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MADE IN ?????



What is East West?

- A Global Contract Manufacturing Company
- Domestic Offshore Manufacturing®



Key Facts

- Named 14th in GA Fast 40
- Employees: ~500 worldwide
 - 50 Engineers on staff
- Import Volume: 2,000 cont./yr
- Unique Products: ~5,000
- Partner Suppliers: ~150















East West Divisions

Division

Product Types

Key Customers

<p>Engineered Products</p>	<p>Plastics Metals Rubber Electronics</p>	<p>DIVERSITECH  amazon.com </p>	<p>Electrolux  Johnson Controls  BRIGGS & STRATTON </p>
<p>OEM Motors</p>	<p>AC Fractional HP Universal Shaded Pole</p>	<p>McQuay  Manitowoc </p>	<p>IEC  International Environmental</p>
<p>Direct Ship Industrial Supply</p>	<p>HVAC Plumbing</p>	<p>LENNOX  YORK  BY JOHNSON CONTROLS</p>	<p>Carrier  NORDDYNE  HEATING & COOLING PRODUCTS</p>

ABOUT EAST WEST

East West Locations



Customer
Relations
Offices

Atlanta, GA
Europe

Project Engineering
Customer Service
Sales
Logistics

Distribution

Conyers, GA
Adelanto, CA

Order Fulfillment
Cross-docking

Manufacturing
Centers

Shenzhen
Ho Chi Minh
India

Sourcing
Engineering
Quality Control
Logistics

EW
Factories

Changzhou (JV)
Ho Chi Minh (3)

Motors
Plastics
Stamping
Light Electronics

Partner
Factories

China
Thailand
Vietnam
Taiwan
India

China: The Early Days (1995-2005)

- Poor infrastructure
- China prices couldn't be touched
- Low tech suppliers
- Quality was not understood
- Unprecedented work ethic
- Very little international exposure



CHINA: THE *SUPER WALMART* OF MANUFACTURING

Today in China (2012)

- Freeways, high-speed trains, subways, 5-star hotels
- Savings are ½
- Hi-tech suppliers
- Quality appreciated
- Work life balanced
- Chinese suppliers at every international tradeshow



CHINA HAS ARRIVED

Lots of Challenges

- 1.4 billion mouths to feed
- Massive income disparity
- Corruption
- Inflation
- Weak social system
- Unrest
- Pollution / environment
- Huge real estate bubble
- 100m more males
- Tibet / Taiwan
- Local bank debt
- Currency

Opportunities

- **Momentum!**
- Adaptability
- Work ethic
- Far sited government
- Large foreign reserves

What about Vietnam?

