

# **REGLOBALIZATION – REDEFINING GLOBAL SUPPLY CHAINS: NEARSHORING, RESHORING AND FRIENDSHORING IN A DISRUPTED GLOBAL LANDSCAPE – 3RD EDITION**



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# Executive Summary: ReGlobalization in a Disruptive World

In December 2021 I began looking into the logistics capacity for the East Coast of the United States. By March 2022 I found myself in discussions about the availability of land, labor and port capacity in the Dominican Republic. I realized that the disruption of the last few years was going to force companies to look in other places besides China for manufacturing, sourcing and distribution. I started writing that global supply chains were not really retreating from globalization. Instead, they were undergoing a global reorientation.

After several trips to the Dominican Republic and a lot of work, I published a white paper in June 2023 with the title: “The Dominican Republic – The Singapore of the Western Hemisphere.” By September 2023 my thinking had advanced to the point that instead of looking at the solution, I became focused on the problem. Therefore, I wrote a white paper, “[The World Is Flat, Except When It Isn’t: The Yin and Yang of Globalization and Deglobalization](#).”<sup>1</sup>

Although I did not use the word ReGlobalization until May 2024, in the fall of 2023 I had the “ah-ha” moment that supply chains of the future were not going to be like supply chains of the past. At least in my mind, the era of ReGlobalization began in October 2023.

ReGlobalization refers to shifting patterns of global economic integration and rebalancing work around the world to diversify the manufacturing base, ensuring supply chain resilience. Instead of a broad, worldwide approach, countries and companies must focus more on regional connections, even forming economic blocks. Instead of single-source supply chains originating in China, executive teams must choose among options that include nearshoring, friendshoring and reshoring – let’s call it Xshoring.

Resilient supply chains will require multiple alternatives for sourcing, production and delivery – optionality. Since the 2020 pandemic, Chief Supply Chain Officers have learned crucial lessons to mitigate risks and sustain operations while navigating a series of disruptions that continually transform the global supply chain landscape.

Trade wars, tariffs, shooting wars and economic insecurity have created a world where disruption is the new normal. Although political and economic issues trigger ReGlobalization, the trend mandates redesigned global supply chains.

In fact, according to an Accenture survey, 85% of companies want to sell most of their products in the same region by 2026. And 65% want to buy most key items from regional suppliers.<sup>2</sup>

Such redesigns must account for two critical factors: your entire end-to-end supply chain and the five Ls. Your end-to-end (E2E) supply chain includes every enterprise that touches your raw materials all the way to your final product reaching your end user, even including returns. The five Ls of location, land, labor, leadership and lighthouse digital technology will help determine where those partner enterprises are, who they will be, how you connect to them to receive inputs and how you deliver outputs.

To discover the right ReGlobalization strategy, your operations team must model scenarios of interest with data that deliver real-time insights, giving you the ability to compare solutions instantly. Your organization's leadership team must agree on your enterprise's path forward, analyze costs and impacts and refine your plans. These steps will help your executive team devise your detailed implementation plans; plans that include scenarios unique to your situation.

You must continually adapt as political tides ebb and flow, as raw material availability increases or decreases, as manufacturing capacity comes online or goes offline, when consumer preferences or demand skyrockets or plunges, etc.

Tompkins Ventures has already seen many examples of countries moving manufacturing out of China. For example:

For the U.S. market, companies moved manufacturing to Brazil or Mexico. Those companies then:

- Created logistics hubs for Brazilian manufacturing in Sao Paulo, Brazil, for the eastern U.S. and Chancy, Peru, for the western U.S.
- Created logistics hubs for Mexican manufacturing in Mexico, shipping by truck to clients in the United States.

For the European market, companies moved manufacturing to Poland or Turkey. Those companies then:

- Created logistics hubs for Polish manufacturing near the Polish plant and in Lyon, France, with all transport by truck.
- Created logistics centers for Turkish manufacturing in Reims, France, and Budapest, Hungary, with all transport by truck.

For the Asian market, companies moved manufacturing to Vietnam or India. Those companies then:

- Created logistics hubs for Vietnamese manufacturing in the Port of Ho Chi Minh for Asia and the Port Chennai, India, for the Indian Subcontinent and the Middle East.

- Created logistics hubs for India’s manufacturing in the Port of Singapore for Asia and the Mundra Port in India for the Indian Subcontinent and the Middle East.

So, in summer 2024 I was secure in my thinking about the critical importance of ReGlobalization. Then, much to my surprise, the U.S. presidential campaign accelerated the timing and expanded the magnitude of ReGlobalization. Past President Trump announced that his “favorite word” was “tariff,” and he made it clear that if elected he would use the power of tariffs to “make America great again.”

Well, when the first edition of this white paper was published in December 2024, then President-elect Trump was making plans, via the use of tariffs, to put ReGlobalization on steroids. Therefore, even as I thought before Trump’s election that ReGlobalization was really, really important for the future of supply chains, I now believe I was woefully underestimating the importance of ReGlobalization. To be clear, if you are a leader of a company that has a physical supply chain you have no choice. You must quickly embrace and pursue ReGlobalization.

This paper develops these points further by discussing the rationale, challenges and preferred courses of action for all companies thinking about relocating some or all of their operations to the right locations and suppliers closer to their major markets. It provides significant insights about balancing geopolitical concerns with supply chain operations strategies and performance objectives.

Still, this is one person’s informed opinion. One person sitting in the United States of America. And ReGlobalization, by definition, involves the rest of the globe. Tompkins Ventures has the premier network in the world, with hundreds of partners spanning the globe. So I asked how their regions viewed ReGlobalization.

Therefore, this third edition includes eight appendices written by Tompkins Ventures Business Partners and executives. Those additional sections focus on ReGlobalization from perspectives outside of the United States – specifically Africa, Asia, Canada, Europe and the Middle East, India, Latin America, Mexico and Turkey. These appendices start on Page 38.

They add valuable perspectives that differ from mine. And I welcome your thoughts too.

The age of ReGlobalization is here. As I have been known to say: “It is now time to Go! Go! Go!”

# Introduction: Understanding ReGlobalization in a Disrupted World

ReGlobalization is the new reality of globalization in the face of perpetual disruption. ReGlobalization involves balancing geopolitical competition with cooperation, especially in strategically important sectors.

Several factors have contributed to this shift. Growing geopolitical concerns about China, potential conflict in the South China Sea and China's propensity to enact trade barriers have led to a re-evaluation of traditional globalization.

The United States has responded with tariffs and economic nationalism. Europe has followed suit.

Perhaps most notably, the COVID-19 pandemic exposed vulnerabilities in global supply chains, prompting a widespread rethink of globalization strategies.

In this context, ReGlobalization means creating more resilient supply chains, often closer to your customers. Essentially, countries and companies must adapt to a more fragmented global landscape, while still maintaining some level of international integration.

In many ways, ReGlobalization will combine nearshoring, friendshoring and reshoring – Xshoring. [Timothy Hagler defines Xshoring](#) as the key to a resilient and sustainable supply chain.<sup>3</sup> But his analysis neglects friendshoring, which likely will be part of your company's strategy.

Still, trade patterns will shift toward more regional routes. New production locations will significantly alter labor markets. Companies will need to invest in digital technologies that facilitate remote collaboration and trade. Logistics hubs will pop up in different locations.

Note that ReGlobalization signifies an evolution of globalization, not its reversal. ReGlobalization represents a more nuanced approach to global integration, incorporating lessons learned from past experiences and adapting to new global realities.

Other thought leaders are using the term [regionalization](#)<sup>4</sup> or [deglobalization](#).<sup>5</sup> Others are also talking about optimization instead of optionality.



But, as I explained in my September 2023 white paper “[The World Is Flat, Except When It Isn't](#),” companies that deglobalize from one region simply globalize elsewhere<sup>6</sup> – ReGlobalization, although that term was not in vogue then.

True regionalization would cut off supply chains in one region as you reorient them to other places. But, as I also noted, China is not going anywhere. The East Asian giant will remain a major player in global trade. It took decades to build supply chains to Asia, and it will take time to reorient them.

Absent a shooting war, American, European and Asian countries and companies will trade with China for the foreseeable future – perhaps forever.

So, ReGlobalization likely will include some mix of Xshoring and trade with current partners, including China. In fact, Tompkins Ventures is hearing from Chinese firms who have now realized that China often is no longer the best place to source products to sell in the Western Hemisphere. They want to 1) avoid tariffs, and 2) produce closer to their North American and South American customers.

But they are not calling this ReGlobalization, regionalization or deglobalization. Instead, they are using the term “decoupling from China.” That could become problematic, as U.S. legislators are targeting [such use of third countries](#).<sup>7</sup>

Other regions, particularly Europe, could pick up any reduction in trade between, say, China and the U.S.

However, even Europe is reconsidering future investments in China because of market access and regulatory concerns.<sup>8</sup> The European Union is even moving ahead with heavy tariffs on [Chinese-made electronic vehicles](#).<sup>9</sup>

To navigate such disruption, your company will need multiple options for procurement, production and supply chain – optionality, not a single-source solution. Relying on one node is a recipe for the supply chain disasters we’ve seen over the last several years.

Perhaps you will add new locations with current partners. Or find new partners. Maybe instead of contracting, your company will move into factory ownership, combined with a slight increase in buffer inventory.

The clear implication is that cost, while still important, cannot be the only factor you consider. In a world of perpetual disruption, you must add resiliency, agility and flexibility to the equation.

Whatever your choices, ReGlobalization done right will enable your enterprise to deliver to customers when the inevitable disruptions occur. Therefore, ReGlobalization done right will deliver resilience, competitive advantage and profitable growth.

But ReGlobalization is not steady state. Remember, disruption is continual. Once you think your organization has found the “next normal,” disruption will force another ReGlobalization, or perhaps, more appropriately, ReReGlobalization.

Next disruption? You’re on to ReReReGlobalization. In other words, you never will have a static, steady-state supply chain. What your organization needs, in operational terms, is Dynamic Supply Chain Optionality (DSCO).

## Nearshoring: Bringing Manufacturing, Logistics Closer to Home

Nearshoring brings manufacturing operations closer to a company’s customer base. Supplier proximity mitigates risk. Transportation becomes faster and easier, trimming shipping costs and lead times. Quicker lead times also require less inventory in stock.

Therefore, for North American companies, ReGlobalization requires nearshoring production closer to the United States. Viable alternatives include Mexico, Canada and many countries in South America, Central America and the Caribbean.

Nearshoring requires this strategic approach, considering short-term and long-term benefits. Many countries south of the U.S. have low labor costs. Often, that can translate into lower landed cost. But not always.

However, shorter lead times will require less inventory and less working capital, create exponentially quicker times to market and allow for more strategic options like redesigning your distribution networks.

Now you are talking resilience and reliability.

Nearshoring will also require new logistics capabilities and hubs. The Dominican Republic and Panama can form the backbone of supply chain for the Western Hemisphere. These countries’ strategic locations and emerging infrastructure make them ideal hubs for supporting nearshoring initiatives.

The Dominican Republic has the location, land and labor to become a supply chain hub for the Western Hemisphere, capitalizing on reoriented global trade flows. It can even support eCommerce via two-day shipping to the Eastern United States – [where 80% of the U.S. population lives](#).<sup>10</sup> The Caribbean country needs to add Leadership and Lighthouse to complete the five Ls of location, land, labor, leadership and lighthouse

digital technology to qualify as a great location for a supply chain hub. (More detail on the five Ls later. They're worth a complete section below.)

Many already refer to the nation of Panama as a logistics hub for the Americas. In ReGlobalization, Panama may handle inventory coming north from South America and by sea from Asia. Companies will then release that inventory to the East, Gulf or West Coasts of the U.S., countries in Central and South America, or Mexico.

Mexico's proximity to the western United States makes it ideal for eCommerce for the western U.S. At the same time, you have many options to consider for manufacturing hubs and logistics hubs in the Americas, as well as for Europe, Asia and the rest of the world.

## Reshoring: Returning Manufacturing to Your Home Country

Reshoring, also known as onshoring, involves shifting manufacturing and services back to the company's home country and customer base to strengthen supply chain resilience and protect intellectual property. However, back does not mean back to the same locations and facilities in previous manufacturing powerhouses. Many of those factories have been torn down or converted to condominiums. The labor force has gone back to school or trained to learn new trades. Many, frankly, are not interested in working in manufacturing any longer.

Starting in the 1960s, many U.S. companies moved production overseas, particularly Asia. Lower labor costs and less stringent regulations accelerated this offshoring process dramatically in the 1990s and 2000s. China became the factory of the world – a title held by the United States in the 1940s and 1950s.

However, many factors, including the supply chain chaos of the pandemic and post-pandemic periods, have led companies to reevaluate their approach. Overseas labor costs have risen, and modern automation now offers significant labor-saving opportunities. Reshoring allows for better quality control and intellectual property protection. Politicians and consumers increasingly push for “made at home” products and protection for domestic jobs.

When implemented strategically, reshoring offers several benefits:

- Shorter supply chains, reducing transportation costs and lead times
- Greater control over production processes and quality
- Improved responsiveness to market changes
- Enhanced brand image through domestic production

- Contribution to local economies and job markets

However, reshoring also presents challenges. You must plan for higher labor costs in developed countries, the lack of manufacturing skills and infrastructure and the initial costs of relocating production.

Automation can help. [Bath and Body Works](#) offers a perfect example of successful reshoring through hard work and automation. One-time capital investments helped the company dramatically reduce labor needs when it reshored virtually its entire supply chain to a “beauty park” near Columbus, Ohio. Leads times for products – hence time to market – plunged.<sup>11</sup>

Such companies, who understand the fragility of global supply chains, now view reshoring as a strategy to increase resilience and reduce dependence on foreign suppliers.

While reshoring won’t suit all industries or companies, it certainly plays a part in ReGlobalization. Reshoring is part of the significant shift in global manufacturing trends and highlights the complex interplay between economics, politics and business strategy CEOs must face in today’s world of perpetual disruption.

## Friendshoring Strengthens Supply Chain Ties with Trusted Partners

Friendshoring is an economic and geopolitical strategy that relocates supply chains, manufacturing and critical operations to nations viewed as political allies or friendly partners.

Growing tensions between major trade partners contribute to this trend. Geostrategic conflicts between China and the U.S. have many countries and regions looking for trading partners who are allies. So do worries about trade sanctions, export restrictions and the potential that more shooting wars will break out.

Friendshoring partners typically share strong political, economic or security ties, creating stable environments for supply chains. This reduces the risk of disruption from adversarial or unstable nations. In other words, your friends are less likely to hold up shipments and restrict trade for “national security” concerns.

While friendshoring and nearshoring often include the same regions and countries, geographic proximity does not limit friendship. The U.S., for example, has historic ties

to nearby Canada, Central and South America. But the United States also has historic ties to Western Europe and growing ties to Eastern European and the ASEAN countries. And India could one day rival China as a manufacturing powerhouse.

Friends far away can be more beneficial to countries and companies than doing business in nearby countries who might curtail your operations for political reasons. That's how friendshoring can enhance supply chain resilience by anchoring critical supply chains in countries that share similar values, interests or alliances.

