# Ready for resilience

How to navigate the new tariff landscape

# Authors


**Muqsit Ashraf**

Group Chief Executive – Strategy

**Jack Azagury**

Group Chief Executive – Consulting

**Ben Carey**

Senior Managing Director – Strategy

**James Crowley**

Global Products Industry Practices Chair

**Nick Kojucharov**

Principal Director – Macro Foresight Chief Economist, Strategy

**Andrew Levy**

Chief Corporate & Government Affairs Officer

**Chris Tomsovic**

Managing Director – Macro Foresight Global Lead, Strategy

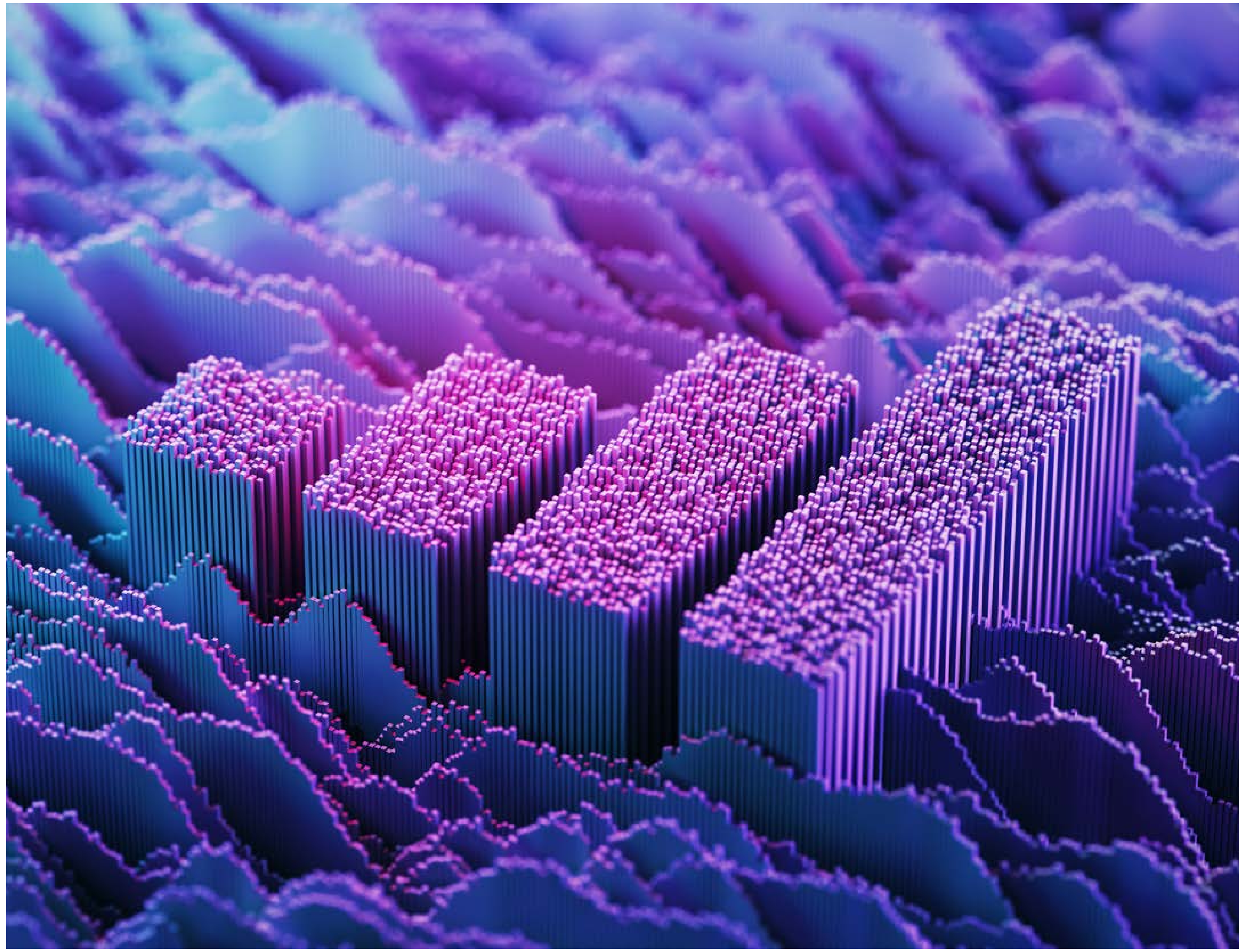
# Contents

# Introduction

On April 2, President Trump unveiled the largest and most sweeping tariff package to date in his second term. This consisted of an additional 10% tariff on imported goods from all countries, which entered into effect on April 5, and higher, individualized "reciprocal" tariffs of up to 50% on imports from 57 countries including China, Japan and EU nations. The latter initially came into effect on April 9, but have since been paused for 90 days for all countries except China, which instead saw its reciprocal tariff increase to 125%. The 10% universal tariff remains in place.[1]

The current reciprocal tariffs—and the 90-day pause—do not apply to Canada and Mexico, as these countries face a separate 25% tariff on goods that do not comply with the United States-Mexico-Canada Agreement (USMCA), nor to foreign-made autos, steel and aluminum, which are also subject to a separate 25% tariff. With these latest developments, the average trade-weighted, or effective, tariff rate on goods imports into the U.S. has risen to roughly 29%—the highest level since the early 1900s and up from only 2.4% at the end of 2024 (see Figure 1). Should the Administration enact additional tariffs that it has previously signaled are under consideration—such as on semiconductors, pharmaceuticals, copper and lumber—as well as the paused higher reciprocal tariffs, the effective U.S. tariff rate could reach 40%.

As noteworthy as the magnitude of the tariffs, however, is the unprecedented uncertainty introduced by their scale and ever-changing nature. The only certainty is that executives should focus on creating more resilient organizations to navigate this historically volatile environment. Below, we detail our macroeconomic analysis and describe the key capabilities all companies need to strengthen their resilience.

