BCG

Weekly Brief

May 01, 2025

Engaging on Tariffs and Trade

CEOs want to talk—at least in private—about the many economic disruptions from tariffs. They also need to figure out what, if anything, to say in public.

I've talked to many CEOs around the world over the past weeks about all this—and I continue to try to understand it for myself.

Here are some recent reflections.

What CEOs Are Saying

Private conversations often start with a macroeconomic view. BCG's perspective has stayed close to what I shared a few weeks ago—if the current tariffs remain in force.

I find it interesting that CEOs are often focusing on the second- and third-order effects of these shifts on their business, some of which are less quantifiable:

- **Uncertainty.** This is what weighs most on the minds of CEOs (and investors). They know they can't sit still as the world changes. But they also can't do a deal if they don't have an EBITDA forecast they can trust. And they can't invest in manufacturing and infrastructure if they can't reasonably project returns over the investment horizon. They are looking for no-regret moves while hoping for more clarity before taking bigger bets. In the meantime, they need to make sure their teams are not so distracted that they lose focus on other business priorities.

- **Workforce Concerns.** Many CEOs want to invest in the US. That was true a couple months ago, and increased tariffs strengthen that resolve. But a top challenge will be finding workers at reasonable cost. Today's US workforce is often not interested in production work and manual labor, and immigration pressures could make it even harder to find needed employees.
- **Supply Shock Risks.** Dramatic shifts in the environment can produce unexpected supply shocks. China's unique position in many supply chains and its ongoing trade battle with the US make for a particularly risky landscape. CEOs in many industries are focused on how to anticipate, prepare for, and respond to supply shocks. They also worry about the impact of those shocks on consumer confidence and demand.

Our Global Advantage practice has been supporting many companies as they respond to these pressures by helping establish trade and tariff "command centers." These cross-functional teams can develop quantifiable scenarios on outcomes for the business and its top competitors, driving decisions about portfolio priorities, suppliers, pricing, investments, and more.

Meanwhile, we should all direct our attention toward what's most elemental: controlling what we can control. That includes driving productivity, including the use of AI, at a time of heightened economic stress; building resilience; and staying focused on innovation and customers when distractions abound.

Striking the Right Communication Balance

If there is one thing the past year has taught business leaders, it's to be careful with external communications, particularly if they could be seen as taking political stands.

But in a time of dramatically rising tariffs, businesses sit squarely on the front lines. Their leaders feel the impact, and they're often best positioned to describe what's happening and what may be coming.

As economic issues rise in prominence, many leaders are grappling with whether and how to engage on this topic. I saw this play out last week at the Semafor World Economic Summit, as dozens of CEOs publicly shared their views on what is happening and what it means for their businesses. I expect we'll see more of that in the weeks ahead as tariffs start to have an impact on more businesses.

I am also trying to achieve that balance as I speak with the outside world. In talking with Liz Claman on Fox Business and Amna Nawaz on PBS, I tried to focus on impacts not politics. I hope I got the balance right and welcome your feedback if you feel I was off.

I think if we can find balanced ways to speak, as so many CEOs did last week, we will promote engagement, trust, and insight that can accelerate progress and reduce the period of uncertainty.

Until next time,

Rich Lesser
Global Chair

Further Insights

[What Is a Tariff and How Does It Impact Trade?]

Tariffs are shaping the way companies operate—impacting costs, supply chains, and competitive dynamics.

YOUR GUIDE TO TARIFFS

Even Before the Tariffs, Cracks Were Appearing in Consumer Confidence

But what happens in terms of spending will vary by situation, by country, and by category, so pockets of growth remain to be tapped.

SEIZE THE SHIFTS EARLY

In a Multipolar World, the Global South Finds Its Moment

As the Western-led order frays, the Global South is rising to craft its own economic and diplomatic path in a multipolar world.

SEE THE EMERGING SHIFTS