Beyond COVID-19: Supply Chain Resilience Holds Key to Recovery

Explore how the global pandemic is reshaping supply chains and sectorial activity, and where to look for recovery as lessons emerge on long-term business resilience.
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Introduction: COVID-19 Has Already Irrevocably Changed the Global Economic Landscape

What began as a health scare in a single province in China has morphed into a global pandemic that has now spread to almost every country in the world, putting much of the global population in partial or total lockdown. Border restrictions and lockdown measures are set to cause a massive negative short-term impact on consumer spending, investment and disruptions to international trade and global supply chains, and the long-term impact remains uncertain.

As a result, global GDP growth is expected to average 0% for 2020 as a whole, a faster contraction than during the 2008 global financial crisis. The current expectation is that the global economy is set for a sharp, but short-lived recession as evidence shows that some economic activity tends to be delayed rather than destroyed entirely in this type of shock. Sectors hit hardest by the pandemic are automotive, textiles and electronics. As shown in our data modelling, which is built with data from Oxford Economics, global output is expected to drop as compared with Q4 2019 data. The downward trend is at 13% for automotive and 8% for both textiles and electronics, and 5% for headline manufacturing as well as for aerospace and other transport equipment.

However, these sectors are also likely to see the quickest rebound as pent-up demand is released in line with a recovery in sentiment, and production ramps up to make-up for previously lost output, by H1 2021.

Global manufacturing value-added output will rebound in 2021 with a 6% value-add in manufacturing output compared to 2019. In 2021, for Asia-Pacific (excluding China), this value is set to hit 4%, while the US may see up to 6% value-add and the pick-up in Europe is currently estimated at 5%. But it won’t be a resumption of business as usual. The pandemic has been a wake-up call to many businesses about the importance of being able to mobilize rapidly, set up crisis-management mechanisms and build the supply chain resilience that will see them through the other side.

Part of Baker McKenzie’s COVID-19 response series, this report explores the overall economic impact, the sectors most affected, and the criticality of supply chain risk management as companies seek to strengthen operations and business resilience.
An Overview of the Economic Impact

As infection rates continue to rise around the world, economic growth is experiencing a sharp slowdown.

Global growth to slow
Isolation measures implemented globally to contain the outbreak have hit economic activity hard, while the sharp deterioration in business and consumer confidence, compounded by recent financial market turmoil, will continue to reduce discretionary spending and investment.

One major uncertainty concerns the duration of the current outbreak and the possibility of further waves. The east to west movement of the epicenter of the crisis which has engulfed Europe and now parts of the US, highlights how countries are at different stages in dealing with the outbreak, meaning that supply and demand issues in particular markets could have long tail effects for global businesses.

As a result, economic outlook forecasts have been changing on a weekly basis, with the latest predicting zero growth in global GDP this year (Figure 1). Globally, collapse in equity markets are sparking a sharp tightening in financial conditions that further accentuates and extends the downturn, potentially exposing financial vulnerabilities among businesses and households.

Figure 1. Forecast of COVID-19 on large downgrades to global GDP and trade growth in 2020
Global trade has also seen a significant downturn, through reduced Chinese imports and the subsequent decline in activity globally. As of March 25, Q1 2020 global trade is expected to fall to over 4%, contracting for only the second time since the mid-1980s (Figure 2).

Already, the massive pullback in discretionary and social spending will likely lead to the sharpest quarterly contraction in US household spending on record in Q2 2020.

Elsewhere, some parts of Asia are seeing a second wave of infections, highlighting the dilemma facing authorities. Containment measures may have to be relaxed and reapplied a number of times leading to more prolonged economic impacts.

And while many emerging markets (excluding China) have so far been relatively less impacted, the pandemic has the potential to have a disproportionally severe impact on public health and economic growth in markets already under strain in Latin America, Africa and South Asia. Rescue/bailout measures brought in by governments may not be as effective as intended in protecting businesses and employment.

"Following constrained activity in the global initial public offering (IPO) market during 2019, we expected activity to remain subdued in 2020. However, the emergence of COVID-19 has resulted in stock market falls — the likes of which we have not seen since the 1987 Wall Street crash — radically altering the global economic outlook."

Adam Farlow
Chair, Capital Markets (EMEA)
London
Spotlight on China: Economic and health concerns

Oxford Economics forecasts that the Chinese economy will contract in 2020 for the first time since the end of the Cultural Revolution in 1976 (Figure 3). However, as China begins to see signs of stabilization after initial months of high-alert, there are opportunities to begin reviving economic activity.