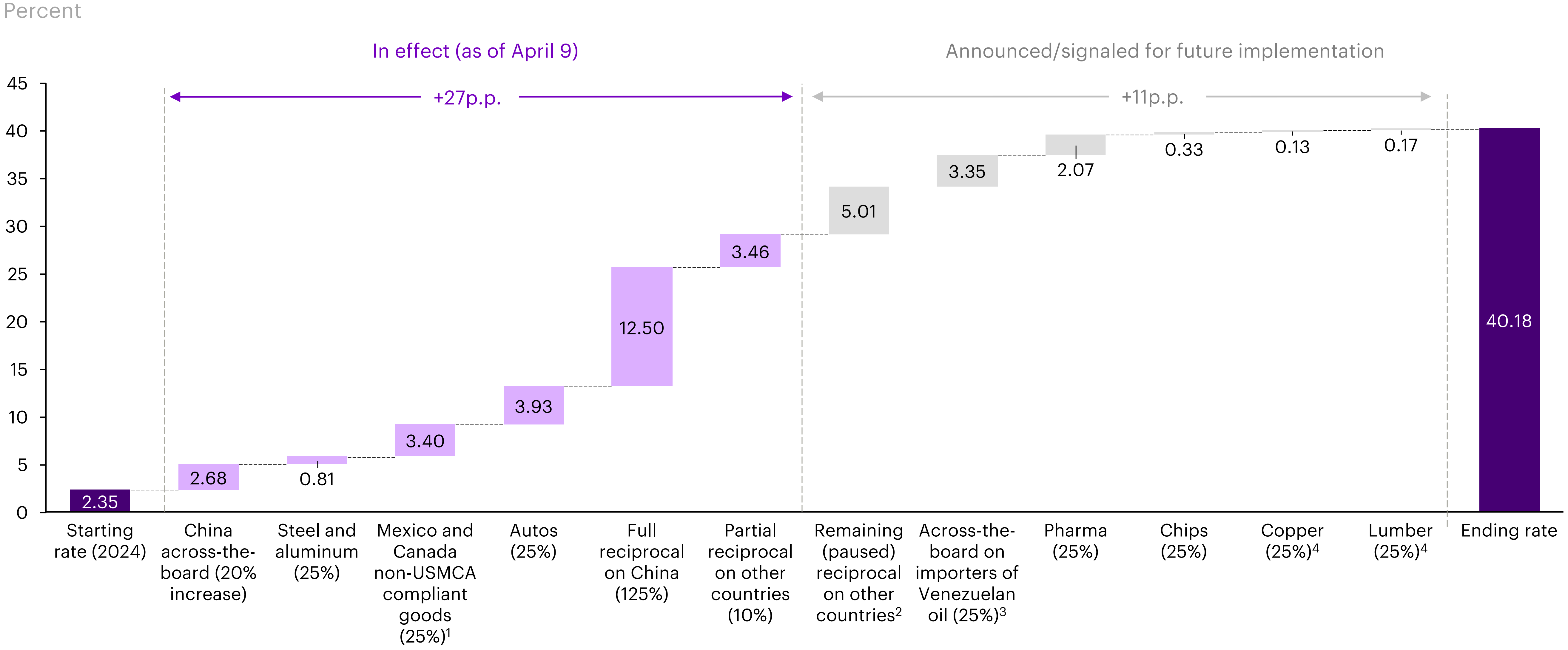


## Figure 1

**On the rise**

The effective U.S. tariff rate, 2024 to present

**Estimated impact of announced measures on overall U.S. effective tariff rate**




Note(s): 1/ Except for imports of energy resources (including critical minerals) and potash from Canada, which are subject to a 10% tariff; 2/ Paused for implementation until at least July 8, 2025. 3/ Includes China and Cuba, who are expected to continue importing Venezuelan oil after April 2; 4/ Prospective tariff rates on copper and lumber imports have not yet been signaled but are expected to be in line with the 25% for other products facing Section 232 tariffs.
Source(s): USITC, Haver, Accenture Strategy analysis

