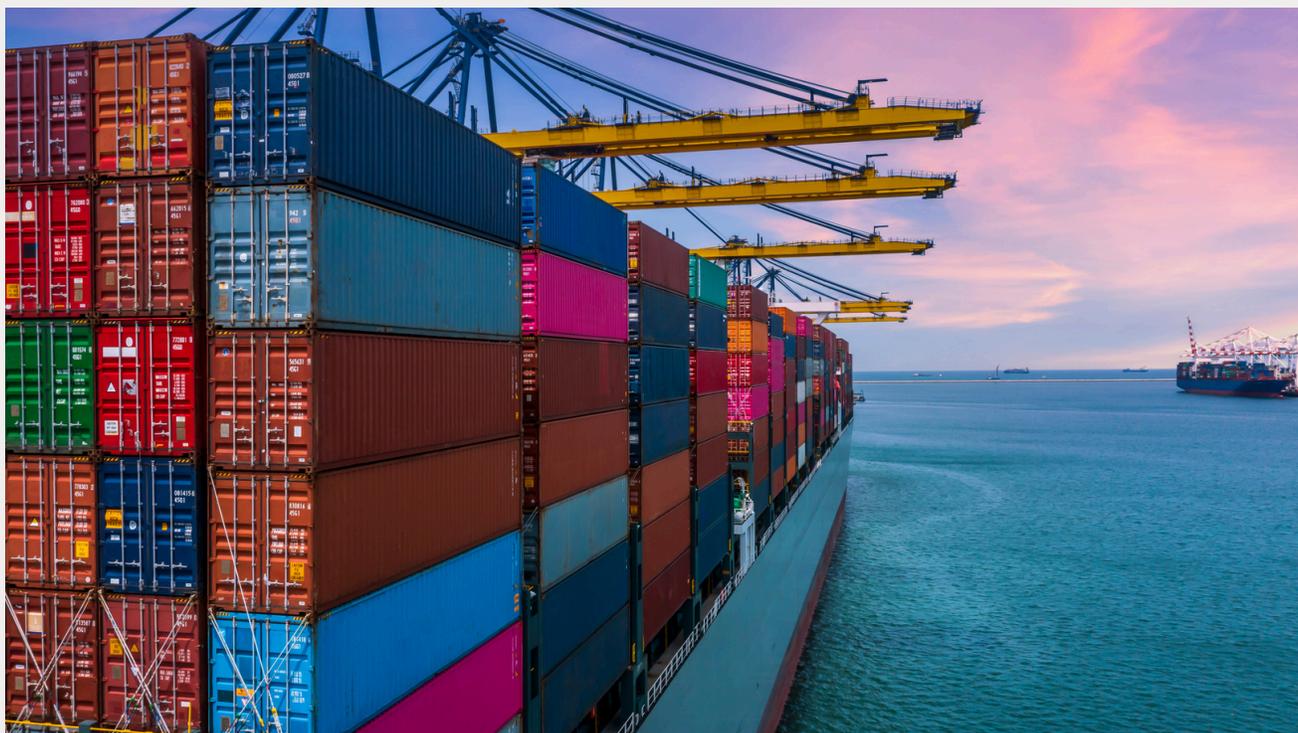




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NAVIGATING TRADE VOLATILITY **FINDING FINANCIAL RESILIENCE IN TODAY'S SUPPLY CHAIN**

BY J.M. RODGERS CO.

This white paper explores how U.S. importers can strengthen financial resilience amid rising tariffs and trade disruptions. It outlines the impact of global volatility, highlights the role of digitalization, and showcases duty drawback as a powerful tool to recover costs and support long-term supply chain strategies.

