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Supply Chain Financing Update

The World Rewired

Shifts in Global Trade and Foreign Direct Investment

Citi Institute
In collaboration with Citi Services

Global Perspectives & Solutions

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When we published our Citi Institute report Supply Chain Financing: Durable Global Trade in the Age of AI in February 2026, the central argument was that global supply chains had proven more resilient than the geopolitical headlines suggested. In this report, we use the most recent data on trade and foreign direct investment (FDI) flows to see whether that thesis has held.

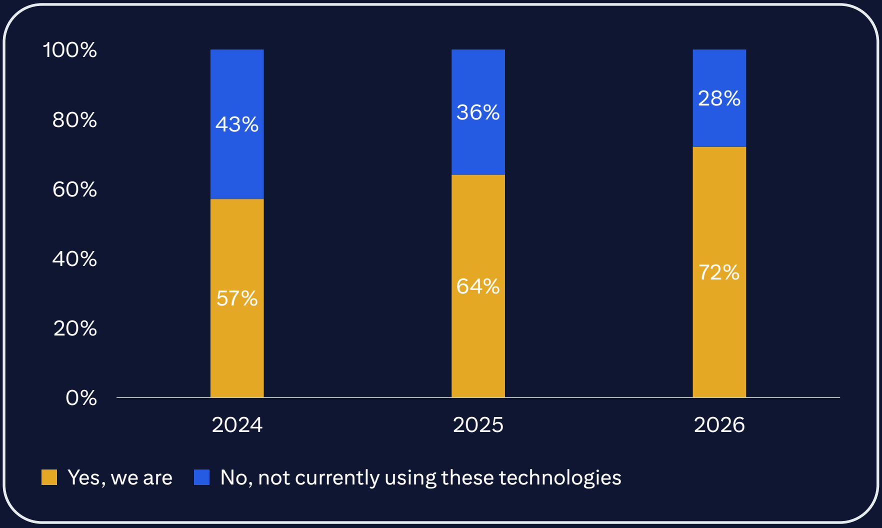
Since February, two overlapping pressures have intensified. US tariff policy has continued to reshape import flows, and the Iran conflict has introduced an energy shock that has pushed shipping costs higher, disrupted Middle East routing and kept Citi's Global Supply Chain Pressure Index at its highest sustained level since 2021–22. The world that the February report described as resilient is now being asked to absorb more.

The most notable change has been corporate behavior. Our updated large corporate survey shows that companies entered 2026 focused on a new priority: extracting liquidity from the supply chains they have already restructured. Treasury functions are being asked to surface cash that has been embedded in supplier relationships, inventory positions and payment cycles – a shift that reflects both confidence in their operational foundations and pressure on their margins.

The trade reorientation documented in February has continued to accelerate. China's pivot away from Western markets toward Latin America, Africa and Oceania is now reflected clearly in the shipping and payment data. AI adoption in trade operations has moved into the mainstream, with usage among large corporates nearly tripling since 2024.

How companies manage the tension between liquidity pressure and long-term supply chain investment will define their competitive position as this period of disruption extends into 2027.

Are you using new digital technologies for Trade such as Blockchain, DLT, Marketplaces?



Note: Figure for illustrative purposes only and subject to change.
Source: East & Partners Midyear Large Corporate Survey 2026, Citi Services

Key Takeaways

1 **Iran conflict takes its toll:** Brent oil has stayed elevated ($90/barrel) despite continued diplomatic efforts. This pushed Citi's Global Supply Chain Pressure Index to its highest level since 2021–22.

2 **Payment flows holding strong:** Despite US tariffs and the Iran conflict, Citi's payment network data showed 40% YoY growth across all sectors in H1 2026 — a signal that corporate transaction activity remains robust.[1]

3 **Tech flows surge on AI spend:** Technology payment flows rose 50% YoY, anchored by a global AI capex cycle that pushed US AI spending to over $450 billion annualized. Cross-border flows from Taiwan to Singapore alone were up 90%.[2]

4 **China reroutes trade:** North America's share of Chinese automotive exports has fallen from 33% to 13% by mid-2026, while Africa's share has climbed from about 8% to above 15% since 2022.[3]

5 **FDI resilient but diverging:** Global FDI climbed to $1.62 trillion in 2025 but regional outcomes vary sharply: Europe gained 39%, while Africa fell 26% and North America dipped 2%.[4]

6 **Liquidity now the top priority:** 72% of global corporates identify releasing trapped liquidity as their top strategic priority for the next 12 months, up from 66% at the start of 2026.[5]

7 **Cost pressure is structural:** 68% of corporates cite rising input costs as the primary driver of working capital decisions, and 48% flag geopolitical risk, with both figures still rising. High interest rates are cited by 59% globally, climbing to 86% in LATAM.[6]

$1.62tn

Global FDI inflows in 2025, up from 2020 pandemic trough of $863bn[7]

40%

Rise in Citi payment network flows in H1 2026 compared to the same period in 2025[8]

45%

Share of large corporates now using AI for global trade operations in 2026, up from just 16% in 2024[9]

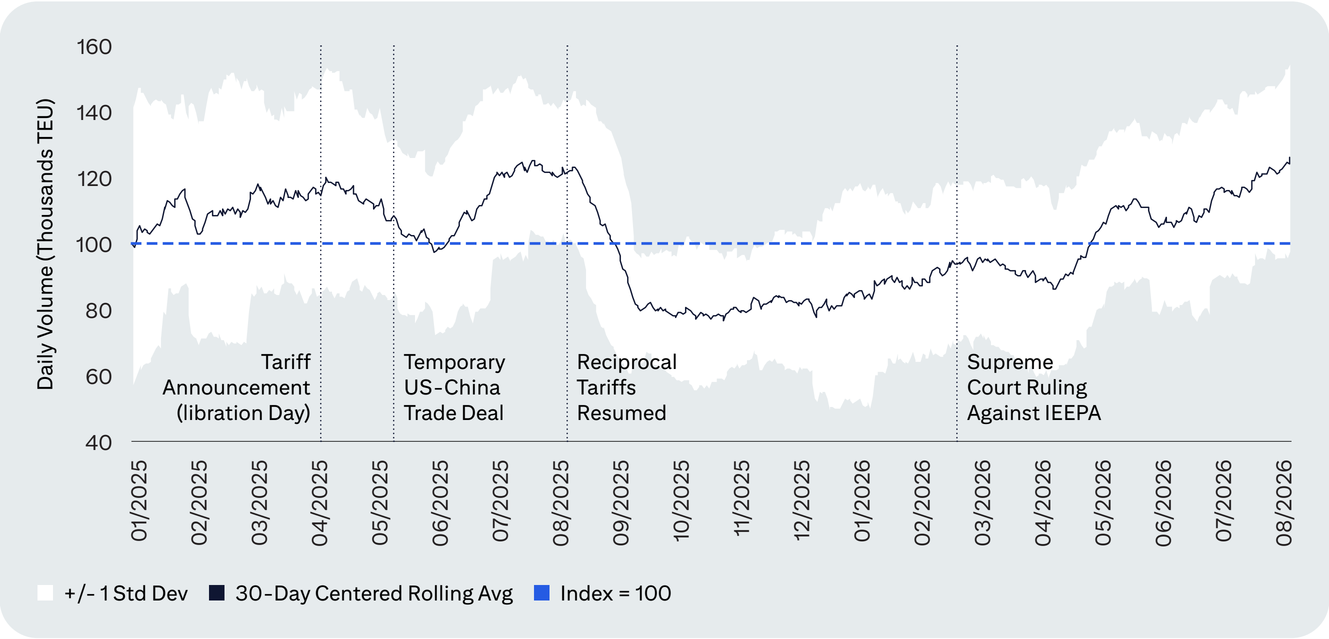
Shifts In Global Trade and Foreign Direct Investment

The geography of global commerce is shifting faster than at any point in a generation. Data on shipping volumes, investment flows and corporate footprints reveal that supply chains haven't just simply shifted but rather trade routes, investment flows and corporate payment flows are adapting rather than retreating.

Shifts in Global Trade

US tariffs announced in early April 2025 had an immediate impact. Shipping data showed that daily arrivals into US ports fell sharply in the weeks that followed (Figure 1). Volumes recovered partially after a temporary US-China trade deal, falling again once reciprocal tariffs resumed. The US Supreme Court's ruling against the Administration's use of the International Emergency Economic Powers Act (IEEPA) added uncertainty to a fragile truce but import volumes have steadily increased since the ruling. What has become clear is that policy actions have an impact on real world trade behavior.

