



December 17, 2020

To Our Valued Customers:

As your supplier, and partner in the industry, we want to make you aware of several situations happening simultaneously that will have tremendous influence on supply and costs for 2021. As if 2020 was not turbulent enough, we are expecting conditions to worsen over the next 2-3 months. We feel it is our responsibility to be as transparent as possible to help you plan for your business.

Concerning overseas logistics and handling at the US ports, we are hearing of unprecedented delays - one logistics company referred to the current state as a "logistics apocalypse". There is a significant backlog on ocean containers combined with severe shortages in empty container availability to China. Container volume is up, but KPIs such as 'on time performance' is at record low. Demurrage and detention is high because of equipment shortages and driver availability. These occurrences are causing carriers to implement premium surcharges as well as cancelling bookings.

Other issues are reports of component and raw material shortages in China. The pandemic created shortages on raw materials because of closures and workforce shortages at the factories. To compound this, there are also reports of major problems with all China factories purchasing components for LED drivers. It is believed this is a result of the US sanctions against Huawei, which has resulted in Huawei stockpiling driver chips. These events combined with high demand leading into Chinese New Year have factories requesting forecasts for well into 2021, as well as laying the groundwork for increases on raw materials and packaging because of short supply. Factories are increasing lead times; in some cases, doubling lead-time to over 60 days.

Our plan, to put it simply, is we are doing everything we can to get purchase orders placed, LEDs manufactured, and finished product to our door. Our advice is to review your stock levels and order what you can now, whether it be Commercial LED or another vendor. Our objective is to keep you informed so you can make the best decision for your business. We will continue to provide updates as the information becomes available. We appreciate your support this year, and we will continue to do everything we can to help you navigate the difficulties that lie ahead.

Best Regards,

Dave Dodich  
CEO & Owner | JD International Lighting