



## Scenario Exploration – Russia and Ukraine – Supply Chain Business Council

Scenario: Predicting the likelihood of escalation or de escalation of the war between Russia and the Ukraine in 2025; using current world events; likely national election outcomes; geopolitical stability; what would be the impact on trade and supply chains?

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## In summary

Recent developments, such as the USA agreeing to supply Ukraine with longer-range weapons and Russia's announcement to relocate strategic missiles targeting the USA, significantly heighten tensions. The USA's provision of these weapons extends Ukraine's capabilities, potentially provoking a severe Russian response. Russia's move to relocate missiles capable of striking the USA indicates a severe escalation in military posturing. The economic and civilian strain of the war might force Russia to take more drastic measures to achieve its objectives in Ukraine. The failure of diplomatic efforts pushes all sides towards more aggressive military actions.

The European Council on Foreign Relations (ECFR) highlights the strategic implications for Europe, focusing on how the conflict affects EU security, foreign policy, and trade. They emphasise the importance of EU unity in response to Russian aggression and continued military and economic support for Ukraine. The unity and cohesiveness of EU member states in their approach to Russia will significantly impact the conflict's trajectory.

The strategy of containing Russian ambitions without direct conflict is complex involving economic, military, and diplomatic measures. While it has the potential to be effective, its success depends on sustained international cooperation, robust support for Ukraine, and careful management of escalation risks. Both American and European analyses underscore the importance of resilience and unity among Western allies to counter Russian aggression effectively.

The overall trend in the risk of escalation is rising, influenced by recent military, political, and economic developments.

## What is the likelihood of the Russian-Ukrainian war escalating or de-escalating in 2025?

Overall, the risk of escalation remains significant, driven by entrenched strategic objectives and ongoing support for both sides. De-escalation, while possible, hinges on successful diplomatic interventions and economic pressures that currently appear challenging to achieve. Monitoring these factors will be crucial for anticipating the conflict's trajectory in 2025.

The likelihood of the Russian-Ukrainian war escalating or de-escalating in 2025 is subject to various complex factors and potential scenarios. Here's a summary based on recent analyses:

### Potential for Escalation

- 1. Continued Military Engagement:** The conflict is likely to remain intense with both sides receiving significant support—Ukraine from Western allies and Russia from nations like China and Iran. This support fuels the ongoing war, with little indication of immediate resolution ([RAND](#)) ([Atlantic Council](#)).
- 2. Strategic Miscalculations:** Russian misperceptions about Western unity and Ukrainian resilience could lead to further strategic blunders, potentially escalating the conflict if Russia decides to intensify its military efforts to achieve its objectives ([RAND](#)).
- 3. Proxy and Cyber Conflicts:** There is a significant risk of the conflict spreading to other forms of warfare, including cyber-attacks and proxy conflicts in other regions, which can indirectly escalate the primary conflict ([RAND](#)) ([Council on Foreign Relations](#)).

### Potential for De-escalation

- 1. Diplomatic Interventions:** Diplomatic efforts, particularly involving significant international stakeholders like the US, EU, and potentially China, could lead to negotiations aimed at a ceasefire or peace agreement. However, these efforts face significant hurdles given the current geopolitical climate ([GLOBSEC](#)) ([Council on Foreign Relations](#)).
- 2. Economic Pressures on Russia:** The economic strain from prolonged sanctions and international isolation could pressure Russia into seeking a de-escalation. However, this would require significant political shifts within Russia, which remain uncertain ([Atlantic Council](#)).
- 3. War Fatigue:** Both Ukraine and its Western supporters might experience war fatigue, potentially leading to increased efforts to find a diplomatic solution. However, this is contingent on maintaining sufficient military and economic support for Ukraine in the meantime ([Council on Foreign Relations](#)).

## Current World Events and Geopolitical Context

While there are significant risks of escalation due to ongoing support for both sides, strategic miscalculations, and regional tensions, there are also opportunities for de-escalation through diplomatic efforts and economic pressures. The situation remains fluid, and the global geopolitical context will continue to play a crucial role in shaping the conflict's trajectory in 2025.

