple times during the production process. In the automobile industry, parts and components may cross U.S.-Mexican-Canadian borders as many as eight times before final assembly, according to the Canadian Vehicle Manufacturer's Association. Further, as reported by *The New York Times*, roughly 40 percent of the value of Mexico's exports to the United States consist of parts and components made at American plants, while only four percent of imports from China are American-made.

Mattel, Tesla, Walmart, Home Depot, Samsung, Heineken, and Bosch are among the international companies that recently announced plans to nearshore production to Mexico. These companies are among the 400 companies that the Mexican government says have shown an interest in moving production from Asia to Mexico, as reported by *The Wall Street Journal*.

Despite these positive attributes, many financial and government experts have raised concerns about various aspects of the Mexican market. Access to a reliable electrical grid is one major consideration, as reported by Reuters. The U.S. State Department lists regulatory unpredictability, contract enforcement, corruption, and "the shaky health of the state oil company Pemex" as additional factors that should be considered.

Ease of Doing Business Score: Mexico received a score of 72.4 and was ranked #60.

Canada. Nearshoring—which can also be described as "friendshoring" in this instance—is also happening north of the border, with a growing number of U.S. businesses looking to Canada for critical suppliers and manufacturing partners. Canada's close relationship with the U.S. along with its favorable tax environment, free trade status, and geographic closeness make our northern neighbor an obvious choice.

In today's world environment, Canada may offer the respite from turmoil and instability that businesses are craving. Following is a brief overview of advantages businesses regularly cite in choosing to source operations in Canada.

- **Favorable political environment.** The United States Department of States offers this assessment of the U.S/Canada relationship: "The United States and Canada share the world's longest international border, 5,525 miles with 120 land ports-of-entry, and our bilateral relationship is one of the closest and most extensive." Indeed, the two countries benefit from a sustained commitment to mutual prosperity and security, with the State Department noting that U.S. defense arrangements with Canada are more extensive than with any other country. Contrast the cooperative nature of this relationship with the current geopolitical climate and it's easy to see why Canada makes an appealing alternative.
- **Strong and growing trade opportunities.** In July 2020, the United States-Mexico-Canada Agreement (USMCA) took effect, which replaced the North American Free Trade Agreement (NAFTA) which had been in place since 1994. The USMCA maintains all core tenets of NAFTA, including duty free status for qualified goods, and addresses 21st century market realities such as eCommerce and digital property. Most notably for U.S. businesses operating in Canada, the agreement bans taxation of digital products, prohibits data-localization requirements, and seeks to eliminate red tape and regulatory obstacles wherever possible.
- **Customs Efficiency.** Efforts to expand and facilitate trade extend to the border clearance process, where several programs and harmonized processes expedite the clearance process and minimize the risk of inadvertent delays. Both the United States and Canada maintain "single window" filing systems, which significantly improve the compliance process.

  According to the International Trade Administration, businesses that ensure timely and accurate submission of all required documentation can reasonably expect their shipments to clear customs within a certain time frame for on-time deliveries to Canadian manufacturing facilities. This is especially helpful for U.S. companies that supply manufacturing-based industries including the automotive and aerospace sectors.
- **Favorable business climate.** The World Bank's Doing Business 2020 Report ranks Canada as the 23rd best country in the world in which to do business, out of 190 countries. According to the report, Canada gets high marks for the ease of starting a business and obtaining credit, along with its educated workforce and strong infrastructure. In addition, Canada has the lowest overall tax rate on new business investment, and the lowest business costs in advanced manufacturing among all G7 nations. This includes a 15 percent federal corporate income tax rate, which is the lowest of all G7 countries (but does not include provincial taxes).
  - The U.S. International Trade Administration has identified several "best prospect industry sectors" for U.S. businesses within the Canadian market. Those industries include:
    - Aerospace and Defense.
    - Agricultural.
    - Automotive.
    - Defense Equipment.
    - Information and Communications Technology.
    - Energy.
    - Medical Devices.

Logistics Efficiency. With an experienced logistics provider on their team, U.S. businesses operating in Canada can be assured of comprehensive transportation and logistics services to meet 100 percent of their supply chain needs. Certain Canadian logistics companies maintain distribution networks that ensure comprehensive service to each of Canada's 10 provinces and three territories. This includes service to remote regions of the country that may not be accessible by highway, or which are often shut off from ground transportation during the long winter months.

Canadian businesses can access comprehensive logistics services with solutions rooted in ground, rail, ocean and air services. Again, depending on the logistics provider selected, businesses can have flexibility within their logistics plans to accommodate specific needs. This includes availability of "mission critical" expedited services for urgent deliveries, time-specific ground deliveries to meet just-in-time manufacturing needs, full truckload or less-than-truckload options for ground service needs, along with multi-modal air-ground or rail-ground solutions.

With regard to service between the United States and Canada, it is possible to have "regular" ground shipments delivered in Canada within three-to-four days, depending on a logistics provider's capabilities. This guaranteed service allows businesses to have confidence in their production schedules, and for better warehouse and distribution center capacity planning. In addition, businesses that sell online to consumers can meet expectations for fast, hassle-free deliveries.

Ease of Doing Business Score: Canada received a score of 79.6 and was ranked #23.

Friendshoring

The World Economic Forum refers to "friendshoring" as "the new buzzword" in international trade, with the phrase coined in response to current geopolitical events. U.S. Treasury Secretary Janet Yellen is thought to have coined the term and has used it repeatedly in suggesting that U.S. businesses concentrate their supply chains on international partners with which the U.S. has similar outlooks and strong alliances.

"Rather than being highly reliant on countries where we have geopolitical tensions and can't count on ongoing, reliable supplies, we need to really diversify our group of suppliers," she said in an address to the Atlantic Council. "Friendshoring means… that we have a group of countries that have strong adherence to a set of norms and values," Secretary Yellen continued, "and we need to deepen our ties with those partners and to work together to make sure that we can supply our needs of critical materials."

