



Mitigating risks in supply chain management: A strategic guide for procurement professionals

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Introduction

Procurement teams are the beating heartbeat of organizations and the first to see geopolitical and supplier-related risks.

Global supply chains are currently navigating an unprecedented landscape of challenges that demand immediate strategic response. The landscape is characterized by:

- Tariff volatility and trade policy uncertainty that has prompted many companies to overhaul their supply chains
- Geopolitical instability ranking among the top supply chain risks, with regional conflicts disrupting trade flows
- Inflationary pressures that are reshaping cost structures and supplier relationships
- Climate change impacts, including floods, droughts, which can put immediate strains on supply chains



The complexity of modern supply chains means that disruptions in one region often cascade across entire global networks. Few businesses believe they have complete control over their supply chain risks, so the imperative for proactive risk management has never been clearer.

This whitepaper delivers actionable strategies to tackle the most pressing supply chain risks, empowering procurement leaders to enhance resilience and safeguard profitability. By addressing critical areas such as supplier diversification, scenario-based planning, and innovative tools like dynamic 'should cost' modelling, it provides a roadmap for mitigating disruptions in today's volatile market.

Backed by Fastmarkets' extensive expertise in editorial and analytics, this resource equips professionals with modern risk management techniques to protect operations and adapt swiftly to uncertainty. From minimizing vulnerabilities to maximizing agility, the insights and tools outlined here enable procurement teams to thrive and achieve long-term success.

“
The imperative for proactive risk management has never been clearer.”



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Current supply chain risks



Tariff volatility and geopolitical events across the metals market

How have volatile tariffs and geopolitical events intensified supply chain risks across the globe? Our experts in the global metals markets weigh in.

Base metals

- The US copper market has been in a state of confusion since the announcement of 50% tariff taking effect on August 1
- “The long-anticipated threat of US tariffs sucked copper out of Europe and sent it to the US,” says James McKeigue, regional editor for base metals, Europe. “That pushed European copper premiums to an all-time high and forced European users to use more scrap and EQ copper (which is non-LME eligible).”
- Without accelerated investment in mining, smelting and refining infrastructure, the Section 232 tariffs may amplify price pressures without meaningfully reducing dependency on foreign supply in the near-term: “Existing secondary smelters are only operating at about 21% of their capacity” — a clear indicator that “a lot of secondary refined copper production growth could be achieved just by utilizing this capacity that already exists,” says Fastmarkets principal analyst, Andrew Cole
- In July 2025, the US and Japan agreed on a trade deal following automotive tariffs that would negatively affect the automotive sector in Japan and upstream aluminium demand: “Despite the trade deal setting lower automotive tariffs — a priority for Japan during the trade negotiations — market participants remained cautious,” wrote Fastmarkets price reporter Chay Chye Leng in July

Steel and ferroalloys

- Coking coal prices have come under significant downward pressure in the past year due to sluggish steel consumption and an oversupply of coking coal in the global market

- China, once a key and growing market for Russian coking coal, has reduced its imports
- In June 2025, the US and Canada trade dispute has gummed up the traditional auto part cross-border traffic around Detroit. Canadian steelmakers have lost access to their bread-and-butter market “The shock of the tariffs being doubled, which was put into effect only five days after being announced, has had Canadian steel mills scurrying to accommodate the change,” wrote Lisa Gordon, on 9 June, about the tariff troubles
- Tungsten prices have been rising due to increased demand from the defence sector. Uncertain geopolitical conditions have led to increased risk aversion and reluctance to hold stock or buy from China, in case prices shift dramatically while material is still on water “They have not seen the same rapid or pronounced increases seen in 2022 when the onset of the war in Ukraine precipitated a surge in buyer activity,” says price reporter Claire Patel-Campbell

Technology and energy metals

- Geopolitical events such as export controls and the China-US trade tensions have significantly intensified supply chain risks in the antimony market: “China’s recent moves to tighten export controls on critical minerals have raised uncertainty among downstream consumers in the US and Europe,” says Jon Stibbs, Europe technology and energy metals editor. “This has made sourcing more unpredictable and complicated long-term contracting, especially for industries reliant on antimony in flame retardants, batteries and defense-related applications.”