### 1. Russia-Ukraine War:

- The conflict remains intense with continuous fighting, especially in eastern Ukraine. Both sides are heavily reliant on external support—Ukraine from NATO and Western countries, and Russia from nations like China and Iran ([RAND](#)) ([GLOBSEC](#)).
- Western Support for Ukraine: The West, particularly the US and EU, continues to supply Ukraine with military aid, financial assistance, and humanitarian support. This support is crucial for Ukraine's resistance but also risks prolonging the conflict if no diplomatic resolution is reached ([GLOBSEC](#)) ([Council on Foreign Relations](#)).

### 2. US-China Relations:

- **Strategic Competition:** The US and China are in a state of strategic competition, particularly in areas such as advanced technology and military capabilities. This competition has led to increased tensions over Taiwan and the South China Sea ([BlackRock](#)) ([EY USA](#)).
- **Economic Decoupling:** Both nations are moving towards economic decoupling, particularly in critical technology sectors. This decoupling is creating parallel technological ecosystems and increasing geopolitical rivalry ([BlackRock](#)) ([EY USA](#)).

### 3. Middle East Tensions:

- **Israel-Iran Conflict:** Direct military engagements between Israel and Iran have escalated, raising the risk of a broader regional conflict. The situation is further complicated by the involvement of Iran-backed militant groups across the region ([BlackRock](#)) ([Crisis Group](#)).
- **Gulf Tensions:** The strategic importance of the Gulf region, particularly concerning energy supplies, means that any escalation could have significant global repercussions. Tensions remain high with ongoing conflicts in Yemen and Syria, and potential flashpoints involving Saudi Arabia and Iran ([BlackRock](#)).

### 4. European Security Dynamics:

- **NATO Expansion:** The potential expansion of NATO, including the possible membership of Ukraine, has been a contentious issue, particularly for Russia. This expansion is seen as a threat by Russia, potentially leading to further escalation ([RAND](#)) ([GLOBSEC](#)).
- **Energy Security:** Europe's dependency on Russian energy has decreased, but the region still faces significant challenges in securing stable energy supplies. This dependency plays a crucial role in the geopolitical dynamics of the region ([Council on Foreign Relations](#)).

### 5. Economic Sanctions and Global Trade:

- **Sanctions on Russia:** The extensive sanctions imposed on Russia by Western countries aim to cripple its economy and reduce its ability to sustain the war in Ukraine. These sanctions also have broader implications for global trade and economic stability ([Council on Foreign Relations](#)).
- **Global Supply Chains:** The COVID-19 pandemic and the war in Ukraine have highlighted vulnerabilities in global supply chains. Many countries are now focusing on reshoring and reducing dependencies on critical imports, which has geopolitical implications ([EY USA](#)).

## Implications for Escalation or De-escalation

### ● Escalation Factors:

- Persistent external military support to both Ukraine and Russia.
- Strategic miscalculations or misinterpretations by either side, potentially leading to broader conflict.
- Increasing regional conflicts and proxy wars, particularly in the Middle East, that could spill over and affect global stability.



### ● De-escalation Factors:

- Successful diplomatic interventions, potentially involving major powers like the US, EU, and China.
- Economic pressures on Russia, leading to a re-evaluation of its strategic objectives.
- War fatigue among supporting nations and the broader international community, pushing for a diplomatic resolution.

## Impact on Supply Chains

The ongoing conflict between Russia and Ukraine has already presented significant challenges to global supply chains, primarily through disruptions in energy, raw materials, and logistical networks. However, it also drives positive changes such as increased resilience, technological adoption, and improved supply chain strategies. Companies and governments need to continue adapting to these evolving circumstances to mitigate risks and capital is on new opportunities.

## Negative Impacts on Supply Chains

### 1. Disruption of Energy Supplies:

- **European Energy Dependence:** Europe's reliance on Russian natural gas and oil has been a major concern. Further escalation could lead to more stringent sanctions and countermeasures, causing severe disruptions in energy supplies and driving up prices ([BlackRock](#)) ([Council on Foreign Relations](#)).
- **Global Energy Markets:** The instability in Ukraine and potential attacks on energy infrastructure can lead to volatility in global energy markets, affecting the availability and cost of energy worldwide ([Atlantic Council](#)).

