In collaboration with PwC

Trade Compliance for Leadership: Navigating a Shifting Global Landscape

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Foreword

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Boards and executive leadership must ensure that international trade management functions are adequately resourced, enabled to coordinate across departments and positioned to inform strategic decisions in the face of a rapidly transforming trade landscape. As global trade is changing non-compliance with trade rules could risk disrupting trade flows worth hundreds of billions of dollars.

For companies involved in global commerce in some form, whether active across markets or with worldwide suppliers, international trade management can no longer be treated as a back-office function. It is now a strategic requirement that is essential for ensuring business continuity, managing risk and maintaining competitiveness in a more volatile world.

Companies can adapt to the current trade landscape by investing in resilient trade functions, improving internal collaboration and exploring tooling and technology to meet trade obligations and mitigate risks. Those that fail to act risk falling behind, facing product delays, penalties or even exclusion from key markets.

This white paper draws on insights from leading global companies through the World Economic Forum's Trade Compliance Practitioners Group and from interviews and workshops with PwC trade compliance professionals. It offers a timely, practical guide for navigating today's trade context. Goods and capital moving across borders need to comply with market requirements. This type of responsible trade is vital for efficient and fair economic growth.

Executive summary

The global trade landscape is undergoing a fundamental transformation, driven by geopolitical shifts, evolving regulatory frameworks and rapid technological change. Corporate trade functions must adapt at pace and take on a re-expanded scope.

Companies face growing complexity in managing international trade. Trade flows worth hundreds of billions of dollars are now affected or at risk due to non-compliance with emerging market entry requirements. In this environment, international trade management has become a strategic imperative as companies must reassess sourcing strategies, improve data visibility and build internal capacity.

This white paper provides a practical guide for navigating today's trade challenges. It draws on insights from leading global companies through the World Economic Forum's Trade Compliance Practitioners Group and PwC specialists, based on interviews and workshops conducted between October 2024 and June 2025.

The paper identifies four key challenges reshaping international trade management:

1. **Geopolitical volatility** has led to tariff changes, expanded export controls and fragmented sanction regimes. Companies must reassess sourcing strategies, improve data visibility and build internal capacity to manage risk.

2. **Sustainability regulations** such as the EU's Corporate Sustainability Reporting Directive (CSRD), Carbon Border Adjustment Mechanism (CBAM), the EU Deforestation Regulation (EUDR) or the US Uyghur Forced Labour Prevention Act (UFLPA) require companies to collect new types of data for border clearance and ensure compliance across complex supply chains.

3. **Regulatory complexity** is increasing, with frequent updates to customs rules, export licensing regimes and enforcement practices.

4. **Technology and data** demands are rising. While digital tools offer opportunities for automation and insight, fragmented systems and inconsistent data remain major barriers.

FIGURE 1 | **Possible actions for companies**

Assess exposure

Evaluate exposure to shifts in the international trade landscape. This includes developing tools to assess vulnerability to geopolitical developments, regulatory changes, sustainability-related obligations and evolving technology requirements from customs authorities.

Improve internal collaboration

Embed international trade management across functions – such as legal, government affairs, sustainability, procurement and IT – to ensure that compliance risks are identified early and managed effectively.

Benchmark maturity

Assess your trade maturity to be at a minimalist, evolving, optimizing or leading stage, which helps define realistic goals and prioritize investments in people, processes and systems.

As part of this assessment, evaluate what task to manage internally and where external support can fill gaps. Choosing the right partners (e.g. brokers, expert advisers or tech providers) is crucial to effective trade compliance.

Explore tooling and technology

Explore the tools and technologies available to support compliance and risk mitigation for international trade and use the key considerations in their procurement process.

Whether by automating foundational tasks, centralizing data or adopting AI-enhanced tools, technology can help shift trade compliance from a reactive function to a proactive enabler of business continuity and strategic decision-making.

Source: World Economic Forum

To address these challenges, the paper outlines corporate good practices for trade compliance. Although there is no single path forward, the following common actions can help companies at the earlier stage of their international trade management journey to build a more resilient and future-ready trade function (Figure 1).

The paper also calls for stronger public–private dialogue. Trade professionals must be engaged earlier in policy development to ensure that new regulations are practical, consistent and implementable.

Ultimately, the paper highlights that international trade management is no longer a back-office function; it is a strategic enabler of business continuity, resilience and competitiveness. Companies that invest in maturing their trade capabilities today will be better positioned to navigate tomorrow's trade realities.

Introduction

International trade is undergoing a profound transformation, introducing new layers of complexity and uncertainty for companies. Conversely, successful trade compliance could also bring a competitive advantage.

As a direct result of the changing trade landscape, companies operating international supply chains must now navigate a multifaceted landscape of trade laws and regulations. The stakes can be high: trade compliance mitigates the risks of penalties and reputational damage, safeguards business continuity, avoids supply chain disruption and serves as a competitive advantage.

How a company experiences and responds to new trade considerations depends on how developed its international trade management function is and its risk appetite – which in turn is typically reflected by the overall compliance culture. For some, changes may be relatively easy to manage or less impactful, while others may need to fundamentally rethink the structure of international trade management. A company's geographic footprint and its industry are also relevant factors.

Most new trade requirements are linked to shifts in the tone and direction of trade policy in major jurisdictions. After decades of reducing trade barriers, many countries are now introducing new restrictions, in response to shifting economic priorities. Companies need to deal with the possibility that stable, low tariff rates may rise unexpectedly. Further, bilateral deal-making is taking precedence over multilateral arrangements, creating a more diverse set of trade rules.

International trade requirements have also expanded beyond the traditional question of what is being traded to encompass how products are made. New requirements related to sustainability and labour standards – such as carbon border taxes and supply chain due diligence obligations – are becoming part of customs documentation. At the same time, technology and data analytics are transforming how companies manage risk and compliance, enabling more sophisticated risk assessment and real-time monitoring. However, technology equally introduces fresh challenges in terms of data availability and system coherence.

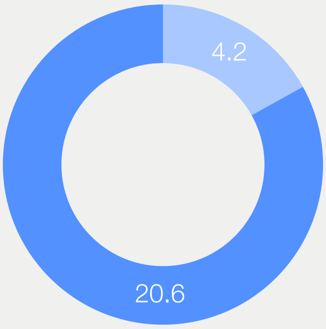
The trade compliance function is very different now from what was needed one or two decades ago. Where this was commonly referred to as "trade compliance" in the past – and reflected in the title of this white paper – the evolution and added responsibilities of the function are better represented by now referring to it as international trade management.