## Globalization: From National Economies to ReGlobalization

The concept of globalization has undergone significant transformations over the past few centuries, evolving from national economies to a more interconnected global economy. Over millennia, local trading routes gave way to international trading routes. Cross-border commerce created international economies. Growing technology and trade led to globalization.

Historians trace the foundation of modern economic theory back to the [concept of comparative advantage](#), which David Ricardo introduced in the early 19th century. Comparative advantage posits that countries should specialize in producing goods for which they have a lower opportunity cost, thereby maximizing efficiency and trade benefits.<sup>12</sup>

During this period, economies were primarily national, with limited international trade. Nations focused on self-sufficiency and protecting their domestic industries through tariffs and trade barriers.

U.S. history offers a prime example. In the first half of the 19<sup>th</sup> century, the [Whig Party backed protective tariffs](#). Whig leaders like Henry Clay and Daniel Webster argued that high tariffs would protect nascent American manufacturing. The taxes would raise money for railroads, canals and other infrastructure improvements.

In general, their goal was to create a diversified but self-sufficient economy.<sup>13</sup>

However, the late 19th and early 20th centuries marked a significant shift toward international economies.

Innovations like the steam engine and the telegraph advanced transportation and communication, facilitating international trade and investment. Countries established trade agreements and trade organizations.

Notable developments on the path from national economies to international economies included the 1860 Anglo-French Cobden-Chevalier Treaty, various bilateral agreements and the 1869 opening of the Suez Canal.<sup>14</sup> Between 1870 and 1914, global integration facilitated a rapid growth in world trade. Europe was a significant player in this trade boom of 3.4% per year.<sup>15</sup>

Still, many trade deals involved one-to-one commerce between European countries like Britain, France, Germany and Austria-Hungary – internationalization, not true globalization.

And, beyond tariffs and the lack of global treaties on trade, there were plenty of trade barriers – like World War I, World War II and the Cold War.

Still, internationalization marched on. In 1947, 23 countries came together for the [General Agreement on Tariffs and Trade \(GATT\)](#), further promoting cross-border economic activities. GATT eventually morphed into the World Trade Organization in 1995.<sup>16</sup> The [WTO currently has 166 members](#) that represent more than 98% of global trade.<sup>17</sup>

This post-1995 era saw the rise of multinational corporations and the explosion of global supply chains, as businesses sought to leverage comparative advantages on a larger scale. Globalization made China the factory of the world. For China, ReGlobalization puts that country in a situation comparable to the United States in the 1960s – seeking low-cost manufacturing abroad. China is looking to Mexico, Vietnam, Cambodia and other regions.

Mexico is akin to the pre-1940 and postwar United States – a potential manufacturing powerhouse. While Mexico is in a prime position to take advantage of ReGlobalization, economies will change over the decades. In 20 years perhaps, Mexico will be looking offshore for low-cost manufacturing. Perhaps this manufacturing will go to Guatemala, Belize, El Salvador, Honduras or possibly to Africa.

When this shift occurs, Africa, with its vast potential, is likely to emerge as the new frontier for global manufacturing. Yet, opportunities in Africa are already abundant and ripe for exploration today.

Africa, particularly Nigeria, is working to establish itself as a key player in global economic integration and manufacturing. According to [the United Nations](#), Nigeria will be the third most populous country in the world by 2050, with 400 million people. In addition, 70% of its population will live in urban areas. Thus, Nigeria offers an unparalleled labor force and consumer base.<sup>18</sup>

Africa's broader economic rise reinforces its pivotal role in future global markets, with the East, North, Central and West African regions forecasting growth rates ranging from 4.1% to 5.7%, driven by urbanization, infrastructure investment and industrial expansion.<sup>19</sup> Moreover, the African Continental Free Trade Area (ACFTA) is set to streamline cross-border trade, covering 1.2 billion people with a gross domestic product of \$2.5 trillion. According to the [U.N. Economics Mission for Africa](#), ACFTA could boost intra-African trade by 52.3% just by eliminating import duties. Removing non-tariff barriers could double that trade.<sup>20</sup>

These advancements position Africa for ReGlobalized supply chains, offering businesses access to vibrant consumer markets, cost-efficient production opportunities and vast natural resources. Enterprises that invest in Africa now will secure first-mover advantages, establishing a robust foundation for sustainable growth in an increasingly interconnected and rapidly evolving global economy.

That's the beauty and the challenge of ReGlobalization. Your executive team needs alliances and partners who can continually adapt your operations in a world where disruption is the new normal. It's exciting, exhilarating – and frustrating. But that's the only way to a competitive future.

## President Trump: A Consequential Event That Puts ReGlobalization on Steroids

Past President Trump being elected as the 47<sup>th</sup> President of the United States is a ...

- Consequential event
- Watershed moment
- Historical milestone ...

with far-reaching implications impacting the whole world. His trade and economic policies will have transformative impacts. These impacts will result in huge disruptions of global business, especially for global supply chains. However, at the same time, these disruptions also present a unique opportunity for companies to enhance their competitive stance via supply chain optionality, agility, responsiveness and resilience.

In fact, given the surfing theme of my recent book “Insightful Leadership: Surfing the Waves of Organizational Excellence,”<sup>21</sup> I began to think of the Trump re-election as the underwater earthquake that caused the tsunami racing across the ocean.

Some see the tsunami as a powerful wave that causes devastation and disaster. But just for a moment, think of yourself as being on a surfboard and seeing this wave coming your way. Wow, if you play it right this could be the best ride of your life, even the best ride of the 21<sup>st</sup> century. I am a supply chain surfer, and I am eager to jump on the Trump tsunami to discover a whole new level of success. I call this ride of a lifetime ReGlobalization. Time to wax your surfboard. The first Trump tsunami wave will come ashore on Jan. 20, 2025.

It could be argued that I spent my entire business career on supply chain. But, for the first 20 years of my career we did not even have the term “supply chain.” Nevertheless, I know it is accurate to say my career has been focused on supply chain for as long as folks have been talking about supply chain. So now, here with these many years focused on supply chains and after the 2020 COVID-19 crash of supply chains, the Trump tsunami is coming ashore in Supply Chain Bay.

I hear many yelling about the disaster, disruption and the destruction of the tsunami. But as I sit on my surfboard, all I see coming is the greatest supply chain opportunity for success of all time. But let me leave you sitting in the bay on your surfboard for a while, as I go back and explain how I see President Trump presenting us supply chain folks with the opportunity of a lifetime.

In my professional supply chain career, I have avoided writing or speaking about political issues. After all, I am an engineer, a supply chain expert, an entrepreneur, a leader of businesses, not a politician. Now, however, the Trump tsunami is coming ashore in my Supply Chain Bay. Thus, I have no choice other than to address this tsunami. I see the consequential Trump re-election converging with my global supply chain focus, and there is no way that I can exclude politics from:

- The nearshoring, reshoring and friendshoring dialogue
- The tariff paranoia
- The pervasive impacts on supply chains

There is an action and a reaction, a stimulus and a response, a cause-and-effect relationship between the reelection of past President Trump and my career in supply chain thought leadership.

To further understand this action/reaction relationship, one needs to understand how Trump won the 2024 election and how he will pursue success for the next four years. So, let me begin by explaining how I believe Trump won a second term as a result of his focus on the following agenda:

1. **Trade policy/national security:** President-elect Trump will step into a more hazardous geopolitical arena than the one he left four years earlier. The second



Trump administration will focus on fortifying the domestic industrial base, reducing economic dependencies on rivals, strengthening military capabilities and enhancing the global supply chain resilience and capabilities of the United States. The strategy of joining capabilities with our allied trading partners will overmatch our adversaries.

2. **Economic policy:** When past President Trump left office, the economy was still recovering from the COVID-19 pandemic. Inflation was relatively low, but unemployment was high, as was the growth of the federal debt. As expected, unemployment has gone down, but the federal debt, government spending and inflation remain elevated. Trump's economic policy will be to protect domestic industries and create jobs, to significantly reduce trade deficits, combat unfair trade practices such as dumping, to reengage in creating energy independence, to streamline government spending and to reduce regulations.
3. **Specific strategic political objectives:** President-elect Trump began to take action before his inauguration on open borders and the impacts of open borders on crime, illegal immigration and illegal drugs. Trump has been having success in getting Canada and Mexico to commit to enforcing laws already on their books with respect to illegal immigration and drugs. President Trump will continue to aggressively pursue important strategic political objectives he views as priorities.

Then, onto how President Trump will achieve success on all three topics: tariffs. Trump has said his "favorite word" is tariff and that tariff is "the most beautiful word in the dictionary." To understand this, tariffs need to be viewed through multiple lenses: as a trade policy, an economic policy and a tool for achieving broader political goals.

Here are the impacts of tariffs for each of these perspectives:

1. **Trade policy:** Tariffs on products made in unfriendly or unfair countries will encourage companies in the United States to ReGlobalize, to source from countries where total delivered costs are lower or to reshore to domestic companies that deploy cost-saving automation to achieve lower total delivered cost.
2. **Economic policy:** Countries have choices on how to use economic policy to increase economic growth, employment rates and balance of trade. Reducing regulations, energy costs and taxes while increasing intellectual property protection reduces your cost of operations, making companies more competitive. Or you can add tariffs, making the competition less attractive. Or you can ReGlobalize to trading partners who have lower costs.
3. **Strategic tool:** Tariffs can be used to exert political pressure and improve negotiation success on issues like immigration, borders, illegal drugs, pollution, human rights, etc., between the United States and countries we wish to include in our trading block and our economic ecosystem.

To gain insight into how President-elect Trump views tariffs, I thought it would be good to ask my AI friend Copilot about the main point in Trump's book "The Art of the Deal." Here is Copilot's response:

"The Art of the Deal' by Donald J. Trump, co-written with Tony Schwartz, is part memoir and part business advice. Here are some of the main points from the book:

1. **Guiding business principles:** Trump outlines several principles that have guided his business decisions:
  - **Aim high:** Set ambitious goals and focus on achieving them.
  - **Prepare for the worst:** Always have a backup plan.
  - **Know your target audience:** Understand who you are dealing with and what they want.
  - **Promote aggressively:** Make sure people know about your product or service.
  - **Fight for what you believe in:** Stand your ground if you think you're right.
  - **Keep costs low:** Be frugal and avoid unnecessary expenses.
2. **Early life and career:** Trump discusses his upbringing and early career, including working with his father on low- and middle-income housing projects in New York City.
3. **Major deals:** The book details several of Trump's significant deals, such as the development of Trump Tower, his first casino ventures in Atlantic City and his involvement with the United States Football League.
4. **Negotiation tactics:** Trump shares his strategies for negotiating successful deals, emphasizing the importance of persistence, adaptability and leveraging strengths.
5. **Public image:** The book also highlights the role of public image and media in business success, suggesting that even bad press can be beneficial if handled correctly.

These points provide a glimpse into Trump's approach to business and his philosophy on deal-making.

This refresher helps us understand President-elect Trump's view on tariff being a beautiful word and the good, bad and risky views of tariffs.

First, the good view of tariffs. The good view of tariffs is the use of tariffs as a negotiating tool to accomplish specific strategic political objectives.

As mentioned earlier, even before his inauguration, President-elect Trump started tackling open borders and the impacts of open borders on crime, illegal immigration and illegal drugs, having success on getting Canada and Mexico to enforce their laws regarding those issues.

President-elect Trump set ambitious goals, understood the president of Mexico and the prime minister of Canada, has made a strong case about open borders and was clear on his desired objectives. President-elect Trump accomplished his objectives by leveraging U.S. strengths via the threat of tariffs. The result will be good for all. Well done President-elect Trump, Mexican President Claudia Sheinbaum and Canadian Prime Minister Justin Trudeau. One certainly can expect President Trump to continue to aggressively use tariffs as a negotiating tool to pursue important strategic political objectives.

The second view of tariffs, the bad view, is when tariffs are put in place without a well thought out plan or a backup plan. An example of the bad view is where a tariff is put in place without an adequate maturation period. Other countries enact retaliatory tariffs, causing a revengeful struggle.

A revengeful struggle is not a backup plan. Rather, it drives all sorts of bad behavior that ultimately hurts all parties involved. The outcome here can be disruptions in supply chains, increased cost, poor customer satisfaction and overall chaos. This approach is an unacceptable disaster. The results are totally inconsistent with “The Art of the Deal.” Tariffs implemented in this way are bad.

The third view of tariffs, of course, falls between the good and the bad. Results here come in an unlimited number of variations.

Discussions often start about using tariffs as a tool to level the playing field. Of course, each side has their own view of the situation. Each party needs to reasonably understand both their perspective and the perspective of the person on the other side of the table.

This is where the risky element comes into play. Because just like every union negotiation, every marriage, divorce and every court case, the results may be satisfactory for both parties. Or, one party leaves satisfied, with the other dissatisfied. The worst result, of course, comes when neither side leaves satisfied.

Independent of the outcome, hopefully both sides conduct themselves with integrity and a true desire to reach a satisfactory outcome. With tariffs, the deal often involves a balance, with an understanding that on some mutually agreed date each party will deploy a specific plan of action.

In these cases, there should be no surprises. In this way, each party has adequate time to evaluate their options and establish a path forward. Hopefully, each party has either anticipated the potential for not reaching an agreement or has adequate time built into their negotiation to develop a ReGlobalization path forward given the potential outcomes from the negotiation.

It is here that organizations are wise to evaluate their supply chains and evaluate the “hot spots” where disagreements or failed negotiations are most likely. They should conduct contingency planning on various scenarios to ensure they are ready to address these risky situations.

For example, it should not be a surprise to anyone that the world today has two major trading groups. North America, Europe, India, Japan and South Korea are generally on the same page. The second trading group involves Russia, China, Iran, Afghanistan and North Korea, who are generally on the same page.

Nor should it be a surprise that the two trading groups often view trade differently. Therefore, if you are doing significant trade with the other trading group, it would be wise to evaluate the impacts on your supply chain if you face a disruption of service. It is very important for you to be able to answer the questions about redundant sourcing, alternative supply chains and ReGlobalization when you are dealing with companies or sourcing located outside of your trading group.