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CONTENTS

THE UNPREDICTABLE CURRENTS OF GLOBAL TRADE	2
THE COMPOUNDING CHALLENGES OF TODAY'S SUPPLY CHAIN	5
STRATEGIC FINANCIAL RESILIENCE VIA DUTY DRAWBACK	8
DEMYSTIFYING DUTY DRAWBACK	9
THE KEY TYPES OF DUTY DRAWBACK	10
THE TFTEA TRANSFORMATION	11
OVERCOMING THE COMPLEXITY CHALLENGE	12
THE VALUE OF A DUTY DRAWBACK PARTNER	13
IN THIS TIME OF TRADE VOLATILITY, PARTNER WITH JMR	15
SOURCES	16



THE UNPREDICTABLE CURRENTS OF GLOBAL TRADE

Not too long ago, measuring success in supply chain management was pretty straightforward. The main objectives were stability and hyper-efficiency. Some businesses did better than others, but at least those goals seemed attainable. Today, it feels like the best you can hope for is to keep your head above water in the unpredictability of global trade.

For supply chain veterans, the past few years have meant one challenge after another. Pandemic-era supply disruptions led to permanent price increases, and climate-related disasters have gone from “once in a century” events to near-regular occurrences. Then there are the geopolitical tensions that have led to escalating tariffs and on-again, off-again trade wars.

“STABILITY IS NO LONGER THE BENCHMARK FOR SUCCESS. RESILIENCE AND ADAPTABILITY ARE.”

A POTENT POST-PANDEMIC DISRUPTOR

Back in 2020, American businesses that rely on imports hoped to hold on until things returned to “normal.” Today, it's clear that the old days aren't coming back. Section 301 duties targeting goods from China and Section 232 levies on steel and aluminum imports, both introduced in 2018, have been expanded over the years to the current high rates. And in March 2025, US President Donald Trump invoked the **International Emergency Economic Powers Act (IEEPA)** to increase tariff rates on China in response to the flow of fentanyl across American borders. The additional 20% on imports from China (the IEEPA "fentanyl tariffs") alone are a heavy burden for US businesses, but things were just getting started.

On April 2, 2025, President Trump announced his "reciprocal tariff" policy, designed to neutralize US trade deficits with its global partners. This policy establishes a baseline 10% tariff globally on all imports into the US, and some countries were hit with much higher rates. By mid-April, the US had imposed across-the-board tariffs of 145% on imports from China, with only a few narrow exceptions. [1] While that rate was later paused and lowered to 30% for 90 days [2], the up-and-down uncertainty in tariff trade wars offers US businesses little relief.

Out of all the challenges US importers face, tariffs have emerged as perhaps the most potent post-pandemic disruptor. But the loud-and-clear message is that tariffs **are here to stay.**

Quick Facts:

- **IEEPA tariffs added +20% on Chinese imports**
- **Reciprocal tariffs surged to 145%, paused to 30%**
- **Tens of billions paid in tariffs since 2018**

In this environment, American businesses must somehow find ways to balance two competing yet equally important needs. On the one hand, companies must maintain operational resilience by keeping their supply chains moving. On the other, there's intense pressure to control costs and protect profit margins. Under this pressure, it's only natural to try some new approaches.

For example, you might have diversified your supplier base beyond a single region with "China+1" or similar strategies. Others opted for nearshoring production. And it seems everyone tried building inventory buffers via frontloading or similar tactics. Some businesses have employed one or more of these approaches and kept their supply chains resilient. However, as successful as these strategies can be, they all come with extra expense.

COST RECOVERY: A PATH TO FINANCIAL RESILIENCE

There's no denying that a lean, globally optimized supply chain strategy is more cost-effective. Sourcing new suppliers, investing in nearshoring opportunities, and frontloading are all more expensive in comparison. Even though executives acknowledge that solidifying the supply chain is important enough to spend money on, they also say the extra expense must be offset somehow.

In other words, funding these necessary resilience initiatives requires finding new avenues for cost savings. Given the current economic climate, a more realistic goal is cost recovery. One of the best opportunities for duty recovery or tariff mitigation is duty drawback, a long-standing yet often underutilized US government program.

Duty drawback can help your business recover significant capital tied up in tariffs and import duties. In times like these, when the path to financial resilience is so unclear and every business needs to offset rising costs, claiming the duty drawback your business is owed can even give you a competitive advantage.