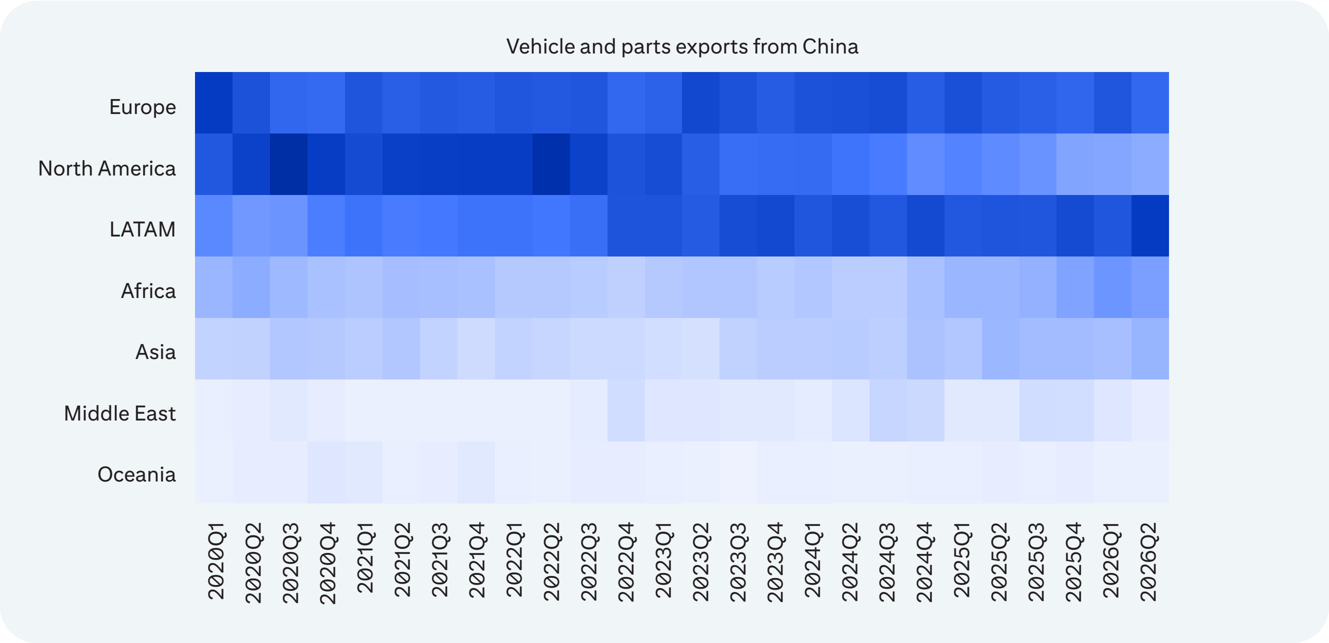
Figure 1. US shipped import volume



Note: Figure for illustrative purposes only and subject to change.
Source: Dun & Bradstreet, U.S. Customs and Border Protection, Citi Research

Chinese export patterns are also significant. The destination mix of China's vehicle and automotive parts exports has shifted materially since 2020 (Figure 2). North America, which once absorbed roughly a third of such shipments, has seen its share erode to around 13% by mid-2026. Europe has held more stable, accounting for roughly a quarter of Chinese automotive exports throughout the period. The most notable gainers have been Latin America and, increasingly, Africa, with the latter's share climbing from around 8% in 2022 to above 15% by 2026, potentially reflecting Chinese manufacturers' pivot toward markets where political friction is lower and price sensitivity is high.

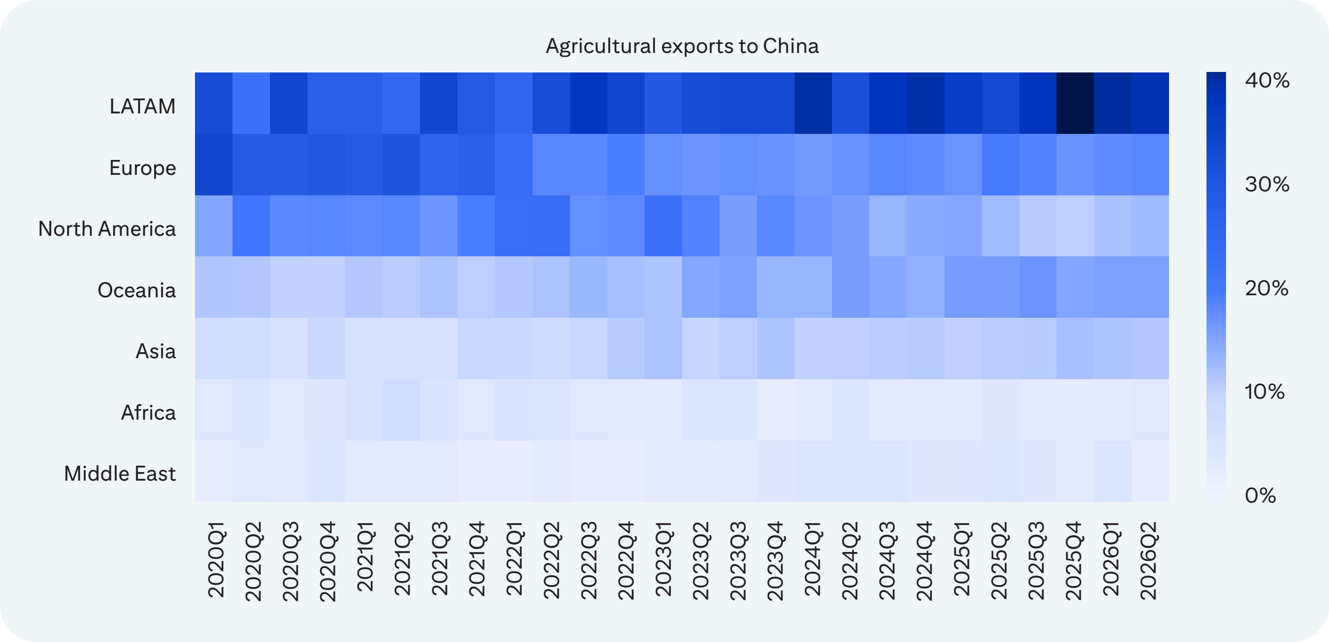
Figure 2. Vehicle and parts exports from China



Note: Figure for illustrative purposes only and subject to change.
Source: Dun & Bradstreet, Citi Research

On the agricultural side, China's import sourcing has undergone considerable reorientation (Figure 3). Latin America, led by Brazil and Argentina's vast soy and corn belts, has cemented itself as a dominant supplier of agricultural goods to China, capturing between 33% and 44% of total import share across recent quarters. North America's position, by contrast, has deteriorated markedly: from above 25% in 2020–2022 to 12% by mid-2025. Oceania has been a modest beneficiary, with Australian agricultural exports to China recovering strongly after the two countries resolved a prolonged diplomatic dispute, pushing Oceania's share from roughly 7% to above 16% by 2024–2025.

Figure 3. Agricultural exports to China

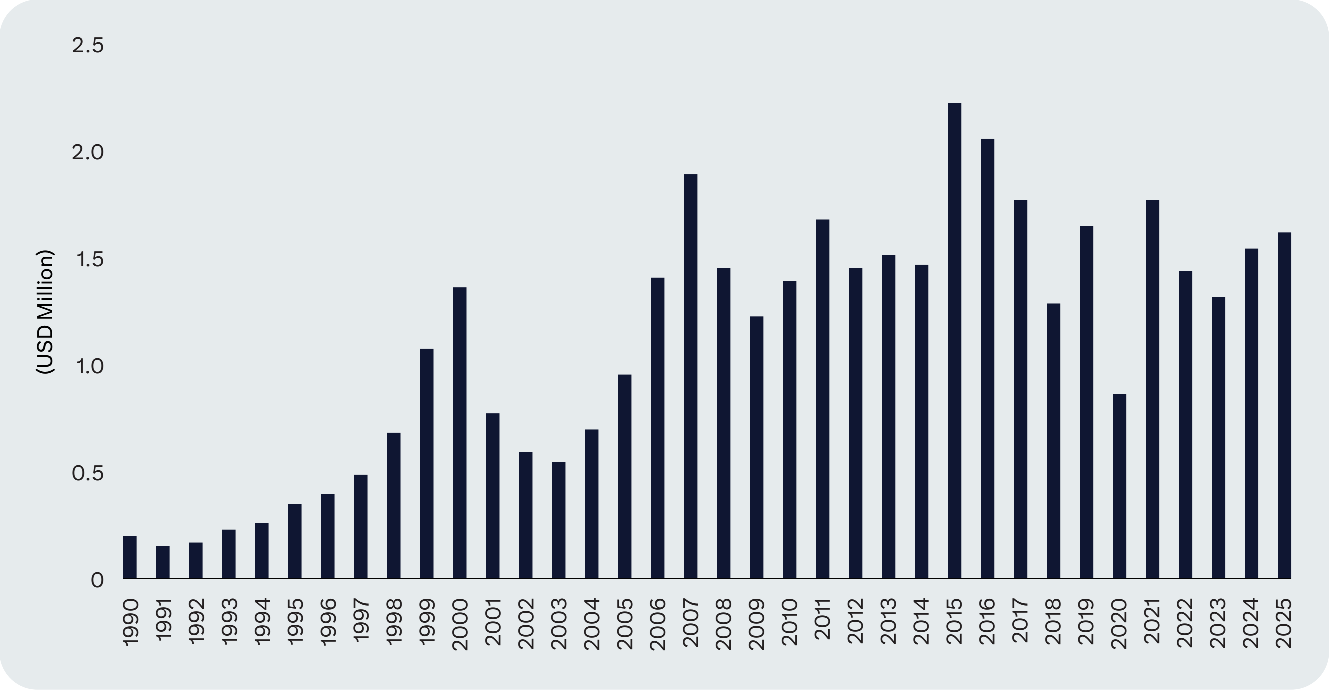


Note: Figure for illustrative purposes only and subject to change.
Source: Dun & Bradstreet, Citi Research

Foreign Direct Investment

Against this backdrop of evolving global trade patterns, foreign direct investment (FDI) has proven resilient. Global FDI inflows rose to approximately $1.54 trillion in 2024 and climbed further to an estimated $1.62 trillion in 2025, still below the all-time peak of $2.2 trillion recorded in 2015, but significantly above the pandemic trough of $863 billion in 2020. The expansion of FDI since 1990 (Figure 4), when global inflows stood at $205 billion, underscores how dramatically capital has internationalized.