# The economic impact of tariffs

The economic impact of the new U.S. tariff regime is likely to be substantial. In the U.S., risks of a recession have risen considerably. Meanwhile, the additional cost imposed on the average U.S. household from higher tariffs could be around $2,000 per year.

How will the new U.S. tariff regime affect the global economy? Asia is particularly exposed to higher tariffs. Countries like Vietnam, India and Japan face the prospect of significant increases in the effective tariff rate on their exports to the U.S. (Figure 2), but China is far and away the most impacted and has been the primary target of U.S. tariffs. The EU is also facing a significant increase.

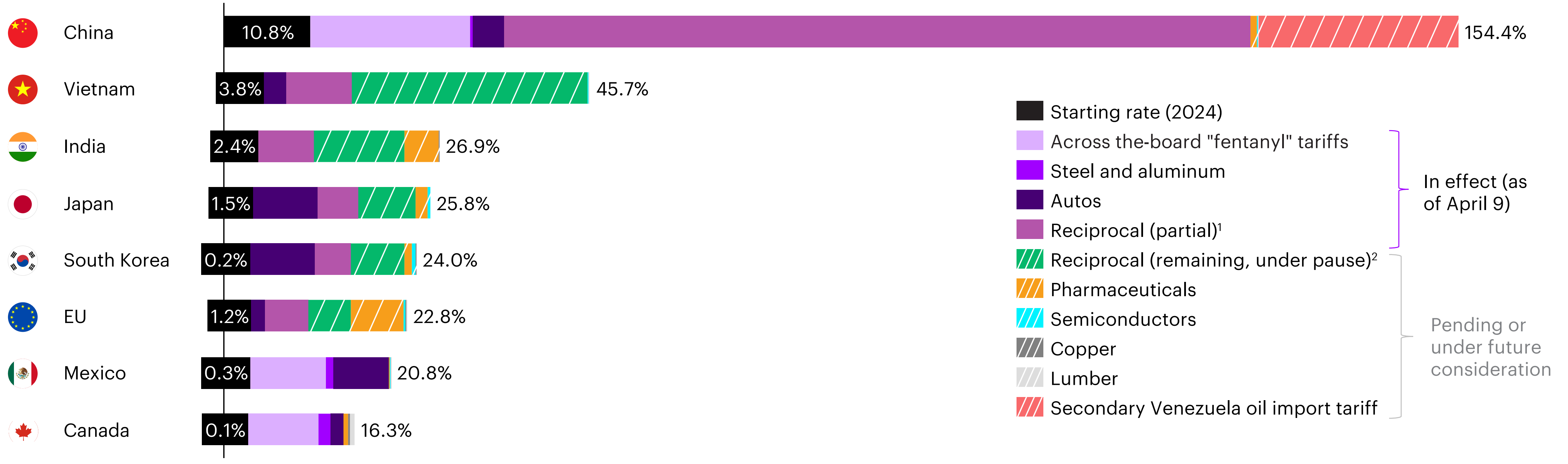
## Figure 2

### Uneven tariff exposure

Asia is more exposed to higher U.S. tariffs than are countries in the EU or North America