The complexities of modern supply chains means that disruptions in one region often flow into the entire global network. As Fastmarkets senior analyst Felix Bello says, “Changing tariff, trade and logistical frameworks by default alters the cost/price structure embedded in the contract structure, thereby triggering unanticipated need that may range from physical realignment of supply and value chains to contract structures for good and services, including terms and conditions.”

Uncertainties from tariffs or other geopolitical events will likely raise and sustain prices, from inputs to finished products. These challenges also extend to supporting services, such as logistics, transportation, customs clearance, and handling, where costs are likely to rise as well.

Procurement teams are responsible for “understanding, tracking and assuring that tariffs and costs are properly applied, maintaining continuity of supply, while developing mitigating strategies,” says Bello.



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How tariffs on Brazil are reshaping procurement strategies: What sourcing professionals can learn from the disruption

Tom Jennemann, commodity consultant at Fastmarkets



On July 9, 2025, the U.S. government announced a sweeping 50% tariff on all goods imported from Brazil, effective August 1. This measure threatens to impact trade across multiple sectors, from pulp and paper to wood

products, metals, agriculture, and manufacturing. For procurement professionals managing global supply chains, the scale and immediacy of this decision have created a strategic and operational crisis requiring rapid response and adaptation.

Brazil is a critical trade partner for the U.S., exporting approximately \$31 billion in goods annually. According to the Brazilian Tree Industry Association (Ibá), North America accounted for 20.2% of Brazil's forest product exports by value in the first quarter of 2025, totalling approximately \$817.7 million. Hardwood pulp alone represented \$375.1 million of these exports, accounting for 13.5% of Brazil's overall share of exports to the U.S. The potentially more severe exposure lies in wood products—lumber, mouldings, panels, and construction framing components—where more than 50% of Brazilian exports by value go directly to North American markets.

Brazil is a major supplier of hardwood pulp (specifically bleached eucalyptus kraft pulp) to the United States, shipping approximately 2.8 million tonnes annually, which represents 84% of all U.S. hardwood pulp imports. About 75% of that pulp is used to make tissue products, making this a critical and highly exposed supply chain.

Before the tariff, Brazilian pulp was cost-competitive, priced at approx \$1,280 per tonne, only slightly more expensive than other sources. The tariff instantly added \$320–355 per tonne to landed costs, making Brazilian pulp economically unviable and forcing buyers to scramble for alternatives.

Procurement teams had to quickly:

- Assess exposure to Brazilian supply
- Requalify alternate suppliers
- Renegotiate contracts and freight lanes
- Model various sourcing and cost scenarios under high uncertainty

This event illustrates how volatile trade policy—even when targeted at a single country—can destabilize entire global supply chains, pushing procurement organizations into high-stakes decision-making with incomplete information. It also reinforces the need for geopolitical intelligence and scenario planning within sourcing frameworks.

Brazilian exports of forest product by value

Product	\$ million FOB	Share of total exports
Pulp	375.1	13.5%
Paper	129.5	21.8%
Wood panels	49.2	43.4%
Plywood	73.8	34.7%
Lumber	102.2	54.3%
Other	87.9	53.0%
Total	817.7	20.2%

Source: Ibá

“US trade policy has once again unilaterally injected uncertainty into the global economy, with specific ramifications for pulp markets.”