“Deal flow will definitely be slower as investors tend to be more cautious in concluding deals given the circumstances, says Grace Tso, M&A Partner, Baker McKenzie. The value of assets may go down and we are expected to see a decline in China inbound and outbound deals. Whether it is a matter of short-term investment sentiment or will have a rippling effect to other sectors will depend on whether the epidemic can be contained in a shorter period of time.”

Martin David, Asia Pacific Head of Projects for Baker McKenzie, expects to see “increasing opportunity for the Chinese private sector to engage with the inevitable diversification of supply chain operations and production in China and its impact on domestic production and export.” David notes that while “no sector will be immune, we anticipate opportunities in industrial manufacturing will be the most challenged and conversely, present the greatest opportunity for investment and growth.”

Figure 3. Forecast of China GDP growth
How employment is affected by COVID-19

Climbing unemployment rates have become a clear indication of the pandemic’s impact on the global economy. In the US, initial jobless claims soared to an unprecedented 6.6 million in the week commencing 30 March, increasing 12-fold in just one week. Further large scale job losses in the coming weeks is likely to see the unemployment rate surging above 10% in April. The situation is not unique to the US as the UK has also seen a drastic increase in unemployment claims, over half a million people registering to claim the main welfare benefit in just nine days. The economic uncertainty signals that as businesses begin to fold or file for bankruptcy due to the virus, knock-on effects like unemployment and even weaker consumer spending will further aggravate economic activity.

Elsewhere, reduced working hours, temporary redundancies, and increased sickness and isolation has hit labor supply. However, other industries are likely be more resilient and it is likely that employment losses may not be as pronounced as GDP losses, with productivity set to take the hit in the short-term.

Susan F. Eandi, Head of North America Global Labor & Employment Law for Baker McKenzie, suggests that for those who “have lived through prior global pandemics, now is the time to revisit preparedness protocol and re-evaluate the same for changes in locations of workforces and evolution in local laws.”

By contrast Eandi remarks that for those “who are new to the scene, planning for and responding to a potential pandemic requires that multinational employers focus on three key issues: how to maintain a safe workplace, how to maintain operations in the face of a pandemic and how to minimize exposure to potential liabilities that may result. The key message for any employer is to be prepared to act swiftly in order to ensure minimal changes to productivity and operations.”

The pandemic has cast a spotlight on the future of work and emphasizes the undeniable importance of business resilience. As companies flex and reassess their workplace strategies, they will also examine how work models may be completely transformed from this experience through the adoption and use of technology, agility programs and virtual meetings. This may well accelerate digital transformations in the workplace both currently and in the future.
The pandemic has also created temporary "manufacturing deserts", whereby a city, region or whole country’s output drops so substantially, they become a no go zone to source anything apart from essential items such as food stuffs and pharmaceuticals. This is due to the knock-on impact of China’s rising importance in the global supply chain and economy as seen in Figure 4.

"It is clear that the extended shutdown of parts of the world’s economy is now feeding through to impact supply chains as existing stocks are depleted. Businesses need to focus on how to minimize supply chain disruption and to adjust rapidly to a changing landscape. This includes among others, infrastructure, tax and employment implications of changes and the option of quickly reversing changes if the situation stabilizes quickly", says Mattias Hedwall, Global Chair, International Commercial & Trade, Baker McKenzie.

Anahita Thoms, Head of Trade (Germany), Baker McKenzie, comments, "Export nations need to ensure that supply chains remain as intact as possible. This means that when and where credit insurers are withdrawing from covering international trade during this crisis, the government exceptionally steps in. Otherwise there is a risk a collapse of finely woven supply chains."

COVID-19 has now unleashed a global supply chain crisis across a huge number of organizations, stemming from a lack of understanding and flexibility of the multiple layers of their global supply chains and a lack of diversification in their sourcing strategies.

Figure 4. China’s rising importance in global economy
Prior to this pandemic, supply-chain risk management principles often only applied to top-tier suppliers, leaving firms blindsided and vulnerable to shocks affecting their “invisible” lower-tier suppliers. However, the reality is that the lower-tier suppliers are critically important to the overall supply-chain hierarchy, and disruptions at these levels can quickly cause disturbances throughout the chain.

