

Forum: G20

Issue 2: The question of reducing global dependence on Chinese manufacturing and restructuring international supply chains

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The question of reducing global dependence on Chinese manufacturing and restructuring international supply chains

Videos

- [Why Are Modern Supply Chains So Needlessly Complex? | Economics Explained](#)
- [Why China's Manufacturing Dominance Is Unbreakable !\[\]\(f2fdbbba686c1099e6b2b8779766e2d3_img.jpg\)](#)
- [Supply Chain Expert Answers Chinese Manufacturing Questions | Tech Support | WIRED](#)
- [What are Global Value Chains and why they matter for economic & regional development | LSE Research](#)
- ["Europe must define joint position towards China" | DW News - YouTube](#)

Articles

- [Made in China 2025: Evaluating China's Performance | U.S.- CHINA | ECONOMIC and SECURITY REVIEW COMMISSION](#)
- [The future of global trade in 2026 | McKinsey](#)
- [Controlling Tomorrow: China's Dominance Over Future Strategic Supply Chains – The Diplomat](#)
- [China and the Future of Global Supply Chains – Rhodium Group](#)
- [ADB Institute Discussion Paper No](#)
- [Weaning Away from China – Trade and Welfare Implications - ScienceDirect](#)
- [China's Techno-Industrial Strategy in the Xi Era: Producing Under Pressure](#)
- [China-EU roller-coaster relations: Where do we stand and what to do?](#)
- [Davin Chor Testimony](#)

Key Terms

Supply Chains: the network of everything involved in the development of a product from conception to its sale or delivery to the consumer. The flow From raw materials and creation, to marketing, sales, and transportation that gets a product into your hands. (Britannica, n.d.)

China Plus One: a strategy where companies started moving some manufacturing and sourcing to other countries while keeping operations in China. By looking beyond China, this strategy aims to mitigate risks associated with full dependence on the country's market or supply chain in the context of rising geopolitical tensions and uncertainty. (Tan, 2025)

Reshoring: Returning the production and manufacturing of goods back to the company's original country. (Kenton, 2026)

Friendshoring: The practice of relocating supply chains to trusted allies to mitigate risks associated with geopolitical tensions. (research center, n.d.)

Nearshoring: Moving factories to a country that is physically close to you (Bogwasi, n.d.)

De-risking: reducing economic and supply-chain dependence on a country while maintaining trade relations. (China Daily, 2023)

Global Value Chains (GVCs): A global value chain (GVC) involves cross-border manufacturing and distribution of commodities. It integrates various processes, from acquiring raw materials to delivering completed products to customers. (European Parliament, 2023)

Overview

Since the mid-20th century, the expansion of global trade has led to immense economic growth, enabling mass production and lowering the cost of goods worldwide. However, concerns have risen regarding the concentration of manufacturing power within a single nation, leading to vulnerabilities in global supply chains. With growing concerns about supply-chain vulnerability and strategic dependence, international bodies and major economies have worked to diversify manufacturing locations and alter factories, promoting strategies like "friend-shoring" and "near-shoring" to maintain global economic stability.

While the push to restructure supply chains is recent and of the modern economy, this issue stems from the rapid globalization era of the late 20th century. China emerged as the world's primary manufacturing centre, producing and exporting a vast range of goods to global markets, after having economic reforms in 1978 and being part of the World Trade Organization (WTO) in 2001.

Many Western companies moved their manufacturing to China because labour costs were lower and production could be carried out more efficiently. For many years, this system worked well and helped keep prices low. However, the COVID-19 pandemic exposed some of its weaknesses. Due to the lockdowns in China that temporarily shut down factories, there

were shortages of medical supplies, semiconductors, and consumer goods across the world (Antràs, 2021).

At the same time, tensions between the United States and China were increasing, especially as the trade war continued. This led many governments and companies to question whether it was a good idea to continue relying so heavily on one country for manufacturing. As a result, more attention was given to making supply chains more reliable and less dependent on a single manufacturing hub (Cambridge University, 2022).

