

ICTA makes case for globalisation

World trade will revive again. Countries may want to strengthen production of certain essential products but not aim for complete self-sufficiency

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The coronavirus outbreak has tremendous effects on the economy, and thus also on chemical distributors. The virus and the measures to fight it have caused great challenges to prevent supply chain disruptions. The recession caused by the outbreak will negatively affect demand in almost all market segments.

Firstly, I do not believe that the pandemic will lead to de-globalisation. Although world trade is hard hit, it will revive again. The key word now is "resilience". While countries may want to strengthen vulnerable national production for certain essential products, this does not mean they will aim for complete self-sufficiency.

Supply chains are simply too complex for that. Companies will want to make their supply chains more robust and disruption-proof.

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Secondly, it is advised to take sustainability into account when preparing for the restart of the economy. Even with lower oil prices, sustainability is an imperative, especially when working in developing countries. As companies experiment in response to coronavirus, they may find new ways to make their operations more sustainable, e.g. with shorter sup-

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ply chains, higher energy efficiency processes and digitisation of sales and marketing.

Thirdly, the structure of globalisation is changing. Previously, world trade was stimulated by trade deals which removed import tariffs. Fifty years ago, they amounted to 30% on average - now that's only 5%.

After getting rid of protectionism, a new threat to global trade emerged - precautionism. Barriers are introduced to protect citizens from possible risks through safety and quality requirements. However, some of these precautionary measures may be disguised protectionism. It is up to industry to raise such issues with policy makers, for instance at the WTO.

To keep the world moving, distributors will have to re-design supply chains to become more resilient and sustainable. While working safely is crucial, safety measures should not be abused for protectionist purposes. ■