This paper offers a practical guide to navigating this fast-moving landscape. It identifies the most pressing challenges that international trade management professionals face today and highlights corporate practices that can help companies respond effectively. It also explores how companies can engage more proactively with policy-makers to ensure effective regulations.

To inform the insights in the paper, the World Economic Forum in collaboration with trade compliance professionals from PwC convened the Trade Compliance Practitioners, a diverse group of leading companies from various regions engaged in international trade. Six meetings were organized over the course of October 2024 to June 2025 and in-depth interviews conducted from January to June 2025.

FIGURE 2 | Trade flows affected or at risk of non-compliance

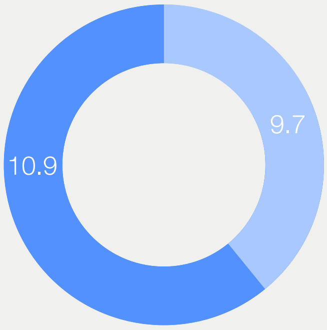
Value of global trade in $ trillion



The total value of global trade in goods was approximately $24.8 trillion in 2024, of which $4.2 trillion came from intra-EU trade. This means that a total of **$20.6 trillion comprised all other international trade**.

Intra-EU trade
All other international trade

Relevant trade lanes in $ trillion



A combination of relevant trade lanes representing flows of goods with G20 economies top trade partners could be impacted by the changing trade landscape. These lanes amount to a value of over **$9.7** trillion facing increasing trade compliance complexity and risk mitigation.

Relevant trade lanes
Other trade

Consequences of non-compliance include:

Not being able to substantiate origin and claim a lower duty rate may lead to reassessment of customs or anti-dumping duties over the value of goods.

Non-compliance with the US UFLPA may result in fines up to the value of the goods and reputational damage, as well as the seizure of goods or blocking of imports.

US authorities have issued fines of up to hundreds of millions of dollars for non-compliance with sanctions or export controls.

Non-compliance with the EUDR may result in fines of up to 4% of annual EU turnover, as well as supply chain disruptions due to seizures or blocked imports and exports.

Trade flows affected or at risk of non-compliance

$9.7 trillion

Value of relevant trade lanes at risk

Considering the **$9.7 trillion** in value represented by the relevant trade lanes and the increasing complexity of international trade, a conservative estimate would be that trade flows worth **hundreds of billions** are affected or **at risk of non-compliance**.

Costs related to infractions would result from the wide-ranging consequences of non-compliance, including penalties, supply chain disruptions, delays or reputational damage.

Relevant trade lanes	Trade value in $ billion
EU–US	1,019
EU–China	916
China–South-East Asia	891
US–Mexico	762
US–Canada	696
US–China	636
EU–UK	514
US–South-East Asia	506
EU–Switzerland	356
EU–South-East Asia	332
China–Japan	331
China–Korea	330
US–Japan	237
China–Australia	225
EU–Türkiye	224
US–Korea	208
China–Brazil	191
EU–sub-Saharan Africa	172
US–UK	162
EU–Japan	161
EU–Korea	145
EU–India	139
US–India	132
China–Saudi Arabia	115
EU–Brazil	101
US–Brazil	87
EU–UAE	78
US–sub-Saharan Africa	50
US–UAE	45
China–Argentina	19
Total	**9,780**

Note: Trade value for the trade lanes is constructed as the sum of bilateral imports of goods of both countries.
Source: UNCTAD trade matrix data for 2024 (last updated 1 July 2025) and UNCTAD key statistics report[1]

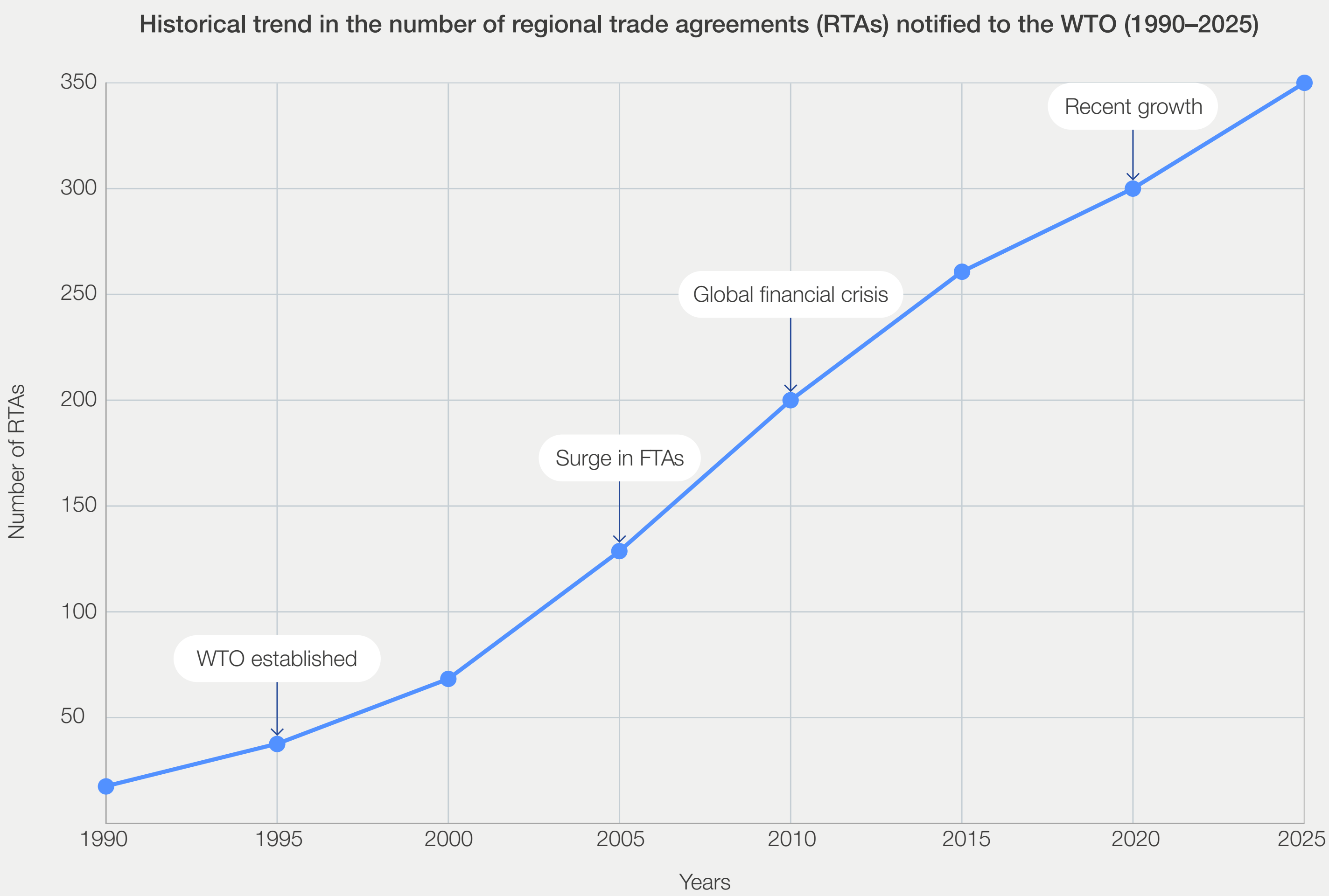
1 The evolution of trade compliance

Trade compliance has evolved from being WTO-led to a landscape ever more shaped by FTAs, geopolitical tensions and new regulatory demands.