Some inputs may necessarily be more critical to the production process than others, in which case delays to certain components could lead to much larger overall losses in production than an initial assessment of vulnerability suggests. This is particularly important for higher-value manufacturing processes with longer supply chains. In a worst-case scenario, the absence of a key part may force the shutdown of a whole production line, magnifying the global impacts. For example, the absence of a key Chinese-produced part has already led to temporary automotive plant closures in Japan and Korea.

Additionally, due to intellectual property issues and complex production processes, or in a bid to reduce unit costs, firms can sometimes become overly reliant on a single company or geography to source particular goods.

This has left many companies with limited contingency plans to deal with supply disruptions. There may also be little scope to source parts from alternative locations in highly tradable sectors with a large production base in China, particularly important for sectors such as electronics and textiles.

With the West now as epicenter of the pandemic these same issues become acute for those sourcing highly specialist goods and services in key markets such as Germany and the US. There may even be challenges in securing some categories of commodities if the epicenter shifts again to emerging markets.

Supply chain risk management would involve elements of human intelligence as well as data collection and organization. Such information helps to paint a clear picture of the fundamental structure of the supply chain as well as the key contacts, suppliers and stakeholders along the supply chain specific to each company. Having clear and updated accounts of such information will enable companies to identify areas of potential vulnerability and opens the conversation on how to minimize, manage or eliminate these risks.

The record number of force majeure certificates issued in China shows the vast impact of COVID-19 and the challenges companies face in fulfilling their contractual obligations. To the extent these certificates are enforceable under the contract between the parties, there are opportunities for companies to revise, and possibly renegotiate the terms of their agreement.

Where it is not commercially viable for the parties to perform their obligations under the contract, companies with operations in China may need to consider looking elsewhere either permanently or temporarily. In general, there are four key legal challenges to consider when thinking about this supply chain shift: broadly, taxation, employment, intellectual property and compliance risks. With this in mind, it is important for exporters to build resilience and look to diversify their portfolio of customers and supply chains to mitigate these risks.

These same practices will need to move across geographies as the epicenter of the pandemic shifts.”

Nandakumar Ponniya
Dispute Resolution Principal, Singapore
While the cost of such risk management processes can be high, it is often more than offset by the savings it can generate through helping to inform decisions around the adjustment of product pricing to shift the balance of demand towards less affected lines, inventory purchasing, and management and relocation of production processes across sites. Not only is this acutely apparent following the COVID-19 pandemic, but is also important given wider shifts in globalization, amid continued uncertainty around US-China trade tensions and Brexit negotiations.

Where possible, diversified supply-chains across companies and geographies greatly reduce exposure and if firms are tied to single suppliers, risks from supply-chain disruptions should be carefully measured and contingency plans considered. For those companies that have already built diversity and flexibility into their supply chains, we have seen some sourcing quickly shift out of China in January and early February, only to return there in recent weeks. This trend is ongoing.

Debra A. Dandeneau, Global Chair of Restructuring and Insolvency, Baker McKenzie, emphasizes that “the key gating question is whether a particular company wants to help its supplier resolve the supplier’s short- or long-term problems or whether it wants to look for alternative sources of supply.”

Dandeneau shares that some companies may have to support their supplier at least for the short-term, but understanding the source of the distress faced by the supplier is critical. Other suppliers may commence, or be placed into, some kind of formal restructuring or insolvency proceeding, which is likely to add delay to operations. Knowing how the law will work in each possible jurisdiction will help companies develop an advance strategy for dealing with that situation.

“In general, companies should closely examine their credit facilities, understand the conditions of making any draws, and determine whether to build a cash reserve. These internal evaluations are as important as understanding how their suppliers are being affected. Companies also should consider how any potential supply chain disruption may affect their operations and financial results. Ultimately, when distress hits, it is good to remember that cash is king. Businesses should determine if they have sufficient sources of liquidity to execute various supply chain strategies and to weather the effects of potential disruption to their business.”

**How does this affect capital market activity?**

“Global enterprises are facing supply chain issues, hence potentially higher operational costs, lower inventory and the prospects of lower demand will be loath to expend resources and time to engage in M&A and financing activities, particularly if valuations of targets remain high. In addition, potential higher costs will cause companies to manage cash, hampering the ability of companies to acquire assets. For companies looking to raise capital at this time, COVID-19 may bring with it extra contractual considerations as issuers and underwriters become increasingly focused on force majeure and material adverse change (MAC) provisions. Transactional parties also need to navigate the disclosure requirements required by law and regulation and explore alternate means of completing diligence and book builds in light of travel restrictions and the increasing reluctance for face-to-face meetings.”