While Secretary Yellen has been careful to say that friendshoring does not mean the U.S. is "retreating from the world," the new policy does signal an interest in helping American businesses avoid disruptions caused by geopolitical and economic risks.

Canadian Deputy Prime Minister and Finance Minister Chrystia Freeland also expressed support for the concept. While appearing alongside Secretary Yellen during a 2022 financial summit in Toronto, Freeland noted that the world had entered a period of "friendshoring," in which "our allies know that it's worth strengthening their partnerships and building their supply chains with other democracies."

The World Economic Forum cites Apple's recent decision to shift some iPhone product from China to India as an example of friendshoring. In addition, *The Washington Post* lists likely "friendshoring winners," including Indonesia, Malaysia, Vietnam and other Indo-Pacific countries that would benefit "as production plants, jobs, and investments move toward nation's deemed to be 'trustworthy' by the U.S. and its allies." Countries likely to "lose out," the Post notes, would include China, Russia and other countries seen as either unfairly supporting their domestic industries or violating international norms.

China-Plus-One

In a February 2023 discussion on the *New York Times* podcast *The Daily*, reporter Peter Goodman talked about businesses' changing attitudes about supply chain practices, and the current shift away from a total reliance on China-based sourcing. He cited as an example Walmart, the world's largest retailer, and noted that "20 years ago, if you were a factory trying to sell a product to Walmart to put on their shelves, and you weren't making it in China, they pretty much didn't want to talk to you, because that was an indication that you weren't producing at the lowest possible cost," he said.

But in a sign of how dramatically things have changed, Goodman cited a recent visit to Walmart's corporate headquarters in Bentonville, Arkansas. "I met with a representative from a bunch of factories in China that's now exploring factories elsewhere," he explained. "He told me that now, if you're only relying on Chinese factories, that's the end of meeting with Walmart."

As this example illustrates, companies are increasingly trying to minimize the risk of an over-reliance on China by adding regional suppliers and partners. This "China-Plus-One" approach recognizes that for companies with supply chains deeply rooted in China, a complete withdrawal from that market may not be feasible. Instead, a business can protect itself from unexpected supply chain disruptions by moving parts of operations to other countries. Maybe start with secondary suppliers, and establish relationships with contract manufacturers located in less-volatile regions.

For many companies, this has meant shifting production out of China, but not necessarily out of Asia. Maintaining a footprint in Asia allows businesses to take advantage of low-cost alternatives, while maintaining access to overall manufacturing processes that remain in China.

Several Asian nations including Thailand, Singapore, Malaysia, and Vietnam, have positioned themselves to benefit from the shift away from China. These countries have enacted favorable trade policies, improved infrastructure, invested in worker training, and undertaken ambitious marketing campaigns. Following is a brief overview of each.

[Important to note, Mexico is also well-positioned to benefit from China-Plus-One strategies. Mexico has been discussed preciously, in this paper's Nearshoring section.]

Shandong, China

Vietnam. International consulting firm Dezan Shira and Associates cites Vietnam's geographic proximity, lower wages, skilled labor, trade agreements, and regional connectivity as reasons for the country's appeal to manufacturers. Companies including Apple, Microsoft, Intel, General Dynamics, Qualcomm, Nike, and Boeing are among U.S. manufacturers that have established a presence in the country in recent years. CNN reported that representatives from more than 50 international firms attended a March 2023 business mission sponsored by the US-ASEAN Business Council, intended to showcase the country's attributes.

"Big brands that previously placed manufacturing lines in China are gradually moving to Vietnam," noted regional trade association Asia Quality Focus (AQF). "Take sport giant Nike for instance. In 2010, China accounted for 34 percent of Nike-branded footwear while Vietnam accounted for slightly more, at 37 percent." But by 2018, the analysis continued, Vietnam's share had surged to 47 percent, while China's had fallen to 26 percent.

According to the U.S. International Trade Administration, Vietnamese export volume to the U.S. has surged by 230 percent over the past five years, and the U.S. is now Vietnam's largest export market. The ITA lists several reasons for Vietnam's appeal which include:

- Competitive labor costs. Average manufacturing labor cost per hour in Vietnam was $2.90 in 2020, compared with $4.82 in Mexico, and $6.50 in China.
- Young and increasingly urbanized population.
- Political stability.
- Recently-signed free trade agreements including the EU-Vietnam Free Trade Agreement, the UK-Vietnam Free Trade Agreement, and the Regional Comprehensive Economic Partnership.
- The 2001 U.S.-Vietnam Bilateral Trade Agreement transformed the relationship between the two nations and accelerated Vietnam's entry into the global economy, marked by its admittance to the World Trade Organization in 2007.

The ITA also noted challenges that preclude Vietnam from reaching even higher levels of success. Those obstacles include corruption, a weak legal infrastructure, poor enforcement of intellectual property rights, a shortage of skilled labor, restrictive labor practices, and a slow decision-making process.

Ease of Doing Business Score: Vietnam received a score of 69.8 and was ranked #70.

Malaysia. The U.S. International Trade Administration describes the Southeast country of Malaysia as an upper middle-income economy with a population of over 32 million. "The country's growing affluent middle class is increasingly driving consumer and business demand for quality products and services," the analysis notes. Further, U.S. companies operating in Malaysia "can benefit from the country's developed infrastructure, an English-speaking business and consumer environment, a well-established legal framework and the ability to repatriate capital and profits."

The Malaysian government has attempted to attract international businesses by developing targeted manufacturing sectors. According to the Asia Quality Focus (AQF) trade association, manufacturing "hubs" have been created for furniture manufacturing, textiles and apparel, electronics, among other industries.

Furniture manufacturing is a particular bright spot for the country, with AQF reporting that "Malaysia exports 80 percent of its furniture production and is among the top 10 largest furniture exporters in the world." As a result of the ongoing U.S.-China trade war, the analysis notes, "many U.S. furniture makers turned to Malaysia." This has resulted in double-digit growth in the amount of furniture exported to the U.S. since 2019.

