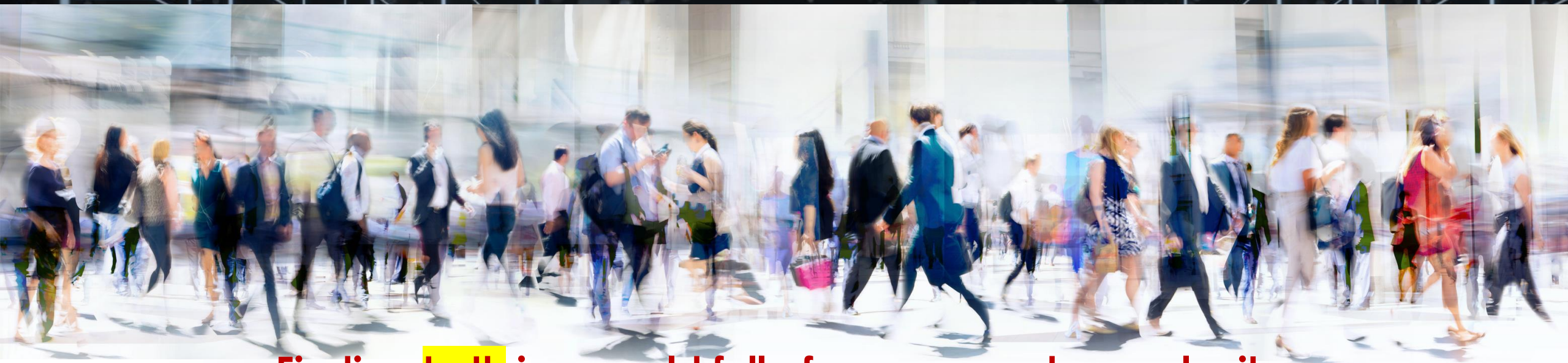
USC Marshall
School of Business
Randall R. Kendrick
Global Supply Chain Institute

SMART CITY. SMART PEOPLE. SMART PLANET.

Navigating Change and Driving Innovation

by Nick Vyas



Finding truth in a world full of nuance and complexity.

The World We Inherit

- **Global trade** flows are undergoing significant ***transformation***.
- **Persistent volatility** driven by tariffs, ***geopolitical tensions***, ***market fluctuations***, and ***supply chain disruptions***.
- The next decade will be shaped by **regionalization, digitalization**, and a stronger focus on **sustainability**.

