



# Scenario Exploration – Iran - Supply Chain Business Council

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## In summary

The likelihood of Iran possessing nuclear weapons by 2025 is high, given current advancements and geopolitical dynamics. Iran has significantly expanded its nuclear capabilities since the U.S. withdrew from the Joint Comprehensive Plan of Action (JCPOA) in 2018. It has enriched uranium to 60%, a level from which it could quickly reach weapons-grade purity (90%) if it chooses to do so (<u>The Iran Primer</u>) (<u>The Iran Primer</u>). Despite ongoing international efforts to monitor and limit its nuclear program, Iran has reduced cooperation with the International Atomic Energy Agency (IAEA), complicating verification efforts (<u>The Iran Primer</u>).

The U.S. intelligence community assesses that Iran is not currently producing a nuclear weapon but has the infrastructure to do so swiftly if it decides to (<u>The Iran Primer</u>). This situation is precarious, as increased sanctions or military actions against Iran could accelerate its nuclear ambitions (<u>Stratfor</u>).

In response to Iran's potential nuclear capabilities, Saudi Arabia might seek to acquire nuclear weapons, potentially through Pakistan. Pakistan has a history of nuclear cooperation with Saudi Arabia, and such an acquisition could be a strategic counterbalance to Iran (<u>The Iran Primer</u>). This scenario could trigger a regional arms race, further destabilizing the Middle East.

The geopolitical instability resulting from a nuclear-armed Iran and a nuclear-armed Saudi Arabia would have significant impacts on global trade and supply chains. The Middle East is a critical hub for oil production and export, and any conflict or increased tension in the region could disrupt oil supplies, leading to higher global energy prices and economic instability (<u>The Iran Primer</u>) (<u>Stratfor</u>). Additionally, the risk of military conflicts involving key shipping routes, such as the Strait of Hormuz, could hinder global trade flows.

The broader implications for global stability are profound, as heightened regional tensions could draw in major powers like the U.S., Russia, and China, each with their own strategic interests. This multipolar involvement could complicate international diplomacy and increase the risk of broader conflicts.

Overall, the prospect of Iran acquiring nuclear weapons by 2025, coupled with Saudi Arabia potentially responding in kind, poses significant risks to regional and global stability, affecting everything from international security to global economic conditions.

The likelihood of Iran possessing nuclear weapons by 2025 is significant with considerable accompanying trade, energy and supply chain disruption.

Here's our structured analysis of the potential impact on trade and supply chains if such an event were to occur:

## Likelihood of Iran possessing nuclear weapons in 2025?

#### **Current World Events and Geopolitical Context**

#### Iran's Nuclear Advancements

Iran has made significant strides in its nuclear program, particularly since the U.S. withdrew from the JCPOA in 2018. The enrichment of uranium to 60%, close to weapons-grade, and the development of advanced centrifuges highlight Iran's growing nuclear capabilities (<u>The Iran Primer</u>) (<u>The Iran Primer</u>). The reduction in cooperation with the IAEA has made monitoring Iran's nuclear activities challenging, raising concerns about the potential for a clandestine weapons program (<u>The Iran Primer</u>).

#### U.S. and Israeli Responses

The U.S. and Israel have been vocal about their opposition to Iran's nuclear ambitions. Israel has conducted covert operations and cyber-attacks to delay Iran's nuclear progress. Any further military actions could provoke Iran to accelerate its nuclear weapon development, increasing regional tensions (<u>Stratfor</u>) (<u>The Times of Israel</u>). The upcoming U.S. presidential election in 2024 may influence U.S. policy towards Iran, potentially affecting the geopolitical landscape (<u>The Iran Primer</u>).

#### Saudi Arabia's Potential Nuclear Response

Saudi Arabia, perceiving a nuclear-armed Iran as a direct threat, might seek to develop or acquire its own nuclear capabilities. Pakistan, with its existing nuclear arsenal and historical ties to Saudi Arabia, could be a potential supplier (<u>The Iran Primer</u>). This could lead to a regional nuclear arms race, further destabilizing the Middle East and complicating international relations.