Modern trade compliance obligations have their roots in the World Trade Organisation (WTO), which succeeded the General Agreement on Tariffs and Trade (GATT). The GATT was a provisional agreement focused primarily on reducing tariffs and other trade barriers for goods, operating without a formal institutional framework. The establishment of the WTO institutionalized a multilateral framework for trade, grounded in principles such as Most Favoured Nation (MFN) treatment and national treatment. These principles aim to ensure non-discrimination among trading partners and equal treatment of foreign and domestic goods.

As global trade expanded under the WTO framework and economic globalization led to a broad rollback of tariffs in 1990–2000s, the multilateral era brought a degree of predictability for trade compliance. Economies' tariff schedules were bound and published, dispute resolution mechanisms were formalized and border procedure methodologies were outlined through compacts such as the Trade Facilitation Agreement (TFA). Trade professionals largely focused on ensuring that goods were correctly classified, valued and documented in accordance with WTO rules and national customs laws, as well as monitoring compliance with a limited number of sanctions and export controls.

FIGURE 3 **Historical trend in the number of free trade agreements notified to the WTO**



Source: WTO Regional Trade Agreements Database

However, as multilateral negotiations under the WTO eventually slowed, countries turned to bilateral and regional free trade agreements (FTAs) to advance their trade agendas. FTAs surged from a few dozen in the early 1990s to more than 300 FTAs notified to the WTO today. Early agreements focused primarily on tariff reductions and market access. Modern FTAs expanded to include provisions on services, intellectual property, investment, labour standards and regulatory cooperation.

FTA growth introduced both opportunities and complexity for trade compliance. Preferential tariff rates under FTAs could reduce costs, but only if companies were able to demonstrate compliance with rules of origin. Although some companies chose not to avail themselves of the preferences, trade professionals moved to tracking origin documentation, supplier declarations and regional content thresholds to ensure that the benefits of preferential tariff rates could be claimed.

At this point, trade professionals also started to take on strategic roles, advising on cost optimization and supply chain planning. At the same time, a great deal of trade professionals' time and resources remained focused on traditional compliance, dealing with audits of border authorities and inconsistent border practices. The function's operational origins also meant that it often remained housed within logistics or supply chain departments. Many companies chose to outsource trade compliance responsibilities to customs brokers or third-party logistics providers, integrating compliance into broader logistics services such as warehousing or transportation.

The past 10 years have changed the trade landscape again. Major developments include:

- **The rise of trade tensions** between nations has disrupted global supply chains, while changes to the membership of the EU has resulted in new border procedures.
- **The COVID-19 pandemic** caused global supply chain disruptions as lockdowns and port closures led to severe delays and shortages. Supply chains shifted towards resilience and nearshoring.
- **A new wave of sanctions and export controls** has arisen because of military conflicts and at the same time there is an expansion of export controls on dual-use technologies – especially for semiconductors – in response to strategic competition between nations.
- **Supply chain sustainability regulations**, such as the EU's CBAM, the EUDR or the US UFLPA, have brought new types of obligations.
- **New technology and digitalization** play an increasingly vital role for international trade and trade compliance, with governments demanding more data and real-time reporting.
- **Economic policy developments** such as the large number of tariffs in 2025 have further reshaped trade considerations.
- **The increase in bilateral deals** has raised compliance efforts. Even as the WTO estimates that 74% of global trade takes place under MFN terms,[2] bilateral arrangements may motivate further demonstration of product origin, and use of preferential terms.

The degree and nature of the impact of these changes will vary depending on a company's industry, supply chain structure and geographic footprint. A company's exposure to volatile tariffs, sustainability regulations or export controls is not uniform – it is shaped by where it sources, manufactures and ships its products.

BOX 1

Trade uncertainty impact on company archetypes

A **company manufacturing in Asia** whose products will be imported into the EU will not be directly affected by changes in US tariffs, but it may be impacted by the introduction of supply chain sustainability regulations in the EU and the need to meet new standards in its production process. Even if this company will not import the products itself into the EU and is only a supplier, it will have to provide sustainability data or other detailed information to ensure that its customer can import its products into the EU.

A **US-based electronics firm** exporting to China may face heightened export control scrutiny and sanctions risks, whereas developments on EU sustainability rules are not relevant.

A **manufacturer in Mexico** exporting to both the US and EU must manage origin documentation to ensure its products can benefit from preferential duty rates that follow from trade agreements. Different origin rules and requirements apply for the agreement between Mexico and the US compared to Mexico and the EU. At the same time, this manufacturer must also be prepared to provide additional information that its EU customers may need to comply with EU sustainability disclosures.

A **logistics service provider** handling cross-border shipments for its customers may need to invest in digital systems to meet real-time reporting requirements from customs authorities, even though it is not the importer of record.

Today, companies must have visibility in their end-to-end value chain and be able to rapidly communicate insights to the C-suite for strategic decision-making. Companies are dependent on accurate data, not only from within, but also from suppliers and their suppliers as well as on customers and their customers. Further, companies need to better integrate trade management into their organizational framework.

Professionals working in international trade management must have multidisciplinary skills – combining legal acumen, geopolitical awareness, technological fluency and strategic foresight – to navigate a world in which trade rules are not necessarily stable, where compliance may be a moving target and where the cost of failure is higher than ever.

2 Considerations for managing international trade today

This section explores the current trade compliance challenges and opportunities for companies.

FIGURE 4 **Key themes presenting challenges and opportunities**

Source: World Economic Forum

2.1 Geopolitical developments

Volatile tariff regimes, expanded export controls and sanctions put pressure on the skills, capacity and available data for the international trade management function.