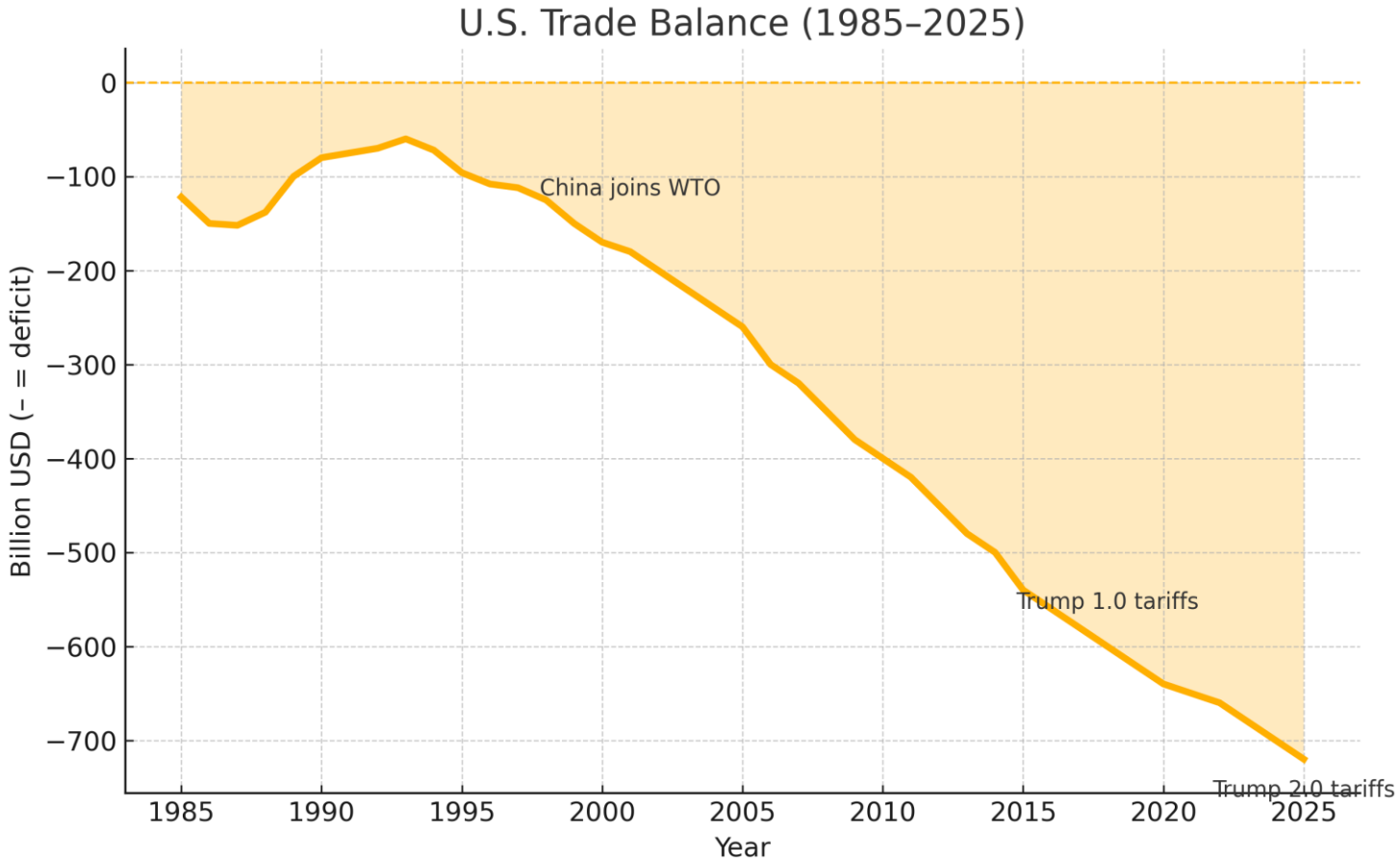
WHY?

HOW?

What's Next?

