

Ebook

Navigating Trade Disruptions

How to tackle tariff-driven
supplier price increases with
digital procurement

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Tariffs are back ...

... and suppliers are raising prices.

Procurement can't afford to not take action... or rely on outdated processes. This guide is your playbook for fighting back with digital tools.

Learn how to outpace pre-emptive hikes, negotiate smarter, and protect margins.

From supplier discovery and sourcing automation, to e-auctions and online negotiation, it's time to get strategic and take control of your supply chain—before volatility becomes your biggest cost.



The challenge of supplier price hikes in an uncertain trade environment

For procurement teams operating in the U.S. market, managing supplier price increases has grown significantly more complex as the renewed threat of tariffs under the Trump administration's trade agenda adds fresh volatility to an already uncertain global landscape.

With potential tariffs targeting key trading partners some suppliers are already raising prices pre-emptively to hedge against possible trade restrictions.

This creates immediate cost pressures for buyers who may not yet be affected by new duties but are already absorbing the anticipation of them.

In this volatile landscape, procurement professionals must move swiftly and strategically—not only to negotiate with suppliers but also to leverage digital tools that enable agility, transparency, and cost containment.

This guide explores how eSourcing solutions can help procurement teams combat supplier price increases and navigate today's high-stakes trade environment with greater confidence.



- ■ ■ **“Bank of America analysts revealed that building product manufacturers have announced price increases over the past several weeks in response to Trump’s executive order for tariffs on goods from China, Canada, and Mexico.”**

Source: Fortune.com

- ■ ■ **“The prospect of significant tariffs on our allies has resulted in withholding investments and pre-emptive price increases that are going to be borne by small businesses and, ultimately, by consumers.”**

Source: Newsweek

Understanding pre-emptive price increases

Some suppliers are increasingly factoring anticipated tariff impacts into their pricing models—often well before any trade policies are finalized or formally enacted, reflecting the persistent uncertainty surrounding international trade negotiations.

These pre-emptive and reactive cost increases commonly take the form of:

- ‘Risk premiums’ added to quotes and contracts
- Shortened contract durations to allow for more frequent price reviews
- Adjusted payment terms that transfer currency or inflation risk to buyers
- Pass-through of restructuring costs related to supply chain realignment

For procurement teams managing both direct materials critical to production and indirect spend across services and operations, these changes introduce significant budgetary strain and supply chain uncertainty—with little warning or justification.



\$2tn

worth of imports will be affected by US tariff changes.

Source: BBC

62%

of UK firms with trade exposure to the USA say they will be negatively impacted by US tariffs.

Source: British Chambers of Commerce

32%

of UK companies with trade exposure to the USA say they will increase prices in response to the tariff.

Source: British Chambers of Commerce

Tariff changes: how they differ from other procurement risks

Procurement is well versed in managing risk in all its forms, so what specific challenges do tariffs bring?

To demonstrate the uniqueness of tariff changes, the table compares tariffs to other common procurement risks across key attributes like control level, predictability, response urgency, and need for specialized knowledge.

Risk	Control level	Predictability	Response time	Specialized knowledge
Supplier failure	Medium	Medium	Fast	Low - medium
Commodity prices	Low	Medium	Planned	Medium (finance)
Logistics delays	Medium	High	Moderate	Medium
Quality issues	High	High	Reactive	Low
Tariff changes	Low	Low	Urgent	High (legal, compliance)

6 Characteristics of Tariff-Related Risk

Speed and volatility

Tariff changes often happen suddenly and with little warning, usually driven by political decisions rather than market forces.

Differs from currency fluctuations or commodity pricing, which tend to have more predictable trends or hedging tools available.

Impact: Requires rapid response and scenario planning, often without much lead time.

Government-driven and political

Tariffs are externally imposed by governments—not business partners or natural causes—and are often tied to trade wars, geopolitical tension, or regulatory shifts.

Differs from supplier bankruptcy, quality issues, or transport delays, which are more operational and within the supply chain's control.

Impact: Less predictable, harder to influence or mitigate directly.

Regulatory complexity

Tariffs involve legal frameworks (like HTS codes, trade agreements, or customs regulations) that require specialized trade compliance knowledge.

Differs from sourcing risk or inventory risk, which procurement professionals are usually trained to manage directly.

Impact: Often requires collaboration with legal, compliance, or customs experts.

Direct financial impact

Tariff changes instantly raise the cost of imported goods—with no buffer.

Differs from quality issues or delays, which cause indirect costs (like rework or customer dissatisfaction).

Impact: Immediate margin compression unless passed to customers or absorbed strategically.

Strategic reassessment trigger

Unlike other risks, tariffs often force a strategic shift, such as rethinking sourcing geography, changing suppliers, or even altering product design.

Differs from operational risks that usually involve tactical fixes.

Impact: Drives long-term change in procurement and supply chain strategy.

