Inverto
a BCG company

Raw Materials Study 2025

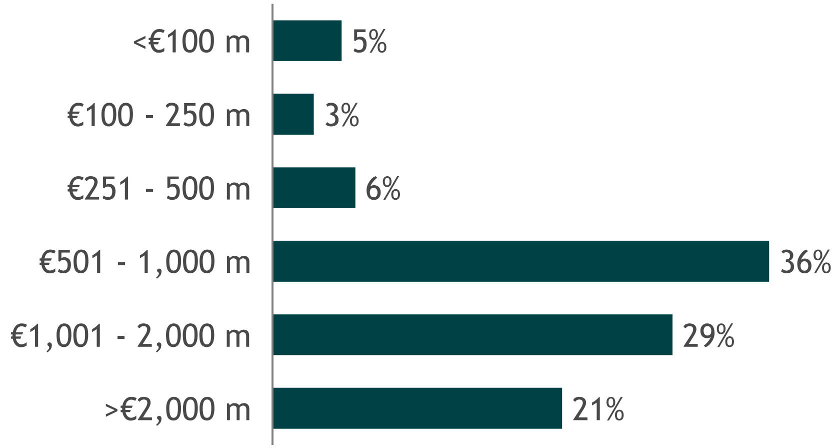
How Trade Barriers and Tariff Volatility Are Reshaping Supply Chains and Sourcing Strategies

July 2025

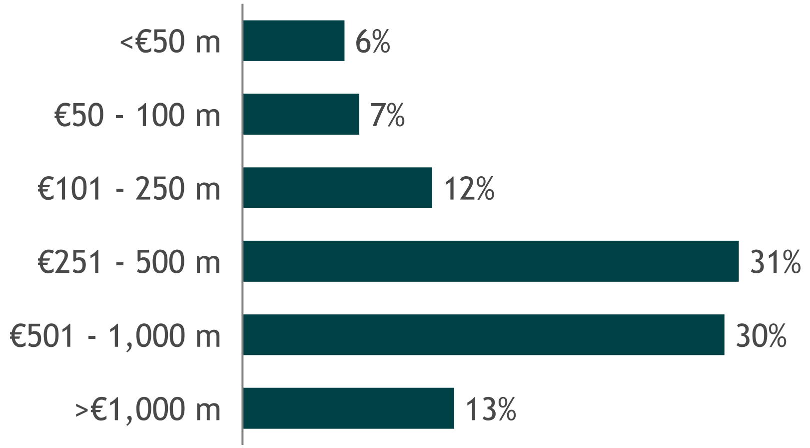
Content

Survey of 219 managing directors, board members, and procurement decision-makers from Europe

What was your company's revenue in 2024?



What was your company's procurement volume in 2024?



Method: Online survey across major European markets incl. Austria, France, Germany, Italy, Spain, Scandinavia, Switzerland; Participant insights reflect the country of survey response — not necessarily company headquarters or ownership
Author: Inverto GmbH in cooperation with Handelsblatt and Censuswide

Data: Anonymized collection and evaluation

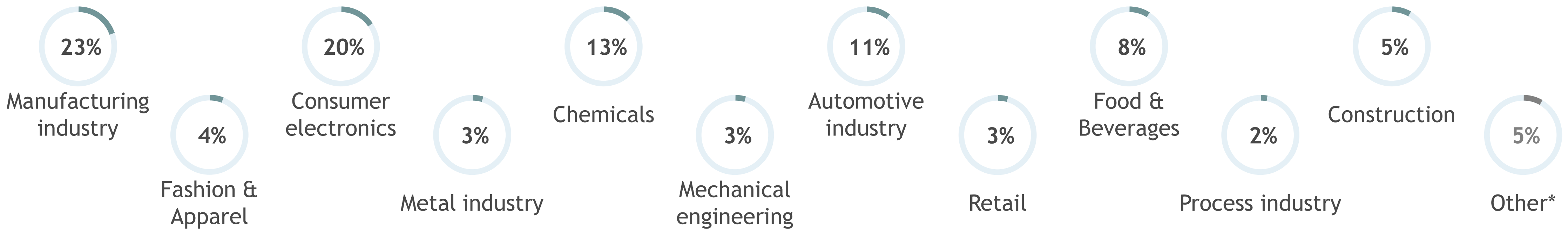
Participants: 219 managing directors, board members and decision-makers

Period: March – June 2025

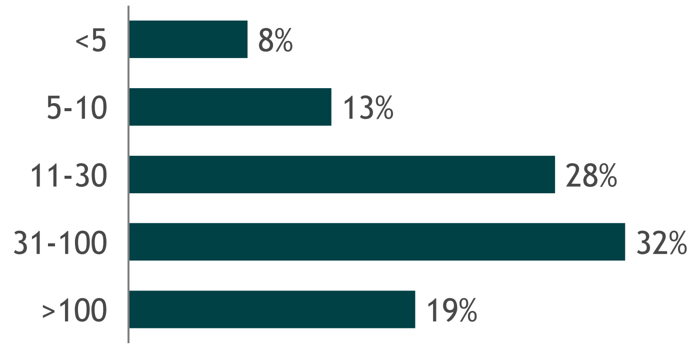
Note: Deviations of 100% in totals are due to rounding discrepancies

Half of participating companies with over 30 strategic procurement employees, reflecting broad representation across key industries

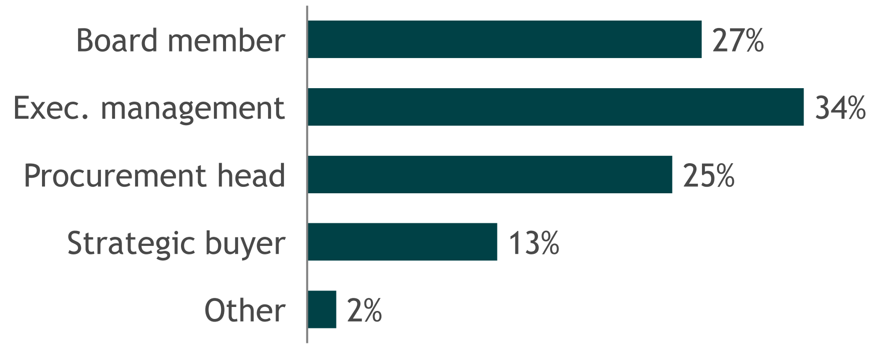
Which industry does your company primarily operate in?



How many employees work in strategic procurement?



What is your position within your company?



*Other includes 12 individual responses

Note: Deviations of 100% in totals are due to rounding discrepancies

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Raw Materials Study 2025: Key insights from this year's survey

Moderate price increases are anticipated overall, with chemicals and metals facing disproportionate pressure. **Index-linked pricing** is increasingly **becoming the norm**, demanding close coordination between procurement and sales to ensure effective cost pass-through to customers

Traditional levers like supplier base optimization and inventory control remain essential. However, competitive advantage is increasingly driven by material substitution and close collaboration with R&D to reduce dependency and enhance design flexibility

Leading companies are moving from reactive sourcing to structural resilience. Dual sourcing and strategic supplier partnerships are being systematically scaled across critical material categories to ensure continuity and agility

US tariffs are driving both direct and indirect cost pressures, yet most companies are slow to respond. Although 81% source from tariff-affected regions, only 45% have adapted their strategies. Companies that regionalize supply chains and establish governance for trade policy monitoring are better positioned to mitigate risks and sustain growth

Study participants expect elevated prices in 2025, driven by increased trade policy exposure and global supply risks

Moderate price increases anticipated amid evolving geopolitical and trade-related dynamics

- **Tariffs and geopolitical risks** have overtaken raw material pricing as the primary concern of business leaders in 2025, cited by **35%** of respondents; macro-level drivers and uncertainty now exert greater influence than commodity-specific cost drivers.
- Price expectations remain elevated, with **77% of respondents forecasting increases** over the next 12 months – a **12 percentage points rise compared to 2024**. While **18%** anticipate significant increases, only **7%** foresee a potential decline.
- Material supply risk remains a secondary concern, with **71% of companies expecting sufficient material availability.** However, nearly **one in four** participants are **proactively preparing for potential shortages**, especially in volatile categories like chemicals and rare earths.

Pressure on prices and supply vary across commodities and is most pronounced in key categories

- **Chemicals (21%)** and **iron & steel (19%)** top the list of **materials under price pressure**, each rising **+5%p vs. 2024**. Chemicals (20%) also rank highest in expected supply challenges, reflecting structural sensitivity.
- **Crude oil, aluminum, and agricultural products (17% each)** form the second tier of concern. **Agricultural products** show the sharpest increase in concern (**+12%p**), while crude oil rises **+6%p** in price risk. **Aluminum** remains stable in outlook.
- **Rare earths and plastics** are flagged for both price (16% and 13%) and supply risk (both 14%), with rare earths up +6%p in supply concern and plastics rising +5%p, despite a slight drop in perceived price pressure.

Companies diversify pricing approaches, but face challenges in activating strategic raw material levers

Companies across regions are deploying a range of strategies to mitigate the impact of rising raw material prices

- **Price escalation clauses** are the most commonly used mechanism, applied by 27% of companies overall – making them the dominant pricing model in volatile categories.
- **Long-term fixed price agreements** remain a key strategy for 20% of companies, with DACH leading at 30% reflecting a stronger emphasis on contractual risk mitigation.
- **Predefined price adjustment clauses** are gaining relevance, particularly in Spain (27%). In contrast, **12% of companies operate without fixed pricing**, instead relying on spot or daily rates.

Gap between intention and execution remains wide in raw material management

- **Material substitution** (31%) and **supply chain & inventory analysis** (29%) are viewed as among the most suitable strategic levers, yet are applied by only **21% and 23%** of companies, respectively — highlighting a persistent execution gap.
- **Supplier base optimization** (25%) and **cost pass-through strategies (23%)** are more frequently implemented, despite being considered less impactful for long-term resilience.
- Advanced levers like **BI tools** (13%) and **pooling with competitors** (13%) show **low adoption**, indicating missed opportunities to build data-driven and network-based resilience.

