

An Analysis of Changes in Global Supply Chains: Trends, Implications, and Future Outlook

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Abstract— After World War 2, the economies of countries like United States did well. Japan and West Germany caught up to and exceeded the GDP of the United Kingdom during these years. China overtook the United States of America soon and became the largest global supplying country. China has been the largest exporter of goods in the world since 2009. China's exports and economy grew dramatically following the opening of the country to trade under Deng Xiaoping. However the COVID-19 pandemic changed everything. Since the pandemic, countries all over the globe are looking to replace China as their supplier. The global supply chain has changed through the time, significantly after World war 2. So the trends of the global supply chain over the years have changed exponentially and new countries have emerged as global suppliers. There are things China and the US did right to grow their economy and maintain their position at the top as global suppliers such as increasing their export rates and lowering the amount of products imported from other countries. Some factors such as Consumer Culture, Export-Oriented Growth, Reconstruction Efforts that contributed to their growth overall. The global supplying chains has change through the time, significantly after the World war 2.

Keywords: Personalized learning, AI-assisted learning, Adaptive learning, AI learning environment

I. TOP GLOBAL SUPPLERS AFTER WORLD WAR

II

The post-World War II period, spanning from the late 1940s to the 1960s, marked a pivotal chapter in the global economic narrative. During this transformative era, nations like the United States, Japan, and Western European countries embarked on the challenging journey of post-war recovery, which coincided with a redefinition of the global supply chain. Central to this transformation was a heightened emphasis on international trade. The war's devastation underscored the need for cooperation and economic interdependence among nations. Consequently, institutions like the United Nations and the General Agreement on Tariffs and Trade (GATT) were established, aiming to foster international trade and reduce trade barriers. GATT's evolution into the World Trade Organization (WTO) further solidified the commitment to global trade. Multinational corporations (MNCs) took the spotlight. Primarily originating in the United States, these corporate giants recognized the potential for expansion and profit in international markets. They ventured into foreign territories, establishing subsidiaries and partnerships to access new markets and resources. The hallmark of this era was the swift expansion of supply chains across borders. Companies sought cost efficiencies in various regions while diversifying market reach. This resulted in the development of intricate networks

of suppliers, manufacturers, and distributors, facilitating global production and distribution. The enduring legacy of this transformative period is the modern global supply chain, renowned for its efficiency, complexity, and interconnectedness. It continues to drive global commerce, offering both opportunities and challenges in an ever-evolving world of international trade. The lessons learned during this era remain relevant, underscoring the importance of adaptability, innovation, and collaboration in response to economic and geopolitical shifts.

II. HOW DID CHINA TAKE OVER THE USA

China's transformation into a global supplier and a major global economic player occurred over several decades due to various factors:

1. **Economic Reforms:** China's journey began with Deng Xiaoping's late 1970s economic reforms, which opened the country to foreign investment and trade. Market-oriented policies and Special Economic Zones (SEZs) attracted foreign capital.
2. **Cost Advantage :** China's abundant, low-cost labor initially made it an attractive manufacturing destination, particularly for labor-intensive industries, prompting outsourcing.
3. **Infrastructure Development :** China invested heavily in modern infrastructure, improving logistics and facilitating domestic and international trade.
4. **Export Focus :** China adopted an export-oriented strategy, encouraging companies to produce goods for global markets, tapping into rising demand for manufactured products.
5. **WTO Membership :** China's 2001 entry into the World Trade Organization (WTO) expanded access to international markets, boosting exports and trade agreements.
6. **Foreign Investment :** Attracting significant foreign direct investment (FDI) played a pivotal role, as multinational corporations set up manufacturing facilities in China.
7. **Integration into Supply Chains :** China became integral to global supply chains, supplying components, raw materials and goods worldwide.

