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New rules for trade engagement: Tariff uncertainty puts cross-functional teams to the test

Tariffs are no longer just a trade issue. Here's how a multidisciplinary approach can help C-suite leaders turn uncertainty into opportunity.

Recent developments in US tariff policy are disrupting the way global trade has operated for decades. While the mechanics of tariffs remain familiar, their use has fundamentally shifted. No longer just a tool to protect domestic industries from foreign competition or to raise revenue, they are now being used to significantly reshape global trade. This upending of long-standing norms has introduced new challenges, with organizations facing unpredictable changes that cut across supply chains, geographies, and sectors. The impact is far-reaching and complex, making one thing clear: Responding effectively is no longer the domain of trade or logistics functions alone.

Today's tariff challenges demand a coordinated, multidisciplinary approach—one that brings together tax, legal, risk, supply chain, and finance leaders to navigate disruption and build long-term resilience.

But how can different functions collaborate effectively to tackle tariff uncertainty? What roles should each team take on? We've explored how tariffs are affecting different organizational functions and how C-suite leaders can transform the challenges posed by tariffs into opportunities for strategic realignment, increased resilience, and sustainable growth, even amid ongoing geopolitical flux.

Understanding the new complexities of global trade

Helen Cousineau, a managing director in Deloitte's global trade advisory practice, says, "What we have today is a real paradox. On one hand, nothing new is happening. Tariffs are tariffs. We know how they work. On the other hand, a lot of the norms and expectations that organizations have relied on for years have been disrupted by recent developments."

Many businesses are already feeling the effects of shifting trade policies and increasing uncertainty. For example, according to the Institute of Supply Management, new orders in the manufacturing sector fell for four months in a row starting in February 2025, with many survey respondents citing uncertainty about tariffs as a key factor.[1]

For businesses working across multiple geographies, the lack of clarity around tariffs makes it difficult to commit to investment and supply chain decisions. And the potential for retaliatory measures, which could disrupt long-established supply chains, may prolong the business uncertainty.

To respond effectively, organizations need to understand not just that a tariff exists, but what kind it is, how it's enforced, and what it means for their specific situation.

C-suite leaders face a complex and unpredictable global trade landscape. Proactive strategies focused on diversification, risk assessment, supply chain optimization, and strong stakeholder relationships are vital for navigating tariff uncertainty and building resilient businesses.

Tariffs are poised to affect businesses of all kinds, regardless of size or industry. For some, the tariff landscape may feel like familiar territory. But others are facing a steep learning curve. For example, some sectors, such as pharmaceuticals, have long operated without the imposition of tariffs.

Even for sectors accustomed to working with tariffs, recent developments have changed some standard operating procedures. For example, previously standard rules on duty drawback no longer apply in many cases.

"Matters are complicated by the fact that not all tariffs are created equal," says James Caldecourt, director and head of international trade at Deloitte UK. The word "tariff" covers a wide range of measures, each with its own rules, compliance requirements, and implications for business operations. In addition, the legal foundations behind different tariffs can vary widely, which affects how long they might be in place and how closely they need to be monitored.

That's why a one-size-fits-all approach may be ineffective. To respond effectively, organizations need to understand not just that a tariff exists, but what kind it is, how it's enforced, and what it means for their specific situation.

But navigating this evolving tariff landscape requires more than a basic understanding of the rules. With varying regulatory and legal requirements and enforcement mechanisms, organizations are facing a complex web of considerations, not limited to tax, trade, legal, supply chain management, and financial strategy. By embracing these considerations, C-suite leaders can not only navigate the complexities of the global regulatory landscape but also transform regulatory challenges into strategic opportunities for growth, differentiation, and long-term success.

Applying a multidisciplinary approach to tariff strategy

One key to engaging successfully with current tariff challenges is to recognize that it's not a task that can be delegated to one function or role. Tariffs may sound like a trade or logistics issue on the surface, but their impacts run much deeper across a range of corporate functions, calling for a multidisciplinary corporate response.

