



Supply chains challenged

Will corporates be forced to pursue resilience over efficiency?

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Covid has prompted questions around supply chain security

The trade disruptions from Covid-19 have led some to suggest that the corporate sector could radically restructure its supply chains over the coming years. This could imply big changes to future trading patterns and corporate investment.

But corporates may be unwilling to tolerate lower profitability

A wholesale shift from 'efficiency' to 'resilience' looks unlikely. Many supply chains held up reasonably well during Covid. And reshoring would be expensive. Few will be willing to tolerate lower profitability, unless they are forced to.

Geopolitics could force a more disruptive shift to 'resilience'

The US's trade war and China's 'dual circulation' theory suggest policymakers could force companies to change. While some view recent tensions as transitory, the increasingly zero-sum approach to technology and trade doesn't augur well.

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['The return of antitrust'](#), Thematics Fortnightly 4th Sept 2020

['Investment Strategy: Get Set for Investment Regime Change'](#), Equity Strategy, 2nd April 2020

Key chart: Executives are considering changes to their supply chains



Source: ASR Ltd. / McKinsey Global Institute