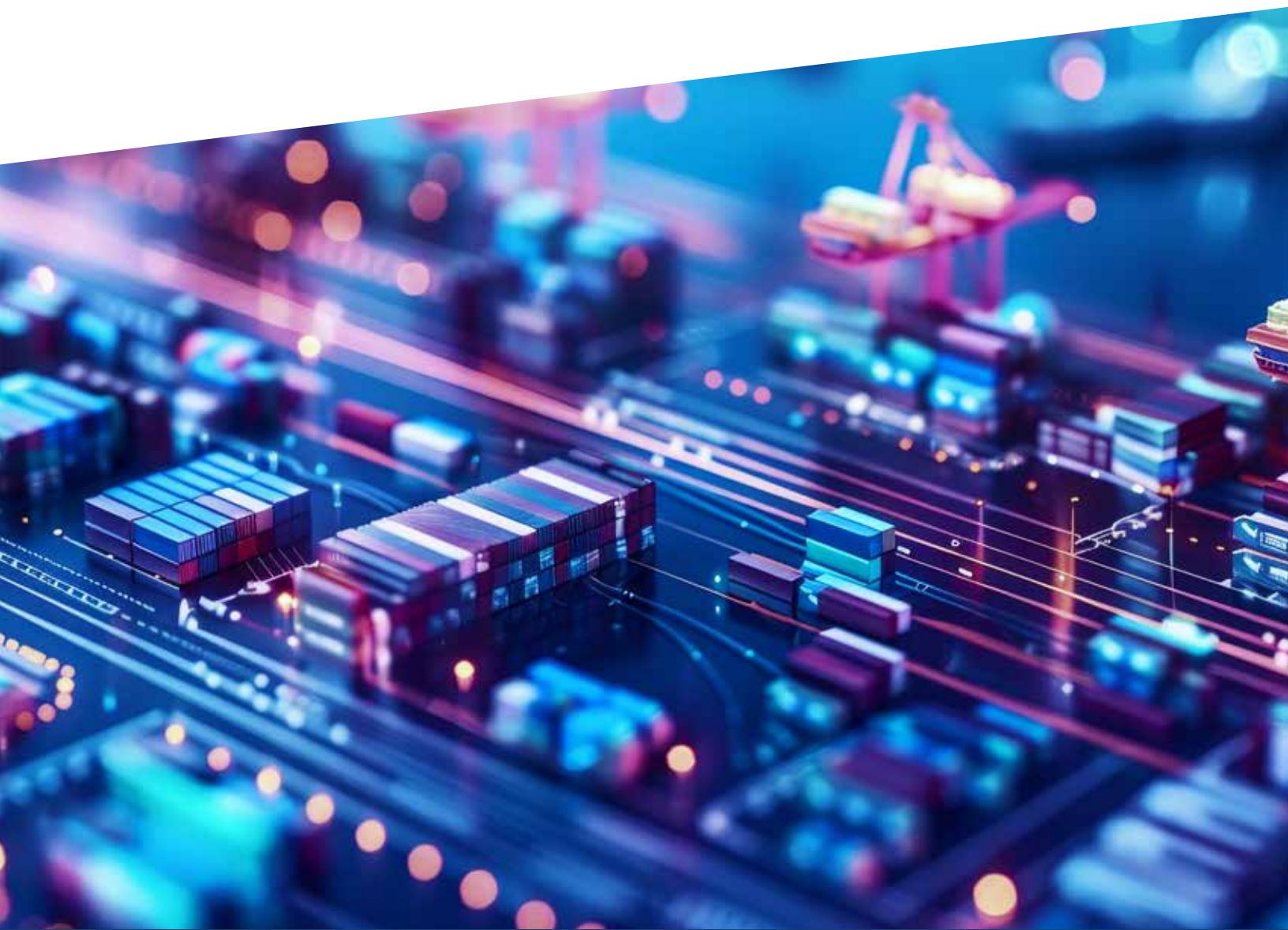


# Escalating Challenges for Global Supply Chain Leaders

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**Geopolitical Volatility, Shifting Trade Policies & Other Disruptions**

Descartes Supply Chain Intelligence Benchmark Survey 2024 Results



## Introduction

The waves of economic turbulence triggered by COVID-19 have subsided, but new and growing challenges are disrupting the fortunes of international trade, the lifeblood of the global economy. Pandemic problems have given way to:

- Growing trade tensions, especially between the world's two biggest economies of the U.S. and China, resulting in higher tariffs across a range of Chinese products.
- Increasing concerns over new mass supply chain disruptions.
- Emerging compliance requirements, especially sustainability, transparency and Environmental, Social, and Governance (ESG) regulations.
- Widening and intensifying global geopolitical instability.

