As leaders and citizens around the globe continue to work together to “flatten the curve” of the COVID-19 pandemic, the electronics manufacturing industry continues to face a variety of challenges, including ambiguous operating restrictions, changing demand, abnormalities in supply chains, and an unsettled workforce that was already stretched thin.

Over the past week, IPC has continued to monitor the health of the electronics manufacturing industry on several fronts, including a series of calls with member company executives. The following observations are current as of April 13, 2020.

**Executive concerns continue at a high level.** As has been the case since we started these reports in late February, most electronics manufacturers are concerned about the impacts of COVID-19. Roughly 94 percent of executives who replied to IPC’s latest online poll said they were “extremely” or “somewhat” concerned, while about 5% expressed little or no concern.

![Figure 1: Electronics Manufacturing Remain Concerned](image)

Q: Compared to last week, how are you feeling about the impact of the Coronavirus on your business?

**Electronics manufacturers and suppliers appear most concerned about changing demand.** While manufacturers and suppliers report several concerns related to the impacts of COVID-19, they appear most concerned about weaker demand. Just over half of respondents reported this is their biggest concern over the next month. Some 44 percent reported they are most concerned about supply shortages, while just over a third reported they are concerned about worker shortages.
**Q: Looking out over the next month, what are your biggest concerns?** (multiple choice)

**Electronics manufacturers and suppliers are concerned about disruptions in Mexico.**

In late March, the U.S. restricted non-essential travel between the U.S. and Mexico, while Mexico declared a health emergency and widened restrictions on non-essential business activity. However, executives note there has been a lack of clarity in Mexico about how these restrictions apply to various industries.

Some IPC members have obtained letters from their customers stating that they are “essential,” and they are using these letters to remain open. However, IPC has heard from other executives that letters from U.S. customers are not being accepted in some areas of Mexico. Some companies are concerned about delays in shipments of materials and equipment that originate in Asia and then transit through ports in Mexico on route to manufacturing facilities elsewhere in the country.

Some 60 percent of electronics manufacturers and suppliers with businesses tied directly to Mexico report that they are not currently experiencing any impacts related to the recently enacted restrictions there. Roughly 20 percent report “complete” disruption, and the remaining 20 percent report varying degrees of disruption.
Q: How are developing restrictions in Mexico affecting your business? (among organizations that have business that ties directly to Mexico)

**Electronics manufacturers and suppliers express concern about workforce stresses.** Some companies are reporting that 10 percent to 15 percent of their workforces are hesitant to come to work due to concerns about the coronavirus outbreak or related impacts (i.e. childcare). Executives report having to call workers to ensure they come to work and fulfill their shifts.

**Companies are developing protocols to handle COVID-19 cases in their facilities.** Executives report they are developing protocols to handle potential exposures within their facilities. One company reported that, if they should discover a positive case of COVID-19 in their midst, they would immediately close down for 24 hours for cleaning; remain closed for three days per CDC guidelines for contamination of surfaces; and assess how many people were in contact with that individual to decide whether certain areas should remain closed; or in the worst-case scenario, the entire facility might need to be closed for two weeks. Some companies report they have had some suppliers close for two to four weeks.

**Customers are requesting changes in payment terms.** Some electronics manufacturers and suppliers are reporting they have had requests for price cuts or other changes in payment terms, such as extending payment schedules.
**Mixed experiences with U.S. Paycheck Protection Program (PPP).** Some companies report they have applied for PPP loans, but no companies report they have received funds. One company reported “our bank is the biggest obstacle,” and several noted that banks didn’t have clear processes or guidelines to address incoming applications. One executive noted “the banking relationship is what matters,” and that banks seem to be prioritizing companies with whom they have existing relationships.

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