THE COMPOUNDING CHALLENGES OF TODAY'S SUPPLY CHAIN

Before diving into the various duty drawback programs the government offers, here's a look at how we ended up where we're at. With an understanding of the multifaceted and interconnected challenges facing today's supply chain, the value of each cost recovery opportunity will become clear.

A NEW KIND OF TRADE COMPLEXITY

Today's supply chain presents a new level of complexity. Since invoking the IEEPA, President Trump's tariff policy has dramatically increased the cost of imported goods, and in some cases, dramatically. These are not minor cost adjustments. Some estimates suggest that American businesses have paid tens of billions of dollars in additional tariff costs since the Section 202 and Section 301 tariffs were introduced in 2018. [3] The importing business often absorbs these costs, causing a hit to its profitability. Of course, the alternative is to pass the price on to consumers, which can alienate customers and make your business less competitive.

However, tariffs and their direct costs are not the only challenges US importers face. If import duties were the only issue, the problem could be easily solved. Businesses could simply find the lowest-priced alternative, either domestically or from a country the US has placed minimal tariff rates on.

Key Pressures on Importers:

- Rising tariffs
- Operational inflation
- Regulatory burdens
- Geopolitical instability

The reality is that businesses face multiple other trade barriers and complicated regulations. Increased compliance demands from agencies like the **US Food and Drug Administration (FDA)** and the burdens of international laws make trade more expensive and riskier.

In addition, persistent geopolitical instability, such as the conflicts in Ukraine and Gaza, sends ripples of uncertainty throughout global supply chains. Businesses worry about supplier reliability and whether they'll have access to a particular market in the future. Supply chain managers spend significant amounts of time monitoring the changing risks and adjusting their strategies — all costly activities.

THE FINANCIAL SQUEEZE ON IMPORTERS

The combination of increased tariffs, broader inflationary trends, and rising operational costs (logistics, labor, and energy) has placed an unprecedented financial squeeze on US importers. There are no easy answers here. Businesses might have to adjust pricing strategies or delay capital investments. They may have to implement painful cost-cutting measures like staff reductions if worse comes to worst.

The direct expense of substantial (and sometimes unexpected) tariffs and the indirect expense of other challenges constrain cash flow. This financial squeeze limits the working capital available for maintaining inventory levels, or even funding daily operations, much less pursuing strategic growth opportunities.



Alternative strategies to build resilience in this new supply chain — supplier diversification, nearshoring, and maintaining larger inventory buffers — all come with hefty price tags. These additional costs must be absorbed or offset. Ultimately, importers must face either the added expense of tariffs and other trade barriers or incur the indirect costs associated with adopting strategic supply chain redesigns.

THE DIGITALIZATION IMPERATIVE (AND DATA DEMANDS)

In response to these pressures, many organizations are accelerating their adoption of digital technologies. After all, digital transformation has made many businesses much more efficient and data-driven, and technology in general has helped facilitate global trade. Can digitalization offer another solution in these difficult times?

There is good reason to think so. **Artificial intelligence (AI)**, the **Internet of Things (IoT)**, and advanced analytics platforms have the potential to streamline supply chain operations. One area with a lot of promise is data-driven predictive analytics. When powered by AI and a stream of data from IoT devices, analytics platforms can offer welcome insights when the supply chain outlook becomes cloudy. Businesses that are now embracing a digitalization imperative hope to gain a competitive advantage with predictive analytics.



To fully realize the benefits of digitalization, you have to collect, manage, and analyze vast amounts of high-quality data. Businesses that haven't yet undergone a complete digital transformation are unlikely to have the systems or the IoT infrastructure to feed AI the data it needs for game-changing insights.

It is interesting, though, how this requirement for a robust data infrastructure is similar to the prerequisites for duty drawback programs. Successfully implementing drawback requires meticulous tracking, matching, and documentation of import and export data. Companies that are already investing in supply chain digitalization may find they are concurrently building the foundation for an effective drawback strategy.