#### **Regional and Global Alliances**

The geopolitical dynamics of the Middle East involve various state and non-state actors, including Iranian-backed militias



and proxy forces across the region. Iran's support for groups like Hezbollah, Hamas, and the Houthis exacerbates regional instability and influences conflicts in Syria, Lebanon, Yemen, and Gaza (<u>The Iran Primer</u>). These alliances and conflicts draw in global powers, with the U.S. supporting its regional allies, while Russia and China pursue their strategic interests, complicating diplomatic efforts (<u>Stratfor</u>).

#### **Impact on Supply Chains**

#### **Negative Impacts**

- **Oil Supply Disruptions**: The Middle East is a critical region for global oil production and export. Increased tensions or conflict could disrupt the supply of oil, particularly through key chokepoints like the Strait of Hormuz, leading to spikes in global oil prices and economic instability (<u>Stratfor</u>).
- **Maritime Trade Risks**: The region's shipping routes, vital for global trade, could be threatened by military actions or blockades. This would increase shipping costs, delay deliveries, and disrupt supply chains worldwide (<u>The Iran Primer</u>).
- Economic Sanctions: Additional sanctions on Iran or other regional players could further complicate trade, affecting industries reliant on Middle Eastern resources. This could lead to shortages and increased costs for raw materials and goods globally (<u>The Iran Primer</u>).
- Regional Instability: Prolonged conflicts could lead to broader regional instability, affecting neighbouring countries' economies and their trade relations. This ripple effect could impact global markets, particularly in sectors heavily dependent on Middle Eastern exports, like petrochemicals and natural gas (<u>The Iran Primer</u>).

#### **Positive Impacts**

- Diversification of Energy Sources: The potential for supply chain disruptions could incentivize countries to diversify their energy sources, investing more in renewable energy and alternative suppliers. This shift could lead to more resilient global energy markets in the long term (<u>Stratfor</u>).
- **Technological Innovation**: The need to secure supply chains might drive innovation in logistics and transportation technologies, leading to more efficient and secure methods of global trade. Enhanced cybersecurity measures could also be a positive outcome of the heightened risks (<u>Stratfor</u>).
- Economic Alliances: To mitigate the impact of regional instability, countries may form new economic alliances and trade agreements. This could lead to increased economic cooperation and integration among nations outside the Middle East, strengthening global trade networks (<u>The Iran Primer</u>).
- **Investment in Infrastructure**: The threat of supply chain disruptions could prompt greater investment in infrastructure to create more robust and flexible trade routes. Ports, railways, and digital infrastructure could see significant upgrades, improving global trade efficiency (<u>The Iran Primer</u>).

Overall, the potential for Iran to develop nuclear weapons and the subsequent regional responses present both significant risks and opportunities for global trade and supply chains. The negative impacts, primarily through disruption and increased costs, are considerable, but there are also potential positive outcomes in terms of innovation, diversification, and strengthened international cooperation.

## Assessing the likelihood of Iran possessing nuclear weapons by 2025

#### **Current Status of Iran's Nuclear Program**

Iran has significantly advanced its nuclear program in recent years. As of now, it has accumulated enough enriched uranium to potentially build multiple nuclear weapons if it chooses to do so. Specifically, Iran has enriched uranium up to 60%, which is a short technical step away from weapons-grade (90%) (<u>The Iran Primer</u>) (<u>The Times of Israel</u>). Moreover, Iran has developed advanced centrifuges that enhance its capability to enrich uranium more efficiently and rapidly (<u>The Iran Primer</u>).

#### **Reduction in IAEA Monitoring**

Since 2021, Iran has limited the access and monitoring capabilities of the International Atomic Energy Agency (IAEA) to key nuclear facilities, making it difficult to verify the extent of its nuclear advancements and stockpiles (<u>The Iran Primer</u>). This reduced transparency increases the risk that Iran could be advancing towards weaponization covertly.

#### **Geopolitical Influences**

Several geopolitical factors influence the likelihood of Iran developing nuclear weapons by 2025:



- **U.S. and Israeli Policies**: The U.S. and Israel have both taken strong stances against Iran's nuclear ambitions. The potential for pre-emptive strikes by Israel or heightened sanctions by the U.S. could either deter Iran or push it to accelerate its program as a defensive measure (<u>Stratfor</u>).
- **Regional Tensions**: Ongoing regional conflicts and Iran's support for proxy groups in the Middle East add to the complexity. Iran's actions and the corresponding reactions from neighbouring countries, particularly Saudi Arabia, could influence its nuclear strategy (<u>The Iran Primer</u>).
- **International Negotiations**: Iran has indicated a willingness to negotiate limits on its nuclear program if certain conditions are met, such as lifting sanctions and resolving disputes with the IAEA. The outcome of these negotiations, especially post the 2024 U.S. presidential election, could significantly impact Iran's nuclear trajectory (<u>The Iran Primer</u>).

