



Strengthening supply chains in manufacturing & automotive

Growing Global

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Foreword

Manufacturing and automotive companies are operating in an increasingly challenging global environment, shaped by geopolitical uncertainty, trade disruption and expanding regulatory requirements. At the same time, the sector continues to rely heavily on international expansion as a driver of growth. According to our most recent [C-suite barometer](#), 85% of industry leaders plan to begin operating in at least one new country over the next 5 years, with the majority expecting to enter just one and two new countries, rather than pursuing large-scale expansion.

Like companies in other sectors, manufacturing and automotive companies regularly recalibrate their plans. Over time, these plans typically tend to expand, rather than contract. Fifty percent of manufacturers have increased the number of countries and regions targeted for expansion over the past year, while only 35% have reduced this number, indicating that international expansion remains active, even as existing footprints are reassessed. This reflects a shift in approach; international expansion remains central but is becoming more selective and more dependent on execution capability.

This recalibration is happening against a backdrop of increasing pressure on operating models. Geopolitical instability or social unrest (63%), trade and tariffs (57%) and access to talent (46%) are the primary factors influencing expansion decisions in this sector. Climate-related disruption is also becoming more visible with over a quarter (28%) of companies reporting that climate impacts have already influenced changes to expansion plans during the past year.

This manufacturing & automotive sector perspective builds on the findings of our [Growing Global: Strengthening supply chains](#) report which highlights how geopolitical volatility, regulatory fragmentation and data challenges are reshaping supply chain design across industries. For organisations, these pressures are particularly pronounced due to capital-intensive operations, long investment cycles and the close interdependence between production, logistics and regulatory compliance.

These conditions are influencing companies' preferred locations for expansion. The proportion of business leaders identifying the U.S. amongst of their top three priority markets has fallen from 26% in 2025 to 20% in 2026. As interest has declined, Germany, Canada, France, and China now feature more prominently.

Change has also occurred in the supply chains that support international expansion. Over the last 12 months, as well as looking ahead on the year to come, half of manufacturers report having diversified resources across their supply chains in the past 12 months. More recently, tariffs and geopolitical conflict have reinforced this approach. As a result, strategies such as diversified sourcing, larger inventory buffers and nearshoring are becoming more common across manufacturing supply chains, including highly complex subsectors such as automotive.

While challenges such as regulation, tariffs and digital capability are shared across many industries, their impact on manufacturing expansion is particularly shaped by capital-intensive operations and tightly integrated supply chains. Compliance with local laws, regulations and tax regimes sit at the centre of international expansion decisions, followed by changes to tariffs and trade rules and the challenge of adapting and scaling digital infrastructure as operations extend across markets.

In this environment, supply chains are no longer simply a supporting function. The ability to manage complexity and operate consistently across borders is increasingly integral to successful international expansion in manufacturing.



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Key insights

1. Manufacturing & automotive supply chains are shifting from efficiency to resilience

Manufacturing supply chains are operating in an environment where continuity of production is as critical as cost efficiency. Trade disruption, geopolitical risk, and climate-related pressures are placing greater emphasis on resilience within capital-intensive and tightly integrated supply networks.

2. International expansion remains active, but execution is becoming more difficult

International expansion continues to be a strategic priority for manufacturers. In practice, delivering expansion has become more complex, shaped by regulatory requirements, tariffs and access to skilled labour, and by the need to adapt operating models to local conditions.

3. AI is accelerating operational change, but depends on strong foundations

Artificial intelligence (AI) is beginning to influence manufacturing operations, particularly in areas such as forecasting and automation. Its impact depends less on adoption alone and more on the quality, integration and consistency of underlying data and systems.

4. Capital intensity is amplifying operational risk

Long investment cycles and integrated production networks mean that disruption carries immediate operational and financial consequences for manufacturers. As operations extend across borders, maintaining coordination and discipline across suppliers, systems and processes becomes increasingly important.

5. Regulatory complexity is directly influencing where manufacturers operate

Regulatory requirements linked to sustainability, trade and compliance are playing a growing role in international expansion decisions. Increased oversight at borders is driving greater emphasis on supply chain visibility and influencing sourcing, production, and location choices.