STRATEGIC FINANCIAL RESILIENCE VIA DUTY DRAWBACK

Among all financial resilience options at the current moment, duty drawback is unique because of its cost recovery abilities. Unlike traditional cost optimization techniques like value analysis and should-cost modeling, which focus on reducing future spending, duty drawback allows you to recover money your business has already spent.

**“DUTY DRAWBACK
CONVERTS SUNK COSTS
INTO RECOVERABLE
CAPITAL.”**

Specifically, duty drawback enables you to recover the duties, taxes, and fees paid on imports if they were subsequently exported. No other supply chain resilience strategy can turn a sunk cost into a recoverable asset.

DEMYSTIFYING DUTY DRAWBACK

So, what is duty drawback, exactly? Although it can become a complex process, the basic concept is simple. Duty drawback refunds your business up to 99% of customs duties, taxes, and some fees paid. Most merchandise imported into the US that is subsequently exported or destroyed is eligible for duty drawback.

Established in 1789 by the first US Congress, the drawback program is now supervised by the **US Customs and Border Protection (CBP)** agency. The motivation for the program is to promote domestic manufacturing and enhance the competitiveness of US exports by eliminating duty costs from goods that won't be consumed domestically.

One of the best features of duty drawback is how it permits retroactive claims for imports made up to five years before the export. So, let's say your company pays \$10 million annually in eligible import duties, with 20% of the resulting products being exported. You could recover around \$1.98 million for each of the last five years. That's a supply chain resilience strategy that really pays.

Numerous tariffs, customs duties, and fees are eligible for drawback refunds. This includes Section 301 and 201 tariffs, **Merchandise Processing Fees (MPF)**, and **Harbor Maintenance Fees (HMF)**. And yes, the recently instituted reciprocal tariffs are also eligible for drawback.



- **\$1.98M — potential yearly refund if \$10M in duties are paid with 20% export ratio**
- **Refund retroactive for up to 5 years**

THE KEY TYPES OF DUTY DRAWBACK

While there are many duty drawback programs available, most claims generally fall into three main categories:

- **Manufacturing Drawback (19 U.S.C. § 1313(a), (b)):** Manufacturing drawback applies when imported materials or components are used in the production of goods that are subsequently exported or destroyed.
- **Unused Merchandise Drawback (19 U.S.C. § 1313(j)):** This category covers imported goods that are exported or destroyed in essentially the same condition as they were imported, without having been “used” in the US. There are exceptions for incidental operations such as testing, cleaning, inspecting, or repackaging.
- **Rejected Merchandise Drawback (19 U.S.C. § 1313(c)):** The Rejected Merchandise provision allows for recovery of duties on imported goods that are exported or destroyed because they were found to be defective, didn’t conform to spec, or were shipped without the consignee’s consent.

Type	Description	Statute
Manufacturing	Imported inputs used in production of exports	§1313(a), (b)
Unused Merchandise	Goods exported unused or lightly modified	§1313(j)(1), (j)(2)
Rejected Merchandise	Returned goods due to defect/spec mismatch	§1313(c)

THE TFTEA TRANSFORMATION

Duty drawback has been a popular program since its inception, and it has seen very few changes in the past two centuries. However, duty drawback underwent its most significant transformation in 2016. That was the year the **Trade Facilitation and Trade Enforcement Act of 2015 (TFTEA)** was signed into law. Its final regulations were published in 2018. [4]

TFTEA modernized and streamlined the drawback process, making it more accessible and efficient for both claimants and the CBP. Some of its most impactful changes include:

- **Mandatory electronic filing:** All drawback claims must now be filed electronically through CBP's Automated Commercial Environment (ACE) system. Paper-based submissions are no longer accepted.
- **Standardized timeframes:** TFTEA generally standardized the time limit for exporting or destroying goods under the major drawback provisions (manufacturing, unused, rejected) to five years from the date of importation.
- **Expanded eligibility and scope:** The process reforms in TFTEA effectively made duty drawback available to a wider range of US importers.