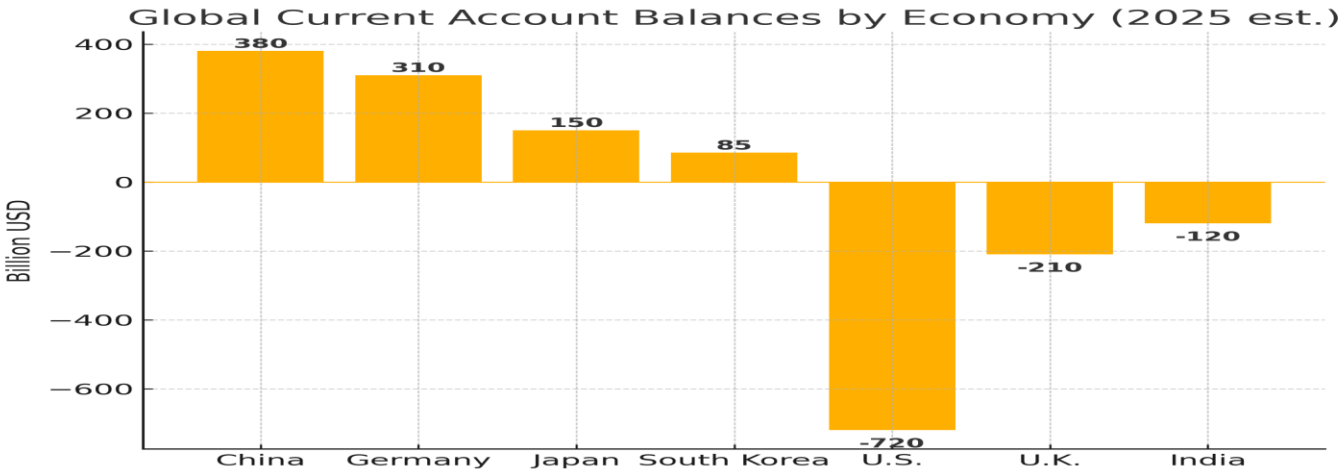
40 Years of Trade Imbalance

U.S. trade deficit widened despite cycles



Why Trade Became Imbalanced

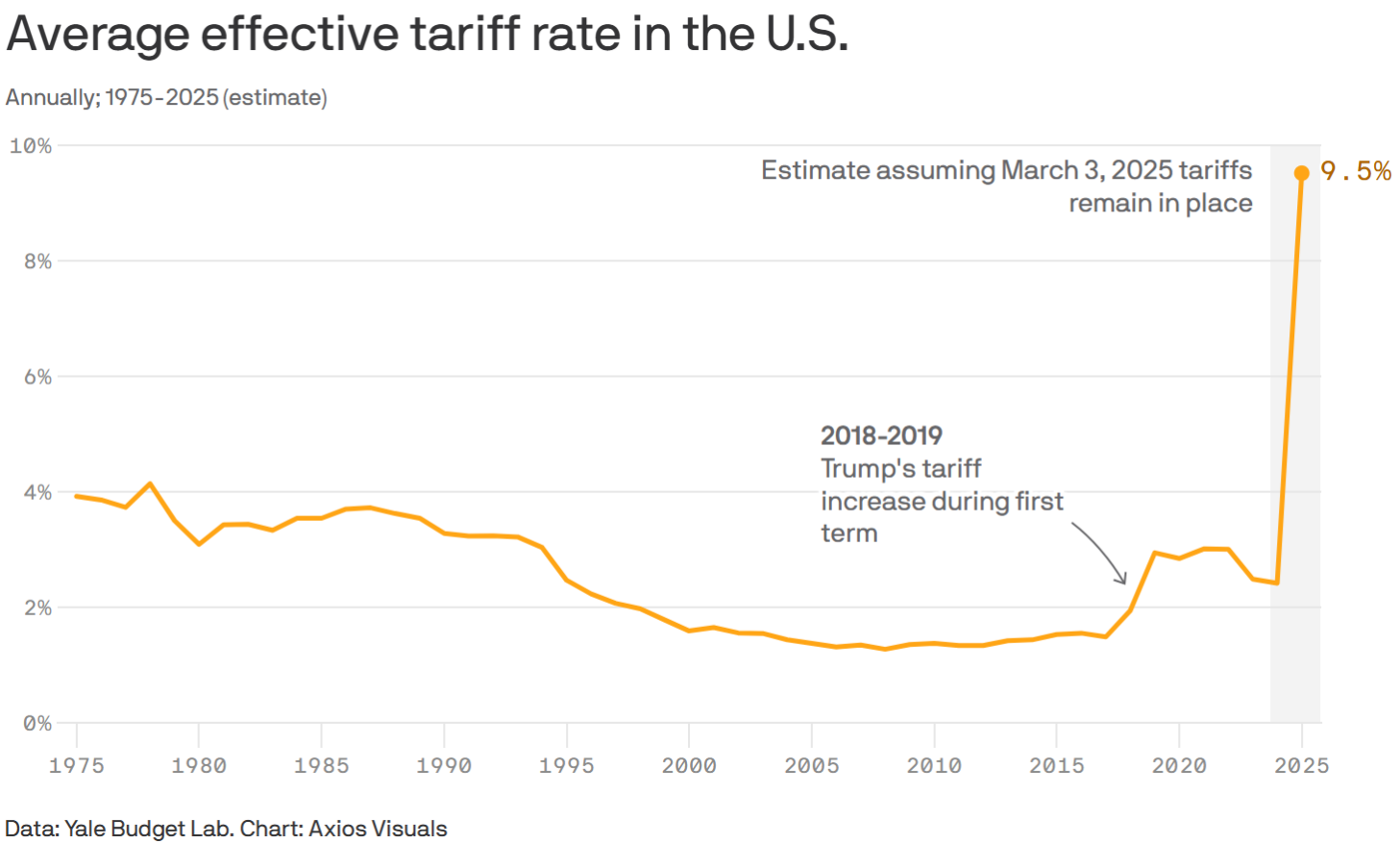
Persistent Surpluses vs. Persistent Deficits



- **Surplus Economies**: Driven by export-led models, high savings rates, and supportive policy frameworks.
- **Deficit Economies**: Fueled by consumption-led growth, offshoring strategies, and currency fluctuations.
- **Result**: Increased dependency risks and imbalanced bargaining power.

