

# Navigating Emerging Trade Barriers with a Strategic Approach for Multinational Corporations

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## The Resilience vs. Fragmentation Era

By late 2024, global trade moving beyond post-pandemic recovery now enters a “New Fragmented Normal.” After a trade volume growth of 3.0% in 2022 followed by a decline of -1.2% in 2023" to match the actual data in figure 1.

As a result of ongoing fragmentation, instead of a seamless “Global Village,” we are seeing “Geopolitical Blocs.” For leaders, the dominant challenge is managing trade-restrictive measures (nearly \$4.7 trillion worth of global imports), moving the focus from cost-minimization to strategy and regulatory resilience.

## The Divergence of Physical and Digital Trade

The major trend for 2023-2024 has been leading to a recovery in services. Trade in goods, due to high interest rates and low demand for manufactured goods, fell sharply. This was in contrast to commercial services, especially those delivered digitally, and these grew to unprecedented levels.

The services sector has changed the dynamics of the economy and offers resilience even as merchandise trade volume continues to decline. Digital services of course saw growth. Figure 1 compares the two and illustrates the resilience of digital services and the volatility suffered by merchandise. The bar chart tracks the growth of merchandise trade; it suffered a decline of -1.2% in 2023 due to global inflation and energy shocks. It is expected to recover and grow by 2.6% in 2024 and 2.0% in 2025. This “V-shaped” recovery in the physical sector illustrates the global supply chain restructuring in response to what MNCs decoupling from their China suppliers and regionalizing and near-shoring [1][5].

The orange line, representing Digital Services Value, has formed an entirely different picture, exhibiting far greater stability as well as a faster, more aggressive, and more uncoupled line of growth digitally, as the disruptions affecting the physical line are entirely different. Digital Services grew from \$4.4 trillion in 2022 to an estimated \$4.6 trillion in 2025.