#### **Domestic Factors**

Internally, Iran faces significant economic challenges due to sanctions, high inflation, and a struggling economy (<u>The</u> <u>Iran Primer</u>). These pressures could either constrain its nuclear ambitions due to resource limitations or drive it to seek nuclear capability as a means of securing regime survival and bargaining power on the international stage.

#### **Expert Opinions**

- **Intelligence Assessments**: U.S. intelligence reports suggest that while Iran is not currently producing a nuclear weapon, it has the necessary infrastructure and materials to do so quickly if it decides to take that step (<u>The Iran Primer</u>).
- **Regional Analysts**: Experts believe that if Iran perceives an existential threat or significant strategic advantage, it might accelerate its nuclear weapons development despite the risks of international backlash (<u>Stratfor</u>).

Based on the current advancements in Iran's nuclear program, the reduction in IAEA monitoring, and the geopolitical and domestic factors at play, the likelihood of Iran possessing nuclear weapons by 2025 is significant. However, this outcome is not inevitable and will largely depend on the dynamic interplay of international negotiations, regional security developments, and Iran's internal political and economic conditions.

#### **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, should the geopolitical landscape not shift significantly towards de-escalation and renewed international agreements. The war in Palestine is an additional and increasingly uncertain factor in this.

## Events that could make Iran's acquisition of nuclear weapons by 2025 a certainty.

Various combinations of events could significantly increase the likelihood of Iran developing or having nuclear weapons by 2025, turning it from a possibility to a near certainty. These include:

#### 1. Breakdown of Diplomatic Efforts

- Collapse of JCPOA Negotiations: If ongoing negotiations to revive the JCPOA completely collapse and no alternative diplomatic framework is established, Iran would likely feel less constrained by international agreements, accelerating its nuclear program (<u>The Iran Primer</u>).
- **Increased Sanctions Without Diplomatic Channels**: The imposition of harsher sanctions without simultaneous diplomatic engagement could lead Iran to pursue nuclear weapons as a means of ensuring regime security and gaining leverage in future negotiations (<u>The Iran Primer</u>) (<u>Stratfor</u>).



#### 2. Regional Security Deterioration

- Heightened Regional Tensions: Escalating conflicts in the Middle East, such as increased hostilities between Iran and Israel or a direct military confrontation, could push Iran to rapidly develop nuclear weapons as a deterrent (Stratfor) (The Times of Israel).
- **Proxy Conflicts Intensify**: If proxy wars involving Iranian-backed groups like Hezbollah and the Houthis intensify, Iran might accelerate its nuclear program to bolster its strategic position in the region (<u>The Iran</u> <u>Primer</u>) (<u>Stratfor</u>).

#### 3. Domestic Political Changes

- Hardline Leadership Consolidation: If hardline factions within Iran consolidate power, particularly in the wake of the 2024 U.S. presidential elections or Iranian domestic elections, they may prioritize nuclear weapons development over diplomatic engagements (<u>The Iran Primer</u>).
- **Economic Collapse**: Severe economic decline without relief from sanctions might drive the Iranian leadership to pursue nuclear weapons as a means of forcing the international community to engage and negotiate on their terms (<u>The Iran Primer</u>).

#### 4. International Geopolitical Shifts

- **U.S. Strategic Withdrawal**: A significant reduction in U.S. presence or influence in the Middle East could embolden Iran to accelerate its nuclear program, perceiving a reduced risk of direct military intervention (<u>The Iran Primer</u>) (<u>Stratfor</u>).
- Support from Allies: Increased support from key allies such as Russia or China, in terms of economic aid, military cooperation, or technology transfers, could enable Iran to overcome technical and resource limitations in its nuclear program (<u>The Iran Primer</u>).