These and other factors require organizations to keep their logistics networks and supply chains more agile than ever before.

Recognizing the complexity of the issues, we wanted to find out where the global trade challenges are the greatest and what companies are doing to address them. In this regard, Descartes worked with SAPIO Research to survey 978 supply chain intelligence leaders in Europe, North and South America, and Asia-Pacific to better understand the current situation and companies' future plans. All respondents are members of their organizations' leadership teams, holding positions from the level of senior management to Chief Executive Officer or owner. Our goal for the study was to give business leaders an in-depth perspective on global trade challenges and an understanding of the strategies, tactics and technologies being deployed to address the issues, focusing exclusively on macro-level insights rather than micro-level specifics.

## Top Level Findings

Below are high-level at-a-glance takeaways from the research



**62%** expect large scale global supply chain disruptions will become commonplace in the foreseeable future.



**46%** say rising tariffs and trade barriers is the biggest concern.



**40%** worry about geopolitical instability.



*Business leaders need an in-depth perspective on supply chain challenges facing organizations involved in international trade.*



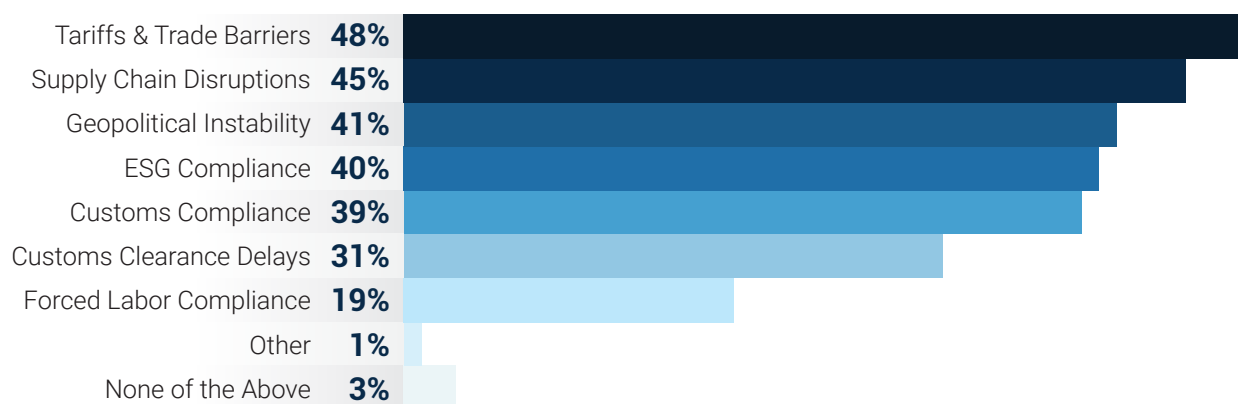
## Escalating Challenges for Global Supply Chains

Just five years ago, organizations doing business internationally might have pointed to predicting consumer demand, securing the best carrier rates, dealing with staff shortages, or optimizing logistics management processes as being among their biggest supply chain challenges. These are, no doubt, still creating headaches in boardroom strategy sessions today. However, there are new and more pressing issues which will likely be with us for some time to come.

Respondents to Descartes Supply Chain Intelligence Benchmark Survey stack-ranked rising trade barriers and tariffs (**48%**) as their top challenge, closely followed by coping with supply chain disruptions (**45%**), geopolitical instability (**41%**), and Environmental, Social, and Governance (ESG) compliance (**40%**) (see Figure 1).

These issues highlight the need among organizations to sharpen their supply chain analytics processes, including being able to quickly find new markets, secure better sources of supply and acquire good quality competitive intelligence.

Figure 1: Survey respondents' top challenges in international trade operations.