The four clear conclusions that can be extracted from Trump’s view on tariffs are:

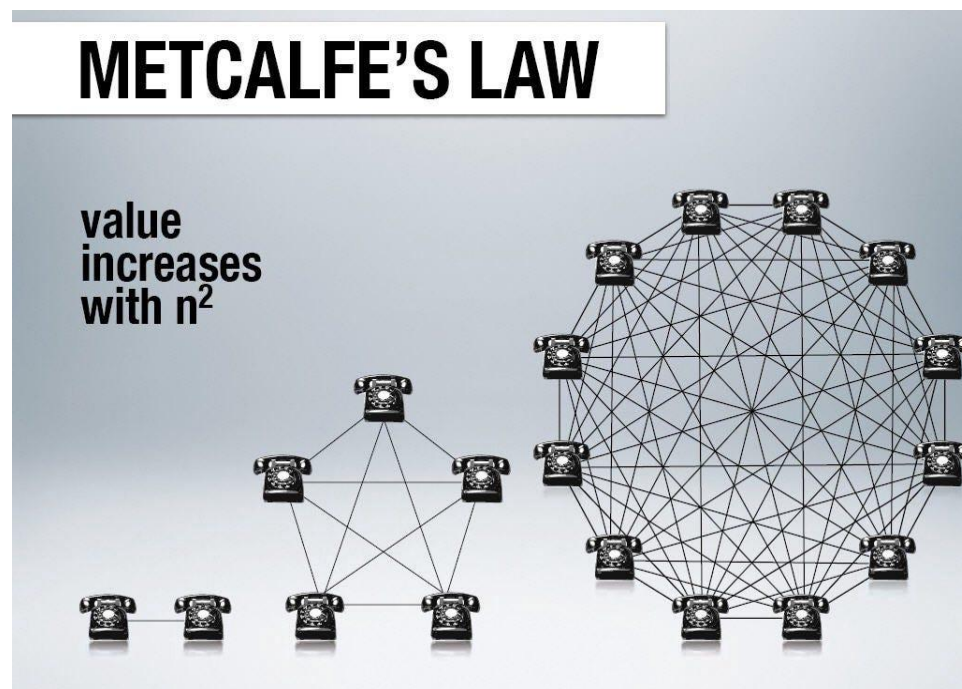
1. There is a clear disagreement on the viability of unexpected tariffs. Some view tariffs as a strategic tool that can solve major problems (e.g., border control, drug trafficking and human rights). Some view tariffs as a flawed economic policy that causes major problems, (e.g., trade wars, a tax on consumers and inflation). This is the Trump tsunami syndrome: Do the tsunami waves represent disaster, disruption and destruction, or are they the greatest supply chain opportunity for success of all time? I see both sides of this disagreement. Using tariffs as a negotiating tool to hold countries accountable can succeed at solving major problems. At the same time, imposing unanticipated tariffs on trade will result in chaos and/or increase costs to the consumer. Without getting political, my view is that using tariffs as a strategic tool is good when it works but bad when it does not. I would suggest that companies should not wait to deal with sudden tariffs. Instead, a better strategy is to anticipate the tariffs and increase the optionality and resilience of their supply chains. Companies that preplan their ReGlobalization strategy and deploy this strategy before tariffs take effect can avoid price increases and chaos.
2. There is a clear conclusion that when a person is known for doing what he says, using tariffs as a negotiation tool will succeed. To be more to the point, please consider:
  - President-elect Donald Trump was elected to return to the White House. The electorate wants change.
  - Past President Donald Trump is known to be a person who does what he says.
  - President Trump will use tariffs as a negotiation tool and will often succeed in accomplishing his objectives without actually imposing tariffs.

- When President Trump does not win the negotiation, he will impose tariffs, and this will result in substantial ReGlobalization.
- President Trump will increase tariffs on China.
- 3. The Trump use of tariffs will result in an unprecedented surge of companies who choose to view the Trump tsunami as an opportunity to innovate, to strengthen their supply chains and to gain competitive advantage. These companies will:
  - Pursue nearshoring, reshoring and/or friendshoring
  - Make major changes to their global supply chains
  - Pursue ReGlobalization with vigor
- 4. The Trump use of tariffs will result in an unprecedented surge of 3PLs building logistics capacity to adapt to these tariffs and ReGlobalization.

## Understanding Internationalization and Globalization/ReGlobalization through Metcalfe's Law

Metcalfe's Law provides a valuable framework for understanding the progression from internationalization to globalization. It also underscores why it is important for companies to get ReGlobalization right.

According to Metcalfe's Law, the value of a network is proportional to the square of the system's connected users. One telephone doesn't offer much. But as the graphic illustrates, each added telephone grows that network – and its power – exponentially.



In other words, one multiplied by one equals ... one. One added to one equals ... two. Three plus three equals six.

But multiplication creates the following exponential effect:

<b>ADDITION</b>	<b>MULTIPLICATION</b>
$1 + 1 = 2$	$1 \times 1 = 1$
$2 + 2 = 4$	$2 \times 2 = 4$
$3 + 3 = 6$	$3 \times 3 = 9$
$4 + 4 = 8$	$4 \times 4 = 16$
$5 + 5 = 10$	$5 \times 5 = 25$
$6 + 6 = 12$	$6 \times 6 = 36$
$7 + 7 = 14$	$7 \times 7 = 49$
$8 + 8 = 16$	$8 \times 8 = 64$
$9 + 9 = 18$	$9 \times 9 = 81$
$10 + 10 = 20$	$10 \times 10 = 100$
$11 + 11 = 22$	$11 \times 11 = 121$
$12 + 12 = 24$	$12 \times 12 = 144$

Therefore, while addition only adds incrementally, multiplication can increase your network's power by an ever-increasing number. When it comes to hypergrowth, multiplication beats addition any day. And every business wants hypergrowth.

That's how internationalization, globalization and ReGlobalization all differ in their economic scope and impact.

Internationalization is additive and does not take advantage of Metcalfe's Law. It involves a company expanding operations into foreign markets through activities like exporting, importing, setting up subsidiaries and tailoring products or services to meet local needs. The goal is to grow the business incrementally by entering new markets.

Globalization is multiplicative. It encompasses the broader process of increasing interconnectedness and interdependence of the world's economies, cultures and populations. Activities include the free flow of goods, services, capital, information and people across borders. The goal is to create a more integrated and interdependent global economy.

The late 20th century witnessed an unprecedented acceleration of globalization, driven by technological advancements, deregulation and liberalized trade and investment policies. Thomas L. Friedman's book "The World is Flat" encapsulates this era, highlighting how the world became more interconnected and interdependent.

Globalization multiplied business opportunities. Companies operated seamlessly across borders, accessing new markets and resources.

However, this rapid globalization also brought about challenges. Interconnected economies meant a disruption on one side of the world cascaded elsewhere. The growing reliance on single-source supply chains that started in China amplified the effect of any disruption in Asia. And trade wars, geopolitical tensions and economic disparities became more pronounced.

Then, along came the 2008 financial crisis and the COVID-19 pandemic. In 2009, The World Trade Organization recorded the [sharpest contraction ever in global trade](#) – 12%.<sup>22</sup> Even COVID didn't have such a large effect, as global trade volumes [dropped by only 5.3%](#) in 2020.<sup>23</sup>

Both disruptions, however, exposed the vulnerabilities of global supply chains and the risks associated with overreliance on distant markets.

Thus, the move toward ReGlobalization. Since ReGlobalization is not a full retreat from globalization, companies and countries can still take advantage of Metcalfe's Law. While ReGlobalization's scope is broader than internationalization but narrower than globalization, executive teams still want to increase interconnectedness and interdependence within specific regions.

This approach also fosters regional cooperation and integration, as countries within a region collaborate to strengthen their economic ties and build robust supply networks.

By diversifying supply chains and reducing dependency on distant markets, businesses can mitigate risks and enhance resilience. ReGlobalization's narrower scope also can simplify the complexity and cost of your operations.

As we move into this new phase, your company must balance global integration with regional stability. Winning at ReGlobalization will be essential for achieving sustainable and inclusive economic growth.

## The Western Hemisphere: Primed for Complexity – and Success

Given the above history, Western Hemisphere economies are facing drastic disruption and change – standard operating procedure since 2020. Beyond Xshoring – the combination of nearshoring, friendshoring and reshoring – companies are facing changes in tariffs and trade agreements.

The [United States-Mexico-Canada Agreement \(USMCA\)](#) replaced the North American Free Trade Agreement (NAFTA) on July 1, 2020.<sup>24</sup> The U.S. has 14 comprehensive free trade agreements with 20 countries. These range from deals with Japan focusing on free trade in critical minerals (2023) to CAFTA-DR, which includes the Dominican Republic, Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua. U.S. Customs and Border Protection maintains [a list of free trade treaties here](#).<sup>25</sup>

In addition, companies must deal with a growing consumer preference for locally produced goods and services. Such “hyper reshoring” often involves food, nutritional and artisanal products. That trend has been documented with research on consumers from the [United States](#)<sup>26</sup> to [Poland](#).<sup>27</sup>

However, the November 2024 election of Donald Trump to another term as president will result in significant tax and tariff advantages for “Made in America.” That will force such “hyper reshoring” to include products that go well beyond food, nutritional and artisanal products.

CEOs and chief supply chain officers who examine all of the above could be forgiven for sighing in exasperation.

After all, before 2020, CEOs had a simple decision-making equation: labor vs. automation. For decades, high labor costs usually sent production away from developed countries – offshoring. Automated production systems either kept production in developed countries or allowed CEOs to, on occasion, reshore.

Pandemic supply chain failures complicated that equation. Sure, China offered your company cheaper total landed costs. But what did it matter if the factory of the world shut down? Without products to deliver, product price point doesn’t matter.

And in a world of tariffs and economic nationalism, low-cost countries might not be so low cost in the future. Complexity means you’re going to have to consider more than labor and logistics.

## The Five Ls, Including a Digital Lighthouse for an AI Era

So, where should your company turn for redesigned supply chains, competitive advantage and profitable growth? It all depends upon which countries, regions and partners offer your operations the best combination of the five Ls – location, land, labor, leadership and lighthouse digital technology.

1. **Location:** Drives transportation costs, tariffs, taxes and customs.



2. **Land:** A major cost driver and major constraint in some geographies, particularly the East Coast, Gulf Coast and West Coast of the United States.
3. **Labor:** A major cost driver and major constraint, particularly in developed countries and continents like the United States, Canada and Europe.
4. **Leadership:** Deep knowledge and experience that goes beyond logistics to cover the whole E2E supply chain, including raw material availability, cost and the need for advanced digital and artificial intelligence technologies.
5. **Lighthouse digital technology:** Technology that leverages artificial intelligence, machine learning and cloud computing to autonomously resolve most supply chain disruptions without human intervention. This digital supply chain network must go well beyond track and trace.

For millennia, lighthouses have guided ships away from trouble. These physical buildings perhaps date back to 2000 B.C. in India. The most famous in ancient times, and perhaps the first purpose-built lighthouse, was that of Pharos of Alexandria, built about 285 B.C.

Today's equivalent of a lighthouse? Lighthouse digital technology – a digital supply chain network. And, unlike lighthouses, where you need many operating on numerous islands and coastlines, a single digital supply chain hub can guide logistics across vast stretches of ocean, land and air. That's the magic of today's digital technology – the aforementioned use of AI, machine learning and cloud computing.

Think of Singapore in the Eastern Hemisphere. That digital supply chain hub offers logistical and operational support and analytics for all logistics providers and shippers. They monitor, report and coordinate the flow of goods.

For example, a digital supply chain network can control ships coming into port, coordinate getting containers off that ship and into a free trade zone, breaking down that container's contents and getting the goods and parts back on a ship or plane to the appropriate destination. Or simply facilitate transshipment.

Imagine handling thousands of those transactions autonomously. That's how a digital supply chain network hub can reduce costs, improve key metrics and navigate complexity in an increasingly volatile environment. And since 80% of global commerce moves via water, a country or port that houses lighthouse digital technology can position itself for exponential growth as a supply chain hub.

Singapore seized that opportunity in 1965, when its GDP was a paltry \$500 per person. The country transformed every part of its infrastructure – port facilities, roads, buses, mass transit, parking, taxis, restricted travel areas, fare collections, vehicle ownership, air travel and freight, cycling – every aspect of mobility. By 2023, per capita GDP topped \$84,000.<sup>28</sup>

# Dominican Republic: An Eastern U.S. Logistics Hub

*NOTE: For more on the Dominican Republic from Tompkins Ventures Vice President of Latin America Marco Lara-Gracia, see Appendix F starting on Page 64.*

The world has plenty of underutilized parcels of real estate that can transform into excellent logistics hubs for their regions. When judging the potential of those properties, I use the aforementioned five Ls of real estate: location, land, labor, leadership and lighthouse digital technology. In “[The World Is Flat, Except When It Isn’t](#),” I noted how the Dominican Republic has the potential to be an excellent logistics hub for the eastern half of North and South America. It has the land, the labor and the location.<sup>29</sup>

The Caribbean country has plenty of land available to expand ports and logistics networks.

Labor is affordable. Contrast that to the United States and Canada, where land is expensive and scarce. North American port and logistics labor is also expensive and repeatedly prone to strikes or the threat thereof.

A strike last year by [longshoremen in Canada paralyzed West Coast](#) ports for two weeks.<sup>30</sup> Another [Canadian dockworkers’ union](#) is threatening another strike.<sup>31</sup>

Just last year, U.S. West Coast unions agreed to a six-year contract. But contentious contract negotiations led to slowdowns and disruptions. Many companies moved shipments to East and Gulf Coast ports. In 2024, that concern shifted to the East and Gulf Coasts. Despite an agreement that prevented a strike, [the difficult talks between](#) East and Gulf Coast port operators and their unions show that labor strife will not dissipate soon.<sup>32</sup>

Such challenges do not currently exist in the Dominican Republic, where leadership is looking for high-quality jobs.

And at just 800 miles southeast of Miami, the Dominican Republic sits astride major global trade routes and has free trade agreements with the U.S., Europe and many other countries. It can capture much of the coming growth in transshipment and eCommerce. (As mentioned above, the country can support two-day eCommerce fulfillment to 80% of the United States.)

Considering its advantages, the Dominican Republic is almost criminally underutilized as a logistics hub. It already offers extensive infrastructure and strategic connectivity across the region. With dozens of weekly cargo transportation options to and from the U.S., including many daily routes along the East Coast from New York to Miami and the Gulf Coast, it’s a logistics gateway for North, Central and South America. The

Dominican Republic also facilitates deconsolidation for containers arriving from Asia and Europe, redistributing them efficiently throughout the Americas and Caribbean.

To support these growing capabilities, the country has 15 ports, including four large ones, and eight airports, seven international. Additionally, nearly 100 free trade zones and almost 5 million square feet of warehouse space support diverse goods, from refrigerated products to dry storage. This infrastructure enhances resiliency. Throughout the country's history, no single weather event, including hurricanes, has been able to shut down all points of entry and exit.

The Dominican Republic also offers light and value-added manufacturing, especially in medical devices and personal care, with a rapidly growing sector that highlights its potential as a production and distribution center. Charter and commercial flights add flexible, cost-effective cargo capacity, especially for smaller shipments, making the Dominican Republic an invaluable partner in today's interconnected supply chain landscape.

Forward-thinking leadership could leverage modern port technology and geographic advantages to connect global supply chains between the Americas, Asia, Europe and Africa.

As global trade patterns shift and decoupling from China accelerates, a country like the Dominican Republic could take advantage of lighthouse digital technology and play a key role in creating more resilient, diversified supply chains.

## Mexico: A Central United States Manufacturing Hub

*NOTE: For more on Mexico from Tompkins Ventures Business Partner Javier Zarazúa, see Appendix G starting on Page 68.*

In the prior section, we explained why the Dominican Republic is an excellent option for the logistics hub for at least the eastern half of the Americas. For its part, Mexico could be an excellent option for a manufacturing hub for at least the Western Hemisphere.

Mexico already manufactures and exports vehicles, auto parts, electronics, appliances, petroleum, medical instruments, agricultural products and more. It's close enough to serve as an eCommerce hub for the Western United States.