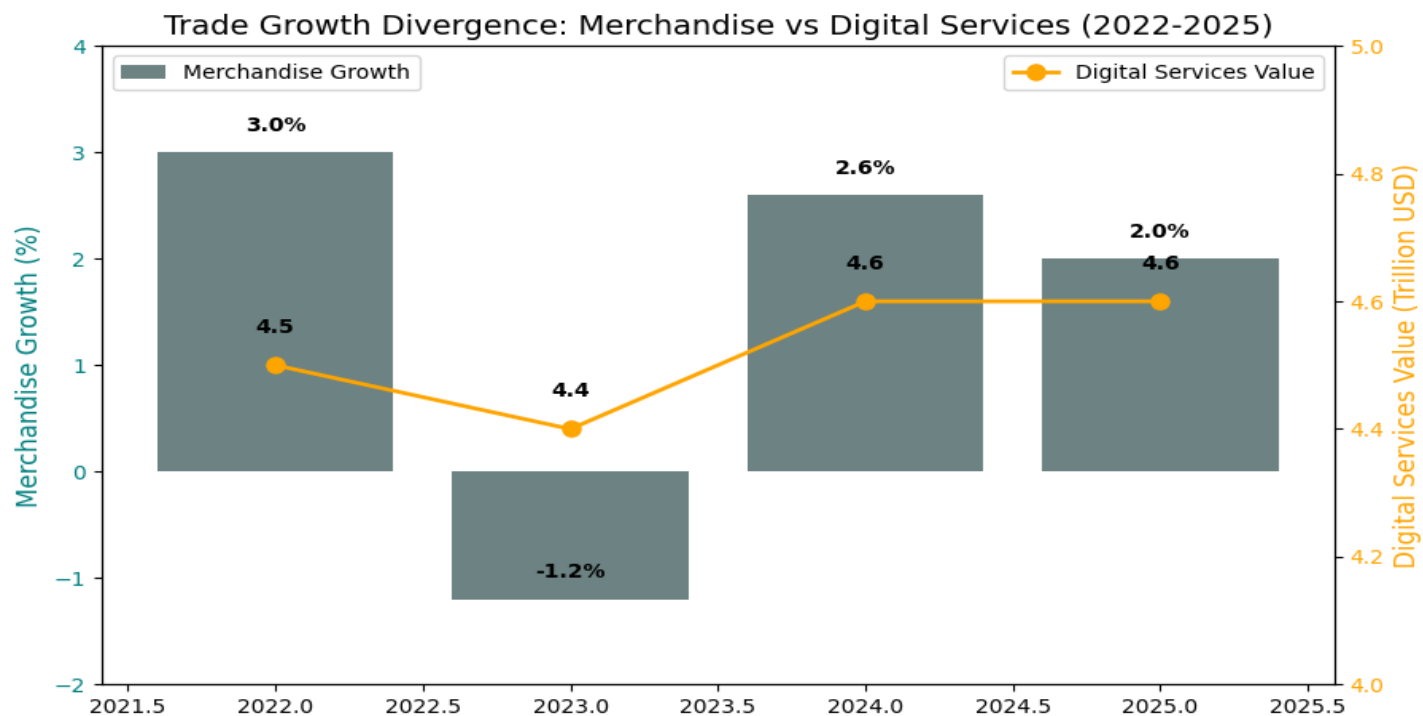


Figure 1: The trade growth divergence (2023–2025)

Source: *WTO Global Trade Outlook and Statistics (April & October 2025) [2]*.

With this transition, 'intangible' trade proves to be a more robust buffer against the barriers of trade, or 'the buffer' against 'the trade' as it is decoupled. For the MNC's (Multinational corporations) purpose, the complete divergence is the proof, as physical trade is driven by the 'gravity' of geopolitical borders and delays, while the digital trade is driving decoupled growth. This data affirms the 'Agile Advantage' as more and more successful companies are using the physical disruptions as hedges in order to digitally expand their global market services.

### Structural Shifts: The Rise of Nearshoring

The expansion of MNCs (Multinational corporations) "Friend Shoring" and "near to market" has led to a complete reconfiguration of the geography of trade [4]. In 2023, Mexico became the largest trade partner of the United States, a position that is forecasted to be sustained in 2024, as shown in table 1.

Table 1: MNC supply chain realignment trends (2023–2024)

Metric	2023–2024 Performance	Strategic Corporate Action
US Reshoring Intent	43% of respondents (up 25 pp from 2023)	Shifting supply chain footprints back to the U.S.
Regionalization Focus	97% of companies implemented dual-sourcing	Moving production closer to the final consumer
China Import Share	Dropped to 13.9% of U.S. imports	Diversifying sourcing to ASEAN and Latin America
India Net Increase	+42% expected SC presence	Leveraging India's growing manufacturing capacity

**Source:** *McKinsey Supply Chain Risk Pulse Survey (2024).*

The 'China+1' approach has created a new industry standard. It is expected that by 2024, 97% of the surveyed supply chain leaders will have employed a combination of increased inventory levels and regionalization as the primary means of resilience.

### The Rise of "Invisible" Barriers (NTMs)

With the passage of time, in addition to 'traditional' tariffs, the 'Invisible Wall' of Non-Tariff Measures (NTMs) has grown, which include technical standards, critical technology export controls, and other sanitary and phytosanitary measures.

Between late 2023 and late 2024, there's been an extreme increase in global trade protectionism, and the WTO has reported the Value of Covered Trade impacted by new restrictive

measures. Figure 2 illustrates the trade barriers that most strongly impacted the value of trade. It jumped from \$387.7 billion in the previous year to \$887.7 billion in the year ending October 2024. The value of trade affected recorded a net increase of 500 billion dollars in just 1 year and indicates a 'sharp rise' in protectionist measures that shifts the global order. A large majority of the WTO reported measures, including tariffs, quotas, and newly sophisticated barriers to trade, are non-tariff measures, and primarily drive the fragmentation of global economic growth. For MNCs, the increasing border crossing costs associated with the movement of goods and the need for operational flexibility to accommodate the regulatory environment are clearly illustrated by the greater than 11 percent coverage of the global import restrictions.

