

# Adapting to the New Global Trade Landscape

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- 1 Profile Buck Consultants International**
- 2 The Global Risk Context**
- 3 Risk Resilience Strategy Framework**
- 4 Manufacturing Footprint Strategies – Reshoring?**
- 5 What To Do?**

# 1 Profile Buck Consultants International



## Corporate clients

- Supply chain optimization
- Logistics outsourcing
- Manufacturing footprint strategy
- Location advice
- Real estate strategy and projects
- Business strategy

## Real Estate Developers & Investors

- Vision and strategy development
- Concept development
- Market & feasibility studies
- Location screening
- Investment advice

## Public clients

- Regional economic development & innovation ecosystems
- Science Parks | Areas of innovation
- Strategies and programs to attract foreign enterprises
- Logistics and infrastructure projects

## Profile

- Established in Nijmegen, the Netherlands in 1985
- Offices in:
  - Europe: Nijmegen, the Hague (The Netherlands), Frankfurt (Germany)
  - US: Atlanta, Los Angeles and San Mateo
  - Asia: Shanghai, Singapore, Taipei and Delhi






# Companies Looking to Optimize Their Production, Distribution and Carbon Footprint

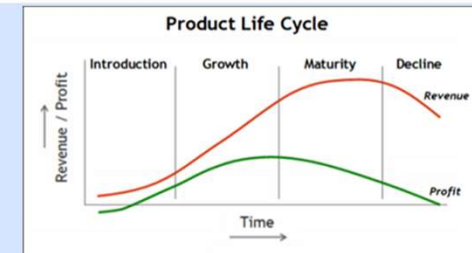


| Life Sciences       | High Tech, ICT & Electronics | Food & Beverages      | Fashion & Apparel |
|---------------------|------------------------------|-----------------------|-------------------|
|                     |                              |                       |                   |
| Industrial Products | Automotive Industry          | Chemicals & Materials | Logistics         |
|                     |                              |                       |                   |

## 2 The Global Risk Context

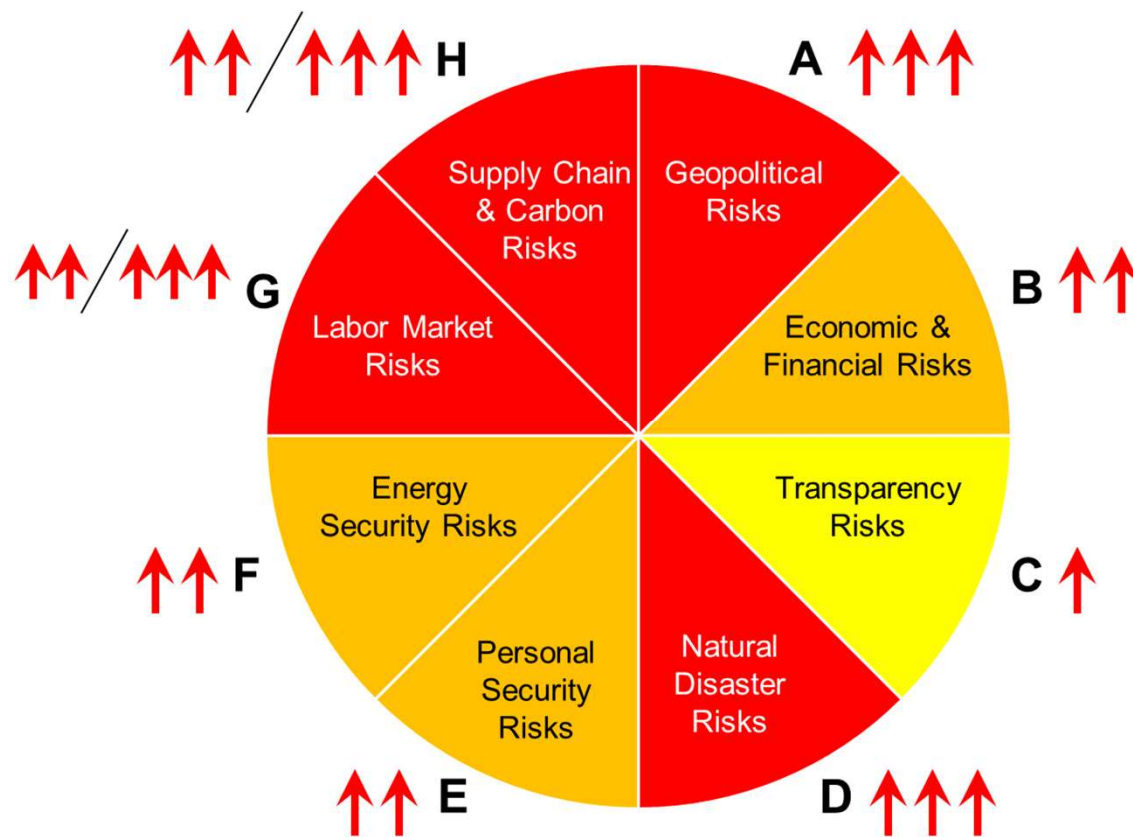
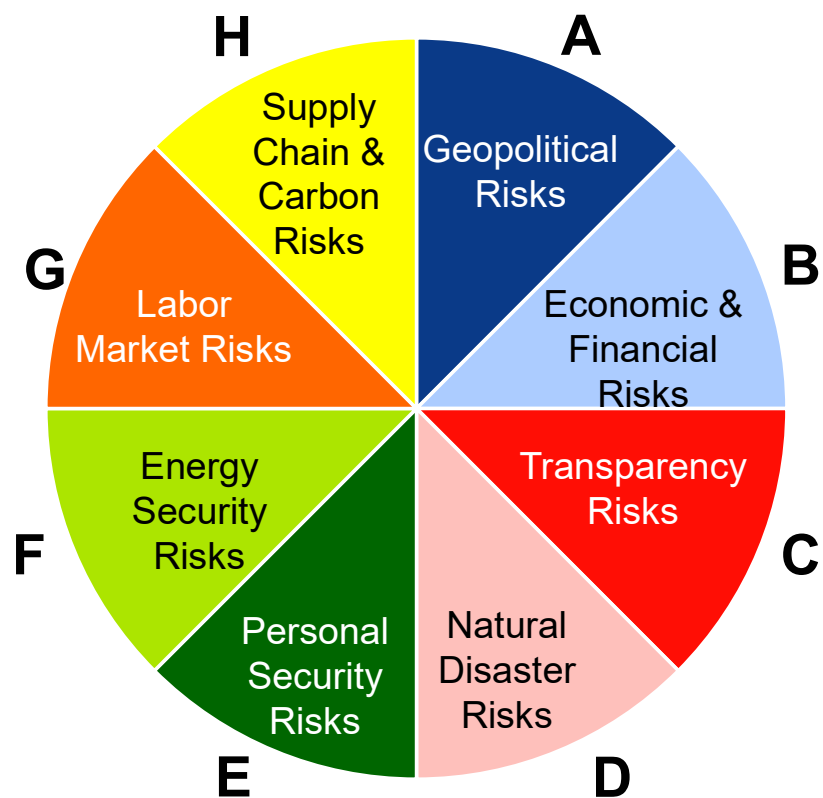
### External Challenges Drive Optimization Initiatives