Mike DeFranco
Global Chair of M&A
Chicago
Supply chain: Sectoral impact and anticipated rebound

Two main forces are shaping industry sectors — the ripple effect from the lockdown of major manufacturing hubs starting and the demand shock in the hospitality and travel sector. These forces trigger a ripple effect along the supply chain globally, affecting sectoral activity worldwide, most significantly for automotive, textiles and electronics.

Global output is expected to drop 13% for automotive, 8% for both textiles and electronics as well as 5% for headline manufacturing, and aerospace and other transport equipment, as compared with Q4 2019 (Figure 5).

However, hardest-hit sectors are likely to see the strongest recovery as pent-up demand is released in line with a recovery in sentiment, and production ramps up. After a dramatic decline in H1 2020, all five sectors shown in Figure 5 will experience a recovery in H2 2020. While electronics may take more time to rebound, automotive and textiles are expected to see a positive percentage point difference from Q4 2019 by H1 2021.

The key factor governing how quickly these manufacturing sectors recover will be the ability of companies to re-mobilize complex multi-country supply chains, which is turn depends on their supply chain mapping and risk management.

Figure 5: Forecast: Global Sectoral Output
Initial impact in China demonstrates the depth of the knock-on effect on neighboring countries and the wider global economy. In terms of sectoral output, China’s automotive sector will see a 19% drop in output for H1 2020 while electronics will see a 17% drop in output, all relative to Q4 2019 data (Figure 6). Other sectors which have been severely hit are textiles, which will see a 14% drop in H1 2020 as well as headline manufacturing (11%) and aerospace (6%). These downward trends have triggered impacts in Asia and beyond.

Neighboring Asian manufacturers were the first to be affected by spillovers from the outbreak as supply chain disruptions led to a series of temporary factory closures for Japanese and Korean auto industries. The North Asian electronics sector was also hit by weakened Chinese demand — Korean electronics manufacturers for example typically ship around 25% of their output to China.

Globally, Chinese disruptions to supply chains and trade have become interwoven with demand and supply shocks in Europe, the US, and other major economies as workers and consumers are ordered to stay home.

Alyssa Auberger, Global Chair of Consumer Goods and Retail, Baker McKenzie, notes that “the challenges for CG&R companies are increasing as consumer spending, production, distribution and sales are heavily impacted. From luxury and fashion, food and beverage, cosmetics, consumer durables and electronics — companies are facing significant issues, including managing liquidity issues during commercial disruption.” Auberger states that “labor-intensive segments of apparel, consumer durables and electronics supply chains have also been affected by shutdowns in affected areas, resulting in delivery delays and shortages of inventory on store shelves and online.”

Manufacturing deserts: Sectoral impact has gone global

Closures raise the risk of supply chain disruptions for multinational companies with delays, raw material shortages, increased costs and reduced orders already affecting manufacturing plants around the world.

Hubei, accounts for approximately 8% of Chinese production in the automotive sector. Oxford Economics estimates the widespread shutdown of automotive plants in Europe and North America from mid-March could lead to a loss of around 1 million units of automotive production in Q1 (equivalent to a 13% hit to pre-coronavirus projections), rising to at least 3 million units cumulative by the end of Q2 2020, relative to pre-coronavirus projections.

Peter P. Tomczak, Head of Litigation and Government Enforcement (North America), Baker McKenzie, states that COVID-19 has amplified the pressure on manufacturers who were already battling a slump. Tomczak notes that “what started as a disruption in supply has evolved into a disruption in demand at end customers and various levels of the supply chain.”

In the Middle East, the surge in confirmed cases in the region and globally has weighed on the industry via a hit to oil demand, significantly lower oil prices, and disruption to trade and tourism.
Manuel Padrón-Castillo, Regional Coordinator for International Commercial and Trade (Latin America), suggests that declining commodity prices and weakened demand will hit the region and that, “different jurisdictions in the Latin American region will have different regulations, prompting companies to develop more than one contingency plan. In Mexico, Federal and States authority have enacted varying regulations for industries and commerce. Current cross border restrictions for individuals along the US-Mexico border will severely impact for many businesses in the region.”

**Global manufacturing rebound outlook**

Oxford Economics forecasts that global manufacturing value-added output will rebound reaching USD 13,789 billion in 2021. This represents rebound from a 3% drop in 2020 to a 6% increase for global manufacturing in 2021. In Asia-Pacific (excluding China), this is set to hit 4%, while the US may see up to 6% value-add for 2021. Forecasted data for the pick-up in Europe, also in 2021, is currently estimated at 5% (Figure 7).