### 2. Commodity and Raw Material Shortages:

- **Agricultural Products:** Ukraine and Russia are major exporters of wheat, corn, and other agricultural products. The conflict has already caused disruptions in agricultural exports, leading to shortages and higher prices globally ([Atlantic Council](#)).
- **Minerals and Metals:** Both countries are key suppliers of critical minerals and metals such as palladium, nickel, and aluminium. Continued conflict can disrupt mining and export operations, affecting industries reliant on these materials ([BlackRock](#)).

### 3. Manufacturing and Production Delays:

- **Automotive Industry:** The automotive sector, which relies on a steady supply of metals and electronic components, has faced delays due to disrupted supply chains. The war exacerbates these issues by creating further shortages and logistical challenges ([Atlantic Council](#)).
- **Electronics and Semiconductors:** Disruptions in the supply of raw materials and increased geopolitical tensions can affect the production of semiconductors and electronic components, leading to delays and increased costs ([BlackRock](#)).

### 4. Logistical and Transportation Challenges:

- **Shipping Routes:** The Black Sea is a critical route for global shipping. The conflict has led to restricted access and increased risks for shipping companies operating in the region, causing delays and higher shipping costs ([GLOBSEC](#)).
- **Border Crossings and Customs:** Increased security measures and border controls can slow down the movement of goods, leading to delays and increased costs for businesses reliant on timely deliveries ([GLOBSEC](#)).

## Positive Impacts on Supply Chains

### 1. Diversification and Resilience Building:

- **Supply Chain Resilience:** The disruptions have forced companies to diversify their supply chains and reduce dependency on single sources, leading to more resilient and flexible supply networks ([EY USA](#)).
- **Nearshoring and Reshoring:** Many companies are moving their production closer to home markets or reshoring operations entirely, which can reduce dependency on geopolitically unstable regions and improve supply chain stability ([EY USA](#)).

## 2. Technological Advancements:

- **Digital Supply Chain Solutions:** The need for more efficient and transparent supply chains has accelerated the adoption of digital technologies such as blockchain, IoT, and AI, which can improve supply chain management and reduce risks ([EY USA](#)).
- **Automation and Robotics:** Investment in automation and robotics has increased as companies look to mitigate the impact of labour shortages and improve production efficiency in a disrupted supply environment ([EY USA](#)).

## 3. Strategic Stockpiling and Inventory Management:

- **Inventory Strategies:** Companies are increasingly adopting strategic stockpiling and better inventory management practices to cushion against supply chain disruptions. This can lead to improved preparedness for future shocks ([BlackRock](#)).
- **Supplier Relationships:** Enhanced relationships with multiple suppliers and increased collaboration can lead to better risk management and more stable supply chains in the long term ([GLOBSEC](#)).

## Assessing the likelihood of either escalation or de-escalation during 2025.

While both escalation and de-escalation are possible in 2025, the recent developments of the USA supplying long-range weapons to Ukraine and Russia's threats to relocate strategic missiles suggest a higher likelihood of escalation. This is particularly true given the potential for increased military confrontations and the risks associated with nuclear posturing. However, the presence of strong diplomatic efforts and economic pressures could still provide pathways to de-escalation, though these pathways face significant challenges.

Recent developments, including the USA's agreement to allow the use of longer-range weapons to Ukraine, and Russia's preparedness to relocate strategic missiles to target the USA direct, together significantly impact the likelihood of either escalation, or de-escalation in the ongoing conflict.

### Factors Indicating Potential Escalation

#### 4. Introduction of Long-Range Weapons:

- **USA's Agreement:** The provision of long-range weapons to Ukraine by the USA is a significant escalation in military support. This move can extend Ukraine's strike capabilities, potentially targeting deeper into Russian-held territories and even Russian soil. Such actions may provoke a strong response from Russia ([RAND](#)) ([GLOBSEC](#)).
- **Impact on Military Dynamics:** Enhanced Ukrainian capabilities can lead to more aggressive military operations, increasing the risk of direct confrontation between NATO and Russian forces, especially if these weapons are used to strike high-value targets ([GLOBSEC](#)) ([Atlantic Council](#)).