Companies adopt multi-sourcing and cross-regional partnerships as global uncertainty reshapes sourcing strategies

Companies are diversifying their sourcing strategies in response to market volatility

- 27% of participating companies have reinforced dual or multiple sourcing strategies, making it the most frequently adopted change over the past 12 months.
- **Sourcing cooperations with suppliers** are gaining traction, led by France (30%), indicating a shift toward collective resilience. In total, 23% of companies have adopted this approach.
- **Nearshoring** (16%) **and friendshoring** (12%) continue to see limited uptake, suggesting that most firms still prioritize flexibility through multi-partner setups over geographic proximity or political alignment.

Geopolitical dynamics and price risks drive strategic sourcing adjustments

- **38% of all participants** cite **price risks, geopolitical instability, and trade barriers** as the top drivers of sourcing changes — forming a triad of continuity, compliance, and cost-related concerns.
- Other important drivers include **raw material shortages (31%)**, **sustainability goals (36%)**, and **logistical risks (29%)**, all contributing to a more complex procurement strategy environment.

Tariffs and trade barriers are reshaping sourcing exposure, decision-making, and long-term footprint across surveyed markets

Trade-related risks are creating widespread cost and supply pressure in Europe

- **US tariffs** are cited as the most impactful global trade barrier by **40% of all participating companies**, followed by **general protectionism (33%)** and **Brexit-related friction (31%)**. Only **5% report no relevant impact**, highlighting the near-universal exposure to trade-related disruption.
- More than **80%** of companies **source 10-50%** of their raw materials or components **from regions affected by tariffs,** with exposure varying by region.
- The impacts of tariffs are multifaceted: **39% cite direct export tariffs, 38% report trade disruptions, and 37% experience increased supplier costs -** underscoring how tariffs influence both pricing and continuity.

Companies are responding through tactical monitoring and long-term regionalization

- **38%** of companies have introduced dedicated **tariff monitoring. Supplier diversification** remains the most widely applied short-term response.
- **45%** of respondents report having already **adapted to recent tariff changes**, while another 47% expect to do so within the next 12 months — with the highest shares reported by Spanish participants (58%) and French participants (53%)
- Looking toward **2030**, **32% aim to regionalize supply chains** and another **32% plan to restructure global operations**, while **25% remain undecided.**

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Tariffs and trade barriers expected to have the greatest impact on business performance in 2025

Which external factors have a significant influence on your business performance at present? (Multiple answers possible)

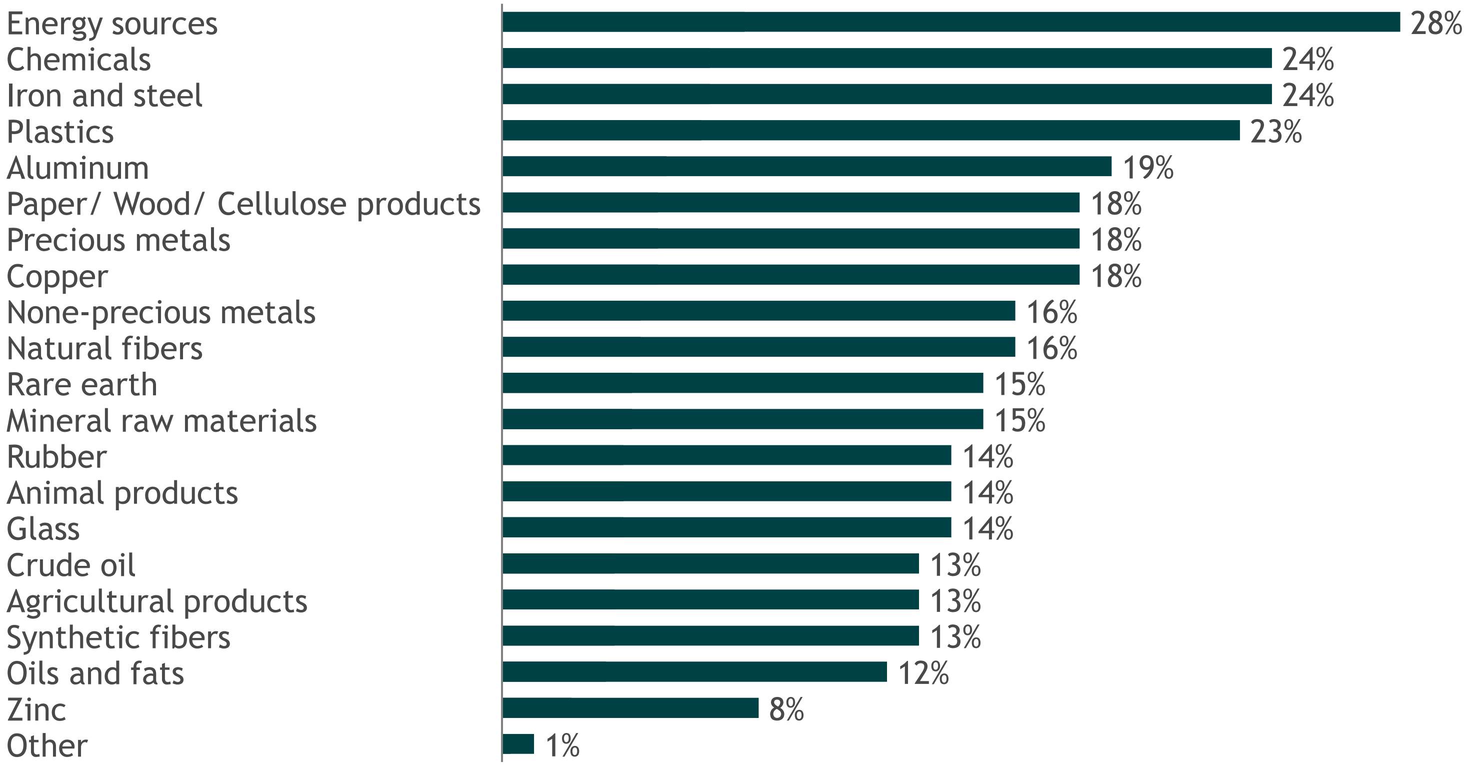
		Change to 2024	Change to 2023	Change to 2022
Tariffs and trade barriers	35%	n/a	n/a	n/a
Uncertainty of economic and geopolitic development	33%	-4%p	-34%p	-47%p
Raw material prices	33%	-5%p	-46%p	-61%p
Declining sales volumes	29%	-10%p	-14%p	+13%p
Energy prices	28%	-6%p	-43%p	-65%p
Bureaucratic obstacles to import and export	28%	+-0%p	+20%p	+14%p
Increased competition	26%	-4%p	+8%p	+22%p
Exchange rate fluctuations	24%	+-0%p	+9%p	+8%p
Reduced availability of raw materials	22%	-1%p	-6%p	-59%p
Staff shortages	22%	-4%p	-15%p	-25%p
Export bans	17%	n/a	n/a	n/a

Increase ≥ +25%p   Increase < +25%p and ≥ +5%p   Change < ±5%p   Decrease ≥ -5%p

- **Tariffs and trade barriers** are expected to have the strongest impact on business performance in 2025, cited by **35%** of businesses
- While **economic and geopolitical uncertainty (33%)** and **raw material prices (33%)** remain among the top concerns, both show slight declines from previous years
- **Declining sales volumes (29%)** have lost importance compared to previous years, falling by 10 percentage points vs. 2024

Energy sources, chemicals, metals, and plastics are the most relevant raw material groups across surveyed regions

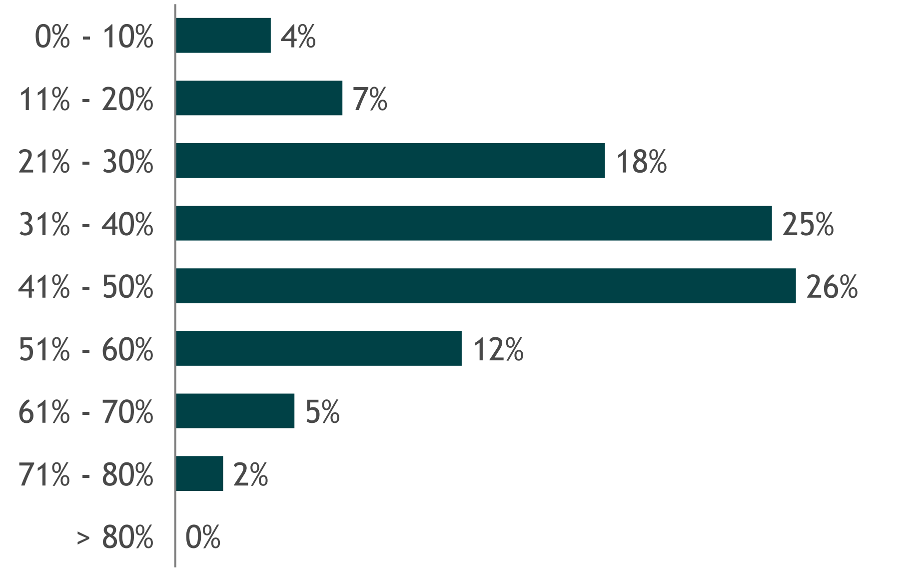
Which raw material groups are especially relevant for your company? (Multiple answers possible)



