

# EXPANDING & TRANSFORMING YOUR SOURCES OF SUPPLY

- Top Quality Products
- Diversified Supply Base
- Minimized Duties & Tariffs
- Reduced Cost of Goods

If you're an ODM, OEM, manufacturer or distributor who's purchasing tangible products, you're in China. We're in China too. At this point, we all are. Purchasing from suppliers in China was once a bold move, a roll of the dice. Over the past ten years, it has become the default sourcing model.

That model worked well for most of us and continues to work well in many product categories. However, you're likely under pressure to diversify your supply chain to minimize geographic and political risk and reduce duties and tariffs.

We've developed reliable solutions to help our clients address these challenges. Our international team of manufacturing engineers, supply chain specialists and finance professionals are skilled at assessing your current supply chain situation and presenting practical and actionable paths forward.

*Read on for the top 5 options.*

## **1/ Tariff Code Reclassification**

The HTS (Harmonized Tariff System) is used to assign internationally accepted product descriptions. HTS allows products to be easily recognized and classified as they cross borders. The HTS code is referenced by US Customs and Border Protection to determine what the import duties and tariffs are on all products.

The assignment of HTS codes isn't a science - it's an art. With research and careful interpretation, some products can be reclassified to reduce their duties and tariffs.

## **2/ Assembly in a New Country of Origin**

Many products produced in China rely on a local ecosystem of suppliers, subcontractors and service providers. Companies that provide fasteners, custom packaging, specialty coatings and testing services are an integral part of the manufacturing process. It's challenging to immediately replicate that network in a different country.

We've coordinated many projects that involved building "kits" of components, housings, sub assemblies and other key materials in China and then shipping them to Southeast Asia for assembly, testing and packaging.

If you can show that "substantive value" was added in a particular country, that country becomes the Country of Origin. Instead of "Made in China" you can mark the unit "Made in Myanmar/Taiwan/Vietnam" etc.

EastBridge has the experience to identify and train well qualified assembly vendors that can build your products and then ship them on to your distribution center or customers' warehouse.

**SELECTED PROJECTS: Cut-and-Sew Backpacks & Soft Luggage (Myanmar). Audio Interfaces (Box Build) for the Professional Audio Industry (Vietnam).**

### 3/ Transition to New Vendor

In some regions, there's enough depth of capability, experience and supportive network of sub-suppliers to consider transitioning away from your current vendor in China. A clean break has to be carefully and confidentially planned with the new factory.

We have a portfolio of well qualified vendors that can bridge between your legacy supplier in China and a new Country of Origin. We share our manufacturing and quality capability audits with you, generate multiple quotations, localize the supply of components and materials and guide the assembly, testing and packaging onsite at the new factory.

**SELECTED PROJECTS:** *Telecom Cabinet Cable Harnesses (Vietnam). Linear Motion Control Assemblies (Thailand).*

### 4/ Greenfield Start-Up

For our clients that operate their own factories in China, an exit and restart may be the best choice. EastBridge evaluates your current operation, domestic supply chain needs and export strategy. We then model greenfield operations in countries that offer the best range of skilled labor, sound government and financial incentives.

**SELECTED PROJECTS:** *Laminated Non-Woven Automotive Interior Elements (Vietnam). Diecut and Molded Gaskets & Seals (Malaysia).*

### 5/ Stand Pat in China

If you're purchasing a commodity that's technically complex, geographically concentrated in China and you're happy with your current suppliers, the best change may be no change at all. While many products and their underlying processes are well suited for a quick launch in a new country, some clearly are not. It may not be worth the heavy lift to establish a new supply base outside of China. In some cases, it may be impossible.

In these cases, staying the course now, along with regular reviews of economic and tariff conditions may be the best approach.

EastBridge has been in business for eighteen years and has a conscientious and principled approach to business that our clients trust and rely on. We provide all of the advantages of having your own engineering and procurement team on the ground around the world without any of the investment in staff, management bandwidth or foreign travel.

## Contact me to explore your options to diversify your supply chain and improve your bottom line.

- Design For Manufacturing & Assembly (DFMA)
- Vendor Identification, Audit & Contract Management
- Product Verification Testing
- Product Launch & Management
- Quality Assurance Including Testing & Certification
- Dock-to-Stock Logistics

### Areas of Expertise:

Advanced Materials & Composites  
Automotive  
Electronic Box Build  
Formed Metal

Juvenile Products  
Medical Devices & Consumables  
Motion Control  
Plastics

Sensors  
Soft and Hard Consumer Goods  
Telecommunications

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