| Drivers  | Influence of company   | Main topics   |
|----------|--|---|
| Internal |  <p>none high</p>   | <ul style="list-style-type: none"> <li>• Business growth</li> <li>• Product phase in/out</li> <li>• M&amp;A's</li> <li>• Margin pressure</li> </ul>   |
| Industry |  <p>none high</p>  | <ul style="list-style-type: none"> <li>• New competitors/disruptors</li> <li>• New manufacturing technologies</li> <li>• Changing customer requirements</li> <li>• Sustainability</li> <li>• Regulatory changes</li> </ul>      |
| External |  <p>none high</p> | <ul style="list-style-type: none"> <li>• Geopolitical developments</li> <li>• Trade tariffs</li> <li>• Inflation   economic uncertainties</li> <li>• Natural disasters   climate change</li> <li>• Governmental push</li> </ul> |

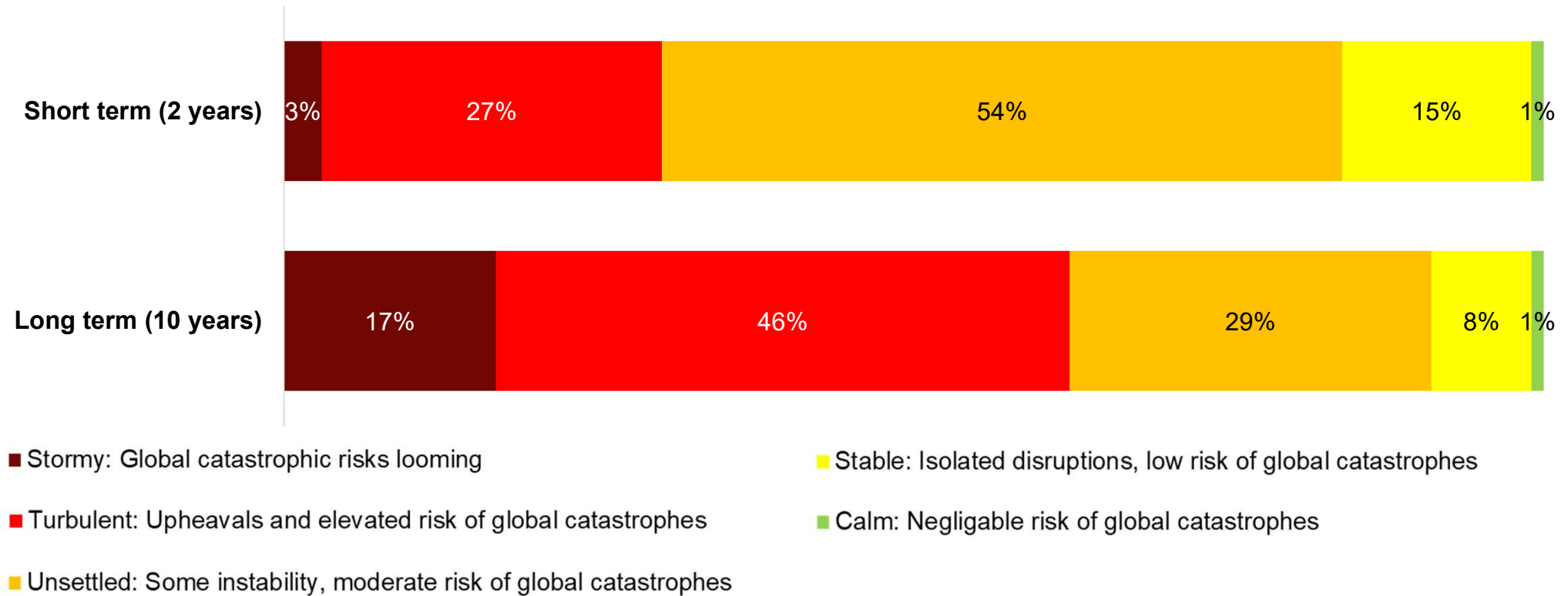


## BCI's Integral Risk Assessment Method (IRAM) – for each plant/ country

## Risks are on the Rise



## Short versus long-term global outlook: more pessimism



Source: World Economic Forum Global Risks Perception Survey

# Trade Risks – Tariffs

## Reasons for trade restrictions (↑ = added by President Trump)

### Macro economic objectives

- Beating unemployment
- Stimulating domestic economies

### Protectionism

- Companies
- Specific markets (for example EV industries)
- Domestic industrial policies

### National security

- Importing high tech equipment
- Exporting critical products like semiconductors
- US Foreign Direct Product Rule