From Deficit to Disruption

TRUMP 1.0 (First Term) and **TRUMP 2.0** (Second Term) - Tariffs



- **Trump 1.0 - Targeted tariffs** (Section 301 on China; steel/aluminum)
- **Trump 2.0**: **Baseline tariff concept + sector/country overlays.**
- **Goal:** reshape sourcing, re-anchor industrial base, rebalance trade.

WHY: Trade Policy Shift

Security • Reciprocity • Industrial Strategy

Average Effective US Tariff Rate, New 2025 Policy as of July 31

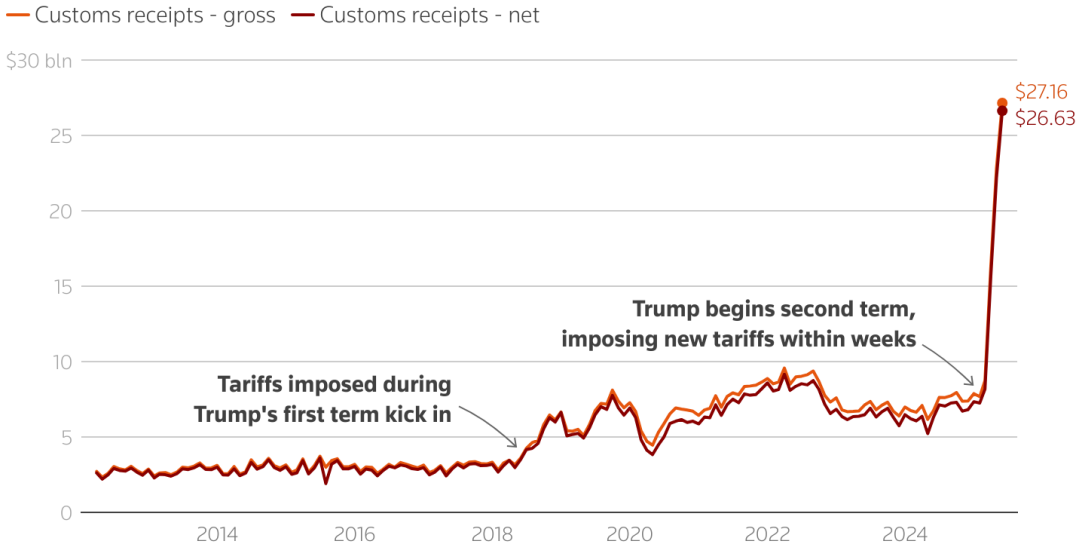
Pre- and post-substitution

	Effective Tariff	Import Share		Average Effective Tariff	
		Pre-Substitution	Post-Substitution	Pre-Substitution	Post-Substitution
China	27.9	14%	8%	3.8	2.3
Canada	13.1	13%	17%	1.7	2.2
Mexico	10.6	15%	19%	1.6	2.0
Rest of World	15.0	58%	56%	8.8	8.5
Total		**100%**	**100%**	**15.9**	**14.9**

Table: The Budget Lab • Source: Source: GTAP v7, The Budget Lab analysis.

Monthly U.S. tariffs revenue

Federal revenue from tariffs has surged since President Donald Trump imposed a barrage of import taxes. Customs receipts set a record again in June.



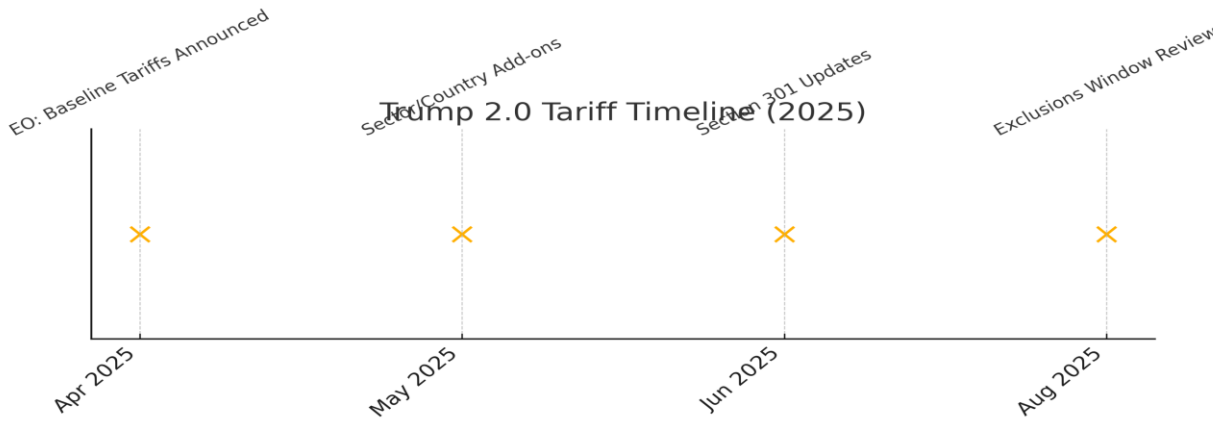
Note: Monthly totals in billions of U.S. dollars; net receipts are after refunds.