*Note: Respondents were asked to select all challenges their organization face.*

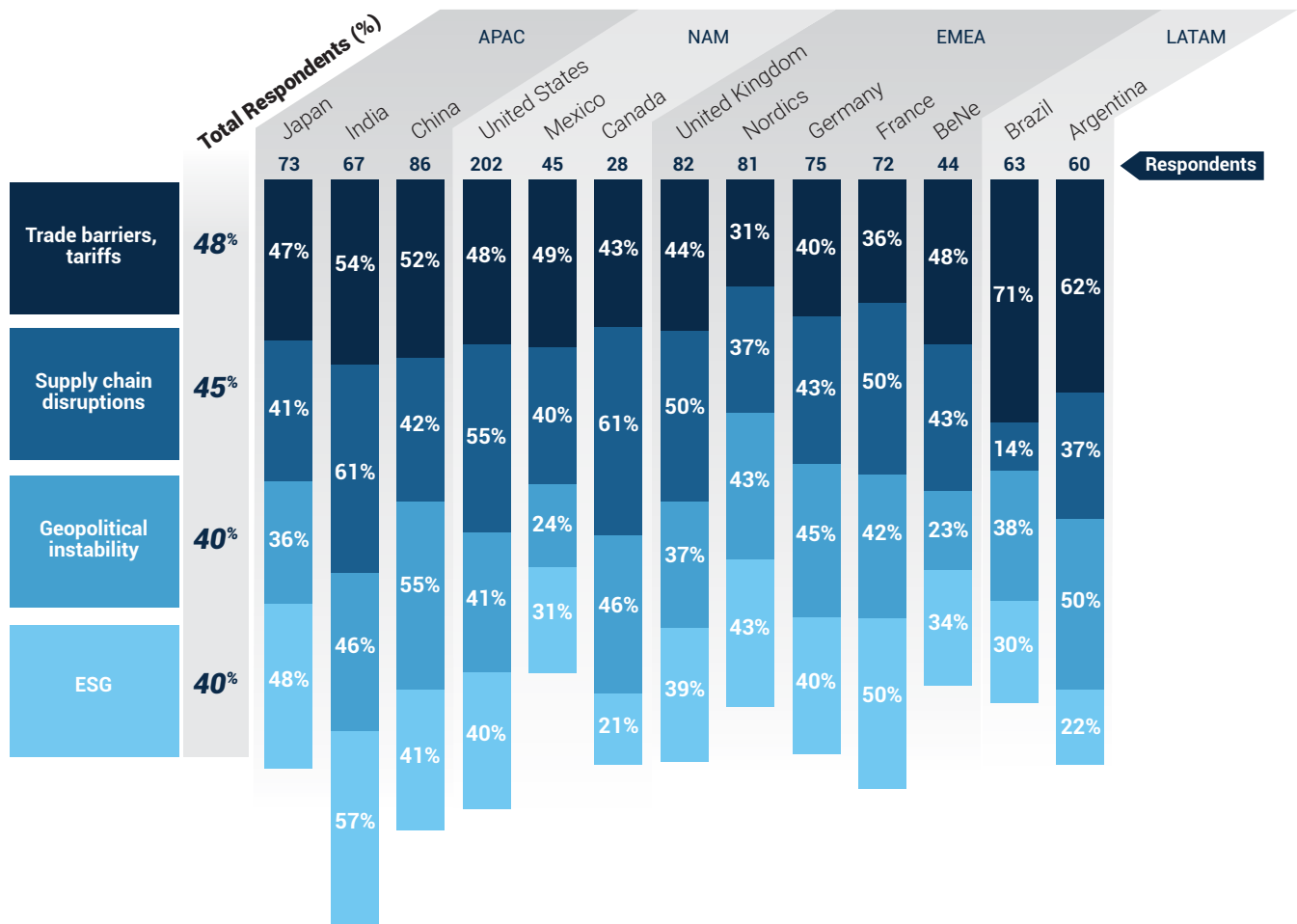
*Source: Descartes / SAPIO Research*

# Top Challenges by Country

Breaking out the data by country reveals more significant variation in the extent to which trade barriers and supply chain disruptions are concerning, while there is less variation in the selection of the lesser challenges. These findings, however, reflect macro-level insights and do not delve into micro-level specifics.

For instance, more companies based in the U.S., the United Kingdom, France, and India rank supply chain disruption as the top challenge of doing business internationally. For China and Nordic nations, it is geopolitical instability, while for Brazil and Argentina, it is overcoming trade barriers and tariffs (see Figure 2).

Figure 2: Top challenges in international trade operations by country.



Note: Respondents were asked to select all challenges their organization face.