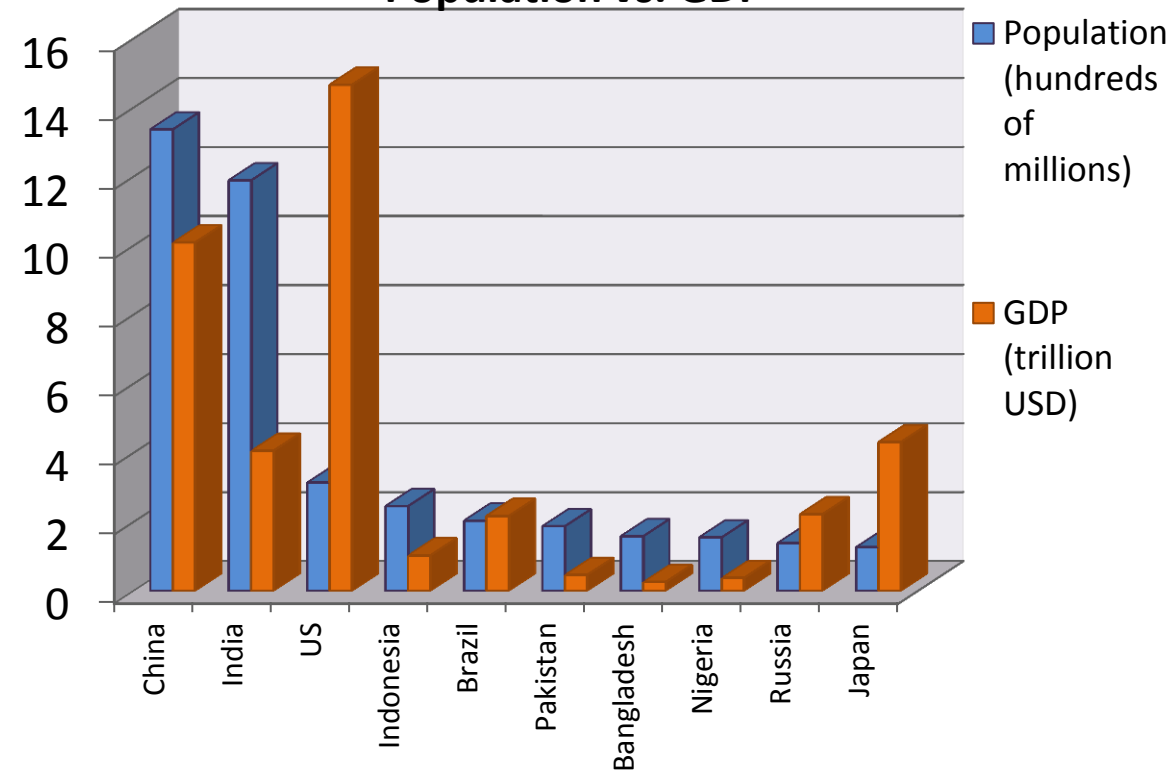
- Population 80 m (6% of China)
- Labor cost is 25% of China
- Productivity much less than China
- Poor infrastructure & supplier base
- Severely lacking in talented management and engineers
- Lots of red tape
- Socialism still trumps capitalism



VIETNAM IS NOT CHINA

Population vs. GDP

**10 Most Populous Countries
Population vs. GDP**



Country	% of World Population	% of World GDP
China	19.23	15.97
India	17.10	6.43
US	4.51	23.21
Indonesia	3.53	1.63
Brazil	2.93	3.44
Pakistan	2.69	0.74
Bangladesh	2.28	0.41
Nigeria	2.23	0.60
Russia	2.00	3.52
Japan	1.82	6.82
Total % of World Population	58.31	62.76

The US, China, Japan, India, and Germany make up ~ 60% of the World's GDP

Manufacturing Considerations

	China	Vietnam	Mexico	India	USA
Technical Know-how	Med	LOW	MED	MED	HIGH
Supplier Network	HIGH	LOW	MED	MED	HIGH
Stability & Currency	HIGH	MED	MED	MED	HIGH
Import Duty	MED	MED	NONE	LOW	NONE
Labor Cost	LOW	VERY LOW	MED	LOW	HIGH
Freight	MED	MED	LOW	Med	LOW
Taxes / Regulation	MED	MED	MED	HIGH	HIGHEST
Work ethic / Speed / Lead times	HIGH	MED	MED	MED	HIGH

Taxes and Regulation

World Ranking	Country	Rate (%)
1	United States	39.3
2	Libya	38.3
3	Dem. Rep. of Congo	38.0
4	Argentina	35.0
5	Sudan	35.0
6	Pakistan	35.0
7	Zamibia	35.0
8	Qatar	35.0
9	Angola	35.0
10	Malta	35.0
11	Sri Lanka	35.0
12	Namibia	35.0

Manufacturing Centers		
Corporate Tax Rate (%)	Rank	
US	39.3	1
Japan	34.5	14
Brazil	34.0	17
India	34.0	19
Canada	33.0	23
Germany	31.0	42
Mexico	30.0	46
UK	28.0	47
China	25.0	60
Vietnam	25.0	62
Czech Republic	20.0	79
Ireland	12.5	94