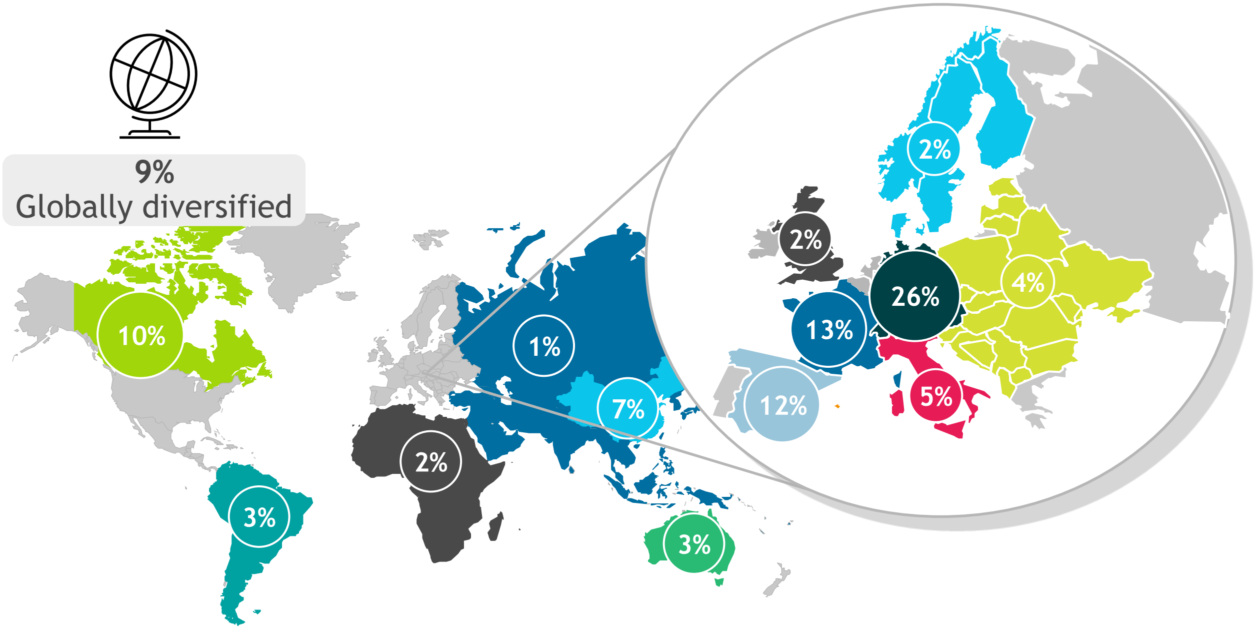
- **Energy sources** are identified as the most relevant raw material groups by **28%** of all participants in 2025
- Across **European regions**, material **relevance varies** depending on industrial focus (e.g., chemicals, metals, plastics, etc.) and processing sectors

Raw materials remain a key cost driver, with sourcing concentrated in Europe, Canada, and China

What share of your company's procurement volume consists of raw material procurement?



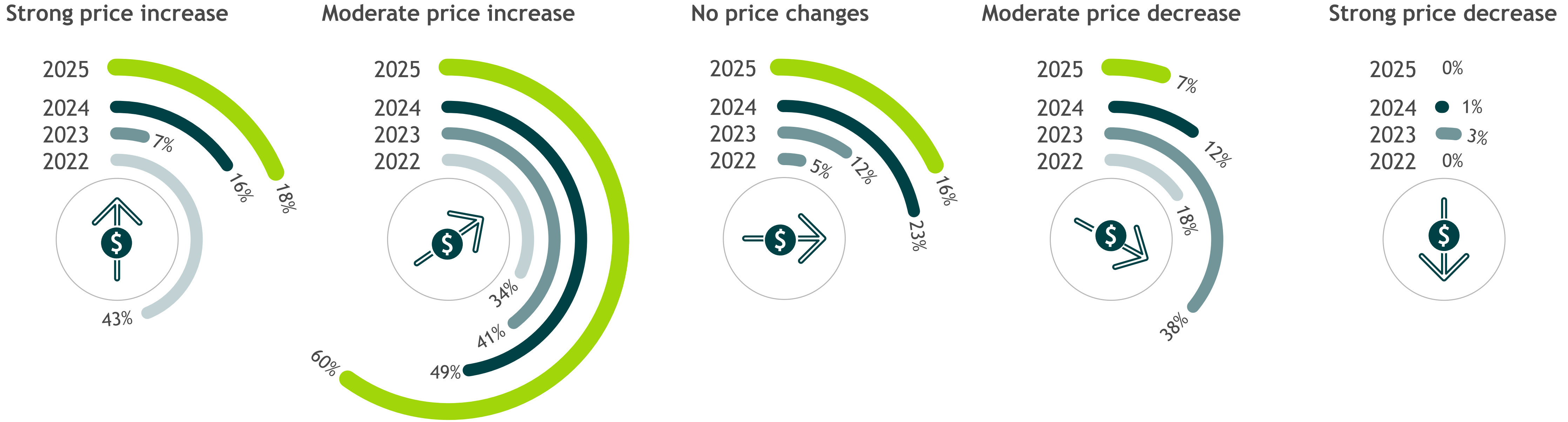
In which region does your company currently source most of its raw materials?



- **45%** of respondents report that raw materials account for **40%** or more of their **total cost base**
- **64%** currently source the majority of their raw materials **within Europe**
- Beyond Europe, **Canada (10%)** and **China (7%)** are the most frequently named sourcing countries for raw materials
- **9%** of respondents report a **globally diversified** raw material sourcing portfolio with no regional dominance

Expectations for rising raw material prices increase by 13 percentage points vs. 2024

What type of price trends are you anticipating for raw materials (which are relevant to you) over the next 12 months?

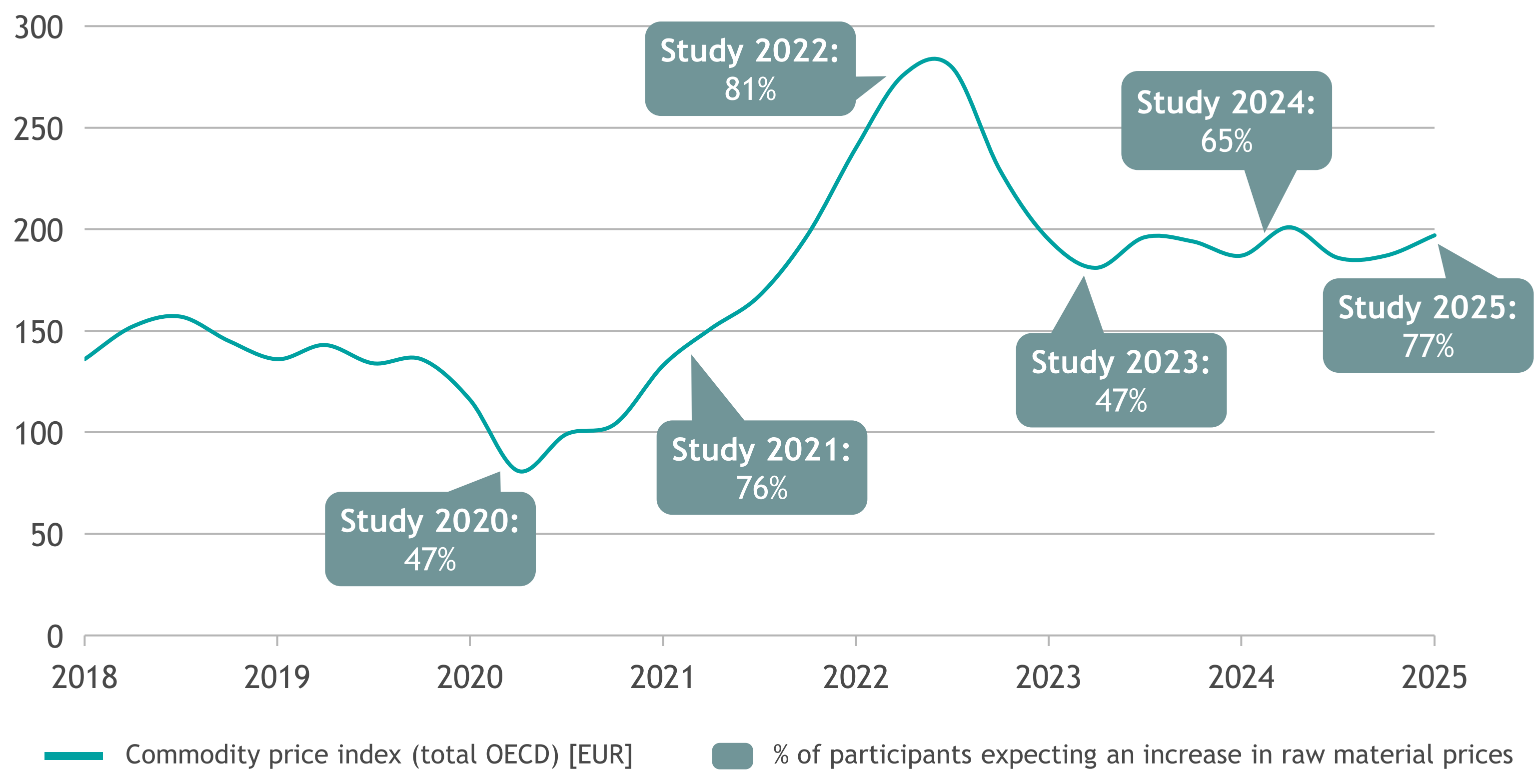


- **18%** of respondents expect a **strong increase** in raw material prices, up slightly from 16% in 2024
- **60%** anticipate a **moderate increase**, exceeding the already elevated 49% in 2024
- **16%** expect **stable prices**, representing a notable decline from 23% in 2024
- Only **7%** foresee a **moderate price decrease**, down from 12% in 2024

Note: Deviations of 100% in totals are due to rounding discrepancies

77% of participants expect raw material prices to rise in 2025 – a 12-percentage point increase vs. 2024

Comparison of study participants' general expectation for raw material price trends from 2018 to 2025