Ease of Doing Business Score: Malaysia received a score of 81.5 and was ranked #12.

Singapore. The U.S. International Trade Administration lists several factors that make the island-nation of Singapore an attractive option for U.S. businesses. Those factors include:

- Duty-free trade. The two countries have had a bilateral Free Trade Agreement (FTA) in place since 2004, which facilitates the movement of goods, and offers key incentives.
- English-speaking population.
- Strong intellectual property protection.
- Business-friendly laws and regulations.
- Transparency and lack of corruption.
- Major distribution, logistics, and financial hub, with the country considered a gateway to the Southeast Asian region.

Ease of Doing Business Score: Singapore received a score of 86.2 and was ranked #2.

Thailand. According to Dezan Shira & Associates consultants, Thailand has been an important benefactor from the ongoing U.S.-China trade dispute. Among other indicators, the country saw a 60 percent increase in investment applications filed by foreign investors during 2021. As the analysis notes, the Thai government has invested in the country's manufacturing sector, with special emphasis in the electronics industry, along with medical devices, petrochemicals, agriculture, and automotive. Most notably, Thailand is attempting to establish itself as the "Detroit of Asia," by appealing to foreign electric vehicle manufacturers.

The analysis cites research from Government Savings Bank, Thailand's largest state-owned bank, that lists Thailand as the world's second-largest exporter of hard-disk drives, washing machines, and air conditioners. The country ranks sixth for compressors and eighth for refrigerators. Currently more than 2,500 international companies operate in Thailand, including Samsung, Toshiba, Mitsubishi, Sony, LG, and Siemens.

Ease of Doing Business Score: Thailand received a score of 80.1 and was ranked #21.

Dual-Sourcing

In the early days of the pandemic, many companies were surprised at how little visibility they actually had into their supply chains. This was especially true with regard to understanding "the suppliers of their suppliers." Many businesses were caught off-guard to learn how reliant their supplier networks were on China. In many instances, a full understanding of their over-reliance on China didn't kick in until parts and components suddenly became unavailable. This, as the effects of China's "Zero-Covid" shutdowns set in. This resulted in severe manufacturing delays and product shortages, which left many companies vowing "never again."

For many, this meant identifying backup suppliers that would be available to fill the void should a primary supplier suddenly be unable to fulfill orders. The idea was to locate backup suppliers as close as possible to end users or consumers. The concept is referred to as "dual-sourcing," and for many, has provided a welcome sense of relief and added supply chain resilience.

A 2022 survey by McKinsey & Company found 81 percent of companies had implemented dual-sourcing strategies during the past year, up from 55 percent during 2020. The survey also found support for developing regional supply networks, with 44 percent having identified supplier alternatives located closer to home. And, nearly 70 percent of supply chain leaders surveyed said they believed dual-sourcing would remain "relevant" for the foreseeable future.

A recent example of a company deciding to pursue a dual-sourcing strategy is British-bicycle maker Brompton. According to the U.K. Guardian, the company announced in early 2023 that it had become concerned about its dependence on China and Taiwan for parts "amid fears of a growing military threat to the island from Beijing." The company, Britain's largest bike manufacturer, produces models that require more than 1,200 separate parts. Like many companies worldwide, Brompton had endured a severe parts shortage during the pandemic, with critical parts affected by global supply chain disruptions and shipping delays.

In an effort to protect the company from another supply chain disruption, the company has decided to "dual source" key supplies by identifying alternate "just in case" suppliers. Managing Director Will Butler-Adams explained to the U.K. Telegraph that many companies are deciding to pursue dual-source strategies, where they continue to work with partners in Taiwan and China, but lock-in alternatives as a way to ensure operations can continue should a disruption occur.

"You don't want to have all your eggs in one basket," he told the Telegraph.

Process Starts with Supply Chain Mapping

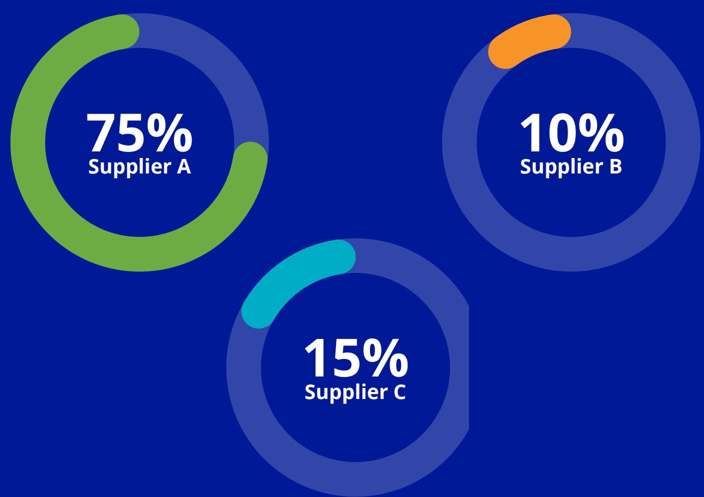
A first step in a dual-supply strategy, as outlined in Chicago Booth, a magazine published by the University of Chicago's Booth School of Business, is for a business to gain full visibility into its supply chain, at all levels. Few companies, the article notes, "know all the parties with which they are directly or indirectly doing business, and few have enough information to know where the next crisis could come from, much less how to address it."

To do this, a business will need to map their supply chain network, from tier-one suppliers down, so that every contributor down to the smallest, seemingly most insignificant part is accounted for. This though, can be easier said than done, with some companies reluctant to share data. "Consider an automaker and a brakes supplier three tiers down on the chain," notes the report. "The brakes supplier could be concerned that if it were to share capacity or cost information, the automaker might try to squeeze costs, or even try to bypass it and work with the supplier's suppliers."

