



Friendshoring

For Prelims: Friendshoring, Ally shoring, Protectionism, Deglobalisation.

For Mains: Implications of Friendshoring.

Why in News?

Recently, the US secretary of treasury has pushed for "friendshoring" to diversify trade away from countries that are present at geopolitical risk.

What is Friendshoring?

- Friendshoring is a strategy where **a country sources the raw materials, components and even manufactured goods from countries that share its values.** The dependence on the countries considered a "threat" to the stability of the supply chains is slowly reduced.
- It is also called **"allyshoring"**.
 - For the US, Russia has long presented itself as a reliable energy partner, but in the Ukraine war, it has **weaponized the gas against the people of Europe.**
 - It's an example of how **malicious actors can use their market positions to try to gain geopolitical leverage** or disrupt trade for their own gain.
- Friend-shoring or ally-shoring has become **a means for the US to influence firms to move their sourcing and manufacturing sites** to friendly shores—often back to the **same shores in the case of the US.**
- The purpose of Friendshoring is **to insulate countries' supply chains** from less like-minded nations, such as China in case of the US.

What can be the Implications of Friendshoring?

- Friendshoring may push the world towards a **more isolated place for trade and reverse the gains of globalization.** It is a part of the **"deglobalisation" process.**
- After the global economy has been influenced by the years-long lockdown of Covid-19, any form of protectionism **will further disrupt the already unstable global supply chain.**
- This new form of **protectionism will not be conducive to globalization** while affecting the global supply chain and economy. And in the long term, this could backfire if a company relies on some country—for lithium for batteries, say, or precious metals for computer chips—feels alienated.
- Also, as this becomes a trend, the **world will gradually be separated,** and it will be hard for countries to work together for the well-being of humanity.

Conclusion

- Today's world has reached its prime by countries working together.
- By having each country use its best advantage to contribute to the world's economy, everyone's disadvantage gets compensated.

- Although we are still way far from complete globalization, and there are many differences and even controversies between countries, still, friend-shoring does not seem like a good solution for a better future for the global supply chain.

[Source: BS](#)

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