“The key management question is who should be managing this process,” says Dolly Zhang, a global trade advisory partner with Deloitte China. “Is it tax? Is it supply chain? Legal? Accounting? Is it risk? The answer is: all the above. And the secret to success is to get these different functions to operate together to drive solutions.”

As organizations begin assessing how tariffs might affect operations, it quickly becomes clear that no single function can—or should—go it alone. One of the biggest risks is siloed decision-making: Decisions taken to address tariff exposure in one area may inadvertently clash with or undermine existing policies and practices elsewhere in the business.

In some organizations, effective tariff management processes will already be in place and only need fine-tuning. In others, they will need new structures, workflows, and leadership alignment. Either way, the C-suite plays an essential role in actively steering the process.

Equally important is the ability to apply a range of lenses—legal, operational, tax, and compliance, for example—to tariff decisions. This ensures that potential ripple effects across the business are fully understood and managed.

The supply chain and compliance lens: Enhancing operational agility

Reconfiguring the supply chain to reduce tariff impact may sound like a logical first step, but tariff rates are not the only consideration. A broader lens considers reconfiguration impacts on pricing and revenue growth, working capital, fulfillment timelines, warehousing capacity, and vendor performance. Even small shifts in geography or lead time can affect time-critical supply chains. A well-intentioned tariff fix can become a costly disruption if it’s not aligned with the broader supply chain strategy.

It’s also essential to look beyond first-tier suppliers. A new sourcing hub or manufacturing jurisdiction may bring new contract requirements and logistical dependencies that cascade down to second- and third-tier suppliers. Without a connected view across the network, businesses risk weakening reliable relationships or creating new vulnerabilities in once-critical supply nodes.

For any supply chain reconfiguration, compliance and risk should be considered. New sourcing locations or routes may expose businesses to unfamiliar regulatory environments, different product standards and new reporting obligations. Any shift in the supply chain should be evaluated not just for tariff efficiency, but for its broader operational and regulatory impacts.

The tax lens: Addressing the implications of tariffs

Taxes and tariffs are deeply connected, and treating them as separate issues can lead to costly mistakes.

At the most basic level, because tariffs represent an above-the-line cost, achieving a lower tariff rate by lowering a product’s customs value may inadvertently increase taxable income, potentially wiping out the perceived tariff benefit.

For companies, the tariff impact and corporate tax impact need to be thought through together. Without thoughtful modelling and planning, a company could increase the income tax faced when reducing duties, and vice versa. Aligning outcomes based on business objectives is critical to understanding the knock-on implications, such as on foreign tax credit positions.

Further tax risks can arise where adjustments in one part of the supply chain—for example, shifting manufacturing to a new country—create inconsistencies between customs valuations and transfer pricing valuations. This can create wider tax issues and, if not addressed, raise red flags for tax authorities, especially in regions where tariffs have become a key source of revenue and authorities are seeking to maximize their tax revenues.

Managing tariffs without a fully integrated tax strategy is an incomplete solution. An integrated strategy that considers the tax lens is essential for making informed, sustainable decisions.

The accounting, assurance, and legal lenses: Managing tariff-related regulatory and reporting challenges

When tariff response strategies involve a change of operating flows involving new and different jurisdictions, both legal and accounting functions need to be fully engaged.

Legal and tax structuring teams should work together to map out the roles of different entities in the new structure and identify, for example, what transactions, procurement arrangements, and contracts need to be updated or created. This work needs to encompass both contract management and procurement to ensure a comprehensive third-party contract review.

Once the new structure is in place, assurance and accounting should weigh in on whether the changes meet accounting standards and what potential accounting consequences may follow, such as any restrictions on the distribution of reserves or equity. These accounting details may not leap off the page to other functions, but they are important to avoiding downstream complications.

Changes in the supply chain to manage tariff impacts, such as sourcing from alternative suppliers or exporting to new markets, can bring up a unique set of compliance challenges. For example, the European Union’s Deforestation Regulation and Carbon Border Adjustment Mechanism (CBAM) require the EU (and, in 2027, UK businesses for CBAM) to gather detailed information about their supply chains and the origin of their goods. These rules not only introduce new reporting obligations, but in the case of CBAM, could also lead to added financial costs.

