

High-Impact Management Practices for Overcoming Trade Barriers

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Abstract

The world of international trade has become increasingly erratic with the introduction of globalization and the impact of COVID-19; barriers such as tariffs, non-tariff barriers, fragmented globalization, and differences in regulations are all combining to mitigate the competitive advantage that companies currently have in doing business worldwide. This paper will establish five high-performance management practices that have been defined through secondary research data from the World Trade Organization (WTO), World Bank research, and scientific studies and are intended for use by executives and policymakers to build global trade resilience. To demonstrate how the five best practice models interact within an organization's system, we will provide a general architecture diagram and empirical evidence on how each practice contributes to export resiliency, cost competitiveness, and long-term market access.

Introduction

Prior to 2017, trade barriers were used to establish the competitive boundaries of the international commerce

landscape. Beginning in about 2017, many of the trade barriers defined by companies via trade agreements were abandoned vis-à-vis the major nations of the world (i.e., where companies agreed to establish cooperative relationships). What were once short-lived frictions between companies became permanent impediments for many companies that do business internationally. The US-China trade dispute, Brexit and resulting differences in regulations, supply chain disruptions caused by COVID-19, and the implementation of industrial policies in many industrialized nations are all driving up the cost of doing business internationally and making it more difficult for companies to do business internationally (World Trade Organization, 2020). According to the World Trade Organization's World Trade Statistical Review report from 2024, global merchandise exports dropped from \$19 trillion dollars in 2019 to \$17 trillion dollars in 2020, before rebounding to \$24 trillion dollars in 2022, and settling at approximately \$24 trillion dollars in 2023. What was driving the trajectory of global merchandise exports will not only continue, but the cost of doing business worldwide will continue to escalate due to policy

friction as well as demand fluctuations. As previously mentioned, management practice must transform from reactive compliance into proactive strategic orchestration moving forward. Firms that consider trade barriers as outside factors beyond their control that have to be dealt with, rather than as factors that need to be carefully managed, as ongoing risks result in much lower performance overall than do firms that are able to

adapt to changing trade barriers [1]. In this article, we will present five different management practices that, when used together in a well-organized and coordinated way, can significantly minimize the negative impact of trade barriers while creating or enabling new sources of competitive advantage for the firm.