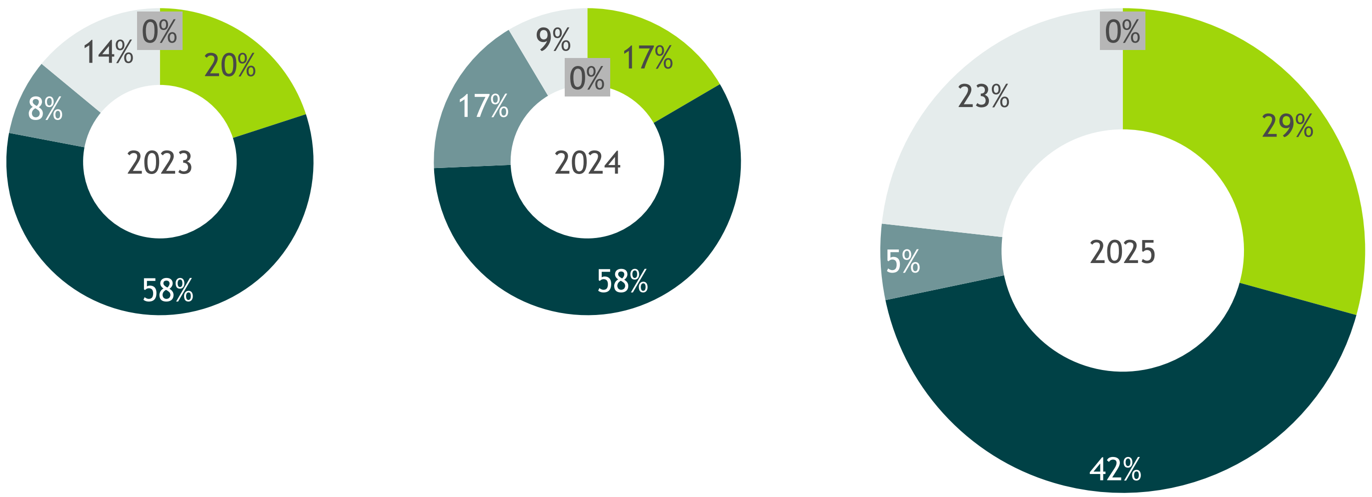


- **77%** of participants expect **raw material prices to rise** – up significantly from **65% in 2024.** This marks a **12 percentage point** increase year-over-year
- **Historical trend analysis** shows that participants tend to extrapolate:
  In 2022, 81% anticipated rising prices – yet actual commodity prices declined, indicating a bias toward recent trends rather than identifying turning points

Source: HWWI – rohindex.de

Despite rising uncertainty, 71% of participants expect raw material availability to meet demand over the next 12 months

What is your expectation for the availability of raw materials in the next 12 months?



- We are convinced that we can obtain the raw materials we need at any time to meet our requirements.
- We expect raw material availability to cover our needs for most of our raw materials.
- We anticipate minor and temporary restrictions in the supply of raw materials, which will only have a minor impact on operations.
- We anticipate a high level of uncertainty in the supply of raw materials and are taking proactive measures.
- We anticipate severe restrictions and shortages in the supply of raw materials and are taking proactive measures.

- **71%** of participants expect **raw material availability to meet demand** over the next 12 months
- **5%** anticipate **minor and temporary raw material restrictions** with only limited operational impact
- **23%** are concerned about **high supply-side uncertainty**, **up 14 percentage points** vs. 2024 — indicating growing risk awareness

Price and supply risks for key commodities have increased compared to last year

In your opinion, which raw materials are at greatest risk of price increase in the next 12 months? For which raw materials do you anticipate supply problems in the future? (Multiple answers possible)

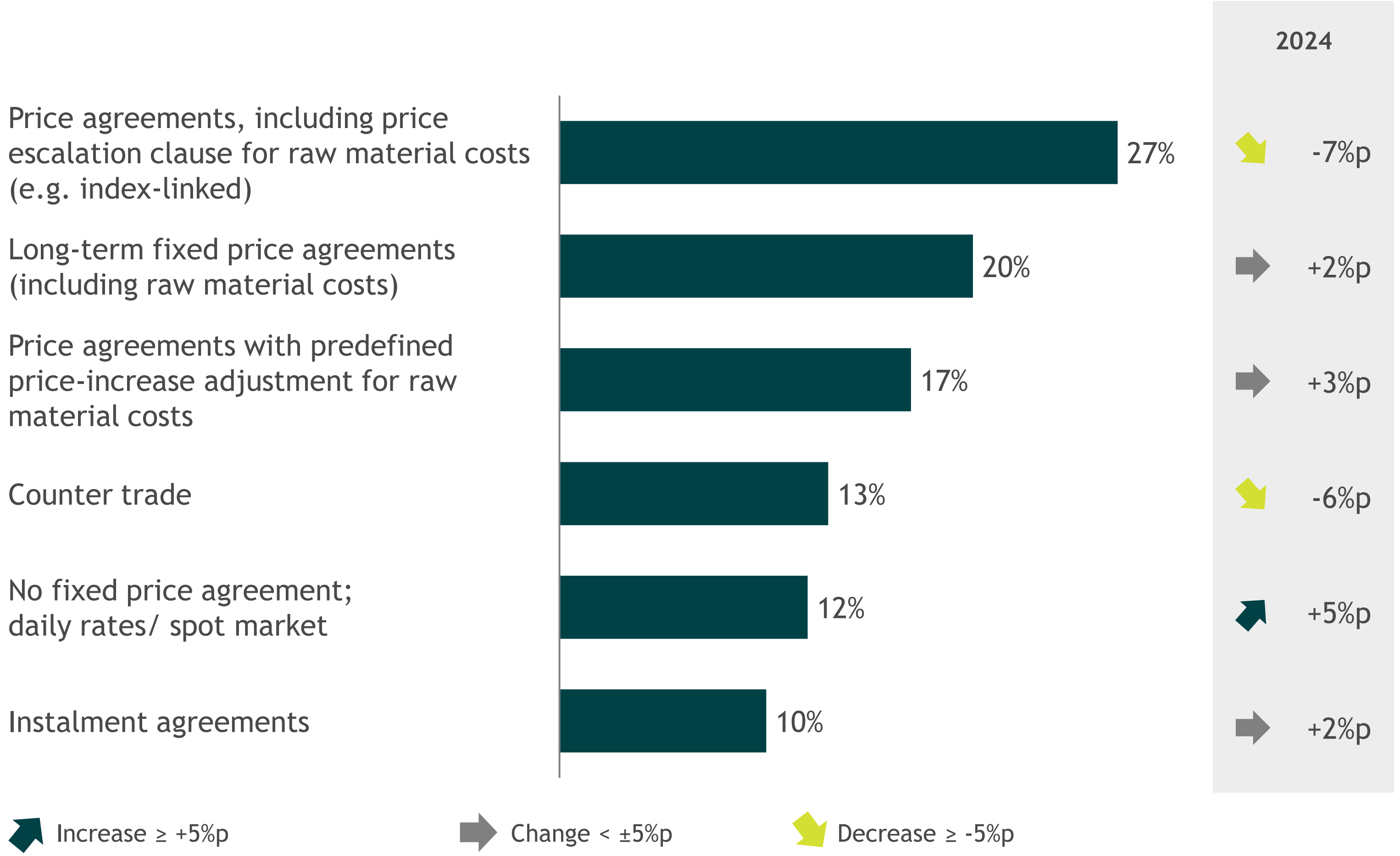
	Risk of price increases	Change to 2024	Expected supply problems	Change to 2024
Chemicals	21%	+5%p	20%	+12%p
Iron and steel	19%	+5%p	11%	+4%p
Crude oil	17%	+6%p	12%	+2%p
Aluminum	17%	+-0%p	13%	-2%p
Agricultural products	17%	+12%p	1%	-9%p
Energy sources	16%	+-0%p	11%	-4%p
Rare earth	16%	+8%p	14%	+6%p
Precious metals	15%	+6%p	12%	+-0%p
Natural fibers	15%	+2%p	11%	-5%p
Mineral raw materials	14%	+7%p	10%	-2%p
Copper	14%	-2%p	13%	+1%p
Paper/ Wood/ Fiber	13%	-3%p	12%	+4%p
Plastics	13%	-6%p	14%	+5%p
Synthetic fibers	12%	n/a	13%	n/a
Animal products	11%	+3%p	10%	-1%p

- Participants report a **greater concern about price risks** than supply disruptions across most raw material categories
- **Chemicals (21%)** and **iron & steel (19%)** are considered most exposed to **price increases** over the next 12 months
- **Chemicals (20%), rare earths (14%), and plastics (14%)** show the **largest supply risk increases** vs. 2024

Increase ≥ +25%p   Increase < +25%p and ≥ +5%p   Change < ±5%p   Decrease ≥ -5%p

Price escalation clauses are the most widely used pricing model — with notable differences across regions