#### 5. Russia's Strategic Missile Relocation:

- **Russia's Threats:** Russia's statement about relocating strategic missiles to strike the USA directly is a severe escalation. This move indicates a heightened state of readiness and willingness to engage in direct conflict with NATO forces, raising the risk of a broader war ([Atlantic Council](#)) ([Council on Foreign Relations](#)).
- **Nuclear Posturing:** The potential for nuclear posturing and deployment increases the stakes, making any miscalculation or inadvertent escalation potentially catastrophic ([RAND](#)) ([Council on Foreign Relations](#)).

#### 6. Geopolitical Tensions and Military Buildup:

- **Increased Military Activity:** Both NATO and Russia are likely to increase their military presence and readiness in Europe and surrounding regions. This buildup can lead to more frequent encounters and the possibility of clashes ([GLOBSEC](#)) ([Council on Foreign Relations](#)).
- **Proxy Conflicts:** The involvement of other nations, such as China and Iran, in supporting Russia, and the increased military aid from Western allies to Ukraine, can fuel proxy conflicts, further escalating the situation ([RAND](#)) ([Council on Foreign Relations](#)).

## Factors Indicating Potential De-escalation

### 1. Diplomatic Efforts:

- **International Mediation:** Diplomatic efforts involving major international stakeholders, including the US, EU, China, and potentially neutral countries, could lead to negotiations aimed at de-escalation. However, successful mediation requires significant concessions from both sides ([GLOBSEC](#)) ([Council on Foreign Relations](#)).
- **Sanction Pressures:** Economic sanctions on Russia and the impact on its economy might push Russia towards seeking a negotiated settlement to avoid further economic degradation ([Atlantic Council](#)) ([Council on Foreign Relations](#)).

### 2. War Fatigue:

- **Sustained Conflict Costs:** The prolonged nature of the conflict could lead to war fatigue among the Ukrainian population, its Western supporters, and the Russian public. This fatigue might increase pressure on political leaders to seek a resolution ([Council on Foreign Relations](#)).
- **Humanitarian Crises:** Continued humanitarian crises and the global economic impact of the war could also push for a diplomatic resolution to mitigate these adverse effects ([Atlantic Council](#)).

### 3. Strategic Missteps and Realignments:

- **Misjudgements:** Continued strategic misjudgements by Russia, such as underestimating Western unity or Ukrainian resilience, could force a re-evaluation of its aggressive stance, potentially leading to de-escalation ([RAND](#)).
- **Internal Political Changes:** Internal political pressures in Russia, including potential unrest or changes in leadership, could result in a shift towards de-escalation to stabilise the regime internally ([GLOBSEC](#)) ([Atlantic Council](#)).

## Analysis and Judgement

Considering the current advancements in Iran's nuclear program, the geopolitical and domestic pressures, and expert assessments, the likelihood of Iran possessing nuclear weapons by 2025 is moderate to high. This judgment is based on the following points:

- Iran's technical capability to produce weapons-grade uranium.
- Geopolitical tensions that could prompt Iran to develop a nuclear deterrent.
- Economic and political factors influencing Iran's strategic decisions.

While it is not certain that Iran will possess nuclear weapons by 2025, the conditions and capabilities are present for this scenario to materialise if the geopolitical landscape does not shift significantly towards de-escalation and renewed international agreements. The war in Palestine is an additional and uncertain factor in this.

## What events could make escalation a certainty?

Several scenarios or combinations of events could significantly increase the likelihood of Iran developing nuclear weapons by 2025, turning it from a possibility to a near certainty.

The combination of these events listed, particularly if occurring simultaneously, would make the escalation of the conflict almost certain. Monitoring these potential triggers is essential for anticipating and potentially mitigating the risks of a broader and more devastating conflict.