**Impact of tariff packages on average tariff rates imposed on key U.S. trading partners**

Percent




Note(s): 1/ Includes the full 125% reciprocal tariff on China, and the partial 10% tariff on all other countries (except Mexico and Canada); 2/ Includes the remaining portion of the individualized higher reciprocal tariffs on certain countries, implementation of which has been postponed until at least July 9.
Source(s): USITC, Haver, Accenture Strategy analysis

Another factor that will determine the global impact of the new U.S. tariff regime is the extent to which other countries retaliate by increasing their own tariffs. To date, only Canada and China have implemented retaliatory tariffs against the U.S. The EU signaled an intent to impose new tariffs but put them on hold in response to President Trump's 90-day pause.[2]

Decisions to retaliate will be influenced by the perceived costs and benefits. Figure 3 illustrates three significant variables that may affect countries' responses: the effective tariff rate increase they face under the new U.S. tariff regime; the share of goods they export to the U.S. as a percentage of their GDP; and their relative importance as a destination for U.S. exports (the larger the bubble in the chart, the greater the country's share of total U.S. exports, including services).

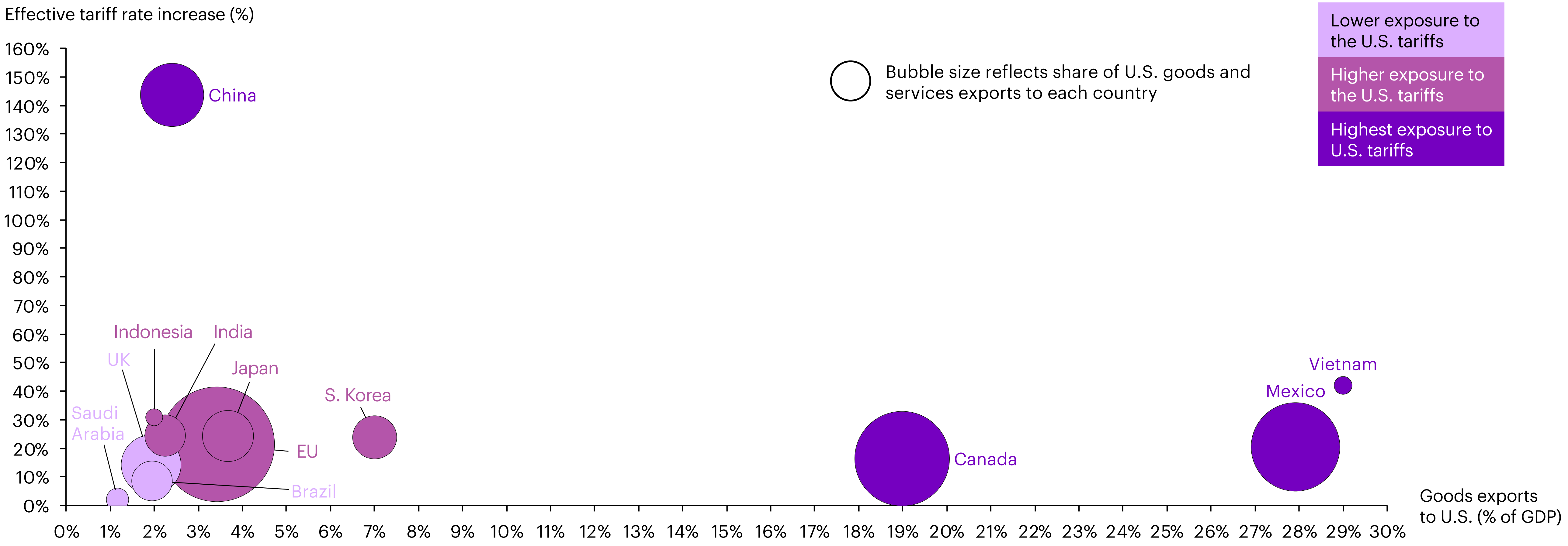
For instance, countries such as Vietnam, which face a large tariff increase and depend heavily on the U.S. as a market for their exports, may be reluctant to retaliate for fear that further U.S. tariff escalation could hurt their export competitiveness. In contrast, other countries such as the EU and Canada, which are important destinations for U.S. exports (both goods and services), may feel they have leverage in negotiations with the U.S. and thus be relatively more inclined to retaliate. The recent pause in the U.S.' reciprocal tariffs may also change certain countries' negotiation calculus.