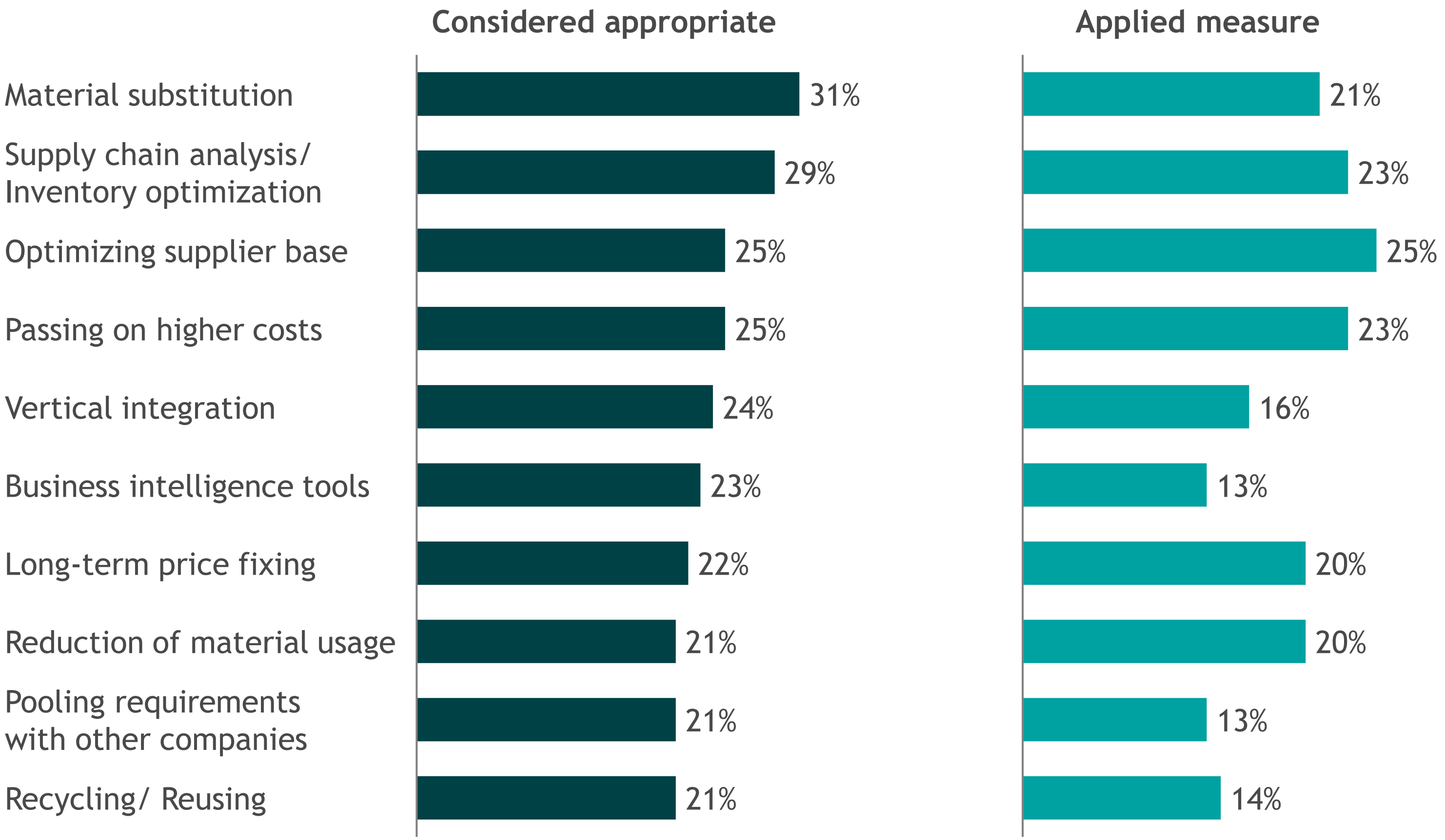
What pricing model has your company predominantly been able to implement in agreements with your suppliers over the last 12 months?



- **Price escalation clauses** are the most widely used model overall, applied by **27% of companies** , despite a 7%p decrease compared to 2024
- **Predefined price adjustment agreements**, though less common overall, are cited most frequently by respondents based in **Spain (27%)**
- **12%** of companies report **not using fixed-price agreements**, instead relying on **daily rates or spot pricing**
- Potential drivers behind **regional pricing model differences** include maturity of procurement practices, supplier consolidation levels, or industry-specific risk profiles

Raw material management measures: Strategic levers like substitution are underused compared to operational measures like supplier optimization

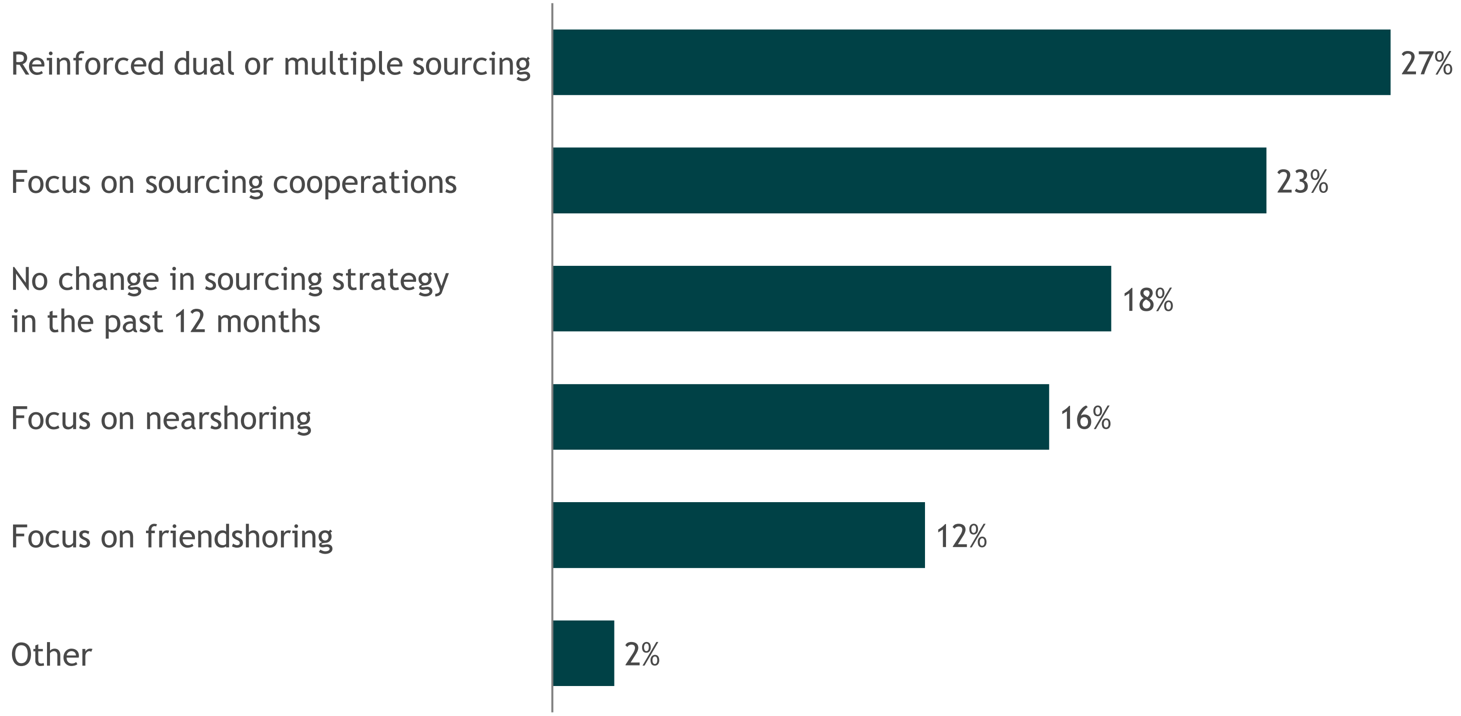
What measures do you consider appropriate for developing the management of raw materials? And what measures do you use? (Multiple answers possible)



- A **clear gap** exists between measures considered **appropriate** and those **actually implemented**, highlighting opportunities for improvement.
- **Material substitution (31%)** and **supply chain analysis & inventory optimization (29%)** are seen as the most suitable strategies
- **Supplier base optimization (25%)** and **higher cost pass-through (23%)** are the most frequently applied in practice

Dual/multi-sourcing and sourcing cooperations are key drivers of recent sourcing strategy changes

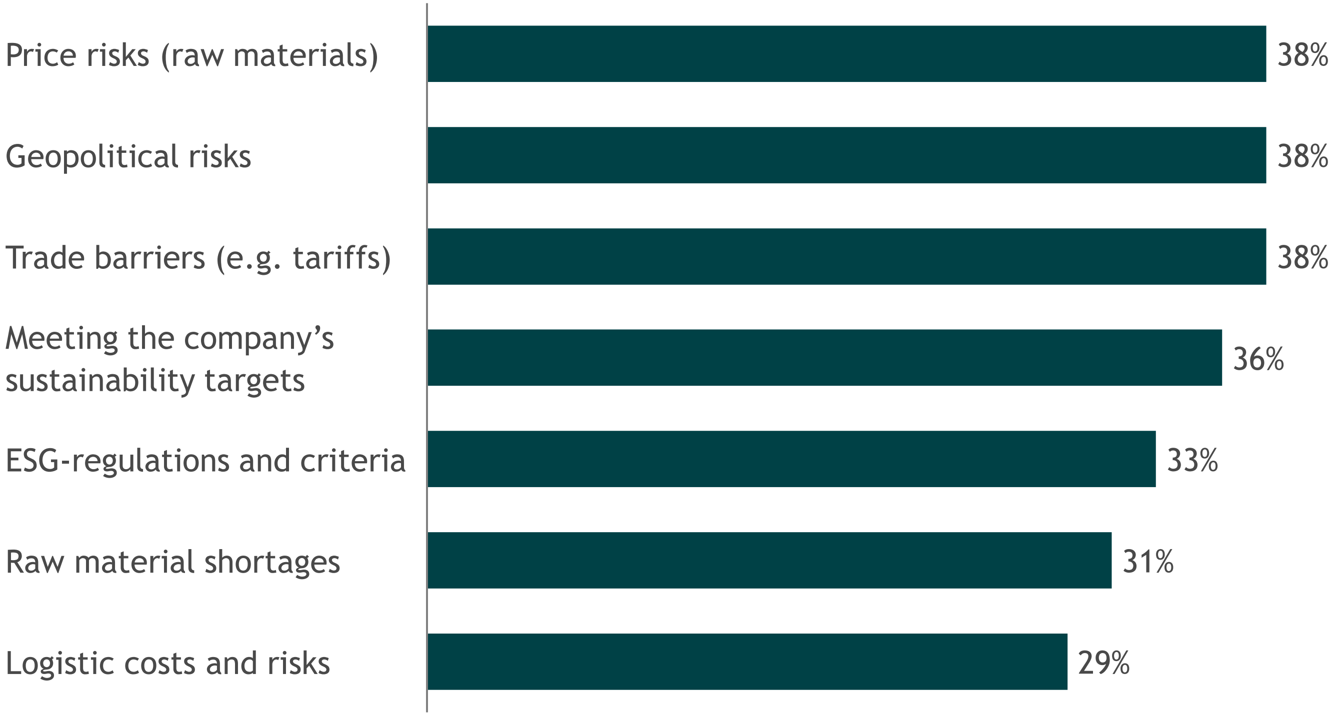
To what extent has your sourcing strategy changed? (Multiple answers possible)