A business will need to persevere though, and in instances in which complete accuracy is not possible, rely on technology-based assessments to complete its supply chain map. The business can use this map to understand its detailed supplier network—and to identify potential vulnerabilities that should be shored up by engaging additional "backup suppliers."

"Qualifying and engaging multiple suppliers of course has a cost, but, in times of disruption, those costs can be paid off multiple times over," explained Professor John Birge of the Booth School. "If more companies react to current conditions by increasing redundancy in their supplier base, that should lead to more resilience in the overall supply chain network," he added.

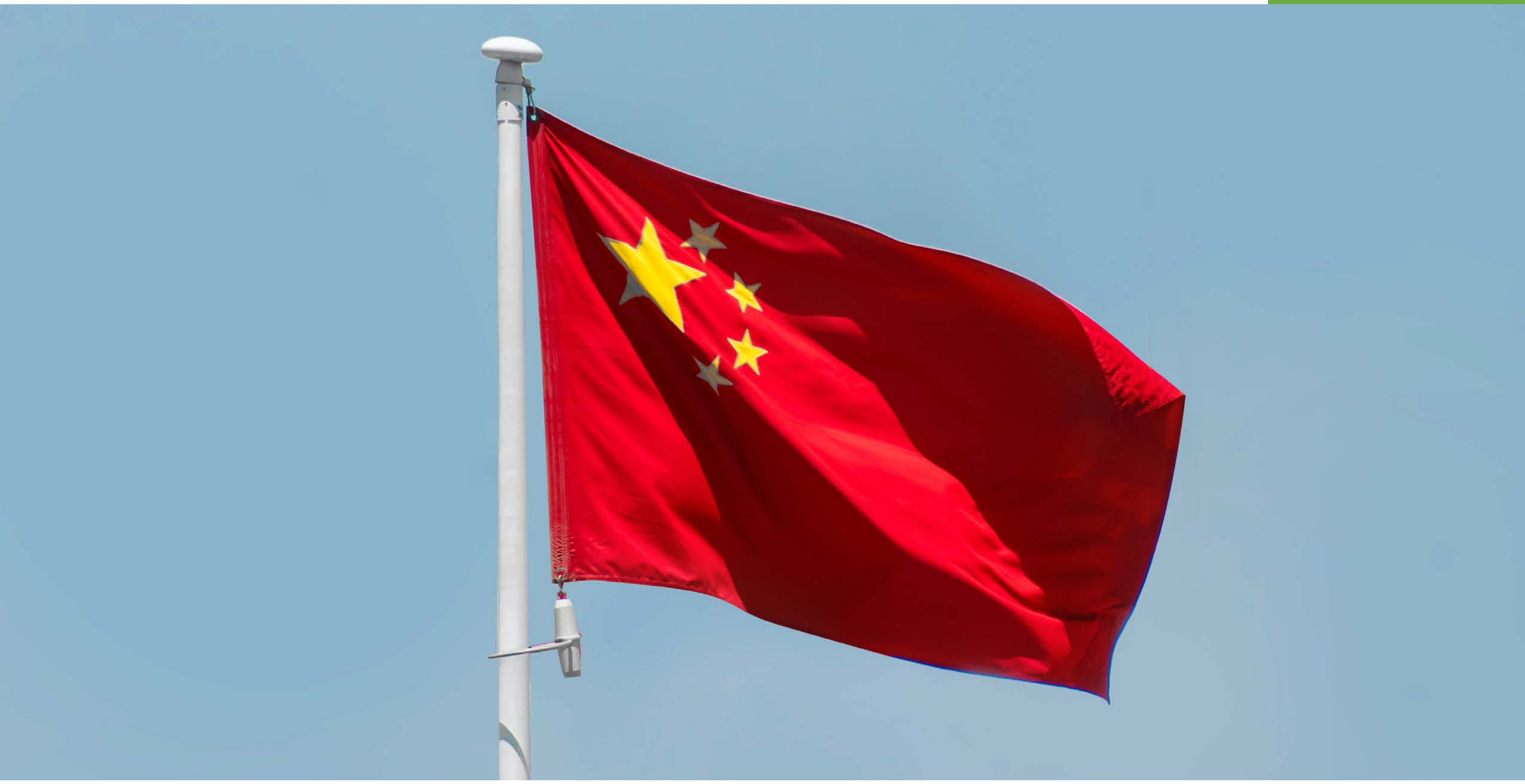
Once a business understands the breadth of suppliers involved in its supply chain, it can pinpoint areas of vulnerability, and take steps to minimize risk. To do this, a company might enlist a primary supplier, along with one or two secondary suppliers. Professor Glenn Richey of Auburn University explains: "Companies in these cases will often award Supplier A with 75% of the order, Supplier B gets 15% and Supplier C gets 10%. That not only lessens the risk involved if the primary supplier is unable to perform—you have other suppliers already in the procurement system and prepared to step in—it also fosters health competition where Suppliers B and C are always trying to get a bigger share of the pie."



For many, this has meant a shift away from the "efficiency at all cost" mantra that fueled the decision to offshore production to China in the first place. Instead, a strategic shift is underway described by the Financial Times as a move from a "just in time," to "just in case."

As the above discussion makes clear, businesses have options when it comes to reducing supply chain risk and improving supply chain functionality. Whether a business chooses to return production back to the U.S., line up secondary suppliers, or shift production to another country, the decision will be based on each business's unique needs and objectives, and the outcome of an internal cost/benefit analysis.

Is it Time to Reconsider Your China-based Supply Chain?



Is it Time to Reconsider Your China-based Supply Chain?

Although a shift away from China is clearly underway, almost no one expects that country to lose its status as the global leader in manufacturing. As the *Financial Times* reported, "the degree of manufacturing dependence on China is huge. The nation tops global output market share for three-quarters of the world's manufacturing categories tracked by the United Nations including apparel, pharmaceuticals, chemicals, computers, electrical, and industrial equipment."

