



## The Intersection of Tariffs and Supply Chain Sustainability

Rising tariffs are forcing companies to find new ways to balance cost control with sustainability goals.

Tariffs aren't just a trade issue anymore. They've become a constant concern for procurement teams and supply chain operators that have to factor tariffs into every decision. For companies already working with thin margins or dealing with issues like supply chain disruptions, this added expense can make it difficult to balance price, supply stability and long-term goals.

Tariffs also impact sustainability. Switching to a lower-cost supplier may solve pricing issues, for instance, but it may also introduce risks tied to poor environmental or labor standards. "Global corporations have invested substantially in building relationships with suppliers who share or at least agree to support efforts to obtain relevant data regarding the impacts of their value chains," Matthew Gardner writes in ["3 ways tariffs will affect sustainable supply chains."](#)

"It's clear we're in a highly-disruptive period for businesses, particularly for those committed to sustainable business practices," he continues. "If you couple tariffs with an administration that's clearly inclined to deregulate sustainability-relevant issues, then progress towards a more sustainable future may be more difficult for the next few years."

### Transparency Matters in Sustainability

In ["Beyond The Tariff Debate: Building Resilient, Sustainable Supply Chains,"](#) Restaurantware's Jamil Bouchareb discusses the intersection of environmental sustainability and tariffs from the purchasing standpoint. He says shifting toward suppliers that emphasize transparency and sustainability (particularly those subject to U.S. or EU environmental regulations), can help businesses reduce their carbon footprint and meet stakeholder expectations.

"In Build America, Buy America (BABA) purchasing scenarios, I've noticed companies are prioritizing partners that comply with federal environmental guidelines and support circular supply chain practices," Bouchareb writes. A supply chain audit, he notes, is a practical first step for any organization that wants to strengthen its sustainability strategy while navigating tariff pressure.

"Partner with suppliers committed to low-emission manufacturing, waste reduction and recyclable packaging," he adds. "Tax credits and ESG scoring systems can provide additional incentives." These measures can help reduce environmental

impact while creating a traceable record of responsible practices companies can use to defend their decisions in the face of regulatory or investor scrutiny.

### Circularity as a Response to Tariffs

Another way companies can counter tariff pressure is by adopting circular supply chain practices. These strategies focus on designing products, materials and processes that can be reused, recycled, or remanufactured versus just discarded. Instead of relying only on virgin raw materials that may be subject to new trade rules, for example, companies can extend product lifecycles, reuse materials and reshore more production, ERM shares in ["How Circularity Helps Companies Navigate Trade Tariffs."](#) In the end, it says shorter supply chains reduce exposure to tariff risk and also cut transportation costs, making them more resilient to sudden policy shifts.

ERM shares these additional tips with companies that want to better align their sourcing strategies and sustainability goals in the volatile tariff environment:

- **Design products for reuse or remanufacturing.** This reduces the need for imports and keeps valuable materials in circulation.
- **Bring production closer to end markets.** Nearshoring helps offset tariffs, improves lead times and creates more control over quality.
- **Invest in automation and additive manufacturing.** These technologies help balance higher labor costs at home while avoiding tariff exposure abroad.

By weaving circular strategies into procurement, companies can protect margins, meet sustainability goals and lower the risks that come with shifting tariffs. "Businesses with global supply chains must move beyond a narrow focus on cost efficiency," ERM advises, "to embrace circularity, responsibility and resiliency as core principles."