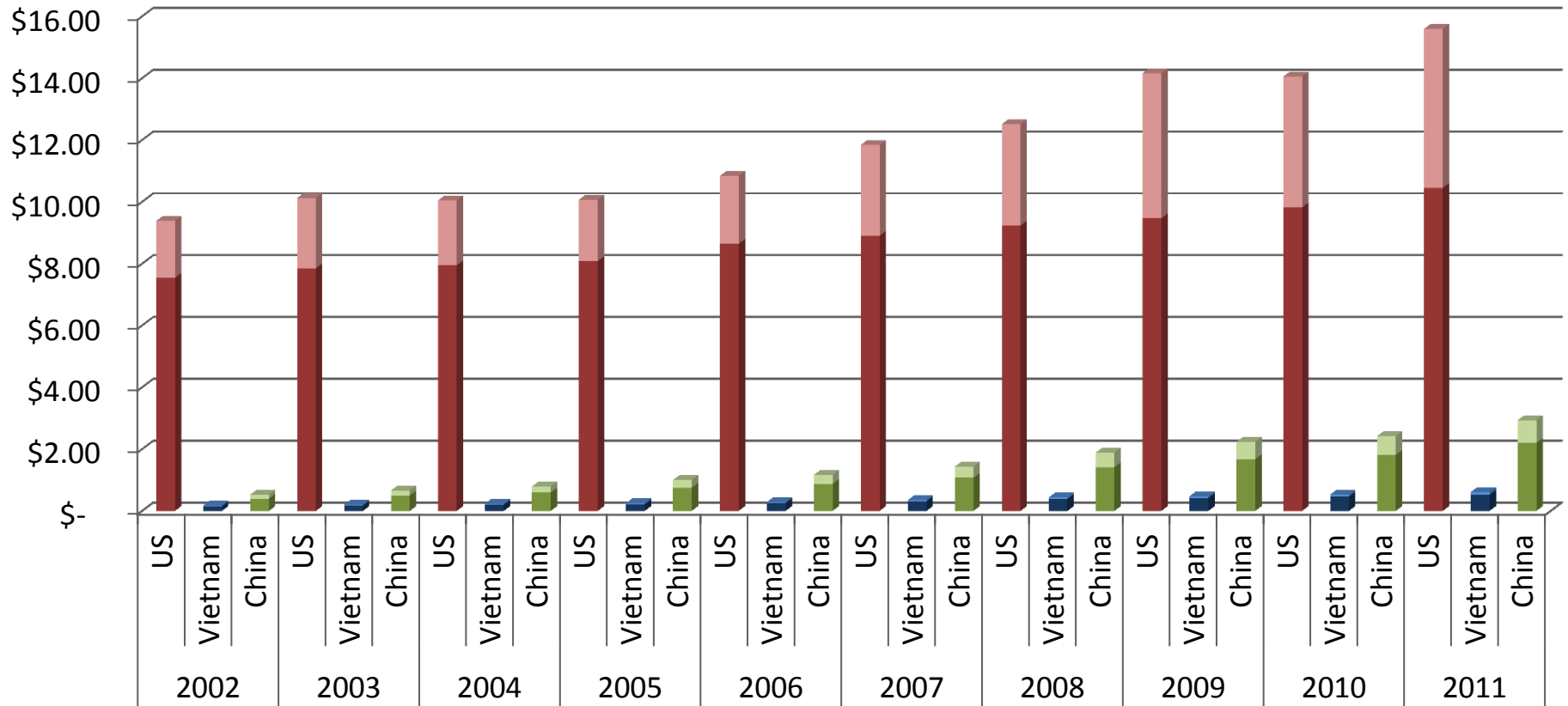
Source: The Tax Foundation 2011

“I can tell you definitively that it costs \$1b more per factory for me to build, equip, and operate a semi-conductor facility in the US and 90% of that is not labor.”

