Novel Coronavirus (Covid-19) – communication

Dear Sir or Madam,

The Covid-19 virus has spread extensively around the world. The consequence of the pandemic poses a significant threat, not only to people’s health and safety, but also to the balance of supply and demand within our business arena. This communication follows my previous communication on this subject, dated on the 26th March 2020, and aims to update you on JAE’s current status, amid the increasingly debilitating influence of Covid-19.

The health and safety of people (customers, suppliers, JAE group employees and general public) is the number one priority for us. Under this pandemic turmoil, however, the JAE group have been making efforts to fulfil our business commitments. As Covid-19 has grown exponentially across regions, we recently have faced further government restrictions which have affected our business activities, as follows:

The Philippines:
On 8th April 2020, the Office of the President of the Philippines (the “Office”) ordered to extend the current “Enhanced Community Quarantine” (the “Quarantine”) until the 30th April 2020 (it was originally scheduled to end on 12th April 2020). Since the effective date (17th March 2020), the Quarantine has severely restricted the manufacturing operation of JAE Philippines, Inc. (“JAE Philippines”), by forcing JAE Philippines to operate with only a skeletal work force. As we communicated previously, JAE Philippines promptly obtained local government permission to operate, and resumed operations under the statutory ordinance by providing housing accommodation and transportation for factory workers. Now we foresee that the extended Quarantine will prevent JAE Philippines from achieving normal levels of operation, at least for the duration of the extended Quarantine.

Mexico:
On the 31st March 2020, the Mexican government issued extraordinary measures to mitigate and control the effects of COVID-19 (the “Measures”) across the nation. The Measures mandate that ‘non-essential activities’ be suspended from the 30th March 2020 until the 30th April 2020. We have a local manufacturing plant at Tijuana in Mexico, JAE Tijuana, S.A. de C.V. (“JAE Tijuana”), which manufactures and supplies some of the products that you purchase from us. To our current knowledge, JAE Tijuana’s manufacturing activities are categorized as ‘nonessential activities’ under the Measure and, therefore, JAE Tijuana is categorically forced to suspend its activities from the 14th April 2020, and currently plans to resume production on 4th May 2020. However, JAE Tijuana has been consulting with the local authority to seek any eligible permission to exclude JAE Tijuana’s activities from ‘nonessential activities’ under the Measure and will continue to provide updates to this situation as and when they become available.

JAE has been monitoring the overall situation since early February and been taking counter measures in close cooperation with our factories, including JAE Philippines, JAE Tijuana and our suppliers. Under the worsening restrictions caused by Covid-19, we predict that the Quarantine and the Measure (collectively, the “Government Orders”) would further constrain JAE group’s manufacturing operations, and consequently our product availability for your demand during an extended period.
Whilst keeping you informed of any developments to the Government Orders, and their respective potential impact on your requirements, we would appreciate your advice on how we can improve our cooperation to mitigate any impact from the Government Orders. We are committed to minimizing or eliminating the effect from the supply disruption. Should you have any reply to this communication, please notify your usual JAE Sales Manager.

Best Regards

Wataru Oyamada

Managing Director
JAE Europe Limited