Dependence on China is seen in the deeply-rooted supply chains many U.S. companies now have in that country, built over periods that span decades. Research by Bank of America determined that a complete departure from China would cost U.S. and European companies $1 trillion in costs over a five-year period, making a complete withdrawal prohibitively expensive. For many of these businesses—Apple, Dell, Hewlett Packard, Caterpillar—a wiser option has been to relocate portions of their supply chains.

Other businesses though, with more flexibility with regard to sourcing locations, are finding that a shift away from China can add badly-needed resilience to their supply chains, improve transit times, and simplify processes. But, notes international affairs expert Elisabeth Braw, "companies will continue to run their operations in the locations that make the most financial sense because they're accountable to their shareholders, not former workers or the wider public, and while a few CEOs may feel a moral obligation to their companies' home countries, such sentiments won't come between them and quarterly results."

As businesses consider their sourcing and production options, key considerations should include:

Supplier Availability. Many U.S. companies have experienced difficulties identifying qualified suppliers to replace their China-based networks. Finding suppliers with "the right raw materials, production quality, and networks for getting their own components" are among the challenges reported by *The Wall Street Journal*. The report highlighted one Florida-based bedding manufacturer that attempted to shift some of its production to Mexico and South America as a way to protect its China-based manufacturing strategy from future disruptions. However, the article noted, the company "has struggled to get materials such as cotton and synthetic fabrics that aren't prohibitively expensive…."

Supplier certification. Industries including medical devices and pharmaceuticals rely on partners that have undergone rigid certification processes by the U.S. Food and Drug Administration (FDA) and other agencies. Such suppliers have a deep understanding of regulatory issues and best practices in place to ensure their full compliance. A manufacturer looking to add secondary suppliers will need to ensure that those companies have the required certifications and industry expertise.

Scalability/access to required materials. A business will need to ensure that a company enlisted as a "secondary" supplier is aware of its role, and able to provide required parts and materials IF they are needed. Since a supplier will tend to prioritize established customers with recurring orders, a business will need to ensure that a new supplier will have the bandwidth to respond to additional orders.

Tariff/Duty Savings. The ongoing U.S./China trade war has, according to the Peterson Institute for International Economics, affected more than 66 percent of Chinese imports, with an average assessment of 19.3 percent. This has made Chinese imports more expensive and caused many U.S. companies to pass along the costs to customers in the form of higher prices.

Savvy businesses can eliminate duties and tariffs by engaging with suppliers located in countries with which the United States has a free trade agreement in place. The U.S. currently has agreements in force with 20 countries. This includes the United States-Mexico-Canada Agreement (USMCA) which extends duty-free status to qualified goods, and has facilitated development of highly-integrated supply chains throughout the three countries.

Labor Costs. Businesses will need to carefully access the impact of a shift away from China on its labor costs. As noted previously, in 2020 the hourly wage in China was $6.50, compared with US$4.82 in Mexico and US$2.99 in Vietnam, as reported by Dezan Shira and Associates. But, a business should conduct a complete assessment to determine comprehensive labor costs.

Workforce Accessibility. In addition to wages, a business should also ensure that a potential supplier has access to the type of workers needed to complete its work. This may include skilled workers with experience in advanced manufacturing, technology, or industrial production.

Electricity/Utilities. It's easy for U.S. businesses to overlook the importance of ensuring a reliable electrical grid, access to water, and other resources required to operate a business. American businesses sometimes take these necessities for granted, and can be taken aback to realize that other nations cannot provide regular access to electricity and other utilities. The U.S. International Trade Administration, for example, lists Mexico's unreliable electrical grid as a "challenge" to businesses considering locating production in that country. A business interested in moving production to a new location will need to do a thorough review of that country's utility services and rates to ensure uninterrupted access to the required supplies, at a favorable rate.

Taxes. Although each country maintains its own tax structure, it's safe to say that most companies will consider any tax assessments a "pain point," and will want to carefully assess any impact a shift in production will have on its tax obligations. The Tax Foundation maintains a listing of global corporate tax rates. Based on 2022 data, the United States imposed a rate of 25.8 percent, compared with 25 percent in China, 20 percent in Vietnam, 27 percent in the Dominican Republic, and 17 percent in Singapore. As far as North America, Canada imposes a corporate tax of 26.21 percent, and Mexico's rate is 30 percent.

Infrastructure. A U.S. business will want to ensure that any manufacturing partner or supplier has access to developed transportation and telecommunications networks. Access to paved roads and a connected highway system, high-functioning seaports, reliable air service, and an established rail network are among the critical "must haves" in considering a new supply chain partner. The *World Economic Forum's* global "competitiveness" ranking includes a country's investments in transportation systems as one of the core "pillars" that go into its overall rankings.

Categories assessed in the WEF ranking include:

Road connectivity.

Quality of roads.

Railroad density.

Efficiency of train services.

Airport connectivity.

Efficiency of air transport services.

Liner shipping connectivity.

Efficiency of seaport services.

A sample of current rankings includes:

- Singapore: 1
- Hong Kong: 3
- Japan: 5
- United States: 13
- Taiwan: 16
- Canada: 26
- Malaysia: 35
- China: 36
- Mexico: 54
- India: 70
- Vietnam: 77
- Dominican Republic: 79
- Columbia: 81

Customs Efficiency. While customs compliance is an avoidable part of international trade, many countries have taken steps to facilitate the process, and have implemented incentives to encourage international investment. The United States and Canada, for example, each maintain electronic "single filing" entry systems that add efficiency to the compliance process and allow shippers to view shipment clearance activity in real-time. Further, the USMCA free trade agreement allows low-value shipments to cross U.S, Canadian and Mexican borders with minimal documentation requirements.