Framing a tariff strategy: Respond, refresh, reinvent

While the response to tariff impact will vary depending on sector, location, and business model, most organizations follow a common progression in how they engage with a new tariff policy environment. From a leadership perspective, navigating a new tariff policy environment involves a progression of engagement, moving from initial assessment to strategic adaptation and proactive shaping of the future.

“We can see a definite life cycle in how affected businesses are responding,” says Jivan Datta, a Deloitte US global value chain alignment leader. “The first stage is managing the here-and-now, mitigating the impacts to the current business model. The next stage looks to refresh existing operating models, considering experience. And the final phase would be to reinvent for the longer term.”

Respond: Managing the here and now in response to trade policy changes

The first step is understanding the immediate impact of trade policy changes on your current business model and supply chain. That starts with taking stock of existing operating models and critically assessing available data in order to establish where and how new tariffs impact operations. US-based organizations, for example, can access their automated commercial environment data from US Customs and Border protection. This data provides a record of an organization’s import and export data, including manifests, cargo release, and post-release information.[2]

Once an organization has a complete picture of the trade flows and values that define their operations, they can use this understanding to assess the impact of proposed tariffs and identify opportunities to manage and mitigate those effects.

C-suite leaders new to the "tariff sphere" should understand two fundamental aspects of the system to effectively navigate its complexities.

- **Rules of origin:** Determining the country of origin is more complex than a simple reference to the shipping country. One component from a country subject to targeted tariffs could disqualify an entire product from preferential treatment.
- **Strategies for managing value:** There are several routes to either take a product out of the scope of tariffs or reduce the impact of a tariff. For example, tools like the first sale for export rule can lower duty costs, but only if internal processes meet strict criteria. Other tactics, like using bonded warehouses or tax-free zones, can help manage timing and tariff exposure.

For those who are already experienced in dealing with tariffs, the challenge is confirming that past assumptions still hold. For example, the long-standing mechanism of US duty drawback, where duties are refunded when goods are re-exported, has been precluded from the announced US tariffs, except for the reciprocal tariffs and the Venezuelan oil tariffs. This is a reminder that even familiar systems should be re-examined.

Regardless of your starting point, the goal in the "respond" phase is the same: Understand the tariffs, assess their impact, and prepare to adapt. Achieving this requires a multidisciplinary approach, with each function—such as finance, supply chain, and legal—leading specific aspects of the analysis and response (figure 1).

Figure 1

Leadership in action: Key roles and responsibilities in the "Respond" phase

Role	Key responsibilities
Supply and network operations	• Analysis of impacts on cost of goods sold • Understanding product footprint • Illuminating multitier supplier networks to understand unseen risks
Location strategy	• Reviewing existing footprint and assessing key operation cost drivers • Identifying and assessing alternative locations
Tax and Legal	• Performing transaction-level tax assessment, accounting for shifts in tariff structures, including rates, duties, transfer pricing, and income taxes
Credits and incentives	• Reviewing existing incentives • Identifying potential alternative tariff strategies
Finance and accounting	• Evaluating financial accounting and reporting impacts • Financial forecasting to understand margins/ earnings impacts
Risk and governance	• Analysis of risk exposure and operational vulnerabilities • Understanding any currency exposure and required capital allocation • Completing finance and risk scenarios for future choices
Customer	• Assessing impact and performance relative to competitors • Refreshing customer and profitability understanding, including price sensitivity and value proposition • Reviewing contract terms
Performance efficiency	• Driving efficiency across the process as a whole
Strategy and business design	• Integrating learnings from the Respond phase into the strategic planning cycle.

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A successfully completed, multidisciplinary assessment exercise will flag the main risks in current operating models and show where changes are needed to adapt to new conditions.

Refresh: Scenario planning for long-term resilience

As organizations move beyond the initial "respond" phase and shift their focus to adapting for long-term resilience, the importance of a multidisciplinary approach becomes even more apparent. In the "refresh" phase, scenario planning takes center stage, helping businesses explore potential pathways for adaptation.