- **27%** of companies report having **reinforced dual or multiple sourcing strategies**, with some regions approaching 40% adoption
- **Sourcing cooperations** are gaining momentum in Western and Southern European companies, with 23% adoption overall
- **Nearshoring (16%)** and **friendshoring (12%)** remain **secondary** considerations

Price risks, geopolitical challenges, and trade barriers are the top drivers of supply source changes

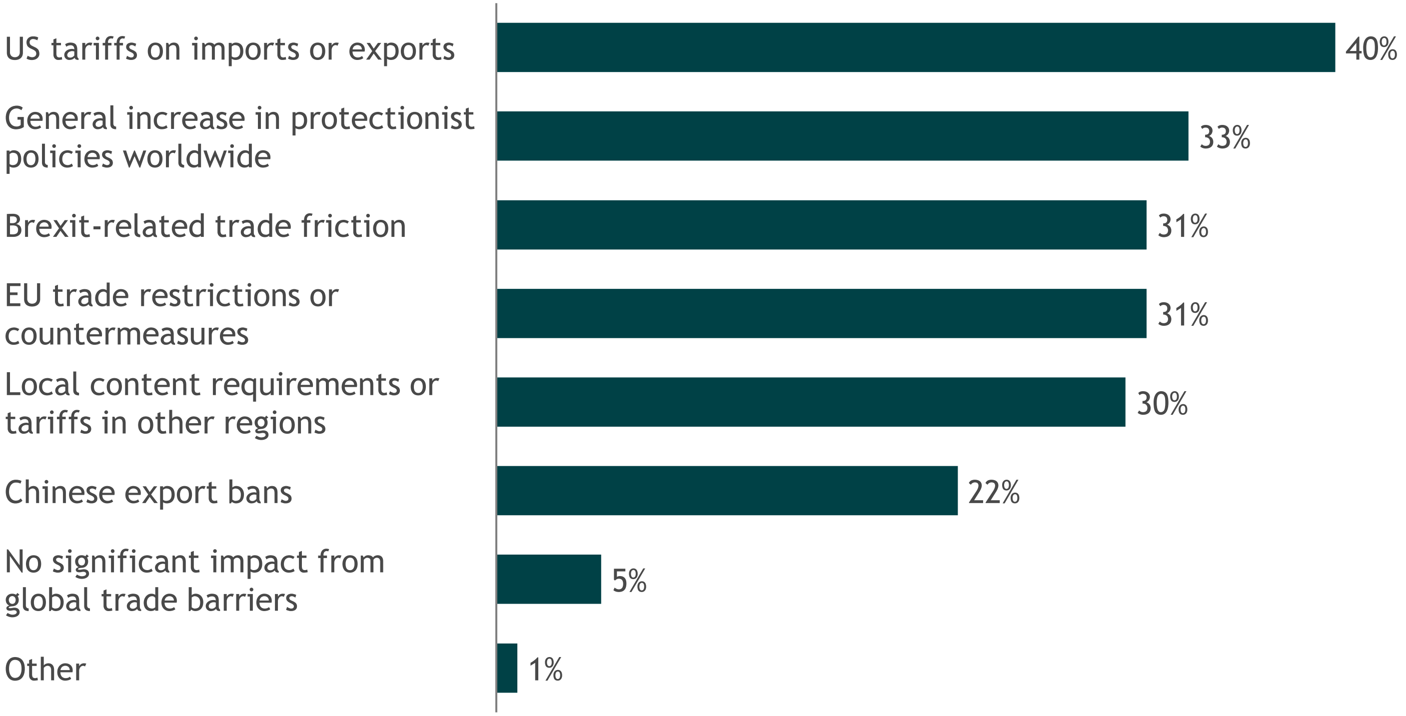
What are the main reasons for a change in your supply markets? (Multiple answers possible)



- The **top 3** drivers of supply market changes are **price risks (38%), geopolitical risks (38%),** and **trade barriers (38%)**
- **Geopolitical risks and trade barriers** are especially relevant in the **industrial sector (40%)**, compared to 32% for consumer products
- **Sustainability targets** are cited more frequently by companies from the **consumer goods sector (44%)**

US tariffs and global protectionist policies are the top trade barriers impacting European supply chains

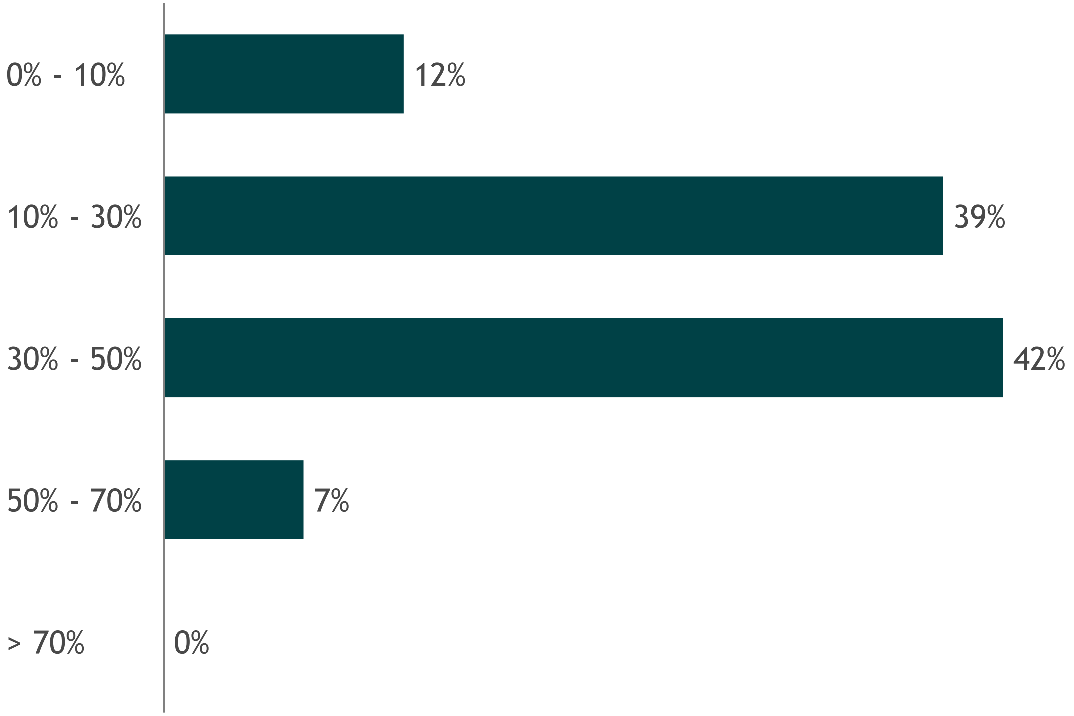
Which global trade barriers currently have the most significant impact on your company? (Multiple answers possible)



- **40%** of respondents cite **US tariffs** the most impactful trade barrier
- **Brexit-related trade friction** is cited most frequently by respondents based in **France (40%)**, which may reflect stronger UK trade exposure in their supply chains
- Only **5%** of companies report **no significant impact** from trade barriers in 2025

Over 80% of companies source 10–50% of their raw materials from tariff-affected regions

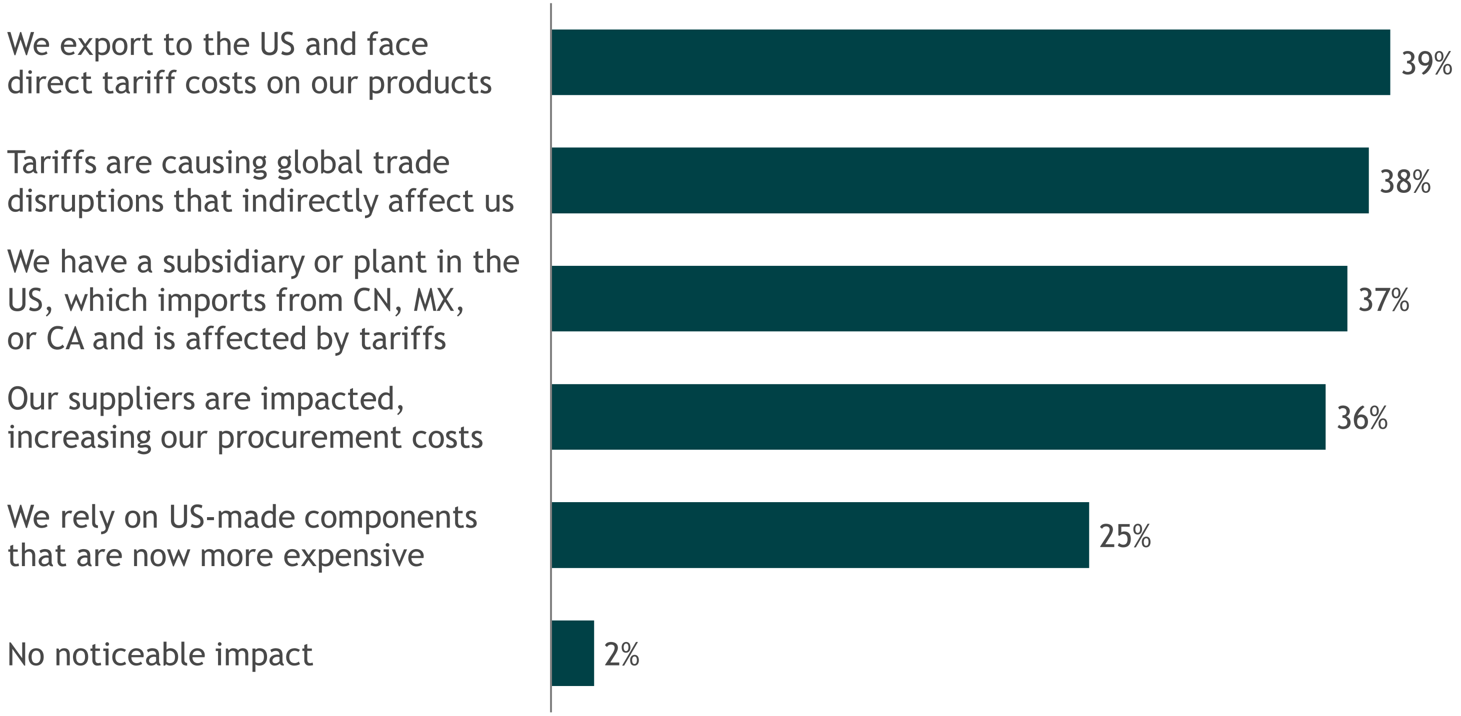
What percentage of your raw materials or components are sourced from regions affected by tariffs?