Figure 4. Global FDI Inflows 1990 – 2025 (USD millions)



Note: At current prices. Figure for illustrative purposes only and subject to change.
Source: UNCTAD, Citi Research

The 2024-2025 regional breakdown shows that Europe was the standout performer among developed regions, recording FDI inflow growth of 39% (Figure 5), driven partly by reshoring incentives and investment in the energy transition. North America, by contrast, saw inflows dip by 2%. Africa saw one of the sharpest declines, with inflows falling 26% and greenfield project values dropping 31%. However, the continent attracted its third-highest level of FDI since 1990 with investments concentrated in energy, infrastructure and critical minerals.[10]

Latin America and the Caribbean bucked the trend in cross-border M&A, recording a 92% surge in seller-side deal value, a figure that may be distorted by a small number of very large transactions rather than a broad-based boom in regional deal activity.

Figure 5. Global FDI Investment trends: 2024 to 2025

Region	FDI Inflows 2025	Growth Rate			
		FDI % Change	Greenfield Project Value by Destination	International Project Finance	Cross Border M&As by Seller
World	1624	6%	1%	3%	-7%
Developed economies	723	11%	19%	-12%	-5%
Europe	285	39%	14%	-4%	-2%
North America	344	-2%	26%	-24%	-9%
Other developed economies	94	0%	13%	Unknown	0%
Developing economies	901	2%	-18%	20%	-41%
Africa	70	-26%	-31%	-21%	-
Developing Asia	644	3%	-8%	-14%	-33%
Latin America and the Caribbean	188	14%	-30%	-20%	92%

Note: At current prices. Figure for illustrative purposes only and subject to change.
Source: UNCTAD, based on information from The Financial Times, fDi Markets (www.fdimarkets.com) and LSEG Data & Analytics

What is Happening in Global Flows

Payment and receivable flows through the Citi payments network reveal that despite the uncertainty surrounding tariffs and the conflict in Iran, global trade flows remained strong in the first half of 2026, with several regions and sectors showing signs of growth year-on-year.

Payment Flows H1 2026 vs. H1 2025

Overall payment flows in the first half of 2026 increased by 40% compared to H1 2025. While growth can be seen across the board, some sectors grew more than others. The technology sector posted the largest growth YoY (50%), while consumer increased by 28%. In 2025, significant growth in healthcare flows was seen as a potential sign of corporates frontrunning imports in advance of tariff announcements but flows continued to grow in the first half of 2026. Natural resources' 32% growth came during a period in which global oil prices experienced significant volatility because of the conflict in Iran.

Technology flows increased 50%, with Asia growing up 60% and Latin America growing by 58%. The tailwind in technology sector flows comes at a time when much of the world is in a capex supercycle to fund developments in artificial intelligence. Growth in domestic US flows (37%) as well as cross-border flows from Taiwan to Singapore (90%) and US to Taiwan (36%) were responsible for a significant portion of the sector's overall growth. Industrial flows grew in North America (53%), Asia (51%) and EMEA (41%), with domestic US and UK to US flows representing key sources of growth.

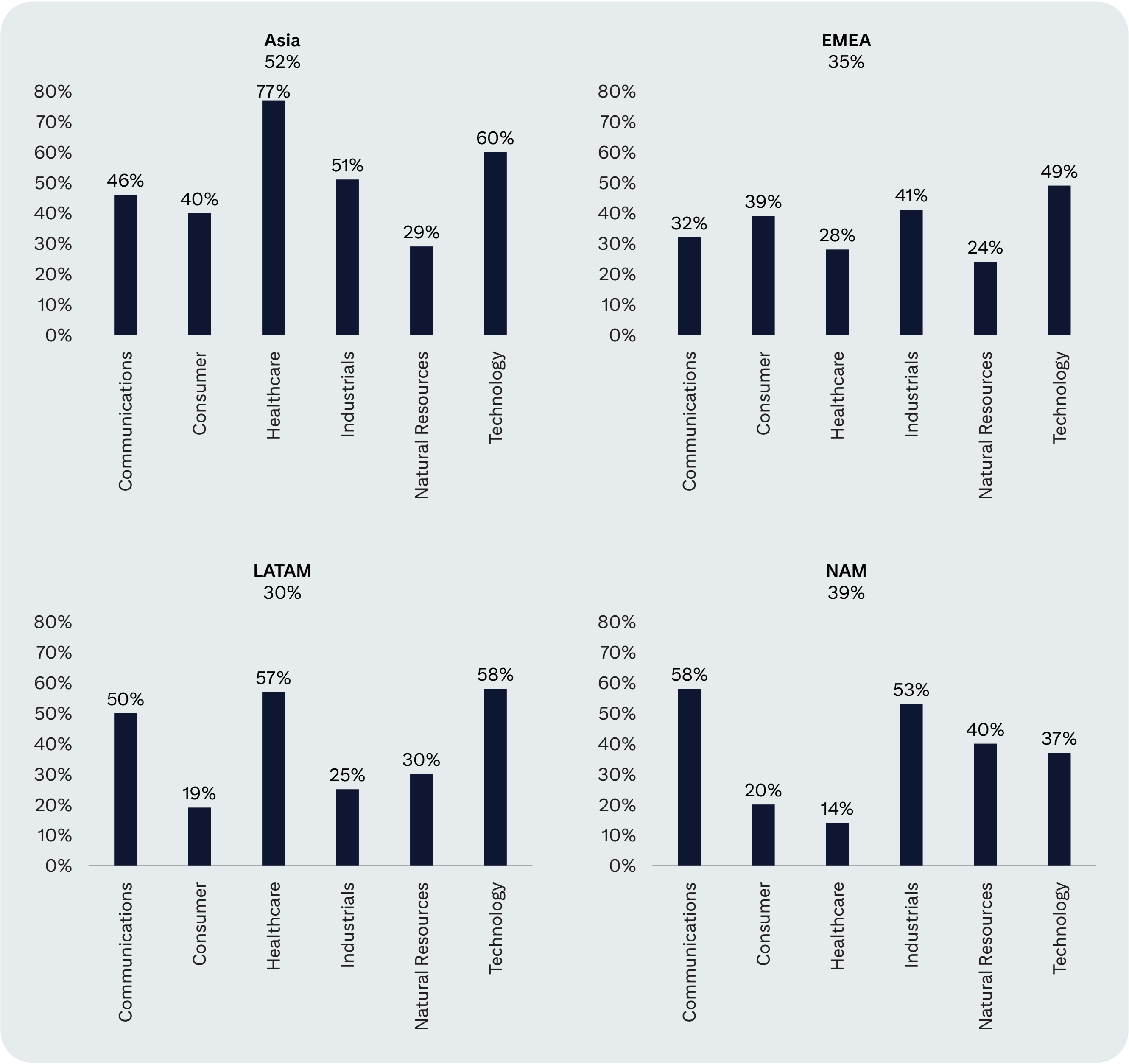
Communications posted 44% growth, led by 58% growth in NAM, which may largely be attributed to strong growth in domestic flows in the United States, Singapore, and Australia. Rounding out the sectors is consumer with 28% growth, driven primarily by growth in domestic flows in the United States but also supported by strong domestic flows in Poland and Romania.

Payment flows increased across regions - Asia (52%), EMEA (35%), LATAM (30%) and NAM (39%). Increased domestic flows in each region were the primary growth drivers, with notable growth in Hong Kong, UK, Brazil and US.

Figure 6. Supply chain shift analysis by sector (% change in payment and receivable flows H1 2026 vs. H1 2025)

Source: Citi Services

Figure 7. Supply chain shift analysis by region (% change in payment and receivable flows H1 2026 vs. H1 2025)



Source: Citi Services

This section is written by Citi Research Economists

Iran Conflict Dominates Global Economic Backdrop

The global economy has absorbed a significant shock from higher oil prices that have followed the Iran conflict. The conflict remains unresolved, and the Strait of Hormuz is still largely closed. These lingering uncertainties continue to generate volatility in global oil markets with oil prices currently trading above $100/barrel, which highlights the risk that oil prices may remain persistently elevated. Even so, the US Administration is seeking a path towards de-escalation with the November midterms fast approaching.

The good news is that the global economy has shown continued resilience. Our forecast for global growth this year is running at 2.6%, which is down a notch from last year but still solid given the size of the shock.[11] In recent years, the global economy has shown a remarkable capacity to shake off shocks – including high inflation, rapid central bank tightening, and surging US tariffs – and continue to record solid growth. By our reckoning, this has reflected increased flexibility and adaptability of the supply-side of the economy, driven by technological innovations that facilitate access to information and real-time communication.

The global economy has also been supported by considerable momentum in AI spending. Our US AI investment metric—where we have the cleanest data—has surged from just under $300 billion last year to over $450 billion in the first half of this year at an annual rate. This demand has also provided a meaningful boost to other countries. Figure 8 displays revisions to our growth forecasts since the onset of the US-Iran conflict. Notably, three tech intensive economies—Taiwan, Korea, and Singapore—have seen significant mark-ups in recent months, as soaring AI demand has supported growth. In contrast, our projections have been lowered for oil importers that don't produce AI, including the Philippines, Chile, and the euro area.