Broad supply chain ripple effects

Tariffs can affect multiple tiers of the supply chain, especially if suppliers upstream are also importing components.

Differs from isolated supplier risks that impact only a specific part of the chain.

Impact: Requires more thorough supply chain visibility and mapping.

The limitations of manual procurement in managing trade volatility

Many procurement functions still manage procurement predominantly through spreadsheets and manual processes. While these methods may have sufficed in more stable economic environments, they present significant drawbacks when navigating tariff-related price volatility.

- **Limited market intelligence** – without digital tools, it's difficult to track market conditions and benchmark supplier pricing against industry
- **Slow response times** – manual processes can't keep pace with rapidly changing tariff announcements and supplier pricing adjustments
- **Reactive rather than proactive** – email-based supplier relationships leave teams responding to price increases rather than anticipating and mitigating them
- **Poor visibility across supply tiers** – the lack of eSourcing tools make it very difficult to understand tariff impacts across multiple supply chain tiers
- **Difficulty analyzing 'what-if' scenarios** – manual systems can't easily or quickly model the impact of different tariff outcomes



10 Strategies to Mitigate US Tariff Price Increases



01 | Accelerate competitive bidding through e-auctions

When suppliers attempt to build tariff-related 'risk premiums' into their pricing, nothing combats this more effectively than competitive pressure.

eSourcing platforms enable procurement teams to quickly launch reverse auctions that drive market-based pricing even in uncertain environments.

Companies that leverage e-auctions as part of their sourcing strategy quickly recognize the true market value and typically achieve average savings of 16-20% on tender events compared to traditional methods, making them an effective tool for controlling costs and driving competitive pricing.

Source: Market Dojo's customer data



02 | Implement 'tariff contingency' contract clauses

Rather than accepting blanket price increases based on potential tariffs, work with suppliers to develop specific contract language that:

- Clearly defines which tariffs would trigger price adjustments
- Establishes transparency requirements for proving tariff impacts
- Creates formulas for calculating legitimate pass-through costs
- Includes mechanisms for price reductions if threatened tariffs don't materialize

Advanced eSourcing platforms provide contract management tools that allow you to create, track, and enforce these specialized terms across your supplier base.

03



Diversify supply sources across trade zones

One of the most effective strategies against tariff-related price increases is having alternative supply options in different trade zones. For example, use integrated eSourcing and Supplier Discovery tools to:

- Rapidly identify and onboard new suppliers in non-impacted regions
- Conduct parallel sourcing events across multiple geographies
- Analyze total landed cost including potential tariff scenarios
- Develop 'supply zone switching' plans for rapid implementation if needed

04



Challenge specifications and explore substitutions

When faced with tariff-driven price increases on specific materials or components, consider challenging your internal specifications.

By centralizing RFPs and RFQs in an eSourcing platform, you can collaborate with stakeholders and suppliers to:

- Identify alternative materials not subject to the same tariff pressures
- Evaluate redesign options that reduce reliance on tariff-impacted inputs
- Assess the feasibility of near-equivalent substitutes with stable pricing

05



Leverage advanced analytics to model tariff impacts

Rather than relying on suppliers' assertions about tariff impacts, use data-driven approaches to validate and quantify potential cost increases. Use eSourcing and Business Analysis tools to:

- Break down product components to identify tariff-eligible elements
- Calculate precise tariff exposure for complex manufactured goods
- Model various scenarios based on different policy outcomes
- Compare supplier price adjustments against objective tariff calculations

06



Build strategic inventory positions

For critical direct materials facing potential tariff increases, strategic inventory building may be warranted. eSourcing platforms help optimize this approach by:

- Identifying optimal pre-tariff purchase volumes based on carrying costs
- Streamlining spot buys before price increases take effect
- Coordinating multiple delivery schedules to balance inventory
- Tracking inventory costs against evolving tariff projections

07



Explore 'tariff engineering' solutions

Tariff engineering involves legally modifying products or supply chains to minimize tariff impacts. For example:

- Identifying suppliers with tariff-advantaged manufacturing locations
- Sourcing components rather than finished goods when tariff structures favor this approach
- Evaluating product modifications that could result in different Harmonized Tariff Schedule of the United States (HTS) classifications
- Analyzing the economics of various country-of-origin strategies

08



Negotiate shared risk arrangements

Rather than accepting suppliers' attempts to pass all tariff risk to buyers, negotiate arrangements that share the uncertainty.