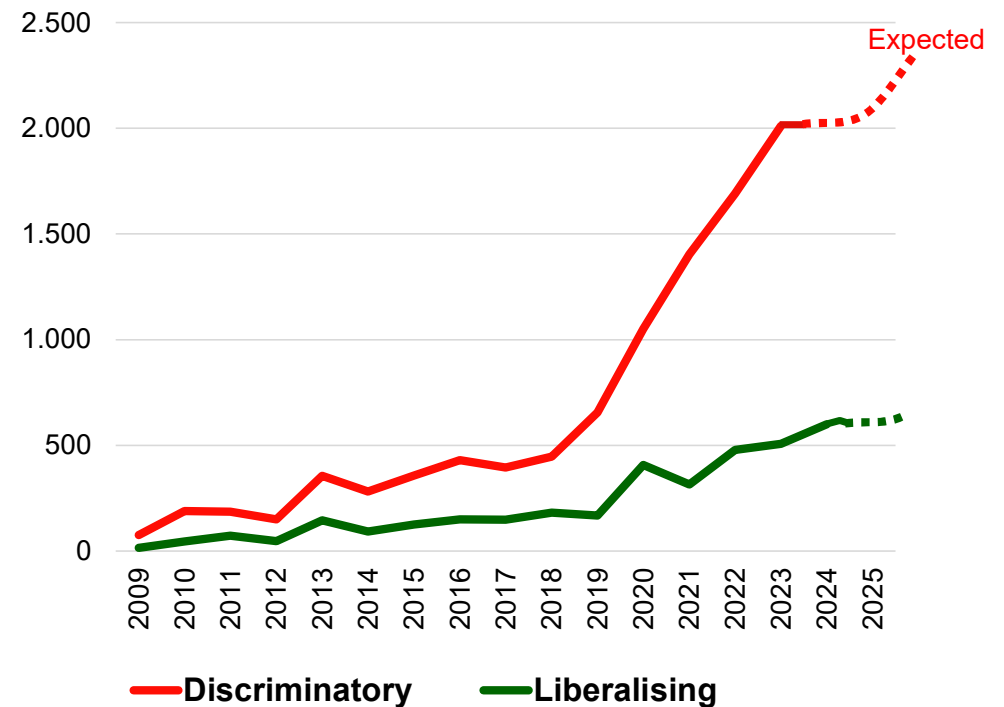


### Foreign policy considerations

- Immigration
- Drugs
- NATO

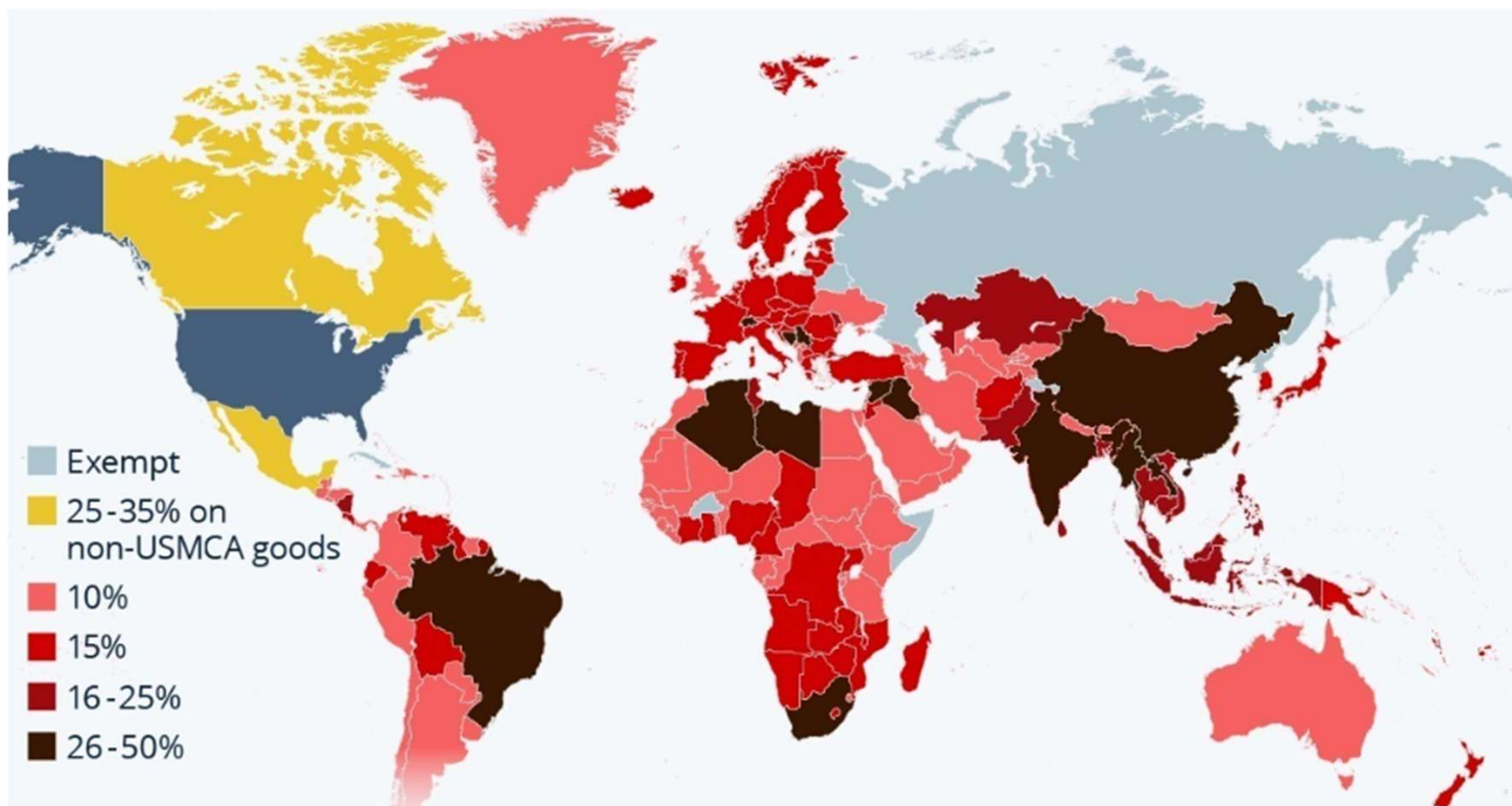


## Trade Limitations are on the Rise, independent from recent Trump measures Number of new interventions implemented each year



Source: Global Trade Alert

# US Reciprocal Import Tariffs



## Current tariffs

|             |        |
|-------------|--------|
| Mexico      | 25%    |
| Canada      | 35%    |
| China       | 30%    |
| EU          | 15%    |
| Switzerland | 39%    |
| UK          | 10%    |
| Japan       | 15%    |
| South Korea | 15%    |
| Taiwan      | 20%    |
| Singapore   | 10%    |
| Vietnam     | 20%    |
| Thailand    | 19%    |
| Malaysia    | 19%    |
| India       | 25/50% |

Also exempt are certain goods from industries incl. steel, aluminium, automobiles, copper, pharmaceuticals, semiconductors, and lumber (which will be tarified seperately). China: 30% until Aug. 12, Mexico: 25% on non-USMCA goods until end Oct.

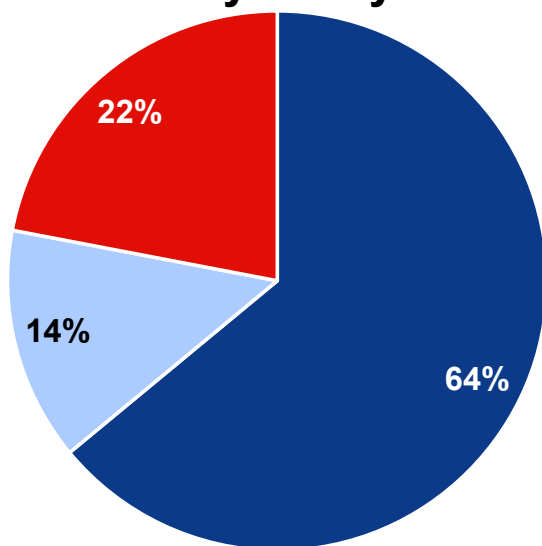
Source: The White House, August 6, 2025

## Update Tariffs

- Appeal of 6 small businesses and 12 States: **“unlawful use of emergency act”**
- US Court of Appeal for the Federal Circuit ruled that President Trump was not legally allowed to declare national emergencies and impose import taxes based on the 1977 International Emergency Economic Power Act (7:4 ruling; 127 pages)
  - No mentioning of tariffs in IEEPA
  - Unconstitutional delegation of legislative authorities to the President bypassing Congress
- Current tariff situation remains until October 14<sup>th</sup>
  - “Reciprocal” tariffs + “trafficking” tariffs (Canada, Mexico, China)
  - Different legal base: steel, aluminum, cars
- Trump: “If allowed to stand, this decision would literally destroy the United States of America – a Great Depression”. Expected revenues from tariffs this year: 159 bln USD
- Appeal US Supreme Court: hearings November
- Use of other laws
  - Trade Act – section 122: tax imports at 15% for 150 days for countries with which the US has big trade deficiencies
  - Trade Act – session 301: “unfair trade practices”

