

Continuing operations in lieu of disruptions

Amid coronavirus, manufacturers safeguard supply chains

By: [David Hutter](#)

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As the coronavirus spreads, New Jersey manufacturers are taking steps to continue operations as best as possible.

Peter Okun, director of marketing and public relations at the nonprofit New Jersey Manufacturing Extension Program, detailed how manufacturing companies are handling their business operations as the coronavirus spreads.

“Companies are always working on their supply chains, keeping them up-to-date, cost-effective, and timely,” Okun said.

“The goal for most manufacturing firms is to never have a single point of failure in their supply chain. However, if the only source is overseas including China, then there will be issues due to the virus and the various demands from governments including the United States.”



Okun. – NJMEP

NJMEP has remained in support of finding alternative, hopefully U.S. -based sources that are affordable, but that is not a simple task, Okun said. NJMEP has also kept the NJ Manufacturing Caucus and its federal delegation aware of the situation.

“While this cannot be solved in the short-term, there may be some concessional support provided in the future for companies,” Okun said.

Peter Friedmann, the executive director of the Agriculture Transportation Coalition which represents American exporters, said the coronavirus is undermining the global supply chain for imports and exports.

“The American supply chain when it comes to maritime and international commerce is heavily dependent on China, Vietnam, Japan, and Korea,” Friedmann told NJBIZ.

“When a ship is put into service, it is put into service to bring the manufactured consumer goods – footwear, consumer electronics, and toys – from those Pacific Asian nations. Those are the valuable cargoes that generate for the ocean-carriers the highest freight rates.”

“When the coronavirus hit China, manufacturing of all consumer goods slowed and in some cases ceased,” Friedmann said.



Port Newark-Elizabeth marine terminal viewed from Bayonne across Newark Bay. – DEPOSIT PHOTOS

“When that happened, there was no export ... The ocean carriers determined that they would need to cancel sailings.”

The ports of New York and New Jersey have cancelled 10 sailings, Friedmann said. These ports are being impacted by ships that originate from China, Vietnam, Indonesia, and Malaysia.

“The coronavirus has been a damper on all American ports yet the East Coast has been impacted relatively less than the West Coast,” Friedmann said. “The ports are still working but they require fewer employees.”

Chris Connor, president and chief executive officer of American Association of Port Authorities, said in a Feb. 28 statement on the Association’s website that the “overall economic impact of a supply chain disruption can easily run into the tens of billions of dollars. Due to the coronavirus outbreak, cargo volumes at many U.S. ports during the first quarter of 2020 may be down by 20 percent or more compared to 2019.”

Aaron Ellis, public affairs director at the American Association of Port Authorities, said that undesirable economic conditions (particularly delayed and cancelled vessel calls) in the U.S. have continued for many U.S. container ports.

“However, we’re getting daily reports that shipping conditions in China and throughout the rest of Asia, such as South Korea, are incrementally returning to pre-outbreak levels.”



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