

Trends in Global Trade Amid Rising Economic Fragmentation

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INTRODUCTION

Why read this report?

Key findings

Global trade declined in 2023 amid slower economic growth and rising geopolitical tensions

China-US trade value declines as economic diversification efforts intensify

Rising geopolitical tensions is the largest risk to the global trade over the medium term

GLOBAL TRADE CONCENTRATION

Market supply of the most critical electronic components remains dominated by China

Electronic components: China dominates global trade, but diversification efforts accelerate

Batteries: China continues to strengthen its position in the global market

Mobile phones: China remains the key supplier, but other countries are catching up

Computers: China maintains the lead, but trade is becoming more diversified

Automotive: Trade remains diversified, future competition from China anticipated

Aerospace: Market supply remains dominated by developed economies

EVOLVING NEW TRADE ROUTES

High reliance on China sparks production and supply diversification efforts

USA: Enhanced trade with Mexico and ASEAN to reduce economic reliance on China

China: Diversified trade structure and strengthened position in ASEAN countries

Japan: Diversification sets to accelerate as dependence on China grows

Germany: The risk of a growing trade imbalance with China

India: Potential to emerge as a trade hub, but currently highly reliant on Chinese supply

REIMAGINING SUPPLY CHAINS AND TRADE RELATIONSHIPS

Trade diversification is under way, but more homework needs to be done

New trade hubs in Asia and Europe emerge as supply chains become more diversified

Case study: Apple expands production in Vietnam amid diversification efforts

New trade hubs boost exports to the USA, EU, but remain reliant on China for components

More investments in new manufacturing hubs are needed to fully replace China

Case study: Hutchison Ports to boost trade capacity in Mexico

Case study: Ionway investment strengthens Poland's role in Europe's battery supply chain

CONCLUSION

Global trade diversification: Opportunities for growth

Evolution of global trade flows

Questions we are asking

APPENDIX

What this briefing covers

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