April 11, 2025

What we Know

Since taking office in January, President Trump's economic policy has been focused on foreign trade and tariffs. While his initial tariff announcements focused on specific countries and goods, President Trump's April 2 executive order expanded tariffs to virtually all U.S. trading partners. As of the publication date, these tariff announcements had the following primary effects:

- A 25% tariff has been enacted on all foreign-made automobile (effective April 3) and auto parts (at a later date);
- A 10% "across the board" tariff applies to all imported goods (effective April 5);
- Incremental country-specific "reciprocal tariffs" have been paused for 90 days, except for China (effective April 9);
- Tariffs on goods imported from China have increased to 145% (effective April 10);
- Tariffs on steel and aluminum and aluminum derivatives increased to 25% (effective March 12) with additional tariffs threatened on other raw materials, including copper and lumber;
- Other countries and trading partners, including Canada, China, and the EU have announced and enacted retaliatory tariffs in response.

The extent and pace of new **tariffs have created tremendous uncertainty and compliance risk for nearly all businesses.** Even companies that are not directly impacted by the changes in will certainly be impacted by the macroeconomic fallout and retaliatory tariffs imposed by U.S. trading partners.

Tariff policies and guidance are evolving rapidly worldwide. CFGI will continue to update this publication as new policies and guidance are released.

Impact to Finance Organizations

The implications of tariff uncertainty are impacting nearly all companies worldwide. Finance leaders, in particular, are required to forecast the impact of rapidly changing tariff policies and help their organizations identify mitigation strategies while performing their day-to-day finance leadership responsibilities.

Business leaders should anticipate disruption and challenges in the following areas as they manage the implications of tariff reform:

Process Disruption: Traditional budgeting processes may quickly become obsolete as multiple tariff scenarios become apparent. Finance leaders are rapidly game planning multiple policy outcomes, including the effects of retaliatory tariffs by U.S. trading partners.

Technology & Data: Tariff changes are creating cost uncertainty throughout supply chains, triggering demands for real-time insights and reporting. Organizations relying on legacy systems may experience crippling delays in decision-making and diminished competitive advantages. Furthermore, without robust and reliable data, organizations will struggle to forecast costs and make timely decisions. Enhanced data around point of origin, shipping modes, and industry classifications are becoming vital for well-run finance organizations.

Risk Management & Compliance: Effective Finance leaders must ensure their entire business is responding to tariff-related events in a coordinated fashion while also addressing the compliance burden associated with each new event. For example, maintaining systems and data impacted through changing global policies creates a large backlog of compliance activities, including those related to import and export controls, tariff remittances, and rules of origin.

How We Got Here

February 1 – President Trump authorizes tariffs of 10% on imports from China and 25% on imports from Canada and Mexico. Tariffs against Canada and Mexico are subsequently delayed by 30 days.

February 10 – Trump announces plans to increase steel and aluminum tariffs to a minimum of 25%, including aluminum derivatives and eliminating exceptions.

March 4 – 25% tariffs announced on imported goods from Canada and Mexico, with delays and carve-outs for energy, U.S. automakers, and USMCA compliant goods.

March 12 – 25% tariffs on steel and aluminum go into effect. Retaliatory tariffs announced by the EU, Canada, and China.

March 26 – 25% tariff announced on all foreign-made automobiles and automotive parts

April 2 – Trump signs executive order for "reciprocal tariffs" derived from trade deficits relative to imports, including a base of 10% across the board.

April 3 – 25% tariff imposed on all foreign-made automobiles and automotive parts (announced March 26)

April 5 – Base tariff of 10% applies to all imported goods

April 9 – All country-specific "reciprocal tariffs" are paused for 90 days and set to a 10% baseline, except for China. Tariffs on goods imported from China raised to 125%.

April 10 – While "reciprocal tariffs" remain paused, the U.S. increases tariffs on goods imported from China to 145%.

Hidden Opportunity

In the face of evolving tariff policies, it is crucial for CFOs and finance leaders to take decisive action now to mitigate negative impacts on their organizations. The financial landscape is shifting rapidly, and **proactive measures can protect margins, maintain operational stability, secure, and even driver certain competitive advantages**. Delaying action risks exposing organizations to heightened costs, disrupted supply chains, and compliance challenges that could jeopardize profitability and long-term viability.

Leading companies are implementing strategic initiatives to navigate tariff related challenges effectively. Here's a look at what top organizations are doing to take action:

- **Agile Planning**: Changing tariff policies are causing uncertainty throughout supply chains. Leading organizations are adjusting their budgeting and forecasting models to reflect the effects of continuous policy changes. Challenges to share prices and profitability will continue to trigger increased demand for more agile forecasting and predictions.
- **Leveraging Data:** Cost analysis requires reliable data that goes beyond just materials, labor, and overhead. Visibility into countries of origin, shipping modes, and NAICS classifications across the value chain will become essential; companies at the forefront of this trend are taking actions now to enable data granularity, quality, and availability.
- **Technology & Leadership**: Finance leaders are increasingly investing in upgrades and enhancements to their EPMs and analytics tools. Leading companies will also take steps to ensure they arm their leaders with logistics, supply chain, and global tax expertise in their organizations.
- **Opportunities for Value Creation:** While daunting, the changing tariff landscape will create significant opportunities for some companies. Top organizations already have an eye towards the re-orientation of distribution channels and customer markets that may create competitive advantages.
- **Supply Chain Diversification**: Leading organizations are working with their procurement and sourcing departments to diversify their supplier base to mitigate dependence on any single vendor affected by tariffs, thereby stabilizing their procurement strategies.
- **Cross-Functional Collaboration**: Finance organizations must not operate in a silo. Integration between finance, operations, and procurement teams is essential during times of uncertainty and rapid change.

Refer to our other publications related to the 2025 U.S. tariffs below.

Supply Chain

Supply chain organizations should strap in and plan for continued uncertainty in U.S. trade policy. When navigating the uncertainty, leading organizations should prioritize investments in technology and data while remaining cognizant of their entire risk universe.

ESG

Leading organizations will continue to prioritize certain elements of their ESG programs, including those around value chain resiliency and supply chains, in addition to addressing potential gaps in their Board and leadership team composition.

Capital Markets

The increase in tariffs has created an immediate slow-down in the IPO markets, while volatility may create M&A opportunities for value creation. Leading companies will continue to prioritize IPO and dual-track readiness as investors increasingly seek liquidity on their investments.

Accounting & Reporting

Companies should remain cognizant and consult with their auditor on the potential effects of tariffs on accounting policies and significant estimates, including estimates related to inventory valuations, impairments and income taxes, in addition to the potential effects of revenue contract modifications.

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