

Profitable INVESTING Tips

Stock Market Investing Tips, Techniques, and Resources



Investment Benefits From Anywhere But China

By: www.ProfitableInvestingTips.com

The US and its businesses are decoupling from China. This has to do with strategic and security interests. It has to do with moving supply chains closer to home or at least decreasing the reliance on one external source. And it has to do with problems doing business inside of China. The acronym, ABC or anywhere but China describes this movement. It remains to be seen how attempts to move production back to the USA will work out. What is clear is that there are several potential national winners from this reshuffling of the global supply chain. Are there investment benefits from anywhere but China and should you keep this in mind for your investments?

Five Economic Connectors

Bloomberg wrote about nations that stand to [benefit from US-China tensions](#). These nations are Vietnam and Indonesia in Asia, Mexico next door to the US, Poland in Europe, and Morocco in North Africa. In each case US (and Chinese) companies are moving all or parts of their supply chains. As an investor, one would like to know how much new business is going where. Will this situation provide investing opportunities in the nations involved in this switch? *Bloomberg* calls these nations connectors. They are not taking sides in any economic or geopolitical fights. They are simply open for business. As a group, these five nations had \$5 trillion in 2022 economic output which is nearly that of Japan or Germany and more than India.

Outsourcing to Vietnam

Vietnam does outsourcing for US and Chinese companies and all comers. A third of what it manufactures goes to the USA. What Vietnam offers companies are low costs of labor, more and more trade agreements, and gradually improving infrastructure. The US is helping Vietnam develop its semiconductor sector. Electronics are a third of its exports by value which has doubled in the last decade. There are no ADRs or American Depositary Receipts for Vietnam but there are Global Depositary Notes which work the same via banks like Citigroup, JPMorgan Chase, and Deutsche Bank. They trade on the London, Frankfurt, and Luxembourg stock exchanges.

Outsourcing to Poland

Poland is the biggest producer of lithium-ion batteries after China. Polish companies in this niche include South Korean LG Chem Ltd., Northvolt AB, South Korean SK Innovation Co. and Belgian multinational Umicore SA. Poland has manufacturing plants for both European and Chinese automakers as well as their own state-owned operation. There are ten [Poland ADRs](#).

Outsourcing to Mexico

Mexico is part of the North American Free Trade Agreement along with Canada and the USA. It has the advantage of proximity to the USA that others of the economic connectors do not have. Just this year Mexico passed China with a larger economic value of imports to the USA. However, many of the manufacturers

starting up in Mexico (one out of five) are Chinese who are moving there to get ahead of the ABC movement and benefit from Mexico's proximity to the USA. The list of [Mexican ADRs](#) is substantial.

Outsourcing to Morocco

Morocco has the largest reserves of phosphate in the world. Besides being an important ingredient of fertilizers, phosphate is used in lithium-iron-phosphate (LFP) batteries. These are important for electric vehicles. Renault and Stellantis manufacture cars there. Suppliers for these auto plants include American companies Southfield, Michigan-based Lear Corp. and Commercial Vehicle Group Inc. of New Albany, Ohio. Chinese battery maker CNGR Advanced Material Co. has plans for a facility producing batteries sufficient for a million vehicles a year. Any Moroccan stocks that trade externally will be GDRs.

Outsourcing to Indonesia

Indonesia is actively looking for investment from the US, China, and anyone who wants to set up shop in their country. Indonesia is a major source of nickel and has a quarter million person population. Currently Chinese investment in Indonesia is about twice that of US companies. There are 38 [Indonesian ADRs](#) ranging from telecommunications giant Telekomunikasi Indonesiato that trades on the New York Stock exchange to Ace Hardware Indonesia and Krakatau Steel that trade as ADRs over the counter.

Investing in the Anywhere But China

There are two downsides to a company moving its supply chain out of China. One is simply that they will need to invest money in new facilities when such facilities already exist in China. Another is that manufacturing outside of China is often cheaper than elsewhere. One upside, as with Mexico, is that manufacturing will occur right next door to the USA. Another, as we noted at the beginning, is that this allows companies to avoid evolving problems relating to doing business in China. And as strategic competition between China and the US ramps up, moving all or part of production out of China protects a company from being caught in a geopolitical fight.

What this movement offers to the five nations involved is economic growth and prosperity. What it offers investors is opportunities to invest in growing markets.

For more insights and useful information about investments and investing, visit www.ProfitableInvestingTips.com.

Educational Resources

**Click the links below to get your
FREE training materials.**

**Free Weekly Investing Webinars
Don't miss these free training events!**

<http://www.profitableinvestingtips.com/free-webinar>

Forex Conspiracy Report

Read every word of this report!

<http://www.forexconspiracyreport.com>

Get 12 Free Japanese Candlestick Videos

Includes training for all 12 major candlestick signals.

<http://www.candlestickforums.com>

Disclaimer: Trading and investing involves significant financial risk and is not suitable for everyone. No content on this document should be considered as financial, trading, or investing advice. All information is intended for educational purposes only.