

MANUFACTURING SECTOR TO TAKE 12 MONTHS FOR FULL RECOVERY, REPORT SAYS

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«Manufacturing deserts»: this is the scenario created by Covid-19 according to **Baker McKenzie** and **Oxford Economics'** report: [Beyond Covid-19: Supply Chain Resilience Holds Key to Recovery](#). Indeed, the pandemic has produced an unprecedented global supply chain crisis, stemming from a lack of mapping and flexibility around the multiple layers of global supply chains and a lack of diversification in sourcing strategies.

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. Therefore, this new report notes that manufacturing output will take «at least 12 months» **to recover to 2019 levels**. Global trade is indeed expected to have fallen by **more than 4% in the first quarter of 2020**, and decline even further in the second quarter.

On a positive note, the report forecasts that the hardest-hit manufacturing sectors across the world will also be the first to recover by first half of 2021 as a release in pent-up demand will be driven by a recovery in sentiment, and production ramps up to make up for previously lost output. The report also highlights that **supply chain risk management** has jumped to the top of many companies' agendas because of the current supply chain crisis. Longer term, digitisation of supply chains will increasingly be the way companies begin to strategise and achieve business resilience against supply chain disruption, the report notes.