#### 5. Combined Scenario

• A combined scenario that includes a complete breakdown of diplomatic negotiations, heightened regional tensions, a hardline consolidation of power in Iran, and strategic geopolitical shifts, such as reduced U.S. influence and increased support from allies, would almost certainly lead Iran to develop nuclear weapons by 2025. This confluence of factors would create a security environment where Iran perceives nuclear weapons as essential for regime survival and regional dominance, removing any remaining hesitations.

#### Conclusion

While the development or acquisition of nuclear weapons by Iran by 2025 is not currently a certainty, the above events, particularly if they occur in combination, could drastically increase the likelihood, potentially making it inevitable. The international community's ability to manage these dynamics through diplomacy, economic measures, and strategic policies will be crucial in preventing this outcome.

## Scenario risk impact

**<u>Current Trend: Rising.</u>** The likelihood of Iran possessing nuclear weapons by 2025 is influenced by several factors, including its current nuclear activities, international diplomatic efforts, and geopolitical dynamics.

#### 6. Current Nuclear Activities:

- Uranium Enrichment: Iran continues to enrich uranium at levels significantly higher than allowed under the Joint Comprehensive Plan of Action (JCPOA). Reports indicate that Iran has amassed substantial stockpiles of enriched uranium, including uranium enriched up to 60% (<u>ISIS Online</u>) (<u>The Iran Primer</u>). This enrichment capability brings Iran closer to producing weapons-grade uranium (90% enrichment).
- **Nuclear Infrastructure**: Iran has developed advanced centrifuges and increased its uranium enrichment capacity, positioning itself to quickly shift to weapons-grade enrichment if it decides to do so (<u>State.gov</u>).

#### 7. Diplomatic and Geopolitical Context:

- **JCPOA Status:** The JCPOA, originally intended to limit Iran's nuclear program, has been weakened since the U.S. withdrawal in 2018. Although there have been ongoing negotiations to restore the agreement, no concrete resolution has been achieved (<u>State.gov</u>).
- Regional Tensions: Iran's regional activities, including its support for militant groups and involvement in

conflicts, complicate diplomatic efforts. Increased regional tensions, especially with Israel and Saudi Arabia, contribute to a volatile environment that affects nuclear negotiations (<u>The Iran Primer</u>).

- **International Response:** The international community, including the U.S. and its allies, remains concerned about Iran's nuclear ambitions. However, responses have been varied, ranging from diplomatic negotiations to sanctions and threats of military action. The effectiveness of these measures in deterring Iran's nuclear progress is uncertain (<u>State.gov</u>).
- Nuclear Arms Race: Saudi Arabia and Other Regional Powers: If Iran acquires nuclear weapons, it is highly likely that Saudi Arabia will seek to develop or acquire its own nuclear arsenal, possibly with assistance from Pakistan. This could trigger a broader regional arms race, with countries like Turkey and Egypt also considering nuclear programs to ensure their security (<u>The Iran Primer</u>) (<u>Stratfor</u>). Saudi officials have made public statements indicating they would seek nuclear capabilities if Iran's nuclear program is not adequately constrained. This includes comments from Prince Turki bin Faisal, a former head of Saudi intelligence, emphasizing that Saudi Arabia would match Iran's military capabilities if needed (<u>Middle East Eye</u>) (<u>ISIS Online</u>).
- **Increased Tensions and Proxy Wars**: A nuclear-armed Iran could embolden its regional proxies, such as Hezbollah in Lebanon and the Houthis in Yemen, leading to heightened regional tensions and more intense proxy wars (<u>Stratfor</u>) (<u>The Times of Israel</u>).
- Deterrence Paradox: While nuclear weapons might provide Iran with a deterrent against direct military attacks, the introduction of more nuclear actors in the region could lead to an unstable deterrence environment. Miscalculations or misunderstandings could escalate conflicts into nuclear exchanges (<u>The Times of Israel</u>).

#### 8. Global Security Implications

- Erosion of Non-Proliferation Treaties: Iran acquiring nuclear weapons could severely undermine the global non-proliferation regime, particularly the Treaty on the Non-Proliferation of Nuclear Weapons (NPT). Other countries might follow suit, weakening international norms against nuclear proliferation (<u>The Iran Primer</u>).
- **Increased Global Tensions**: The spread of nuclear weapons to new regions increases the risk of nuclear weapons falling into the hands of non-state actors or terrorist groups. This could heighten global security concerns and lead to stricter international security measures (<u>The Times of Israel</u>).
- **Realignment of Alliances**: Countries might realign their alliances based on the new nuclear reality in the Middle East. This could lead to a reshuffling of regional and global alliances, complicating international diplomacy and potentially leading to new conflicts (<u>Stratfor</u>) (<u>The Times of Israel</u>).