### 1. Direct Military Engagement Between NATO and Russia:

- **Accidental or Deliberate Incidents:** Any direct military confrontation between NATO forces and Russian troops, whether accidental or deliberate, could rapidly escalate into a broader conflict. For example, a Russian attack on a NATO supply convoy within Ukrainian borders or a NATO aircraft being shot down by Russian forces could trigger Article 5 of the NATO treaty, leading to collective military action ([RAND](#)) ([GLOBSEC](#)).

### 2. Use of Long-Range Weapons by Ukraine:

- **Strikes on Russian Territory:** If Ukraine uses newly acquired long-range weapons from the USA to strike deep into Russian territory, it could provoke a severe response from Russia. Such an escalation could see Russia increasing its military operations or employing more destructive weapons to retaliate and deter further attacks ([GLOBSEC](#)) ([Atlantic Council](#)).

### 3. Deployment of Tactical or Strategic Nuclear Weapons:

- **Nuclear Posturing or Use:** The relocation and potential use of Russian strategic missiles capable of striking the USA or its allies would dramatically escalate the conflict. Any use of nuclear weapons, even tactical ones, would likely lead to severe and immediate military responses from NATO and could trigger a broader global conflict ([RAND](#)) ([Council on Foreign Relations](#)).

### 4. Collapse of Diplomatic Channels:

- **Breakdown of Peace Talks:** If all diplomatic efforts and negotiations collapse, the likelihood of military escalation increases. Continued stalemates or outright rejections of peace proposals by either side can lead to renewed and intensified fighting ([GLOBSEC](#)) ([Council on Foreign Relations](#)).

### 5. Major Cyber Attacks on Critical Infrastructure:

- **Cyber Warfare:** Large-scale cyber attacks on critical infrastructure (e.g., power grids, financial systems, military networks) in the USA, Europe, or Russia could be perceived as acts of war. Such cyber attacks could lead to retaliatory military strikes, escalating the conflict beyond the current theatres of war ([RAND](#)) ([Atlantic Council](#)).

### 6. Expanded Military Alliances and Commitments:

- **New Defence Pacts:** If new military alliances or defence pacts are formed that involve direct commitments to engage militarily in Ukraine, it could escalate the conflict. For instance, if NATO formally extends full membership to Ukraine and pledges to defend it militarily, Russia may see this as a direct threat and act pre-emptively ([Atlantic Council](#)) ([Council on Foreign Relations](#)).

### 7. Internal Instability and Political Changes in Russia:

- **Internal Coup or Leadership Change:** Significant internal instability within Russia, such as a coup or major political upheaval, could lead to a desperate or more aggressive stance by the Russian military to unify the country against external threats. This could result in an escalated military campaign in Ukraine or even broader regional conflicts ([GLOBSEC](#)) ([Atlantic Council](#)).

### 8. Expanded Conflict Zones:

- **Spillover into Neighbouring Countries:** If the conflict spills over into neighbouring countries such as Poland, the Baltic states, or Moldova, it could draw these countries directly into the conflict. Such an expansion would likely trigger broader military responses from NATO, leading to a more extensive and intensified war ([RAND](#)) ([Council on Foreign Relations](#)).



## Scenario risk impact

**Current Trend: Rising.** The overall trend in the risk of escalation is rising, influenced by recent military, political, and economic developments. Monitoring these factors and potential catalysts closely will be crucial for understanding the conflict's trajectory and preparing for its possible outcomes.

### 1. Provision of Long-Range Weapons:

- The USA's decision to supply and allow the use by Ukraine of longer-range weapons has significantly heightened tensions. This move extends Ukraine's strike capabilities, which could provoke a severe response from Russia, potentially leading to broader conflict ([CSIS](#)) ([CSIS](#)).

### 2. Russian Strategic Missile Relocation:

- Russia's statement about relocating strategic missiles to be able to strike the USA directly indicates a serious escalation in military posturing. This development increases the risk of direct confrontation between Russia and NATO, particularly if there are any perceived threats to Russian national security ([RAND](#)).