Over the past few years, U.S. manufacturers have been weighing Mexico vs. China for factory production. And Mexico has been winning.

China has also increased its investment in Mexico's manufacturing sector. Since 2006, China has invested \$2.073 billion in Mexico. More than half of that (55%) came since 2020. Many experts believe some of that surge includes Chinese firms circumventing U.S. tariffs.

But although Chinese investment has clearly grown, U.S. foreign direct investment in Mexico dwarfs China. For example, in 2022, [United States FDI in Mexico reached](#) \$20.2 billion, while China's was just \$569.7 million.<sup>33</sup>

Such investments are paying off for Mexico. Manufacturing accounts for [40% of the nation's economy](#), and, last year, Mexico topped China as the United States' largest trading partner. Analysts predict Mexico's exports to the U.S. could grow 33.8% a year.<sup>34</sup>

Today, according to Tompkins Ventures research, Mexico has 80 million square meters of industrial space. Close to 25 million square meters have been developed in the last three years. Mexico's manufacturing sector will continue to grow, as the country plans to develop another 30 million square meters in the next five years. Mexico also has strong protections for intellectual property – long a complaint for U.S. and European businesses who operate in China.

According to Tompkins Ventures research, in 2023, the United States imported from Mexico:

- \$130.03 billion worth of vehicles
- \$85.56 billion worth of electrical and electronic equipment
- \$81.62 billion worth of machinery, including nuclear reactors and boilers
- \$25.01 billion worth of mineral fuels, oils and distillation products
- \$22.33 billion worth of optical, photo, technical or medical apparatus

Those figures will only grow.

The USMCA helps. So does Mexico's lower labor costs – [\\$4.82 per manufacturing labor hour vs \\$6.50 for China](#).<sup>35</sup>

While that can translate into lower costs, transportation and logistics south of the Rio Grande still lag behind the high-tech, complex supply chains that connect the Americas with Asia, especially China. U.S. companies that look south to Mexico will need dependable partners like Tompkins Ventures for sourcing, procurement and logistics.

Mexico is not China. China has a decadeslong head start on its connected ecosystem to serve retail businesses and new investments. Mexico will require a lot of do it yourself. Unless, of course, you find the right partners.

That's another key. Relationships and building trust are critical for successful business endeavors in Mexico. You don't know what you don't know until you face the import regulations, the fact that border towns and big cities are crowded and expensive, but that you can find manufacturing gold just a few miles away from the crowds.

A more detailed explanation is below. But for now, let's be clear that you and your partners will not redesign your distribution networks overnight. First, your team must create a baseline of all current manufacturing, distribution and client locations. From there, you move your manufacturing anchors to the new country – in this case, Mexico.

Next, you redesign your inbound supply chains that feed into your new manufacturing anchor. After that, you optimize your deliveries (outbound) from your new manufacturing anchor (Mexico) to your clients.

Beyond tremendous cost savings on outbound logistics, Mexico's close proximity to U.S. markets reduces transit times from months to days. You will lower inventory costs, transportation costs, labor costs and tariffs.

You can increase sales, increase growth, reduce inventory overages and outages, and get the right product to the right place at the right time much more frequently.

The next stage involves replacing supply chain inputs from Asia with a localized, nearshoring supply base to feed your manufacturing. Eventually, your enterprise will also lower inbound transportation costs. You will increase reliability and reduce working capital needed to finance factory inputs.

In the end, your enterprise improves its sustainability, risk mitigation and diversification. Time to market for new products is so much faster when your partners are working in similar time zones, and you can ship engineering samples in an instant.

## Panama: A Western United States Logistics Hub

*NOTE: For more on Panama from Tompkins Ventures Vice President of Latin America Marco Lara-Gracia, see Appendix F starting on Page 64.*

South of Mexico sits Panama. The Central America country, like the Dominican Republic, offers an excellent example of a country that can handle large portions of logistics activity in the North and South American region.

Known for its strategic geographic location, Panama serves as one of the most connected countries in Latin America, bridging the East and West coasts of North, Central and

South America with efficient, direct services that support international trade. This positioning makes Panama indispensable in today's ReGlobalization movement as companies seek resilient, agile solutions for global supply chains.

The world-famous canal has been operating since 1914. A third set of locks opened in 2016, doubling capacity and allowing for bigger New Panamax cargo ships. Canal zone authorities are continuing to invest in [logistics technology, new anchorages and infrastructure improvements](#).<sup>36</sup>

Yes, climate change means the canal will face more droughts. These disruptions curtail the flow of goods through the canal, since each ship requires 52 million gallons of fresh water.

While a concern, two developments will minimize this disruption in the future.

First, Panama's Supreme Court recently allowed the country to build a new reservoir to increase water availability. The \$1.6 billion project will take six years and ensure a minimum of 36 transits a day, with the capacity to [increase transits to 40 a day](#).<sup>37</sup>

Second, over more than a century, Panama has developed a vast network of warehouses and 3PL providers.

Tompkins Ventures partners have taken advantage of that experience and expertise without necessarily using the canal. Panama can store inventory coming from Asia and other South American countries in its warehouses near the Pacific. Instead of sending that inventory across the canal, 3PLs in Panama deconsolidate those shipments. Some goes to the West Coast of the United States. Some heads to the 11 Central and South American countries that border the Pacific, plus landlocked Bolivia.

And Panama can forward inventory to Mexico for eCommerce delivery into the Western U.S.

Panama also has a stable, skilled and abundant workforce to meet the demands of companies looking to diversify their supply chains.

Advanced port infrastructure on both coasts supports Panama's logistical strengths. State-of-the-art technology enables the efficient handling and swift movement of goods across continents, connecting Asia, the Americas and Europe. Strong port and logistics infrastructure enhances Panama's capacity as a transshipment hub, allowing goods to flow seamlessly between the Caribbean, North and South America.

Beyond the canal and ports, Panama's logistics infrastructure includes 16 free trade zones, including two prominent ones: the Colon Free Zone, one of the largest in the world, and the Panama Pacifico Special Economic Area. These zones offer favorable

conditions for businesses, including tax incentives, simplified customs processes and a streamlined regulatory environment.

Panama is further expanding its logistics capabilities by developing the Tocumen Airport, billed as “The Hub of the Americas.” This end-of-the-runway logistics complex will serve global companies by integrating air cargo services with existing maritime and land transportation networks.

The resulting multimodal logistics platform will enhance supply chain efficiency. The proximity to Tocumen International Airport allows for rapid distribution of high-value and time-sensitive goods, reinforcing Panama's position as a logistics leader.

And to remain competitive in ReGlobalized logistics markets, Panama continues to embrace technological advancements. Leadership, namely government officials, canal authorities and operators, are embracing smart port technologies and improving their digital logistics solutions to boost operational efficiency and provide real-time data insights. These innovations enable supply chain managers to make informed decisions, fostering resilience and adaptability across logistics networks.

So, Panama has four of the Ls needed to drive ReGlobalization success: Location, labor, leadership and lighthouse digital technology. Its only limitation is land. Despite that, as a major logistics and transshipment hub, Panama will come out a winner in a ReGlobalized world.

## More: The Rest of the Story

*NOTE: For more on Asia (including India), Africa, Canada, Europe and the Middle East, Latin America (including Mexico) and Turkey, see the appendices starting on Page 38.*

To illustrate the concept of ReGlobalization, I have suggested The Dominican Republic, Mexico and Panama as locations that have many positive aspects for ReGlobalization in the Americas. However, at the same time we must be clear that ReGlobalization is not as simple as deciding to multi-source your materials and components via nearshoring sites based on cost. The reality is that some raw materials and some components are not available from a location in the Americas. And as mentioned before, China will remain an important supplier for your overall supply chain.

In fact, “The Rest of the Story” has to do with finding quality, cost-effective options and developing a resilient supply chain for all of your materials and all of your component manufacturers. This pursuit is a never-ending journey where we need to continually

deal with VUCA (volatility, uncertainty, complexity and ambiguity) while upgrading our supply chain to maximize conformity of our products' quality and cost competitiveness.

So, if you're not nearshoring into Mexico, where will that inventory originate?

While China will be the genesis for many products, parts and materials distributed from supply chain hubs like Panama and the Dominican Republic, a growing portion will come from other countries in the region. With ReGlobalization, some combination of raw materials, manufacturing capability and capacity, transportation and logistics capabilities will determine where the other country in the region is.

Panama and the Dominican Republic can handle light manufacturing and value-added services for finished goods. But face it, you're not going to procure appliances or automobiles there.

You can, however, source appliances, automobiles (including parts and combustion engines), medical equipment and more from Mexico. And Juarez and Guadalajara host hotbeds of assembly for consumer electronics. (Although Asia will provide many components as the Western world builds supply chains in the Western Hemisphere.)

In addition to Mexico, Brazil and Colombia can become powerhouses of apparel manufacturing. Brazil also has plenty of manufacturing capability and capacity for canvas shoes and furniture.

According to a KPMG survey reported in [\*Sourcing Journal\*](#), Mexico, Canada, Brazil, Columbia and Chile are the top five favored sourcing countries outside the United States.<sup>38</sup>

Many nations have room to increase production in machinery, chemicals, motor vehicles, pharmaceuticals, computers and electronics, according to the United Nations Industrial Development Organization. The region "[demonstrates diverse industrial performance and harbors substantial growth potential](#)."<sup>39</sup>

According to the [\*World Bank\*](#), in 2021, the top five exports from Latin American and Caribbean nations were petroleum oils and oils derived from bituminous minerals, copper ores and concentrates, nonagglomerated iron ores and concentrates, soya beans and gold.<sup>40</sup>

Those raw materials could back a lot of manufacturing. Since then, the Latin American and Caribbean nations have seen a dramatic increase in export value (17% in 2022) followed by a slight decrease (2.2% in 2023), according to the [\*Inter-American Development Bank\*](#).<sup>41</sup>

But remember, the friendshoring part of Xshoring allows you to look farther away.



Because “The Rest of the Story” must be viewed from a global perspective, and we encourage companies to never stop the pursuit of better suppliers to allow you to improve customer satisfaction and profitable growth. ReGlobalization is not easy, and doing it right takes a very detail-oriented mind and a passion for pursuing supply chain excellence. This pursuit will often be global, so it is important for you to view the rest of the world as your playground.

Toward this end, your pursuit for DSCO (Dynamic Supply Chain Optionality ) should continue. The top five countries in the ASEAN region (The Philippines, Thailand, Indonesia, Malaysia, Vietnam) are already industrialized. Those countries and the continent of Africa provide a good starting point:

- **The Philippines:** The Philippines has lengthy, historic (but sometimes problematic) ties with the [United States and North America](#). Their shared history spans from U.S. colonialism to a current bilateral security alliance, military ties and shared strategic and economic interests.<sup>42</sup>
- **Thailand:** Thailand has long been a key U.S. ally, hosting U.S. military bases during the Cold War. [Bilateral economic relations remain strong](#), and the U.S. has designated Thailand a major non-NATO ally.<sup>43</sup>
- **Indonesia:** From playing a role in Indonesian independence to the 2023 U.S.-Indonesia Comprehensive Strategic Partnership, ties between [Indonesia and the U.S. remain strong](#). Still, many experts say the Southeast Asian country will never formally align with the U.S., seeking to balance its ties to North America and China.<sup>44</sup>
- **Malaysia:** The U.S. and Malaysia have historically cooperated on security, education and economics. But Malaysia [also seeks to balance relations with the U.S. and China](#).<sup>45</sup>
- **Vietnam:** Even the U.S. and Vietnam have forged closer ties, decades after the Vietnam War. Vietnam is the United States’ 10<sup>th</sup>-largest trading partner, and the countries [are increasing cooperation](#) in the face of China’s claim to own virtually the entire South China Sea.<sup>46</sup>

And for its part, Africa’s 54 countries offer a unique blend of economic diversity and untapped potential for manufacturing development. A select group of nations – Nigeria, South Africa, Morocco, Ethiopia and Kenya – stands out for their significant readiness to evolve into supply chain and industrial hubs. These countries are driving this transformation through strategic investments, abundant natural and human resources, improving infrastructure and favorable policy environments.

While they anchor the continent’s industrial progress, realizing Africa’s full potential will require addressing persistent challenges such as uneven infrastructure, energy deficits and regulatory inefficiencies. Collaborative efforts among governments, private

stakeholders and international partners, combined with targeted investments, will be crucial in transforming Africa's manufacturing sector into a shared success story for the continent.

- **Nigeria:** Africa's largest economy, Nigeria combines abundant natural resources and a large, youthful and educated population to expand its manufacturing base. As the U.S.'s [second-largest trade partner in Africa](#), with over \$10 billion in bilateral trade, Nigeria attracts significant investments in oil, mining and agriculture. Emerging industries in cement, food and beverages, and automotive assembly add momentum, though infrastructure and energy challenges remain pressing.<sup>47</sup>
- **South Africa:** As one of the continent's most industrialized nations, South Africa boasts a [diversified manufacturing base spanning automotive](#), metals and machinery. A strategic location and strong infrastructure make it a prime hub for investments. While energy shortages and labor unrest pose risks, its position as a regional economic leader ensures continued appeal to global partners.<sup>48</sup>
- **Morocco:** Morocco leads Africa's automotive industry, [producing 700,000 vehicles annually and generating \\$14 billion in exports](#). Major players like Renault and Stellantis power a sector that contributes 22% of GDP. With a U.S. Free Trade Agreement driving growth in automotive and aerospace industries, Morocco is cementing its role as a North African industrial powerhouse.<sup>49</sup>
- **Ethiopia:** Ethiopia is a rising star in textiles and apparel manufacturing, attracting foreign investors through its industrial parks and pro-business policies. While infrastructure gaps and political uncertainty persist, its light manufacturing sectors are gaining global traction, positioning Ethiopia as a competitive player in Africa's industrial landscape.
- **Kenya:** Kenya's strategic location in East Africa and infrastructure advancements fuel its agro-processing and textiles sectors. The government's agenda emphasizes manufacturing's role in economic growth. Recently named a U.S. major non-NATO ally, Kenya exemplifies strong international partnerships, fostering investments in technology and industrial development.

To capitalize on these opportunities, African nations must strengthen policies, enhance workforce training and invest in infrastructure to ensure their positions as strategic industrial partners. As ReGlobalization reshapes global supply chains, these five leading nations are well-positioned to deepen international partnerships.

The United Nations Conference on Trade and Development (UNCTAD) underscores that ReGlobalization offers a unique opportunity for Africa to strengthen its emerging industries, create millions of jobs and foster sustained economic growth. By addressing challenges and leveraging their unique strengths, these nations can secure pivotal roles in global supply chains and manufacturing over the coming decades.

# The Solution: Creating A ReGlobalization Blueprint for Your Supply Chain

ReGlobalization involves rethinking, redesigning and restructuring an organization's global supply chain while addressing the rapidly and continuously changing economic, political and business landscape.

Some combination of nearshoring, friendshoring and reshoring can help businesses capture opportunities for profitable and sustainable growth. And such moves are imperative in a world where disruption is the new normal and China is no longer the undisputed destination for foreign investment.