- **81%** of companies report **sourcing 10-50%** of their raw materials or components from tariff-affected regions
- **Tariff exposure varies widely** across regions and industries, with some regions reporting less than 30% and others nearing 50%

US tariffs cause both direct and indirect disruptions for European companies

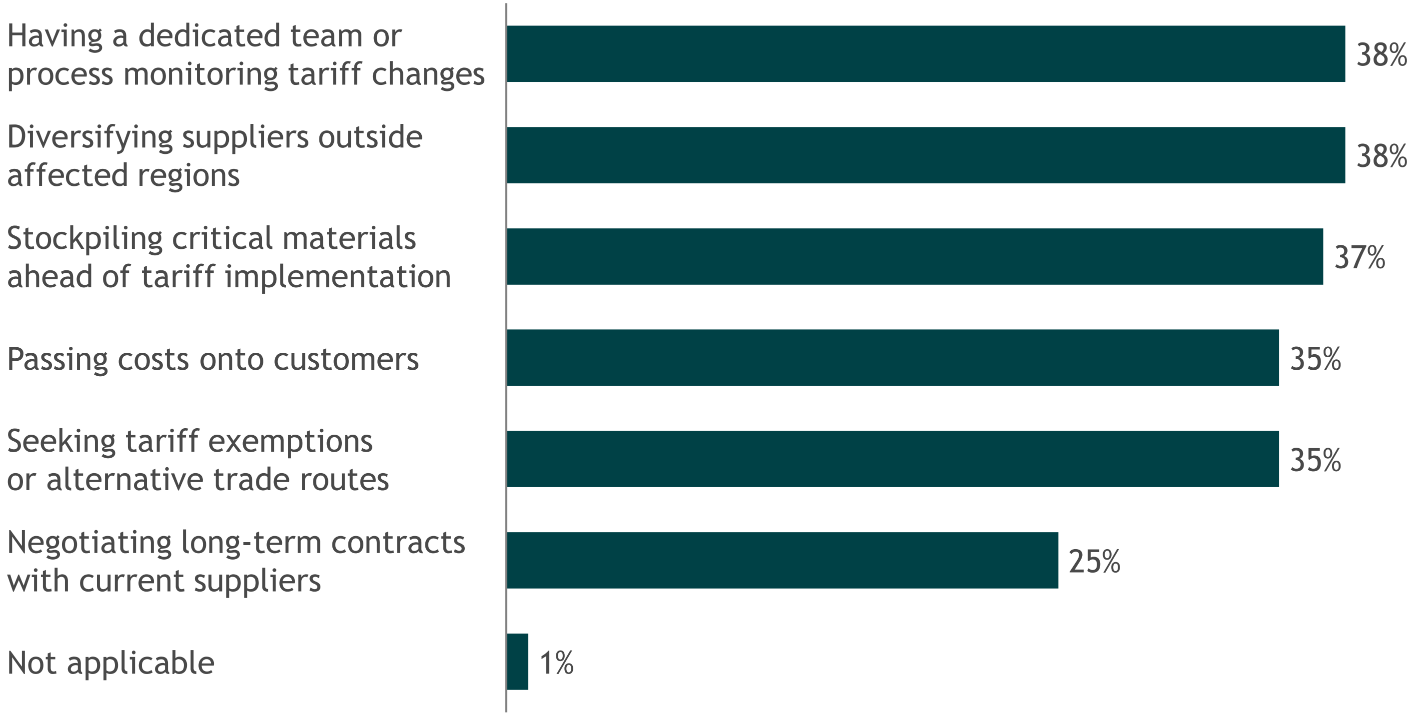
In what way do US tariffs impact your company the most? (Multiple answers possible)



- The most frequently cited impact is **direct tariff costs on exports to the US (39%)**
- **Indirect disruptions** to global trade are reported by **38%** overall
- **37%** are affected via **subsidiaries or plants in the US** sourcing from third countries subject to tariffs
- Only **2%** of respondents report **no noticeable impact**

Companies strengthen tariff management through dedicated teams, supplier diversification, and preemptive measures

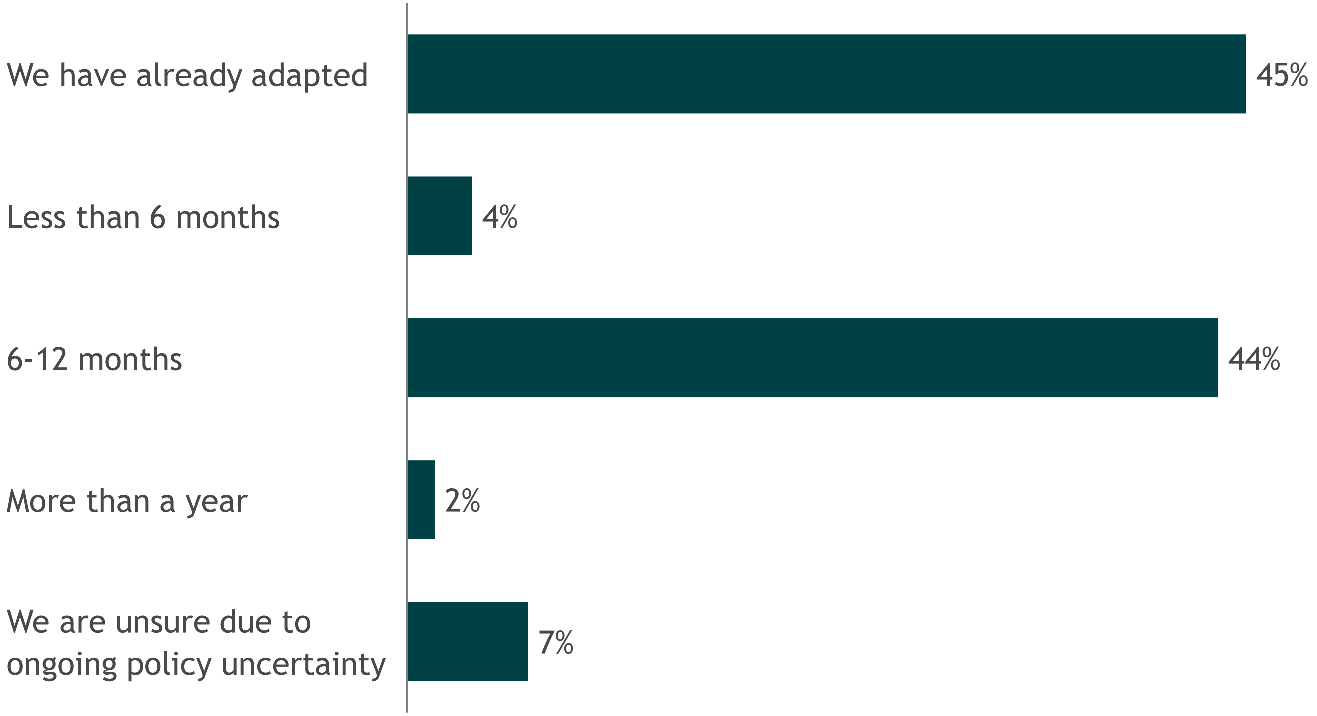
How does your company manage dynamic developments in global trade regulations? (Multiple answers possible)



- **38%** of companies have a **dedicated team or process** for monitoring tariff changes
- **Diversifying suppliers outside affected regions** is also cited by **38%**
- **35%** seek **tariff exemptions or alternative trade routes**
- **Stockpiling critical materials** is used by **34% overall**

48% of companies expect to adapt sourcing strategies within 12 months — Spain faces the longest timelines

