

# From Globalization to Independence: Rethinking Supply Chains in a Volatile World

**Supply Chain Monitor**  
Fall 2025 Update

Disruptions, economic uncertainty and the increasing speed of digitalization have become a defining feature of today's business environment, fundamentally reshaping how organizations operate. In previous Supply Chain Monitors, we've explored the impact of events like trade wars, the Suez Canal blockage, and attacks in the Red Sea. But how has this ongoing volatility influenced the localization, globalization, and independence of supply chains? And how should you assess your supply chain strategy—both for today and the future?

These aren't just tactical questions, they're strategic imperatives that shape competitive advantage. The cumulative effect of repeated disruptions has triggered a paradigm shift in supply chain

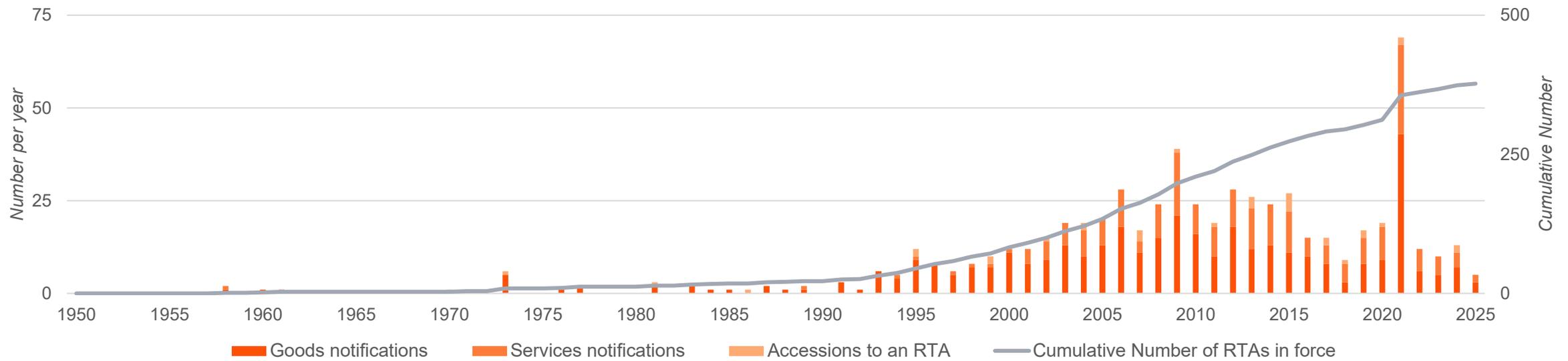
design. In this Supply Chain Monitor, we explore the evolution from localized to globalized supply chains and now, the growing trend toward independent operations, defined as vertically integrated models spanning manufacturing to logistics. We'll also introduce a framework to help you evaluate whether greater independence is the right strategic move for your organization.

# From Local to Global

In the post-world war era and before the dot-com boom, supply chains were largely local. Suppliers, manufacturers, and logistics providers operated close to end consumers. This proximity offered clear advantages: shorter supply lines, greater visibility and control, reduced transportation risks, and stronger stakeholder relationships. The turn of the century marked a shift. Regional and free trade agreements expanded rapidly, and China's WTO accession in 2001