Deciding whether to redesign your supply chain is a complex process that requires you to carefully consider strategic and operational factors. Tompkins Ventures uses a structured approach and tools that evaluate 1,500 factors relating to ReGlobalization. That includes import and export data and strengths for every country in the world over the past 30 years. Below is just a snapshot of the type of data you need. (X marks countries with exports of \$10 million a year or more in the selected category; Y marks countries with exports between \$1 million and \$10 million a year in the selected category.)

## Capability Matrix

Data Source: Tompkins Ventures Sourcing Team

Product Matrix				Latin American Country						
Focus	Industry	Products	Specifics	Mexico	Dominican Republic	Costa Rica	Brazil	Colombia	Chile	El Salvador
Apparel	Footwear	Business								
		Casual		X	X		X	Y		Y
		Active		X	X		X	Y		Y
	Clothing	Menswear		X	Y		Y	Y		X
		Sportswear		X	X		Y	X		X
		Womenswear		X	Y		Y	Y		X
		Workwear		X	Y		Y	X	Y	X
	Accessories	Apparel Accessories		X	Y		Y	X		Y
		Handbags, Purses and Wallets		Y			Y			
		Jewelry and Watches		Y					Y	
		Luggage and Travel Bags		X	Y	Y	Y	Y	Y	Y
		Lingerie and Hosiery		X		Y		Y		X
		Audio Equipment		X	Y	Y	Y		Y	
		Cameras and Camera Equipment		X		Y	X	Y	Y	

Whether you partner with Tompkins Ventures or go on your own, your executive team must have that kind of granular data to evaluate the feasibility of ReGlobalizing, the ability to mitigate risks and the possibility of capitalizing on the benefits while aligning with long-term goals.



Step zero is ideation. This is where your organization identifies opportunities for ReGlobalization. Your supply chain executive team will develop a list of product categories that are candidates for ReGlobalization.

Note that your supply chain executive team must include procurement, manufacturing, transportation and distribution.

From there, Tompkins Ventures recommends the following process, also shown in the ReGlobalization flow chart.

### Step 1. Self-Assessment

A high-level review of the opportunities resulting from Step Zero. A self-assessment tool that looks at:

- Geopolitical and economic conditions of potential new locations
- High-level cost analysis of shifting operations
- Recommendations on whether the company should proceed with a detailed analysis.

### Step 2. Strategic Feasibility Analysis

This phase dives deeper, narrowing the options for new operational hubs, suppliers and logistics

providers. This assessment primarily focuses on evaluating ReGlobalization options, emphasizing a structured, step-by-step approach for businesses considering relocating operations. Here we focus on qualitative assessments and strategic decision-making.

If the strategic feasibility analysis suggests that ReGlobalization is a viable option, the detailed feasibility analysis will result in a deeper dive into the specifics. The focus shifts to:

- **Identifying suitable partners:** This involves researching and shortlisting potential providers who can deliver the required services in the new location.
- **Budget-level cost review:** A detailed analysis that estimates the financial impact of the proposed changes. Factors considered include raw material, manufacturing, logistics costs, duties, tariffs and taxes.

### Step 3. Operating Plan

This phase provides a data-driven operational change plan. The strategy includes:

- SKU-level analysis to determine the most cost-effective supply chain changes.
- **Operational adjustments:** A plan for shifting logistics flows, adjusting procurement processes and optimizing inventory management.

This phase focuses on developing a comprehensive plan for implementing the ReGlobalization initiative. Key activities include:

- **Determine relocation scope:** Decide what proportion of your organization's manufacturing and distribution activities you will move.
- **Granular product review:** Analyze procurement costs in detail, along with raw material and associated costs, to develop sourcing guidelines.
- **Granular logistics review:** Determine specific transportation and distribution costs to support the new sourcing plan.
- **Supply chain performance evaluation:** Examine historical data on demand and supplier reliability to recommend the most effective course of action.

### Step 4. Implementation Plan

This phase will define how the ReGlobalized business will operate, the technology required to maintain and evolve it, and the implementation strategy required to achieve it.

This phase will outline the detailed steps for procurement, transportation, distribution, and technology needed to implement the relocated operations. The accompanying dashboards will support your evolution of ReGlobalization, begetting Dynamic Supply Chain Optionality (DSCO).

This structured evaluation process that ranges from strategic feasibility to detailed cost-benefit analysis can help you make informed decisions that align with your goals for efficiency, risk mitigation and growth.

The insights gained from each phase will empower you to decide whether a supply chain redesign is the right move, enabling a go/no go business decision.

## ReGlobalization: A Journey, Not a Destination

Following the ReGlobalization process presented in this paper is a journey. We at Tompkins Ventures have been at work on this journey for over two years. In fact, we began talking about growing VUCA before COVID-19. And in the 2022 book [\*Insightful Leadership\*](#) we presented a call to action for massive supply chain upgrades.

Now, we are armed with:

- A self-assessment strategic feasibility tool,
- A ReGlobalization database,
- A global boots-on-the-ground procurement team,
- A global transportation, distribution and fulfillment costing capability,
- A team of ReGlobalization coaches with over 100 years of experience around the world who have completed hundreds of reshoring, nearshoring and friendshoring implementations,
- A team of supply chain strategy experts with over 100 years of deploying supply chain strategies for a wide variety of leading global companies,
- A Dynamic Supply Chain Optionality (DSCO) tool that deploys artificial intelligence and machine learning by providing continuous monitoring, calibration and upgrading of your global supply chain to address political upheaval, weather events, competitor actions, economic shifts – or something unforeseen, requiring you to alter your ReGlobalization plan and shift to an upgraded version of your path forward.

We are ready to engage. Send us an email or give us a call. We would love to guide you through our ReGlobalization process.

Email : [Reglobalization@Tompkinsventures.com](mailto:Reglobalization@Tompkinsventures.com)

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## Beyond the U.S. Lens: 8 Perspectives on ReGlobalization

When Tompkins Ventures published the first edition of this paper in late 2024, I thought we had told the whole story. We had outlined the forces driving ReGlobalization and laid out the blueprint for redesigning global supply chains for resilience, high performance and optionality. But in the months that followed, it became clear that we were missing something: voices from beyond our borders.

After all, ReGlobalization isn't an American phenomenon. It's a global reality. And while I've offered one informed perspective – from a seat in the United States – our world-class network at Tompkins Ventures spans more than 100 countries. So, we turned to our Business Partners and executives on the ground in Africa, Asia, Canada, Europe, India, Latin America, Mexico and Turkey. We asked a simple question: *How is ReGlobalization playing out in your part of the world?*

The result is eight powerful appendices. Each one was written by a native or long-term resident of the region discussed. These are not armchair theorists or policy wonks. They're supply chain leaders, operators and strategists who live the realities of trade, manufacturing, logistics and geopolitics every day.

What they shared added nuance, depth – and in some cases, a completely different take on challenges and opportunities I regions and countries I covered earlier.

And that's the point. ReGlobalization doesn't wear one face. It takes shape differently depending on the region's history, culture, infrastructure and political landscape.

If you're serious about building an adaptive, end-to-end global supply chain and adding optionality, these insights are indispensable. This is reality, told by those living it.

So read on. Remember, disruption doesn't respect borders. Neither should your thinking.

*James A. Tompkins, Ph.D.*



## Appendix Authors



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Tompkins Ventures Business Partner Eelco Dijkstra is founder and Managing Partner of Europhia Consulting. He has decades of experience in global supply chain, logistics, procurement, sourcing and market access, particularly in the pharmaceutical and biotech sectors.



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Tompkins Ventures Business Partner Sunil Kulkarni is a seasoned professional with over 20 years of diverse experience across market research, business development, supply chain management, and operations. He has held key positions in both Indian and multinational companies, with a strong track record in the construction equipment, automotive and market research industries.



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Barry Elliott is Vice President – Asia, Tompkins Ventures. He has over 40 years in manufacturing and distribution across North America and Asia. Based in Thailand, Barry has been a critical player in the Asia Pacific region, with stints in Thailand, Singapore, the Philippines, Shanghai and Hong Kong.



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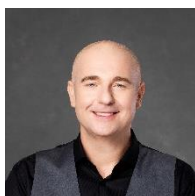
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# Appendix A: Africa: Unlocking Industrial and Supply Chain Gold in a ReGlobalized World

By Eleke Ukpabi  
Tompkins Ventures Business Partner

## At the Forefront of ReGlobalization

For decades, globalization has been synonymous with the dominance of China as the world's factory. While this has lifted millions out of poverty, shifting geopolitical dynamics, supply chain vulnerabilities and sustainability imperatives are driving a new phase – ReGlobalization. As businesses seek diversified manufacturing bases, Africa stands at a pivotal juncture, not just as a raw material supplier but as a burgeoning industrial and consumer powerhouse.

Yes, there is gold in Africa – along with other key minerals and rare earth elements. Combined with the continent's expanding workforce and regional trade agreements, Africa is poised to become a strategic linchpin in this next phase of globalization.

History has demonstrated that when global players recognize real opportunity, they move swiftly. China's deep infrastructure investments in Africa stand as proof. For companies and governments that take proactive steps now, Africa presents an opportunity to co-create new supply chain ecosystems, build sustainable industries and unlock untapped consumer demand in a way that is mutually beneficial and future-proof.

## Africa's Strategic Advantage in the ReGlobalized Economy

Africa's vast natural resources, demographic advantage and increasing economic integration present an unprecedented opportunity. The African Continental Free Trade Area (AfCFTA) is uniting a \$3.4 trillion market, making Africa the world's largest free trade zone, fostering investment and enabling industrial expansion.

Key competitive strengths:

- **Raw material and energy security:** Africa holds 30% of global mineral reserves, including lithium, cobalt and rare earth metals, critical for EVs and renewable energy. The continent also has significant petroleum production and oil reserves.

- **Demographic dividend:** Africa's working-age population will surpass 2.5 billion by 2050, providing a sustainable labor force for industrial growth.
- **Strategic nearshoring advantage:** Proximity to Europe enables cost-effective manufacturing, as seen in Morocco's rise as an automotive export hub. The North African country now exports more cars to Europe than China.
- **Growing consumer market:** By 2030, Africa's consumer spending is projected to reach \$6.7 trillion.

## Building Africa's Manufacturing and Supply Chain Hub

Historically, infrastructure gaps and governance challenges have hindered Africa's industrialization. However, recent advancements are shifting this reality. The rise of industrial zones, public-private partnerships and technological integration is positioning Africa as a key production hub.

Countries like Morocco, Ethiopia, Nigeria, Egypt, South Africa and Algeria have demonstrated how targeted policies can attract foreign direct investment (FDI) and develop robust industrial ecosystems. Morocco, for instance, has emerged as Africa's top automotive exporter, with Renault and Stellantis producing over 400,000 vehicles annually for European markets. Ethiopia's Hawassa Industrial Park, a textile manufacturing hub, has drawn global brands such as H&M and PVH.

These success stories illustrate that Africa can move beyond raw material exports to high-value manufacturing, strengthening global supply chain resilience while driving domestic economic growth.

Success stories in industrialization:

- **Morocco:** Africa's top automotive exporter, driven by strategic Special Economic Zones (SEZs), robust infrastructure and targeted foreign direct investment (FDI) incentives.
- **Ethiopia:** Building Africa's largest airport with a \$7.8 billion AfDB-backed project, set to triple national aviation capacity by 2040 and position the country as a key East African logistics hub.
- **Nigeria:** A fintech and creative industry leader, home to five unicorn startups and a \$7 billion entertainment sector spanning Nollywood and Afrobeats, fueling both economic growth and global cultural influence.
- **Egypt:** The continent's digital finance pioneer, attracting \$12 billion in FDI in 2023, supported by innovation in mobile banking, fintech regulation and financial inclusion.

- **South Africa:** An anchor for advanced financial services, integrated logistics networks and high-value manufacturing, reinforcing its role as a regional economic engine.
- **Algeria:** Diversifying its economy with \$10 billion investments in new industrial parks, aimed at reducing hydrocarbon dependence and expanding manufacturing capacity.

These success stories highlight how Africa's economic transformation is already happening. The challenge now is scaling these efforts across the continent through regional partnerships, knowledge-sharing and strategic investment incentives.

## Enhancing Supply Chain Resilience and Logistics

Africa's logistics sector is evolving rapidly with massive investments in ports, railways and smart logistics technologies. Infrastructure improvements such as Kenya's Standard Gauge Railway (SGR), which slashed freight transit times from 36 to 8 hours, exemplify this progress. Modernized ports, like Durban in South Africa, and major transport corridors are reducing costs and enhancing trade efficiency.

Technological enablers:

- AI and Blockchain are increasing supply chain transparency and reducing fraud.
- Digital marketplaces (e.g., Jumia) are revolutionizing eCommerce across the continent.
- Mobile banking and fintech (e.g., M-Pesa, Flutterwave) are driving financial inclusion and enabling trade.

## Africa as a Consumer Powerhouse

Beyond manufacturing, Africa is one of the fastest-growing consumer markets in the world. Rapid urbanization, financial inclusion and a booming middle class are fueling demand for goods and services.

In fact, by 2030, consumer and business spending in Africa is projected to reach \$6.7 trillion. The rapid expansion of mobile money platforms, like M-Pesa and fintech unicorns like Flutterwave, both mentioned above, is unlocking new opportunities for eCommerce, digital services and retail. Social entrepreneurship and technology ventures, such as Prescott Data in Kenya, are also making waves from a grassroots approach to commercial engagement with global expert support.

Global brands are already taking notice. Coca-Cola, Volkswagen and Unilever are expanding their African footprint, while homegrown giants such as Jumia, Safaricom and Dangote Group are scaling rapidly. With over 50% of Africa's population expected to live in cities by 2040, demand for modern infrastructure, consumer goods and financial services will surge, making Africa a lucrative destination for businesses looking to secure long-term growth.

Market expansion indicators:

- ECommerce revenue is projected to exceed \$100 billion by 2030, with mobile money leading financial transactions.
- Unbanked populations are gaining financial access, fueling economic participation.
- Retail giants like Amazon and Alibaba are expanding into Africa, recognizing its untapped potential.

## The Road Ahead Requires Scaling Industrialization and Innovation

To fully capitalize on ReGlobalization, African governments and stakeholders must scale what is working while addressing structural barriers.

Key policy and investment strategies:

- **Infrastructure expansion:** Closing Africa's \$100 billion annual infrastructure gap to support industrialization.
- **Regulatory reforms:** Streamlining investment policies to attract multinational corporations.
- **Workforce upskilling:** Expanding STEM and vocational training to build a future-ready workforce.
- **Sustainability focus:** Investing in renewable energy and green industrialization.
- **Leveraging AfCFTA:** Strengthening intra-African trade to reduce reliance on Western and Asian supply chains.

## Conclusion: Seizing the Moment

Africa is no longer just a continent of challenges – it is a land of immense opportunities. As ReGlobalization reshapes global trade, the businesses that invest in Africa now will lead the next era of global economic expansion. Africa stands as a frontier where businesses can scale, industries can thrive and economies can transform.

Africa is ready. The real question is: Who will seize the opportunity first?