Figure 3

## Global exposure

Some countries have more leverage than others to retaliate against U.S. tariffs

### Dimensions of country exposure to U.S. tariffs[1]




Note(s): Effective tariff rate shown includes all signaled future tariff packages, some of which have not yet been implemented. 1/The greater a country's dependence on U.S. exports for economic growth, the higher the tariff increase faced, and the smaller its share of U.S. exports, the more likely it is to make concessions rather than retaliate.
Source(s): U.S. Bureau of Economic Analysis, Haver Analytics, USITC, IMF, Accenture Strategy analysis

What about the impact of the new U.S. tariff regime on the U.S. economy itself? That depends very much on the duration of the current tariffs and the potential for them to change in the coming weeks and months. This will be a function not only of how strongly other countries retaliate, but also how the Trump administration prioritizes certain tariff-related strategic objectives, as well its tolerance for inflation and economic disruption. Though implementation of the higher reciprocal tariffs on all countries (except China) has been paused for now, some of these increases could still go into effect later depending on the outcomes of bilateral negotiations and shifts in the focus of the Trump Administration's objectives.

The interaction of these different variables could give rise to at least three broad future tariff scenarios. Given the high level of uncertainty at play and the frequent shifts in U.S. trade policies in recent weeks, these should be viewed as illustrative signposts along a continuum of possible outcomes.

In the first scenario, **"pragmatic de-escalation"**, reciprocal tariff reductions are negotiated for most countries, as well as possible exemptions from some of the product-specific tariffs. The first step of this process is already playing out with the April 9 pause of the higher reciprocal tariffs. In this scenario, the Administration may choose to maintain the minimum 10% universal tariff for two key reasons: (1) to preserve some support for the Administration's re-industrialization and fiscal revenue objectives; and (2) to limit the scope for tariff evasion via transshipment and other methods, something the Administration has consistently voiced as a concern. This scenario outcome, our analysis shows, could bring the U.S.' effective tariff rate back down to a range of 15-17% (compared to the estimated 29% at present).

In the second scenario, **"holding the line"**, certain trading partners are able to secure tariff reductions from the U.S. if they offer particularly large concessions. But for most others, the threatened higher reciprocal tariffs are ultimately re-instated. This could be the outcome of a hardline negotiating approach by the U.S. and a high bar for granting tariff relief. It could also reflect renewed prioritization of re-industrialization as the U.S.' main strategic objective, and the belief that this can only be meaningfully achieved if higher tariffs are ultimately implemented and maintained for an extended period. Under this scenario, additional product-level tariffs currently under consideration (such as semiconductors and pharmaceuticals) would also be implemented in support of re-industrialization and national security considerations. Collectively, this would keep the U.S. effective tariff in the vicinity of 30%.

In the third scenario, **"disorderly escalation"**, failed negotiations and/or significant retaliation by other countries would cause tariff rates to spiral higher, and the trade war could broaden to include restrictions on cross-border services, technology and investment. This outcome could push the U.S.' effective tariff rate north of 40% and also result in considerable and widespread increases in the tariff rates other countries charge on the U.S.

Each of these scenarios could create significant headwinds for the U.S. and global economy. Though "pragmatic de-escalation" would scale back the magnitude of the tariff shock, it would still leave U.S. tariffs at much higher levels than at the beginning of the year or at any point since the 1930s. This would renew price pressures at a time when recent disinflation momentum has already begun to stall and prolong the cost-of-living crisis for U.S. households. The resulting drag on GDP growth—both from the price pressures on consumer spending, and the dampening effect of high policy uncertainty on business capex—may not be large enough to trigger a U.S. recession. However, it could still push the U.S. economy into a state of low growth and high inflation, known as stagflation, and significantly curtail U.S. imports from countries most impacted by U.S. tariffs, weighing down their economies as well.