In this context, scenario planning can range from modelling incremental changes in the current operating model (such as assessing tariff impacts at 10% versus 25%) to envisioning completely new solutions like entering new markets, sourcing from alternative suppliers, or adopting innovative production processes. Where individual businesses fall on this spectrum will depend on their unique circumstances and priorities.

Key factors influencing scenario planning may include:

- **Margin sensitivity:** For high-volume, low-margin sectors, even small tariff increases can have outsized effects.
- **Customer pricing tolerance:** Can increased costs be passed on to customers without damaging demand?
- **Supplier geography:** In a highly connected regional or global supply chain with many nodes working together, there are more touchpoints where tariffs can apply. Clusters in tariff-affected countries amplify exposure.

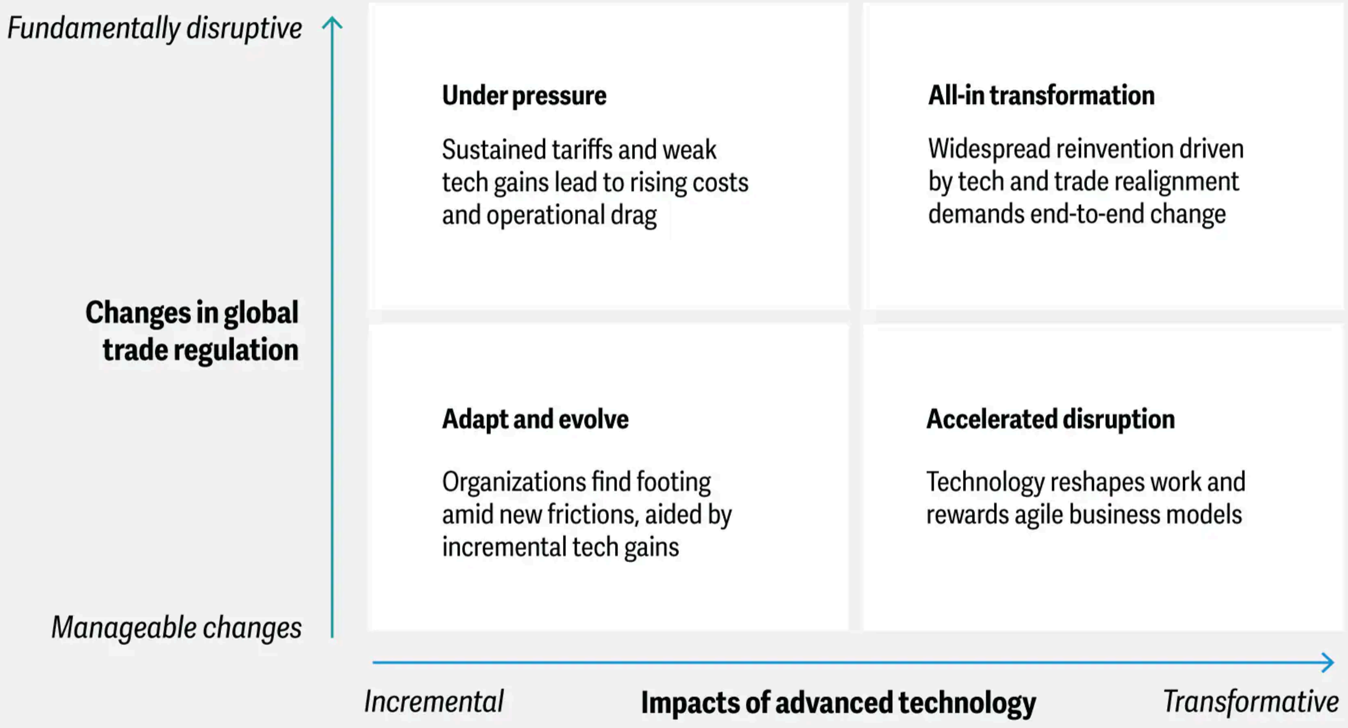
- **Mobility constraints:** Physical relocation of operations isn't always a feasible or affordable option.
- **Access to labor and skills:** Talent availability may limit options.