Figure 8. Changes in real GDP growth forecasts since February 2026 (Citi)*

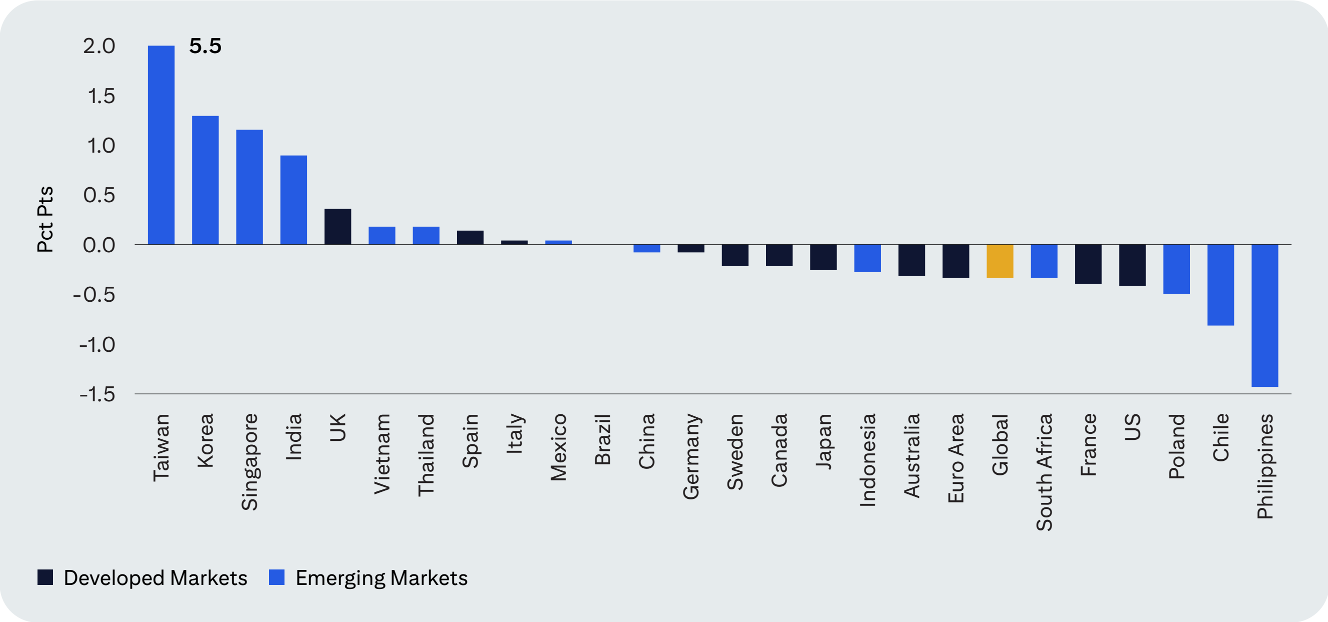
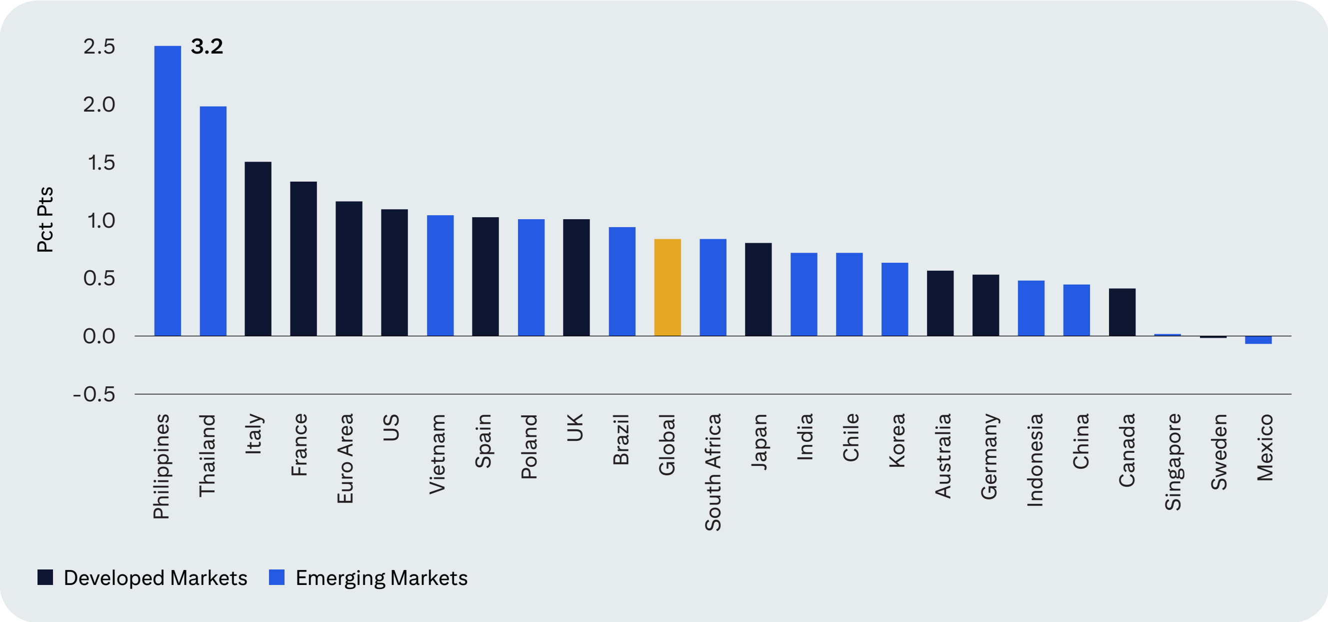


Figure 9. Changes in headline inflation forecasts since February 2026 (Citi)*



*Change from February forecasts; US forecast is for PCE, published in https://www.citigroup.com/rcs/citigpa/storage/public/GPS_Report_Supply_Chain_Financing_2026.pdf
Source: Citi Research

Our inflation forecasts meanwhile have been marked up since the onset of the conflict. We currently see global headline inflation running at 3.4%, up from 2.8% last year and roughly 75 bp higher than we expected before the conflict (Figure 9). At the country level, oil-importing countries such as the Philippines, Thailand, and Italy have been particularly hard hit. But our projections for core inflation are also higher, reflecting pressures on supply chains (especially for petrochemicals, fertilizers, and aluminum) and other second-round effects. Specifically, core inflation projections have been raised a full percentage point for Brazil, and roughly ½ ppt for Korea, Thailand, Australia, the euro area, the US, and Japan.

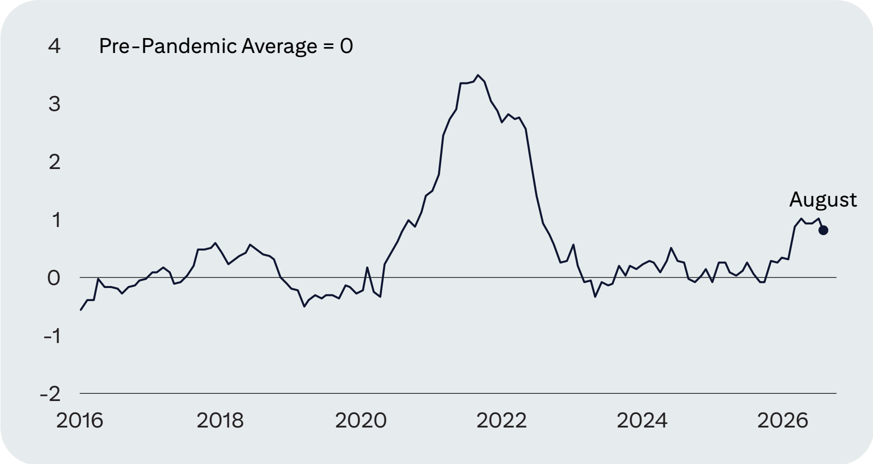
All told, the risks surrounding the global outlook are two-sided. The trajectory of oil prices remains one key source of uncertainty. In a severe scenario in which the conflict escalates further and oil prices run persistently above $100/barrel, it could create additional headwinds for growth and stoke inflation. In contrast, if the Strait reopens on a sustained basis, oil prices at or below $80/barrel are likely. Under such conditions, global growth would likely reaccelerate and inflation would retreat. We also continue to closely monitor a range of other risks, including a souring of sentiment regarding the profitability of AI investments, as well as further pressure on longer-term yields as fiscal challenges remain severe in many countries.

Assessing Recent Global Supply-Chain Performance

Since the onset of the turmoil in the Middle East, we have seen increasing pressures on global supply chains. In particular, the conflict has highlighted the sensitivity of global supply chains to disruptions in the Strait of Hormuz, through which one-fifth of global oil and petroleum products were shipped prior to the conflict. In addition, the military conflict has damaged productive infrastructure in the Middle East. This is true for the oil sector, where production, pipeline, and refining capacity has been damaged, but it is also true for other sectors as well. By our reckoning, many of these challenges are likely to linger, even if the Strait of Hormuz is successfully reopened.