“In China, the negative slant for automotive and electronic recovery in industrial output will likely create challenges for supply chain enterprises. There will be challenges for companies in recovering production capacity as their workforces are limited by travel restrictions and quarantine requirements. There will also be continued disruptions to logistics and transportation networks that supply upstream parts. Companies in China that procure raw materials and components from abroad will face disruptions in their supply chains due to business restrictions and suspensions in countries, worldwide. Additionally, with certain Chinese suppliers having to close down or being unable to resume sufficient production capacity, many downstream companies in the global supply chain will be forced to seek alternative suppliers. There may be challenges in finding capable alternative suppliers that can meet specification and quality requirements. As a result, downstream enterprises may find themselves unable to meet contractual commitments or resume sustainable operations.”

Stanley D. Jia
Chief Representative, Beijing
**Sectoral rebound in sight due to pent-up demand**

In general, fast-paced but uneven sectoral recovery is expected. In China, textiles is expected to see a positive rebound by H1 2021, increasing output at 2% as compared with Q4 2019, and significantly, aerospace and other transport output picking up at 7% by H2 2020. Though subject to continued spread of the pandemic, global industrial output is expected to return to pre-outbreak levels across most sectors by H1 2021 with hard-hit sectors likely to rebound first.

For example, motor vehicles and parts, food, beverages and tobacco as well as aerospace and other transport equipment are expected to see a 4% increase in industrial output as compared with Q4 2019 by H1 2021.

**Electronics**

While it could take some time for production to normalize for electronics, rebound is expected to occur by H2 2021. Output is expected to rise from H2 2020 onwards and reach above Q4 2019 levels in H1 2021, holding steady into H2 2021 to reach USD 1,723 billion in value-added output in 2021. Once the virus-related disruptions clear, semiconductor demand should pick up due to growth in new 5G-enabled phones, renewed investment in data centers, and shifts to new end-uses such as electric vehicles and the internet of things.

**Aerospace**

Rebound in both aerospace parts manufacturing and airline traffic demand could see almost a full recovery to Q4 2019 output levels by H2 2020, compensating for about 5% of the H1 2020 drop in output. By 2021, the aerospace sector is expected to reach a value-added output of USD 448 billion, which is a 5% increase from 2019. How countries manage to lift travel restrictions and help companies through the pandemic, will be key to the rebound performance. At the end of March, the US passed legislation to extend USD 29 billion in grants to airlines. Jennifer Trock, Chair of International Commercial and Trade (North America), Baker McKenzie suggests that “while the Senate generally provided the industry with the financial assistance it was seeking, this bill certainly does not represent a blank check. There are a number of conditions and oversight mechanisms that provide for transparency and accountability in how the industry will be using these grants and loans.” Trock suggests that it is important to note that “this bill does not only provide relief for passenger airlines; cargo carriers, airports, aircraft manufacturers, repair stations, ticket agents and contractors such as caterers and ground handlers will also be eligible to receive financial assistance under the final bill.”

**Automotive**

For the automotive sector, Oxford Economics data forecasts a steady increase in output from H2 2020 onward. The automotive sector is expected to bounce back from the low of USD 418 billion in H1 2020 to USD 461 billion in H2 2020, indicating a 10% growth. This will be followed by a further recovery of 8% in H1 2021 to reach Q4 2019 levels of production. However, rebound activity will depend on how quickly manufacturing sectors are able to re-mobilize complex multi-country supply chains, which in turn depends on their supply chain strategy and risk management. Tomczak notes that “even after factories have re-opened, transport and logistics bottlenecks may still lead to further shipment delays. Combined with decreased demand cascading through the supply chain, it could be months before production fully returns to pre-pandemic levels.”

**Retail**

A prolonged supply-chain disruption for textiles could see manufacturers and retailers switching suppliers, leading to increased production elsewhere in a bid to meet global demand. This is particularly relevant for other established textile markets such as Bangladesh, Turkey, and North Africa.
Auberger says "omnichannel businesses that can nimbly switch from in-store to online, or those whose supply chains are diversified and resilient enough to survive in the face of significant disruptions will be better placed to meet demand and maintain consumer confidence." Auberger adds that opportunities lie in online retail "as consumers turn to online shopping to avoid crowded shops, and as more restriction or lockdowns cause non-essential goods retail to close."