The shift from a relatively stable multilateral trading system to more volatile trade policy requires trade professionals to reacquaint themselves with tariff analysis. An interviewee described their current state of play as being "swamped with scenario analysis", trying to anticipate the price implications of shifting production in response to new tariffs. As a logistics service provider, one interviewee indicated that enquiries for support on tariff and customs issues from their customers increased by 1,000% during May 2025.

International trade management professionals may also be caught between immediate operational demands – such as providing insights to leadership and ensuring supply chain continuity – and the longer-term task of reassessing supply chains and identifying mitigation strategies. Many interviewees noted that it is difficult to find the right professionals with skills for both operational execution and strategic foresight.

Interviewees also noted data shortcomings for assessing the impact of tariff changes. Trade and supply chain data may be fragmented across company systems. Many companies rely on customs brokers to manage import and export processes. While this can improve efficiency, it often creates blind spots when there are no clear agreements on data collection and sharing.

Equally, companies may simply not yet have collected the right data. For example, under the potential new US tariff regime, companies may need to demonstrate product origin. However, accurately establishing product origin requires setting up supply chain visibility, including at production and component stages. Interviewees noted that such data could be established but it would take time – especially for companies that were used to relatively low-duty exposure and had a small trade compliance footprint.

Export controls and sanctions have also risen in the past decade as a result of geopolitical developments. Trade functions are now required to navigate a growing web of restrictions targeting dual-use goods, sensitive technologies, critical raw materials and specific jurisdictions, with the added complexity that some sanction regulations go beyond Tier 1 suppliers and that export controls may also affect foreign investment regimes. The US Committee on Foreign Investment in the United States, for example, considers export restrictions to assess foreign investments in US businesses. Trade teams need to undertake customer screening, provide internal control evidence and keep pace with fast-changing legislation. The fragmentation of global sanction regimes means that compliance and risk mitigation is not only about adhering to one set of rules but managing overlapping and sometimes conflicting requirements across jurisdictions. Export controls and sanctions are often treated as distinct domains, and few professionals are equipped to handle both.

Risks and opportunities

The risks of failing to adapt a company's trade strategy to geopolitical shifts include overpaying on duties, misclassifying the origin or tariff classification of goods, competitive disadvantage and product delays. For example, companies may relocate production or sourcing without fully understanding the downstream compliance implications, leading to higher costs and reduced efficiency. Further, the inability to respond quickly and strategically can result in lost market access, shipment delays or reputational damage.

However, companies that proactively tackle these challenges can unlock strategic opportunities.[3] By investing in trade intelligence, scenario planning and cross-functional collaboration, businesses can turn international trade management into a competitive advantage. For example, companies that build robust systems to track origin and tariff exposure can optimize sourcing decisions and reduce landed costs. Those that integrate geopolitical risk monitoring into supply chain planning can pivot more effectively in response to new trade barriers or export controls. Additionally, firms that demonstrate strong compliance capabilities may be better positioned to engage with regulators, secure trusted trader status with faster processing of shipments at the border or benefit from other streamlined customs procedures. In this way, trade compliance becomes not just a defensive function but a strategic enabler for resilience in shifting geopolitical dynamics.

2.2 Supply chain sustainability

International trade requirements have expanded in recent years with the introduction of sustainable trade regulations. Companies need to consider new governance and data collection approaches.

International trade management now requires the gathering of sustainability information in addition to data that was already collected for regular customs formalities. A key challenge for sustainable trade compliance and risk mitigation is identifying who within a company should be responsible for these new obligations, where the necessary information resides and which departments to involve.

Trade practitioners may find it helpful to distinguish between sustainability requirements that are "trade adjacent" and those that are "trade concerned". Trade-adjacent regulations are those that do not directly regulate trade flows but may still require input from trade compliance for due diligence, data collection or reporting. Examples include the Corporate Sustainability Reporting Directive (CSRD), which mandates large companies operating in the EU to disclose a wide range of environmental, social and governance (ESG) impacts along their value chains, and the Corporate Sustainability Due Diligence Directive (CSDDD), which requires companies to identify, prevent and mitigate adverse human rights and environmental impacts throughout their global value chains. While these regulations may not address trade directly and are not enforced at the border, they often require input from trade compliance to perform due diligence or comply with reporting obligations.

By contrast, trade-concerned regulations are enforced at the border and directly affect import processes, whereby non-compliance is de facto an issue for the international trade management team and may lead to supply chain disruption or additional costs at the border. Examples of trade-concerned regulations include the EU's Carbon Border Adjustment Mechanism (CBAM), which imposes a carbon price on certain imported goods, and the EU Deforestation Regulation (EUDR), which requires companies to ensure that products placed on the EU market are not linked to deforestation or forest degradation, with compliance verified through due diligence and traceability requirements. Similarly, the US UFLPA prohibits the import of goods produced wholly or in part in China's Xinjiang region, unless the importer can provide clear and convincing evidence that the goods were not produced with forced labour.

Interview feedback highlighted that when governance responsibilities are not clearly defined, companies may experience "ping-ponging" of responsibilities between departments. Understanding whether a regulation is trade adjacent or trade concerned can be helpful from an international trade management perspective to prioritize involvement. After all, interviewees note that trade functions may be drawn in due to their regulatory expertise and access to relevant data, but this involvement must be balanced against core responsibilities.

Data availability and quality is another major challenge. Supplier sustainability data such as emissions, sourcing details or labour practices can be hard to obtain. Many interviewees lack visibility beyond Tier 1 suppliers. Interviewees also noted that suppliers are increasingly overwhelmed with data requests that use different systems and tools. Multiple interviewees also said that, given the regulatory complexity, it is important to carefully evaluate which regulations are interconnected and which are not, and allocate responsibility accordingly.

Risks and opportunities

Non-compliance with emerging sustainability regulations presents trade risks for companies including shipment delays or rejection at the border; reputational damage, legal penalties or exclusion from vital markets; and missed business opportunities. In some cases, companies may also incur higher costs due to reactive compliance efforts or supply chain disruptions caused by non-compliant suppliers.

At the same time, companies that proactively address sustainability regulations can unlock significant strategic benefits. Deeper supply chain insight enhances supply chain futureproofing. Additionally, companies that lead on sustainability compliance may benefit from improved brand reputation, stronger investor confidence and alignment with customer expectations. Companies may also find themselves more easily able to access green financing, acquire preferred supplier status or participate in sustainable procurement programmes.

2.3 Regulatory developments

The core of international trade management is also changing. Teams need to assess capacity and stay up to date.