In the holding the line scenario, both the inflation impulse and growth drag from tariffs are likely to be amplified. Higher tariff rates on a broader range of products and countries will make it more likely that the one-off price increases generally associated with tariffs convert to more persistent inflation pressures due to second-round effects—such as rising consumer inflation expectations, anticipatory price hikes by companies, and rising wage demands by workers with eroded real incomes. Parallel policy initiatives such as immigration restrictions, or federal workforce reductions under DOGE, may further contribute to a weakening of demand. While there could be some growth offsets in the form of tax cuts and deregulation, these may not start to kick in until next year. The Federal Reserve may also be reluctant to step in with monetary stimulus as it tries to contain tariff-related inflation pressures. In this scenario, a U.S. recession becomes a significant risk.

Lastly, in the case of a disorderly escalation, the intensifying and increasingly unpredictable nature of the trade war is likely to create a vicious cycle of deteriorating business and consumer confidence, financial market volatility and supply chain disruptions. As U.S. recession would likely become unavoidable in this scenario, as would a broader global downturn, with spillovers to most markets and industries.

# Rapid response to drive resilience

As the preceding findings make clear, there is significant uncertainty about not only the future path of tariffs, but also their likely impact on both the global economy and on specific industries. To respond to fast-moving policy changes, companies should focus on fortifying their resilience to navigate in this environment; such measures should simultaneously secure the present, while creating a more competitive, profitable future. Here we draw on our research and client work to identify the four dimensions of resilience that enable enterprise resilience and are critical for every organization.

## Enterprise resilience

Strengthening enterprise resilience begins with rigorous insight into the spectrum of risks facing the company—both immediate and long-term. As economic fragmentation deepens and recession risks rise, executives should ask: How has the near-term and long-term outlook changed, and how might it affect our performance across business lines?

Scenario planning, for example, needs to be embedded at the enterprise level, taking into account both top- and bottom-line impact. The goal: move beyond merely reacting to change and toward proactively preparing for fundamental shifts in demand, financial conditions and global trade.

To help strengthen enterprise resilience, companies should do things like integrate automated economic signal monitoring and AI-powered scenario simulation directly into enterprise decision-making processes—thereby enabling faster, more proactive responses to emerging risks and opportunities. By leveraging AI, companies can quickly process market data, regulatory updates and geopolitical developments—and thus equip executives with the insight needed to make more rapid, informed decisions.

## 01

## Operational resilience

As tariffs and supply shocks ripple through global networks, the tradeoff between near-term management and longer-term capital investment is becoming sharper. Companies should therefore rethink how they manage their cost structure, network and logistics, as well as supplier relationships and sourcing strategies, and capital prioritization, in order to maximize profitability, cash flow and return on invested capital. In this environment, operational resilience is about agility and the determined pursuit of productivity gains.

Data-driven tools are essential to this effort. Digital twins, for example, can simulate disruptions across supply chains, stress-test scenarios and identify weak links before they turn into major problems. AI can be used to accelerate cost analysis—including cost-models, alternative-sourcing options and make vs. buy choices—and assess tariff impacts in real time. These insights allow supply-chain executives to shift resources proactively and mitigate margin headwinds through smarter operational choices.

Building operational resilience also requires rewiring end-to-end value chains for greater competitiveness. The companies that emerge stronger will do more than simply manage through disruption; they'll also reset their cost and productivity baselines by focusing on the capabilities that truly differentiate them. That means doubling down on areas where technology and talent can deliver the greatest strategic impact, while shedding complexity and inefficiency elsewhere.

## 02

## Commercial resilience

As costs rise and demand stays unpredictable, companies face a tough balancing act: protecting margins without pushing customers away. Indeed, with price sensitivity increasing, companies need to know what costs can realistically be passed on, as well as where value needs to be created or reinforced.