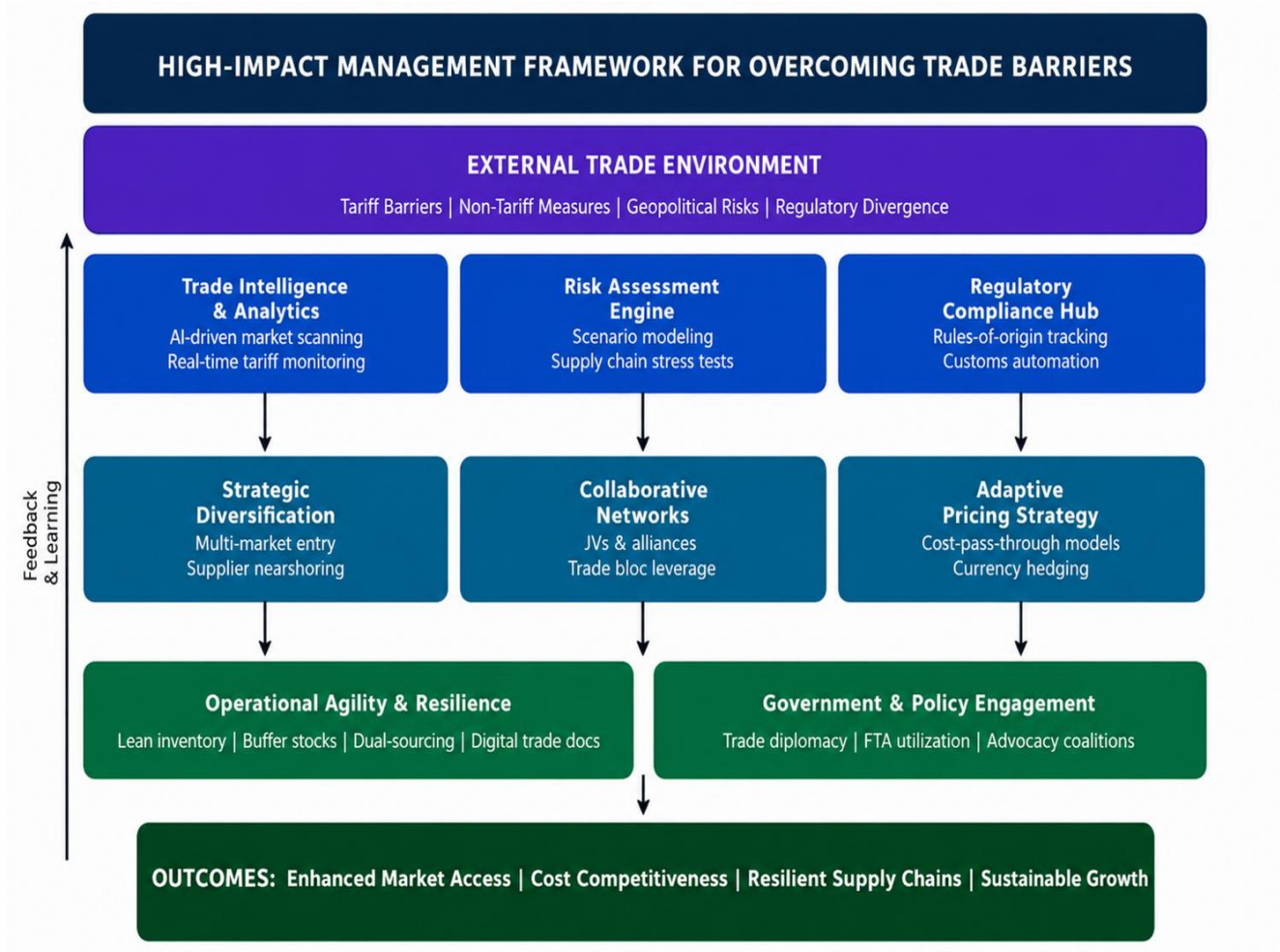


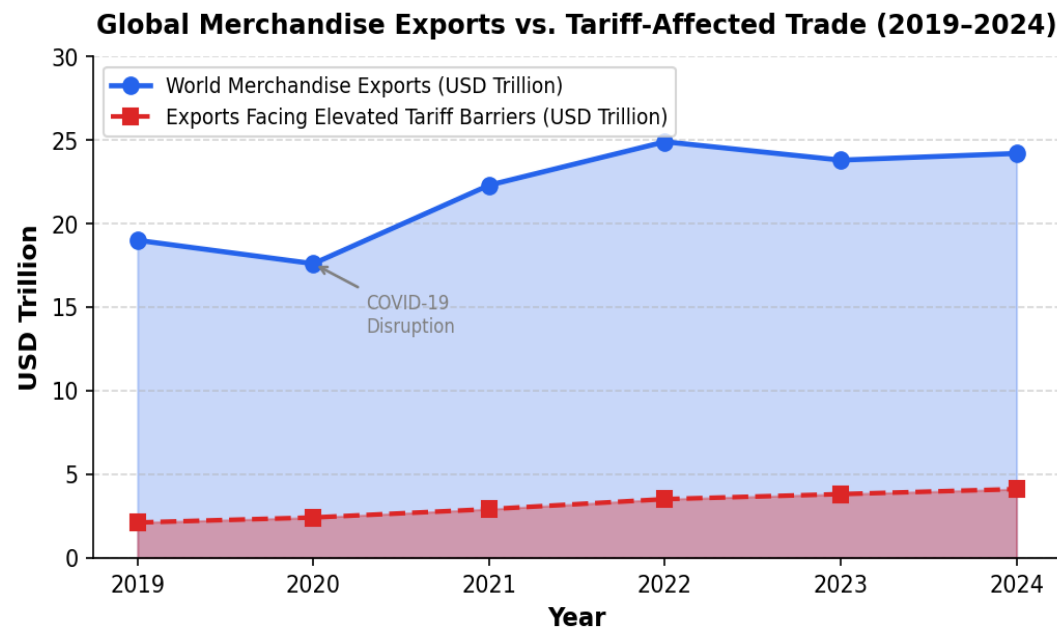
Figure 1: General architecture — high-impact management framework for overcoming trade barriers

