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### The coronavirus provides an opportunity to hone crisis response plans for the next big challenge

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By Sascha Matuszak

The coronavirus that has, at the time of writing, infected more than 40,000 people around the world and killed more than 1,000,<sup>[1]</sup> is also ravaging international trade and global supply chains. Companies with manufacturing operations in China have shut down factories, told employees to stay home, pulled expat employees out of country and issued varying degrees of shutdown orders that could extend deep into February.

Some of the actions companies are taking in response to the coronavirus are:

- Suspending all business travel to China
- Reducing or avoiding all international travel
- Idling factories
- Implementing visitor limitations
- Prescreening individuals and visitors for China contacts
- Establishing quarantine procedures for employees returning to the office from abroad

Although these actions are meant to keep employees safe, there are other issues at hand as well. Apple Inc. adjusted earning expectations due to the uncertainty of the effects of the virus not only in China but also around the world. Hundreds if not thousands of other companies are facing similar problems as supply chains shut down, leaving factories either idle or short on materials, or without the freight capacity to move products. Air freight and commercial flights have been dramatically reduced, creating a bottleneck that will have repercussions down the road.

The bottleneck is exacerbated by just-in-time manufacturing that calls for efficient use of resources but also faces the disadvantage of a possible shortage if supply chains are rocked by an unforeseeable event. The trade war between the United States and China has made the impact of the coronavirus much worse, as companies that were struggling to afford tariffs, reshore supply chains, and find some certainty in their business are thrown for yet another loop.

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