

Executive Summary: Global Trade Policy and Supply Chains (Post-COVID, U.S.–China Focus)

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Date: August 2025

Overview

Global trade dynamics between 2010 and 2025 have been shaped by U.S.–China tensions, the COVID-19 pandemic, and shifts toward supply chain diversification. While U.S.–China trade flows recovered after the initial COVID shock, long-term decoupling pressures have driven corporates to explore alternative sourcing strategies. Supply chain resilience has become a central theme for policymakers, investors, and corporates alike.

Key Findings

- U.S.–China trade flows peaked in the mid-2010s but slowed amid tariffs, geopolitical frictions, and COVID disruptions.
- COVID-19 highlighted vulnerabilities in concentrated supply chains, spurring diversification into Southeast Asia, Mexico, and India.
- Supply chain resilience has become a key corporate priority, influencing capital expenditure and investment strategies.
- Policymakers in the U.S. are incentivizing reshoring and nearshoring through subsidies and industrial policy (e.g., CHIPS Act).
- Despite diversification, China remains a critical hub for global manufacturing and intermediate goods.

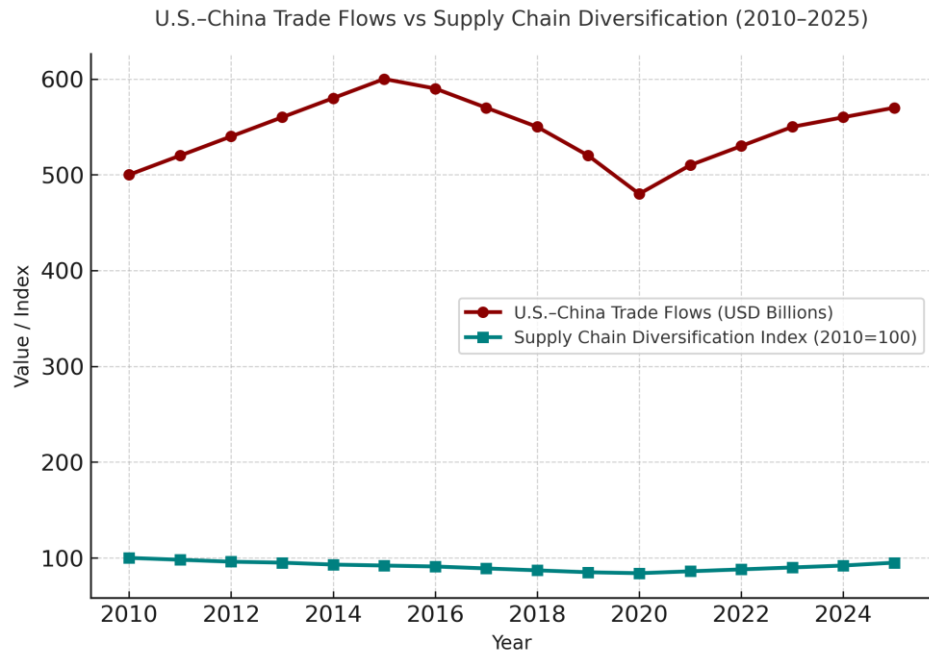


Figure 1: U.S.-China trade flows vs. supply chain diversification index, 2010–2025.

Source: IMF, World Bank, U.S. Census Bureau trade data

Implications

- **For Corporates:** Diversification and resilience planning are no longer optional; firms are rethinking supplier risks
- **For Policymakers:** Strategic industrial policy is essential to balance efficiency with security and resilience.
- **For Investors:** Supply chain resilience is a determinant of corporate performance and sectoral competitiveness.

Policy Recommendations

1. Corporates should integrate supply chain risk metrics into enterprise risk management frameworks.
2. Policymakers should coordinate trade and industrial policies to avoid inefficiencies and global fragmentation.
3. Investors should prioritize companies demonstrating supply chain transparency, diversification, and resilience strategies.

Conclusion

Post-COVID trade policy and supply chain dynamics are reshaping global commerce. U.S.–China frictions remain central, but diversification trends point to a more multipolar supply chain landscape. Corporates, policymakers, and investors must act proactively to balance efficiency, cost, and resilience in a rapidly evolving global environment.

References

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