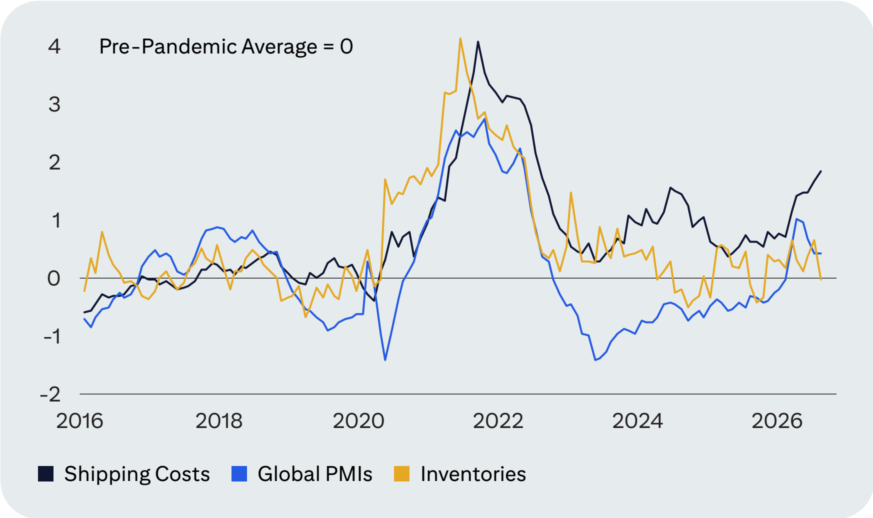
To assess the extent of these pressures, we deploy our Citi Global Supply Chain Pressure Index, which we originally devised during the supply-chain disruptions that followed the pandemic.[12] Our measure rose sharply in March and April as oil prices surged, and has stubbornly remained roughly one standard deviation above its pre-pandemic average (Figure 10). These are the index's highest readings since the supply chain disruptions in 2021 and 2022.

Figure 10. Citi Global Supply Chain Pressure Index



Source: Citi Research, Bloomberg

Figure 11. Citi Global Supply Chain Pressure Sub-Indexes

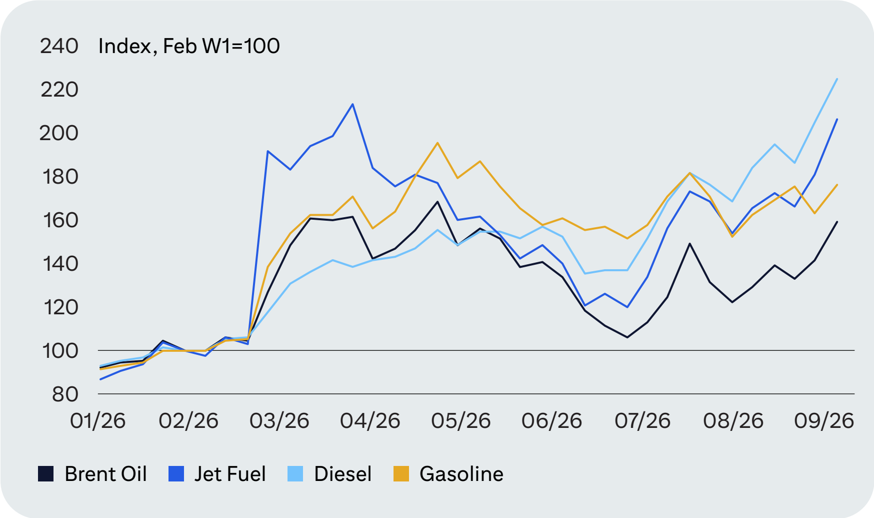


Source: Citi Research

During this episode, the most pronounced pressures have come from global shipping costs and key PMI components (Figure 11). For shipping costs, the initial pressures were driven by the upsurge in oil prices during the early months of the conflict. More recently, refined product prices have come under intensifying pressure, with diesel, jet fuel, and gasoline running further above pre-conflict levels than oil (Figure 12). On balance, our shipping cost subindex has surpassed levels seen during the 2024 Red Sea disruptions, reflecting higher fuel costs and less efficient routing of ships (given that the Strait of Hormuz remains largely closed).

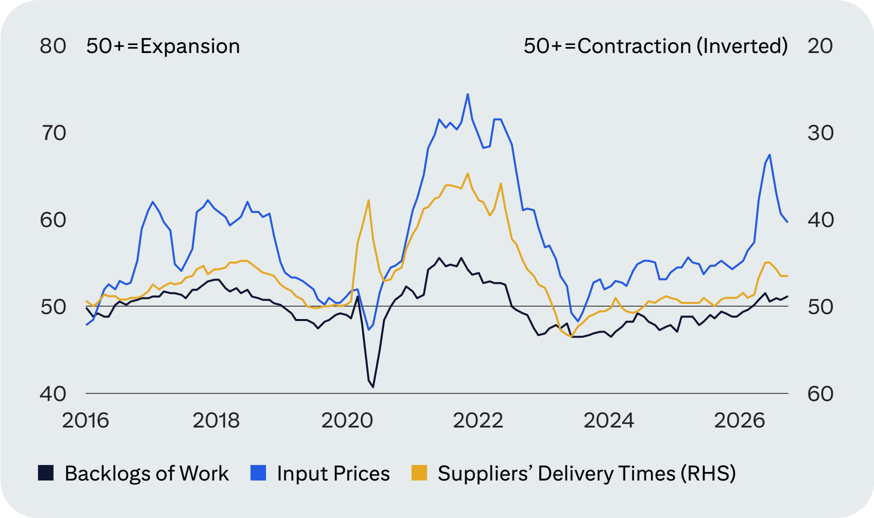
For the PMIs, the increase has reflected elevated input prices as firms continue to navigate tighter global commodity markets (Figure 13). Supplier delivery times have also increased, after rising sharply at the onset of the conflict as firms stockpiled inputs, though these pressures have eased some more recently. Fortunately, our index suggests that pressures on global inventories have remained contained. Even so, these readings have been volatile in the months following the conflict, as firms preemptively padded inventories in the early months and have likely relied on these precautionary buffers more recently.

Figure 12. Brent Oil & Petroleum Product Prices*



*Petroleum product prices reflect US benchmarks.
Source: Citi Research, Bloomberg

Figure 13. Global Manufacturing PMI: Underlying Series



Source: Haver Analytics, S&P Global, Citi Research

In our view, many of these supply-chain pressures are likely to linger, even if the situation in the Middle East improves and oil prices moderate.[13] First, it remains to be seen when (or if) shipping flows through the Strait will return to their pre-conflict pace, and this is likely to happen gradually in any event. Second, sectors such as petrochemicals and aluminum have endured damages to production capacity, and it will likely take time to rebuild this infrastructure and bring full capacity back online. Third, it will also take time to untangle the supply chain tensions that have already emerged. Following the pandemic, the normalization process took roughly 18 months. While the challenges in this episode seem less severe than after the pandemic, some sectors are likely to feel the pinch into 2027.

How Corporates Are Responding to Costs, Tariffs and Disruption in 2026 – Large Corporate and Supplier Surveys

About the Surveys

Global corporates entered 2026 focused on resilience. However, midway through 2026 a new priority has become increasingly clear: unlocking liquidity. For both large corporates and suppliers, cost pressures and geopolitical risks represent key challenges respondents are actively solving for. As a result, organizations are taking a more deliberate approach to working capital management and supply chain strategy. To better understand how corporates are responding to these challenges, Citi partnered with East & Partners to conduct a mid-year pulse check of the world's largest corporates and internally surveyed suppliers who recently have joined Citi Supplier Finance programs.

Based on responses from 700+ large corporates and 150+ suppliers across APAC, EMEA, LATAM, and North America, these surveys reveal a growing emphasis on finding cash already embedded within operations as a means to limit risk and remain agile.

When Supply Chain Financing – Durable Global Trade in the Age of AI was published in February 2026, there was a sense that further disruptions were possible, despite the resilience of global corporates. Nine months into 2026, it has become clear that corporates are shifting from resilience planning to liquidity extraction.

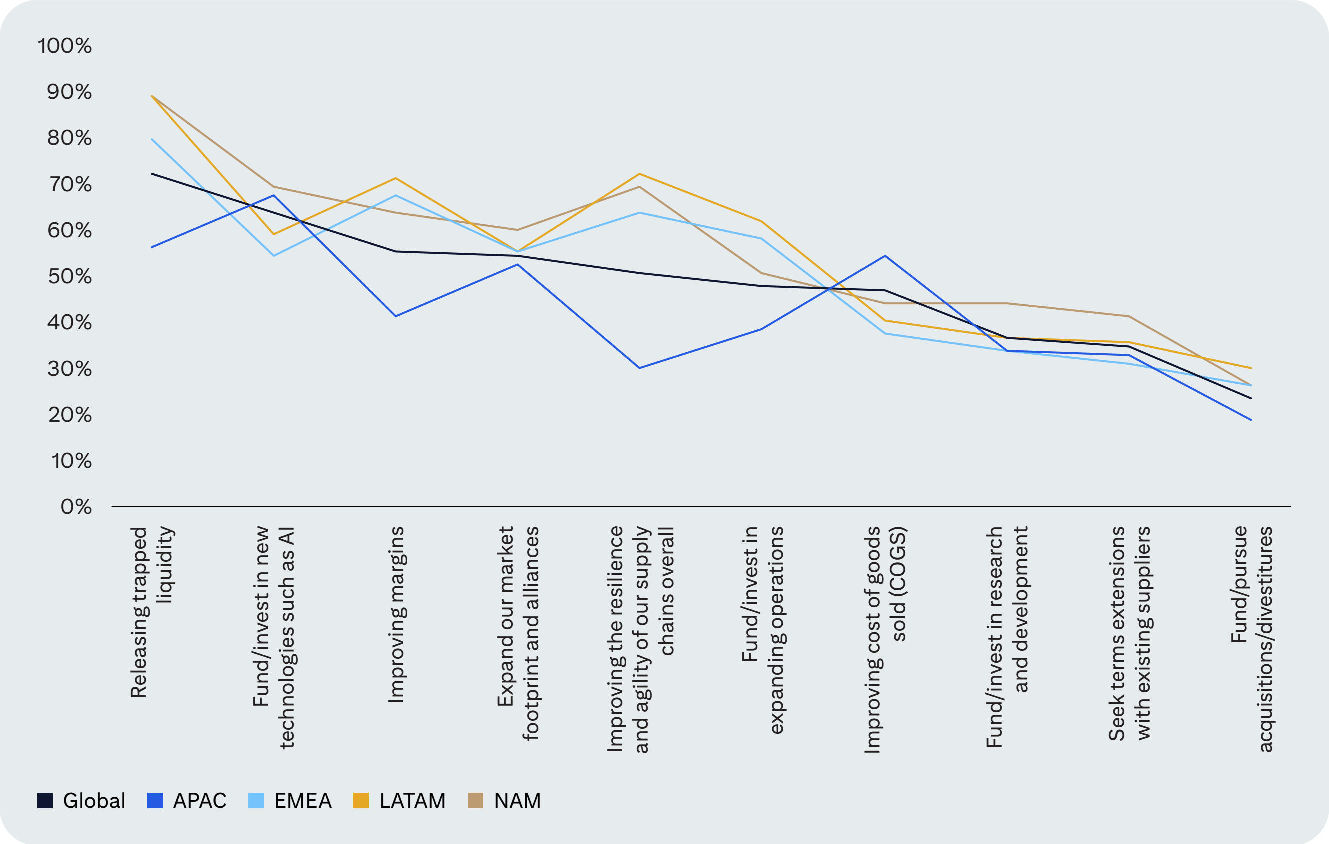
Releasing Trapped Liquidity Tops the Strategic Agenda