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## Appendix B: Asia Responds to a Changing Trade Landscape

By Barry Elliott  
Vice President – Asia, Tompkins Ventures

The global economic landscape is undergoing a significant transformation as ReGlobalization redefines traditional supply chain paradigms. This movement, characterized by diversification away from China-centric production networks, prioritizes optionality and resilience amid geopolitical tensions, trade disruptions, and evolving consumer demands.

Asia, with its diversity of dynamic economies and resource-rich nations, is uniquely positioned to capitalize on this transformation – despite the uncertainty over the landscape considering U.S. tariffs. From Vietnam's electronics manufacturing boom to Indonesia's nickel reserves powering the electric vehicle (EV) revolution, the continent is emerging as a mosaic of specialized hubs ready to absorb redirected global trade flows.

And while many are hunkering down with a “wait-and-see” attitude regarding tariffs, tomorrow's winners will prepare today. Companies and countries should act now to add optionality to manufacturing and sourcing, look for new partnerships and expand to additional markets.

### How ReGlobalization is Redefining Asian Manufacturing

The reconfiguration of global supply chains has accelerated the rise of alternative manufacturing hubs in Asia, each offering distinct competitive advantages.

Vietnam has quickly emerged as a leading player, especially in electronics and textiles. Its low labor costs – 30 to 50 percent lower than those in China's coastal provinces – combined with a workforce known for technical ability have made it a go-to alternative. The sector's rapid growth is evident in its contribution to GDP, which jumped from 13 percent in 2000 to 25 percent by 2021. Add to that a central Southeast Asian location, a stable government and free trade agreements like the CPTPP and EVFTA, and Vietnam presents a compelling case for ReGlobalization investment.

India, meanwhile, is leveraging scale, policy and talent. Government programs such as the Production-Linked Incentive scheme and “Make in India” are encouraging investment in high-tech manufacturing, including semiconductors and electric vehicles.

The country's vast labor pool, improving business climate and expanding infrastructure are helping position it as a viable destination for advanced manufacturing.

Thailand has long been a regional leader in automotive production. Known as the "Detroit of Asia," it boasts an established ecosystem of suppliers, skilled labor and logistics infrastructure. This makes it a natural fit for companies looking to plug into mature supply chains without starting from scratch.

Indonesia is focusing on its natural resource advantage. The country holds some of the largest nickel reserves in the world – an element essential for electric vehicle batteries. By banning raw nickel exports, Indonesia has encouraged downstream investment and built momentum in developing a full EV supply chain.

## Why Resources Still Matter in Asia's Trade Strategy

The ReGlobalization era has reignited interest in raw materials. Several Asian nations are leaning into their role as critical suppliers of strategic resources.

Indonesia (as mentioned above) and the Philippines together account for over one-third of the world's nickel supply. This makes them indispensable to EV manufacturers and producers of stainless steel. Malaysia and Thailand dominate the natural rubber trade, providing over two-thirds of global supply, which is essential for tires and medical devices. Similarly, palm oil production – central to processed foods, cosmetics and biofuels – is concentrated in Malaysia and Indonesia, which together control about 85 percent of global output.

China and Myanmar remain key suppliers of rare earth elements, which are vital to electronics and defense systems. This gives them leverage in strategic sectors, even as some global players look to diversify sourcing.

These resource dynamics have moved Asia beyond a region for low-cost labor to a central place in the world's raw material strategy.

## The Workforce Advantage in Asian Economies

Asia's labor advantage is multifaceted, offering both low-cost manufacturing and high-skill service capabilities.

In Bangladesh and Pakistan, the textile industry continues to thrive. With wages lower than China's were a decade ago, these countries have built massive apparel operations. Pakistan's Special Economic Zones sweeten the deal with tax incentives and targeted



infrastructure. Both countries offer a youthful labor force, improving logistics networks and government support aimed at export growth.

In contrast, the Philippines is a leader in services. Its Business Process Outsourcing industry is world-class, thanks to an English-speaking workforce, competitive costs and a culture attuned to service delivery. It also plays a growing role in semiconductor manufacturing, expanding its footprint in the tech supply chain.

This dual-track labor model – where some countries provide cost efficiencies and others offer specialized skills – allows Asia to cater to a broad range of supply chain needs.

## What Role China Still Plays

Despite the shift away from China-centric models, China remains essential to the global economy. It continues to lead in advanced manufacturing and automation. Its domestic consumer market, fueled by a rising middle class, remains one of the largest in the world. And its infrastructure – from ports to rail to digital connectivity – is among the best anywhere.

However, the factors that once made China the world's uncontested factory – cheap labor and geopolitical stability – are no longer as dominant. Rising costs and strategic risk are prompting companies to diversify. Still, rather than being sidelined, China is evolving into a higher-value hub within the global trade network.

## The Tariff Wildcard Amidst Asia's Trade Calculus

Amid Asia's repositioning within global supply chains, one factor remains volatile: the evolving tariff landscape. The imposition of high U.S. import tariffs on certain countries could severely curtail market access, potentially undermining much of the progress made in building out new manufacturing hubs. As these policies shift, Asian manufacturers may find themselves needing to pivot even more – selling more to non-U.S. markets or rethinking their export strategies altogether.

While the current mood across Asia is one of cautious patience – waiting to see how trade tensions and election cycles influence tariff regimes – this uncertainty won't last forever. Eventually, the global tariff landscape will stabilize, one way or another. When that happens, Asian economies will need to adapt quickly to a ReGlobalized world where tariffs are no longer an exception but a permanent fixture of trade.

In such an environment, optionality becomes paramount. Countries and companies that plan for multiple outcomes and build flexibility into their supply chains will be far better

positioned to thrive. ReGlobalization, after all, doesn't mean a return to past norms. It means navigating a fragmented, dynamic world where adaptability is the ultimate advantage.

## Asia's Roadmap to a ReGlobalized Future

Asia's adaptation to ReGlobalization highlights a continent embracing specialization over uniformity. Countries like Vietnam and India are stepping forward as key manufacturing alternatives to China, while Indonesia and Malaysia are anchoring themselves in the global resource economy, particularly through their contributions to critical supply chains. Bangladesh and the Philippines, meanwhile, continue to serve as important centers for labor cost advantages, even as they increasingly emphasize workforce upskilling and capability development.

This evolving landscape brings with it a complex mix of opportunities and challenges. Asian nations are now competing more aggressively to attract foreign investment and manufacturing capacity, spurring reforms and strategic shifts. To remain competitive, many are accelerating efforts to modernize infrastructure and invest in education and training. At the same time, the pressure to evolve beyond low-value manufacturing is pushing countries to climb the value chain and establish more sophisticated industrial bases.

Regional integration is becoming increasingly important. Stronger ties between neighboring economies could unlock efficiencies, reduce barriers and promote collective growth across the continent. As global businesses reevaluate supply chain dependencies, Asia's diversity offers built-in resilience. Its countries are not only adapting to the changing demands of global commerce but also shaping what comes next.

Looking ahead, the long-term success of Asia's economies will depend on their ability to channel investment into infrastructure and human capital while fostering innovation and advancing technology. Governments must create regulatory environments that support businesses and look forward. Regional cooperation must drive shared prosperity and balance growth with sustainability and inclusive development to ensure long-term stability.

Despite the "pivot away" from Asia and China, the region's dynamic economies can adapt and succeed in a ReGlobalized world.

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# Appendix C: ReGlobalization: A Canadian Perspective

By Gary Newbury, MBA MSc  
Tompkins Ventures Business Partner

As global supply chains undergo significant transformation, Canada stands at a crossroads in the shift toward ReGlobalization. The traditional model of globalization, with its heavy reliance on Asian manufacturing, particularly in China, is giving way to a more diversified and regionally focused approach. Canada, with its strategic location, strong trade agreements and robust resource base, has a unique opportunity to position itself as a leader in nearshoring, friendshoring and reshoring efforts. The challenge, however, lies in balancing economic advantages with the realities of infrastructure constraints, labor availability and geopolitical shifts.

## Canada's Role in ReGlobalization

Canada's trade relationships, natural resources and geographic proximity to the United States create several advantages in the evolving supply chain landscape. With the United States-Mexico-Canada Agreement (USMCA) solidifying North America as an economic bloc, Canada is well-positioned to attract foreign direct investment (FDI) in key industries such as automotive, advanced manufacturing, natural resources and technology.

## Nearshoring: Strengthening North American Supply Chains

Nearshoring – the relocation of manufacturing closer to consumer markets – presents an opportunity for Canada to become a regional manufacturing hub. With the U.S. moving production out of China, Canada can serve as a reliable alternative, particularly for industries that require advanced manufacturing, strict regulatory compliance and high environmental standards.

Key advantages include:

- **Stable regulatory environment:** Canada offers a business-friendly legal framework, strong intellectual property protections and access to clean energy, making it attractive for industries like pharmaceuticals, medical devices and aerospace.
- **Skilled workforce:** With strong education and vocational training programs, Canada can support high-tech manufacturing in sectors like semiconductors, batteries and green energy technologies.

- **Renewable energy leadership:** As companies seek to meet sustainability targets, Canada's hydroelectric and renewable energy infrastructure positions it as a preferred location for sustainable production.

However, challenges remain. Higher labor costs, ongoing industrial action in key infrastructure areas (e.g., rail and ports) and limited industrial capacity in certain regions could deter manufacturers from relocating to Canada rather than lower-cost destinations such as Mexico. To remain competitive, Canada must invest in automation, AI-driven manufacturing and infrastructure improvements.

## Reshoring: The Case for Bringing Production Home

Reshoring involves shifting manufacturing and services back to a company's home country. For Canada, the sectors most likely to benefit include agriculture, food processing, medical supplies and critical minerals. The COVID-19 pandemic highlighted the risks of over-reliance on foreign suppliers, particularly in personal protective equipment (PPE), pharmaceuticals and semiconductors.

Strategic considerations for reshoring in Canada:

- **Critical mineral supply chains:** Canada is home to key rare earth minerals needed for EV batteries, semiconductors and defense technologies. The federal government's push for greater control over these resources aligns with global efforts to reduce dependence on China.
- **Food security and domestic processing:** With concerns over food supply disruptions, Canada needs to significantly expand its agri-food processing capacity to reduce reliance on imports and strengthen its domestic food supply chain.
- **Government incentives:** Federal and provincial programs supporting reshoring efforts – such as tax credits, subsidies and grants for technology investments – can make domestic production more viable.

Despite these advantages, reshoring to Canada will only succeed if businesses can offset higher labor and operational costs through automation, digital supply chains and process efficiencies.

## Friendshoring: Strengthening Alliances with Trusted Partners

Friendshoring refers to relocating supply chains to politically stable and economically aligned nations. Canada's long-standing trade partnerships and diplomatic relationships give it an edge in securing reliable, resilient supply chains.

Key opportunities for Canada in friendshoring:

- **Energy partnerships with the U.S. and Europe:** Canada's oil, gas and renewable energy sectors can serve as a stable alternative to volatile markets like Russia and the Middle East.
- **Technology and defense supply chains:** As the U.S. and its allies seek to reduce dependence on China for advanced technologies, Canada can become a key supplier for industries such as AI, cybersecurity, aerospace and telecommunications.
- **Latin American collaboration:** Canada can deepen economic ties with Mexico and other Latin American countries, particularly in mining, logistics and infrastructure development.

Friendshoring also aligns with environmental, social and governance (ESG) priorities, as businesses and governments prioritize ethical sourcing and sustainable production.

## Challenges and Considerations for Canada

While ReGlobalization presents significant opportunities, Canada must address several key challenges:

1. **Infrastructure limitations:** Canada requires major investments in transportation, ports, rail and logistics hubs to support expanded nearshoring and reshoring efforts.
2. **Labor shortages:** Targeted immigration policies and workforce development programs must address the skilled labor gap, particularly in the manufacturing, logistics and technology sectors.
3. **Regulatory complexity:** Businesses may face hurdles related to permitting, environmental regulations and interprovincial trade barriers, which could slow down supply chain reconfiguration.
4. **Global competition:** Canada must compete with the U.S., Mexico, and other countries offering **lower costs and stronger incentives** for relocating supply chains.
5. **Potential change of federal government:** Canada has already imposed tariffs on \$60 billion worth of U.S. imports. Any change in Canada's trade policies could alter the country's posture vis-à-vis U.S. trade policies. And, of course, there's the wild card of what tariffs, if any, U.S. President Donald Trump will impose.

## Strategic Recommendations

To fully capitalize on ReGlobalization, Canada should take a proactive approach by:

- **Investing in supply chain resilience:** Expanding infrastructure, including smart ports, AI-driven logistics and automated warehouses.
- **Strengthening trade relationships:** Enhancing agreements with Mexico, Europe and emerging markets to secure diversified sourcing options.
- **Supporting industrial innovation:** Providing incentives for automation, green manufacturing and AI-driven supply chain technologies.
- **Developing a future-ready workforce:** Expanding STEM education, vocational training and skilled immigration programs.

## Canada's Path Forward

ReGlobalization is reshaping global supply chains, and Canada has a chance to emerge as a key player in the North American and global trade ecosystem. By leveraging its natural resources, technological capabilities and strategic location, Canada can attract investment and solidify its position in sustainable, resilient and diversified supply chains. However, to fully realize these benefits, Canada must proactively address infrastructure, labor and regulatory challenges while strengthening trade alliances and industrial capacity.

With careful planning and strategic investment, Canada can turn ReGlobalization into a competitive advantage, securing long-term economic growth and supply chain stability in an increasingly fragmented global landscape.

## Appendix D: ReGlobalization and Its Impact on Europe and the Middle East

By Malcolm Pope, Vice President – Europe, Tompkins Ventures,  
Piotr Skobalo, Vice President – Europe, Tompkins Ventures,  
And Eelco Dijkstra, Tompkins Ventures Business Partner

The shifting tides of global trade, driven by perpetual disruptions, have set off a wave of ReGlobalization, including in Europe and the Middle East. This movement has been accelerated by tariffs introduced by U.S. President Donald Trump over the last few months. By imposing tariffs and championing “America First” strategies, the administration aims to address the U.S. federal government’s financial deficit, now exceeding \$36 trillion – an almost unmanageable figure. Annual interest payments alone reach \$1 trillion, comparable to what the United States spends on defense.

However, these policies have accelerated ReGlobalization and triggered a backlash, severely straining economic and political alliances with key allies, prompting them to reconsider longstanding trade partnerships. These policies are causing economic harm to key allies, including Canada, the U.K., the EU, Japan and South Korea.

In today’s interconnected global supply chains, quick changes to manufacturing operations are nearly impossible. Establishing new factories inside the US to avoid tariffs, as suggested by the U.S. administration, requires significant capital investment and skilled labor, both of which are challenging to mobilize. Having transitioned from a manufacturing-based to a service-based economy decades ago, the U.S. faces serious doubts from US and international experts about whether these strategies will achieve their intended outcomes.

The ongoing disruptions have also triggered a wave of ReGlobalization, particularly evident in Europe and the Middle East. U.S. tariffs have forced countries and corporations to reevaluate supply chains and trade partnerships. While the tariffs were touted as a way to generate billions in revenue and bolster U.S. industries, they have instead spurred countermeasures, driving nations to seek alternatives to U.S.-centric economic systems.

