China Plus X: DHL Global Forwarding shows new ways to build resilient global supply chains

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DHL Global Forwarding has published a white paper on the topic "China Plus X: The New Global Supply Chain". The document highlights the growing importance of multi-shoring strategies that go beyond the classic "China Plus 1" philosophy and focuses on diversifying production and supplier locations in several countries. The aim is to enable companies to safeguard their supply chains against global disruptions and to strengthen their operational flexibility.

In recent years, geopolitical tensions, trade barriers and events such as the COVID-19 pandemic have highlighted how fragile supply chains can be. The white paper discusses various countries in South East Asia, Southern and Eastern Europe as well as Middle East and South America as strategic alternatives and additions to China, as they offer both infrastructural investment and increasingly trade-friendly regulatory environments.

"The future of global supply chains lies in a flexible, sustainable and diversified structure designed for resilience. DHL Global Forwarding supports companies with a unique global network and local expertise to successfully shape this transformation. With our extensive portfolio of logistics and transportation solutions, we provide customers with the tools they need to realize their Plus X strategy and to focus on long-term stability", states Niki Frank, CEO DHL Global Forwarding Asia Pacific.

Five essential factors for the successful implementation of Plus X

The white paper outlines five essential criteria which play a crucial role in the selection of suitable production and supply chain locations. A robust transportation infrastructure is paramount, as it encompasses the capacity, quality, and transit times essential for efficient logistics. Countries like Vietnam and Mexico are making significant investments in their transportation networks, which serve as the backbone of their supply chains. Alongside this, a

comprehensive analysis of the cost structure is vital; this includes evaluating logistics expenses, labor costs, and the overall return on investment (ROI) associated with relocating production to a specific country. Additionally, the quality of a country's infrastructure-both digital and physical-plays a crucial role in this assessment. This includes broadband capacity, transportation facilities, and anticipated developments such as new airports and rail lines that will support alternative sourcing strategies. The availability of a skilled workforce is another significant consideration, particularly as countries like India invest in education to prepare their labor force for emerging industries, such as semiconductors. Finally, understanding the regulatory environment is essential. This encompasses taxes, customs, tariffs, and participation in trade agreements, which can significantly impact operational efficiencies and costs. Emerging Plus X countries are actively seeking to establish favorable trade agreements and offer with that increasingly trade-friendly environments to attract foreign investment. In this context, a long-term commitment to these locations is crucial, as establishing a diversified production base often requires substantial upfront investments.

A strong partner for complex supply chains

DHL Global Forwarding offers a comprehensive portfolio of services that help companies to make their supply chains not only efficient, but also future-proof. These include multimodal transportation solutions that combine the advantages of different modes of transport. For example, companies can reduce costs and optimize delivery times by combining ocean and air freight.

In addition, DHL Global Forwarding provides specialized consulting services to help companies analyze and plan their Plus X strategies. This includes the evaluation of transport capacities in potential destination countries, the analysis of regulatory requirements and the optimization of warehouse and distribution networks. Thanks to a global network in over 220 countries and territories and teams with local expertise, DHL can develop customized solutions tailored to the individual needs of companies.

Another highlight is DHL Global Forwarding's ability to use innovative technologies to improve transparency and efficiency. Through digital platforms such as myDHLi, customers gain real-time insights into their supply chains, seamlessly track shipments and manage processes more efficiently. This combination of technology and expertise makes DHL an indispensable partner for companies looking to diversify their supply chains while making them more resilient.

Source: DHL Group

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