

Trade Barrier-Resilient Supply Chain Design

Protect margins and build resilience in an evolving trade policy environment

KPMG Advisory - Procurement & Supply Chain

Tomorrow winners will not predict every trade measure. They translate trade policy uncertainty into supply chain design choices and are better positioned to protect margins when specific trade policy measures affect their supply chain network.

Setting the scene

Trade policy uncertainty is back, and it is moving faster than supply chains can adapt.

For decades, global supply chains benefited from declining trade barriers and increasing international integration. That trend has now reversed. KPMG and Delft University of Technology research shows that trade policy is becoming increasingly interventionist and less predictable.

Trade barriers such as tariffs, export controls, trade defense measures, and market access restrictions increasingly affect where products can be sourced, manufactured, and distributed, and at what cost.

A supply chain network cannot be redesigned when the shock arrives. Resilience is determined by the options already built in.

The leadership question is simple: where are we exposed, what is the value at risk, and which alternatives are genuinely executable?

Client challenges

Can you turn trade policy uncertainty into concrete supply chain decisions?

Most organizations recognize that trade policy can affect their supply chains. Few can pinpoint the margin exposure, decide where to intervene, and act before policy changes hit.



Trade policy visibility

Limited visibility into where trade measures create exposure across the supply chain.



Response readiness

Limited insights into viable response options when trade measures are introduced



Resilience by design

Supply chains optimized for efficiency often lack the flexibility needed to respond

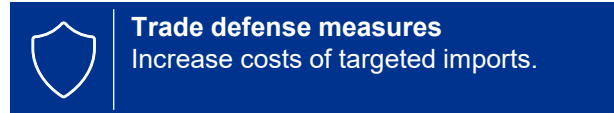
Translating trade policy uncertainty into actionable response options

Every supply chain has different vulnerabilities depending on how it is designed. To assess the impact on your supply chain, **two steps** are needed, both tailored to your network.

i Pinpoint exposure across the six trade measures that can reshape your network

Where a trade measure lands determines the high-risk areas in your supply chain network.

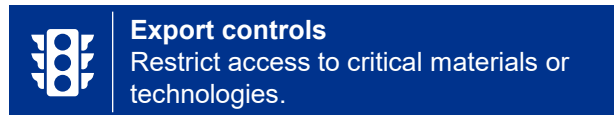
Trade measures targeting trade flows



Trade measures targeting sourcing



Trade measures targeting markets



Outcome step 1

- i A decision-ready exposure map showing where value is at risk and which trade measures drive it.



High-risk areas become the decision agenda for step 2

ii Design executable responses for the highest-risk areas

For each high-risk area, organizations should establish response options in advance, as the effectiveness of any response will depend on the flexibility already built into the network.

When determining these response options, apply the following **four guiding principles**:

1

Look beyond the tariffs

The greatest risk often lies where no viable sourcing, manufacturing or distribution alternatives exist, rather than where tariffs are highest.

2

Stress-test more than one scenario

Different trade policy measures require different response. Supply chains should be stress-tested across a range of potential trade measures rather than one.

3

Create options before the shock

Options only help if they already exist. Pre-qualified suppliers, sites and routes turn a shock into a switch instead of a redesign.

4

Invest in flexibility selectively

Not every dependency is worth removing. Effort belongs where exposure is high and an alternative is not realistically available.

Outcome step 2

- i A prioritized set of responses for each high-risk area.

KPMG's approach: from exposure insight to network action

KPMG helps you move from exposure insight to action: quantify the risk, test credible responses, and build the flexibility to protect margin, from immediate interventions to structural network choices.

Time period



Expose the value at risk

- Identify where trade measures create high-risk areas in the network
- Map dependencies on countries, suppliers, sites and trade routes
- Quantify the potential business impact of key trade measures



Evaluate response options

- Simulate the network across multiple trade scenarios, not one forecast
- Quantify margin, cost and service impact of each response option
- Prioritize response options based on impact, feasibility and timing



Build resilience into the network

- Pre-qualify alternative suppliers, routes and production capacity
- Establish governance and playbooks to accelerate response execution
- Monitor exposure continuously and re-optimize as trade conditions shift

Contact us

Trade policy uncertainty is likely to remain a structural feature of the global business environment. Organizations that proactively assess exposure, evaluate response options, and embed flexibility across sourcing, production, and distribution networks will be better positioned to protect margins and maintain resilience.

Where would a new tariff, export control or market restriction hit your margin first, and could your network switch without a costly redesign?

KPMG helps organizations identify exposure, evaluate response options, and build the flexibility required to protect margins and maintain resilience.

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