



# New Economic Reality: Geopolitical Risks and Globalisation Reset

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## INTRODUCTION

Scope

Key takeaways

Exploring geopolitical risks and the reset of globalisation

Rise of emerging markets has had implications on the global economic order and geopolitics

The reset of globalisation results from the cumulative impact of multiple events since 2008

Geopolitical risks and the reset of globalisation uncovered

## GEOPOLITICAL TENSIONS AND FRAGMENTATION

Rising geopolitical tensions increasingly influence global business strategies

Growing geopolitical rivalries raise the risk of broader global economic fragmentation

Global fragmentation scenario: A long-term drag on the global economy

Industrial policy and global infrastructure investment to shape globalisation reset

Rising geopolitical tensions and global fragmentation require companies to monitor risks

## SHIFTS IN GLOBAL TRADE AND INVESTMENT

Global trade flows reshuffle as governments and companies seek diversification

Geopolitical alignments reshape global FDI landscape to the benefit of emerging Asia

Emerging Asia, Eastern Europe and Mexico gain prominence in global hi-tech value chains

Commodity supply remains highly concentrated, risking protectionism and fragmentation

Case study: Tesla builds a new Gigafactory in Mexico, seeking to cut costs and nearshore

Case study: Siemens to invest in a new Singapore factory to boost resilience and innovation

Global trade and investment to evolve further as geopolitical alignment rises in importance

## HOW TO IDENTIFY STRATEGIC OPPORTUNITIES

The need to secure supply of critical goods drives supply chain diversification

Industries with high concentration to lead diversification efforts

Identifying the next manufacturing relocation opportunities

Southeast Asian countries are best positioned to win amid a globalisation reset

Supporting industries are required to benefit fully from the globalisation reset trend

Case study: Zetwerk benefits from “China plus one” supply strategy

Supporting strategic diversification/relocation decisions with competitiveness analysis

## CONCLUSION

Key takeaways

Geopolitical risks and globalisation reset: How to win

Evolution of geopolitical risks and the reset of globalisation

Questions we are asking

## APPENDIX

Future Manufacturing Hubs Index 2023 Results

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