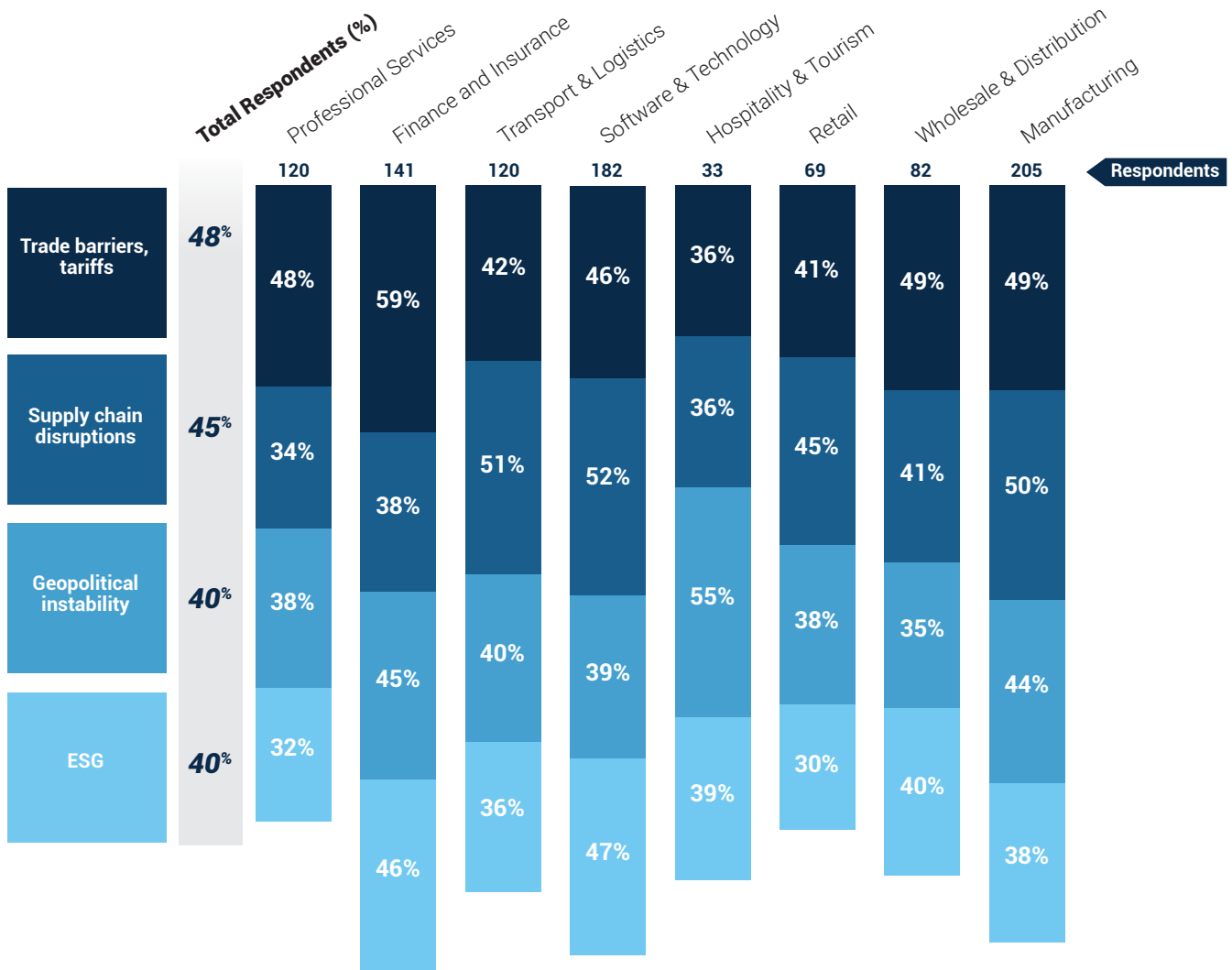
Source: Descartes / SAPIO Research



# Top Challenges by Industry

Supply chain disruption was the top challenge listed by the transportation & logistics, software & technology, retail, and manufacturing industries (see Figure 3). For hospitality and tourism, it was geopolitical instability. These findings provide macro-level insights into industry trends rather than micro-level specifics.

Figure 3: Top challenges in international trade by industry.



Note: Respondents were asked to select all challenges their organization face.

Source: Descartes / SAPIO Research



*The business of doing business is more challenging because of rising trade barriers, growing geopolitical instability, and emerging compliance regulations.*

# Tariffs and Trade Barrier Challenges

Tariffs and trade barriers have been rising since 2020 in many countries under the banner of protecting strategic local businesses and safeguarding national security interests. This is especially the case for hi-tech, dual use, and artificial intelligence technology, along with materials and equipment needed to produce them.

The highest profile tariff increases in recent years has been by the U.S. on a range of Chinese products under Section 301, including semiconductors, rare earth metals, lithium and non-lithium batteries, solar cells, and electric vehicles.

The Descartes study found that tariffs and trade barriers was the Number One international trade challenge. The concern was shared by organizations of all sizes (**45%-49% of respondents**) (see Figure 4), although it was more worrying for fast growing companies (**51%**) (see Figure 5). This is because elevating restrictions can affect most businesses to a greater or lesser degree, requiring them to be more on alert for higher running costs and having the ability to quickly shift to source alternative markets where tariffs are lower.

Figure 4: Respondents by company size that see tariffs and trade barriers as their number one international trade challenge.