- Creating structured RFPs that require suppliers to propose risk-sharing models
- Facilitating negotiations of stepped price increases tied to specific tariff triggers
- Managing compliance with negotiated risk-sharing agreements

09



Implement real-time supplier communication channels

When tariff announcements occur, rapid communication with suppliers is essential to prevent opportunistic price increases. eSourcing platforms can facilitate this by providing:

- Structured communication channels across supplier networks
- Historical price tracking to identify unwarranted increases
- Digital negotiation tools for quick resolution of disputes
- Audit trails of all price change requests and justifications

10



Evaluate reshoring and nearshoring

For direct materials facing persistent tariff pressure, evaluating reshoring or nearshoring options may provide long-term solutions. eSourcing tools support this by:

- Facilitating comprehensive landed cost comparisons across supply options
- Streamlining identification and qualification of domestic suppliers
- Supporting should-cost modeling for reshored production
- Managing the transition process from offshore to domestic supply

However, there is evidence that increasing international transaction costs (e.g. tariffs) is not efficient in promoting reshoring because it ultimately incurs an economic cost on firms and consumers, (see next page).

The limited reshoring outcomes during the previous U.S. administration highlight the potential shortcomings of tariffs as a tool for driving domestic manufacturing growth.

*"In order to improve the competitiveness of the US manufacturing sector, **the Trump Administration [during its first term] implemented an aggressive trade policy against China, which proved to be quite inefficient** in supporting reshoring.*

High tariffs were introduced on imports such as steel and aluminum because of national security concerns.

*Even though these tariffs may have been beneficial to some industries that compete with foreign manufacturers, most of the **costs of tariffs have been passed on to domestic consumers and downstream companies.***

*Moreover, tariffs **did not increase the reshoring activity in manufacturing sectors** even though this was an objective of the trade policy."*



Source: *The Manufacturing Reshoring Phenomenon: A Policy-Oriented Analysis of Factors Driving the Location Decision*

eSourcing: The key to navigating tariff uncertainty

Managing supplier costs is increasingly challenging for procurement teams dealing with pre-emptive tariff-related price increases. Manual processes simply can't keep pace with today's volatile trade environment, leading to reactive decision-making and unnecessary cost increases.

eSourcing solutions offer a data-driven approach that addresses these challenges head-on. By automating routine tasks, enhancing negotiations, providing powerful analytics, and facilitating strategic responses to trade disruptions, these platforms empower procurement professionals to:

- Prevent unjustified pre-emptive price increases
- Negotiate fair adjustments when tariffs are implemented
- Develop agile, multi-region supply strategies
- Create contractual protections against excessive price volatility

For procurement teams responsible for both direct and indirect spend categories affected by US tariffs, embracing digital eSourcing tools is essential to maintain cost control and supply chain stability in today's uncertain trade environment.

Next, some key points to help you navigate tariff-driven supplier price increases.



Key Points: Navigating Tariff-Driven Supplier Price Increases

Tariffs are back—and already impacting costs

- Suppliers are **pre-emptively increasing prices** in anticipation of new tariffs
- Cost hikes are appearing as risk premiums, shortened contracts, and unfavorable payment terms

Tariff risk is unlike other procurement challenges

- Driven by politics, not market forces—making tariffs changes **unpredictable and urgent**
- Requires **specialized legal and compliance expertise** and broader strategic shifts (e.g. supplier changes, product redesigns)
- **Impact is immediate and financial**, not just operational

Manual processes will not keep up with pace of changes

- Spreadsheet-based and email-led sourcing processes are too slow and reactive
- Lack of real-time data, limited visibility, and poor scenario planning delay decision-making

eSourcing solutions are essential

- Enable **rapid supplier discovery** and **competitive bidding via eAuctions**
- Support contract automation, scenario modeling, and **compliance tracking**
- **Provide agility** to shift sourcing strategies across regions in real time



Strategies to mitigate tariff-driven cost increases

1. Use eAuctions to challenge inflated pricing
2. Add tariff contingency clauses to supplier contracts
3. Diversify sourcing across unaffected trade zones
4. Review specifications and explore alternative materials
5. Use analytics to model tariff exposure and outcomes
6. Build strategic inventory before tariffs take effect
7. Explore tariff engineering and classification strategies
8. Negotiate shared-risk pricing models with suppliers
9. Enable real-time communication to counter opportunistic pricing
10. Evaluate reshoring and nearshoring with robust cost analysis

Conclusion

Procurement must shift from reactive cost control to strategic, tech-enabled risk management.

eSourcing solutions, like Esker eSourcing solution by Market Dojo, are essential for navigating tariff volatility, protecting margins, and building a resilient, future-ready supply chain.



Need help tackling tariff-related price increases?

Book a tailored demo today to discuss your requirements with our eSourcing specialists!

[Book a demo](#)

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years of
experience with
20+ years focused
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employees serving
850k+ users &
2,500+ customers
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€205.3

million in revenue
in 2024



Business success is best when shared

At Esker, we believe the only way to create real, meaningful change is through positive-sum growth. This means achieving business success that doesn't come at the expense of any individual, department or company — everyone wins! That's why our AI-driven technology is designed to empower every stakeholder while promoting long-term value creation.

The ESKER logo is displayed in a bold, white, sans-serif font. The letter 'E' is stylized with a horizontal bar that extends to the left, creating a unique graphic element. A registered trademark symbol (®) is positioned at the top right of the letter 'R'.

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