Patrick Cavanagh
Senior Economist, Fastmarkets
World Pulp Monthly, July 2025

Five key lessons from procurement leaders

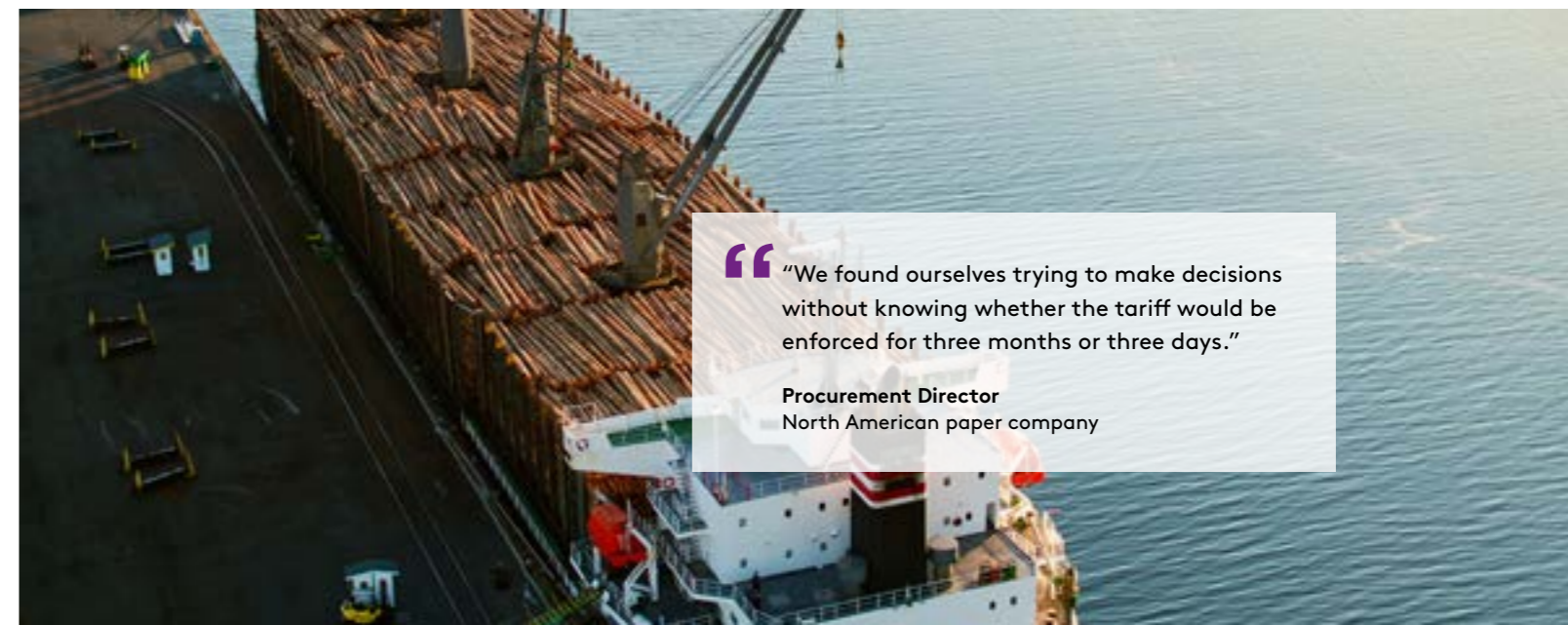
The 2025 Brazil tariff shock highlights the increasingly volatile nature of global trade and underscores the importance of strategic resilience. These are the five lessons to take from this:

- 1. Policy risk integration:** Procurement functions must integrate geopolitical and tariff-related risks into supply chain models, alongside traditional considerations such as pricing and logistics. “We now treat trade policy like currency fluctuations – it’s central to our risk management approach,” said a procurement lead from a major packaging firm.
- 2. Supply diversification:** Over-reliance on single sourcing now poses a significant strategic risk. Firms must diversify sourcing geographically and by product origin to mitigate sudden disruptions. “This tariff reinforced the necessity of having alternative suppliers qualified and ready. Without diversification, we’re too exposed,” said a sourcing executive at a global hygiene products company.
- 3. Flexible contract structures:** Tariff passthrough clauses, flexible volume terms, and policy-triggered renegotiation rights should become standard in contracts to protect firms from future trade volatility. “We’ve updated our agreements to include tariff adjustment clauses – this crisis proved that static contracts don’t work in today’s
- 4. Continuous scenario planning:** Leading procurement teams must regularly model multiple scenarios – tariff enforcement, potential reversals, or escalation – to ensure quick responses under rapidly evolving trade policies. “We never stop scenario planning now. It’s an ongoing process, updated quarterly, because things change quickly,” explained a procurement executive at a major North American retailer.
- 5. Sustainability and efficiency measures:** Companies reducing packaging intensity and raw material dependency through sustainability initiatives have successfully mitigated tariff-induced costs, underscoring sustainability as a key resilience strategy. “Reducing packaging weight was initially driven by sustainability goals. But now, it’s a core part of managing supply risk,” said a procurement executive from a multinational food company.

