

## Global Manufacturing Risk Index 2021

Cushman & Wakefield's Global Manufacturing Risk Index **assesses the most advantageous locations for global manufacturing among 47 countries in Europe, the Americas and the Asia Pacific.**

### What is the Global Manufacturing Risk Index?

It is released by Cushman & Wakefield, a global leader in the commercial real estate industry, and assesses the most advantageous locations for global manufacturing.

Under this report, countries are evaluated based on four key factors:

1. **Bounce Back:** Projected ability to restart manufacturing operations
2. **Conditions:** Business environment, availability of talent/labour and access to markets
3. **Costs:** Operating costs including labour, electricity and real estate
4. **Risks:** Political, economic and environmental

### Impact of COVID on Manufacturing Sector & Index Rankings-

The imposition of lockdown due to the COVID-19 pandemic, and an imposed decrease in on-site workforce wreaked havoc in factories across the globe, hindering the manufacturing sector.

Supply chain, labour costs and labour availability, the three main factors regarding manufacturing locations were severely disrupted due to the pandemic, leaving a negative impact on the manufacturing sector.

### Manufacturing Risk Index 2021 - Key Findings

- The first factor to measure the rankings, i.e., '*Bounce Back*', will rely upon two key variables:
  - IMF's GDP growth forecast, which is a reliable indication of how quickly an economy is expected to recover
  - Percentage of the population vaccinated, an indicator of where each country is relative to protecting its population from future waves and lockdowns
- **In comparison to the 2020 rankings, China retained its first position, while the United States was replaced by India at the 2nd spot**
- Among the highest increases in the 47 countries tracked under the Index, labour costs have risen in Poland and Hungary by 17% and 23% respectively since 2016.
- The data underpinning the Manufacturing Risk Index (MRI) comes from a variety of reliable sources, including:
  - World Economic Forum
  - Moody's Analytics
  - World Bank

- The rankings indicate the growing interest of manufactures to set up units in India

## Factors Leading to India's Improved Position as a Manufacturing Hub

- **Reforms to both land and labour laws** are critical to India's success as a global manufacturing location
- In future, India could also benefit from **plant relocations from China to other parts of Asia** due to its already established base in pharmaceuticals, chemicals and engineering sectors that continue to be the focus of U.S.-China trade tensions
- Many initiatives have been taken by the Indian government and other related authorities to make the country a manufacturing hub and self-dependent. These include:
  - Atmanirbhar Bharat Abhiyan
  - Make in India
  - Skill India Mission; and more
- The report mentions that one of the biggest reasons for the increasing interest of manufacturers in India is the **country's ability in meeting outsourcing requirements**