Because of this, a "Great Reallocation" started changing trade patterns in the early 2020s (Alfaro & Chor, 2023). Western governments passed laws such as the U.S. CHIPS and Science Act and the European Chips Act to strengthen domestic semiconductor and high-tech manufacturing. (European Commission, n.d.). At the same time, businesses adopted a "China+1" strategy, shifting operations to cheaper neighbors or closer allies. (Bridge Connect, 2025)

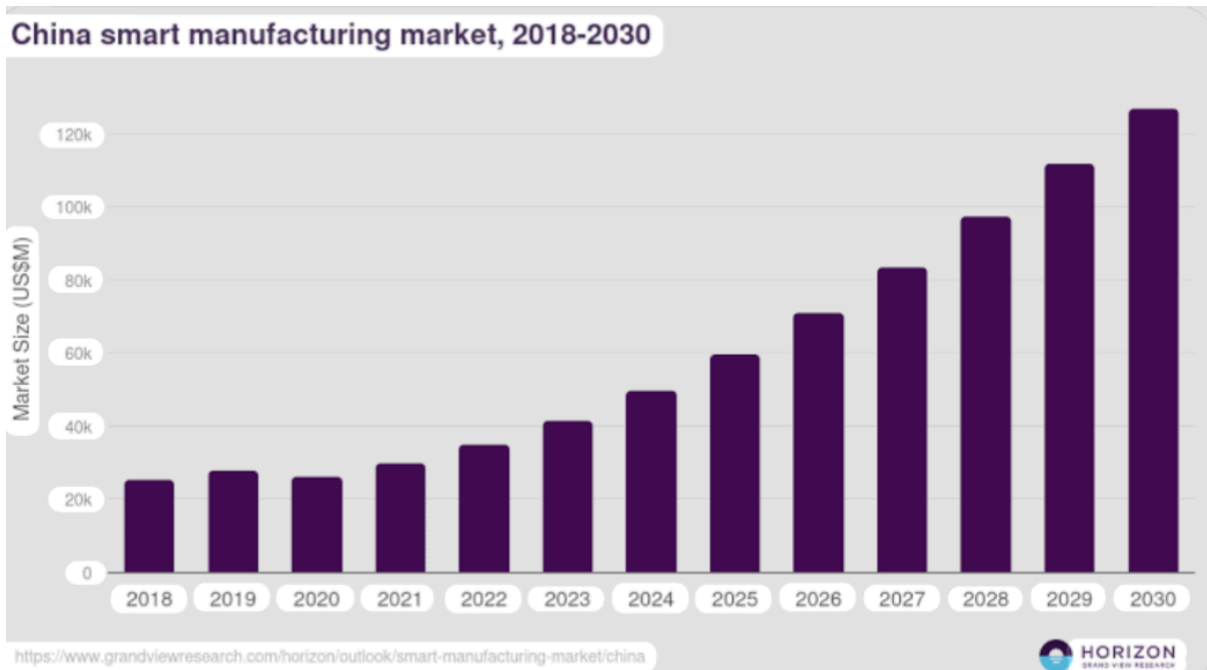
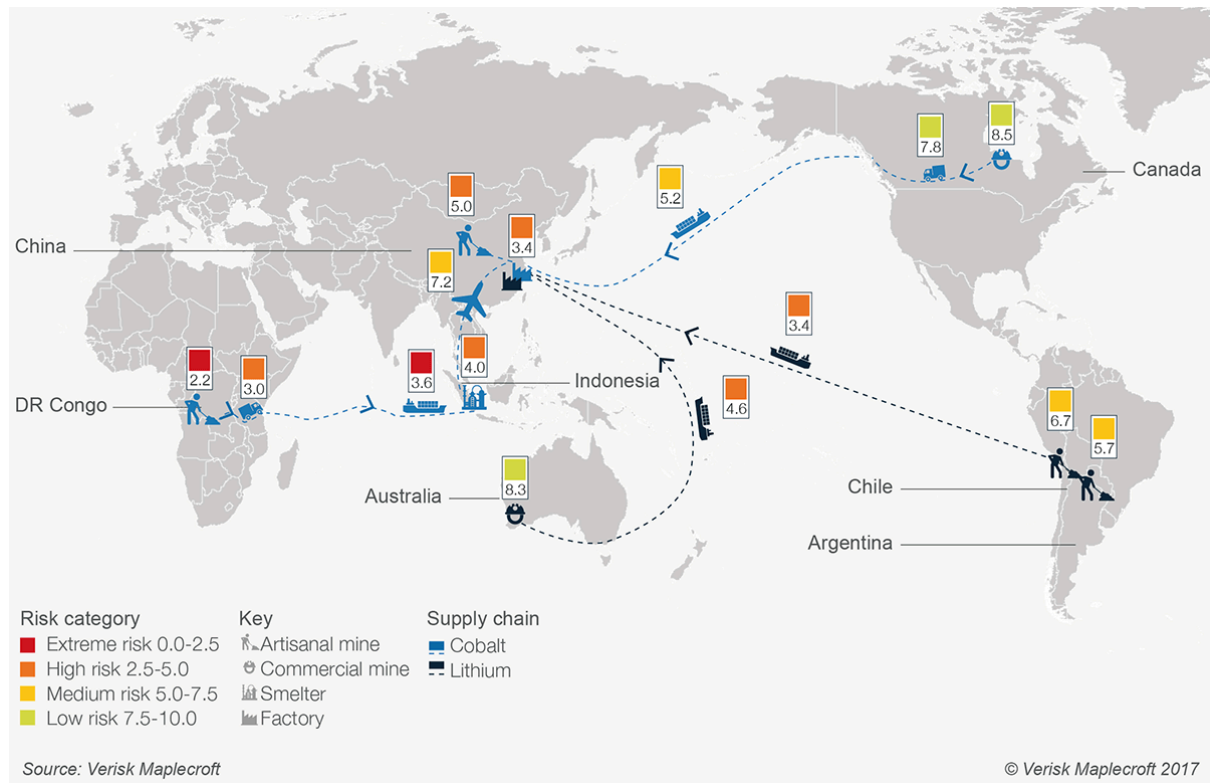
Even with these changes, completely breaking away from China is incredibly difficult. While the West buys less directly from China, alternative manufacturing hubs like Vietnam, Mexico, and India still rely heavily on Chinese raw materials and components to finish their goods (Bridge Connect, 2025). In addition, China is still growing its industrial base through policies focused on self-reliance (ECB Economic Bulletin, 2024). This growth worries Western leaders, who have put heavy tariffs on Chinese goods to try and limit China's growing economic and technological influence. These developments have contributed to growing competition between China and other major economies, raising questions about the future structure of global trade and economic leadership.

