

Indo-Pacific Supply Chains: Staging the Investment Decision

An 18-month roadmap for advanced manufacturers

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Construction and production ramp-up may extend beyond 18 months.

Restructuring only pays if the binding exposure changes

Moving assembly can diversify operations while leaving technology controls, supplier traceability and some trade remedies unchanged. Management should therefore identify the product lines driving exposure before comparing countries. Separate assembly, component production and research functions: each moves different costs, skills and legal obligations.

A candidate is viable when its production process can qualify for the relevant destination treatment and its utilities, suppliers and workforce can deliver the required output. Preference eligibility under regional agreements needs a separate product test. Keep a fallback until incentive terms, exit costs and operating evidence support an irreversible commitment.

Scenario and assumptions

Consider an advanced manufacturer with final assembly and substantial component sourcing in Greater China, selling mainly into the United States and European Union. Its board is assessing an Indo-Pacific restructuring and has committed no investment. The roadmap covers diagnosis, design, negotiation and initial execution. If usable bill-of-materials (BOM) data and supplier records are missing, establish that baseline first.

Decision gates and phased deliverables over 18 months

Exhibit 1. Evidence gates precede irreversible commitments

Timing	Evidence delivered	Decision supported
Month 0	Mandate, data list and scope	Authorize diagnosis
Months 1–4	Product exposure and traceability baseline	Retain viable candidates
Months 5–9	Origin tests, incentive terms, site diligence	Approve primary and fallback negotiations
Months 10–18	Permit progress, supplier validation, pilot records	Decide whether scale-up is justified

Notes: Progress depends on approvals and operating evidence. Source: Hale illustrative planning design; policy inputs appear below and in the source list.

Each gate includes a policy re-check: any new tariff, export-control, or trade-remedy action since the last gate forces re-validation of the assumptions it touches.

Screening criteria for countries and sites

Weight these seven criteria for the product mix, then test country-level candidates at site level:

1. Market-access costs: destination-market tariff and trade-remedy exposure.
2. Origin eligibility: product-level qualification under RCEP, CPTPP or bilateral agreements. CPTPP permits importer, exporter or producer self-certification; overlapping agreements allow product-by-product selection.
3. Technology and compliance: export controls that follow the technology across locations.
4. Incentives: support terms, eligibility and durability.
5. Operations: power, logistics, labour and supplier depth needed to deliver output.
6. Policy continuity: political and regulatory changes affecting the particular project.
7. Reversibility: exit terms and fallback options.

Headline tariffs and labour costs cover only part of the choice. Binding constraints may arise at product and site level.

Policy and supply-chain checks

Four checks connect historical policy mechanisms to transaction-level diligence:

- **Tariffs.** Section 301 duties on Chinese goods were raised after the four-year review, with increases staged through 2024, 2025, and 2026. Since 24 July 2026, a separate forced-labor Section 301 action also covers specified economies, with product exclusions; model the layers separately. Processing facts determine origin.
- **Trade remedies and circumvention.** In 2023 the U.S. Commerce Department determined that certain solar cells and modules completed in Cambodia, Malaysia, Thailand, or Vietnam using China-origin parts circumvent the antidumping and countervailing duty orders on China. The finding is sector-specific, yet the mechanism generalises: relocation strategies must be tested at BOM level.
- **Forced-labour enforcement.** The Uyghur Forced Labor Prevention Act (UFLPA) rebuttable presumption bars U.S. entry of goods made wholly or in part in Xinjiang or by listed entities; tracing and documentation must be designed in from the start.
- **Frameworks and border carbon.** RCEP is in force for fifteen parties (India is outside it), UK accession to CPTPP began taking effect in December 2024, with bilateral effective dates requiring separate checks; the EU's Carbon Border Adjustment Mechanism (CBAM) entered its definitive regime on 1 January 2026 for cement, iron and steel, aluminium, fertilisers, electricity, and hydrogen. For covered imports, prepare emissions data for 2026; certificate purchasing starts in February 2027. The 50-tonne threshold applies to the specified mass-based goods, while electricity and hydrogen follow separate treatment.

The Indo-Pacific Economic Framework for Prosperity (IPEF) supply-chain agreement, effective from 24 February 2024, provides coordination and crisis-response mechanisms; it should not be entered as an automatic tariff saving. India's Electronics Components Manufacturing Scheme uses turnover-linked, capital-expenditure-linked and hybrid incentives, with employment requirements. Model support only after confirming the product segment, application window and written award; headline scheme funding is not the company's subsidy.

Standing monitoring and change mechanism

A quarterly watch tracks Section 301 exclusions and increases, Export Administration Regulations (EAR) amendments and entity-list additions, UFLPA entity-list and enforcement statistics, CBAM implementing rules and certificate prices, RCEP/CPTPP accessions and origin-rule revisions, and incentive changes in shortlisted countries. Named triggers — a new tariff notice, a circumvention petition, a bilateral escalation — require an impact assessment within ten working days. Where a trigger invalidates an assumption behind a passed gate, the change returns to that gate rather than proceeding silently.

Discuss supply-chain restructuring

Discuss research scope, staged deliverables and review gates with Hale. The product mix, supplier records and target markets provide a starting point for a specific mandate.

Sources

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