Figure 1: Top five reasons for pessimism

Respondents ranked their top two reasons for pessimism

Protracted period of high inflation and interest rates

33%

Economic downturn in key markets

29%

Heightened geopolitical uncertainty

25%

Global warming and extreme weather patterns causing supply-chain disruptions

21%

Cyber-security breaches

18%

Source: Economist Impact Trade in Transition survey, August-November 2024

Figure 2: Top five reasons for optimism

Respondents ranked their top two reasons for optimism

New technologies that increase the efficiency and visibility of supply chains

41%

Increased economic stability and growth

34%

Increased attention and support from national governments

24%

Rise of sustainable trade practices

23%

New trade arrangements (including FTAs and digital trade agreements) lowering tariff and non-tariff barriers

20%

Source: Economist Impact Trade in Transition survey, August-November 2024

Figure 3: Responses to geopolitics

The impact of geopolitical events on trade and supply-chain strategies

Friendshoring

Creating parallel supply chains or dual sourcing

Expanding into more stable markets

Expanding into more stable markets

27%

Moving each production step in the supply chain closer geographically

24%

Increasing self-sufficiency

20%

Stress testing supply chains and increasing due diligence

20%

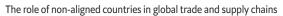
Reducing the number of markets your business is participating in

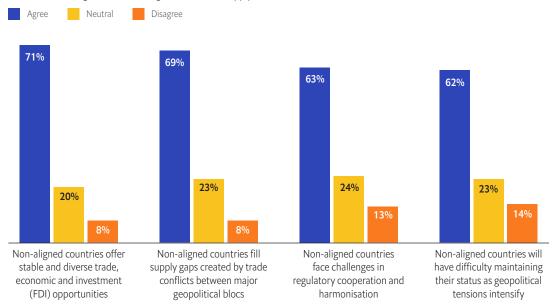
16%

Increasing the length of supply chains

Source: Economist Impact Trade in Transition survey, August-November 2024

Figure 4: The role of non-aligned countries

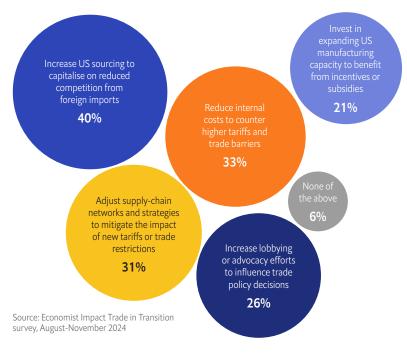




Source: Economist Impact Trade in Transition survey, August-November 2024 $\,$

Figure: Business and trade in Trumpworld

How companies approach a Republican administration in 2025



How companies are geographically reconfiguring their supply chains

Diversification

Nearshoring/regionalisation

Reshoring

Not reconfiguring the supply chain

Figure 5: Geographical reconfiguration strategy

Source: Economist Impact Trade in Transition survey, August-November 2024