

## 5. Tariffs, Trade Wars, and Australian Businesses: Navigating Procurement in 2025

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The global trade environment is increasingly volatile, with tariffs, trade wars, and shifting geopolitical alliances affecting international supply chains. For Australian businesses, this presents both challenges and opportunities. Procurement professionals must navigate a complex landscape where changes in tariffs, duties, and trade agreements can significantly impact costs and operational efficiency.

This article examines the effect of the ongoing global trade tariff wars on Australian businesses and how procurement professionals can respond effectively.

### **The Impact of Global Tariffs**

The imposition of tariffs, particularly on Chinese goods, has created significant price increases for key industrial components and consumer products. Australian businesses that rely on imports are facing higher costs for raw materials, machinery, and finished goods. Procurement teams must work closely with suppliers to manage price increases and explore alternative sourcing options to mitigate the impact of tariffs.

### **Diversification and Risk Mitigation Strategies**

One of the best ways to mitigate the impact of global trade tensions is through **supplier diversification**. By broadening the supplier base across different regions, procurement professionals can reduce dependence on any single market, thus protecting their supply chain from disruptions. Additionally, establishing strategic partnerships with alternative suppliers in regions such as Southeast Asia and Europe can help ensure continuity and flexibility.

### **Compliance and Regulatory Considerations**

In addition to navigating tariffs, procurement professionals must also stay informed about new trade regulations, export controls, and customs compliance requirements. Changes in international trade agreements, such as the **Regional Comprehensive Economic Partnership (RCEP)** and the **Australia-UK Free Trade Agreement**, may offer new opportunities for Australian businesses to access lower-cost goods or expand their supplier network.

### **Conclusion**

The global trade tariff wars are reshaping the way Australian businesses approach procurement. By diversifying suppliers, staying abreast of regulatory changes, and implementing effective risk mitigation strategies, procurement professionals can help their organizations navigate the complexities of international trade and continue to thrive in a challenging environment.