Trade teams' day-to-day responsibilities are equally shaped by changes to trade legislation such as the EU Customs Reform, new licensing regimes and updated procedural requirements. Interviewees noted that fast-changing rules were sometimes difficult to manage. The frequency with which new trade and customs rules are introduced requires constant monitoring and rapid internal alignment. In some cases, new obligations come online without sufficient consultation or transition periods. For example, one interviewee noted a situation where licensing regimes were implemented before customs authorities had the capacity to issue licences.

Customs legislation is also subject to regular updates through court rulings and administrative guidance. These developments can affect classification, valuation and origin determinations, requiring companies to reassess established practices. One interviewee highlighted the importance of keeping up with these legal developments – especially for smaller teams without dedicated counsel.

Further, interviewees noted that over the years requirements for licences and authorizations have become significantly more stringent. Authorities now place greater emphasis on the presence of robust internal controls and clearly documented procedures as part of the application and renewal processes, as well as for any audits performed. For many companies, this has meant formalizing internal processes, enhanced audit trails and investing in compliance infrastructure to meet evolving expectations.

Risks and opportunities

The complexity of regulatory developments poses significant risks for companies engaged in international trade. These include the risk of non-compliance due to missed updates on new customs procedures, licensing regimes or classification rules. Companies may face delays, penalties or shipment holds if they are unprepared for sudden changes in enforcement practices or lack the internal capacity to respond quickly. Inconsistent interpretation of evolving trade rules across or even within jurisdictions can further derail compliance, particularly for companies operating in multiple markets and through multiple ports of entry. Additionally, without clear internal ownership or legal support, businesses may struggle to assess the impact of regulatory changes, leading to inefficient processes, duplicated efforts or missed opportunities to optimize duty payments and streamline operations.

However, companies that invest in staying ahead of regulatory change can gain a competitive edge. Proactive monitoring and internal alignment allow businesses to anticipate and adapt to new requirements more efficiently, reducing the risk of disruption and enabling smoother market access. Regulatory developments can also serve as a catalyst for improving internal processes – such as formalizing controls, enhancing audit trails and strengthening governance structures. Companies that build proactive and agile international trade management functions are better positioned to respond to new licensing regimes, benefit from simplified customs procedures and engage constructively with authorities. Moreover, by embedding regulatory foresight into strategic planning, businesses can identify opportunities to optimize supply chains, reduce compliance costs and demonstrate leadership in responsible trade practices.

2.4 Technology and data

International trade management needs to contend with growing data demand and technology use, without a one-stop-shop solution. Authorities' enforcement and reporting demands are also evolving.

Trade functions are becoming more reliant on digital systems and data-driven processes. While technology offers opportunities to streamline operations, interviewees emphasized that it also introduces significant operational and strategic considerations. One of the most pressing challenges is the fragmented nature of both trade and compliance systems. Several interviewees noted that their organizations rely on multiple platforms to manage different regulatory domains – such as export controls, customs, EUDR and ESG reporting. These systems are often not integrated.

Implementation timelines further complicate the picture. One company reported that deploying a global trade management (GTM) system across North America took three years, with each module – covering export, import and free-trade agreements – requiring six to nine months. Even after implementation, systems require continuous upgrades to remain aligned with regulatory changes. Around 50% of surveyed Trade Compliance Practitioners indicated that an ideal trade compliance technology solution would take at least two to three years to implement and 25% said that it could take five-plus years.

Interviewees also highlighted difficulty in selecting the right technology tooling strategy. Off-the-shelf tooling may quickly become outdated, and legacy systems may lack the flexibility to adapt. Some questioned whether a comprehensive "one-stop-shop" solution is even feasible. Others noted that targeted tools may be more effective, though this approach can lead to further fragmentation.

Data access and quality emerged as additional pain points. Interviewees also noted that while artificial intelligence (AI) tools are increasingly used for classification and screening, they often produce results that require manual validation due to inaccuracies. Classification not only determines applicable tariffs but also affects whether goods fall within the scope of new sustainability regulations. Some companies may rely heavily on third parties – such as suppliers or customs brokers – for classification at the point of import, which can lead to inconsistencies. Others noted that even when classification is managed internally, the correct information is not always reflected in the system's master data or it is stored externally by brokers, making it difficult to access and verify.

Additionally, many of the data points required for compliance originate outside the trade function – in procurement, production, finance, sustainability and logistics – making integration across business functions essential. Interviewees noted that improving integration between systems is costly and requires significant change management. Several emphasized the importance of communicating these needs to the C-suite.

Customs and regulatory bodies are also using automated systems to monitor compliance in real time, flag anomalies and trigger audits.[4] Authorities may equally implement new customs management systems – such as Canada's CARM[5] platform or the EU Data Hub that the European Commission has proposed as part of the EU Customs Reform – that require companies to overhaul internal processes and IT infrastructure.

Risks and opportunities

The growing reliance on technology and data in trade compliance introduces a range of operational and strategic risks. Fragmented systems, inconsistent data formats and limited integration can lead to inefficiencies, errors and compliance blind spots. Companies may struggle to maintain accurate and up-to-date product classifications, origin data or supplier information. Inaccurate or incomplete data can result in misdeclarations, missed duty savings or failure to meet regulatory reporting requirements. Companies without robust data governance or audit trails may come under greater scrutiny from customs authorities. The pace of regulatory and technological change also creates a risk of investing in tools that quickly become outdated.

Yet for companies that embrace digital transformation strategically, technology and data offer powerful opportunities.[6] Automating foundational compliance tasks – such as classification, screening and documentation – can reduce manual workload and improve consistency. Centralizing trade and sustainability data enables real-time insights, supports proactive risk management and enhances cross-functional collaboration. Companies that invest in digital supply-chain mapping tools can gain visibility into Tier-N suppliers. AI-enhanced tools can support anomaly detection, regulatory monitoring and predictive analytics.

3 Implementing corporate good practices

Any effective trade function is underpinned by strong governance structures, skilled personnel, well-defined processes and enabling technologies.

Trade Compliance Practitioners, many of whom are leaders in their field, have helped to identify corporate good practices that build on the fundamentals of an effective trade function and can address many of the new aspects of international trade management highlighted in earlier sections.

3.1 Improving internal collaboration to meet increasing international trade obligations

Companies are rethinking international trade management internally and working out how to formalize the necessary cross-functional collaboration. Two complementary approaches have emerged:

1 Integrating international trade management into business processes

Integrating trade compliance into day-to-day business processes ensures that compliance considerations are addressed early. For example, embedding trade requirements into the processes and procedures of other departments – such as integrating origin checks into sourcing workflows or linking classification data to product development – can ensure that compliance is not an afterthought but a built-in part of business operations. Clearly defining roles and responsibilities is vital. One interviewee noted that implementing a role matrix across departments helped reduce confusion and improved efficiency in managing compliance risks.