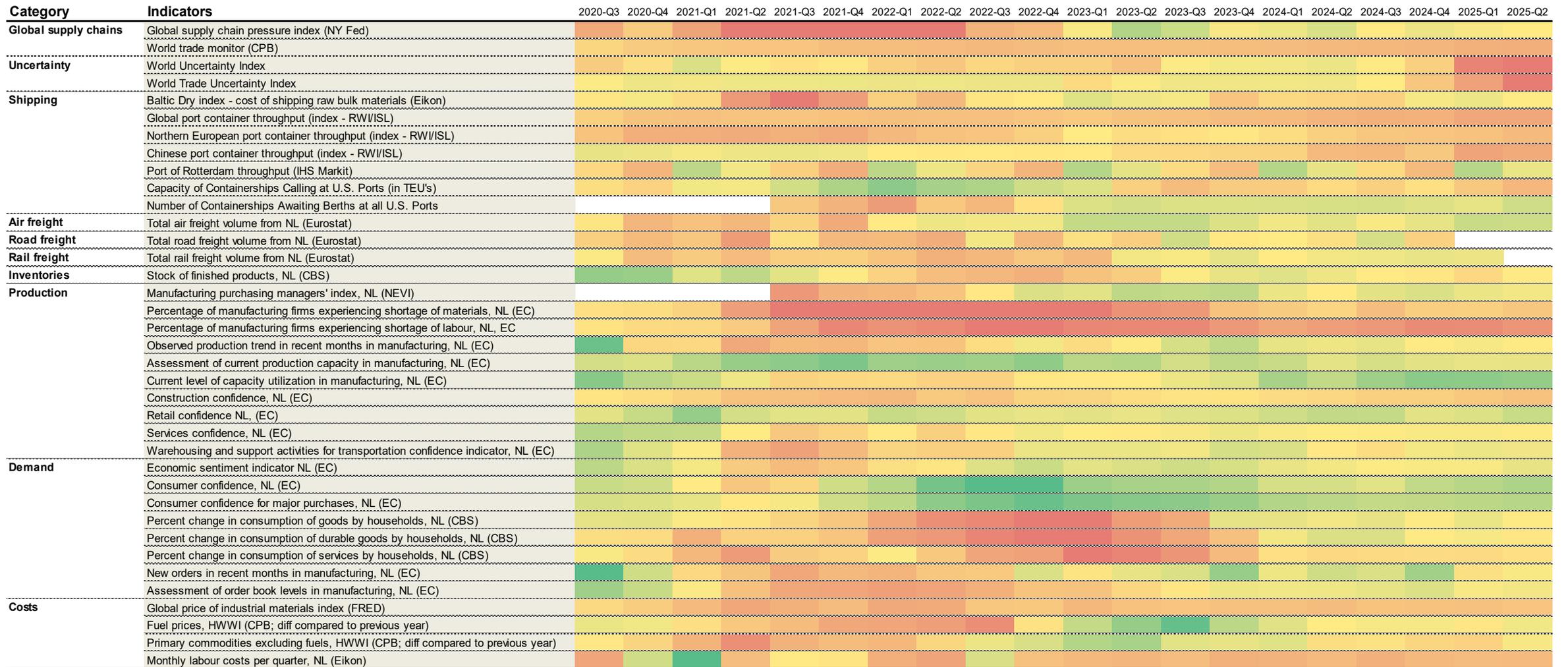
accelerated global trade. Organizations began relocating labor-intensive processes to lower-cost regions, optimizing different parts of the value chain across geographies - R&D in innovation hubs, manufacturing in cost-effective regions, and distribution networks strategically positioned for reach. This era was defined by falling trade barriers, reliable ocean freight, and just-in-time inventory models.

## Regional Trade Agreements currently in force (by year of entry into force), 1950 - 2025



Source: WTO, 2025

# PwC's Supply Chain Monitor – November 2025 Update



Sources: Freightos, Port of Rotterdam, Tomson-Reuters, NY Fed, Kiel Institute, European Commission, CBS, CPB, OECD, HIS Markit, WUI, ECB, PwC Analysis

The heatmap displays z-scores, which are calculated by subtracting the mean from each observation at time t and dividing the result by the standard deviation. Both the mean and standard deviation are derived from the largest possible historical sample. Observations marked with "-" indicate data that is not yet available. The color scale ranges from green (-3 standard deviations), through yellow (0, the mean), to red (+3 standard deviations), providing a visual representation of how far each observation deviates from the norm.

\*Approximate standardization

# From Global to Independent

Globalization continued to yield significant benefits well into the 21st century, expanding customer reach, reducing labor costs, accelerating shipping times, and enabling 24/7 production cycles. However, a series of disruptions including geopolitical conflicts, trade wars, cyberattacks, raw material shortages, and fuel price volatility began to reveal critical vulnerabilities in global supply chains. The COVID-19 pandemic served as one of the most visible and impactful demonstrations of these weaknesses in recent years.