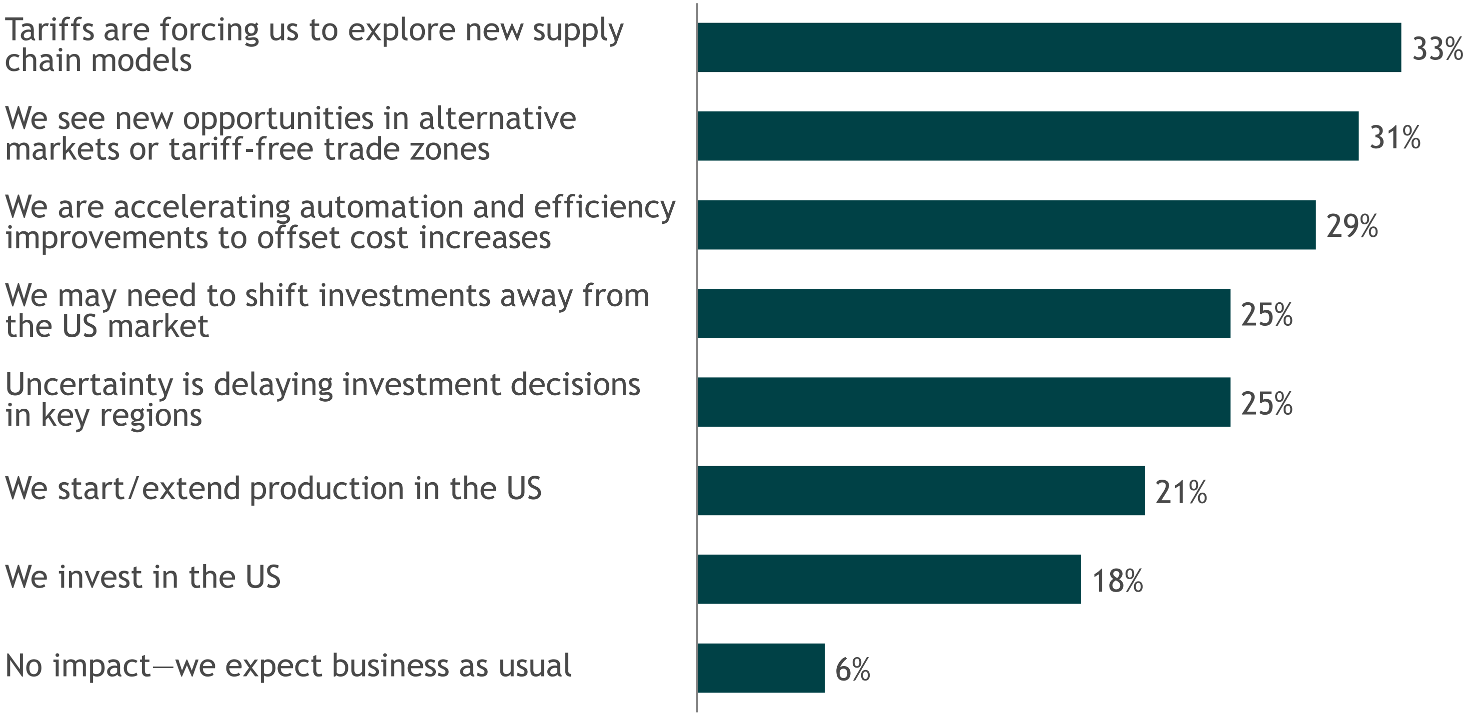
How long do you estimate it will take your company to fully adapt to the latest tariff changes?



- **45%** of companies report they have **already adapted to the latest tariff changes**
- **48%** expect to **adapt within the next 6-12 months -** with the highest share in Spain (60%)
- **Only 2%** expect adaptation to take **more than a year**, suggesting most companies aim to respond within a 12-month window

Tariffs drive long-term shifts in supply chains, market strategies, and automation to offset cost pressures

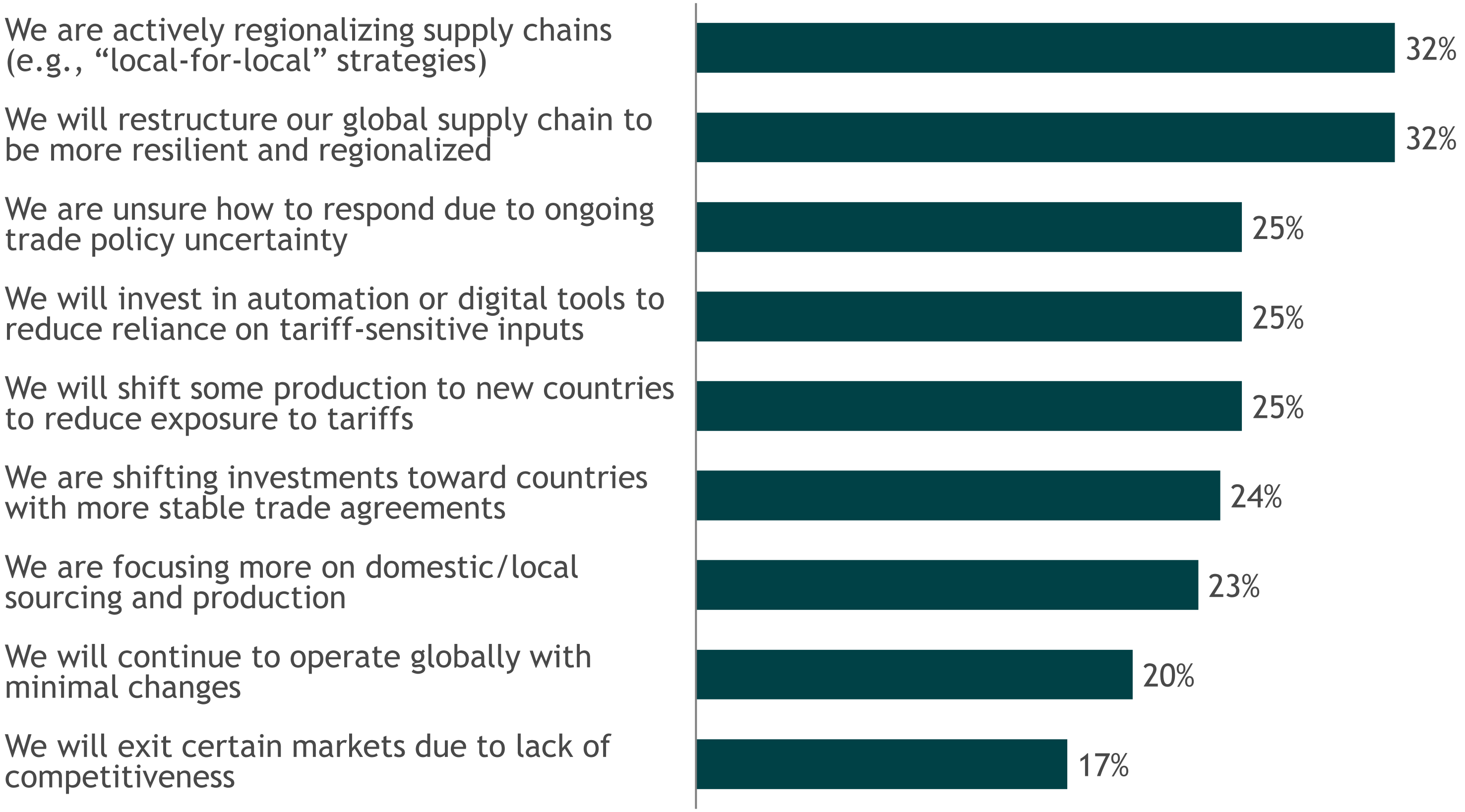
How do you expect tariffs to influence your company's long-term growth, competitiveness and investment decisions? (Multiple answers possible)



- **33%** of companies are **exploring new supply chain models** in response to tariffs
- **31%** report seeing **new opportunities in alternative markets** or tariff-free zones
- **automation and efficiency** improvements to offset cost increases

Companies plan to regionalize and restructure supply chains in response to tariff pressure

Looking ahead to 2030, how do you expect tariffs and trade policy trends to shape your company's global sourcing and production footprint?



- **32%** of companies plan to **regionalize supply chains**, favoring "local-for-local" strategies
- **Another 32%** intend to **restructure their global supply chains** to improve resilience and regional alignment
- **25%** remain **uncertain how to respond**, with policy volatility
- **25%** also plan to **invest in automation or digital tools** to reduce reliance on tariff-sensitive inputs

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Procurement must balance cost efficiency and resilience through strategic pricing, sourcing, and product design

The response gap

While 81% of companies source from tariff-affected regions, only **45% have adapted** their sourcing strategies. This reveals a clear implementation gap — one that must be closed with the following actions.

Deploy tailored pricing models to balance volatility protection and margin opportunities

Rising input costs require strategic pricing decisions, and one model doesn’t fit all material categories. Index-linked agreements stabilize procurement costs but must be balanced against opportunities to outperform markets through active timing. A portfolio-based approach — combining fixed, indexed, and spot mechanisms — ensures optimal risk-return positioning. Aligning index-based procurement and sales contracts is crucial to protect profit margins and smoothly integrate cost changes into sales pricing.

Redesign sourcing models for structural resilience and geographic diversification

Traditional single-source strategies no longer meet today’s risk profile — resilience is becoming a core sourcing objective. Leading companies are scaling dual/multi-sourcing models and investing in regionalized supply chains to reduce geopolitical and trade policy exposure. The shift is from tactical firefighting to building structurally agile and robust networks — supported by scenario planning and strategic supplier partnerships.

Reduce material dependency by embedding flexibility into product design

Procurement and engineering must collaborate early to decouple design from input constraints. Substitution strategies are most effective when applied in initial development phases, enabling long-term risk mitigation without compromising functionality or cost efficiency.

Digital tools and trade risk governance are critical to driving cost-effective and resilient procurement

Scale digital enablement to improve procurement performance and decision speed

Rising complexity demands scalable tools — not more manual workarounds. Digital platforms such as ERP, SCM, and BI tools must be fully embedded into procurement workflows to ensure transparency and real-time data-driven decision making. Success depends not only on adoption, but also on solving integration and data quality challenges — and on upskilling teams to extract actionable insights. Specialized tools like the Inverto Tariff Simulator can support this by helping procurement teams assess the financial impact of tariffs early and proactively integrate trade-related cost factors into decision-making.

Establish tariff governance and regionalize exposure to manage trade risks

Trade policy volatility is now a structural factor — and companies must treat it as such. Procurement leaders should institutionalize tariff monitoring and scenario response capabilities. Regionalizing supply chains, qualifying alternative suppliers, and applying for exemptions are critical tactics. Sustained competitiveness requires a shift from reactive compliance to strategic footprint planning.

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