

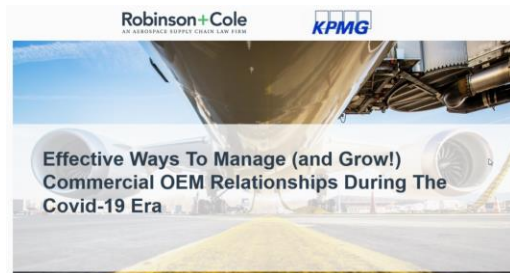
Aerospace Supply Chain Report

Members of Robinson+Cole's [Aerospace Supply Chain Practice](#) continually engage and actively listen to our clients and contacts across the sector in the U.S. and globally. We pride ourselves on staying up to date on developments and trends impacting aerospace manufacturing and distribution.



Margaret Shanley, Principal at **CohnReznick**.

A discussion titled "**The State of Private Equity Investment in the Aerospace and Defense Market,**" was co-moderated in July by **Jeff White** and Sean Lyons, President of Florida operations at **Lockton Companies**. The program was hosted by the **Connecticut District Export Council**. Panelists included Anthony Chambers, Principal at **H.I.G. Capital**; Kirk Konert, Partner at **AE Industrial**; Stephen Perry, Managing Director at **Janes Capital Partners**; and



addressing the current market of a "new normal," the speakers offered their insights into how to plan and execute for the future environment, including the risk and opportunity identification of key issues within LTAs (long-term agreements).

"Effective Ways To Manage (and Grow!) Commercial OEM Relationships During The Covid-19 Era," was hosted by the Aerospace Components Manufacturers' with **Jeff White** co-presenting with Tracy Darrow, Director, Deal Advisory and Strategy, **KPMG**. The webinar provided positive practical advice and perspectives on how to globally manage and lean into the current disruption while maintaining (and growing) OEM, module, and major assembly relationships. In addition to discussing strategies and tactics for

The firm was pleased to sponsor the [New England Air Museum's](#) (NEAM) webinar series "Aerospace Industry Business After Hours." The April program featured aerospace-industry expert Richard Aboulafia, while the June program featured Patrick J. Dempsey, President & CEO of the **Barnes Group**. NEAM is committed to presenting the story of aviation, the human genius that made it possible, and the profound effects it has had on the way in which we live.



Contributing to Thought Leadership



[Industry Week published "Aerospace Suppliers Should Brace for Headwinds" - Read the full article.](#)

The piece focuses on some headwinds faced by Tier 1 and Tier 2 aerospace suppliers as original equipment manufacturers (OEMs) "are driven to reduce costs through supplier rationalization, vertical integration and continuous improvement programs through the supply chain." As a result, Jeff suggests that aerospace suppliers focus their attention on

particular areas of the long-term agreement (LTA) as the "LTA look back" strategy is a common way for OEMs to reduce costs by enforcing the agreement's many provisions.

[Aviation Week "Daily Memo: COVID-19, Force Majeure And The Coming Wave Of Supplier Renegotiations" - View the April 9 article here.](#)

In the article, Jeff White acknowledges that he is "gearing up for an expected onslaught of force majeure suspension claims that, along with other contractual nitpicking, could be cited widely to allow OEMs and suppliers alike to try to renegotiate contracts as aerospace manufacturing follows the falloff in air travel." He adds that "COVID-19 has accelerated the use of it," and that "What we're seeing is the advance warning that something is coming."

[Aerospace Manufacturing and Design "COVID-19 will be blamed" - View the April 28 article here.](#)

The article addresses the notion that trends in the aerospace industry such as decreased demand for some aircraft, cost-cutting for efficiency, and supply chain consolidation will be attributed to the COVID-19 pandemic. "I see COVID-19 as an accelerator or exacerbator, not a cause of problems that were already occurring," White says. "Cost-cutting measures already coming within the aerospace supply chain were there before COVID-19. We were seeing signs that the bigger players were slowing down."

[Aviation Week "Daily Memo: Why Skipping The Farnborough Airshow Is A Good Idea" - Subscribers can view the July 1 article here.](#)

Farnborough is where the aviation world meets to transact business. Aviation Week writer, Michael Bruno, shares several reasons why, in addition to COVID-19 restrictions, not having an airshow this year is a good idea. One being that there are practically no airplane orders to celebrate. Jeff noted, however, that while there is no big aviation news to celebrate, for aerospace suppliers "there [is] trust and long-term building that you are missing out on, and how do you replace it?" Jeff also noted that Farnborough is the place where supplier questions can be answered so that disputes can be avoided. "At least [at the airshow] I'm getting direct information."

[Aviation Week "Suppliers Face Existential Decisions After COVID-19 Crisis" - Subscribers can view the July 15 article here.](#)

The article examines the impact the Boeing 737 MAX crisis, followed by the outbreak of COVID-19, has had on the aerospace and defense manufacturing industry, stating that, "manufacturers do not expect 2019 production levels to return until 2023-25, with thousands of once-planned large commercial aircraft now effectively erased from bankable plans for much of this decade." Making the situation harder to navigate is

the notion that sweeping conclusions shouldn't be made. For example, "while widebody aircraft are having issues, for instance, it does not mean every twin-aisle type is suffering equally; the Boeing 787 is expected to fare better. In narrowbodies, the larger, longer-range A320 family is expected to perform better than MAXs for at least a few years." "This is a much more surgical approach in this downturn," Robinson and Cole Partner Jeff White says. "Not everyone will be impacted equally and hugely."

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Robinson & Cole LLP | 280 Trumbull Street, Hartford, CT 06103 | www.rc.com