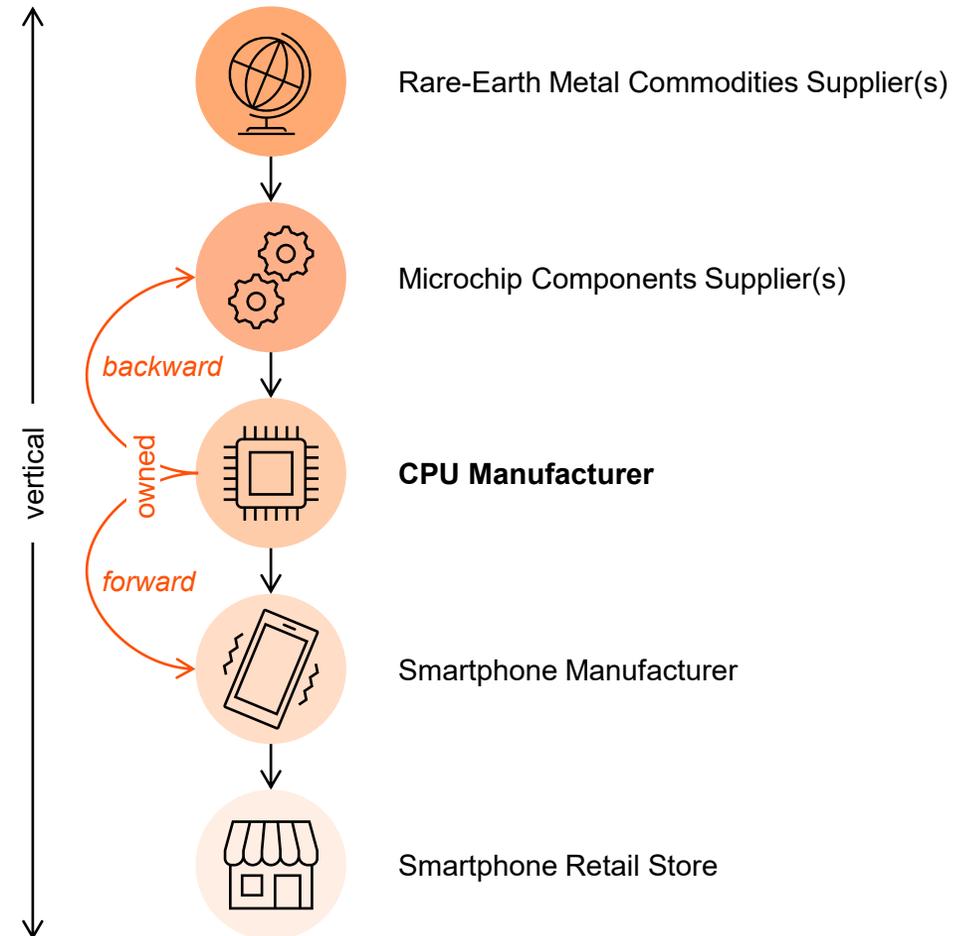
The Supply Chain Monitor heatmap shows that over the past six months, the World Uncertainty Index (WUI) has been rising, reflecting growing trade tensions, immigration and labor supply shocks, fiscal and financial stability concerns, and a global economy adjusting to a more fragmented,

protectionist landscape. Similar sharp increases in the WUI were observed following Brexit and COVID-19. These aren't isolated events. They point to a broader trend of global instability that traditional risk management approaches struggle to address.

In response, many companies have begun thinking about shifting toward greater supply chain independence, bringing operations in-house to reduce reliance on external partners. This marks a move toward a vertically integrated supply chain model driven by persistent instability in supply, demand, and investment. Independent supply chains prioritize control and resilience over pure cost efficiency, accepting higher operational costs in exchange for predictability and reduced third-party risk.

## Vertical integration in the supply chain

*Illustrative example*



# How to Manage a Moving Target

Transitioning from globalized to independent operations is complex and capital-intensive. It requires thoughtful financial planning and risk assessment. Costs include investments in facilities and technology, as well as the opportunity cost of moving away from established supplier relationships.

While the trend toward independence is clear, the right path depends on your organization's unique context: industry dynamics, product portfolio, geographic footprint, market position, and customer expectations. Importantly, independence doesn't always mean full vertical integration. Often, it involves selectively bringing key functions in-house while

maintaining strategic partnerships where external expertise adds value. This kind of integration demands a clear-eyed analysis of which supply chain elements are most critical to your competitive edge and most vulnerable to disruption.

For instance, a strong procurement function can be a springboard for further integration. In contrast, organizations lacking in-house capabilities may find expansion risky. In the past, a weaker procurement function was manageable in a stable global environment. Today, it's a liability. The same applies to other supply chain functions that once operated in calm waters but now face turbulent conditions.