Source: U.S. Treasury Department | Dan Burns

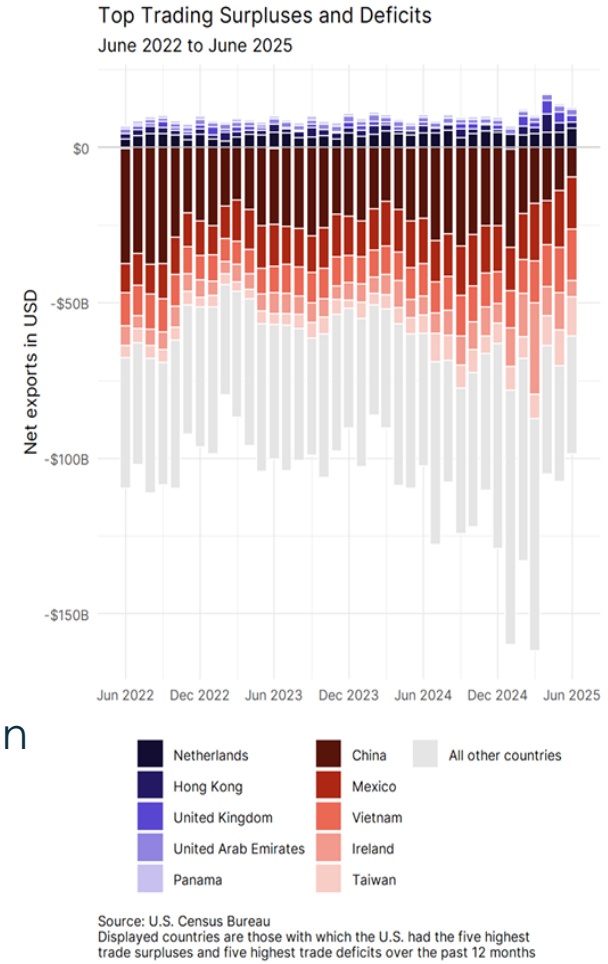
- **Economic Security.** Critical supply sovereignty; de-risking strategic dependencies.
- **Reciprocity.** Address perceived unfair practices, enforce trade rules.
- **Industrial Strategy.** protect IP, catalyze domestic investment and jobs.

HOW It Works

2025 Policy Cadence and Exposure



- Baseline tariffs have been announced, accompanied by clearly defined sector and country-specific adjustments.
- Section 301 updates have refined the scope, with exclusion windows introduced to mitigate potential disruptions.
- Adaptive strategies include supplier shifts, alternative logistics routes, and duty engineering.