Regular internal communication is also essential. For example, one interviewee established monthly meetings among trade compliance, legal, public affairs and sustainability to stay aligned on regulatory developments and stakeholder engagement.

Interviewees also emphasized the importance of educating other departments – for instance, ensuring that sourcing teams understand country-of-origin and forced labour risks – and communicating compliance strategies in clear, non-technical language to build understanding and support across the organization. They also chose to develop short video tutorials.

Technology can further enhance collaboration by enabling trade compliance teams to provide real-time insights to other departments on regulatory requirements, tariff exposure and documentation needs. For example, centralized dashboards or data-sharing platforms can help procurement teams assess supplier risk or enable finance teams to model the cost implications of new tariffs or licensing regimes. Additionally, one interviewee described setting up a programme to map trade compliance costs across various departments, which helped demonstrate how proactive compliance could lead to cost savings. This initiative not only improved transparency but also encouraged shared ownership of compliance responsibilities throughout the organization.

2 Creating multidisciplinary task forces for emerging issues

For new or evolving obligations – particularly those related to sustainability, labour or geopolitical developments – establishing a cross-functional task force can help with quickly identifying the impact of these obligations and establishing the necessary governance. Many of these new obligations do not align well with traditional departmental boundaries. Compliance often requires a combination of skills, knowledge and information that are typically distributed across multiple functions. As a result, no single department holds all the necessary expertise or data, making cross-functional collaboration essential for meeting these new obligations.

Multidisciplinary groups bring together representatives from relevant departments to assess the impact of new requirements or priority issues and coordinate implementation. For example, some companies have created working groups on sustainability regulations involving trade compliance, sustainability, legal and procurement to respond quickly to new supply chain due diligence obligations. Others have formed task forces to assess the impact of new tariffs.

From these first-responder groups, more detailed processes can follow. In response to CBAM, for instance, some companies developed workflows in which customs teams provide import data and sustainability teams handle emissions calculations. Similarly, some interviewees noted that their trade compliance teams are now working closely with sourcing to ensure accurate product data – such as country of origin and classification of their products in line with harmonized system (HS) codes – not only for compliance but also to ensure the availability and accessibility of the available data on country of origin and HS codes. The move has also helped these companies optimize the use of preferential origin schemes.

Board-level engagement is essential for elevating the role of international trade management and securing the resources needed to maintain alignment.

3.2 Making the trade management function more strategic

To benefit from a more strategic trade function, companies need to self-assess their existing maturity, and to clearly define their short- and long-term objectives, considering their current international trade management maturity level. Senior management involvement is then vital for progressing the maturity of the trade function by providing direction, budget and organization-wide alignment.

Trade professionals are frequently pulled into firefighting, leaving little time or energy for strategic work. To address this, companies must clearly separate operational and strategic activities, protecting the time and resources of those tasked with strategic responsibilities. Without this distinction, and without the right KPIs and measurement tools, strategic roles risk being undervalued or eliminated, as their impact may not be visible.

Companies may need to choose between a centralized and decentralized international trade management structure. A centralized approach can help ensure uniform compliance policies and procedures across the organization, reducing variability and enhancing control. It may also improve efficiency by minimizing duplication of efforts and enabling a more cohesive strategy. However, due to local regulatory nuances, full centralization is rarely feasible – up to approximately 80% centralization is often the practical limit. A decentralized approach, on the other hand, allows for the incorporation of local knowledge and responsiveness to region-specific regulations. A hybrid model, combining centralized oversight with local execution, typically offers the best balance of consistency and agility for most trade teams.

Organizational positioning also plays a role in enabling impact. Some companies place international trade management within the supply chain function, in close partnership with legal, while others have aligned it with finance or corporate compliance. Regardless of reporting line, the goal is to ensure that the trade function has the visibility and authority needed to influence strategic decisions.

Beyond structure, a more strategic trade function requires dedicated processes to monitor new regulations, assess their internal impact and coordinate cross-functional responses. Interviewees noted that this shift can also ease the burden of day-to-day operations. For example, one interviewee developed standardized procedures for operational tasks such as classification, third-party screening and post-audit activities. These were then outsourced to a shared service centre, supported by internal controls to ensure compliance. This freed up the core trade team from day-to-day operational tasks, so they could focus instead on strategic integration, regulatory interpretation and forward-looking risk management.

BOX 2 **Self-assessing international trade management maturity**

1. **Minimalist:** At this stage, there are no formal controls or governance frameworks in place. Processes are highly manual, reporting is undertaken offline and data is fragmented across various sources and systems. The organization is heavily reliant on third parties, such as customs brokers, and faces a high risk of non-compliance, underpayment or overpayment of duties.

2. **Evolving:** Companies at this stage have begun to implement more consistent processes and information flows. Some reporting and monitoring tools may be in use, but data is still often managed through spreadsheets and addressed on an ad hoc basis. Awareness of compliance risks is growing, but exposure remains significant due to limited internal controls.

3. **Optimizing:** Trade functions at this level have more structured policies and procedures, with increasing alignment across teams. Data is more defined, and tooling is in place, though not yet always centralized. Organizations begin to reduce costs through planning and have dedicated processes to manage compliance risks more effectively.

4. **Leading:** At the most advanced stage, international trade management is fully integrated into strategic decision-making. There is a centralized source of data, real-time reporting and analytics to support proactive risk management. Policies and governance structures are mature and enforced, and the function plays a vital role in enabling business growth through optimized operations and organization-wide alignment.

3.3 Navigating new technologies

Technology is a strategic enabler of modern international trade management. How best to navigate the transition towards digital systems and data-driven processes for international trade management depends on several factors, including the company's international trade footprint, the maturity of its trade function, and the systems and tooling already in place. Companies with a more centralized structure and advanced data capabilities may be positioned to adopt integrated platforms and AI-driven tools, while others may benefit more from targeted solutions that address specific gaps. Nevertheless, the Trade Compliance Practitioners identified several good practices and provided input on what they expect from trade technology:

1 Automating foundational processes

Automating routine but critical compliance tasks, such as screening for sanctioned entities, managing HS code classification and generating standard customs documentation reduces manual workload, improves consistency and frees up resources for more strategic activities. However, it is important to note that not all aspects of these processes can be fully automated. For example, product classification cannot be entirely delegated to automation – while AI tools can assist with identifying potential classifications based on product descriptions or historical data, human validation is currently still required to ensure accuracy and regulatory compliance. Similarly, while AI solutions can support with screening and data analysis, important areas such as export control assessments and origin management currently require manual verification and expert judgement.