Global corporates are no longer focused solely on building resilience. They are increasingly focused on converting resilience into liquidity.

Respondents were clear about their strategic priorities: releasing trapped liquidity was the dominant focus for 72%, a significant jump from 66% at the start of the year. This figure reached 90% in NAM and LATAM, signaling that unlocking embedded cash has become a near-term imperative.

Despite the uncertainties, investing in new technologies, including AI, was another significant priority at 64% globally, with NAM (70%) and APAC (68%) leading the way. 72% of respondents said that they were using new technologies for global trade, with 45% using AI, up from just 16% in 2024. The continued appetite for technology investment, despite margin pressures, reflects the degree to which corporates see digital transformation as essential to long-term competitiveness rather than a discretionary expenditure.

Figure 14. What strategic initiatives are you focused on in the next 12 months?



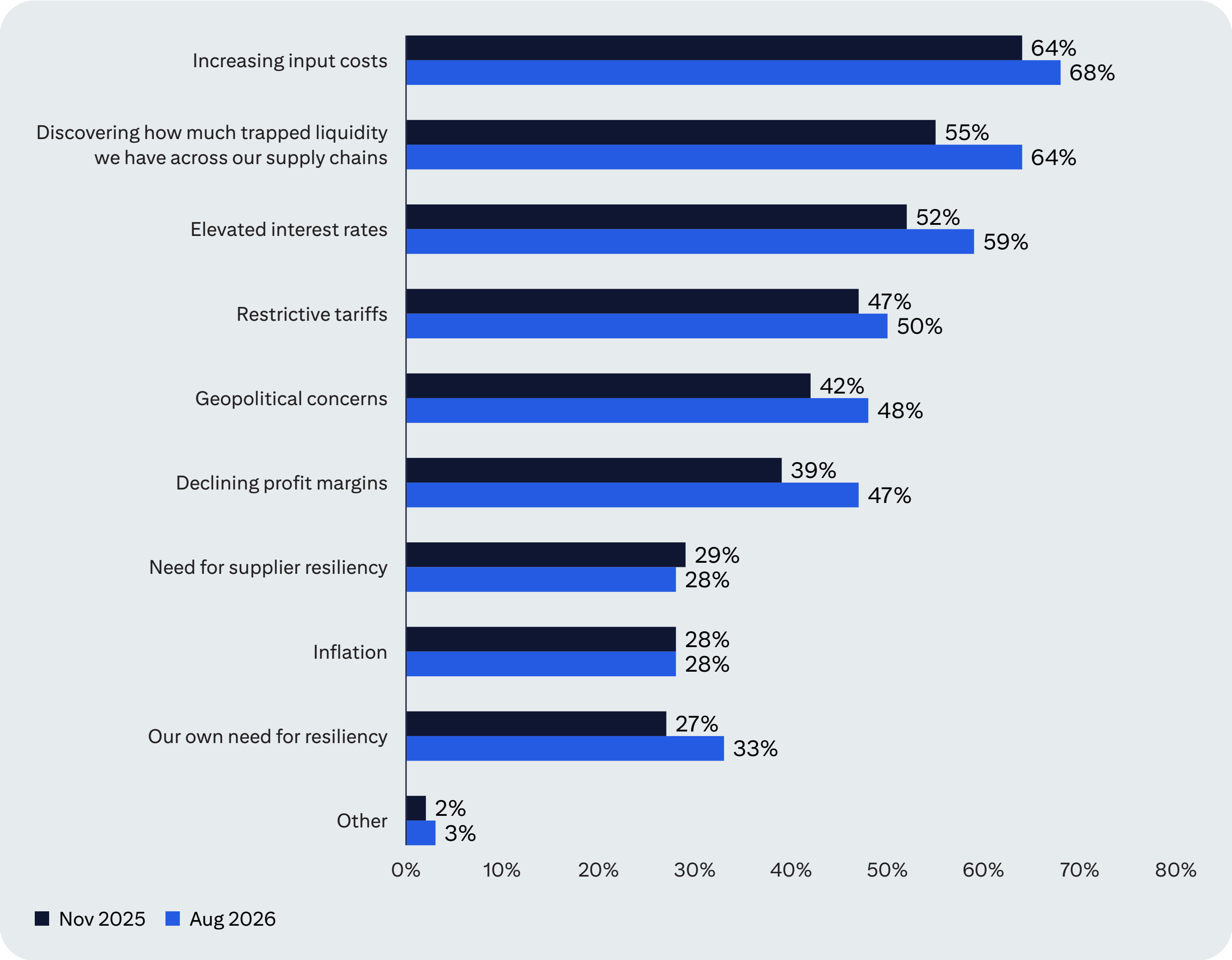
Note: Responses sum to over 100% due to multiple responses being enabled. Figure for illustrative purposes only and subject to change.
Source: East & Partners Midyear Large Corporate Survey 2026, Citi Services

What is perhaps more striking is the sharp rise in the proportion of respondents pointing to “discovering how much trapped liquidity we have across our supply chains” as a key driver, cited by 64% globally, compared to 55% earlier in the year. This signals that more corporates are actively interrogating their balance sheets and finding value locked in places they had not fully accounted for. Corporate treasurers are increasingly being called upon not just to manage liquidity, but to actively surface it.

Increasing input costs remain the single most cited factor shaping attitudes toward working capital management, with 68% of global respondents identifying it as a key influence, up from 64%. High interest rates remained prominent at 59% globally, with particularly acute pressure experienced by LATAM (86%) and EMEA (71%) respondents. Together,these factors underscore the degree to which higher costs have become a structural rather than cyclical challenge for global corporates.

Geopolitical concerns were flagged by nearly 48% of respondents globally, representing a marked increase from earlier in the year and pointing to a growing sense of unease about the stability of trade corridors and sourcing relationships.

Figure 15. What factors have had the biggest impact on your attitude towards working capital management?



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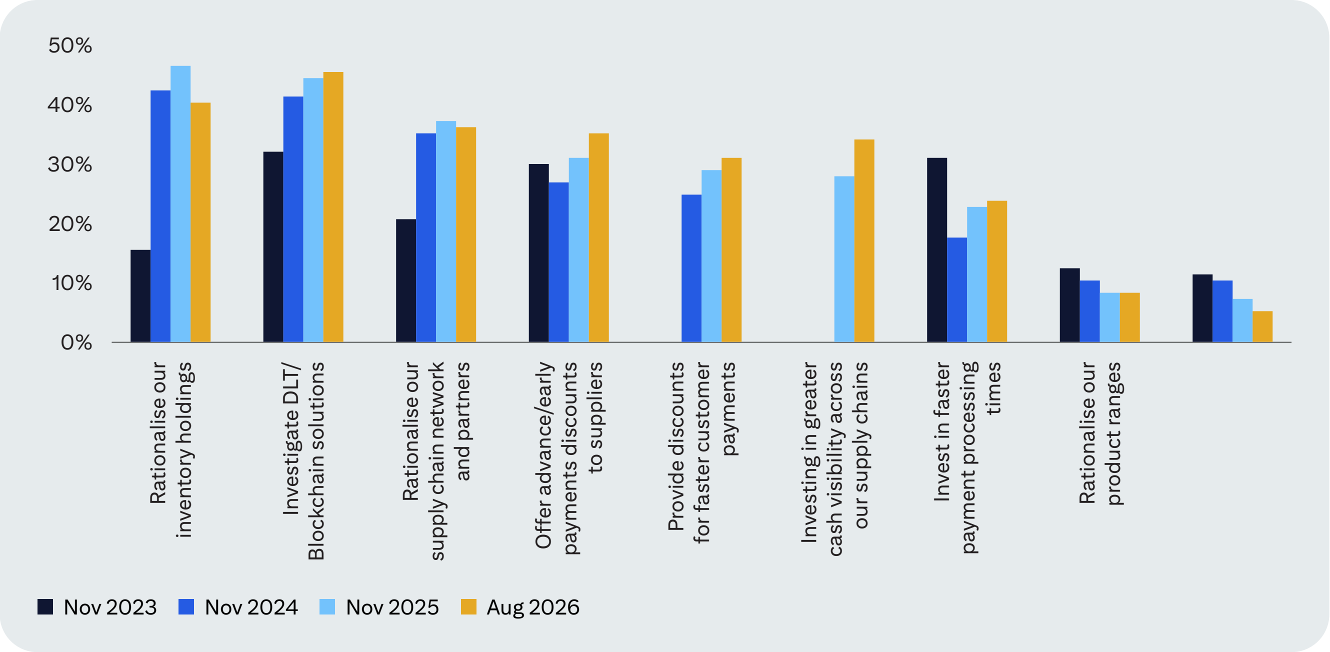
Source: East & Partners Midyear Large Corporate Survey 2026, Citi Services

Building Funding Capacity Before It's Needed

Pressure on working capital has intensified since the beginning of the year and corporates are taking steps to maximize liquidity. Investigating DLT/blockchain solutions (46%) and rationalizing inventory holdings (41%) remain the two most prevalent mechanisms respondents plan to release trapped liquidity. Corporates are exploring a broad toolkit to free up cash including off-balance-sheet financing structures, expanded SCF programs so suppliers can accelerate their receivables, and investing in greater cash visibility across supply chains. The growing importance of cash visibility is a notable development, signaling it may no longer be just a "nice to have".