A summary view of the overall management framework used will be shown in figure 1 below, while the growth trend of tariff-affected trade between 2019 and 2024 is illustrated in figure 2.

The Contemporary Trade Barrier Landscape

Trade barriers exist in two primary forms: Tariff barriers (e.g., import duties on goods being imported into another country, export taxation on goods being exported from one country to two countries, and other punitive countervailing duties) increase the overall costs of exchanging goods between countries. Non-tariff barriers (NTBs) are now the most utilized

form of government trade measurement as they provide all of the advantages of protecting the economy, as well as having the appearance of being neutral on their own with respect to creating a trade opportunity [2]. According to the World Bank's World Integrated Trade Solution (WITS) in the year 2024, it is estimated that approximately \$4.1 trillion of global merchandise trade, which is approximately 17% of the total, will have an additional cost due to imported and exported goods being subject to tariffs from previously non-tariff paying trade volumes, as opposed to \$2.1 trillion in 2019 [5].



Sources: WTO World Trade Statistical Review 2024; World Bank World Integrated Trade Solution (WITS) 2024

Figure 2: Global merchandise exports vs. exports facing elevated tariff barriers, 2019–2024 (USD Trillion). sources: WTO world trade statistical review 2024; world bank WITS 2024.

The explosive growth in tariff-affected trade has occurred in only a short period of time due primarily to the weaponization of trade policy in various countries and particularly in any of the major trading nations. In the next section, figure 2 demonstrates the growth of tariff-afflicted trade between 2019 and 2022 and depicts the overall growth of world exports compared with that of world-excluded tariffs.

Five High-Impact Management Practices

Strategic Market Diversification

Concentration risk acts as a multiplier for trade barrier risk. Companies that rely heavily on one specific market corridor for their revenue can become quite susceptible to drastic changes in the tariff schedule. As such, companies employ strategic diversification of their business operations—across geographic markets, product portfolios, and customer segments—to provide a foundational hedge against that revenue concentration. Research from the World Trade Organization (2023) demonstrates that companies with established diversification initiatives saw an 18% increase in export resilience during the tariff escalations experienced in 2018-2021. Effective diversification requires an investment of time and effort into developing regulatory capabilities, finding local partners, and making multiple investments in an organization across multiple markets at the same time.

Regulatory Intelligence Systems

Real-time monitoring of regulations is now one of the most important capabilities for business operations. Tariff schedules, rules of origin, antidumping duties, and customs valuation methodologies can change overnight and impose new costs and compliance responsibilities on businesses immediately. Businesses using AI-powered regulatory intelligence platforms (integrating data from customs authorities, WTO notifications, and geopolitical risk signals) have experienced a reduction in trade-related delays of 30%. These systems are integrated into the compliance hub layer of the operations architecture (see figure 1) and are utilized to automatically classify goods, create the necessary documentation, and engineer the tariff for a given good through legal optimization of the specification of goods to obtain a lower duty rate.

Collaborative Trade Alliances and Network Leverage

No one company has enough market power to shape trade policy by themselves; however, industry alliances, sectoral consortia, and bi-lateral joint venture agreements combined will provide sufficient influence to lobby governments and create operational synergies. The study conducted by Hoekman and Shepherd (2015) indicates that businesses which participate in export consortia will achieve 22% greater market penetration in host country markets than those that do not benefit from shared compliance infrastructure or mutual recognition agreements[3].