### 3. NATO's Continued Support for Ukraine:

- NATO's sustained and potentially increased military support for Ukraine, including advanced weapons systems, contributes to the risk of escalation. Russia perceives this support as a direct threat to its strategic objectives, which could lead to more aggressive military actions ([CSIS](#)) ([S&P Global](#)).

### 4. Economic and Political Pressures:

- Economic sanctions on Russia and its subsequent economic struggles might push Russia to adopt more aggressive strategies to achieve its objectives in Ukraine. Similarly, political pressures within Russia, such as maintaining domestic support and demonstrating military strength, could lead to escalatory actions ([RAND](#)) ([S&P Global](#)).

### 5. Cyber and Proxy Warfare:

- The increased likelihood of cyber-attacks and proxy conflicts adds another layer of risk. Both sides have significant cyber capabilities, and any major cyber offensive could trigger severe retaliatory measures, escalating the conflict further ([CSIS](#)).

## Potential Catalysts for Escalation

- Direct Engagement Between NATO and Russian Forces: Any incident resulting in direct military engagement between NATO and Russian forces, such as an attack on a NATO supply convoy or an accidental shooting down of an aircraft, could trigger a larger conflict.
- Use of Long-Range Weapons by Ukraine: Strikes deep into Russian territory using long-range weapons could provoke a severe and immediate military response from Russia.
- Deployment or Use of Nuclear Weapons: Any deployment or use of nuclear weapons, even tactical ones, would undoubtedly lead to a massive escalation and broader military conflict.
- Collapse of Diplomatic Efforts: Failure of all diplomatic channels and peace negotiations could push both sides towards more aggressive military actions to break the stalemate.

## Accuracy of this analysis

This analysis is accurate and credible, drawing from multiple reputable sources that offer comprehensive insights into the various factors influencing the likelihood of escalation in the Russia-Ukraine conflict. However, given the inherent uncertainties in geopolitical forecasting, it remains essential to continuously update and reassess the situation as new information becomes available.

### Sources and Credibility

#### 1. RAND Corporation:

- RAND is a highly reputable think tank that provides thorough and well-researched insights into military and geopolitical issues. Their analysis of escalation risks in the Ukraine conflict considers historical patterns, current military dynamics, and strategic decisions by both Russia and NATO ([RAND](#)) ([RAND](#)).

#### 2. Center for Strategic and International Studies (CSIS):

- CSIS is another leading think tank known for its detailed and strategic analysis of global conflicts. Their reports on the Russia-Ukraine war and the broader implications for international security provide a comprehensive view of the potential for escalation ([CSIS](#)) ([CSIS](#)).

#### 3. Council on Foreign Relations (CFR):

- CFR offers expert perspectives on the global implications of the Russia-Ukraine conflict, particularly focusing on how it shapes broader geopolitical trends and alliances ([Council on Foreign Relations](#)).

#### 4. S&P Global Ratings:

- S&P provides financial and economic insights that highlight how the conflict impacts global markets and economic stability, adding another layer to the understanding of potential escalation scenarios ([S&P Global](#)).

### Key Points of Analysis

- **Military Dynamics:** The introduction of long-range weapons and the potential repositioning of strategic missiles are significant developments that increase the likelihood of escalation. These points are well-supported by RAND and CSIS analyses, which highlight the strategic and tactical implications of these moves ([RAND](#)) ([CSIS](#)).
- **Economic Pressures:** Economic sanctions and their impact on Russia's economy are likely to influence Russia's strategic decisions, pushing towards more aggressive actions if internal pressures mount. S&P Global Ratings provides a robust economic context for these pressures ([S&P Global](#)).
- **Diplomatic Efforts:** The failure or success of diplomatic efforts is a critical factor in either escalating or de-escalating the conflict. CFR and RAND emphasise the importance of ongoing diplomatic negotiations and their fragile nature ([RAND](#)) ([Council on Foreign Relations](#)).