The key is to evaluate whether independence aligns with your strategic goals

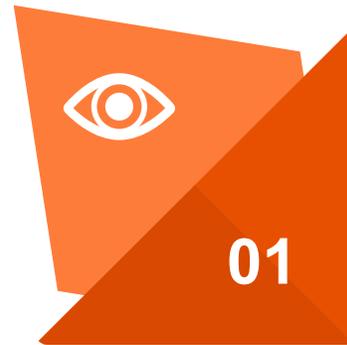
# Key Considerations for Evaluating a Move to Independence

A framework to evaluate a move toward a vertically integrated supply chain model

## VISIBILITY

*You can't manage what you can't see*

Visibility is the **foundation** for resilient operations enabling **proactive decisions** by illuminating both **static structures and dynamic flows** across the supply chain



## RELIANCE

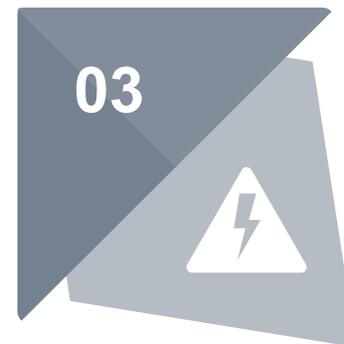
*Know where you depend and where you can differentiate*

Understanding your **critical dependencies** helps you decide where to **build, buy, or partner** to strengthen **resilience and value creation**

## EXPANSION & CUSTOMER REACH

*Growth should shape your operating model*

Your independence strategy must align with **customer expectations and market goals** balancing **local relevance with global efficiency**



## DISRUPTION & MIGRATION PLANS

*Resilience is about readiness, not reaction*

Anticipating **future disruptions** and planning **migration paths** enables you to shift from reactive firefighting to **strategic independence**

## VISIBILITY

*You can't manage what you can't see*



Visibility is foundational for managing independent operations. Without it, blind spots can emerge, undermining the very resilience you're trying to build.

- How confident are you that you have full visibility across your entire supply chain and its broader context today?

Consider both static visibility (network nodes and links) and dynamic visibility (real-time flows of goods, data, and

decisions)

- Is your current technology infrastructure equipped to support the visibility of independent operations demand?
- Have you recently assessed cross-border dependencies and their associated risks using the latest data?



## RELIANCE

*Know where you depend and where you can differentiate*

Understanding your dependencies helps identify where vertical integration adds the most value and where partnerships remain essential.

- Which partners are you most reliant on, and how do they respond to different types of disruption?
- Which relationships could be replicated or internalized?
- What do your key partners offer that is truly irreplaceable: specialized expertise, unique

capabilities, or market access?

- Where are the gaps that independent operations could fill more effectively?
- Have you recently assessed cross-border dependencies and their associated risks using the latest data?



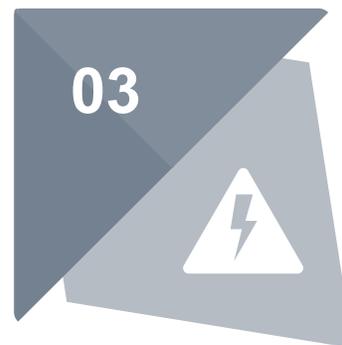
## EXPANSION & CUSTOMER REACH

*Growth should shape your operating model*

Your growth strategy and customer expectations should guide your operating model.

- What are your geographic and product expansion goals?
- How would independent operations affect customer perception and loyalty?

- In some markets, local production signals quality. In others, cost efficiency is the number one priority. What matters most to your customers?



## DISRUPTION & MIGRATION PLANS

*Resilience is about readiness, not reaction*

Your risk profile - not general anxiety - should drive decisions about independence.

- What specific disruptions does your supply chain face, and how might they evolve over the next 5 to 10 years?

- How do these risks shift depending on your partners?
- Where have persistent issues emerged, and what migration strategies could help you move toward greater independence?



In conclusion, supply chains have evolved, from local to global to increasingly independent, as organizations seek greater resilience in a volatile world. The key is to evaluate whether independence aligns with your strategic goals. By analyzing visibility, reliance, expansion plans, and disruption risks, you can determine the right level of independence for your business. Success lies not in following trends, but in making bold, informed choices that position your organization for long-term growth.

# Contacts



**Rolf Bos**

Director Supply Chain Management  
PwC Netherlands  
E: [rolf.bos@pwc.com](mailto:rolf.bos@pwc.com)



**Henric van der Ent**

Director Supply Chain Management  
PwC Netherlands  
E: [henric.van.der.ent@pwc.com](mailto:henric.van.der.ent@pwc.com)

**Contributors**

Sophie de Jongste  
Meghan Robertson  
Koen Hofstraat  
Minne van den Wall Bake