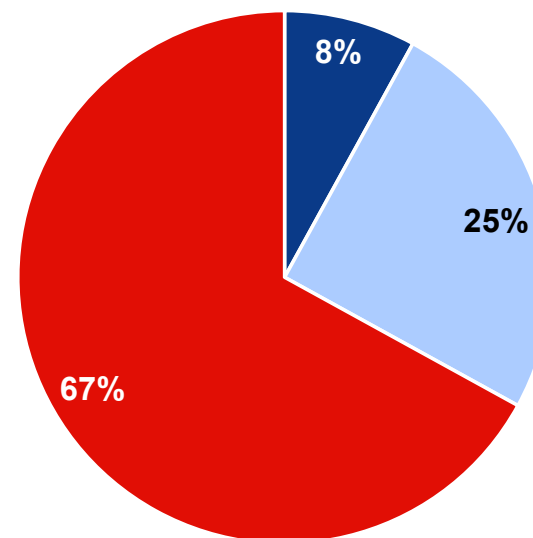
## Who pays US import duties

**February – July 2025**



■ US Producers ■ Non US Suppliers ■ US Consumers

**August – December 2025**



■ US Producers ■ Non US Suppliers ■ US Consumers

➤ US producers took the burden so far, but now US consumers have to pay higher prices due to import tariffs

Source: Goldman Sachs, July 2025

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## 3 Risk Resilience Strategy Framework

### Companies follow the DE-strategy

- 1 **De-coupling from China**
- 2 **De-risking supply chains**
- 3 **De-single sourcing**
- 4 **De-centralizing production**
- 5 **De-carbonization**

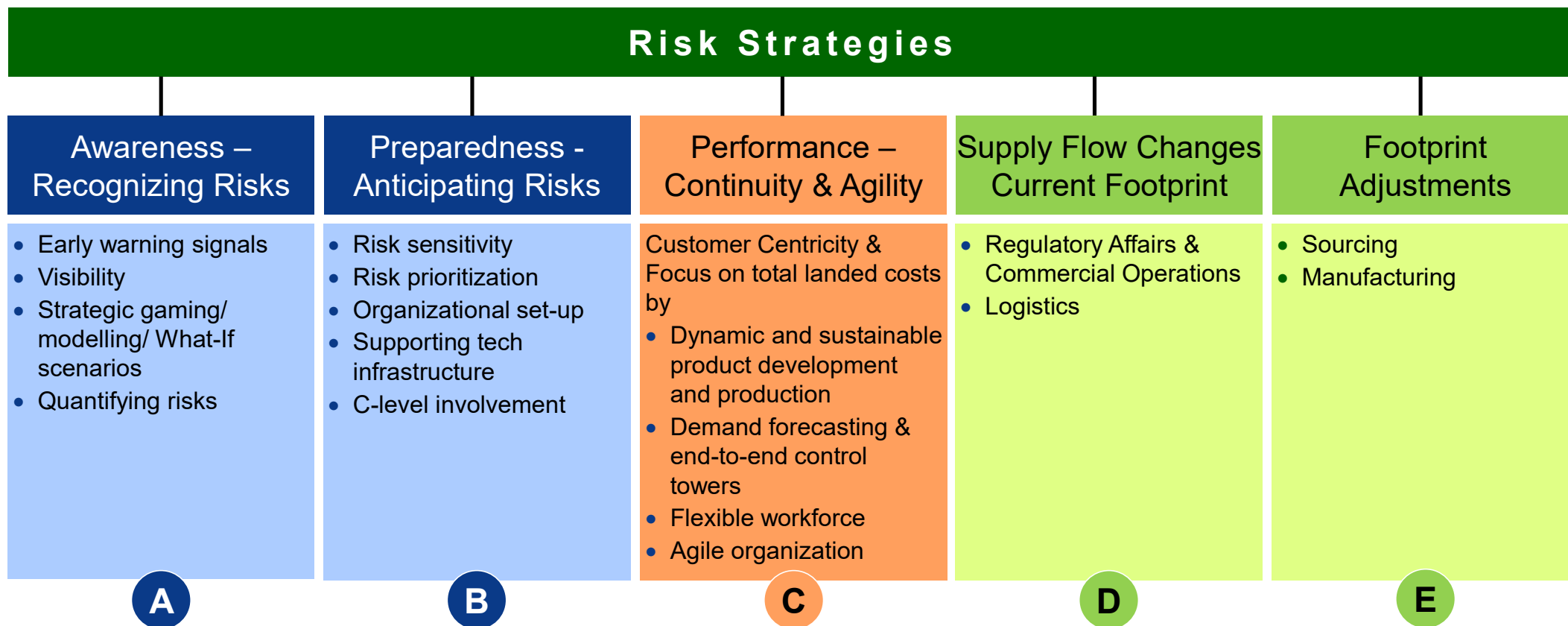
#### **Developing a Resilient Business and Value Chain Strategy requires Dynamic Strategic Planning**

- Defining Resilience
- Strategy Scenario Development
- Strategy Scenario Assessment

