Lloyd's List

Deglobalisation is dead. Long live globalisation

- *China's move away from the US towards a broader, more diversified global footprint may not be a temporary shift*
- *Intra-Asia and Asia-Middle East trade corridors are increasingly looking like destination markets rather than US tariff pit stops*
- *Uncertainty continues to hamper short-term investment, but longer term shifts are shaping up*

15 Aug 2025 | **ANALYSIS**

by Richard Meade | @Lloydslisted | richard.meade@lloydslistintelligence.com

Globalisation is alive and well. It's just evolving amid diversifying supply chains and a new world order that is less focused on the US

FREE TO READ

CHINA'S EXPORTS TO THE REST OF THE WORLD WERE UP 11% ANNUALLY, REACHING A RECORD-BREAKING $856BN, OFFSETTING THE $100BN LOST IN A 24% DROP IN US EXPORTS.

Source: adobe.stock.com - felix_brönnimann

"DESPITE all the talk of deglobalisation, if you just look at the numbers, what we are seeing in the last two and a half years is an acceleration of globalisation on the back of a huge commercial success from Chinese companies taking market share on the global stage," Maersk chief Vincent Clerc told investors last week.

China's exports to the US may have slumped, but China's total exports have not only held steady — they've surged.

In the second quarter of this year, China's exports to the rest of the world were up by 11% year on year, reaching a record-breaking $856bn, more than offsetting the $100bn lost in a 24% drop in US exports.

That remarkable shift in trade routes away from reliance on the US and towards a broader, more diversified global footprint is reflected in the container line's results.

Maersk reported surprisingly resilient demand outside the US and forecast global container volumes could increase by as much as 4% this year.

"There is a new driver in container demand that is adding a lot of upside potential," Clerc said, predicting this stronger China-led growth might last "a few years".

But is this a temporary Trump response, reflecting workaround strategies by Chinese companies who are dodging tariffs by finishing goods ultimately designed for Western markets in the 're-labelling' factories of Southeast Asia, or something more permanent?

Is this a new era of globalisation taking root?

After months of tit-for-tat tariffs and threats, the Sino-American trade war has settled into an uneasy stasis, courtesy of another 90-day extension from the US. But this is by no means an end state.

The average US tariff rate now stands at just over 15%. Better than many had hoped for, but well above 2.3% last year and the highest level since the Second World War era.

But there is significant uncertainty about where the effective rate will settle, given the complexity from exemptions and sectoral tariffs, issues around tariff 'stacking', and generally volatile decision-making.

That's the short-term concern. Tariffs and policy uncertainty is set to weigh heavily on global growth. While limited retaliation will mitigate the impact on trade for the moment, Oxford Economics is now forecasting world trade to decline for four straight quarters from the second quarter by a total of about 3%.

There is also the underlying concern that when businesses face uncertainty over market access, both their own and that of suppliers and customers, their instinctive response is often to delay investment and scale back spending, thereby compounding the drag on global economic growth.

"I think people would be insane to make long-term investment decisions based on today's news about what the tariff rate of a certain country is going to be. Nobody's going to run a company that way," said the author and economist Marc Levinson.

"I think what we're seeing is that people are trying to appear to satisfy the United States, while at the same time thinking very hard about longer term solutions. There are a lot of countries that are interested in multilateral trade deals, and they have come to the conclusion that they're not going to be able to do that with the US."

Meanwhile, China's supply chains have adapted as goods rerouted through third countries or shifted production bases to mitigate tariff exposure. And while transhipment clauses in trade agreements could yet stem that work around, it is not entirely clear that this is all temporary, or that the US is the end market.

“These re-labelling factories in places like Vietnam is part of the story — it is certainly happening, but it is not the mega driver of change here,” said Xeneta chief analyst Peter Sand.

“We’ve seen Chinese exports growing double digit into Middle East and parts of India, but also South America and Central America. That could be strategic inventory building from a Chinese perspective, in order to make it a little bit more difficult to track and trace where the origin of the goods come from. But I have not been able to basically verify that’s what’s going on,” explained Sand.

The corresponding exports from the countries seeing significant Chinese imports is simply not happening — an anomaly that supports Clerc’s thesis that the growth of Chinese consumer and industrial brands across the world is leading to potentially irreversible changes to supply chains.

As the German asset manager DWS Group recently put it: “The competitiveness of Chinese exports, as well as intensifying economic links with regions like the Middle East and Africa, is a structural trend that is likely to prevail.”

Containerisation and globalisation of manufacturing has enjoyed double-digit growth rates for decades, when Europe and North America made investments in Asia and brought all the goods back.

But is it now the time where India, Middle East, South America, Latin America, have reached the inflection point where they have evolved into fully fledged destination markets for Chinese manufacturers?

“I think it’s a trend that still needs to be proven, but yes, I think it’s possible,” said Sand, who notes that Intra-Asia and Asia-Middle East trade corridors are some of the fastest growing on the planet.

“When we look at China, they are always looking long term. So they have been canvassing these markets for years, if not decades, but certainly since the first Trump presidency when we started to see trade barriers being erected,” said Sand.

“This is by no means all about de-risking supply chains for goods that, in the end, will end up in North America. This is about new markets, and it is actually growing pretty fast.”

And as for the longer term evolution of globalised trade? Well, according to Levinson we are looking at a new world order emerging, where it is clear that companies and countries are preparing themselves for a future in which the US is not an active participant in the same way it once was. That in turns implies a fragmenting trading environment, but one where new trade agreements could take hold.

“I don’t think that we’re going back to 1930s here in terms of these barriers,” said Levinson.

“And that’s because many countries are aware that they’ve prospered a lot from international trade and they don’t want to be isolated. They don’t want to be subject to the United States or to China. And so how did you deal with that? You find other partners who are willing to strike deals with you. So ultimately that’s where I see things going.”