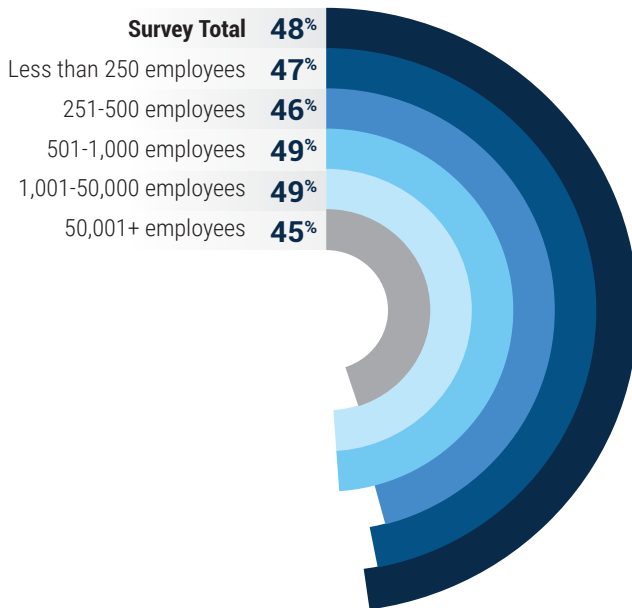
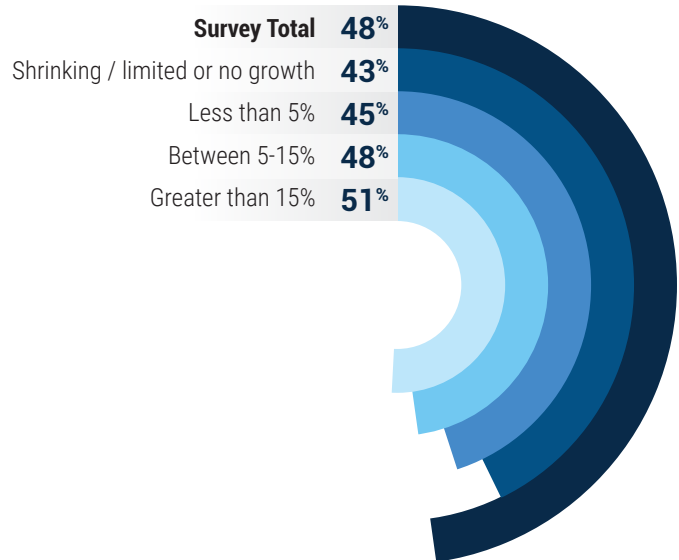


Figure 5: 2-year business growth forecast for respondents that see tariffs and trade barriers as their number one international trade challenge.



Note: Respondents were asked to select all challenges their organization face.

Source: Descartes / SAPIO Research

## Strategic Priority

Organizations need to have a robust process in place to keep pace with frequent and complex tariff updates.



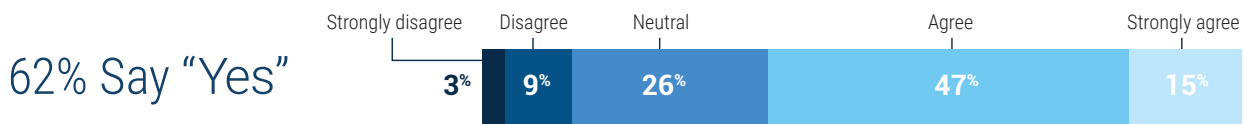
**Companies of all sizes see rising tariffs and trade barriers as a threat to their international trade growth.**

# The Supply Chain Disruption Challenge

When asked whether they feel large-scale supply chain disruptions are likely to be a recurring challenge for the foreseeable future, **62%** of respondents say “yes” (see Figure 6).

The unprecedented supply chain turbulence created by COVID-19 is still relatively fresh in our minds, but it is trade and geopolitical tensions as well as emerging compliance regulations that are stoking fears of further major disruptions. These are, in turn, spurring organizations to formulate risk-mitigation contingency plans that can be put into effect at short notice.

Figure 6: Respondents' outlook on future supply chain disruptions.



Larger organizations put supply chain disruption as their top challenge (**52%** of companies with 1,001 to 50,000 employees, compared to **45%** overall) (see Figure 7). This is because, in general terms, the larger and more diverse the business, the more complex and less agile their operations become, making in-depth strategic planning far more important for long-term growth. Supply chain disruption was also of concern to companies bullish on their outlook (**45%-47%**) because any business setback could affect their planned growth trajectory (see Figure 8).

Figure 7: Respondents by company size that see supply chain disruptions as their number one international trade challenge.