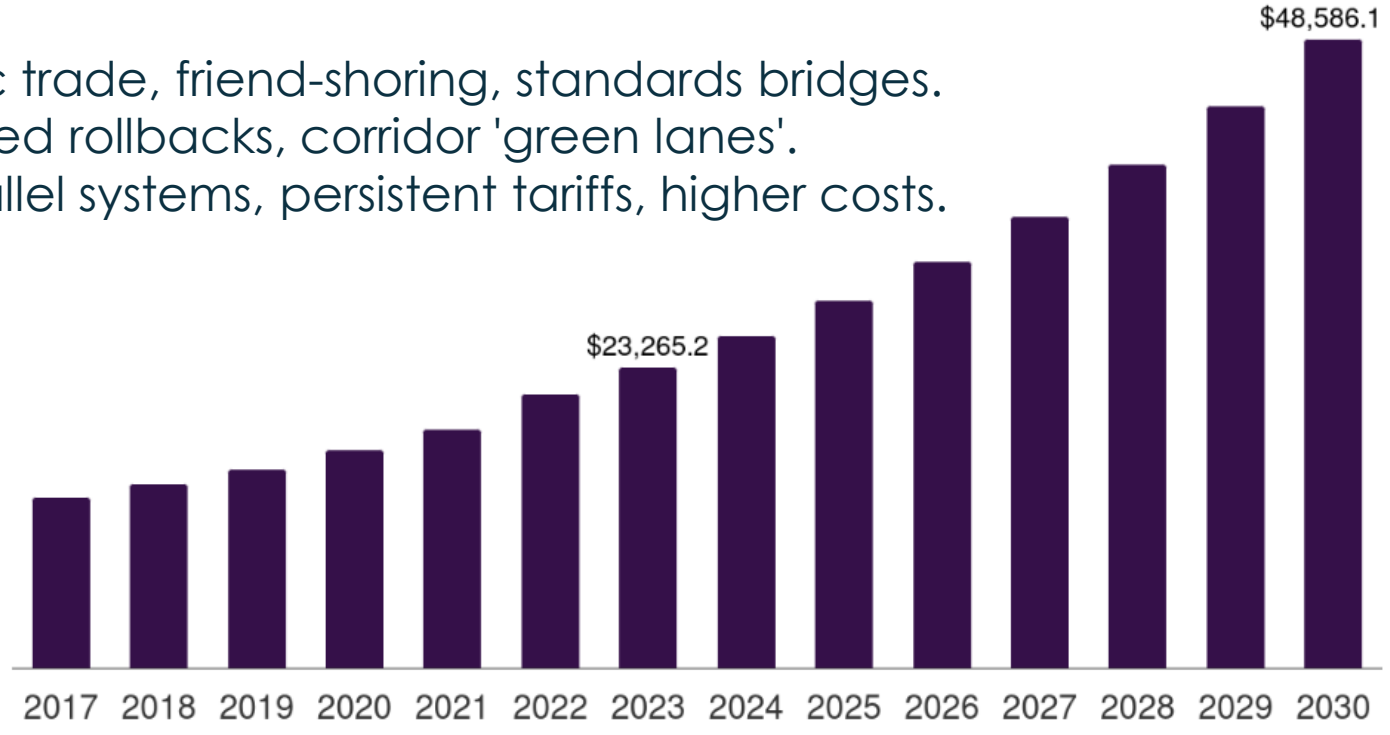


WHAT'S NEXT: 2030 and Beyond

THREE PLAUSIBLE FUTURES:

- **Managed Multipolar**: Bloc trade, friend-shoring, standards bridges.
- **Selective Détente**: Targeted rollbacks, corridor 'green lanes'.
- **Hard Fragmentation**: Parallel systems, persistent tariffs, higher costs.

Supply Chain Management
Market Size Forecast

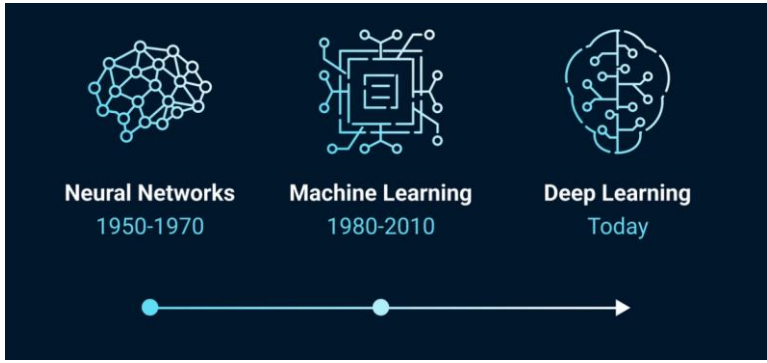


https://www.grandviewresearch.com/horizon/outlook/supply-chain-management-market-size/global

11.1%

Global Market
CAGR, 2024-2030

Globalization is not fading; it is transforming. It has reinvented itself by going digital- ***thriving through technological advancements.***