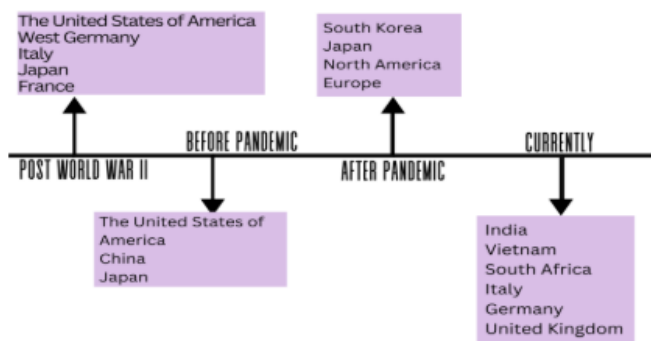
III. HOW DID CHINA MAINTAIN ITS ECONOMY

China's trade and investment reforms and incentives led to a surge in FDI beginning in the early 1990s. Such flows have been a major source of China's productivity gains and rapid economic and trade growth. China is the only country having 2 currencies, namely Chinese Renminbi and Chinese Yuan. The Chinese Renminbi (RMB) is used for domestic transactions within Mainland China, whereas the Chinese Yuan (CNY) is used for international transactions outside the mainland. This is because the value of Yuan is less as compared to Renminbi, making it cheaper for China to buy goods from other countries. China exports more goods to what it imports from countries to gain a profit. Whatever amount of goods is sold to a particular

country, China imports a lesser amount of goods and gains a profit of the margin.

IV. EMERGING COUNTRIES AS GLOBAL SUPPLIERS POST COVID-19

After the COVID-19 pandemic, Vietnam, India, Mexico, and several Southeast Asian nations have emerged as global suppliers. These countries have diversified their economies, enhanced their manufacturing capabilities, and improved their logistics infrastructure to meet the changing demands of global supply chains. These emerging countries are not only fulfilling their own economic aspirations but also contributing significantly to the global supply chain. While challenges such as political stability, regulatory hurdles, and infrastructure gaps persist, their resilience and adaptability make them formidable contenders in the evolving landscape of international trade and commerce. As global supply chains continue to adapt to changing circumstances, these emerging nations are well-positioned to play increasingly influential roles. They are supplying countries worldwide with raw materials, manufactured products, goods, etc



V. WHY ARE COUNTRIES AVOIDING CHINA AS THEIR SUPPLIER POST COVID-19

Countries are considering alternative suppliers and diversifying their supply chains away from China for several reasons:

1. **Dependency Risks** : Relying heavily on China as a sole or primary supplier poses risks, as the COVID-19 pandemic highlighted. Disruptions in China can disrupt global supply chains.
2. **Environmental and Ethical Concerns** : Environmental regulations and ethical labor practices are under scrutiny. Some companies are shifting production to countries with better environmental and labor standards.
3. **Diversification** : To mitigate risk, companies and countries are diversifying their supplier bases to reduce vulnerability to a single source.
4. **Supply Chain Resilience** : The pandemic emphasized the need for supply chain resilience. Companies are considering suppliers in closer geographic proximity to reduce disruptions.
5. **Quality Concerns** : Quality control issues in some Chinese products have led to concerns about product safety and reliability.
6. **Innovation and Technology** : Some countries are seeking suppliers that can offer cutting-edge technology and innovation, which may not be readily available in China.

Overall, the diversification of supply chains away from China

is a strategy aimed at reducing risk and increasing resilience, ensuring that disruptions in one region do not lead to widespread supply shortages. It's important to note that while some countries are shifting away from China, many still maintain substantial trade relationships with the country, and China remains a critical player in the global supply chain.

VI. CONCLUSION

In conclusion, the evolution of global supply chains is shaped by history, economic reforms, and global changes. The post-World War II era laid the foundation for today's interconnected supply chains, led by the United States, Japan, and Western Europe. China's rise as a global supplier took decades, driven by reforms, cost advantages, and integration into supply chains. To stay on top, China managed currencies, boosted exports, and reduced imports. COVID-19 introduced new trends, with emerging nations like Vietnam, India, Mexico, and Southeast Asian countries diversifying and enhancing their roles in the global supply chain. Adaptability, innovation, and collaboration are crucial in this evolving landscape. Historical lessons and ongoing changes highlight the need for agility and resilience. As supply chains evolve, emerging nations will play pivotal roles in shaping international trade and commerce.

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