The World Economic Forum also ranks countries based on "border clearance efficiency." A few listings include:

- Germany: 1
- Japan: 3
- Singapore: 6
- United States: 10
- Canada: 18
- Vietnam: 22
- China: 31
- India: 41
- Mexico: 54

Experienced Logistics Provider. Since most businesses cite "reducing freight costs" as a top supply chain goal, it is essential to have a qualified logistics provider that can help steer the planning and eventual shift in supply chain operations. Not every logistics provider can do this. Therefore, a high degree of research will be necessary to ensure that a logistics partner has the capability and experience to oversee this undertaking. This is especially true when border crossings are involved, including production returning to North America, since a high degree of expertise and experience is needed to ensure shipments can travel between countries hassle free.
A few other considerations with regard to choosing a qualified logistics provider:

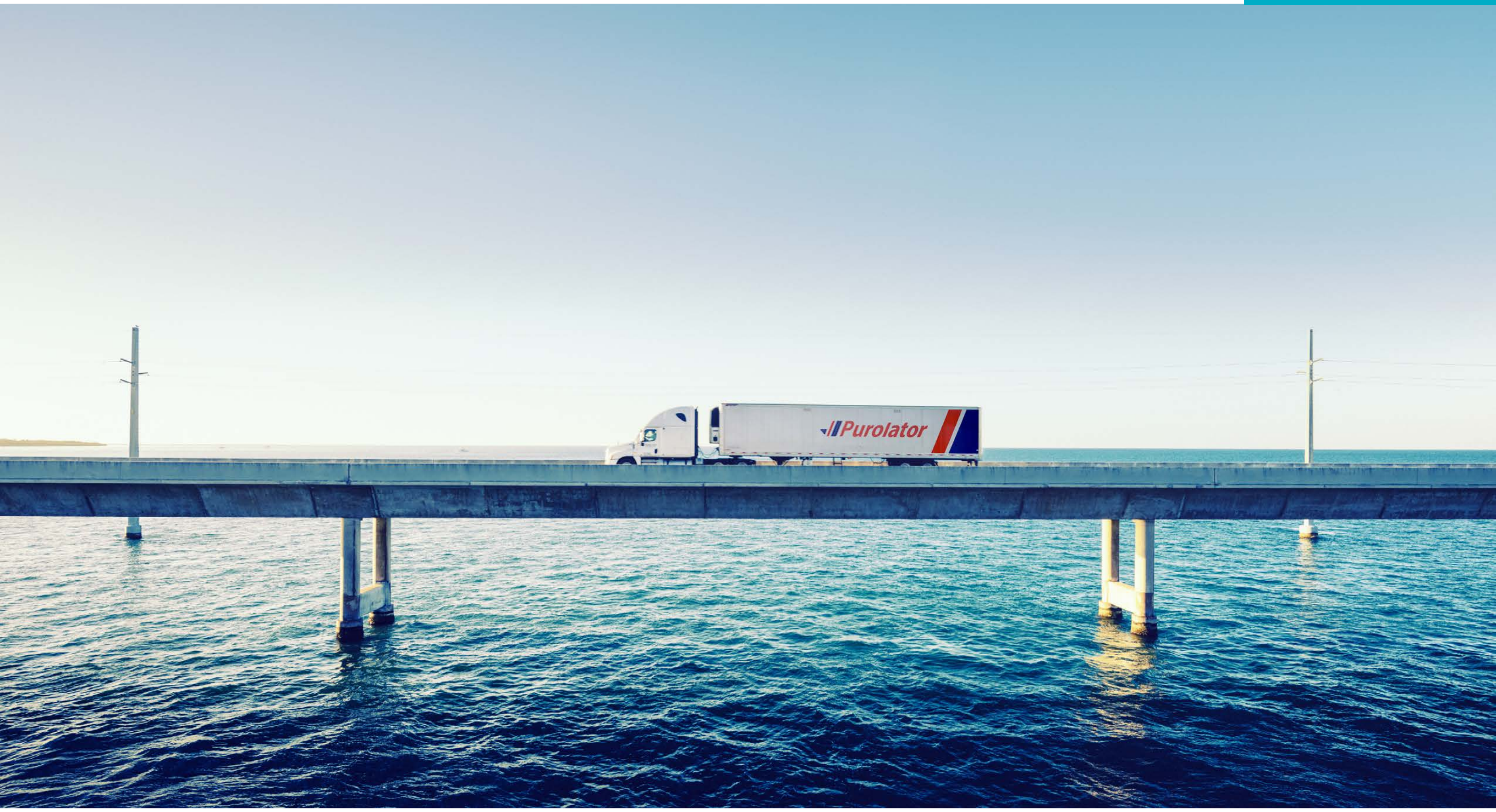
Distribution Network. Make sure your provider has a distribution network in place that meets your entire coverage needs. If your supply chain includes suppliers or customers in Mexico, for example, make sure your provider offers reliable solutions for reaching customers throughout the United States and Canada.

Flexibility. A major reason for returning operations to North America will likely be to recapture a degree of flexibility and scalability in your supply chain. Don't assume a U.S.-based carrier will be able to accommodate your needs. Many providers are still stuck in a "one size fits all" service mentality. You will need to shop around to find a carrier that is able to offer a customized supply chain that meets your precise needs.

Customer Service. Similarly, your logistics provider must take seriously your commitment to your customers. A good logistics provider will have staff dedicated to your business, who understands your objectives, and who can advise how best to meet those goals. Equally important, that customer service representative must be easily accessible should something go awry, or a last-minute change become necessary.

Experience. Do not assume a logistics provider has the necessary experience. When it comes to delivering shipments through a complicated supply chain, or clearing shipments across a border, or meeting on-time delivery guarantees, the proof is in the pudding! Check a provider's references, scan the Internet for any customer feedback, and talk with businesses that may have used that provider. A little due diligence can ensure that you partner with the right logistics provider.

A Shift in Sourcing Requires a Solid Logistics Strategy



A Shift in Sourcing Requires a Solid Logistics Strategy

Businesses considering a shift in their supplier or manufacturing networks quickly realize that any change must be carefully considered, and a solid plan developed for all contingencies. This includes a well-thought-out logistics strategy that outlines precisely how products will move from point-of-pickup right through to end delivery.