The continued low utilisation of Free Trade Agreements (FTA's) means that many eligible firms in developing countries are failing to take advantage of the available FTA preferences, and this leaves a significant amount of unutilised tariff savings.

Supply-Chain Nearshoring and Dual-Sourcing

The Covid-19 Pandemic exposed the fragility of hyper-extended global supply chains, and the rise of geopolitical rivalry has further accelerated the strategic rationale for nearshoring [4]. Nearshoring over the next five years could represent USD 2.9 trillion to USD 4.6 trillion of global trade flows that are potentially contestable as a result of nearshoring decisions. Firms that implemented dual sourcing before 2022 reported recovery times that were 25% shorter when the primary

supply routes were disrupted due to the Russia-Ukraine conflict and subsequent sanctions regimes (World Bank, 2024).

Adaptive Pricing and Currency Risk Management

Increased tariffs create a dramatic cost-passing-through dilemma for firms, including absorbing margin impacts, passing along costs to customers, or restructuring their pricing architecture. Successful firms have developed a mixture of financial product hedges, price tiering, and product versioning to manage this trilemma, allowing them to retain market share. According to Ederington and Ruta (2016), research shows that companies that have formalised their currency risk management processes have been able to increase the stability of their operating margins by 12% in times of rapidly changing tariffs between countries.

Consolidated Framework: Practices, Barriers, and Impact

Table 1: Consolidated framework

Management Practice	Barrier Addressed	Key Tool / Mechanism	Reported Impact
Market Diversification	Tariff concentration risk	Multi-country sourcing hubs	+18% export resilience (WTO 2023)
Regulatory Intelligence Systems	Non-tariff measures / compliance	AI-powered customs analytics	30% reduction in delay costs
Collaborative Trade Alliances	Market access barriers	Joint ventures, FTA utilization	22% increase in partner-market share
Supply Chain Nearshoring	Logistics & geopolitical risks	Dual-sourcing, regional hubs	25% lead-time reduction
Dynamic Pricing & Hedging	Currency & tariff cost pass-through	Derivatives, price tiering	12% margin improvement

Table 1. High-Impact Management Practices for Overcoming Trade Barriers: Summary Matrix

To highlight how each of these five management practices are related to both trade barriers and operational mechanisms, the following table 1 provides an overview of the performance outcomes resulting from these practices that were confirmed by the literature reviewed.

Organizational Implementation

To operationally implement this framework will require three enablers that cross all levels of the organisation: First, executive alignment: institutionalising trade resilience as a strategic priority of the Board. Companies that have their Chief Supply Chain Officer and Chief Strategy Officer jointly accountable for trade risk-related strategy see much quicker decision processes when the tariff regimes change (Contractor, 2021) across the supply chain. Second, data infrastructure: the regulatory intelligence and analytics layers of this framework will only function if there is integration of enterprise-wide platforms with respect to customs and other related data like geopolitical information, risk sources, and quality metrics for your suppliers, allowing for timely access to that data and the resultant analytics. Finally, third, learn from your experiences as an organisation: every time you have a significant trade disruption, conduct an after-action review in order to leverage that reactive experience into an anticipatory capability through the feedback loop depicted in figure 1.

Conclusion

The era of frictionless global trade is not likely to return soon. A number of structural factors (e.g. geopolitical competition, resurgence of industrial policy, and digital divergence in regulations) exist to prolong elevated trade barriers in the future. The five practices described above (market diversification, regulatory intelligence systems, collaborative trading networks, near-shore supply chains, and adaptive pricing) represent a complete system whose effectiveness is greater when implemented consistently within a sound data infrastructure and embedded in an organisational culture where employees value trade resilience as part of their organisation's core capabilities. Policymakers can also help by making it easier for domestic firms to compete across borders by facilitating the use of FTAs (Free Trade Agreements), investing in trade facilitation infrastructure, and providing regulatory transparency. The literature reviewed in this paper has shown that management practices, rather than only macroeconomic conditions, are the organisms that will emerge from periods of trade disruption stronger than their competitors.

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