

Media contact:
Julie Hauser, PR Counsel for St. Louis Regional Freightway
314-629-3887

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Turbulence in Supply Chains Drives Need for Optionality, Flexibility and Regional Networks

[ST. LOUIS, MO/June 9, 2026] Economic shifts, geopolitical uncertainty and rapidly changing trade policies are collectively driving global supply chain challenges. Tariff volatility is also making it difficult for companies to plan sourcing, inventory and pricing strategies, ultimately increasing costs and supply chain complexity. These and other timely insights into the evolving dynamics of global trade and the growing importance of flexibility and resilience across North American freight networks were shared during FreightWeekSTL 2026 in a session titled *“Global Supply Chains in a Turbulent World.”* The session featured Panos Kouvelis, Emerson Distinguished Professor of Supply Chain Operations and Technology at Washington University in St. Louis and Director of the Boeing Center for Supply Chain Innovation.

The discussion focused on the growing role of regional supply chains. Kouvelis explained that companies are moving away from long, cost-driven global networks toward more localized, diversified sourcing strategies that prioritize resilience, faster delivery and risk mitigation. He also highlighted the value of Foreign Trade Zones (FTZs) as a strategic tool for businesses navigating global trade uncertainty. Unlike bonded warehouses, which offer some advantages by giving companies the ability to store goods and defer the duties until those goods are shipped to the market, he said FTZs are a much more powerful tool. They allow companies to not only store, but also assemble and further process goods – which can involve some manufacturing, testing or relabeling – all while deferring or reducing duties. This offers greater flexibility in responding to shifting markets.

Kouvelis called attention to the inverted tariff advantage of FTZ operations, noting how sometimes companies import components that have very high duties, and then bring them into an FTZ where they work on them and reconfigure them into finished goods, which might have lower duties.

In the St. Louis region, two established FTZs – #102 serving St. Louis City and County and #31 serving Southwestern Illinois – paired with a strong multimodal logistics network, help position the area as a competitive hub for companies navigating global supply chain disruptions. Kouvelis said he sees the region’s FTZ’s being used in the automotive industry, electronics in aerospace, pharmaceuticals, chemicals, and even by smaller to medium-sized companies. He added that in the St. Louis region, access to rail, river, interstate highways and air cargo, combined with workforce and real estate advantages, provides the flexibility companies need in a volatile environment.

The conversation also emphasized how companies must rethink sourcing, production and facility strategies in response to changing trade conditions.

“We used to think about finding low-cost suppliers, typically very far away,” stated Kouvelis. “Now it’s important to have multiple suppliers, much closer to our market, and the ability through multi-sourcing to quickly change as needed. It’s time to start thinking about regional networks closer to the markets, with multiple facilities. Foreign trade zones give us opportunities to create new processing facilities very close to the markets.”

He said this is the time to get into a lean mode where we're producing more frequently, smaller batches very close to our markets, and taking advantage of the logistics networks, we have to deliver with speed and reliability.

The session also addressed nearshoring and reshoring trends, driven in part by tariffs as well as rising costs, geopolitical risk and customer expectations for faster, more reliable service. To build resilience, the need for stronger risk management, coordination and flexibility across supply chain operations was also emphasized.

“In the new environment, you need to increase the cadence of the decisions and frequently revisit plans,” Kouvelis said.

The session with Kouvelis was moderated by Mary Lamie, Executive Vice President of Multimodal Enterprises for Bi-State Development. Lamie also leads the St. Louis Regional Freightway, the Bi-State Development enterprise that hosts FreightWeekSTL every year.

“It’s clear that while much is out of our control when it comes to global trade dynamics, there are steps companies can take to mitigate risk, and the St. Louis region may offer solutions worth considering in the midst of various global supply chain disruptions,” stated Lamie.

FreightWeekSTL 2026 continues through June 12 and offers a variety of tours, engaging panel discussions and insightful one-on-one interviews highlighting innovations, infrastructure improvements and trends impacting global freight movement and reinforcing how the St. Louis region continues to strengthen its position as a world-class logistics hub. To learn more, register for the remaining panel sessions or view today’s or any prior sessions for FreightWeekSTL 2026, visit FreightWeekSTL.com.

About St. Louis Regional Freightway

Established as the St. Louis region’s authority for coordinating support for industrial businesses and the logistics infrastructure they depend on, the St. Louis Regional Freightway (the Freightway) provides site selection and business assistance to manufacturing, logistics and multimodal transportation companies and their service providers. As an enterprise of Bi-State Development, the Freightway partners with public sector and private industry businesses to advocate for infrastructure development that supports the movement of freight, leads initiatives to grow the region’s talent pool, and plays a critical role in marketing the region as a world-class manufacturing and distribution cluster within the City of St. Louis and seven adjacent counties in Missouri and Illinois. To learn more, visit TheFreightway.com.