Building commercial resilience means acting not just to protect margins, but also to grow intelligently—even in down cycles. And as value pools shift rapidly, companies should ensure their innovation and marketing investments are aligned with emerging areas of opportunity. Success depends on the ability to anticipate changing customer priorities and strategically reallocate resources toward the segments and offerings where future growth and profitability are most likely to reside.

To support their efforts, companies would do well to deploy enterprise-grade, AI-powered pricing solutions that are both scalable and adaptable across the value chain. These systems integrate real-time data, predictive analytics and machine learning to dynamically adjust prices in response to shifts in input costs, competitive activity and customer-demand signals. AI can also be deployed to enhance visibility into promotional effectiveness, to track evolving customer sentiment and to uncover emerging value pools. When embedded within a broader, data-driven pricing strategy, AI allows organizations to respond with speed and precision—driving measurable impact even in highly volatile conditions.

03

## People resilience

People are at the heart of any resilient organization. But employee concerns about issues like inflation, job insecurity and labor market shifts challenge both morale and retention. Companies also need to plan for the workforce impact of reindustrialization, reshoring and restructuring—and support employees through it all.

The good news is that companies have a range of levers to build a more agile and resilient workforce. These include aligning workforce structure and location strategy with shifting value and profit pools, resizing the organization to support faster decision-making and simplified processes and embedding AI to augment workforce skills. When combined with digital platforms for upskilling and continuous learning, these actions can help companies adapt to disruption while empowering employees to grow with the business.

Meanwhile, real-time sentiment monitoring can be used to identify employee stress points and strengthen engagement. By surfacing emerging concerns early, companies can take targeted action to support employee well-being, productivity and trust. In short, cultivating people resilience involves empowering employees to thrive as conditions change in unpredictable ways.

04

## Technology resilience

Geopolitical risk, trade friction and talent shortages are putting new pressure on enterprise technology infrastructure. As a result, when fostering technology resilience, the pursuit of “dynamic adaptability” is now just as important as the quest for reliability: Can systems support margin defense? Can they scale securely under strain?

AI should play a central role in this transformation—not just through automation, but through the focused deployment of technology and talent against the most critical opportunities and risks that a company faces. This requires organizing cross-functional teams to align AI capabilities with strategic priorities, from adjusting logistics and procurement strategies in response to trade shifts to optimizing pricing and workforce deployment in real time.

Cybersecurity, too, requires targeted talent and resources, with organizations continuously reassessing risk exposure and digital defense as global tensions rise. Building technology resilience today is about more than keeping systems running—it’s about concentrating capability where it matters most, so core operations remain secure, adaptive and strategically aligned.

# Ready for resilience

As the new tariff regime reshapes the global business landscape, resilience should be at the top of every executive's agenda. By focusing on the four capabilities described above, companies will greatly strengthen their resilience—and, in so doing, turn it into a competitive edge. That's a welcome bit of certainty in an uncertain world.

# References


1. United States, Executive Office of the President. Executive Order 14,257 (amended): Modifying Reciprocal Tariff Rates to Reflect Trading Partner Retaliation and Alignment. 10 Apr. 2025. White House, https://www.whitehouse.gov/presidential-actions/2025/04/modifying-reciprocal-tariff-rates-to-reflect-trading-partner-retaliation-and-alignment.

2. Miao, Hannah. "China raises retaliatory rates on U.S. goods to 84%." The Wall Street Journal, April 9, 2025.

## About Accenture

Accenture is a leading global professional services company that helps the world's leading businesses, governments and other organizations build their digital core, optimize their operations, accelerate revenue growth and enhance citizen services—creating tangible value at speed and scale. We are a talent- and innovation-led company with approximately 799,000 people serving clients in more than 120 countries. Technology is at the core of change today, and we are one of the world's leaders in helping drive that change, with strong ecosystem relationships. We combine our strength in technology and leadership in cloud, data and AI with unmatched industry experience, functional expertise and global delivery capability. Our broad range of services, solutions and assets across Strategy & Consulting, Technology, Operations, Industry X and Song, together with our culture of shared success and commitment to creating 360° value, enable us to help our clients reinvent and build trusted, lasting relationships. We measure our success by the 360° value we create for our clients, each other, our shareholders, partners and communities.

Visit us at **www.accenture.com**