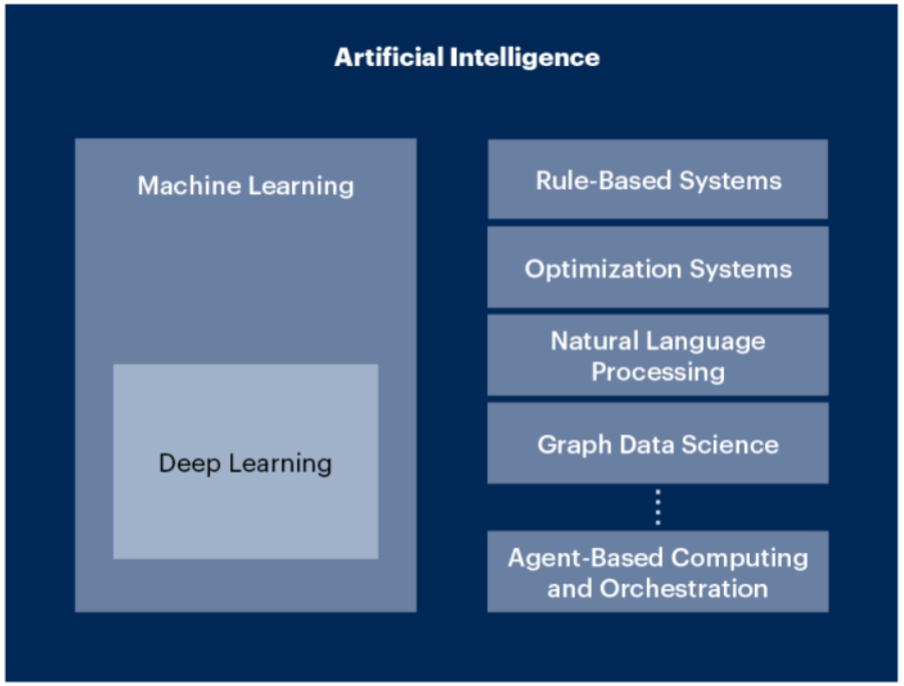


Image source: Gartner

The future of integrated AI systems is bright, with growing adoption and investments. ***Businesses are boosting revenue through AI in areas like supply chain management and data analysis.***

Is American Manufacturing Making a Comeback?

Nvidia to produce AI servers worth up to $500 billion in US over four years

By **Akash Sriram** and **Arsheeya Bajwa**

April 14, 2025 9:30 AM PDT · Updated April 14, 2025

Source: Reuters

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News Archives

TSMC Intends to Expand Its Investment in the United States to US$165 Billion to Power the Future of AI

Company plans to increase U.S. investment in advanced semiconductor manufacturing by $100 billion with three new fabs, two advanced packaging facilities and an R&D center added to U.S. plans

micron

$600 Billion U.S. Investment

450,000 jobs

with suppliers and partners in all 50 states

Manufacturing at

79 U.S. factories

Expanding U.S. manufacturing

with companies including

CORNING · Texas Instruments · Amkor Technology · BROADCOM · GlobalWafers Co., Ltd. · tsmc

Image/data source: Apple.com

GE Aerospace | Commercial | Defense | Systems | News | Sustainability | Company | Investors

GE Aerospace to Invest Nearly $1B in U.S. Manufacturing in 2025

March 12, 2025

June 12, 2025 at 8:30 AM EDT

Micron and Trump Administration Announce Expanded U.S. Investments in Leading-Edge DRAM Manufacturing and R&D

Micron Plans to Invest Approximately $200 Billion in Semiconductor Manufacturing and R&D in Idaho, New York and Virginia, Enhancing Domestic Memory Supply and Technology Leadership

HYUNDAI MEDIA CENTER

Hyundai Motor Group Commits to U.S. Growth with USD 21 Billion Investment

Is American Manufacturing Making a Comeback?

AI, AUTOMATION, SKILLED TRADES

- **CAPEX IN ADVANCED MANUFACTURING RISES** - New fabs and reshored lines.

- **AI-DRIVEN PRODUCTIVITY**: Planning, quality, predictive maintenance.

- **TALENT**: Accelerated reskilling, apprenticeship, career mobility.