Figure 16. What measures are you planning to undertake to relieve cashflow constraints/release trapped liquidity in the next 6-12 months?



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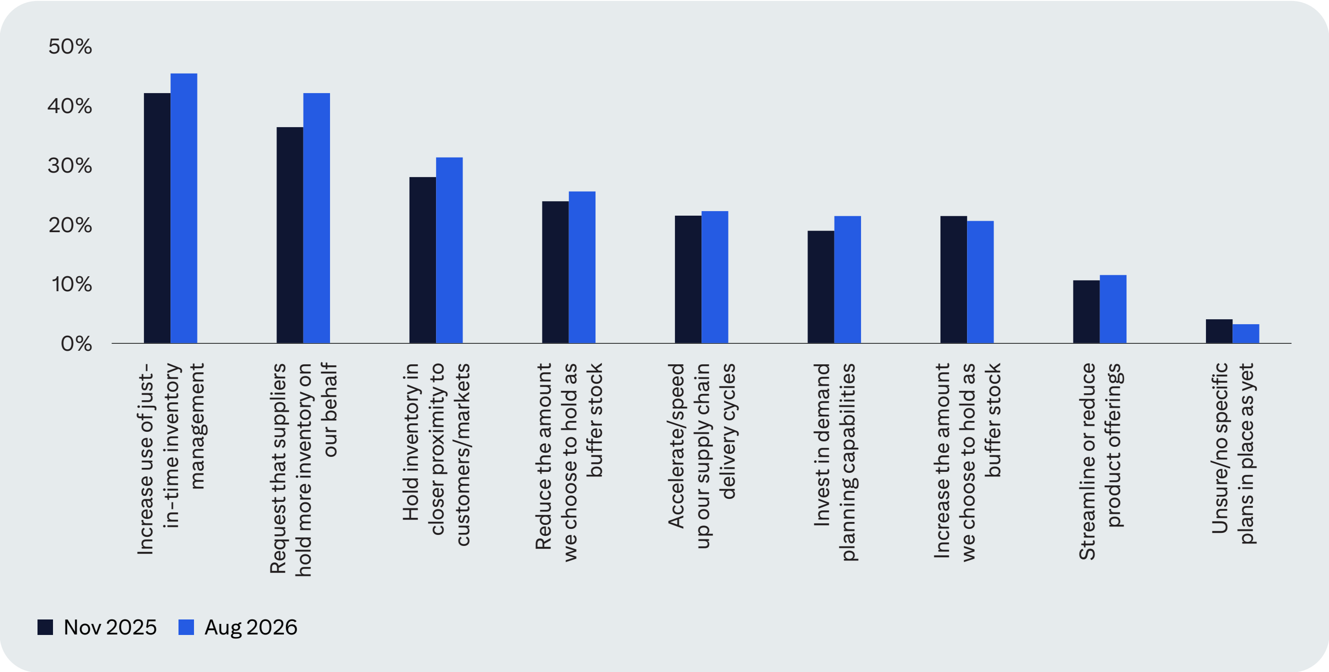
Source: East & Partners Midyear Large Corporate Survey 2026, Citi Services

Inventory management remains one of the most operationally complex challenges facing large corporates. However, a shift in approach has emerged. Just-in-time (JIT) inventory management retained its position as the most widely adopted strategy, cited by 46% of global respondents, rising to 50% in NAM. This emphasis reflects JIT's enduring appeal as a cost-control mechanism despite heightened supply chain vulnerabilities.

However, the more telling finding is the growing use of supplier-held inventory: 43% of respondents globally said they would request that suppliers hold more inventory on their behalf, particularly prominent in APAC at 53%. **Combined these strategies reveal an interesting tension: corporates continue to seek lean inventories but increasingly are looking to suppliers to absorb inventory carrying costs.**

Figure 17. What steps are you taking to optimize inventory management?



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Source: East & Partners Midyear Large Corporate Survey 2026, Citi Services

Treasury teams are building financial flexibility before the next disruption occurs. When asked what measures respondents were putting in place to respond to the next disruption, answers revealed a treasury function that is becoming more proactive and more sophisticated in its approach to resilience (Figure 18). Expanding borrowing capacity and sourcing new credit facilities was the most common measure at 47% globally, rising to 53% in NAM and 52% in EMEA, a clear signal that corporates are actively building financial firepower to manage future stress.

Increasing liquidity and cash reserves was cited by 32% of respondents globally, indicating that some treasury teams believe that cash remains the most reliable buffer in uncertain times. Expanding existing supply chain financing (SCF) programs with suppliers was cited by 30% of respondents globally, with EMEA (36%) and LATAM (35%) leading the way, reinforcing the growing role of supply chain finance as a resilience tool rather than simply a payment mechanism.

Figure 18. What measures are you putting in place within your treasury function for the next supply chain disruption?

	Global	APAC	EMEA	LATAM	NAM
Expanding borrowing capacity/sourcing new credit facilities	47%	43%	52%	47%	53%
Increasing liquidity/cash reserves	32%	35%	29%	25%	33%
Expanding existing SCF programs with suppliers	30%	24%	36%	35%	38%
Updating hedging policies to cover exposures linked to supply chain inputs	28%	26%	29%	24%	34%
Investing in real-time TMS capability/treasury dashboards	18%	15%	21%	18%	26%
Implementing cash flow forecasting capability	18%	16%	17%	20%	21%
Establishing new SCF programs with suppliers	17%	14%	20%	24%	18%
Diversifying bank relationships to reduce concentration risk	10%	8%	11%	10%	13%

Note: Responses sum to over 100% due to multiple responses being enabled. Figure for illustrative purposes only and subject to change.
Source: East & Partners Midyear Large Corporate Survey 2026, Citi Services

Supply Chain Shifts: Economics Driving Relocation Thinking

Supply chains are rarely stationary. While geopolitics are a key driver in shifting supply chains, cost management is also an important consideration. Cheaper labor and production costs emerged as the top global motivator at 41% of respondents, an increase from 29% earlier in the year. LATAM (52%) and NAM and EMEA (both 46%) showed the strongest appetite.

Reducing tariff exposure remained a top three motivator at 37% globally, though the regional divide was stark: APAC (46%) was most focused on tariff reduction, while NAM respondents showed almost no concern at just 2%. Proximity to end consumers was cited by 37% globally, rising to 48% in EMEA, where nearshoring decisions are frequently driven by service and speed considerations as much as cost. Access to new technologies and AI as a location consideration reached 14% globally, most prominent in APAC (19%), a modest but growing signal that digital infrastructure is beginning to enter the site selection equation.

Figure 19. What are your key motivations for shifting or considering a shift of your supply chains to a new country?

	Global	APAC	EMEA	LATAM	NAM
Cheaper labour/production costs	41%	32%	46%	52%	46%
Proximity to end consumers	37%	31%	47%	48%	34%
Reduce tariff exposure	37%	46%	40%	44%	2%
Diversification to limit supplier risk	32%	23%	35%	44%	41%
Managing our tariff exposures	31%	32%	40%	43%	11%
Closer to major suppliers	29%	17%	39%	41%	42%
Diversification to limit country risk	28%	31%	32%	27%	19%
No plans to diversify our supply chains to new countries	26%	29%	24%	23%	22%
Access to lower carbon energy sources	26%	25%	25%	31%	21%
Securing fiscal incentives	26%	16%	29%	35%	37%
Access to new technologies/AI	14%	19%	10%	12%	7%

Note: Responses sum to over 100% due to multiple responses being enabled. Figure for illustrative purposes only and subject to change.
Source: East & Partners Midyear Large Corporate Survey 2026, Citi Services

When considering how to fund necessary capex, particularly in the context of supply chain resilience and reshoring, monoline bank borrowing was the most common funding route at 41% globally, broadly consistent across all regions (APAC 42%, EMEA 40%, NAM 42%). General working capital was cited by 21% globally, rising to 32% in both LATAM and NAM, reflecting the pragmatic use of operating cash flows to fund strategic investment where balance sheet capacity allows.