### Limitations and Uncertainties

- **Predictive Limitations:** While this analysis is grounded in current data and trends, predicting the exact course of the conflict involves uncertainties. Strategic decisions by state actors can change rapidly in response to new developments.
- **Potential Biases:** Analyses from Western think tanks may carry inherent biases, although they strive for objectivity. It's important to consider perspectives from a diverse range of sources for a more balanced view.
- **Evolving Situations:** Geopolitical situations are highly fluid. New developments can quickly alter the risk landscape, necessitating continuous monitoring and updates to the analysis.

## Further Reading

For a comprehensive understanding of these strategies and their implications, further detailed readings from the sources like Atlantic Council, RAND, ECFR, and CEPA are recommended.

### European Sources

1. European Council on Foreign Relations (ECFR):
2. Chatham House:
3. German Institute for International and Security Affairs (SWP):

### Russian and Regional Sources

4. Carnegie Moscow Center:
5. Russian International Affairs Council (RIAC):

### Asian Sources

6. Institute of Strategic Studies Islamabad (ISSI):
7. Observer Research Foundation (ORF), India:

### International Organisations

8. United Nations Institute for Disarmament Research (UNIDIR):
9. International Crisis Group (ICG):

## Methodology used

The SCBC research tool SCEAS-Assist uses a rolling library of public reports, data, marketing materials, and informal research. Where possible for copyright or cost reasons materials is included. This library is added to on a rolling basis using materials forwarded by ITC members. Content is removed from the library based on its individual period of validity or relevance. This analysis looks for trends and predications, being a reflection of the global zeitgeist in terms of supply-chain thinking in its widest context. This identifies and summarises the headlines for further investigation.

- 1. Literature Review and Expert Analysis: Certainties:** Identify issues consistently highlighted across multiple credible sources (e.g., reports from organisations like the World Economic Forum, Moody's Analytics, and other industry reports). These issues are backed by historical data and trend analysis indicating their ongoing or inevitable impact. **Uncertainties:** Highlight issues that are mentioned frequently but with varying degrees of confidence and predictions about their occurrence. These include factors that are influenced by volatile variables, such as geopolitical events or climate-related disruptions.
- 2. Current Trends and Historical Context: Certainties:** Look at established trends and historical patterns that provide strong indicators of future occurrences. For example, the ongoing impacts of geopolitical tensions and energy price volatility due to well-documented past events. **Uncertainties:** Focus on areas with high variability and unpredictability, such as political unrest, labour strikes, or extreme weather events. These are less predictable but have shown potential to cause significant disruptions when they occur.
- 3. Impact Analysis: Certainties:** Assess the breadth and depth of impact on global trade and supply chains. Issues that affect multiple regions and sectors and have substantial economic impacts are ranked higher as certainties. **Uncertainties:** Evaluate potential impact but with acknowledgment of variability. For example, geopolitical instability can have massive impacts, but the specific nature and timing of events are uncertain.
- 4. Consultation of Real-Time Data and Forecasts:** Utilise real-time data and forecasts from reputable institutions (e.g., economic forecasts from the International Monetary Fund, geopolitical analysis from security think tanks) to inform predictions. **Certainties:** Data showing consistent trends (e.g., inflation rates, energy prices). **Uncertainties:** Forecasts that show high variability or depend on unpredictable events (e.g., potential conflicts, political elections).

**Example Application: Certainties: Inflationary Pressures:** Supported by continuous reports of rising energy costs and their impact on production costs (e.g., Moody's Analytics, World Economic Forum) (Moody's Analytics) (World Economic Forum). **Sustainability Efforts:** Ongoing corporate and regulatory emphasis on sustainability practices is a clear, consistent trend. **Uncertainties: Geopolitical Instability:** While the potential impact is high, the specific nature, timing, and extent of geopolitical events (e.g., US-China relations, Middle East conflicts) remain uncertain (World Economic Forum). **Extreme Weather Events:** Predicting specific events like droughts or floods is inherently uncertain, though their increasing frequency due to climate change is noted.

By combining these methods, we can systematically rank issues in terms of certainty and uncertainty, providing a comprehensive understanding of the trade and supply chain landscape for a given period.

## About the International Trade Council

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