Procurement as strategic resilience

The comprehensive U.S. tariff on Brazilian exports has profoundly reshaped the global sourcing landscape. It is no longer enough to focus procurement strategies solely on price and quality. Modern procurement strategies must incorporate geopolitical risk, policy agility, contractual flexibility, and sustainability-driven operational efficiencies.

In such an environment, procurement expertises are a critical strategic assets, central to organizational resilience in an unpredictable global market.



“We found ourselves trying to make decisions without knowing whether the tariff would be enforced for three months or three days.”

Procurement Director
North American paper company

Geopolitical disruptions and their cascading effects

The Russia-Ukraine conflict continues to disrupt global supply chains, particularly affecting energy supplies and commodity markets.

Trade wars and protectionist policies have created a fragmented global trading environment, with countries implementing retaliatory measures that further complicate procurement strategies.

Key geopolitical risks include:

- Export controls and sanctions that restrict access to crucial materials and suppliers
- Regional conflicts that disrupt transportation routes and manufacturing operations
- Cybersecurity threats targeting supply chain infrastructure and digital systems
- Regulatory changes including the EU's Carbon Border Adjustment Mechanism (CBAM) that introduces new compliance requirements

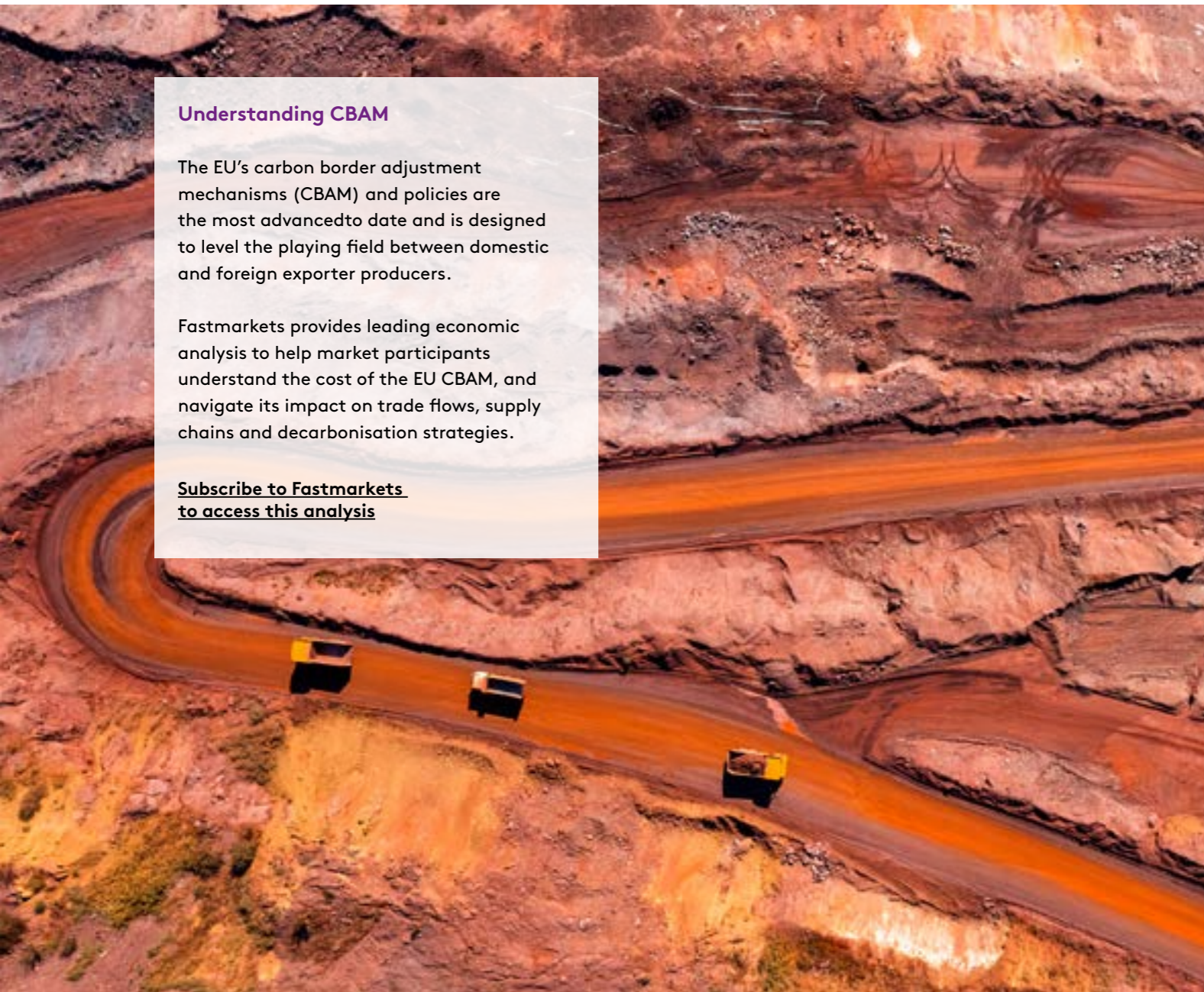


Understanding CBAM

The EU's carbon border adjustment mechanisms (CBAM) and policies are the most advanced to date and is designed to level the playing field between domestic and foreign exporter producers.

Fastmarkets provides leading economic analysis to help market participants understand the cost of the EU CBAM, and navigate its impact on trade flows, supply chains and decarbonisation strategies.

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The growing importance of data-driven risk management