#### **Take into account**

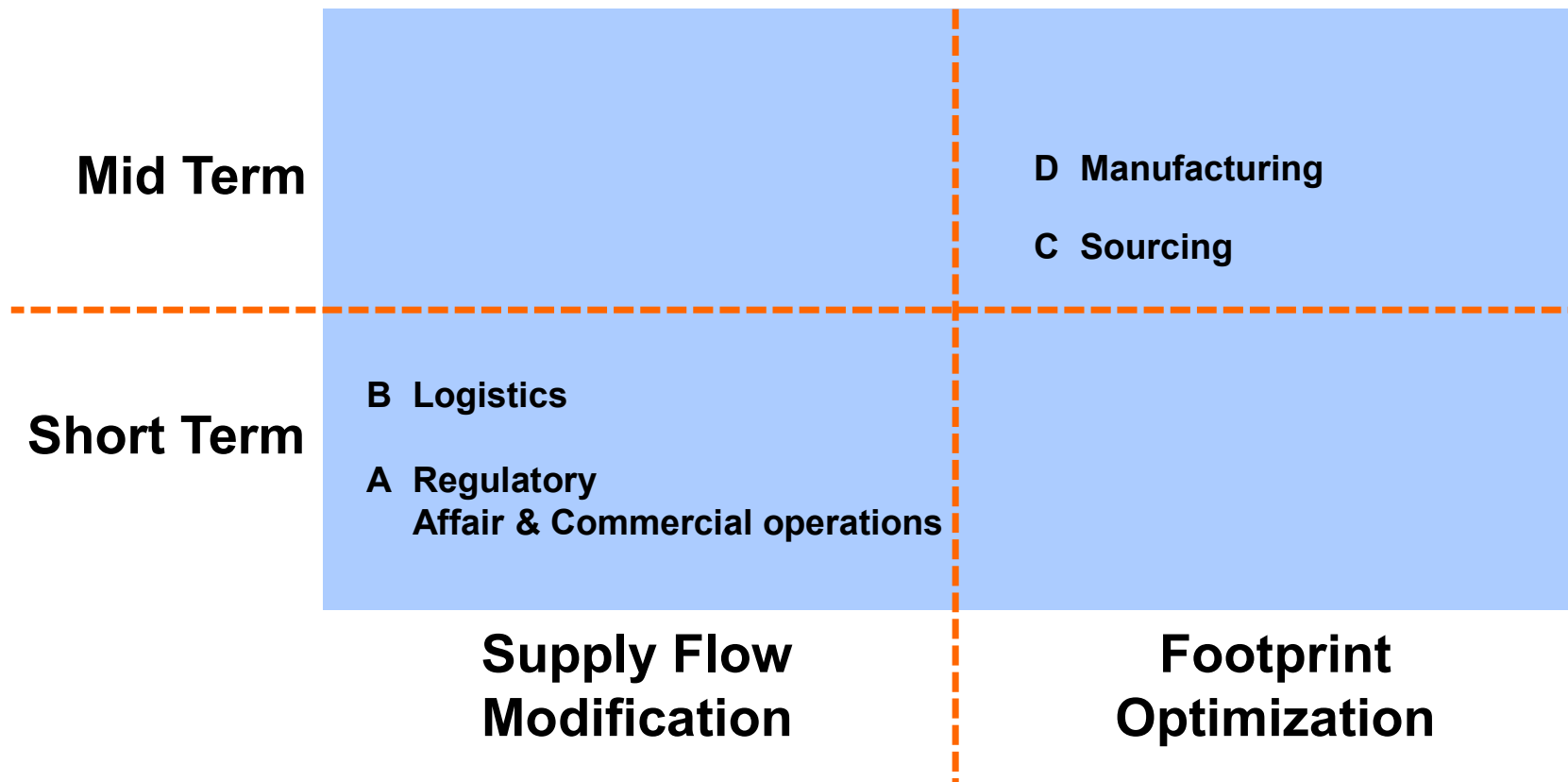
- Trade dynamics and economic uncertainties will remain
- Factoring in retaliation measures
- Integral scenario planning includes TCO + value of agility / flexibility
- Implementation timing

# BCI's Risk Resilience Strategy Framework



Source: BCI Global

# Trade Risk Mitigation Strategy



Source: BCI Global

## Priorities Short Term Modifications

- Companies up to speed on HTS
- Mid term review of transfer price mechanism
- Companies want to grow their US AND non-US markets at the same time
- Short term actions nearly completed
- Re-routing of flows and re-negotiating Incoterms are on the agenda
- **Top priority: increase end-to-end visibility in the value chain**

### War Room Approach

Focused and collaborative methodology to addressing Critical issues, make rapid decisions and drive immediate actions

#### Benefits

- Emplaces Communication and collaboration among teams
- Improved efficiency in addressing challenges
- A centralized hub for monitoring progress and aligning efforts

#### Participants

- Sourcing
- Supply Chain / logistics
- Regulatory affairs/ compliance/customs
- IT (support)
- Commercial departments

Source: APP, 2024

# Priorities Footprint Adjustments – Sourcing & Manufacturing



+++ = top priority | + = low priority

- Finding new non-US based suppliers in lower cost and less-tariff sensitive countries +++
- Finding new suppliers specifically in the US ++|+++

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- Increase production capacity in (plant) locations with a low(er) exposure to US import tariffs +++
- Setting up full production operations in the US (on-shoring) ++
- Contract Manufacturing ++
- Setting up US assembly operations with high local content +/++
- Setting up full production operations in Mexico/Central America (near shoring) +/++

Source: BCI Global, 2025

## Trade Risk Mitigation Strategy – The Golden Ten Initiatives

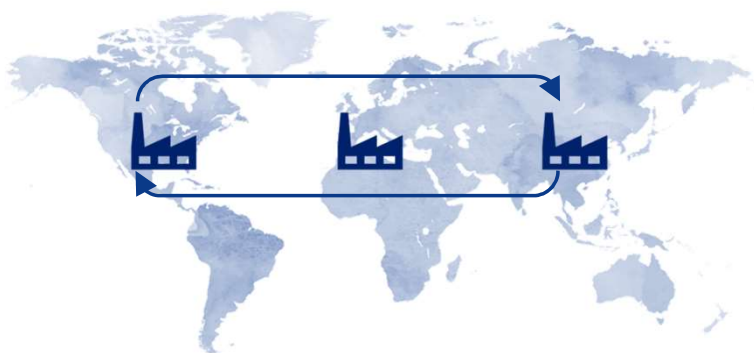
### Priority Supply Flow Modification

- 1 Increase end-to-end visibility
- 2 Set-up of global Digital Twin to support agile anticipation on risks and (potential) disruptions
- 3 Accelerate development of US market & non-US markets
- 4 Finding (US & non-US based) suppliers
- 5 Adjust transfer price mechanism & re-negotiate Incoterms

### Priority Footprint Adjustments

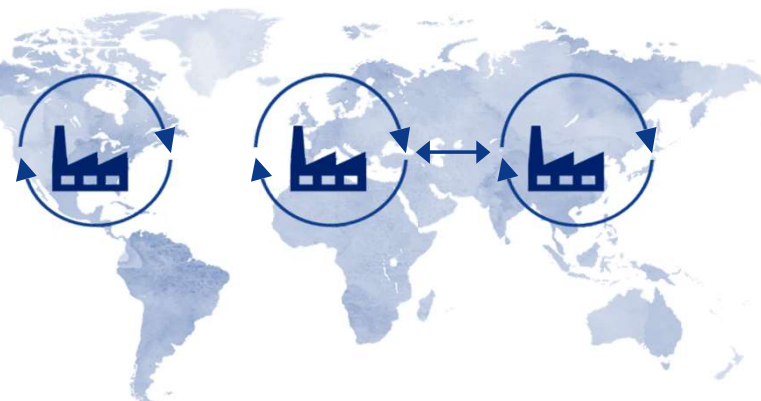
- 1 Increase production capacity in (plant) locations with a low(er) exposure to US import tariffs
- 2 Set up full production plants in the US (on-shoring)
- 3 Consider low cost alternatives (near-shoring)
- 4 (Postponed) assembly in US/ high local content
- 5 Look at contract manufacturing / toll manufacturing

## Future Proof Value Chain



### From globalized industrial value chains today....

- Large global footprint with free-flowing movement of goods and services that serve every customer globally
- Limited local sourcing
- Plant specialization (e.g. one plant in one location, mass producing one specific product)



### ..... to regionalized, trade and natural disasters risk mitigated, decarbonized value chains in the future

- Decentralization and localization of plants and suppliers, based on the markets and/or geo-locations
- Systematic double sourcing practices
- Flexible industrial models with ability to rebalance production operations across sites
- Competitive costs due to new manufacturing technologies
- Regionalization of production in or close to main markets
- Risk resilience from geopolitical tensions and trade disputes

Source: Buck Consultants International, based on among others Tumo c.s.

