



In collaboration with PwC

Friendshoring and Trade Agreements

WORLD
ECONOMIC
FORUM

BRIEFING PAPER
OCTOBER 2026

The evolving trade agreement landscape

For decades, businesses operated in a trade environment characterized by relatively open markets, predictable trading relationships and globally optimized supply chains. Businesses could pursue efficiency, scale and growth against a backdrop of stable trading conditions. Even today, most global trade continues to take place under World Trade Organization (WTO) most-favoured-nation terms, underscoring the continued role of the multilateral trading system. Yet, in many boardrooms, trade no longer feels stable. Geopolitical tensions, abrupt policy shifts and regulatory complexity have moved from tail risks to operating conditions.

Friendshoring – where governments reassess economic dependencies and strengthen relationships with politically aligned partners¹ – is contributing to a growing network of bilateral, regional and sector-specific agreements, including Preferential Trade Agreements (PTAs),² often with a focus on economic security and resilience.

Business leaders who assess their [trade compliance maturity](#) are better positioned to navigate this shifting global landscape. Those who do so proactively can plan for disruption in their operating model rather than being surprised by it.

Managing shocks and building resilience comes at a cost. Companies must therefore find ways to manage those costs or create new revenue opportunities, including by reaching new customer pools or developing alternative go-to-market options. PTAs can serve as a strategic lever, expanding companies' room to act on short- or long-term events (e.g., sudden trade blockages or trends like climate change and technological disruption) that impact supply chains.

Sourcing, manufacturing and market entry are often treated as fixed constraints, making change seem risky. Yet companies need not redesign their operating model all at once. Better data and clear mandates can support targeted changes that strengthen flexibility and capture otherwise missed revenue opportunities.

Trade agreements as enablers of resilience

For over 30 years, PTAs were largely sought to reduce trade barriers and facilitate cross-border commerce. Their focus was on lowering tariffs, streamlining customs procedures, and agreeing on what percentage of a product needed to be made domestically to benefit from the deal.

Recent PTAs increasingly cover services, digital trade and adjacent issues such as sustainability and energy cooperation. Technology trade rules are also becoming central, providing greater predictability on data flows, cybersecurity cooperation and digital regulation. As organizations become more data-driven, products and data are no longer separate considerations, but are intrinsically linked.

PTAs generally provide the durable framework businesses seek for long-term planning. Although formal withdrawal and dispute provisions exist, and agreements may be reviewed or renegotiated, built-in periodic review and term extension, such as USMCA's sunset clause, remain the exception rather than the norm.

PTAs have gained prominence among governments amid growing global trade complexity. The landscape has expanded significantly in recent years, with the United Arab Emirates and India actively pursuing new agreements and the European Union and China accelerating activity. The result is a growing network of preferential trading relationships and trade corridors across established and emerging markets, creating new opportunities for businesses.

Additionally, governments are using industrial policy to attract investment, strengthen domestic competitiveness and secure critical supply chains. In some cases, PTA partners may gain access to certain incentives, local-content benefits and other policy measures. The proposed EU Industrial Accelerator Act illustrates this trend, with certain PTA partners potentially benefiting from treatment similar to EU-origin products under local-content requirements.

Using PTAs to accelerate business growth

Businesses are not fully utilizing PTAs. World Trade Organization (WTO) data suggests that a meaningful share of trade eligible for preferential treatment continues to be conducted without making use of those preferences.³ Businesses may be incurring avoidable costs. One example provided by experts consulted for this briefing saw a business save over \$16 million in just over a year by switching to PTA preferences. In another case, PTA tariff rates on apparel could drop from 12% to 0% if conditions are met, presenting an opportunity for the importing business.⁴

The opportunity extends beyond recovering tariff costs. PTAs often reflect participating economies' comparative strengths and strategic priorities, creating preferential market access in targeted sectors that businesses may not yet be exploiting. They can also facilitate access to talent and employee mobility, while providing more predictable frameworks for digital trade and cross-border data flows.

Sourcing and investment decisions typically prioritize labour and logistics costs, infrastructure and tax considerations. Yet, existing and emerging trade corridors, rules of origin, digital-trade commitments, export controls, data governance requirements and regulatory interoperability are often overlooked. PTA preferences could reduce trade costs and influence supplier selection, particularly when assessed against the location of key customer markets.

Embedding PTAs into business planning could also strengthen resilience to long-term trends and unexpected shocks. Businesses cannot anticipate precisely when or where such events will emerge, nor can they establish new suppliers, production footprints, or customer markets overnight. Advance assessment of alternative trade corridors and PTA opportunities can, however, improve their ability to adapt – by switching suppliers, adjusting trade routes, preserving customer access, or maintaining business continuity.

Managing for PTA benefits does not simply generate customs savings; it creates the optionality required to navigate both long-term structural change and short-term shocks. The result is a more resilient business model that delivers direct savings while positioning businesses for future growth (Figure 1).

