4.5. Checklist: Impact Assessment

To ensure a thorough and effective assessment of the potential impacts of various tariff regimes, use the following checklist. This checklist encompasses all critical steps and best practices outlined in the previous sections of Chapter 4.

- ☐ **Define Tariff Scenarios:** Identify and outline all relevant tariff scenarios, including baseline, moderate increases, high increases, variable tariffs, and retaliatory measures.
- ☐ **Collect Financial Data:** Gather historical financial data related to imports, including costs, volumes, and revenues from tariff-affected products.
- ☐ **Obtain Current Tariff Rates:** Acquire the latest tariff rates from official sources such as the U.S. International Trade Commission (USITC) or relevant government databases.
- ☐ **Develop Financial Models:** Create comprehensive financial models for each tariff scenario to quantify direct and indirect impacts on costs, revenues, and profitability.
- ☐ **Conduct Cost Impact Analysis:** Calculate additional costs for each scenario by applying the respective tariff rates to the declared value or quantity of imported goods.
- ☐ **Assess Profit Margin Changes:** Recalculate profit margins to understand how tariff increases will affect overall profitability across different product categories.
- ☐ **Evaluate Cash Flow Effects:** Project changes in cash flow resulting from increased import costs and assess the impact on working capital and liquidity.
- ☐ **Identify Indirect Costs:** Estimate indirect costs such as supply chain disruptions, increased logistics expenses, and potential production delays.
- ☐ **Perform Sensitivity Analysis:** Conduct sensitivity analyses to determine how variations in tariff rates influence key financial metrics and identify the most sensitive areas.
- ☐ **Map Operational Impacts:** Assess how different tariff scenarios will affect supply chain operations, including sourcing, production, and inventory management.
- ☐ **Analyze Strategic Implications:** Evaluate the broader strategic implications, such as competitive positioning, market pricing, and supplier relationships under each tariff scenario.
- ☐ **Prioritize Scenarios:** Rank tariff scenarios based on their likelihood and potential impact to focus mitigation efforts on the most critical areas.
- ☐ **Develop Mitigation Strategies:** Formulate strategies to address the identified impacts, including cost optimization, supply chain diversification, and strategic sourcing adjustments.
- ☐ **Document Assumptions:** Clearly document all assumptions used in the financial models and impact assessments to ensure transparency and facilitate future reviews.
- ☐ **Review and Validate Models:** Engage financial analysts and key stakeholders to review and validate the accuracy and reliability of the financial models and impact assessments.
- ☐ **Integrate with Strategic Planning:** Align the impact assessment findings with your organization's broader strategic planning and budgeting processes to ensure cohesive decision-making.
- ☐ **Establish Monitoring Mechanisms:** Implement processes to continuously monitor tariff developments and update impact assessments as new information becomes available.