### Europe Has Responded Slowly, but Decisively

Europe, often mistakenly viewed as a single entity, is a diverse coalition of nations with distinct economic policies. The European Union (EU), initially established as a free trade zone, has evolved into a quasi-federal system coordinating economic and political



strategies. Nonetheless, its decision-making processes remain slow and require consensus across its 27 member states.

With a population of 450 million, or 632 million if including non-EU European states, the EU represents a formidable economic bloc compared to the U.S. population of 340 million. Its single market and common currency create a resilient framework for internal and external trade.

The imposition of U.S. tariffs has further strained tensions. In 2024, the EU reported a trade surplus of \$235.6 billion, compared to the U.S. trade surplus in services, which stood at \$109 billion. Diplomatic efforts to address these imbalances have been undermined by U.S. administration's inflammatory rhetoric, describing trade partners such as Canada and the EU as “nasty” and “bad.”

In response, European nations are reducing their reliance on the U.S., rethinking investments in U.S. treasury securities. Countermeasures include tariffs on symbolic American exports like bourbon and Harley-Davidson motorcycles. Additionally, the EU's newly announced €800 billion defense fund demonstrates a significant move toward self-reliance, reducing future dependencies on the U.S.

## The UK's Balancing Act

Since Brexit, the UK has carefully navigated its position between the U.S., the EU and the Commonwealth. Though its initial responses to U.S. tariffs have been muted, the UK's economic reliance on Europe remains evident, with 42% of its \$463 billion in 2023 exports directed to the EU, compared to \$242.8 billion to the U.S. Given this disparity, the UK is likely to emphasize diplomacy and soft power over direct in its trade strategies.

## Central and Eastern Europe: The New Backbone of European Supply Chains

The Central and Eastern Europe (CEE) region has emerged as a critical pillar in Europe's evolving supply chain architecture.

As Western European companies diversify away from Asia and seek to nearshore operations, countries such as Poland, Czech Republic, Slovakia and Hungary offer compelling value propositions – combining EU-level regulatory alignment with 30%-50% lower labor costs than Western Europe, robust infrastructure, and a growing pool of skilled workers. Poland alone has seen a 60% increase in foreign direct investment

(FDI) in logistics and manufacturing since 2020, while Hungary and Slovakia consistently rank among the top global car exporters per capita.

The region's strategic location at the crossroads of the TEN-T (Trans-European Transport Network) corridors enhances its appeal, enabling efficient access to over 500 million consumers across the continent. As global players look to mitigate geopolitical risks and shorten lead times, CEE nations are rapidly becoming hubs for advanced manufacturing, logistics and shared services.

In a ReGlobalized world, the region is no longer Europe's periphery – it is fast becoming its operational heart.

## The Middle East Is Adapting to Change

The Middle East, while less directly impacted by U.S. tariff policies, is cautiously navigating the shifting trade landscape, given its reliance on oil exports and strategic geopolitical positioning. In fact, the Trump administration has not specifically targeted any Middle Eastern countries with tariffs. Moreover, the U.S. maintains a trade surplus of \$19.5 billion with Middle Eastern nations. However, global shifts away from fossil fuels and the potential need for economic diversification will shape the region's long-term trajectory.

One critical factor will be the role of China, which has been actively expanding its trade relationships in the region. With China's Belt and Road Initiative fostering deeper ties with Gulf Cooperation Council (GCC) nations, the Middle East may gradually pivot towards a more multipolar economic strategy, reducing reliance on the U.S. And other nations may respond to U.S. protectionist policies by pursuing new economic partnerships to stabilize trade. Emerging markets beyond the GCC nations include India, Africa and Southeast Asia, all attractive due to their expanding consumer bases and youthful demographics.

## The Global Ripple Effect

The ripple effects of U.S. tariffs extend far beyond Europe and the Middle East, catalyzing a reorganization of global economic alliances. The European defense industry's pivot away from U.S. suppliers, Canada's alignment with the EU and China's growing presence in global markets all suggest a shift toward a more multipolar global trade system. At the same time, Central and Eastern Europe's rapid rise as a supply chain powerhouse underscores how ReGlobalization is not just a reactive shift but a strategic transformation.

History warns of unintended consequences of economic protectionism. By adopting restrictive trade policies, the U.S. risks alienating traditional partners and pushing them toward alternative trade partnerships. While ReGlobalization presents opportunities for diversification and resilience, it also poses challenges for the U.S., which could face increasing isolation in global markets.

As nations adapt to these dynamics, the U.S. must carefully weigh the long-term impacts of its strategies. Efforts to safeguard domestic industries may inadvertently drive its closest allies to forge new economic alliances, reshaping global trade for decades to come.

## Appendix E: India, The Roaring Tiger of ReGlobalization

By Murali Namanna and Sunil Kulkarni  
Tompkins Ventures Business Partners

As the global economic order undergoes its most significant recalibration in decades, India is asserting itself as a pacesetter. Although systemic shocks like the pandemic and supply chain vulnerabilities kickstarted the ReGlobalization era, the growing wave of tariff wars, protectionist policies and cross-border friction have forced companies worldwide to notice. Executive teams are looking for resilience, optionality and diversified production bases.

Like a tiger crouching in stillness, India has been preparing patiently – now leaping into global relevance with strength and precision. India is now leaping out into the open. The Asian subcontinent offers options that blend scale, trust and innovation.

In this new landscape, India is not simply an alternative to China. It is an ecosystem of economic vitality, policy clarity and technological ascendancy. The tariff wars may have been a disruptor for some. But for India, they could prove to be a strategic windfall.

### Turning Trade Turmoil into Strategic Leverage: India's Moment

The intensifying trade tensions, particularly between the United States and China, have disrupted longstanding norms of trade liberalization. Steep tariffs, export controls and retaliatory measures have made global companies acutely aware of the risks tied to supply chain concentration. As a result, optionality – having multiple sourcing and production nodes across friendly geographies – has become a strategic imperative.

India embodies this optionality. Beyond low-cost manufacturing, it offers democratic resilience, rule-of-law-based governance, a deep pool of English-speaking STEM talent and growing strategic alignment with Western democracies on trade, security and technology standards. Just like the tiger that turns disruption into dominance, India is thriving in terrain others find too volatile to navigate.

Its emergence as a hub for resilient supply chains has been further validated by IMF and United Nations data. According to the IMF's April 2025 World Economic Outlook, India's GDP is projected to grow by 6.2% in 2025 and 6.3% in 2026, placing it far ahead of global peers like China (4.0%) and the U.S. (1.8%). Similarly, a U.N. midyear economic update confirms India's position as the fastest-growing major economy, driven by government spending, private investment and steady inflation control.

Far from being an obstacle, tariff escalation is creating the very incentives for companies to seek India's value proposition: a diversified base, lower risk exposure and favorable trade alignment with the West.

## India's Export Engine May Be Just Getting Started

Over the last decade, India's export performance has been nothing short of historic. Exports surged to USD \$824.9 billion in 2024-25 – a 77% increase from USD \$466.22 billion in 2013-14. The country's export portfolio has evolved beyond traditional sectors like textiles and jewelry. Today, engineering goods, pharmaceuticals, electronics, software services and automotive components lead the charge.

India's pharma sector – long known for its role in global generics – is now emerging as a global health partner, not only in generics but also in biotech innovation, biosimilars and vaccine diplomacy. The nation produces over 60% of the world's vaccines. Similarly, digital services remain a mainstay. Services exports exceeded USD \$387 billion in 2024-25, a remarkable leap from just USD \$152 billion a decade earlier.

Crucially, India's export orientation isn't just about volume. The country's manufacturers are adapting to global norms. With increasing compliance to EU standards, such as the Carbon Border Adjustment Mechanism, India is proving its capacity can meet the regulatory expectations of high-value markets.

## Manufacturing Moves from Cost Advantage to Value Creation

India's manufacturing resurgence is built on the back of aggressive policy intervention and infrastructure modernization. The Make in India campaign, launched in 2014, laid the groundwork by inviting global manufacturers to invest in key sectors. But it is the Production-Linked Incentive (PLI) schemes that have turbocharged the transformation. With billions in incentives spread across sectors – from semiconductors and electronics to automobiles and pharmaceuticals – PLI is enhancing India's competitiveness across global value chains.

The results are evident. Vehicle production reached 28 million units in 2023-24, up from 2 million in 1991, making India the third-largest auto market globally, with a growing emphasis on electric mobility and sustainable transport. Automobile exports stood at 4.5 million units, and the country attracted \$36 billion in FDI in the last four years alone. EV adoption is accelerating rapidly, with over 4.4 million EVs registered. And India's lithium deposits position it to become a battery superpower in the near future.

India's ambitions are not limited to vehicles. Its electronics and semiconductor policies, supported by partnerships with global firms like Foxconn and Micron, are setting the stage for a broader industrial evolution. That evolution includes advances in defense manufacturing, space technology and hydrogen fuel production.

## Infrastructure – Digital and Otherwise – as a Competitive Lever

One of India's most underappreciated assets in the ReGlobalization context is its unprecedented infrastructure buildout. Under the [PM Gati Shakti National Master Plan](#), 208 major infrastructure projects worth USD \$185.42 billion have been streamlined for coordination across ministries. National highways now span over 146,000 kilometers, more than double the 2004 figure. Capital expenditure on roads alone surged 5.7 times in the last decade.

Airport capacity has doubled since 2014. Maritime cargo handling has grown 87%, and dozens of logistics parks are being built to support multimodal transport. With improved rankings on the World Bank's Logistics Performance Index, India could become a logistics hub in its own right.

India's leadership in digital public infrastructure – especially UPI, Aadhaar and DigiLocker – is now seen as a blueprint for the Global South, with countries in Asia, Africa, and Latin America replicating India stack models. The Unified Payments Interface (UPI) enables billions of instantaneous transactions monthly and has been adopted by countries beyond India. With over a billion people connected to banking, identity and mobile networks through the JAM Trinity (Jan Dhan-Aadhaar-Mobile), India is creating a digital backbone that facilitates transparency, traceability and scale.

This digital leap has catalyzed the rise of a robust startup ecosystem. India now hosts over 100 unicorns and ranks among the top three startup hubs globally. Startups in logistics, AI, fintech and agri-tech are solving domestic challenges and exporting their innovations.

India is also building next-gen open protocols like ONDC (Open Network for Digital Commerce) to democratize eCommerce infrastructure. Such protocols help break monopolies and enable inclusion of micro, small and medium-sized enterprises at scale.

## Youthful Talent Powers Growth, Inexpensive Innovation

A key differentiator for India is its unmatched talent pool. With the world's youngest population, median age of 28.4, and over a million engineers graduating annually, India represents not just a workforce, but a consumption engine and innovation lab for the

next decade. India offers intellectual capital at a scale few can match. This workforce is large, digitally literate, globally oriented and increasingly multilingual.

The government's focus on vocational training, STEM education and digital literacy further enhances India's demographic dividend. Moreover, the country has a reputation for frugal innovation. In other words, they develop solutions that are high-quality, low-cost and scalable.

With GenAI labs, quantum research centers and AI-driven drug discovery startups, India is moving beyond service delivery to become a global co-innovation partner

Such capacity is an asset in a world seeking efficiency amid economic constraints.

## Strategic Trade Integration and Reliability

Free trade agreements are signaling devices that assure global firms that India is serious about long-term engagement. Recent free trade agreements under negotiation, especially with the European Union and United Kingdom, are creating frameworks that reduce friction, improve IP protection and facilitate strategic technology and services flows.

India's regulatory systems, legal transparency and institutional continuity offer investors and supply chain leaders an attractive alternative in a geopolitically volatile world. Political stability and improved ease-of-doing-business rankings make it a compelling base for both sourcing and innovation.

India's leadership in the Global South – via initiatives like the International Solar Alliance, vaccine diplomacy and the Global Biofuel Alliance – strengthens its role as a bridge between developed and developing economies.

## ReGlobalization Transforms Aspiration to Assertion

India's rise in the ReGlobalization narrative is neither accidental nor temporary. It is the product of strategic foresight, policy alignment and grassroots transformation. The same trade wars that have disrupted the global status quo have become a unique enabler for India – a call to leadership in an increasingly multi-polar supply chain world.

India is not merely rising – it is redesigning the world's next supply chain architecture. The tiger has leapt. And the world is adapting to its rhythm. For global businesses and governments alike, India is emerging as a central node of strategic trust, optionality and innovation.

This is the age of India, the roaring tiger of ReGlobalization – stealthy in its approach, swift in its execution and impossible to ignore.

The roaring tiger is not merely ready. It is already running.

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## Appendix F: Latin America's Role in ReGlobalization

By Marco Lara-Gracia

Vice President – Latin America, Tompkins Ventures

Latin America is a diverse region encompassing Central America, South America and the Caribbean nations. This geographic expanse includes a variety of cultures, economies and industries that contribute to the global supply chain in unique ways.

As companies seek to pivot away from China-centric, single-source supply chains, Latin America is emerging as a key player in the new ReGlobalized world, a world where companies strategically reconfigure their global supply chains to balance efficiency, resilience and geopolitical considerations. This shift moves beyond traditional globalization models to combine nearshoring, reshoring and friendshoring. Combined with digital enablement, this reconfiguration offers a comprehensive approach to supply chain transformation.

Latin America presents a compelling case for businesses aiming to establish regional partnerships and diversified sourcing. To illustrate this, we will focus on three countries – Costa Rica, the Dominican Republic and Panama (including the Panama Canal) – and one U.S. territory, Puerto Rico. These locations exemplify how Latin America can serve as a vital hub for nearshoring and reshoring in an era of supply chain resilience.

### Costa Rica Offers Talent and Proximity

Costa Rica has positioned itself as a leading nearshoring destination for North American businesses, offering a combination of skilled labor, geographic proximity and business-friendly policies.

- **Proximity to the U.S.:** With a flight time of just a few hours from major U.S. cities, Costa Rica provides businesses with shorter lead times and more efficient logistics compared to offshoring to Asia. And container ships from Costa Rica can be in [port in Houston in as little as 16 days](#).
- **Skilled workforce:** Costa Rica boasts a strong education system, particularly in science, technology, engineering and mathematics (STEM) fields. Many Costa Ricans are bilingual, speaking both Spanish and English fluently, making them an asset to companies requiring customer support and technical expertise.
- **Cost-effectiveness:** While labor costs are higher than in some offshore destinations, they remain significantly lower than in the U.S., offering a balance between affordability and quality.

- **Infrastructure and connectivity:** Modern highways, ports and telecommunications infrastructure make Costa Rica a competitive business environment for nearshoring.
- **Free Trade Agreements (FTAs):** Costa Rica is a member of CAFTA-DR, providing preferential access to key global markets, including the U.S., Canada and the European Union.

These factors position Costa Rica as an attractive nearshoring destination, helping companies reduce operational risks while maintaining high-quality production standards.

## The Dominican Republic Can Rise to a Regional Powerhouse

The Dominican Republic has firmly established itself as a regional leader in manufacturing and logistics. With one of the fastest-growing economies in Latin America, the country benefits from reduced tariffs under CAFTA-DR, facilitating robust trade and investment flows with the United States.