Amid these variables, two major uncertainties stand out: the degree of change in the global trade rules and the impacts of advanced technology. Just as the availability of low-cost labor was a major driver of the initial wave of offshoring, the availability of technology (and skilled personnel) will likely be a major driver now.

Plotting your business model, supply chains, and operations along these two dimensions—regulatory volatility and tech impacts—can help identify which scenarios are worth exploring and testing (figure 2).

Figure 2

Scenario planning for global tariff response



Sources: Deloitte analysis.

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Each scenario brings together a distinct combination of regulatory volatility and technology factors for leaders to consider, offering insight into potential pathways for decision-making.

Under pressure

Facing the current climate of fractured global trade rules and sustained tariffs, chief executive officers must strategically adapt to navigate the resulting uncertainty and drive continued growth. With no technology leap to offset higher labor and material costs, businesses face a grind of complexity and margin pressure. Fast-moving consumer goods that provide low-cost, high-volume commodities (for example, processed foods, supplies, toiletries, cosmetics, over-the-counter medications, etc.) are particularly susceptible.

Adapt and evolve

Trade rules introduce new friction, including added compliance measures, new tax considerations, and higher costs for essential materials, but after a bumpy transition, supply chains evolve and organizations adapt. Technology continues to enhance productivity to offset some of the higher costs and complexity, with a modest impact on work and the workforce. Companies that can source, manufacture, or produce substitute goods will likely be better positioned to evolve and adapt in this scenario.

Accelerated disruption

AI and automation rapidly redefine roles, restructure industries, and spark waves of business model innovation in this scenario. While trade rules shift and supply chains bend, opportunities grow for those who have built agility into their operations. Supply chains may be shorter, but it's the rising tide of technology flowing into the workplace that challenges organizations to adapt. This could include products that are highly automated or intelligent systems, like sensors, smart devices, and electronics. Certain industries are more likely to be affected, including those with concentrated labor forces, operations like manufacturing plants that lend themselves to streamlined technology implementation, and industries with higher labor costs due to turnover or taxes.

All-in transformation

Change comes fast and spreads everywhere in this scenario, reinventing how we work and who we trade with. Organizations race to adopt powerful new technologies to remake not only their supply chains, but also many of their core strategic and operational choices, so they can better serve a largely domestic market or regional trade bloc. Success hinges on speed and the ability to innovate across the whole business. Logistics can be drastically transformed through automation and AI, improving supply and demand planning and routing, thereby reducing transportation costs and speed to market. Technologies will increasingly reduce manual interaction errors and waste across the value chain while improving efficiencies (such as product handling) and sustainability (such as optimizing routes and loads to minimize energy consumption).

This scenario-planning approach provides a powerful framework for understanding how shifting trade rules and technological advancements could impact an organization's tariff response. Evaluating potential scenarios empowers organizations to refresh their strategies, and equips them to navigate complexities such as localized operations, evolving compliance requirements, and rapid technological disruption.

But translating these insights into actionable outcomes requires a multidisciplinary, coordinated effort across functional teams. Each function plays a critical role in operationalizing the strategies and adapting to the challenges and opportunities outlined in these scenarios (figure 3).

Figure 3

Leadership in action: Key roles and responsibilities in the "Refresh" phase

Role	Key responsibilities
Supply and network operations	• Exploring and building new supplier relationships, incorporating optionality in existing and new geographies • Adjusting supply chain network
Location strategy	• Conducting site selection activities to identify favorable sites for manufacturing operations • Validating findings with field visits • Exploring potential incentives packages to further mitigate costs
Tax and Legal	• Exploring alternative methods to determine customs values • Conducting transfer pricing analyses and periodic reviews • Evaluating the tax (direct and indirect) impact of changes to operating models and transaction flows
Credits and incentives	• Assessing potential current state risks associated with incentives related to abandoning existing operations • Preparing assessment of future state incentives benefits associated with new scenario options
Finance and accounting	• Updating processes to ensure alignment with reporting and other compliance requirements under the revised operating model.
Risk and governance	• Updating risk prioritization framework and governance including monitoring capabilities to track ongoing exposure • Defining longer-term strategic/scenario planning based on macro uncertainties • Enhancing internal control and reporting frameworks for updated requirements
Customer	• Revisiting and rethinking pricing strategy • Optimizing product and customer mix • Rethinking commercial process (e.g., refining critical decision-making steps, tightening compliance, revisiting sales and negotiation tactics)
Performance efficiency	• Analyzing performance improvement and cost levers • Deploying automations to drive efficiency
Strategy and business design	• Exploring technology and labor arbitrage opportunities • Refreshing go-to-market strategy • Adjusting service delivery models • Rethinking critical business performance indicators and success metrics to inform strategic decision-making in the future