Responses also show treasury teams are also considering more sophisticated options to support their capex needs. Off-balance-sheet financing and lease structures featured for 20% of respondents globally, with NAM (26%) and EMEA (23%) most inclined toward this approach. Public-private partnerships were cited by 12% globally, most prominently in APAC (13%) and NAM (14%), suggesting that government-facilitated co-investment models are gaining credibility as a capex funding mechanism in the reshoring conversation.

Figure 20. New capital expenditure is shifting to a focus on supply chain resilience, reshoring mandates and rebuilding/brownfield investment. In response to these dynamics how are you looking to fund planned capex?

	Global	APAC	EMEA	LATAM	NAM
Monoline bank borrowing	41%	42%	40%	38%	42%
No new capex currently planned	27%	32%	22%	25%	19%
General working capital	21%	11%	29%	32%	31%
Off balance sheet financing/lease structure (leasing arrangements instead of outright asset ownership)	20%	18%	23%	16%	26%
Reallocate FCF from existing operations to fund strategic brownfield/greenfield investment	15%	10%	17%	20%	19%
Public-private partnerships to overcome potential funding shortfall	12%	13%	11%	9%	14%
Bond issuance	12%	8%	16%	11%	18%
Export credit agency (ECA) financing	8%	8%	7%	6%	9%
Extend credit terms/financing arrangements for contractors	5%	7%	3%	5%	2%
Other	2%	3%	1%	2%	1%

Note: Responses sum to over 100% due to multiple responses being enabled. Figure for illustrative purposes only and subject to change.
Source: East & Partners Midyear Large Corporate Survey 2026, Citi Services

Supplier Survey – A Focus On Margins

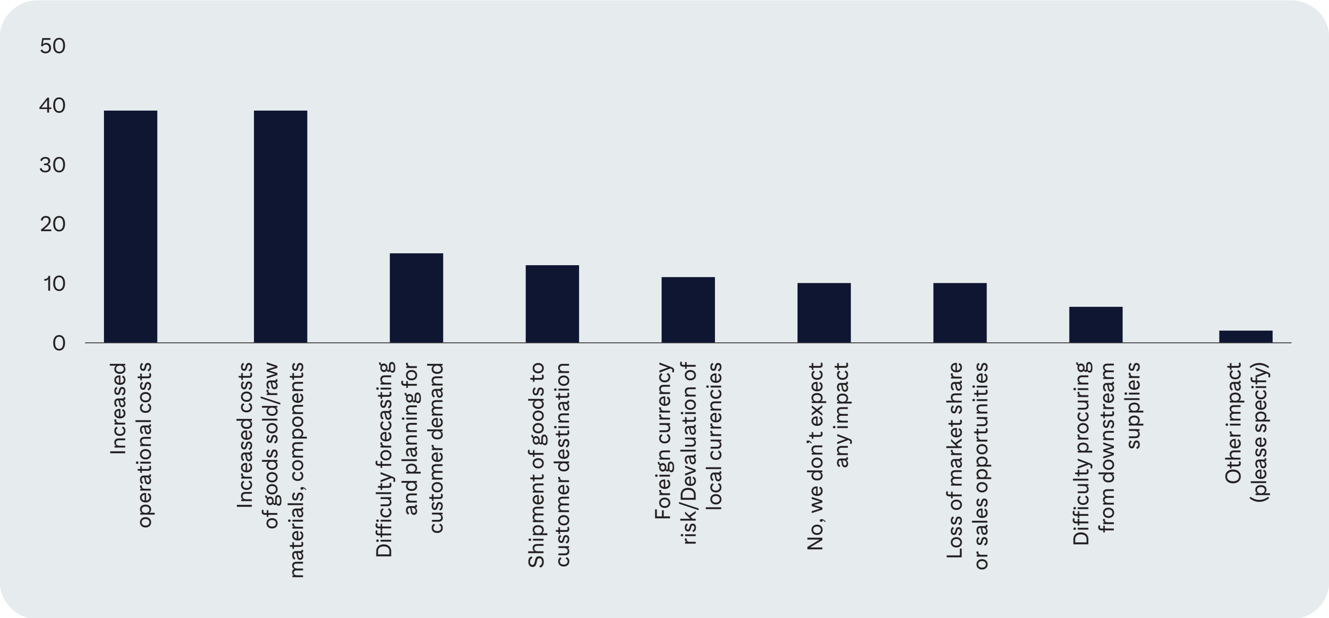
To complement its annual supplier survey, in 2026 Citi Services began conducting an intra-month survey with suppliers that recently joined Citi Supplier Finance (CSF) programs, to better understand the challenges suppliers face on an ongoing basis. Given the scale and global reach of these programs, the survey provides valuable insights into the challenges and opportunities faced by suppliers.

Supply Chains in Motion

The most immediate and widely felt consequence of ongoing disruptions in the Middle East has been a sharp escalation in costs. Two impacts were cited with equal frequency: increased operational costs, and higher costs of goods sold, encompassing raw materials and components. Disruption is hitting suppliers simultaneously at the input and overhead level, compressing margins from both directions.

Beyond direct cost inflation, respondents flagged difficulty forecasting and planning for customer demand. When visibility deteriorates, inventory decisions become guesswork, and the risk of either overstocking or stockouts rises accordingly. Respondents also reported difficulties in shipping goods to customer destinations, reflecting the real logistical bottlenecks suppliers are experiencing. Foreign currency risk is another supply chain stress that is as financial as it is operational.

Figure 21. Which best describes the expected impact from the conflict in Iran? Select all that apply.



Note: Responses sum to over 100% due to multiple responses being enabled. Figure for illustrative purposes only and subject to change.
Source: 2026 Citi Supply Chain Finance Intra-Month Supplier Survey, Citi Services

Suppliers have responded in different ways. The largest single category of response, at roughly 21%, was "Other," implying that many firms are pursuing bespoke, situation-specific adaptations not easily captured by standard options.

Among more structured responses, diversifying the customer base was the most frequently cited strategy at approximately 18%, a move that spreads demand risk and reduces exposure to any single market or geography. Around 13% reported relying on pre-existing supply chain diversification and risk mitigation frameworks, a finding that validates investment in resilience infrastructure built in the aftermath of pandemic-era disruptions. Diversifying product and service offerings, cited by around 11%, reflects a broader commercial pivot that some firms have used to offset lost revenues in affected segments.

More capital-intensive responses remained rare. Building regional supply chain hubs (6%), increasing inventory buffers (4%), and engaging in hedging strategies (3%) were all comparatively uncommon, suggesting that for many suppliers, the priority has been operational agility over structural transformation, at least in the short term.

Suppliers with shipment flows through the Middle East corridor (51%) said they had made no significant route adjustments. For these firms, the disruption has remained largely peripheral. Those forced to adapt had to implement potentially costly measures. Redirecting shipments to alternative sea routes was the most common adjustment, cited by approximately 18% of respondents. Longer circumnavigation routes may add significant time and fuel costs to journeys; rerouting around the Cape of Good Hope, for instance, can add 10–14 days to Asia-Europe transits. Overland route shifts and engagement of new logistics providers each accounted for around 8% of responses, while air freight, prohibitively expensive for most cargo types, was deployed by just 4% of respondents.

The survey's working capital findings offer a degree of reassurance. Nearly 60% of suppliers reported no significant change in their working capital requirements, a sign that, for the majority, operational adaptations have so far prevented disruption from translating into a liquidity problem.

Yet the remaining 40% tell a more cautious story. Approximately 18% reported a slight decrease in working capital needs, potentially the result of reduced procurement activity or deliberate destocking, while 21% reported increases of varying magnitude. Roughly 10% characterized the change as significant, pointing to real and material financial strain. Longer transit times, elevated freight rates, and the need to hold greater safety stock are all working capital headwinds that may compound over time.

Conclusion

The data and survey findings presented in this report tell a coherent and consistent story: globalization is evolving, not retreating.

Trade routes, investment flows, and corporate payment networks are all in motion, but the direction of travel is diversification and adaptation, not decoupling. Chinese export markets are shifting toward Latin America and Africa. Agricultural sourcing corridors are being redrawn. FDI continues to cross borders, landing in new geographies and sectors. Citi payment flows data showed 40% year-on-year growth, with technology leading at 50%, a figure that mirrors survey respondents' stated commitment to AI and digital investment almost precisely.

Companies are rebuilding supply chains for resilience and optionality, not abandoning the global system that underpins them. Geopolitical pressures are accelerating decisions that efficiency alone would never have forced. Domestic flows are strengthening across every major region. Capital is still moving — just more selectively, and with greater strategic purpose.

The defining shift of this era is not the end of global supply chains. It is their deliberate redesign.

Endnotes

1 Citi Services

2 Citi Research

3 Dun & Bradstreet; Citi Research

4 UNCTAD; based on data from The Financial Times, fDi Markets, and LSEG Data & Analytics

5 East & Partners Midyear Large Corporate Survey 2026; Citi Services

6 East & Partners Midyear Large Corporate Survey 2026; Citi Services

7 UNCTAD, based on data from The Financial Times, fDi Markets and LSEG Data & Analytics

8 Citi Services

9 East & Partners Midyear Large Corporate Survey 2026; Citi Services

10 UNCTAD, Africa is attracting investment in strategic industries. The challenge is turning it into broader industrial development, 2026

11 For more details, see Global Resilience—Many Storm Clouds, but Still Little Rain

12 For more detail on our methodology, see Global Supply Chains—How Intense Are the Pressures?

13 For more details, see: Turmoil in the Middle East—Implications for Supply Chains

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IMPORTANT DISCLOSURES

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