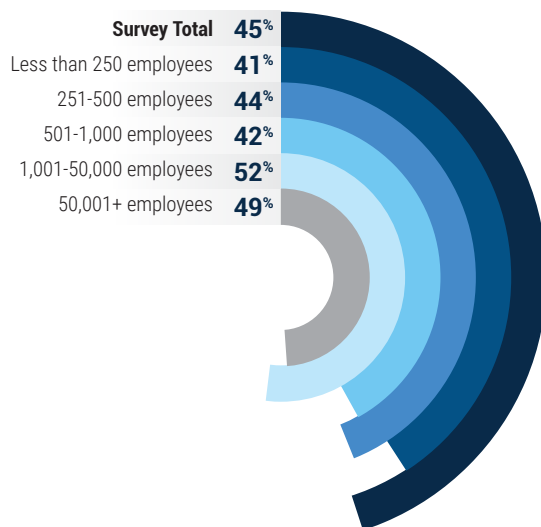
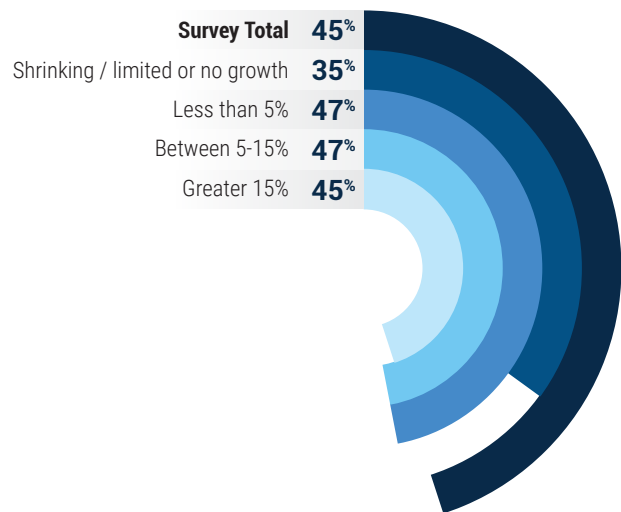


Figure 8: 2-year business growth forecast for respondents that see supply chain disruptions as their number one international trade challenge.



Note: Respondents were asked to select all challenges their organization face.

Source: Descartes / SAPIO Research

## Strategic Priority

Organizations need to be proactive in staying on top of market intelligence and other information and be able to make effective risk-mitigation plans.

## The Geopolitical Instability Challenge

Geopolitical instability – the Russia-Ukraine war, widening Middle East conflict, and tensions in Asia-Pacific – appears to be worsening. Businesses engaged in international trade must plan their supply chain strategy with great care and weigh up the pros and cons of transacting business in one market or region over another.

Larger **(41%-51%)** (see Figure 9) and faster-growing **(38%-50%)** (see Figure 10) organizations see geopolitical instability as a major challenge to their international trade operations. Given the speed and unpredictability of how the world stage can change, **46%** of companies are early adopters of technology solutions and other means when it comes to offsetting the risk, including the ability to be able to rapidly realign their supply chain to find new markets / supply sources and shift trade lanes.

Figure 9: Respondents by company size that see geopolitical instability as their number one international trade challenge.

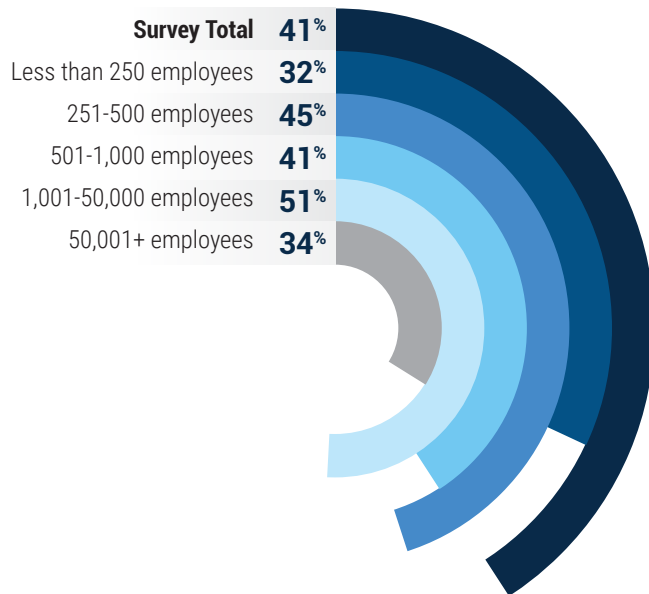
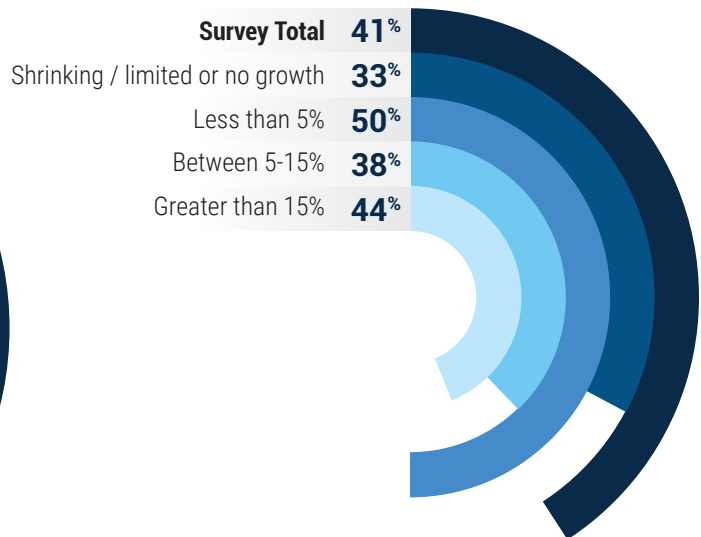