Its manufacturing sector is highly diversified, encompassing textiles, apparel, medical devices, pharmaceuticals and electronics. Global firms such as Johnson & Johnson, Medtronic and GE Energy have invested in operations there, drawn by a skilled workforce and supportive business climate.

Logistically, the Dominican Republic is well-positioned. Its 14 seaports and multiple international airports enable efficient movement of goods throughout the Caribbean and Latin America. This connectivity makes the country a preferred location for distribution hubs, with companies like Nestlé leveraging it to streamline regional supply chains.

In addition, as mentioned above in the section “Dominican Republic: An Eastern United States Logistics Hub,” the island nation is perfectly positioned to become the Singapore of the East.

The Dominican Republic offers a blend of strategic location, industrial capability and logistics strength that aligns perfectly with the goals of a ReGlobalized world.

## The Panama Canal’s Critical Role in Modern Supply Chains

Few infrastructure assets are as integral to trade in the Americas, even the globe, as the Panama Canal. As companies reorient their supply chains in response to shifting geopolitical and market dynamics, the canal continues to serve as a vital link in transportation networks.

Its ability to drastically reduce transit times between the Atlantic and Pacific Oceans gives manufacturers in Central and South America a powerful advantage in reaching the U.S. and global markets. This strategic corridor cuts shipping times and costs, supporting just-in-time delivery models and reducing inventory burdens.

Beyond its geographic utility, the canal enhances supply chain flexibility and resilience. For companies diversifying away from single-region dependency, the Panama Canal offers a secure, established pathway that strengthens regional connectivity across the Americas.

In the age of ReGlobalization, the Panama Canal is a linchpin in a smarter, more adaptive supply chain strategy.

## Puerto Rico Offers U.S. Access without the International Complexity

Puerto Rico offers distinct advantages for companies seeking to reshore or nearshore manufacturing while remaining within U.S. regulatory frameworks.

- **U.S. legal and trade benefits:** As a U.S. territory, Puerto Rico falls under the U.S. Customs Union, meaning that goods manufactured there are not subject to tariffs when shipped to the mainland U.S.
- **Skilled workforce:** The island has a highly educated labor force, particularly in pharmaceuticals, biotechnology and medical devices, making it a prime destination for reshoring in these industries.
- **Advanced infrastructure:** Puerto Rico features well-developed air and sea logistics networks, with major ports and international airports facilitating efficient trade.
- **Cost advantages:** While labor costs are lower than in the mainland U.S., they remain competitive with other nearshoring locations, offering a skilled workforce without the challenges of operating in a foreign legal environment.

Puerto Rico's strategic position within the U.S. economy makes it an appealing choice for companies looking to strengthen supply chain resilience while maintaining seamless access to American markets.

## Charting a Smarter Path Forward

Latin America is an essential component of ReGlobalization, offering viable alternatives to the traditional Asia-centric supply chain model. The region's proximity to North

America, skilled labor force, competitive costs and advanced logistics infrastructure make it an attractive destination for nearshoring and reshoring efforts.

By focusing on countries like Costa Rica, the Dominican Republic, and Panama – along with U.S. territories like Puerto Rico – businesses can strategically realign their supply chains to prioritize efficiency, resilience and adaptability. Latin America's evolving role in global trade underscores its potential as a key player in building a more sustainable and diversified supply network for the future.

# Appendix G: ReGlobalization: Mexico's Strategic Role in a Shifting Global Economy

By Javier Zarazúa  
Tompkins Ventures Business Partner

The world has entered a new era of global trade and manufacturing, one where companies and governments are re-evaluating their supply chains to mitigate risk and ensure resilience. This ReGlobalization has been driven by geopolitical tensions, supply chain disruptions and a renewed focus on regional trade agreements. At the center of this transformation is Mexico, a country uniquely positioned to benefit from the reconfiguration of global manufacturing and logistics networks.

## The End of Globalization as We Knew It

For decades, globalization was synonymous with offshoring, primarily to China, as companies sought cost savings through low-wage labor and economies of scale. However, this model's vulnerabilities have become painfully clear in recent years. The COVID-19 pandemic, rising geopolitical tensions, trade wars and natural disasters have exposed the fragility of extended supply chains reliant on a single manufacturing hub.

In response, companies have started looking for alternative production locations closer to their main consumer markets. This shift is not just about cost; it's about reducing lead times, increasing supply chain resilience and ensuring compliance with evolving trade regulations. The result? ReGlobalization: A global manufacturing realignment that favors a combination of nearshoring, friendshoring and reshoring.

## Mexico Can Be the Nearshoring Powerhouse

Mexico stands as the prime beneficiary of this shift. With its proximity to the United States, a skilled and cost-effective workforce and favorable trade agreements, the country has emerged as the leading nearshoring destination. The United States-Mexico-Canada Agreement (USMCA) provides a strong legal framework for trade, further enhancing Mexico's attractiveness as a manufacturing hub.

A number of advantages are driving Mexico's manufacturing boom

**Proximity to the U.S. Market:** Mexico's geographical advantage cannot be overstated. Products manufactured in Mexico can reach U.S. markets in days rather than the weeks or months required for shipments from Asia. This not only improves

cash flow for companies but also reduces the risks associated with long-distance logistics. Additionally, being in the same or similar time zones allows for better communication and collaboration between suppliers and manufacturers in both countries.

**Competitive Labor Force:** With a workforce that is younger and more affordable than in the United States, Mexico offers a strong labor advantage. The country's focus on STEM education has also bolstered its ability to support high-value industries such as automotive, aerospace and electronics. According to the National Institute of Statistics and Geography (INEGI), Mexico produces more than 110,000 engineering graduates annually, ensuring a steady pipeline of skilled workers for the manufacturing sector.

**Established Industrial Base:** Decades of investment in manufacturing – particularly in the automotive and aerospace sectors – have created a well-developed supply chain infrastructure. Many multinational corporations have already established operations in Mexico, further strengthening the country's industrial ecosystem. The presence of clusters, such as the automotive hubs in Nuevo León and Bajío and the aerospace industry in Querétaro, makes it easier for new companies to integrate into existing supply chains.

**Trade Agreements:** Mexico's participation in 13 free trade agreements covering 50 countries ensures that it remains a competitive player in global trade. The USMCA, in particular, provides stability and incentives for companies to manufacture within North America. Additionally, Mexico's trade agreements with the European Union and Japan further expand its market access, making it a strategic manufacturing hub beyond just the Americas.

## Potential Challenges Include Tariffs and Policy Uncertainty

Despite Mexico's advantages, potential trade policy shifts in the United States could pose challenges. Former President Donald Trump's return to the White House in 2025 has reignited concerns about tariffs on Mexican goods. His administration has floated the idea of imposing a 25% tariff on imports from Mexico, a move that could disrupt current nearshoring strategies. A blanket tariff could particularly impact industries such as automotive and electronics, where Mexico plays a crucial role in supplying the U.S. market.

However, history suggests that such threats may be part of broader negotiations. In 2019, similar tariff threats were used as leverage to influence Mexico's immigration policies. While the uncertainty may cause hesitation among investors, Mexico's long-term strategic advantages are likely to outweigh temporary policy shifts. Moreover,

many industries depend on North American supply chains that are deeply integrated, making drastic policy changes more difficult to implement without significant economic repercussions.

## The Role of the Mexican Government

Mexico's government has recognized nearshoring as a key economic driver and has started implementing measures to support this trend. President Claudia Sheinbaum's administration has prioritized infrastructure investment, energy sector reforms and industrial policy improvements. Notable initiatives include:

- **Infrastructure development:** Investments in highways, rail networks and ports to facilitate trade. The Mexican government has announced plans to modernize the ports of Veracruz and Manzanillo to handle increasing trade volumes.
- **Energy sector reforms:** Encouraging private investment in energy production to ensure stable electricity supply for industrial operations. With nearshoring driving demand, industrial zones require expanded energy access, particularly in northern states.
- **Workforce development:** Expanding technical education programs to address labor shortages in key manufacturing sectors. Specialized training programs in automation and robotics are being introduced to meet the growing demand for advanced manufacturing skills.

While these initiatives are promising, challenges remain. Mexico needs to address water shortages in northern industrial hubs, bureaucratic inefficiencies and security concerns to fully capitalize on the nearshoring wave. Additionally, delays in infrastructure development, particularly in rail and road expansion projects, could slow progress if not managed effectively.

## The Future of Mexico in a ReGlobalized World

As ReGlobalization accelerates, Mexico has a unique opportunity to establish itself as the preferred manufacturing hub for North America and beyond. The country's ability to attract foreign direct investment and develop integrated supply chains will be crucial in determining its long-term success. Foreign direct investment in Mexico reached a record high of \$36 billion in 2023, signaling strong confidence from global corporations in Mexico's manufacturing future.

For businesses, the key to thriving in this new environment is preparation. Companies must:

- **Diversify supply chains:** Reduce reliance on any single country for critical components.
- **Invest in local partnerships:** Establish strong relationships with Mexican suppliers to build resilient production networks.
- **Monitor trade policy developments:** Stay ahead of potential tariff changes and adjust sourcing strategies accordingly.
- **Focus on quality and efficiency:** Competing with China requires not just cost competitiveness but also superior quality and operational efficiency.
- **Optimize logistics:** Leveraging Mexico's growing logistics hubs, including new intermodal rail connections, can further reduce costs and improve delivery times.

## ReGlobalization Will Reward Mexico

Mexico's role in ReGlobalization is clear: it is the bridge between the past era of globalized manufacturing and the new, more resilient future of regionalized trade. While potential challenges – such as U.S. trade policies – loom on the horizon, Mexico's fundamental advantages position it as a long-term winner in the shifting landscape of global commerce.

For companies willing to invest in Mexico's growing manufacturing ecosystem, the rewards are substantial. The nearshoring wave is here to stay, and Mexico is at its epicenter.



# Appendix H: ReGlobalization from Turkey's Perspective

## The Cyclical Nature of ReGlobalization

By Coşkun Soyer  
Tompkins Ventures Business Partner

While globalization has long been a defining feature of the modern world, its evolution is cyclical, not linear. The concept of ReGlobalization captures this ongoing shift – an ebb and flow driven by economic, political and technological forces. Historically, nations, empires and companies that failed to recognize and adapt to these shifts have declined, while those that embraced change thrived.

One of the most significant historical examples is the Ottoman Empire. Positioned at the crossroads of East and West, the empire flourished as a key link in global trade. However, as European powers developed maritime routes to Asia, they bypassed Ottoman-controlled land routes. As trade routes shifted from overland to over the ocean, the empire's economic influence diminished. This shift in trade patterns contributed significantly to its long-term decline. The Ottomans underestimated the significance of maritime trade, failing to invest in naval capabilities, while European nations expanded their global reach.

This miscalculation ultimately weakened the empire's financial and geopolitical standing. Many historians cite that weakening as a key factor in the Ottoman Empire's decades long decline and fall.

Today, the world is witnessing another major transition: Western nations, particularly the United States and the European Union, are actively reducing dependency on China-centric supply chains, prompting companies and countries to diversify. Turkey, given its strategic location and economic strengths, has an opportunity to play a crucial role in this evolving landscape.

## Turkey's Strategic Role in ReGlobalization

Turkey continues to serve as a bridge between East and West, offering geographic, economic and logistical advantages that make it an attractive alternative in the current ReGlobalization movement. The country's proximity to European markets provides companies with a shorter, more resilient supply chain, reducing risks associated with over-reliance on single-source manufacturing in Asia. Its diversified trade relationships and well-established infrastructure support Turkey's emergence as a critical hub in this transition.

Chinese investment in Turkey is increasing, particularly in sectors like automotive manufacturing, where brands like BYD and Chery are exploring production opportunities. These investments signal Turkey's growing importance in global supply chain diversification. Additionally, Istanbul Airport, home to Turkish Airlines, has emerged as the world's most connected airport, reinforcing Turkey's role as a global logistics hub.

With access to markets spanning Europe, the Middle East and Central Asia, Turkey's infrastructure positions it as an ideal alternative to longer, riskier supply routes that begin in China.

However, ReGlobalization presents both opportunities and challenges. While Turkey benefits from increased foreign investment and trade diversification, rising production costs have led some industries, particularly textiles, to shift operations to lower-cost countries. Turkish textile retailers are increasingly choosing to manufacture in Egypt due to lower labor and operational costs. This illustrates the competitive pressures Turkey faces in certain sectors – despite its strategic advantages.

## Trade, Tariffs and Geopolitical Realities

Turkey's trade relationships extend beyond traditional Western partners. The country maintains strong economic ties with Russia, particularly in energy, with key pipeline projects strengthening this connection despite ongoing geopolitical tensions – including Russia's war with Ukraine.

Similarly, Turkey's trade with Iran remains significant, reaching \$5.5 billion in 2023. Yet, even as Turkey engages in trade with Iran, its central bank recently removed the Iranian rial from its list of traded currencies, signaling potential shifts in financial policy. Notably, the Russian ruble remains in circulation, reflecting the nuanced approach Turkey takes in balancing its economic partnerships.

Another significant geopolitical factor is U.S. trade policy. The return of Donald Trump to the presidency is bringing renewed tariff policies, impacting global supply chains. Trump's past approach to trade has focused on tariffs as a tool for economic leverage, particularly against countries with significant trade surpluses with the United States. While Turkey ranks 26th or 27th in trade volume with the U.S., making it a less likely target for aggressive tariff measures, specific industries – such as steel and iron – could still face potential disruptions. Turkey has already encountered tariffs in the past, and its reliance on specific exports to the U.S. means it must remain prepared for any shifts in trade policy.

## Supply Chain Innovation and Emerging Industries

Turkey's growing prominence in supply chain resilience is not limited to traditional logistics sectors like third-party logistics (3PL) and freight forwarding. The country is witnessing a rapid rise in technology-driven solutions that enhance supply chain efficiency. Companies specializing in software development, automation and robotics are increasingly supporting Turkey's ability to position itself as a competitive alternative to China in manufacturing and logistics.

The digital transformation of Turkey's supply chain sector is accelerating, driven by investments in smart logistics, AI-driven inventory management and advanced manufacturing technologies. This expansion is improving Turkey's competitiveness and reinforcing its role in a ReGlobalized world where agility and technological innovation are crucial for success.

## The Future of ReGlobalization and Turkey's Role

As the world enters a new phase of ReGlobalization, Turkey is well-positioned to benefit from this shift. However, the country must remain agile, recognizing that geopolitical factors and economic policies will influence how supply chains evolve. The lessons from history are clear – nations and companies that anticipate and adapt to these changes will secure their place in the future of global trade. Turkey has the potential to emerge as a key player in the ReGlobalized world, but success will depend on its ability to navigate complex economic and political landscapes while leveraging its strategic advantages.

While geopolitical tensions and global economic trends will shape the future, Turkey's longstanding role as a gateway between continents gives it the chance to become a growing player in the shifting tides of trade and industry. The story of ReGlobalization continues, and Turkey's place within it will be determined by how effectively it capitalizes on the opportunities at hand while mitigating the risks inherent in an unpredictable global economy.

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