Preparing for what's next

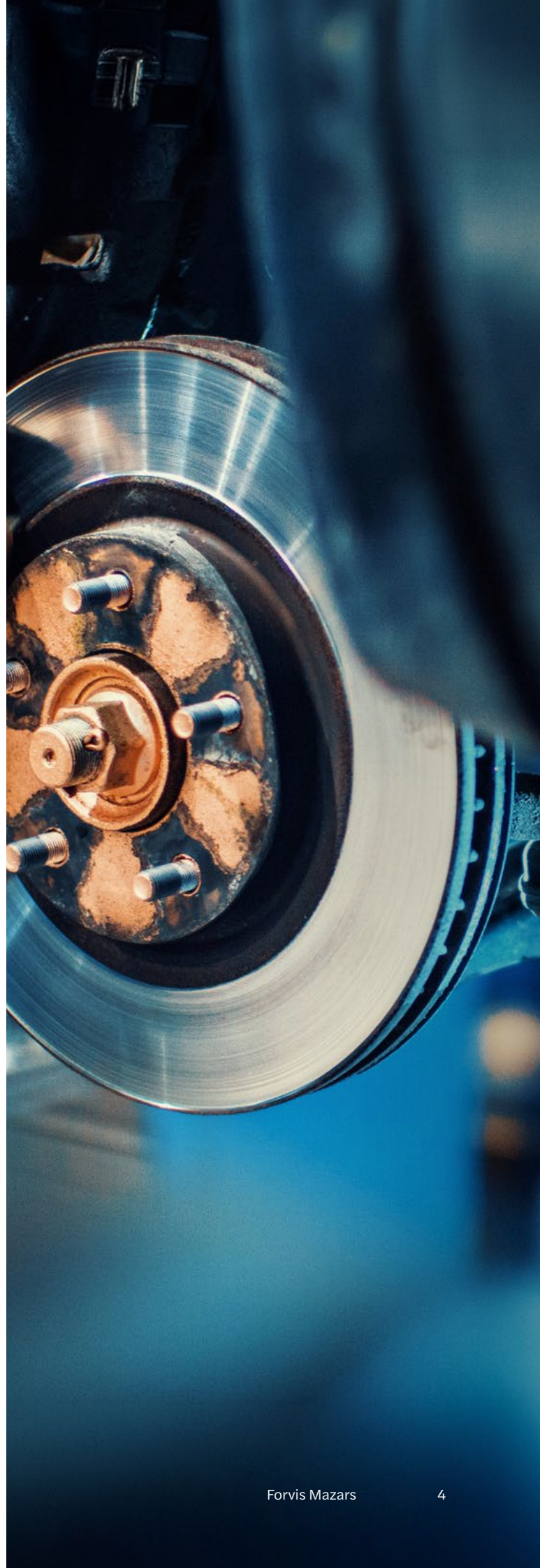
For manufacturing and automotive companies, the challenge ahead is not whether to expand internationally, but how to do so in a way that can withstand sustained disruption. The sector is entering a phase where volatility is structural and lasting rather than temporary. Tariffs, geopolitical risk, regulatory complexity, and climate-related pressures are now embedded in the operating environment. For capital-intensive industries with tightly integrated production systems, these headwind forces do not just create inefficiencies; they directly threaten continuity of output.

As a result, the focus is shifting from expansion as a growth strategy to expansion as an execution imperative. Entering new markets is often a clearly defined strategic decision but delivering production consistently across borders is significantly more complex. Delays, supplier failure and/or quality issues can halt operations with immediate financial and operational consequences. In this context, resilience is no longer a trade-off against efficiency; it is a prerequisite for maintaining competitiveness. Manufacturers are increasingly required to balance cost, flexibility and risk in real time, redesigning supply chains that were historically optimised for efficiency alone.

“International growth is no longer just about where to expand, but about how resilient the supply chain is that supports it.”



Christian Back
Partner, Head of Automotive
Forvis Mazars Group



Looking ahead, three structural shifts are likely to define the next phase of supply chain development in manufacturing and automotive.

1. Greater emphasis on supply chain adaptability

Companies will continue to diversify sourcing, regionalise production and build redundancy into critical supply nodes. In automotive, where supplier ecosystems are deeply interconnected, this shift is particularly important to reduce dependency on single points of failure.

2. Earlier integration of regulatory and sustainability considerations into production planning

Compliance is no longer a downstream activity. Trade rules, emissions standards and reporting requirements are increasingly shaping sourcing, manufacturing, and location decisions from the outset, particularly in highly regulated automotive markets.

3. Stronger focus on data, integration and operational visibility

As production networks become more complex, the ability to coordinate across suppliers, plants and markets becomes critical. This requires moving beyond fragmented systems towards integrated platforms that support real-time decision-making and scenario modelling.

“Manufacturers scaling across borders are balancing efficiency with resilience in real time. The challenge is building supply chains that can absorb disruption without undermining competitiveness or long-term investment.”



Frank Jungblut
Partner, Head of Manufacturing
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These shifts also place greater demands on governance. As supply chains become central to production continuity, they require closer oversight at leadership level. Strategic decisions around investment, location and expansion must be grounded in a realistic assessment of supply chain capability and risk.

Ultimately, preparing for what's next in manufacturing and automotive is about building organisations that can operate reliably under constraint. Supply chains are no longer a supporting function in this equation; they are the foundation on which performance depends. In sectors where disruption can halt production and erode margins immediately, competitive advantage will increasingly depend on the ability to manage complexity, maintain continuity and execute consistently across borders.

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