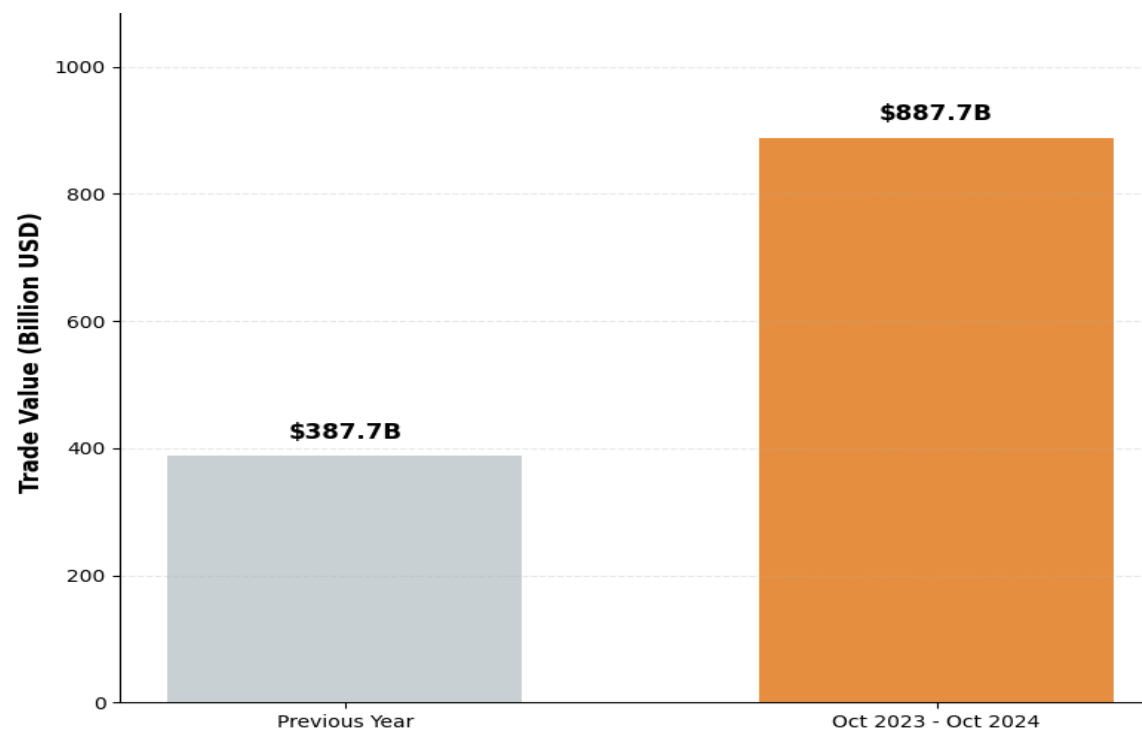


Figure 2: New trade-restrictive measures (value of covered trade)

**Source:** WTO Trade Monitoring Report, 2024 [3]

Figure 3 depicts a three-pillar model that aims to understand trade's ever-increasing fragmentation caused by a combination of structural and operational flexibility. Starting with the Core, the model focuses on Operational Intelligence, which requires the implementation of sophisticated systems and monitoring to meet real-time compliance and risk scenarios within the \$4.7 trillion global trade that is heavily regulated. The Middle Layer supports the evolution and movement towards 'Multi-Nodal' Regional Hubs by discouraging dependencies on single global points of failure and instead creating localized points, such as

Mexico for the North American region and Türkiye for the European region. Among these operational changes, the most dominant is the Outer Ring of Trade Pact Leverage, which focuses on operational closure to maximize the recently revised CPTPP and USMCA trade agreements to gain partner status as trade tensions escalate. Combined with a multi-year timeline for implementation, these components provide a clear and comprehensive framework to transform the barriers of trade regulation into a unique and lasting competitive advantage.