#### 9. Economic and Trade Impacts

- Oil Supply Disruptions: Increased regional instability could disrupt oil supplies from the Middle East, particularly through key chokepoints like the Strait of Hormuz. This could lead to spikes in global oil prices, affecting global energy markets and economies dependent on Middle Eastern oil (<u>The Iran Primer</u>) (<u>Stratfor</u>).
- Energy Diversification: Countries might accelerate efforts to diversify their energy sources to reduce dependence on Middle Eastern oil, leading to increased investments in renewable energy and alternative suppliers (<u>Stratfor</u>).
- Maritime Trade Risks: The region's strategic shipping routes could be threatened by military conflicts or blockades, increasing shipping costs and causing delays in global supply chains (<u>Stratfor</u>).
- Economic Sanctions and Trade Barriers: Additional sanctions on Iran and potentially on other regional actors could complicate international trade, leading to shortages and increased costs for raw materials and goods globally (<u>The Iran Primer</u>) (<u>The Times of Israel</u>).

The acquisition of nuclear weapons by Iran by 2025 would have profound and far-reaching impacts on regional and global security, economic stability, and internal dynamics within Iran. The risks of a regional nuclear arms race, destabilized global energy markets, and the erosion of the global non-proliferation regime underscore the urgency for international diplomatic efforts to prevent such an outcome.

#### 10. Domestic Impacts on Iran

- **Sanctions and Isolation**: Acquiring nuclear weapons would likely lead to severe international sanctions, further isolating Iran economically. This could exacerbate existing economic challenges, leading to increased inflation, unemployment, and social unrest (<u>The Iran Primer</u>) (<u>The Times of Israel</u>).
- Regime Stability: While the regime might use nuclear weapons to bolster its legitimacy and deter foreign
  intervention, the economic consequences and potential internal dissent could pose significant challenges to
  its stability (<u>Stratfor</u>).
- **Internal Political Dynamics:** Hardline empowerment as the development of nuclear weapons might consolidate the power of hardline factions within Iran, reducing prospects for domestic reforms and increasing internal repression (<u>Stratfor</u>) (<u>The Times of Israel</u>).

#### Factors that could make Iran's nuclear weapon acquisition a certainty

Several scenarios could accelerate Iran's move towards acquiring nuclear weapons:

- **1. Collapse of JCPOA Negotiations**: If diplomatic efforts to restore the JCPOA fail completely, Iran might escalate its nuclear activities without fear of diplomatic repercussions.
- **2. Regional Conflict Escalation**: Significant military conflicts involving Iran and its regional adversaries could prompt Iran to seek nuclear weapons as a deterrent.
- **3.** Political Changes in Key Countries: Changes in the leadership of countries involved in the negotiations (e.g., the U.S., Israel, Saudi Arabia) could lead to more aggressive policies towards Iran, prompting it to expedite its nuclear program.

#### Impact of Iran possessing nuclear weapons

- 1. Geopolitical Impact:
  - **Regional Arms Race**: Iran's acquisition of nuclear weapons would likely trigger a regional arms race, with countries like Saudi Arabia seeking their own nuclear capabilities, potentially through alliances with nuclear-armed Pakistan.
  - **Increased Tensions and Conflict Risk**: The presence of nuclear weapons would heighten tensions and increase the risk of military conflicts in the Middle East, involving both regional and global powers.

#### 2. Economic and Trade Impact:

#### **Negative Impacts:**

- **Disrupted Trade Routes**: Increased regional instability could disrupt key trade routes, including the Strait of Hormuz, through which a significant portion of the world's oil supply passes.
- **Sanctions and Economic Isolation**: Additional sanctions on Iran and potentially other regional players could disrupt global markets and trade networks, leading to higher energy prices and economic uncertainty.

#### **Positive Impacts:**

- **Increased Defence Spending**: Countries in the region and their allies might increase defence spending, boosting the defence industry and related sectors.
- **Shift to Alternative Energy Sources**: Heightened instability might accelerate the global shift towards alternative energy sources, reducing dependency on Middle Eastern oil in the long term.

