



# **Navigating Tariffs and Trade: Business Impacts and Compliance in a Shifting Global Landscape**

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# Introductions:



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# Current Global Trade Environment & Impact of Recent Tariffs

## **Complexity Across Areas:**

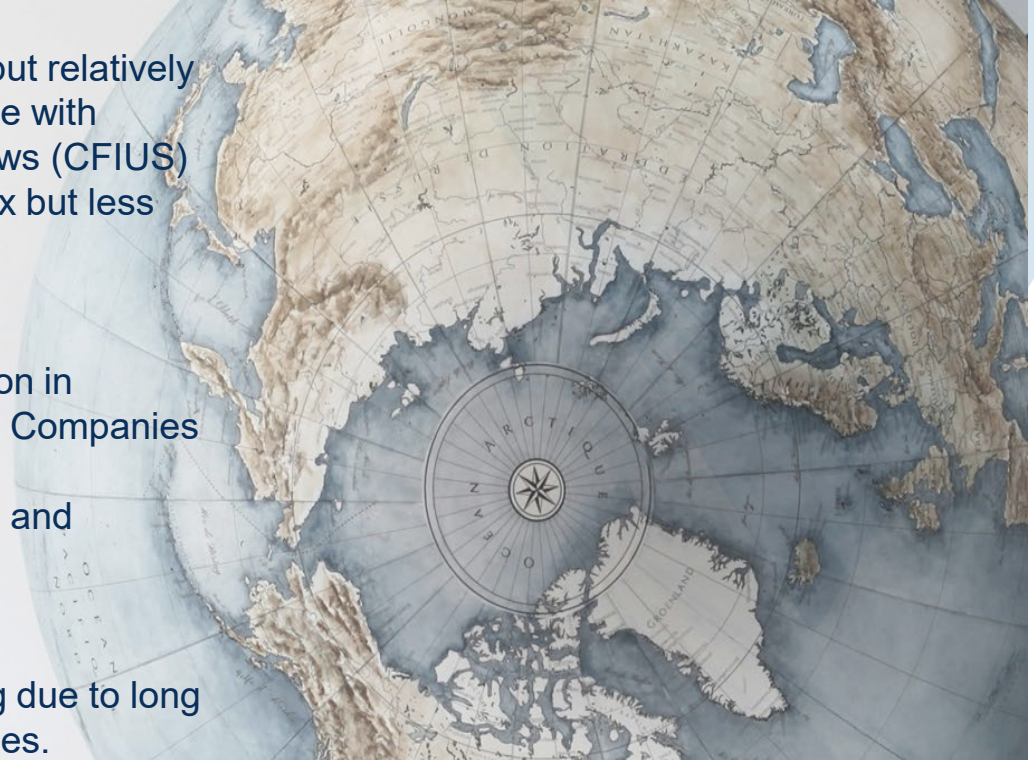
Exports and sanctions remain nuanced but relatively stable; customs/imports are highly volatile with frequent tariff changes. Investment reviews (CFIUS) and enforcement (FCPA) remain complex but less volatile.

## **Business Impacts:**

Economic uncertainty is causing hesitation in investment, hiring, and inventory growth. Companies focus on cost-saving strategies like tariff engineering, supply chain diversification, and contract risk shifting.

## **Manufacturing Trends:**

Limited movement toward U.S. reshoring due to long lead times, high costs, and labor shortages.



# Trade Measures and Business Impacts



- **Sourcing:** Businesses diversify beyond China but face uncertainty due to shifting tariffs and trade negotiations. High risk in sanctioned regions requires caution.
- **Cost Management:** Tariff engineering and reclassification help reduce duties but require careful compliance to avoid Customs scrutiny.
- **Geographic Risk:** Companies hold steady with diversified suppliers; unclear tariff outcomes delay major manufacturing shifts.
- **Tariff Engineering:** A useful tool if classifications are defensible and supported by customs rulings to mitigate tariff exposure.



# Compliance Risks & Legal Challenges

- **Top Challenges:**  
Managing tariff unpredictability; vetting parties for sanctions; export controls compliance; monitoring foreign agents for FCPA risks; assessing foreign investments under CFIUS.
- **Spotting Red Flags:**  
Involve trade specialists early; robust compliance programs covering imports, exports, sanctions, anti-bribery, and screening; focus on target's business, export controls (e.g., ITAR), and foreign ownership status.
- **M&A Risks:**  
Failure to comply with CFIUS and export controls can lead to transaction unwinding, hefty fines (\$250K+), criminal penalties, and successor liability; thorough due diligence is critical.
- **Balancing Diligence & Speed:**  
Quick, comprehensive responses from parties are essential; legal teams advise on risk management through insurance, indemnities, or escrows; early involvement of trade experts helps streamline process.



# Risk Mitigation & Internal Strategies



- **Strong Compliance Programs:**
  - Identify risks & tailor procedures
  - Top management support
  - Ongoing training, audits & updates
- **Training, Audits & Screening:**
  - Train frontline staff regularly
  - Independent, risk-focused audits
  - Screen all parties, including beneficial owners & 50% ownership rule
- **KYC & Due Diligence:**
  - Enhanced checks in high-risk regions
  - Use external resources (investigators, embassies)
  - Coordinate with enforcement if needed
- **Contractual Protections:**
  - Compliance certifications & notification clauses
  - Termination rights for violations
  - Indemnities for costs & penalties

# Practical Tools, Technology & Future Outlook

- **Tech & Automation:**  
Automated screening and controls help manage risks but depend on quality data and regular updates.
- **Human Oversight Needed:**  
Automation must be monitored and audited; it supports, not replaces, human judgment.
- **Trade Policy Outlook:**  
Continued uncertainty and tariffs likely; limited progress on trade agreements.
- **Compliance Advice:**  
Follow realistic compliance programs consistently—don't let them gather dust. Balance controls with business needs.



# Wrap Up & Takeaways



## #1 Rule: Always Tell the Truth

- Never make false statements to the government
- Honest mistakes = manageable; willful violations = criminal liability
- Verify all customs/tariff data under the “reasonable care” standard

## Focus Compliance Where It Matters Most

- Identify and prioritize risk areas
- Implement tailored procedures and core compliance elements
- Ensure violations are detected, investigated, and addressed

## Voluntary Disclosures = Smart Strategy

- Enforcement agencies expect mistakes, what matters is your response
- Strong programs and transparent handling, create reduced penalties



Thank you  
for joining us