## 4 Manufacturing Footprint Strategies – Reshoring?



### Typical questions to be answered through manufacturing footprint analysis

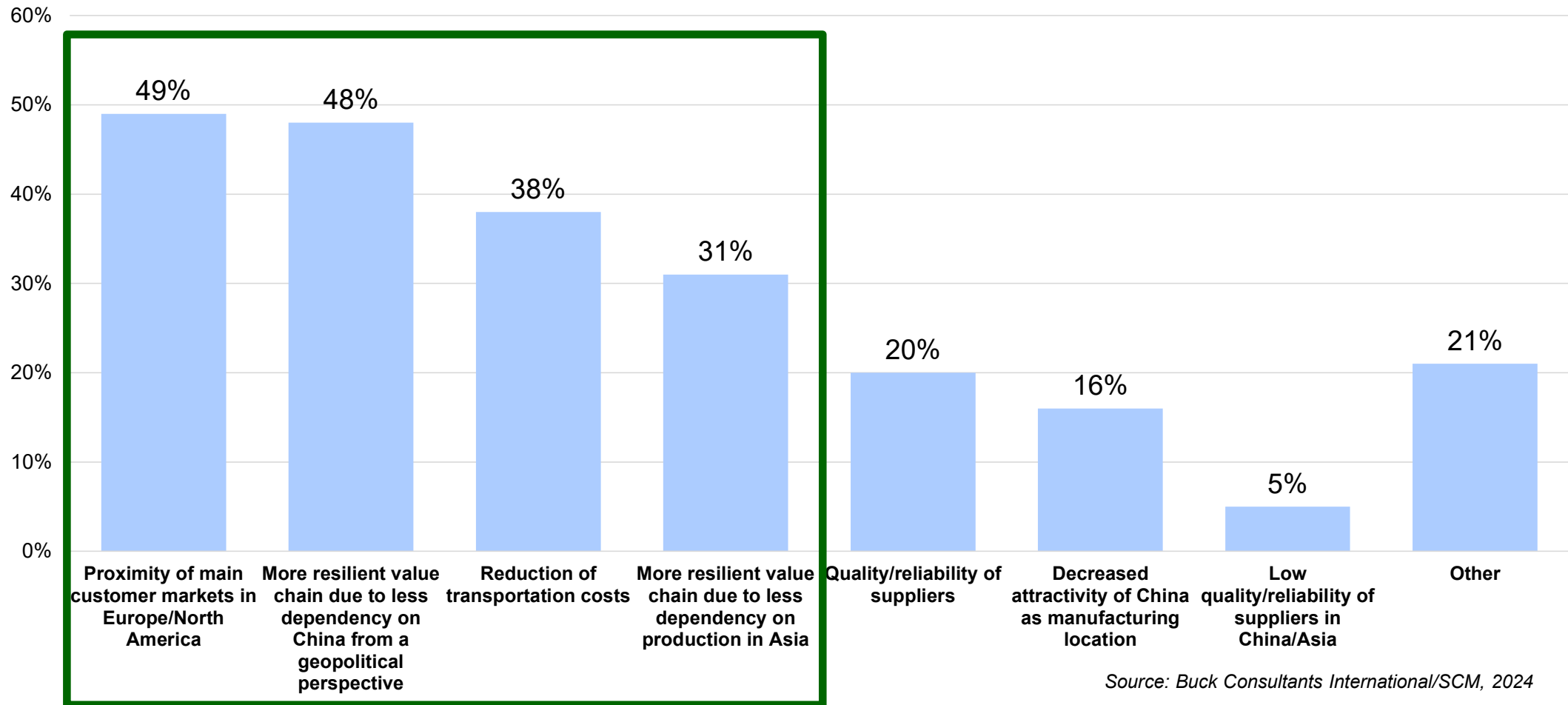
- We have xx plants around the globe, how to determine the optimal number and locations of sites in the future?
- How will industry disruptions influence our footprint (example fuel engines – electric vehicles)
- What impact will the introduction of new manufacturing technologies have on our optimal footprint?
- Which product should we manufacture at which location(s)?
- Should we produce closer to our future growth markets (e.g. Europe)?
- Should we consolidate manufacturing plants in the mature regions like Europe and North-America?
- How to integrate the manufacturing footprint of a recently acquired company?
- How can we reduce the level of risk in our manufacturing footprint (geopolitical, natural disaster, economic/financial)?
- How do we transform from today's situation to the optimal future footprint (investments, dispositions, change management, etc.)

# Pros and Cons of Different Manufacturing Strategies

| Scenarios   | Pros  | Cons   |
|---|---|--|
| <b>A Decentralization to SE Asia</b>  | <ul style="list-style-type: none"> <li>• Risk mitigation (dual site/country strategy)</li> <li>• Nearby sourcing eco-system</li> <li>• Availability workforce</li> <li>• Labor cost levels</li> </ul>   | <ul style="list-style-type: none"> <li>• Risk due to dependency on single region</li> <li>• Distance and speed to global markets</li> <li>• High transportation costs to key global markets</li> <li>• Availability and quality of suppliers in SE Asia countries</li> <li>• Labor costs are increasing</li> <li>• (Potential) tariffs in Western markets</li> <li>• High CO2 emission levels</li> </ul> |
| <b>B Re-shoring On-shoring new operations: in most important markets (for example US, Germany)</b>    | <ul style="list-style-type: none"> <li>• Autonomous regional footprints (=low risk – supply security)</li> <li>• Large markets (US, Western Europe)</li> <li>• Avoiding import tariffs to main Western markets</li> <li>• Short distance and time to market</li> <li>• Use of new manufacturing technologies</li> <li>• “Made in” advantage (enhanced brand reputation)</li> <li>• Lower CO2 emission levels</li> </ul> | <ul style="list-style-type: none"> <li>• Challenge to re-source: key suppliers still in China/sourcing complexity</li> <li>• High investment (in new manufacturing technologies)</li> <li>• High labor costs</li> <li>• Growth potential in US good, in Europe limited</li> <li>• Tight labor markets</li> </ul>   |
| <b>C Re-shoring Near-shoring operations: near most important markets (for example Mexico, Poland)</b> | <ul style="list-style-type: none"> <li>• Autonomous regional footprints (=low risk – supply security)</li> <li>• Large markets (US, Europe)</li> <li>• Avoiding import tariffs to main Western markets</li> <li>• Short distance and time to market</li> <li>• Lower CO2 emission levels</li> </ul>   | <ul style="list-style-type: none"> <li>• Competitive operational costs (labor, real estate)</li> <li>• Growth potential in US good, also in Central and Eastern Europe</li> <li>• Lack of experience/knowledge base if applicable</li> <li>• Tight labor markets</li> </ul>  |