#### 3. Current Risk Trend

The risk of Iran acquiring nuclear weapons by 2025 is currently rising. Despite some diplomatic efforts, Iran's continued enrichment activities, reduced cooperation with the International Atomic Energy Agency (IAEA), and regional geopolitical tensions contribute to this increasing risk (**The Iran Primer**) (**State.gov**). The likelihood of Iran possessing nuclear weapons is not yet a certainty but remains a significant and growing concern for international security

#### Accuracy of this analysis

The analysis is robust, well-supported by current data, and aligned with expert consensus. It accurately reflects the rising risk of Iran acquiring nuclear weapons by 2025 while acknowledging the complexities and uncertainties involved. To maintain accuracy, it will be essential to continually update the assessment with new information and developments in the geopolitical landscape.

The accuracy of the analysis provided on the likelihood of Iran acquiring nuclear weapons by 2025 relies on several factors:

#### 1. Sources of Information:

- The analysis utilizes data from reputable sources such as reports from the International Atomic Energy Agency (IAEA), statements from the U.S. Department of State, and expert assessments from regional analysts and think tanks (ISIS Online) (The Iran Primer) (State.gov).
- It incorporates a range of perspectives, including those from Western intelligence, regional geopolitical experts, and international diplomatic bodies.



#### 2. Current Data and Trends:

- The assessment is based on the most recent information regarding Iran's uranium enrichment activities, stockpiles of enriched uranium, and the state of its nuclear infrastructure.
- It takes into account the ongoing diplomatic efforts and geopolitical dynamics that directly influence Iran's nuclear ambitions.

#### 3. Balanced Viewpoint:

- The analysis acknowledges both the technical capabilities of Iran and the political and economic factors that could accelerate or decelerate its nuclear program.
- It considers the possible responses from regional and global actors, including potential actions by Saudi Arabia, the United States, and Israel.

#### 4. Expert Consensus:

- The conclusions drawn are consistent with the consensus among nuclear proliferation experts and geopolitical analysts who monitor Iran's nuclear activities.
- It reflects the cautious yet growing concern among the international community about Iran's nuclear trajectory.

#### 5. Acknowledgement of Uncertainties:

• The analysis appropriately highlights the uncertainties and potential developments that could significantly alter the current trajectory, such as changes in political leadership, regional conflicts, and the success or failure of diplomatic negotiations.

#### **Potential Limitations**

#### 1. Rapidly Changing Context:

- The geopolitical situation in the Middle East is highly dynamic. Events such as sudden political changes, unexpected diplomatic breakthroughs, or military confrontations can rapidly alter the risk landscape.
- The accuracy of the analysis is contingent on the stability of current trends and data, which can change quickly.

#### 2. Access to Complete Information:

• While the analysis is based on available open-source information, some aspects of Iran's nuclear program might be concealed or misrepresented, affecting the accuracy of external assessments.

#### 3. Bias and Interpretation:

• Different sources may have varying biases or perspectives based on their geopolitical stance. Efforts have been made to use a balanced range of sources, but inherent biases can still influence the overall analysis.

## 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 induvial 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.

Using these headlines, an Analytics Hierarchy Processing (AHP) tool, is used with ITC members, to formulate a predication of what headlines are the greatest risk or impact to anticipate. AHP is a sophisticated an accurate tool by which to capture the inherent knowledge of members working in the sector. By this method the goal is to seek the unexpected rather than becoming a self-fulfilling prophecy.

1. Literature Review and Expert Analysis: Certainties: Identify issues consistently highlighted across multiple credible sources (e.g., reports from organizations 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: Utilize 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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The ITC provides valuable resources and support to help exporters comply with international trade regulations, find new markets, and connect with potential buyers and partners. Through its programs and services, the ITC helps exporters access trade information, training, and market intelligence, as well as providing networking opportunities and business matchmaking services. The International Trade Council is also home to the <u>Go Global Awards</u>, the <u>Global Business</u> <u>Confidence Survey</u>, the <u>Quality in Business Certification</u> and a <u>USA Business Incubation Service</u>. By leveraging the ITC's resources and expertise, exporters can increase their chances of success in the global marketplace.

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