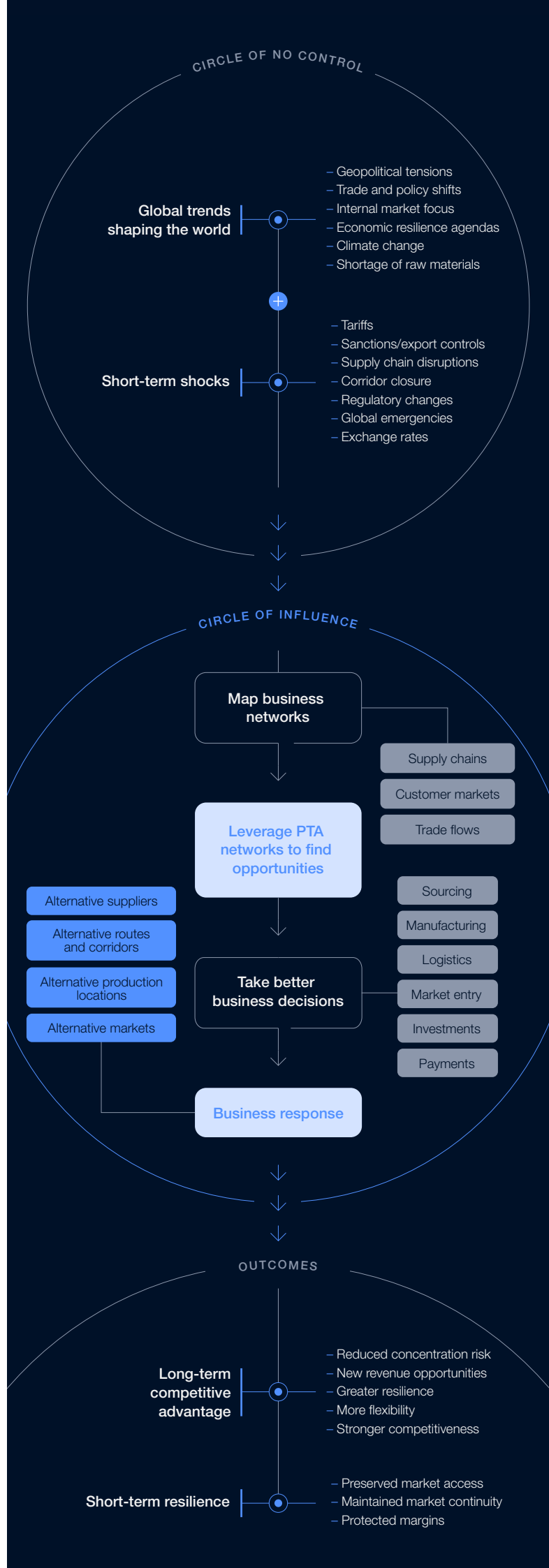


FIGURE 1
Trade agreements as enablers of resilience

Unlocking the full potential of these opportunities requires understanding product and input origins and composition, value-chain visibility and reliable master data, increasingly including product- and supplier-level emissions and sustainability information. The same data foundation supports preferential origin claims, carbon border reporting, deforestation-free declarations and supply chain due diligence, serving both compliance and competitiveness. It also requires governance mechanisms that bring together trade, tax, legal, procurement, R&D and supply chain teams.

The growing convergence of products and data within modern business models means that trade governance should also integrate privacy, cybersecurity, responsible AI, export controls and digital policy expertise. While each function often holds part of the puzzle, capturing the full value requires these perspectives to be considered collectively.

Competing amid trade complexity

Three questions for the executive team in the next quarter:

1. What share of eligible trade claims preferential treatment today, and what is the value of unclaimed duties?
2. Which alternative suppliers, corridors and markets are available under existing agreements, and who owns this assessment?
3. Could sourcing or manufacturing in other countries reduce trade costs while strengthening long-term stability and flexibility?

Companies cannot predict every geopolitical shift, policy change, or supply chain shock, but they can strengthen their ability to respond. Strategic use of PTAs can support companies in decisions on where to expand market access, improve competitiveness and support supply chain resilience. Most importantly, it increases a company's room to act when conditions change. Select companies have started to make this shift by bringing forward a chief geopolitical office function to create links between business decisions, policy-making and global trends.

Contributors

World Economic Forum

Kimberley Botwright

Deputy Head, Centre for Regions,
Trade and Geopolitics

Nivedita Sen

Lead, Trade and Insights

PwC

Claudia Buysing Damste

Partner, Customs, International
Trade & Sustainable Supply Chains

Selly Ng

Manager, Customs & International Trade

Somya Bhatia

Senior Associate, International Growth Practice

Acknowledgements

The authors would like to thank the Trade Compliance Practitioners for shaping this publication. Thanks are particularly extended to:

John Bescec

Director of Customs and Trade Affairs, Microsoft

Christos Christou

Director, Compliance

Kit Conklin

Chief Strategy and Global Affairs Officer, Exiger

William Petty

Global Product Development Manager, A.P. Moeller Maersk

Endnotes

1. Friendshoring refers to rerouting of supply chains to countries perceived as politically and economically allies.
2. Preferential trade agreements (PTAs) generally refer to an arrangement between two or more countries that establish market-opening commitments on goods and, increasingly, services.
3. World Trade Organization. [Global Trade Outlook and Statistics -2026](#), p. 32.
4. Duties on cotton t-shirts under the EU-Vietnam PTA fall from 12% to 0% (HS: 610910).