Smart City • Smart People • Smart Planet

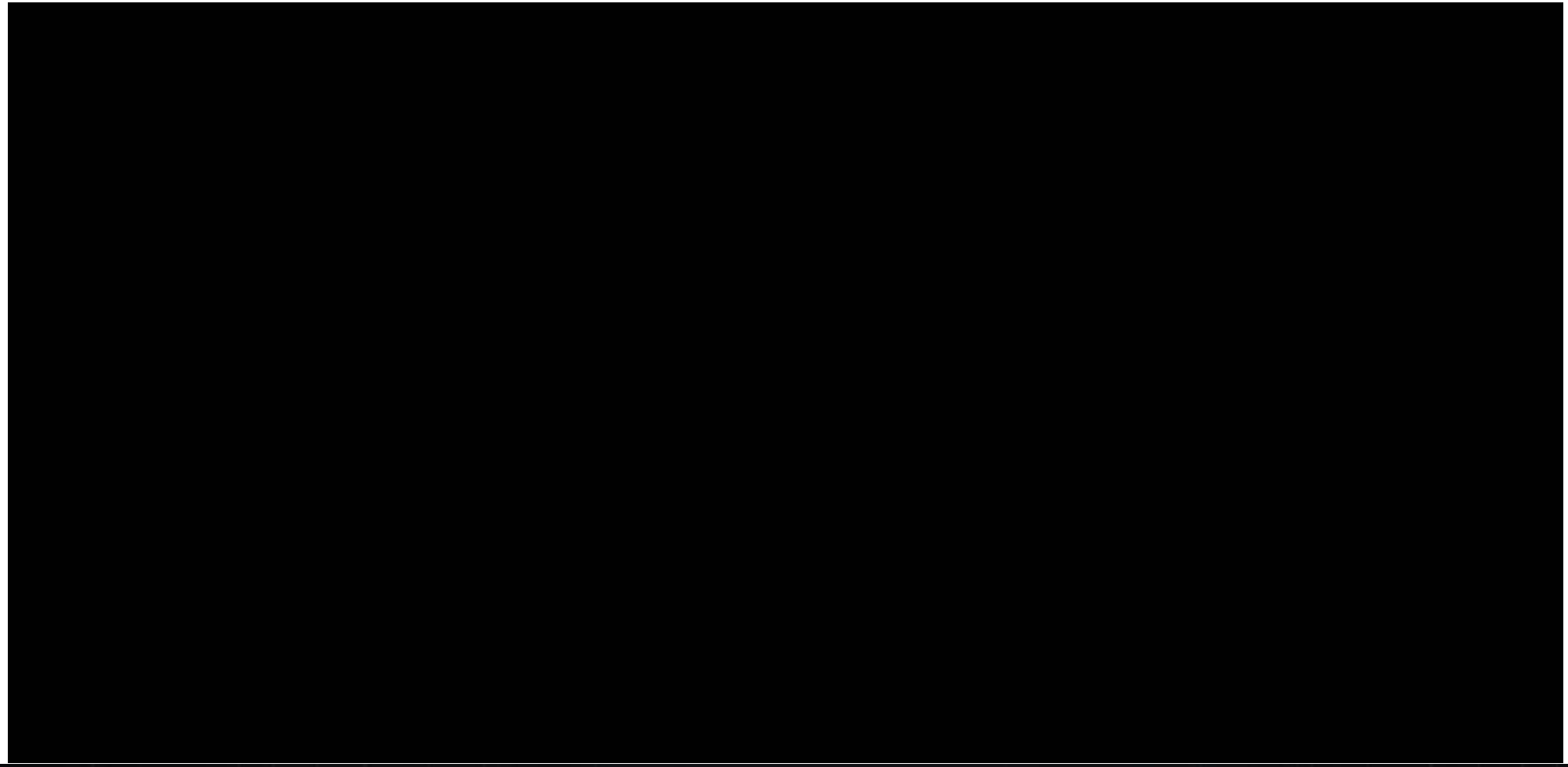
FROM POLICY TO PRACTICE TO PLANET

- **City.** Curb management, near-port manufacturing, resilient logistics.

- **People.** Inclusion, safety, and dignified work in tariff-era industries.

- **Planet.** Shorter routes, cleaner energy, circular product design.

Our fragile world, united on a pale blue dot…



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