



Global Supply Chain Outlook 2025

9th Annual USC Global Supply Chain Excellence Summit
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USCMarshall
*The Randall R. Kendrick
Global Supply Chain Institute*

Current State



Material scarcity

Increased freight prices

Difficult demand forecasting

Port congestion/ Supply Chain Bottlenecks

Changing consumer attitudes

Digital transformation

90 Day Sprint



Alleviate bottlenecks Port of Los Angeles and Long Beach to work on 24/7 schedule

- These two ports together handle **40%** of US container traffic

Walmart, FedEx, and UPS handled **40%** of American packages by volume in 2020

- Committed to moving to 24/7 schedule even during off-peak hours

Trucking and rail freight industries to expand hours as well

Call to Action by Retailers

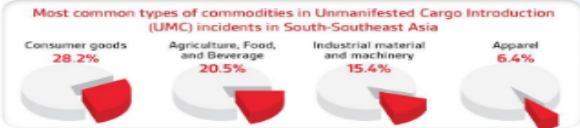


How did we get here? 2014 Risk Assessment of GSC Network



2014 SCREEN Global Intelligence Report Supply Chain Threats, Risks, and Trends

2014 BSI THREAT RATING TRENDS



bsi.



Protestors in Guerrero, Mexico have rejected an average of one truck per day since September

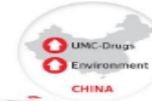
Drug smuggling incidents involving corrupt officials increased in Argentina, Brazil, and the Dominican Republic

29 percent of children in Haiti are forced to work



Two days of strikes in Belgium delayed 40,315 TEUs of cargo at the port of Antwerp

Cargo thefts in Germany increased and became more sophisticated



58.7 percent of the underground water in China is of poor quality due to pollution

85 percent of methamphetamine shipments bound for Malaysia were found in air cargo



ISIS generated \$3 million per day from oil smuggling and extorting businesses

Only 23 percent of companies filing conflict minerals disclosures reported that their supply chains were conflict free

Direct Losses to Businesses to Man Made Disruption Four Largest Strikes in Europe – 2014

Airline strikes in France
300 million



Airline strikes in Germany
198 million

Belgium general strikes
1 billion

Train strikes in Germany
375 million

Natural Disasters Four Costliest Natural Disasters – 2014

Drought in Brazil
4.88 billion



Tropical Cyclone Hudhud
9.35 billion

Winter Weather in Japan
6.7 billion

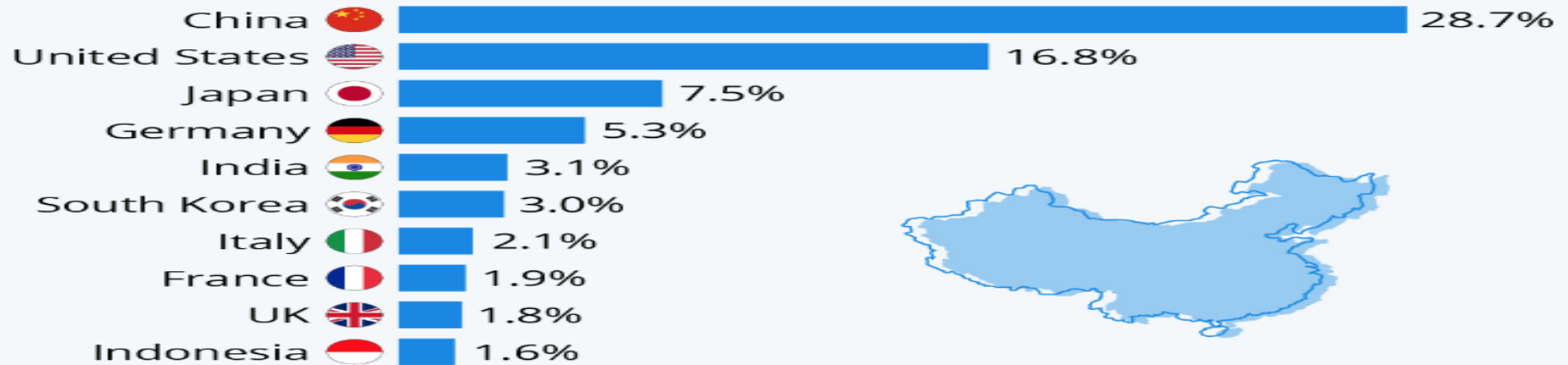
Flooding in Pakistan and India
11.9 billion