Modern procurement teams increasingly rely on real-time data and predictive analytics to identify risk patterns before they materialize into supply disruptions. Advanced supply chain intelligence platforms provide:

- Continuous supplier risk monitoring using AI-powered analytics
- Market intelligence that tracks commodity price movements and supply-demand imbalances
- Scenario modelling capabilities that help procurement teams prepare for multiple potential outcomes

Real-time intelligence with Fastmarkets

Did you know that Fastmarkets provides essential tools and insights that procurement professionals need to navigate today's volatile supply chain environment?

With Fastmarkets, subscribers have access to over 6,000 IOSCO-approved commodity prices and end-to-end supply chain visibility.

Four strategies for mitigating supply chain risks

Strategy one: Supplier diversification

The problem: Over-reliance on single suppliers increases vulnerability to disruptions.

Solution: Implement comprehensive supplier diversification strategies that include:

- Geographic diversification to reduce concentration risk to specific regions
- Multi-tier supplier mapping to understand dependencies throughout the supply chain
- Balanced supplier portfolios where no single supplier represents more than 30-40% of business

Pro tip: Audit existing suppliers and categorize risks based on market dependence and geopolitical volatility. The optimal supplier mix depends on factors including the importance of the purchased item, switching costs and expected order variability.

Strategy three: Dynamic should-cost modelling

Traditional cost evaluations conducted annually or quarterly are insufficient for today's volatile markets. Dynamic should-cost modelling helps you react faster to price changes by analyzing costs in real-time.

Benefits:

- Swift reaction capability to raw material price shifts
- Enhanced collaboration between procurement and finance teams
- Improved negotiation position through transparent cost structure understanding

Strategy two: Scenario-based planning

The problem: Static annual procurement budgets lack agility to adapt to dynamic risks like tariffs hikes or material shortages.