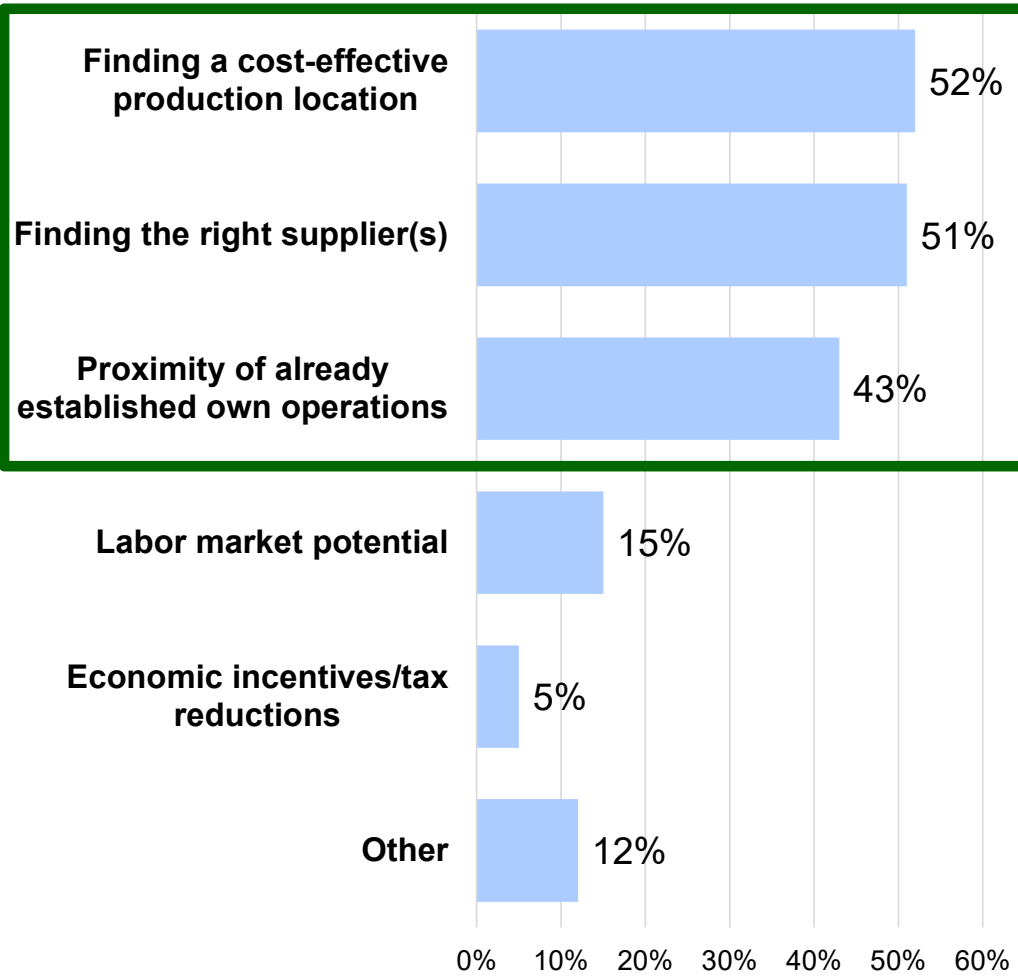
Source: BCI Global

## Strategic Drivers for Decentralization of Production

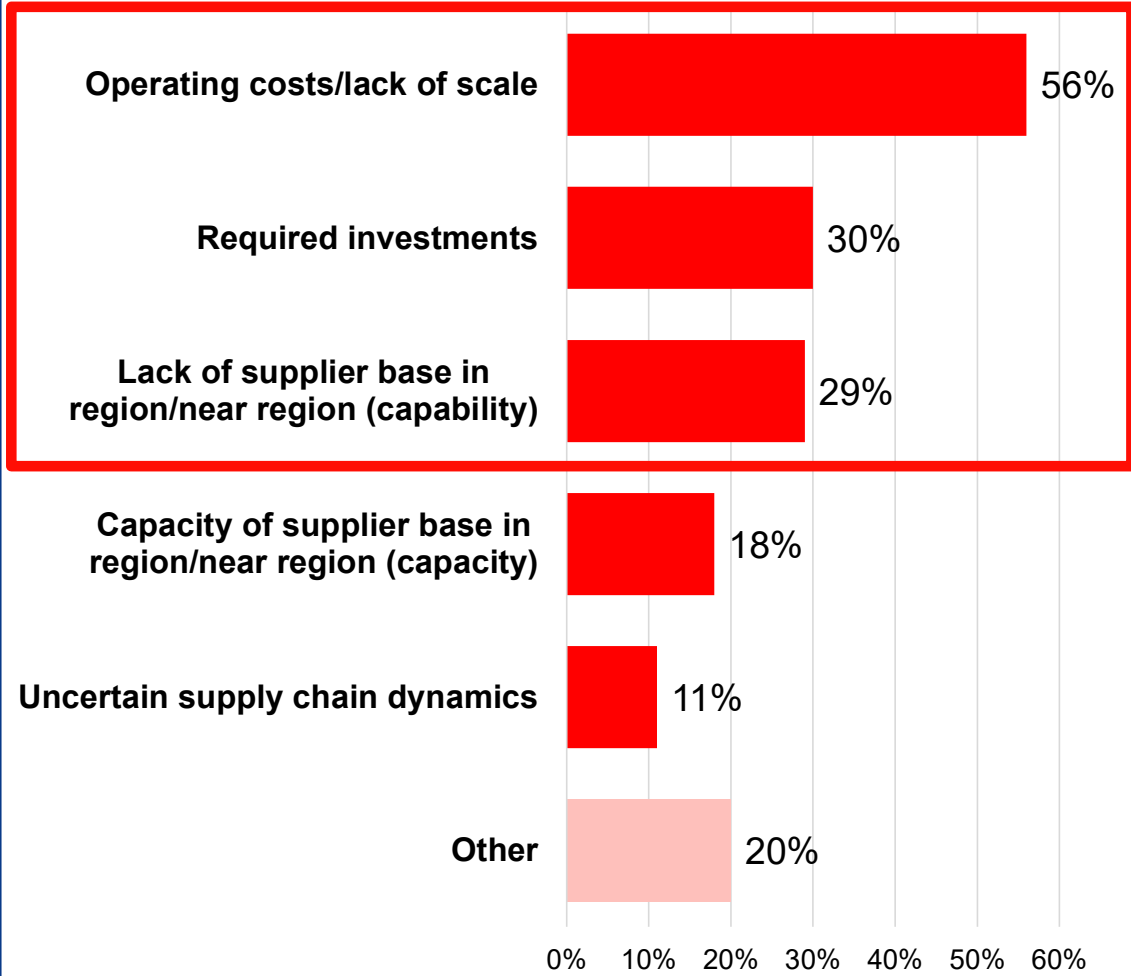


Source: Buck Consultants International/SCM, 2024

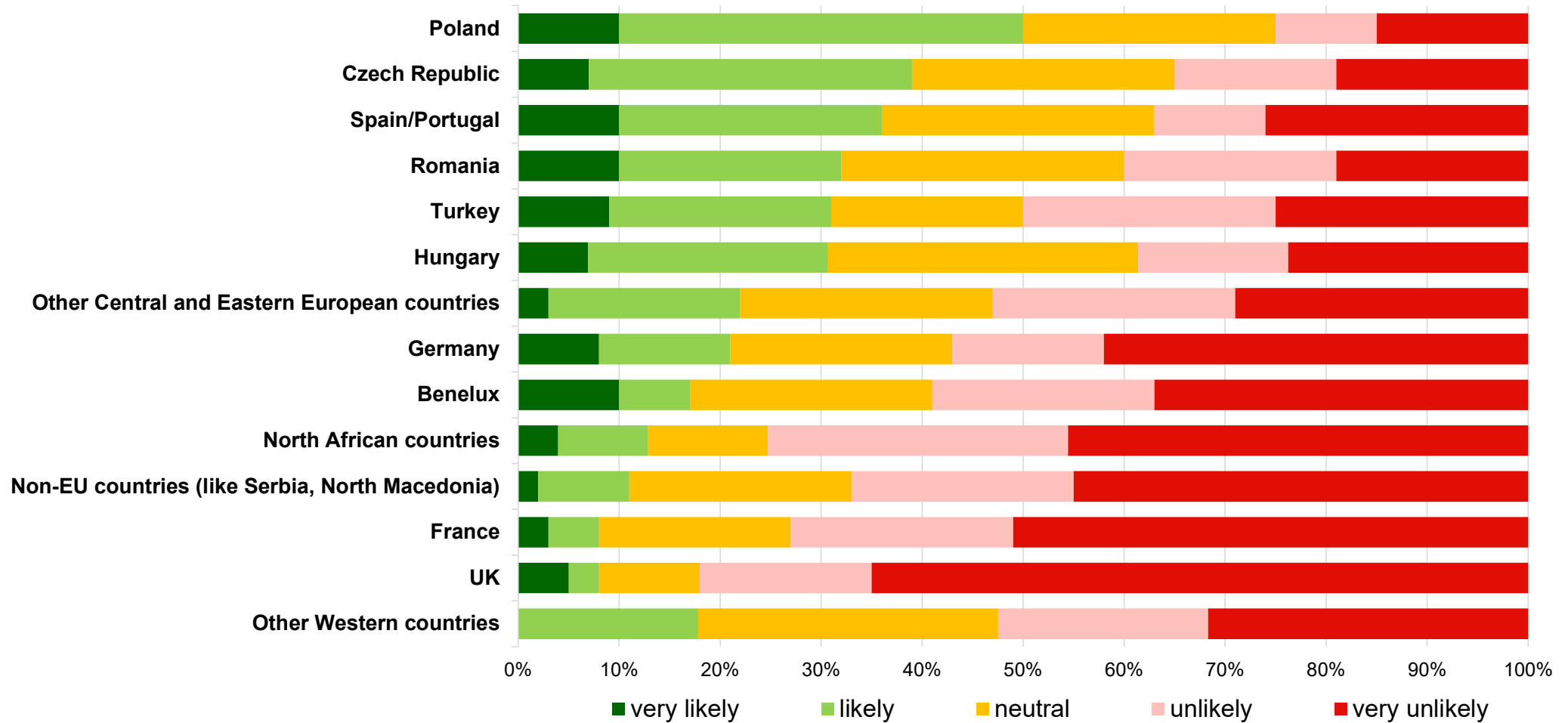
## Key factors for success in making these changes



## What are the main barriers for not considering nearshoring/onshoring?



# What countries will you consider for onshoring/nearshoring to serve the European market?



## Recent Cases From BCI's Current Practice

### Examples - reconsidering Asia / global footprints

#### Plastics Components Manufacturer

- Company having a stable manufacturing footprint globally already for many years
- Large site in Europe and in the US, smaller site in China



- The leadership of this privately owned company now prioritized a global manufacturing footprint review
- Main objective: regionalizing global capacities
- Example considerations in scope
  - Towards China for China
  - Potentially a new site for rest of Asia
  - **Scaling up European capacity to match growing European demand**
  - Downscaling Mexico facility and shifting to the US
- Key drivers
  - Reduce tariff risks
  - Mitigate risks in end-to-end value chain



#### Industrial AgTech Products Manufacturer

- Company having a historically grown global manufacturing footprint
- Existing plant in Europe, but majority of EU volumes produced in the Americas



- The company's management initiated a manufacturing footprint review
- Main objective: reducing risks, preparing for growth
- Example considerations in scope
  - Geopolitical risks
  - Older sites not ideal to invest in new technology platforms
  - **Expanding European site significantly to match European demand AND mitigate high labor costs through automation**
- Key drivers
  - Reduce risks
  - Automation to reduce labor costs/increase efficiency



## 5 What To Do?

### **Regionalization of value chains accelerates**

- **No end to global value chains**
- **Lower growth of trade/container transshipment volumes between regions of the world**