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Reinvent: Making bold moves in response to tariffs

At the far end of this life cycle sits the most ambitious stage: taking advantage of the current disruption to transform and reinvent business models.

For C-suite leadership, this requires a proactive and visionary mindset, moving beyond merely adapting to change and instead using it as a catalyst for a fundamental shift in how the company creates, delivers, and captures value. Here, the fundamentals of the business model and existing operating assumptions are challenged with both internal and external processes and policies being tested against the emerging realities of global trade.

With so much uncertainty in the current situation, it may be difficult for many organizations to plan confidently for such bold moves. However, businesses that have developed strong, flexible processes during the earlier phases will likely be better prepared to build a reinvention phase into longer-term thinking and horizon scanning.

Successfully navigating a reinvention phase draws on the combined strength and collaboration of key functions (figure 4).

Figure 4

Leadership in action: Key roles and responsibilities in the "Reinvent" phase

Role	Key responsibilities
Supply and network operations	• Assessing scaled network redesign opportunities
Tax and Legal	• Managing tax and legal risks through unilateral or multilateral agreements with relevant tax authorities
Credits and incentives	• Engaging with policymakers to develop incentives to support new business models
Location strategy	• Fully exploring both physical and virtual possibilities
Risk and governance	• Exploring risk-adjusted value creation opportunities, shifting focus to the potential opportunities created by regulatory and risk changes • Creating optimization models that drive optimal use of resources across the value chain to reduce costs and enable growth • Enhancing regulatory sensing and scenario analysis capabilities • Defining resilience and recovery strategies to ensure business continuity that considers a dynamic regulatory environment • Rethinking and innovating internal cost structure
Customer	• Introducing new, advanced monetization models • Reshaping the customer portfolio • Engineering a portfolio with new (or different) features and specs for cost takeout or to match supply
Performance efficiency	• Pursuing merger and acquisition opportunities, including divestitures • Undergoing process reengineering at the most critical steps in decision-making • Leveraging advanced technologies to drive the speed and scale of innovation and improve operational efficiency.
Strategy and business design	• Reimagining broad business choices

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Building resilience and opportunity

The rise of tariffs as a dominant policy tool has introduced a new era of uncertainty and complexity for global trade. But an effective leadership response to these conditions can be built on a few simple principles.

- Take a multidisciplinary approach—no single function can tackle this issue alone. Ensure that you are viewing your response to tariff uncertainty through the lens of multiple functions to ensure that you can manage any ripple effects of decision-making across the organization.
- Respond to tariff uncertainty by ensuring your leadership team understands the tariffs and is in an appropriate position to assess their impact and prepare to adapt.
- Refresh your leadership team's thinking and approach to tariffs through scenario planning that accounts for both technological changes and changes to policy in the global trade environment.
- Reinvent business strategies in response to changes in tariff policy, drawing on the combined strengths of a multidisciplinary team to enable bold moves.

And most importantly, consider that a successful approach to tariff uncertainty will likely require engagement, not just response. Maintaining open dialogue with policy and decision-makers can help ensure that future trade policy is well informed by the realities of those operating in the global economy. C-suite leaders are uniquely positioned to drive this transformation. They are responsible for setting the vision, fostering a culture of innovation, empowering their teams, and making the crucial strategic decisions necessary to embark on such a journey.

Continue the Conversation

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ENDNOTES

1. Institute for Supply Management, "May 2025 Manufacturing ISM report on business," May 2025.

   View in Article

2. US Customs and Border Protection, "ACE transaction details," Jan. 23, 2024.

   View in Article

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