2 Centralizing data storage and AI-enhanced tools

Several interviewees mentioned that their trade teams developed centralized repositories for trade and sustainability data, often enhanced with AI tools to support regulatory monitoring, transaction auditing and anomaly detection. These systems allow for real-time insights and help ensure that compliance teams can respond quickly to regulatory changes.

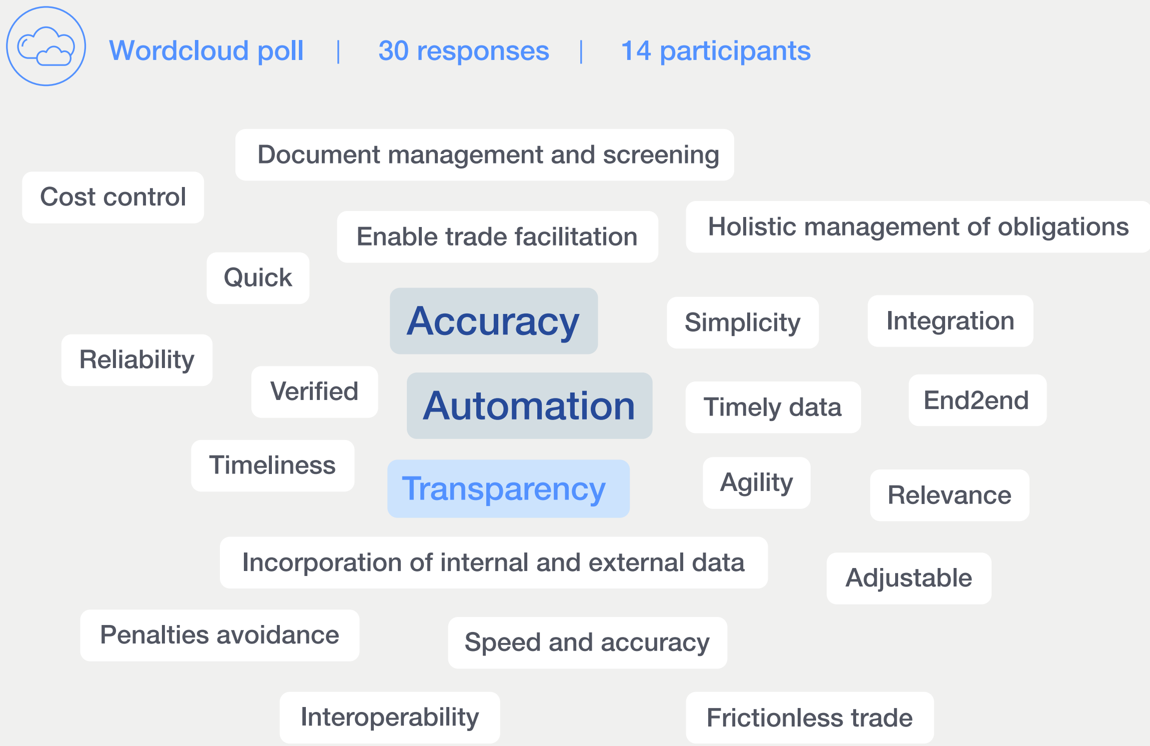
3 Establishing dedicated digital trade compliance functions

Some organizations have created dedicated functions for digital trade compliance and risk mitigation tasked with providing rapid insights through trade data.

4 Enhancing supply chain visibility through tooling

To meet traceability requirements under regulations such as EUDR and UFLPA, some interviewees noted that they partner with external providers to digitally map their supply chains down to Tier-N suppliers. This improves transparency and supports compliance with sustainability and human rights obligations.

FIGURE 5 | **What do businesses expect from a trade compliance technology solution?**



Source: Trade Compliance Practitioners Survey, World Economic Forum

Without a one-size-fits-all technology or tool for trade compliance it is critical that companies select the right technology that aligns with their trade footprint, compliance maturity and internal capabilities. The following key considerations for technology procurement can help companies ensure that their technology and tooling become enablers of compliance and risk mitigation.

FIGURE 6 **Considerations for technology procurement**

Items to consider

Internal

- Identify and ramp up teams and departments that should be involved, either from user or buy-in perspective
- Map current technology and its capabilities
- Assess the required capabilities of the technology solution, identify also the must-haves and nice-to-haves
- Perform a fit-gap analysis and consider the geographical scope and scalability desires
- Brainstorm on long-term goals and needs that may follow from (yet to be) implemented regulations/requirements
- Map potential technology solutions and assess their functionality on elements such as available features, capabilities and integration possibilities
- Determine if technology solution is scalable to accommodate your organization's growth, considering e.g. number of users, geographical scope and data volume
- Consider support, maintenance and amendment efforts
- Understand the technology solution's roadmap and future plans

External

Source: World Economic Forum

4 Offering policy-maker insights

Bridging the gap between international trade management teams and policy-makers can improve clarity on new demands and help to shape trade requirements.

International trade management teams typically maintain close working relationships with enforcement authorities such as customs agencies. These relationships are essential – particularly in situations where legal clarity is lacking – to ensure the continued flow of goods and to resolve operational uncertainties. However, such connections often do not extend to the policy-makers responsible for drafting new international trade requirements.

Interviewees consistently noted that international trade requirements would benefit from more structured public–private dialogue during the policy development phase. While many trade compliance professionals provide input through industry associations, few have direct engagement with policy-makers. Instead, government affairs teams are typically responsible for maintaining these relationships. Boards can ensure that their organizations establish internal feedback loops between trade functions and government affairs teams. It is also helpful when trade functions are informed of the trade or industry associations of which their company is part. This allows the trade function to provide valuable input or even drive the engagement. In the Trade Compliance Practitioners survey, 62% indicated they maintain the relationship with the industry association on topics of trade, while 38% said they do not. Survey respondents were split almost evenly on whether they provide input to the government engagement function on trade-related topics.

The interviews also highlighted the following three action points for policy-makers:

1 Smart design

Policy-makers should design trade and geopolitical policies with a clear understanding of their operational impact on companies. This includes evaluating multiple implementation options to minimize disruption. International trade practitioners – who are responsible for translating policy into day-to-day operations – should be actively consulted to assess feasibility and downstream effects.

2 Consistent definitions

Consistent use of definitions can help create more clarity on the impact of new requirements. For example, while supply chain sustainability and geopolitical-driven regulations do often have touchpoints with other regulations, such as customs, definitions are not always consistent.