**Supply-chain digitalization is the way forward**

Digitalization of supply chain is a way that companies can begin to strategize and achieve business resilience against supply chain disruption. In this context, big data analytics can assist firms in streamlining their supplier selection process, cloud-computing is increasingly being used to facilitate and manage supplier relationships and logistics and shipping processes can be greatly enhanced through automation and the internet of things.

COVID-19 has also put a renewed urgency behind automation and the use of robotics to mitigate against the disruptive impact on supply chains through the restrictions of the movement of people. Some Chinese production already has a head start — operations in Cadillac's Shanghai plant has around 400 robots and two fully automated production lines that do welding and painting.

Petterd notes that prior to COVID-19 developing, "many regulators were reviewing how they permit the rollout of 5G technology. Regulatory developments were perhaps not proceeding as quickly as businesses keen on using 5G technology might like. Delay factors included evaluation of anticipated use, competition and radio communications regulatory issues. The experience of COVID-19 may accelerate providing regulatory certainty on 5G. For example, so that IoT enabled devices for remote monitoring can be more quickly deployed."
Tax public policy crucial for businesses

Many jurisdictions have introduced tax public policy and tax administration measures to support businesses struggling with cash flow issues or tax compliance obligations. The temporary measures are varied and include stimulus packages, deferrals of tax payments and relaxation of filing obligations, accelerated payments of refunds, mitigation of penalties, and the introduction of debt payment plans.

In all circumstances, the range of tax considerations is wide — many companies will suffer significant losses due to COVID-19 disruption, while certain businesses and industries have seen an increase in demand or have been agile enough to respond to the crisis by producing new products and/or services.

Antonio Russo, Global Chair for Tax, Baker McKenzie, states that “the allocation of losses suffered within a multinational group requires specific attention to ensure that losses are correctly categorized, and are not trapped or lost.”

In addition, Russo adds that companies should assess changes in transfer pricing policies undertaken in response to supply chain disruptions, including how additional cash paid (e.g., to a production entity to cover operating expenses) will affect profitability and financing models including capital structures. In some cases, restructuring may be required and, in such cases, pricing, revaluation and related tax obligations should be considered up front as part of the overall business assessment.

“Companies should ensure that tax forms part of the overall business considerations when reviewing contractual arrangements and identify any force majeure clauses. To the extent that such clauses are present, performance could be suspended or excused, or agreements re-negotiated (at arm’s length). Companies may want to consider the extent to which relief measures (e.g., credit notes and bad debt relief) can be leveraged. If a company is forced to switch to suppliers in alternative locations, they will need to consider the extent to which disruption to supply chains could result in additional costs, duties and compliance,” Russo notes.
At present, both the timeframe and extent of the COVID-19 impact are uncertain, but the ramifications will continue to be felt even after the spread of the virus is contained. For some organizations, the legacy of the COVID-19 outbreak may linger for much longer due to the hit on profits, especially for those facing a short-term supply-chain crisis, stemming from a lack of understanding of their global supply chains or vulnerabilities in their sourcing strategies.

To aid the road to recovery, a variety of new and innovative measures have been announced across a range of major economies, including efforts to backstop household incomes and wages through subsidies to firms, quicker and more universal access to sickness and unemployment benefits, and the provision of relief on household liabilities.

Central banks, meanwhile, have slashed policy rates and also announced new loan and QE programs to back massive government spending and support businesses. Monetary authorities are also playing a vital role in providing liquidity to commercial banks that is specifically earmarked for distressed private sector firms. And while these measures may not limit the downturn, they should create favorable conditions for a sharp rebound in activity.

To take advantage of the policy boost, businesses need to be agile, nimble and ready to tackle operational, labor and demand/supply constraints, re-address strategic and tax planning and re-consider business models post-COVID-19. This means structuring their supply chains, ramping up on digital transformations which could lead to an even stronger commitment to sustainability goals alongside building resilient businesses.

As we begin discussions about what the new normal will entail it is clear companies can help shape it through robust planning and more holistic risk management scenarios.
Professional Insights

Sources

1. All data given is rounded to the nearest percentage point, as well as million or billion for currency. All forecasted data is accurate as of 25 March or otherwise stated and is subject to fluctuation as dictated by the ever-evolving situation.

2. Washington Post published an article detailing the sharp rise in US employment claims.

3. CNBC published an article on the rush to deploy automation to cope with production.
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