The process becomes much easier though, when an experienced logistics provider is added to the team early-on. U.S. businesses that nearshore/friendshore production to Mexico or Canada, for example, will need a strategy for seamless movement of products across the continent. A business will want to ensure maximum efficiency, regardless of where in the world products are sourced.

In doing its due diligence, a company will soon realize that Purolator International is a leading provider of logistics services for shipments moving between the United States and Canada. Purolator offers extensive capabilities that enable single-source, comprehensive solutions that address even the most challenging supply chain needs. This includes direct service for Mexican-based shipments headed to Canada, and seamless service for products arriving from China and other global locations.

Considerations in developing a North American logistics strategy, along with an overview of Purolator's capabilities, include:

Transit time. Many U.S. companies are unpleasantly surprised to receive transit time estimates of 10–14 days for regular ground service from the U.S. to Canada. Estimates are even longer for shipments originating in Mexico. This can seriously hamper U.S. businesses that ship regularly to Canada, and must meet manufacturing schedules, or consumer expectations. Why does it take so long? A few reasons include:

- Lack of providers that "specialize" in Mexico-US-Canada coverage. Ground service between Mexico, the United States and Canada is an underserved market. Businesses with shipments moving from Mexico to Canada often find they have no choice but to rely on major carriers that piece together solutions by combining routes. Such an approach usually results in multiple hand-offs, excessive down time, and time wasted on additional pickups and distribution center stops.
- Most U.S. logistics companies have limited access in the Canadian market. For most U.S. providers, service capabilities end at the Canadian border. Once shipments pass through customs, they are often handed off to Canadian carriers. Such hand-offs take time, and often require time-consuming diversions to a Canadian distribution center for unloading and sorting, before being reloaded for delivery within Canada. Such carrier transfers can add days to a shipment's transit time, and be problematic for companies pressed to meet just-in-time delivery requirements.
- Lack of comprehensive intra-Canada service. Once a shipment is transferred to a Canadian provider, it is possible that shipment will have to be handed off again, resulting in additional delivery delays. This is because most Canadian companies offer only regional service, and shipments in need of service beyond a certain geographic point will be transferred to a different provider. For U.S. companies with delivery needs across Canada, this often means enlisting a patchwork of regional providers, with each responsible for deliveries to a certain geographic area.

Purolator though, is different. For one thing, Purolator is able to offer comprehensive service from the Mexican border, through the United States, and into Canada. Here's how it works:

- Within the United States, Purolator International is an "asset light" company, meaning it does not own any trucks or facilities. Instead, the company relies on relationships with established service providers to select the ideal solution for each customer. This allows Purolator to schedule pickups based on a customer's preferred schedule, and guarantee service from any point in the United States, including southern Texas.
- Purolator's flexibility within the U.S. also allows the company to offer extensive consolidation services. This is an important time-and-cost-saver. Through consolidation, smaller shipments are combined with other northbound shipments, and travel as a single unit. This allows direct service with no additional stops, freight savings, and customs efficiency.
- Once in Canada, the shipment immediately enters Purolator's Canadian network. Smaller shipments enter Canada's leading courier network which offers capabilities that include:
    - Comprehensive coast-to-coast coverage throughout Canada. This includes service to all provinces and territories, and access to 99.9 percent of all postal codes. Purolator's courier network also extends to remote areas, including oil fields and other job sites that have no physical addresses, and facilities located in regions not accessible via highways.

- Extensive delivery options. A business can choose from Purolator's extensive service options to ensure on-time delivery. These options include:
    - Extensive same day/next day offerings for time-sensitive shipments.
    - Extensive ground service options for less urgent deliveries.
    - Saturday/Evening delivery capabilities.
    - Mission critical air and freight services that ensure the fastest service possible.

Very few logistics companies offer end-to-end service from the Mexican border throughout Canada. Purolator stands apart, with ready solutions to seamlessly manage all supply chain needs, including for global shipments and shipments originating at the Mexican border.

Inventory Sourcing. The pandemic exposed the vulnerability of global supply chains, which is why many companies are now considering relocating parts of their manufacturing processes away from China, and back to North America. In doing so, U.S. businesses operating in Canada may find they have options with regard to where inventory is sourced.

Specifically, Purolator's direct ground service from the United States can make it possible to eliminate Canadian warehouses and distribution centers and instead source inventory from the United States. Many U.S. companies have revamped their inventory practices, and now rely on Purolator for on-time deliveries within Canada that enable U.S.-based sourcing. This allows companies to manage their cross-border supply chains more efficiently, while also achieving significant cost savings.

Expedited Services. Expedited or "mission critical" services have become an increasingly attractive solution for ensuring guaranteed deliveries of time-sensitive shipments, especially in meeting time-specific delivery requirements. An expedited solution can be customized to meet a shipper's specific needs, with delivery available on a global basis. In Canada, expedited services are especially helpful for deliveries to remote regions, which lack access to major highway networks.

Although expedited services have traditionally been associated with "rush" or high value shipments, certain sectors—auto, health care, tech—have incorporated this solution into their regular supply chains, because of its guaranteed delivery times, and high levels of customer service.

Businesses can rely on Purolator's extensive mission critical services which ensure fast, guaranteed service to just about any location in the world. Businesses with operations in China or other Asian countries can count on Purolator's service to overcome supply chain bottlenecks, or for peace of mind assurances that shipments will arrive on-time, every time.

North American businesses can also take advantage of mission critical services to meet tight delivery deadlines, or for sensitive shipments. Purolator offers extensive mission critical services ranging from "next flight out" for most urgent shipments, to a hybrid-model, whereby a shipment might be transported via air for part of the journey, with ground service used for final delivery.

Experience. There is no substitute for experience. And with so many providers from which to choose, it's essential for a business to carefully research a logistics provider before signing on the dotted line. Purolator offers decades of experience in cross-border logistics, and a sterling reputation on either side of the border.