Shift in Manufacturing



China Is the World's Manufacturing Superpower

Top 10 countries by share of global manufacturing output in 2019*

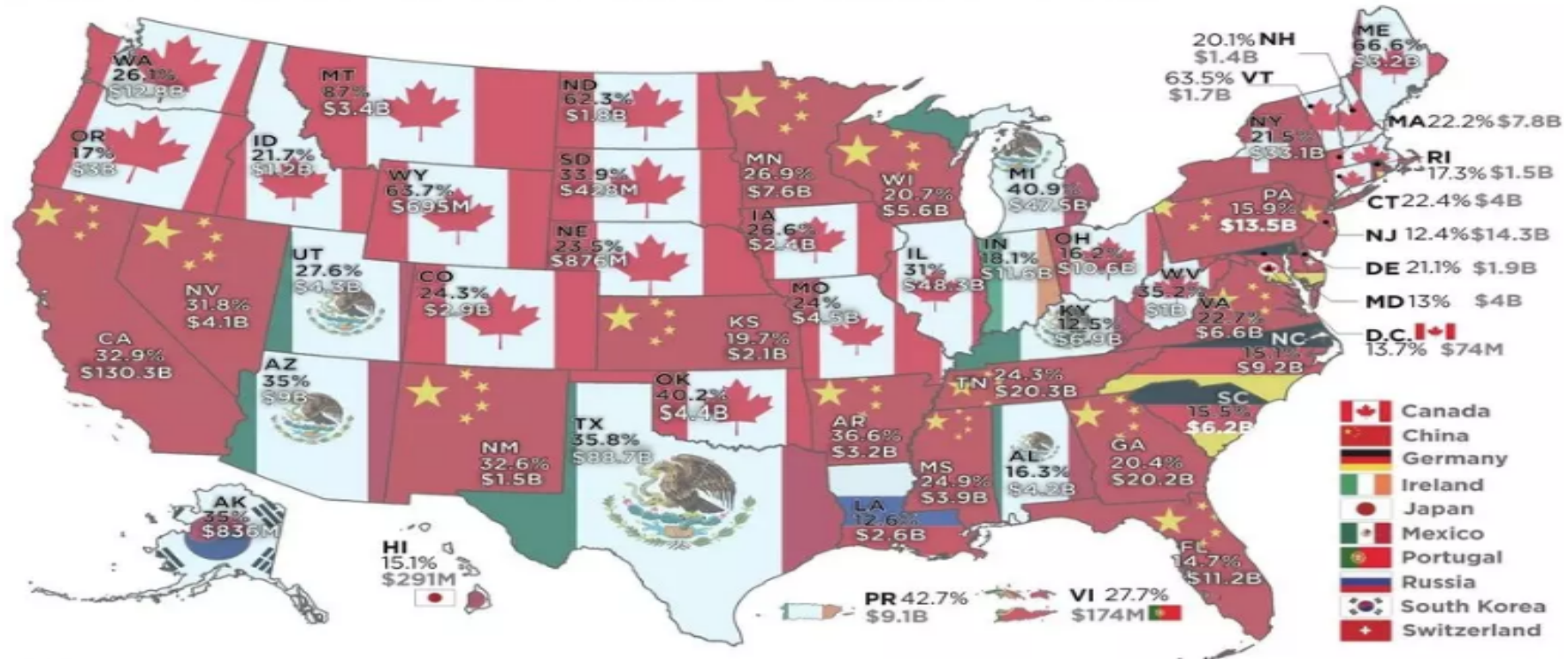


* output measured on a value-added basis in current U.S. dollars
Source: United Nations Statistics Division