Figure 10: 2-year business growth forecast for respondents that see geopolitical instability as their number one international trade challenge.



Note: Respondents were asked to select all challenges their organization face.

Source: Descartes / SAPIO Research

### Strategic Priority

Organizations need to have a process to quickly identify geopolitical volatility in key markets and establish contingency plans to mitigate potential disruptions which may result.



*The biggest question for organizations is how to mitigate risk arising from geopolitical instability.*



## The ESG Challenge

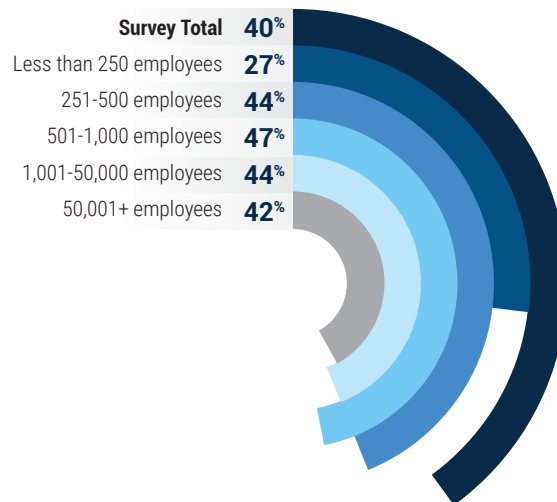
Moving to comply with newly emerging Environmental, Social, and Governance (ESG) requirements is also a key challenge because the regulatory frameworks being architected – in North America and Europe in particular – regulate how organizations conduct business from environmental, social, and governance perspectives. And this ties in with complying with trade restrictions, including sanctions and denied party screening rules, a lesser but still significant challenge identified by respondents.

Mid to large size organizations (**44%-47%** of companies with 501 to 50,000 employees, compared to **40%** overall) recognize ESG as a priority because non-compliance could impede growth in the long-run (see Figure 11).

The largest corporations were not as worried probably because they have the available resources to focus on how to tackle this issue. Smaller organizations (**27%**), more engaged on growing the business, were much less concerned, but they still need to take account of ESG in their planning if they want to successfully scale up their business operations.

Delving deeper into the data, most companies follow industry trends (**46%**) or are early adopters (**48%**) when it comes to building the ESG dimension to their business, mainly because they understand its importance even though the legislation is still in the developing stage in many countries.

Figure 11: Respondents by company size that see environmental, social, and governance as their number one international trade challenge.



Note: Respondents were asked to select all challenges their organization face.

Source: Descartes / SAPIO Research

### Strategic Priority

Organizations need to lay the groundwork for ESG compliance well before they fully come into effect in all countries they do business in.



*Larger organizations see ESG compliance as a strategic necessity to help ensure long-term growth in international trade.*



## Conclusion

The findings demonstrate that getting goods from Point A to Point B has become more problematic across the globe. Descartes Supply Chain Intelligence Benchmark Survey 2024 sheds light on the evolving challenges and strategic priorities of companies engaged in international trade. With insights from 978 global business leaders, the 2024 survey reveals that rising tariffs and trade barriers, supply chain disruptions, geopolitical instability, and the growing complexity of compliance regulations are among the most significant concerns for companies.

Despite these challenges, many companies continue to report steady growth, with expectations for revenue acceleration in the coming years. Compliance with global trade regulations remains a key priority, especially with regards to ESG rules. The survey highlights the importance of trade and supply chain intelligence to:

- Keep pace with tariff updates
- Identify quickly trouble spots in their supply chains
- Formulate timely risk mitigation plans
- Follow trade and other compliance regulations

As the international trade landscape grows more complex, companies are adapting by focusing on building resilience through compliance, technology, and strategic planning. The 2024 survey sets a benchmark for monitoring these trends and will serve as a valuable resource for understanding how leading companies navigate the global trade environment.