3 Communicate for implementation

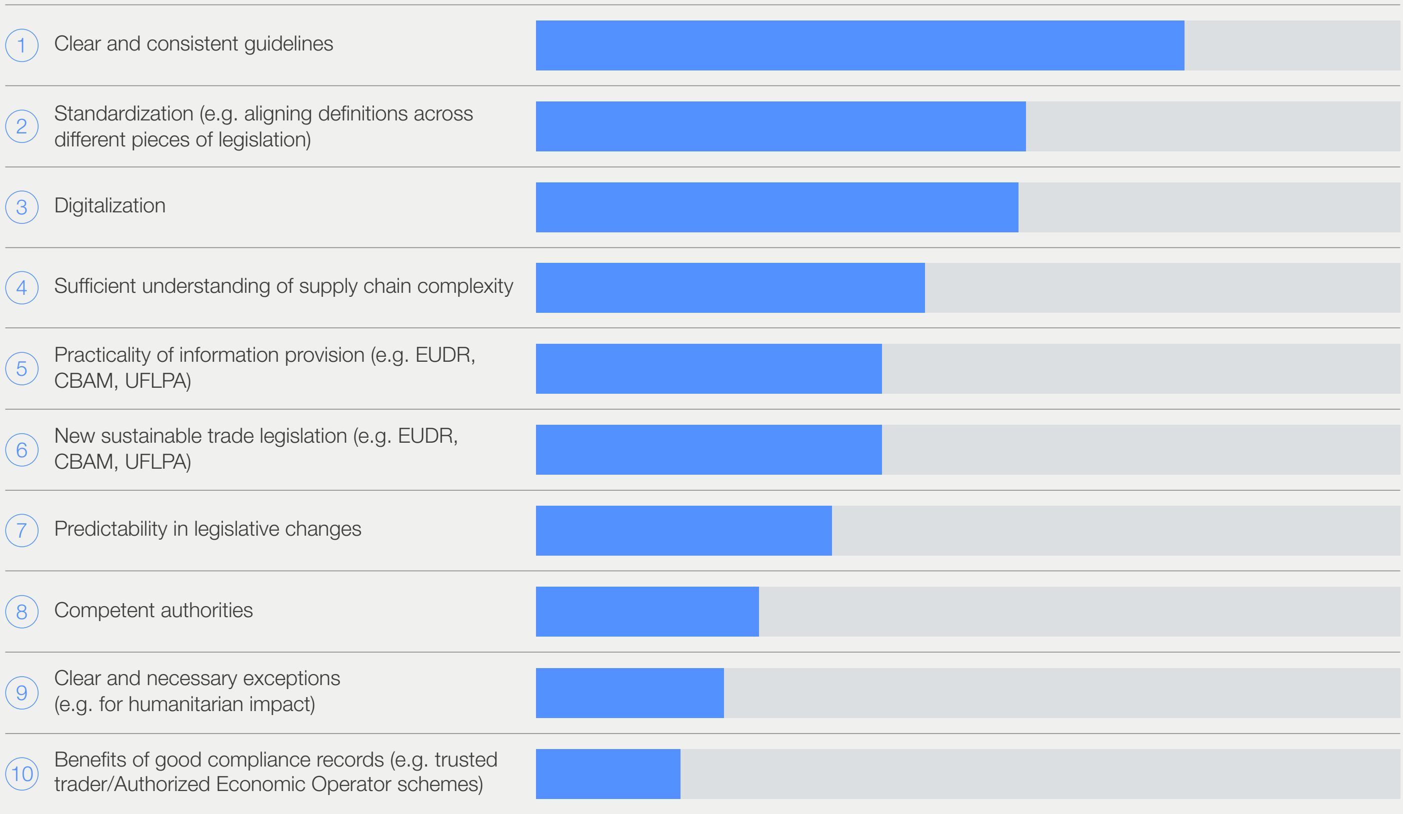
Clear communication is essential. Interviewees noted that vague or ambiguous policy terms can lead to confusion. Engaging trade compliance teams early in the policy process can help ensure that language is interpreted consistently and that implementation timelines are realistic.

In its recent supply chain resilience review, the Organisation for Economic Co-operation and Development (OECD) emphasizes the importance of broader stakeholder engagement in trade policy development.[7] This report highlights that consultations between border agencies and traders – while increasingly structured – would benefit from being expanded to include a wider pool of stakeholders. The OECD further recommends two mechanisms to strengthen public–private collaboration:

- **Public–private partnerships (PPPs):** These structured mechanisms align the efforts of companies and governments, enabling joint planning and investment in resilience. PPPs can also encourage firms to invest in compliance infrastructure and share data that enhances regulatory visibility.

- **Industrial commons and preparedness conferences:** These are collaborative platforms in which public and private stakeholders co-develop emergency preparedness strategies. They include pre-agreed protocols for inventory management, backup capacity and crisis response, ensuring that trade compliance frameworks are robust even under stress.

FIGURE 7 | **What trade compliance topics would benefit from more public–private dialogue?**



Source: Trade Compliance Practitioners Survey, World Economic Forum

Conclusion

Trade flows worth hundreds of billions of dollars face disruption if companies do not upgrade their compliance strategies. A strategic trade compliance function can bring opportunities as well as mitigate risks.

Businesses must move beyond reactive compliance and invest in building resilient, forward-looking trade functions. This requires a shift in mindset – from viewing international trade management as a back-office necessity to recognizing it as a strategic enabler of business continuity, risk management and competitive advantage.

The role of the board and executive leadership is critical in this transition. Boards must ensure that international trade management is adequately resourced, enabled to coordinate across departments and positioned to inform strategic decisions. This includes establishing internal feedback loops between trade and government affairs teams, supporting the adoption of digital tools and encouraging a culture of compliance that extends across the organization.

At the same time, trade professionals must continue to evolve. They equip themselves not only with legal and regulatory expertise but also with the ability to interpret geopolitical developments, manage cross-functional collaboration and communicate effectively with senior leadership. As the regulatory landscape becomes more interconnected, trade teams will also need to work more closely with sustainability, procurement, IT and public affairs to ensure alignment and readiness.

Looking ahead, companies should regularly assess the maturity of their trade function and clearly define their short- and long-term objectives in line with the current maturity of their trade function and their goals for this function. Companies can also benefit from taking concrete steps to improve internal collaboration, invest in technology and engage with policy-makers. The challenges are significant, but so are the opportunities. By embracing a more strategic vision for international trade management, companies can not only mitigate risk but also strengthen their supply chains, improve operational efficiency and position themselves for long-term success in a more complex world.

Ultimately, international trade management is no longer just about moving goods across borders – its role is to enable companies to operate responsibly, competitively and sustainably in the global economy.

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