Solution: Develop dynamic scenario-based planning capabilities that include:

- Multiple scenario modelling covering optimistic, pessimistic and best-guess outcomes
- Real-time trigger mechanisms that activate predetermined response strategies
- Agile budget allocation that can adapt to changing market conditions

Pro tip: Implement contracting mechanisms with tariff-specific clauses and flexibility provisions.

Strategy four: Adapting to tariff volatility

The problem: Blanket tariffs on raw materials and fluctuating rates disrupt financial forecasts and supplier relationships. The current tariff environment has created uncertainty that makes traditional procurement planning obsolete.

Solution: Develop comprehensive tariff management strategies:

- Cost-sharing contract mechanisms that distribute tariff impact between buyers and suppliers
- Predictive tariff modelling using market intelligence to anticipate policy changes
- Flexible procurement cycles that can adapt to rapid tariff adjustments

Pro tip: Build supplier relationships that foster flexibility and collaboration during tariff volatility periods. Companies that proactively engage with suppliers on tariff management will likely have better outcomes than those taking purely reactive approaches.



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Prioritizing sustainability and ESG integration

Sustainability is no longer just compliance-driven but represents an economic opportunity. Companies with strong ESG procurement practices also see increases in brand value and reductions in procurement costs.

Procurement professionals can apply a dual-lens approach, combining cost-effective strategies with ESG goals through:

- Localized sourcing that reduces transportation emissions while improving supply chain resilience
- Circular economy principles that minimize waste and maximize resource efficiency
- Sustainable material specifications that prioritize recycled inputs

Key ESG procurement strategies include:

1. Environmental responsibility through sustainable sourcing and carbon footprint reduction
2. Social equity ensuring fair labour practices and supplier diversity
3. Economic viability balancing cost-effectiveness with responsible sourcing

How is sustainability being used to mitigate supply chain risks?

One area where sustainability and risk mitigation intersect effectively is packaging reduction in the consumer goods and food and beverage industries.

Many companies are reducing the amount of corrugated packaging used per unit through:

- Downgauging
- Carton redesign
- Right-sizing to reduce void fill

This directly supports sustainability goals (e.g., reducing raw material usage, lowering carbon emissions) while also shielding businesses from volatility in raw material costs, especially in kraft linerboard and recovered paper.

A notable example comes from a European beverage manufacturer, which achieved a 12% year-over-year reduction in corrugated packaging, delivering:

- Material cost savings
- Lower emissions
- Reduced exposure to raw material price hikes

This initiative was co-led by procurement, sustainability, and packaging engineering teams, showcasing cross-functional alignment in pursuit of resilience.

From a procurement perspective, these sustainability actions help mitigate:

- Material cost volatility
- Carbon-related regulatory risk
- Future packaging regulations on recyclability and waste

In short, sustainability-led strategies like packaging reduction are no longer just about brand image – they are a core supply chain resilience lever, especially in categories facing pricing volatility and geopolitical exposure.

“Reducing packaging weight is one of the most immediate ways we can hit our sustainability goals and reduce our cost per unit.”

Procurement Director
Global food and beverage company



What about the metals market?

Fastmarkets experts share five examples from across the global metals market

1. “Despite its reputation as a dirty metal, lead actually has the best recycling loop of any metal. More lead is recycled, as a percentage of total lead used, than any other metal,” says James McKeigue, regional editor, base metals, Europe.
2. “The US aluminium industry has been seeking to lower its carbon footprint, with consumers in the automotive, packaging, energy and consumer products segments inquiring about sustainably produced materials while they attempt to lower their own carbon footprints,” says Grace Asenov, regional editor, base and energy metals, the Americas.
3. “China dominates lithium smelting capacity and smelters that utilize hydropower normally have the privilege to secure long-term supply contracts with major EV

makers in Japan and in the US,” says Jingtai Lun, regional managing editor.