Customization and Collaboration. It's essential to view your logistics provider as a partner. You want to build a relationship based on mutual understanding of your business objectives, priorities and needs. This information sharing can only happen through many, many direct conversations, and ongoing open lines of communication.

Customer Service. Any business that undertakes a transformation of its supply chain will want the assurance of good customer service from its logistics partner. What happens if a scheduled pickup doesn't occur, and a shipment is at risk of missing an urgent delivery deadline? Or what if something gets damaged, or a last-minute change is needed? A business will want to know that its logistics partner is ready and able to help. Too often though, companies are provided with an 800 number, or told to interact with an online chat bot. Such impersonal customer service options often fall short of what's needed, and result in angry, disappointed customers.

Purolator International though, prioritizes customer service. Each Purolator customer is assigned a client relations representative who has complete visibility into the account, and is accessible to the customer at all times. A client relations representative is a part of the account team and knows each customer's logistics schedule. Many times, a client relations representative notices a problem—and provides a solution—before the customer is even aware.

Conclusion


Purolator
Purolator Express
Box/Boîte
DO NOT COVER
NE PAS COUVRIR

Conclusion

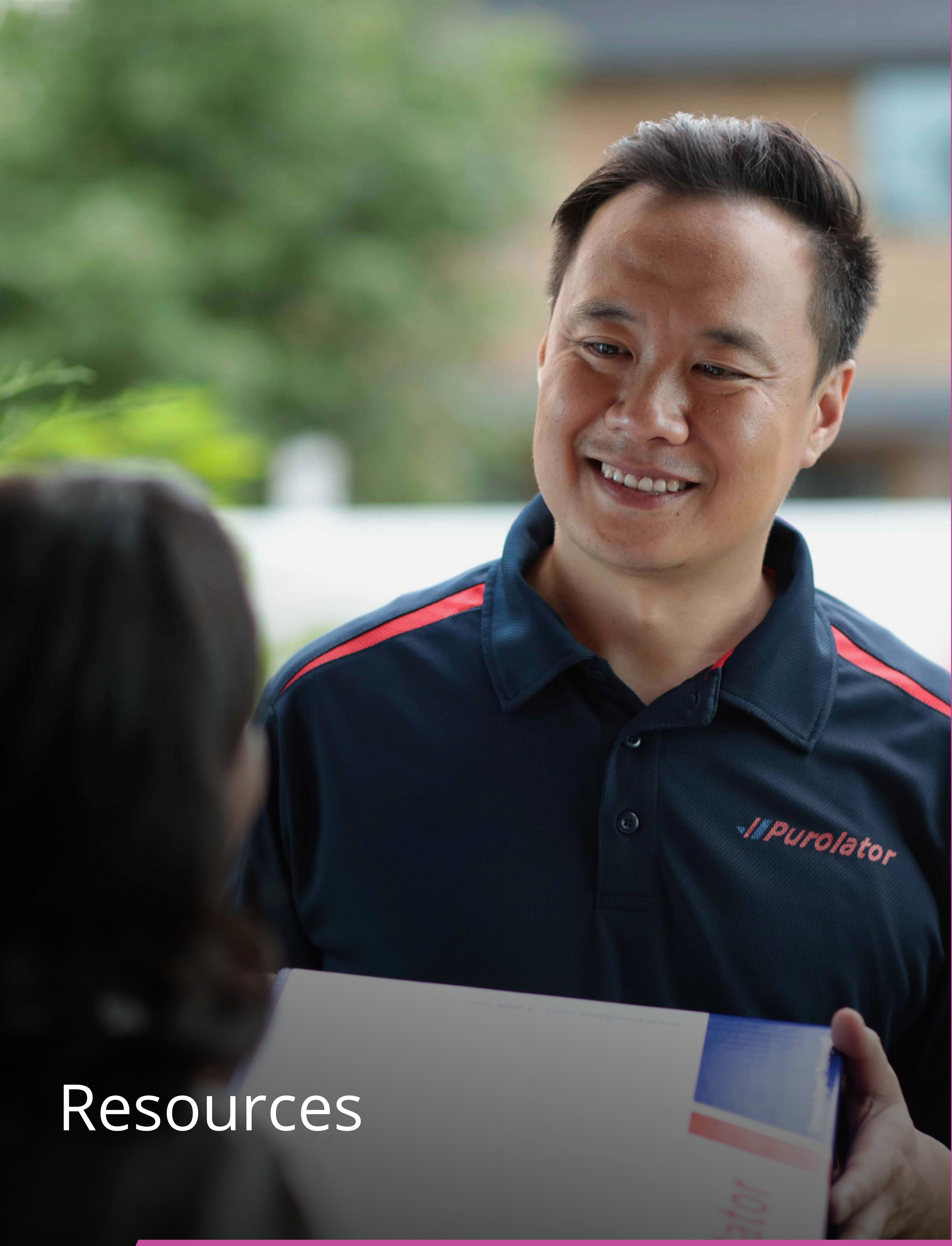
An April 2023 article in the *Wall Street Journal* profiled several U.S. businesses that have decided to reshore manufacturing activity back to the United States. When asked about their decisions, managers cited concerns about increasing tensions with China, better inventory control, a need for resilience, reduced transit time, and a desire to have the "made in the USA" label on products. One individual though, a nutritional supplement manufacturer based in Tennessee simply stated: "We want to be masters of our own destiny."

Whatever the reason, a growing number of U.S. businesses are rethinking their supply chains and reducing their reliance on China. For some, this means a move closer to home, while others will forge new relationships with partners in other Asian countries.

Regardless of where production and suppliers are located, good logistics will be integral to success. U.S. and Canadian businesses will find that Purolator is there to help, with an ideal solution, however complicated their supply chain may seem.

The Canadian customs process is a lot more manageable with Purolator on your team.

Contact us



Resources

Resources

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