-CEO Intel

Labor Costs – US, China, Vietnam

Hourly Wages

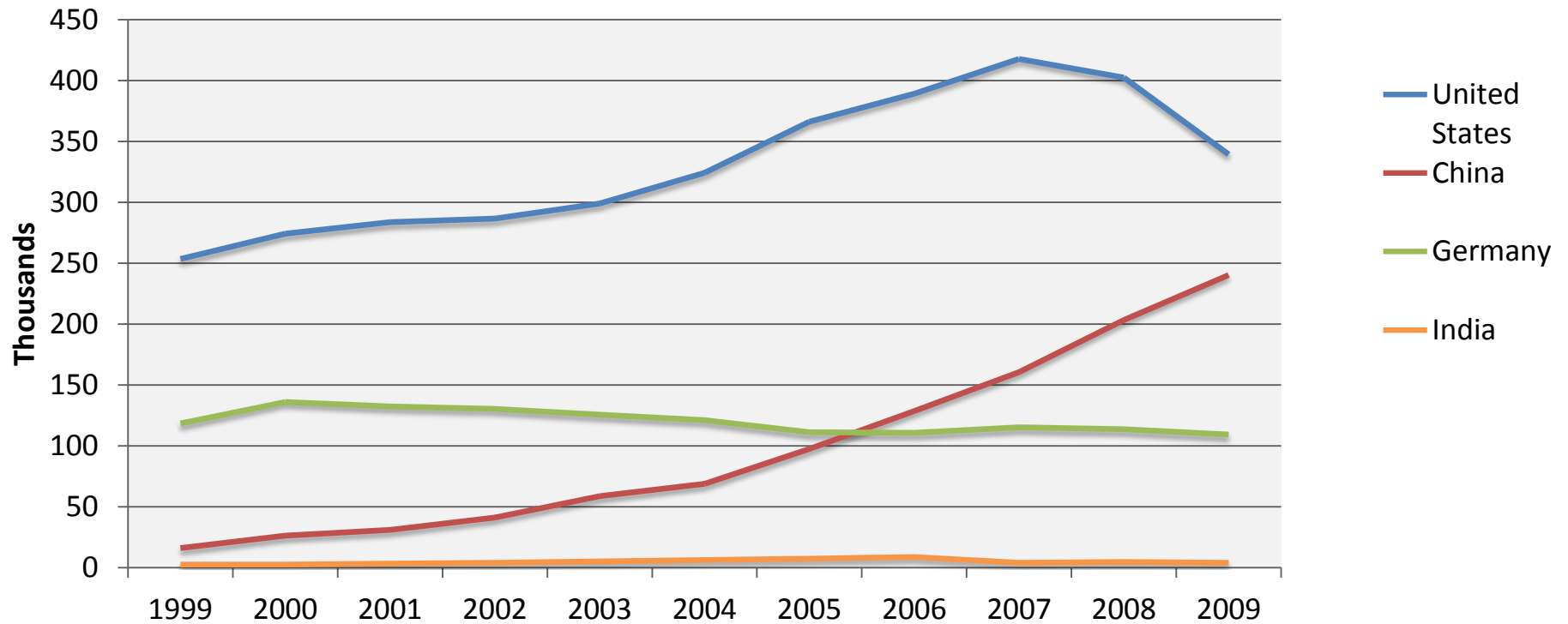


“I honestly don’t believe we could have started Home Depot in today’s regulatory climate.”

- Bernie Marcus, Founder

Patent Filings

Patent Application Filings (All Agencies and Specifications)



Source: World Intellectual Property Organization

Average patent lead time in China is 2-3 years vs. the US's 8-9 year lead time

How can the US compete in global mfg?

- The US needs to Wake UP!
- Incentivize investment
- Reduce corporate taxes
- Kill SOX
- Fix the patent office!
- Stop the brain drain
- Create market based healthcare
- Make R&D tax credit permanent



The Future as I see it..

- Regions and countries will specialize
- China's gov. will see much more stress
- China's consumer spending will grow
- China will continue to go high tech
- Vietnam will continue to develop
- US will eventually wake up



“During our secret visit 40 years ago Premier Zhou and I agreed that this communiqué ‘will shake the world.’ What if today the U.S. and China could merge their efforts not to shake the world, but to build it”

- Henry Kissinger