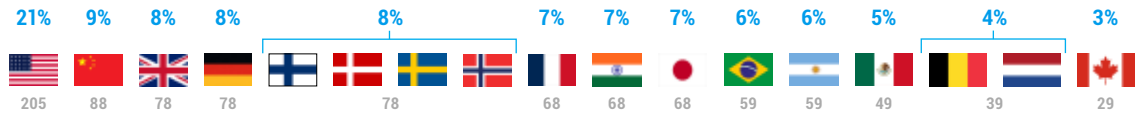
# Appendix: Respondent Profile

**Total Respondents: 978**



## Country of Residence

Respondents are located in key trading nations across Asia-Pacific, Europe, and North and South America.



## Respondent Accountabilities

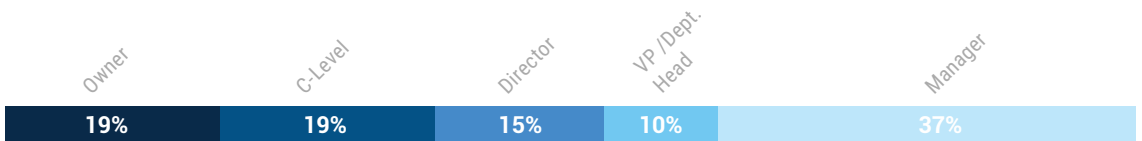
Respondents report multiple functional accountabilities within their companies.

- 37% of respondents have shipping/logistics accountabilities
- 33% of respondents have purchasing/procurement accountabilities
- 33% of respondents have c-suite/executive accountabilities
- 29% of respondents have export compliance accountabilities
- 28% of respondents have international trade analysis accountabilities
- 26% of respondents have import compliance accountabilities
- 26% of respondents have accounting/finance accountabilities
- 25% of respondents have ethics, sustainability, and supply chain accountabilities
- 23% of respondents have sales and marketing accountabilities
- 7% of respondents have legal counsel accountabilities



## Role Type

Respondents are members of company leadership teams, from the management level to Chief Executive Officer or owner.



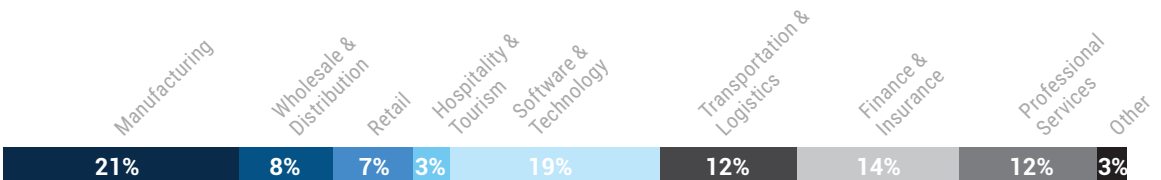
## Size of Company

Respondents represent industries whose operations encompass cross-border trade in merchandise, commodities,



## Industry Type

Respondent industries encompass cross-border trade in merchandise, commodities, and services.



## About Descartes Datamyne

With a comprehensive database of accurate, up-to-date import-export information, Descartes Datamyne delivers in-depth business intelligence for market research, sales insight, supply chain management, enhanced security and competitive strategy. The solution is powered by the world's largest searchable trade database, covering the global commerce of 180+ countries.

Manufacturers, shippers wholesalers, transport and logistics service providers, management consultants, legal practitioners, industry analysts and more use our exceptionally accurate and granular data to initiate growth strategies, explore new markets, benchmark performance, monitor commodity volumes and values, simplify trade data research, discover buyer seller relationships and refine sourcing strategies.

Discover more at [www.datamyne.com](http://www.datamyne.com).

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Descartes (Nasdaq:DSGX) (TSX:DSG) is the global leader in providing on-demand, software-as-a-service solutions focused on improving the productivity, performance and security of logistics-intensive businesses. Customers use our modular, software-as-a-service solutions to route, schedule, track and measure delivery resources; plan, allocate and execute shipments; rate, audit and pay transportation invoices; access global trade data; file customs and security documents for imports and exports; and complete numerous other logistics processes by participating in the world's largest, collaborative multimodal logistics community. Our headquarters are in Waterloo, Ontario, Canada and we have offices and partners around the world.

Learn more at [www.descartes.com](http://www.descartes.com) and connect with us on [LinkedIn](#) and [Twitter](#).

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