4. “Environmental sustainability has proved a benefit in high-energy minor metal production, like silicon, where strong green credentials related to their access to cheap renewable power sources have provided some ex-China producers with a strong selling point in a market awash with cheap material produced in China and elsewhere,” says Jon Stibbs, Europe technology and energy metals editor.
5. “We are seeing some mills setting up internal teams to research the emissions of raw materials suppliers. While actual green premiums are still quite rare in ferro-alloys, we are seeing consumers reject material that does not come with green certificates, which essentially means they prioritize more expensive brands over cheaper ones,” says Janie Davies, regional managing editor, steel and ferro-alloys, EMEA.

Future supply chain outlook

What can we expect to see in the future of procurement?

Technology-driven transformation

Key technological trends shaping the future include:

AI and machine learning integration

- Predictive analytics for demand forecasting and risk assessment
- Automated supplier evaluation using comprehensive risk scoring models
- Intelligent contract management with natural language processing capabilities

Real-time analytics and monitoring

- Continuous supplier intelligence providing 360-degree visibility
- Market intelligence platforms offering real-time commodity price tracking
- Integrated sustainability metrics enabling data-driven ESG decisions

Broader sustainability integration

Sustainability will become increasingly integrated into procurement decisions, driven by:

- Regulatory requirements including carbon border adjustments and emissions reporting
- Consumer demand for environmentally responsible products
- Economic incentives as sustainable practices demonstrate cost benefits

Predictive modelling and advanced analytics

The future procurement leader will rely heavily on dynamic, data-driven decision frameworks that include:

- Scenario-based forecasting for multiple potential outcomes
- Integrated risk assessment combining geopolitical, economic and environmental factors
- Automated decision support using AI-powered recommendation systems

Key prediction: Organizations that invest in advanced analytics and predictive modelling will gain a significant advantage in risk management and cost optimization.



How Fastmarkets can help you

Working with data-driven partners like Fastmarkets provides procurement teams with the tools and insights necessary to thrive amid uncertainty. Access to comprehensive market intelligence, predictive analytics and scenario modelling capabilities transforms procurement

from a cost centre into a strategic advantage. The companies that will succeed in the new supply chain environment are those that embrace proactive risk management, leverage advanced analytics and build resilient supplier networks.

Fastmarkets' methodology

The three core principles that make up Fastmarkets' methodology:

1. **Verified:** Price reporters are required to follow robust pricing procedures, clearly defined methodologies and price specifications during their market reporting and pricing sessions.
2. **Independent:** We continually develop and review our methodologies in consultation with industry participants.
3. **Confidential:** All information received from data submitters is kept confidential in accordance with the data submitter policy.

[You can read more and access Fastmarkets assurance review here.](#)



Real-time market intelligence

Price forecasting in volatile markets:

- IOSCO-compliant price benchmarks that provide auditable, transparent pricing
- Predictive analytics combining supply-demand fundamentals with market sentiment
- Pricing models that account for geopolitical and economic factors

Comprehensive risk analysis

Supplier risk assessment:

- Multi-tier supplier intelligence providing visibility into complex supply networks
- Geopolitical risk monitoring with real-time alerts on potential disruptions
- Financial stability analysis helping identify vulnerable supply chain partners

Strategic decision support

Adaptable procurement strategies:

- Scenario modelling tools that help procurement teams prepare for multiple outcomes
- Cost optimization insights through dynamic should-cost modelling capabilities
- Market timing intelligence that informs optimal procurement decisions

The investment in modern risk management tools and methodologies will pay dividends in reduced disruptions, improved cost management and enhanced competitive positioning.

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What Fastmarkets' customers are saying

“Fastmarkets provides a rich source of customizable data and statistical analysis, which we need for market visibility because the paper industry is global and we are impacted with everything that happens around the world.”

Ahmad Fazary
EVP Commercial, Middle East Paper Company

Schedule a Fastmarkets consultation today to access the tools and insights needed to mitigate risks and build resilient supply chains in an uncertain environment.

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