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Global Businesses Brace For Supply Chain Headwinds But Optimism About International Trade Endures, HSBC Survey Finds

Global businesses have been hit with surging costs, supply chain disruptions, and are having to rethink their strategy and planned investments as tariffs and shifting trade policies continue to impact their enterprises.

This is according to the findings of HSBC's 2025 Global Trade Pulse Survey, which offers insight into the business plans and sentiment of over 5,700 international firms across 13 markets regarding tariffs and trade. The survey reveals that two thirds of corporations have already experienced cost increases due to tariff and trade uncertainty – and the worst may be yet to come. Companies expect costs to escalate further in both the short-term (73%) and the long-term (72%). Businesses also expect an average decline in revenues of 18% due to supply chain delays. Over half of respondents (51%) feel rising costs are the number one concern for supply chain strategies and 85% of corporates have revised or plan to revise their pricing strategy upwards to reflect higher costs or market changes.

Over three quarters of corporates (78%) are having to rethink their long-term business model. If tariff instability continues over the next two years, 43% of companies will rethink their international expansion strategy and 39% will shift their focus to domestic or regional markets.

Despite these headwinds, optimism about expanding global trade is strong. Nearly 9 in 10 businesses (89%) are confident in their ability to grow international trade over the next two years. Businesses are also reconfiguring their supply chains and reassessing how and where they operate. Most are taking action or planning to carry out nearshoring (moving production closer to key customer markets, 83%) and reshoring (bringing production back to their home country, 77%).

Businesses most likely to initiate nearshoring, a practice gaining most traction by globally exposed and production-centric sectors, are those in Technology, Media and Telecoms (TMT, 87% have done so or plan to). Businesses most likely to have expected to see an increase in cost in the next 2 years are those in TMT (76%), followed by Healthcare (73%), and Consumer (73%).

Encouragingly, a vast number of respondents see trade pressure as a catalyst for innovation, with 77% saying it has encouraged them to evolve and seek new opportunities. Many businesses (58%) have already adopted new technologies or platforms, 56% have improved internal efficiency or cost structures, and 51% have developed new products or services.

The survey points to the emergence of new trade corridors in some of the markets surveyed and we are seeing global businesses strengthening their relationships with key markets outside their borders. Malaysia (61%) and Vietnam (52%) are expanding their relationships with China; India (54%) and the United States (51%) with Europe, and the United Kingdom (46%) and India (62%) with the United States. In some markets, optimism about international trade growth endures, led by India (96%) and the United Arab Emirates (94%).

In line with the global positive outlook, larger businesses (those with a revenue over \$2 billion) are confident about their ability to grow international trade over the next two years (82%). They are also more likely to have adopted new technology or digital platforms in response to trade uncertainty in comparison to smaller businesses (those with a revenue of less than \$500m) at 63% vs. 56%. Larger firms are more cautious than smaller corporates about their decision making and are more likely to have already delayed or paused investments (38% vs.30%). This is despite larger companies having a much wider access to pools of working capital. Smaller firms on the other hand, are often more agile and quicker to make decisions despite lacking the capital depth of their larger counterparts.

Surajit Rakshit, Country Head of Global Trade Solutions at HSBC Vietnam, said: “The current landscape of tariffs and trade uncertainty presents significant challenges for global businesses, but they are showing great resilience and adaptability in the way they operate.”

“With over 70% of companies globally anticipating sustained cost increases, and businesses facing an average 18% drop in revenue, the imperative for strategic adaptation is clear. Navigating this climate requires not only agility, but strong partnerships to ensure sustained growth in a shifting global economy. We do not know where the dust will settle, meaning companies need to prepare for different scenarios and cannot afford to progress with a single, linear plan. As one of the leading international banks in Vietnam, we have a critical role in helping our clients navigate these challenging times, supporting them to turn uncertainties into opportunities.”

Future trade patterns to emerge as Asian firms rethink strategy

The Asian trade map would look drastically different should trade uncertainty persist, with 38% of Asian firms looking to trade more with South Asia, 36% to trade more with Europe, 33% to trade more with the Middle East – but 28% to trade less with North America.

Over the next two years, 52% of Asian firms are considering or in the process of moving production to (or increasing production in) China. The equivalent figure for South Asia is 39%; for Europe it is 35%; for the US it is 29%, and for the Middle East it is 28%.

Currently, the biggest concern to Asian firms (51%) is rising costs due to tariffs and other trade-related factors. 34% of Asian firms have adjusted prices to reflect higher costs, with 51% of Asian firms planning to do so. In addition, 37% of Asian firms have increased their inventory levels to manage supply disruptions, while 49% are planning to do so.

“For numerous clients, working capital is now a top priority for C-suite executives, largely due to significant amounts being tied up in inventory and receivables,” Surajit continues. “In anticipation of tariff announcements, many buyers proactively increased their inventory levels by frontloading orders to buffer against potential supply chain issues, resulting in inventory accumulation on the buyer side. At the other end of the spectrum,, the implementation of temporary tariffs led to the suspension or cancellation of numerous orders and shipments for certain sectors, causing a build-up of inventory at the supplier's end.”

During the current period of trade disruption, Asian firms find cash and liquidity management as the most helpful form of support in managing working capital (61%), followed by improved payment terms with buyers and suppliers (55%), and supply chain finance (51%).

Vietnamese companies are still confident about their international growth

Vietnamese businesses have experienced exponentially higher cost increases than the global average and are expecting additional short-term costs due to trade uncertainty. In particular, 80% of Vietnamese respondents have already experienced cost increases due to tariff and trade uncertainty. They are expecting a notably higher short (82%) and slightly higher long-term cost increase (75%). The mean average expected impact on revenue to a Vietnamese business due to supply chain delays/interruption is 2 percentage points higher than the global average.

Vietnamese companies have brought production back to their home country (42%), shifted focus to domestic market (41%), and enhanced data analytics (41%) in response to trade uncertainty.

Looking ahead, Vietnamese companies are still confident about their international growth (81%) and many respondents (76%) think trade uncertainty has encouraged their business to evolve and explore new opportunities. That said, over half (54%) would like external support with crisis planning or building business resilience.

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Notes to Editors:

Survey Methodology

The HSBC Global Trade Pulse survey interviewed 5,750 businesses from 13 markets with international operations and a turnover of between \$50m - \$2billion. The markets included were: Bangladesh, France, Germany, Hong Kong, India, Mainland China, Malaysia, Mexico, Singapore, UAE, United Kingdom, USA, and Vietnam, and the research was conducted

between April 30th and May 12th, 2025. 250 responses were collected from each market, excluding Mainland China, UK, and USA, where 1,000 responses were collected in each, and Hong Kong, where 500 responses were collected.

HSBC Bank (Vietnam) Ltd.

HSBC has been in Vietnam for over 150 years – the bank first opened an office in Saigon (now Ho Chi Minh City) in 1870. HSBC was the first foreign bank to launch its locally incorporated entity on 1 January 2009 as HSBC Bank (Vietnam) Ltd. The bank's current network includes two branches and four transaction offices in Ho Chi Minh City, one branch and four transaction offices in Hanoi, and one full-service branch in Da Nang. HSBC is one of the largest foreign banks in the country in terms of investment capital, product range, and customer base.

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