



**Euromonitor
International**

New Manufacturing Hubs in Supply Chain Diversification: Can They Replace China?

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EXECUTIVE SUMMARY

Why read this report?

Key findings

INTRODUCTION

China remains the global exports leader, but growth stalls as new trade hubs emerge

Market supply of intermediary goods remains concentrated, adding to supply chain risks

Supply disruptions of critical B2B goods would mainly hurt the global manufacturing sector

Global manufacturers aim to diversify from China as global risks grow

ROLE OF NEW MANUFACTURING HUBS IN SUPPLY CHAIN DIVERSIFICATION

New manufacturing hubs have strong future potential, but currently remain reliant on China

Asian countries have strong potential to emerge as future manufacturing hubs

Emerging markets remain reliant on China, indicating further need of supply diversification

India remains reliant on electronics imports from China, transferring risks to supply chains

Vietnam's reliance on Chinese components grows despite diversification efforts

Mexico is aiming to further strengthen domestic supply chains

Poland emerges as a key manufacturing hub, but will need to rethink its relations with China

SUPPLY CHAIN LIMITATIONS IN NEW MANUFACTURING HUBS

Companies will need more time and patience to set up alternative supply chains

New manufacturing hubs need to build up scale to compete with China

Strong supporting industries are required to ramp up production capacity

New manufacturing hubs lack infrastructure, hindering export potential and faster growth

Structural problems in the labour markets hinder faster development of higher-value sectors

Higher energy prices challenge energy-intensive supporting industries

Restrictions on trade and investments hinder performance of manufacturing sector

Low productivity levels hinder development of domestic supply chains

MEASURES TO IMPROVE THE FUTURE SUPPLY CHAINS

Combination of industrial and public policies can accelerate supply chain diversification

Strong supporting manufacturing and service industries to help diversify supply chains

Case study: Zetwerk helps to connect suppliers and buyers in India

Countries need to spend 4% of GDP on infrastructure to improve access into global networks

Case study: Hutchison Ports invests in Mexico to boost trade capacity

Protection of property, trade freedom and technology regulation are the key for investors

Collaboration with foreign companies can help to access production know-how

Strong domestic markets create incentive to set up new manufacturing facilities

Case study: IKEA expands B2B product line in India

CONCLUSION

Supply chain diversification and new manufacturing hubs: How to win

Evolution of supply chain diversification efforts

Questions we are asking

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