- **More assembly/production activities in Europe**

### **Shippers / Manufacturers**

- Increase end – to – end visibility by using control tower
- Diversity your supplier base
- Optimize your manufacturing footprint
  - Scenario development & assessments
  - Defining tripping points
  - Regionalize value chains if possible
- Make business continuity a 24/7 activity
- Make the right (re)location choices, taking all cost, quality of the business environment and external risk factors into account

## Regionalization on the Rise: Drivers | Success Factors | Barriers

**Regionalized value chains does not mean the end of globalization or de - globalization. It is more recalibrated globalization – a new chapter in globalization**

### Top 4 Strategic drivers

- Proximity of main customers/markets
- Less dependency/disruptions from China/Asia
- Reduction of transportation costs
- Quality / Reliability suppliers

### Top 4 Success factors

- Finding cost effective production locations
- Finding the right suppliers
- Proximity of already established own operations
- Labor market potential

### Top 4 Barriers for expansion in Europe

- High operating costs compared to China/Asia
- Substantial amount of materials/components are still coming from outside Europe
- High investment costs
- Lack of qualified suppliers (capacity & capability)

# Where are your opportunities – which industries will invest or re-direct cargo flows?

## Opportunities

**Industries with regionalizing of supply chains/ production – onward trend accelerated by trade tensions**

### *Examples*

- Machinery & Equipment
- High value industrial products

**Industries with strong European Strategic Autonomy-objectives**

### *Examples*

- Semiconductors
- Batteries & other renewable energy related equipment & products
- API-pharma

**Industries with redesign of distribution model – from EDC to EDC & Satellites or RDC**

### *Examples*

- Medtech
- Pharma
- E-commerce large companies

**Analyze – Assess – Prioritize – Prepare - Execute**