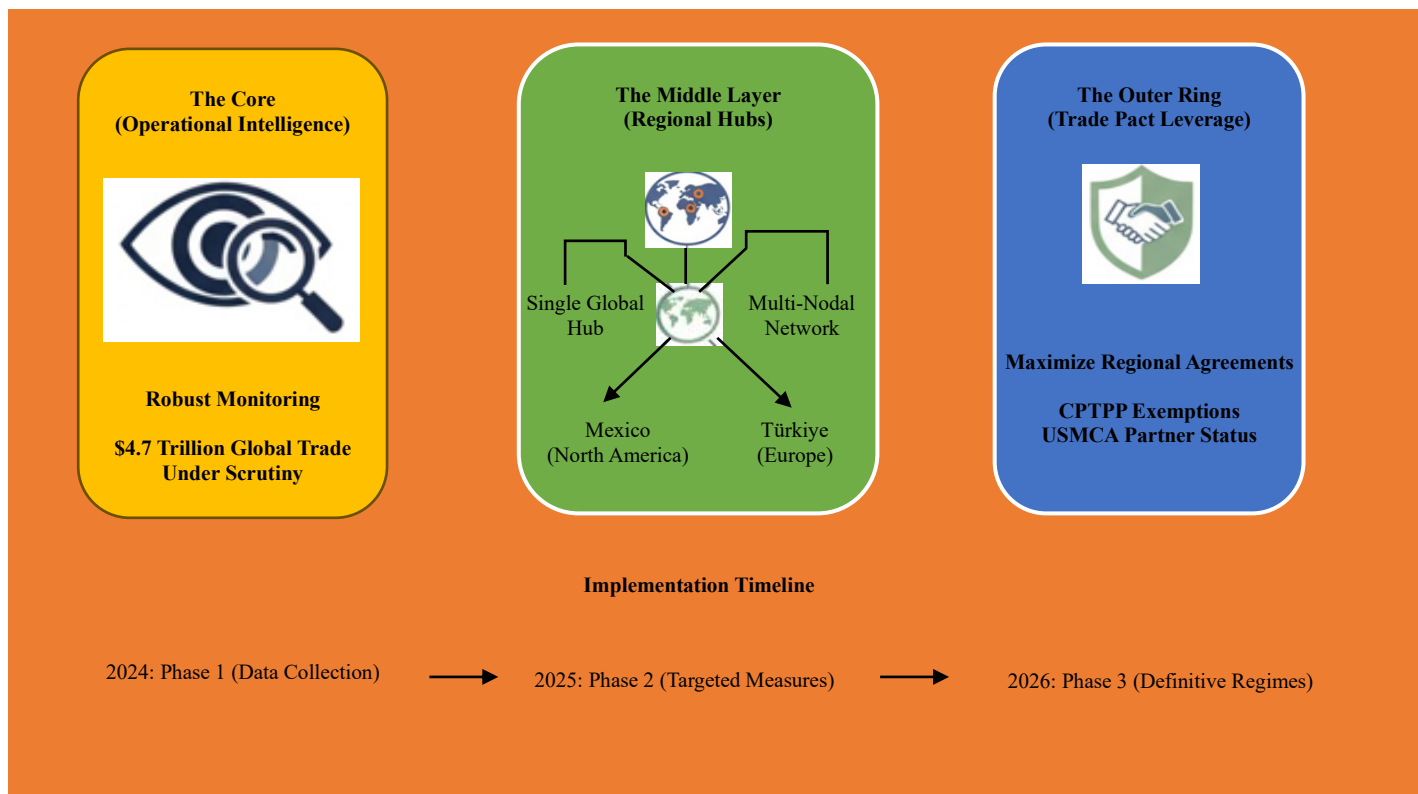


Figure 3: The MNC strategic shield framework

### Conclusion

The Agile Advantage shows the evolution of strategy for modern multinational corporations (MNCs). The focus of the MNCs shifted from building competitive advantages in trading costs to creating advantages in sustaining spread out global trade. They accomplish this incorporating three of the most significant changes in the market; the 4.5% growth in digital services value" to reflect the rise from \$4.4 trillion (2023) to \$4.6 trillion (2025) shown in the chart., the U.S. reshoring boom in

which 43% of firms increased intent, and the anticipated 2026 CBAM (Carbon Border Adjustment Mechanism) regulation. MNCs who shift from global, low-cost, high-risk models to multi-nodal and digitally integrated models will manage to avoid most customs related operational costs and reduce risk from shipping. Also, the first companies to comply with the CBAM and new green supply chain standards will create a competitive barrier to entry. In 2024, companies will be able to intertwine the CBAM with operational strategies to create more operational

pathways and constraints for their competitors, increasing their competitive advantage.

### Call to Action

To create competitive advantages in spread out global trade, the leadership has to move beyond crisis management. Organizations are urged to:

1. **Digitize the Audit Trail:** Stop manually performing compliance audits and move towards digitally integrated Advanced Planning Systems (APS) to create transparency and be able to avoid the 2026 CBAM.
2. **Recalibrate the Geographic Footprint:** Consider the possibility of a Trade Friendly Zone including Mexico, Türkiye, and Vietnam as part of your expanded geographical model.
3. **Pivot to Intangibles:** Digitally transform your service to create resilient trade value in merchandise and increasing border delays.

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