Going forward, countries will likely continue trying to reduce their dependence on Chinese manufacturing. However, a complete decoupling from China is unrealistic. Modern supply chains have become too interconnected, and many alternative manufacturing hubs still rely heavily on Chinese components and raw materials. Instead, the goal is likely to be reducing vulnerability rather than eliminating dependence altogether. How successful this strategy is may play a major role in determining not only the future of global trade, but also whether China can continue translating its economic influence into greater geopolitical power.

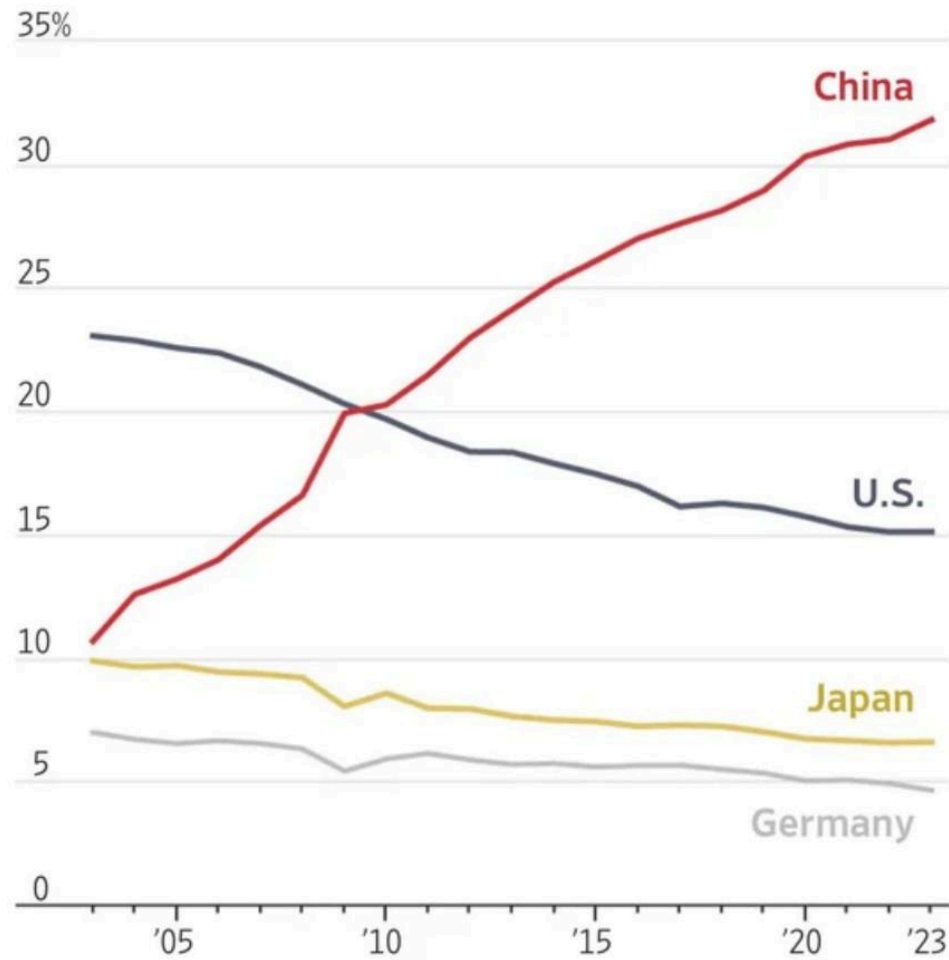
Statistics & Infographics

The following page can be used to find some accurate information about the importance of China's manufactured goods:

https://www.usitc.gov/publications/332/executive_briefings/ebot_global_dependency_on_chinese_manufacturing.pdf



Share of global manufacturing



Source: United Nations Industrial Development Organization

Timeline

1978	China introduced economic reforms under Deng Xiaoping, opening up its economy to foreign investment and private business.
2001	China joins the World Trade Organization (WTO), significantly accelerating its integration into global trade and leading many multinational companies to expand manufacturing in China.
2018	The United States imposes tariffs on Chinese imports, marking the beginning of a prolonged trade war and increasing concerns over supply chain dependence.
2020–2022	The COVID-19 pandemic and related lockdowns in China disrupt global supply chains, causing shortages in medical supplies, semiconductors, and consumer goods worldwide.
2022	The United States passes the CHIPS and Science Act and the European Union introduces the European Chips Act.

Major Parties

USA– The U.S. has been one of the main drivers of efforts to reduce dependence on Chinese manufacturing, as they are worried about national security. Through policies such as the CHIPS Act, tariffs, and friend-shoring, it aims to secure critical industries and reduce China's influence over key supply chains. However, these aggressive actions have caused high levels of tension in global markets.

People's Republic of China– As the world's largest manufacturing hub, China wants to maintain its central role in global trade. It continues to invest heavily in domestic industry and technological self-reliance while using its strong export sector to expand its economic influence. Even though China says they want open trade, some governments have expressed concerns about concentrated manufacturing capacity and potential supply-chain vulnerabilities.

European Union – The EU relies heavily on global trade and interconnected supply chains. While it has introduced measures such as the European Chips Act to reduce strategic vulnerabilities to protect their tech industry. It must also balance security concerns with the economic benefits of trade with China.

Vietnam, Mexico, and India (Alternative hubs) – These developing countries have benefited significantly from the China+1 strategy, attracting investment and manufacturing jobs.

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However, their new factories still have a big problem because they rely on importing raw materials and parts from China to actually finish making their products.

United Nations and World Trade Organization– The UN and WTO are international groups that try to keep global trade fair and stable. They encourage international cooperation and try to reduce the economic risks associated with major supply chain disruptions.

Possible Solutions

The G20 at RCMUN 2026 should be in full cooperation to find solutions, working to reduce reliance on Chinese manufacturing and focusing on spreading production across various developing regions which would make supply chains more resilient. By working through international trade agreements and economic programs, nations aim to balance global trade, lower the risk of supply disruptions, and support economic growth in multiple countries.

Committee Objective

The aim of the G20 committee at RCMUN 2026 is to discuss the issue of reducing global dependence on Chinese manufacturing and restructuring international supply chains. By noting major parties, possible outcomes and effects, and impact of this issue, the committee hopes to develop long-lasting solutions that all nations can benefit and agree upon. To fulfill this goal, nations should look at existing trade systems, economic policies, and multilateral agreements, while also working towards new strategies, rules, and frameworks for the future. The overall aim is to build a more resilient and balanced global trading system.

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