

Sources:

1. *Retreat from Globalization Adds to Inflation Risks* – [WSJ](#) (Hayashi)
2. *Globalization Isn't Dead, It's Just Not American Anymore* – [Washington Post](#) (Huiyao)
3. *Globalization Isn't Unraveling. It's Changing.* – [WSJ](#) (Lahart)
4. *Globalization Isn't Dead* – [Foreign Affairs](#) (Bremmer)
5. *Globalisation is Dead and We Need to Invent a New World Order* – [The Economist](#) (KNC)
6. *Globalization is Just Getting Started* – [Washington Post](#) (Schrager)
7. *Wall Street Warns About the End of Globalization* – [New York Times](#) (Sorkin et al.)
8. *Total Value of U.S. Trade in Goods with China from 2011 to 2021* – [Statista](#)
9. *Mapping Countries Manufacturing Output: China's Superpower vs the World* – [How Much](#) (Irena)

Introduction:

Simply put, globalization refers to the development of organizations establishing an international footprint and operating beyond their home country. It has ultimately led to complex supply chains and increasingly interdependent economies around the world. The rise of modern globalization first spiked roughly thirty years ago, and since then it has continued an aggressive upward trend. Driven primarily by advancements in technology, innovations in transportation, and increased international cooperation, globalization seemed to be an unstoppable force, benefitting companies and consumers alike. With recent events, such as the Covid-19 pandemic and war in Ukraine, many businesses are considering consolidating their supply chains closer to home to avoid future devastating supply chain disruptions. Given the current climate, many are left wondering: is globalization dead?

Facts:

- Global foreign direct investment has declined from its \$2 trillion peak in 2015 (Hayashi)
- Current U.S. immigrant population about 3 million lower than pre-2017 immigration trends (Hayashi)
- Globalization enables higher profit margins resulting from lower cost of labor (Lahart)
- 2021 global trade totaled \$28.5 trillion, up 25% from 2020 and 13% from 2019 (Huiyao)
- Trade between U.S. and China grew more than 20% in 2021, roughly \$687.2bn (Huiyao)
- Foreign direct investment into China hit \$334bn in 2021, 33% increase yoy (Huiyao)
- Globalization has diminishing returns & there's less to gain ahead (Bremmer)
- Number of regional trade agreements has continued to grow since 1990s (Bremmer)
- 83% of American manufacturers have no plans to exit China (Bremmer)
- Business is likely to concentrate in only 3 strategic geographies in the future (KNC)
- Economies are too intertwined for deglobalization to take considerable form (Schrager)
- Greater global diversification could protect supply chains (Schrager)
- More than 400 companies have withdrawn from Russia (Sorkin)
- Deglobalization will likely drive inflation higher as input costs increase (Sorkin)

Analysis:

Regardless of how the facts are scrutinized, globalization is not dead. While global foreign direct investment may be trending downward from its peak in 2015 (Hayashi), it's important to consider there is a finite number of new markets companies can enter. Further supporting the notion that globalization is alive and well are the economic trends that have been realized over the past year. Global trade has reached all-time highs and continued to grow at double-digit rates for the last few years, peaking at \$28.5 trillion in 2021 (Huiyao). This shows companies are continuing to see financial incentive to global trade and are acting accordingly. Specifically examining the U.S.'s relationship with China, 2021 saw trade between the two countries grow more than 20% (Huiyao) and, based on a recent survey, 83% of American manufacturers polled indicated no intention of withdrawing from China (Bremmer).

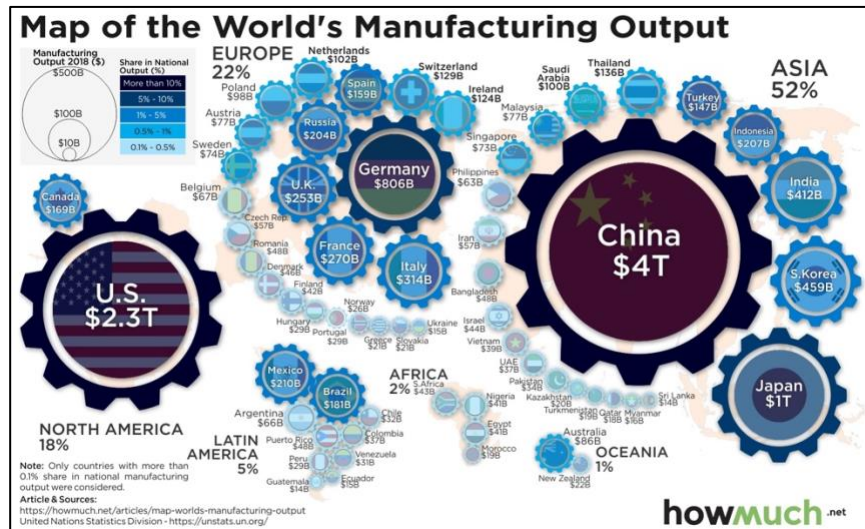


Some scholars have argued deglobalization is already underway, even suggesting the consolidation of organizations in a handful of economic powerhouses, like the U.S., China, and western Europe (KNC), but they fail to address this could be equally risky in terms of supply chain protection. Broader global diversification could mitigate geographic risks by providing alternative options to businesses experiencing certain stressors in a particular region (Schrager). While globalization can be a valuable risk management tool for supply chains, it can also keep costs down by tapping a larger labor pool (Sorkin), effectively leading to lower end prices for the consumer.

Lessons Learned:

It can be debated perpetually whether globalization is dead or not, but what is undeniable is the fact globalization is evolving. Technology has enabled globalization to grow at a pace unlike anything historically possible, but where are companies to go when they already have a presence throughout the world? The answer focuses more on production capability rather than consumer reach. Companies will diversify their backend operations to varying regions such that they won't be completely hampered if one means of production is negatively affected. The reshoring

and nearshoring actions being exhibited by some companies aren't a sign of deglobalization, it's a sign companies want to secure their ability to serve a global market.



Implications:

For global companies, the road ahead seems to encompass a greater emphasis on redundancies and social sustainability. Opposed to concentrating operations closer to home, organizations will be wise to diversify their manufacturing hubs and sources for raw materials. In this sense, greater globalization is warranted. Although nothing new, companies will also work harder to maintain their social popularity with consumers, even if to do so requires deglobalization, as has been witnessed by over 400 companies withdrawing from Russia (Sorkin). While deglobalizing has limited companies in terms of exposure to Russia, it has made many more popular in other parts of the world. Globalization is likely to continue in different form, either through diversification, greater social awareness, or even vertical integration with foreign markets. One thing is for certain though: globalization is not dead.