State Import Partners



Import Value & Percentage of Total State Imports in 2020



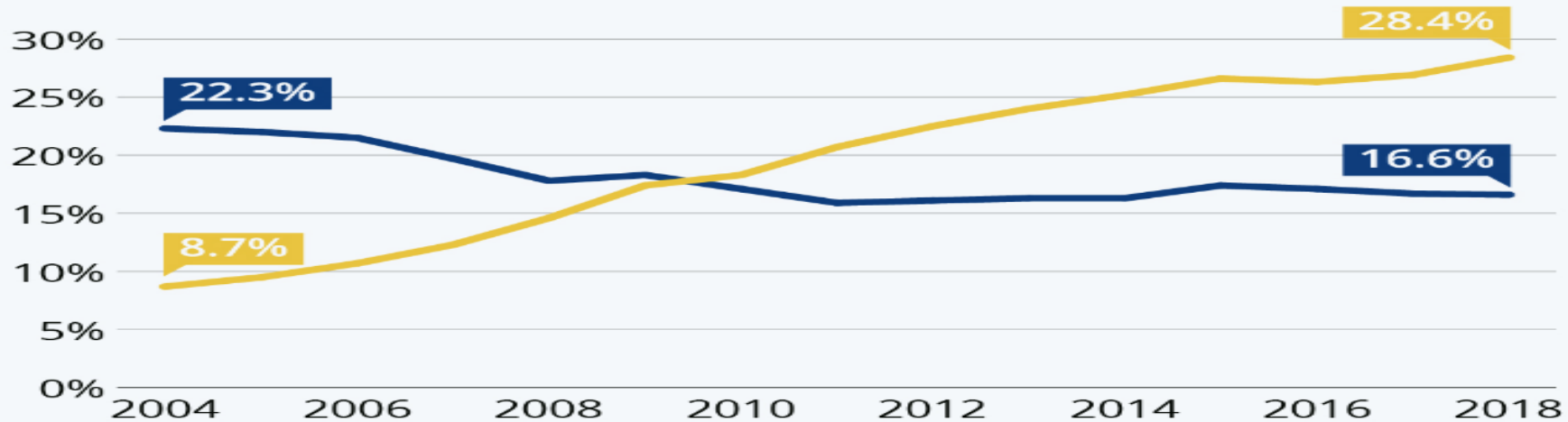
Shift in Manufacturing



China's Rise to Manufacturing Dominance

Chinese and U.S. share of global manufacturing output*

— China — United States



* output measured on a value-added basis in current U.S. dollars
Source: United Nations Statistics Division

Why Decouple w/o Deglobalization?



Key Issues...



IMF slashed 2021 growth forecast by one full % to **6%** biggest reduction suffered by any G7 economy



Border controls and mobility restrictions, unavailability of global vaccine pass, pent up demand



Shortage of commercial truck drivers → increase commercial license issuances

Outlook by 2025



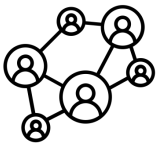
Decoupling, not Deglobalization



Minimize the risks of globalization without reducing the footprint



Utilize decoupling point to act as both a strategic distribution hub and safety to protect supply chain network from demand shocks

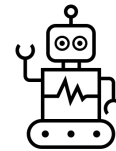


Connect regionally concentrated supply chain clusters using decoupling point

Digital Transformation



Artificial intelligence to power robotic process automation coupled with advanced data analytics



Smart objects such as autonomous vehicles, delivery drones and mobile robots → improve speed, accuracy and efficiency



Blockchain minimizes risks to firm's data security and authentication capabilities to track goods, secure and speed up all transaction data



Thank You

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