

# **Why Asian Manufacturers Are Shifting European Expansion Strategies in 2026**



**Hong Kong, Hong Kong S.A.R. Apr 20, 2026 ([IssueWire.com](https://www.IssueWire.com))** - Global manufacturing expansion is no longer driven by cost alone.

For many China and Hong Kong-based companies, Europe is becoming a strategic priority. The reasoning behind that shift has changed significantly in recent years.

In key manufacturing regions such as Guangdong, where export-driven businesses have traditionally focused on serving overseas markets from a distance, there is increasing discussion around the need for a more localized presence within major end markets.

In the past, expansion strategies were largely built around cost optimization. Today, manufacturers are placing far greater emphasis on market access, supply chain resilience and geopolitical positioning.

The European Union offers a unique advantage as a single market. It provides both scale and regulatory alignment, but accessing that market effectively requires more than exporting products from Asia.

It requires a local presence.

Southern Europe, particularly Spain, is increasingly being considered in this context. Not because it is the lowest-cost option, but because it offers a strategic entry point for specific industries.

In sectors such as automotive and industrial manufacturing, Spain provides proximity to major European OEMs, along with an established supplier ecosystem. It is also one of the largest vehicle production hubs in Europe.

For manufacturers supplying components into European value chains, proximity is becoming more important. It reduces lead times and helps meet regulatory and operational requirements within the EU market.

This shift is already visible in how some mid-sized manufacturers are approaching expansion.

In one recent case, a company with production operations in Asia and an existing customer base in Europe began evaluating options for establishing a local presence within the EU. Rather than prioritizing the lowest-cost jurisdiction, the focus was placed on access to clients, logistics efficiency and long-term operational stability.

That approach reflects a broader change in mindset.

Global dynamics continue to play a role. Trade tensions between the United States and China, supply chain disruptions and increasing regulatory complexity are pushing manufacturers toward more distributed operating models.

For US-based companies with production in Asia, the shift is equally relevant. Expanding into Europe is not only about growth, but also about managing risk and ensuring continuity across multiple markets.

Execution, however, remains a challenge.

Entering Europe involves navigating regulatory frameworks, local bureaucracy and operational complexity that many companies underestimate. Those that take a structured approach, beginning with feasibility and followed by phased market entry, tend to achieve stronger outcomes.

“Companies are no longer asking whether they should expand internationally,” says Caro Castillo, CEO of Montclair Global Advisory, a firm specializing in international market expansion.

“The real question is how to do it in a way that reduces risk while maintaining flexibility across multiple markets.”

As global trade continues to evolve, success will depend less on chasing the lowest cost and more on securing strategic access to key markets.

Europe is increasingly part of that equation.

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