These are more than simple administrative adjustments. TFTEA fundamentally lowered the barriers to entry for duty drawback, making it available to more businesses than ever before. Now, just a few years after the TFTEA transformation, duty recovery is one of the best strategies for navigating trade volatility.

TFTEA Highlights:

- Electronic filing now mandatory (ACE)
- 5-year export/destruction timeline
- Expanded eligibility and scope

OVERCOMING THE COMPLEXITY CHALLENGE

Despite the significant improvements brought by TFTEA, duty drawback remains one of the most complex programs administered by CBP or the federal government as a whole. Successfully claiming refunds requires meticulous record-keeping and a thorough understanding of fairly obtuse regulations.

You also need specialized systems and software to submit and manage claims, which is the flipside of the efficiency that comes with TFTEA's electronic filing requirements. This is why companies that have already started digitalization efforts are on the right track, as they will likely have a lot of the required documentation in electronic form already.

Speaking of documentation, incomplete or inaccurate records will lead to the CBP rejecting drawback claims. The level of detail required for a successful duty refund is a significant challenge in and of itself.

Recognizing this complexity, many companies choose to partner with specialized duty drawback brokers. Drawback partners possess the deep regulatory knowledge, technological tools, and process expertise to maximize drawback refunds.



Companies with modern ERP systems are better positioned for drawback readiness.

THE VALUE OF A DUTY DRAWBACK PARTNER

If your business imports goods into the US, and the current state of global trade has led you to seek alternative supply chain resilience strategies, it's time to consider duty drawback. Partnering with a dedicated, experienced duty drawback broker is the fastest, most efficient way to start receiving the maximum refunds your business is entitled to.

J.M. Rodgers Co., Inc. is the recognized leader in duty drawback services. With their unmatched combination of experience, technology, and client focus, J.M. Rodgers is the ideal partner for American importers of all types and sizes.

With over 70 years of experience in the customs brokerage and trade industry, J.M. Rodgers is the largest drawback filer by volume in the US. By putting that expertise to work for your company, you realize the true value of a duty drawback partner. Here's what you can expect when you work with J.M. Rodgers:

A DEEP BENCH OF EXPERTS

J.M. Rodgers has a large team of **Licensed Customs Brokers (LCBs)** dedicated exclusively to duty drawbacks. These industry veterans have expertise in handling all types of duty drawback claims. Every client is assigned a dedicated support team of knowledgeable, experienced LCBs.

Testimonial:

"We struggled to launch our duty drawback program, spending a few years with a partner who fell short of expectations. After positive conversations with J.M. Rodgers' technical staff and VP of Drawback Analytics, we decided to switch services to JMR. We have received millions in recovery through JMR's attention to detail, regulatory understanding, outstanding customer service, and tenacity."

Al D., Corporate VP and CIO

ADVANCED TECHNOLOGY AND DATA MANAGEMENT

J.M. Rodgers utilizes proprietary, CBP-approved software and a specialized IT team for data-driven drawback processing. This results in smooth data exchange and integration with client ERP systems such as SAP and Oracle. J.M. Rodgers handles all the tricky parts of dealing with data, including cleansing, validation, and reporting. This tech-centric approach is critical for managing drawback claims in the era of digitalization.

A RIGOROUS FOCUS ON COMPLIANCE

To prioritize compliance, J.M. Rodgers audits 100% of all drawback claims before submitting them to CBP. This proactive strategy ensures accuracy and increases the chances of successful claim approvals. In the case of CBP audits, each client receives full assistance throughout the process.

A CLIENT-CENTRIC PARTNERSHIP MODEL

Customer satisfaction is a top priority for J.M. Rodgers, as evidenced by their **ISO 9001:2015** quality management certification and **CPI (Continuous Process Improvement)** philosophy. They offer a “risk-free guarantee” for drawback services, where clients typically pay nothing upfront, and fees are contingent upon receiving the drawback refund from the US Treasury.

OTHER COMPREHENSIVE SERVICES

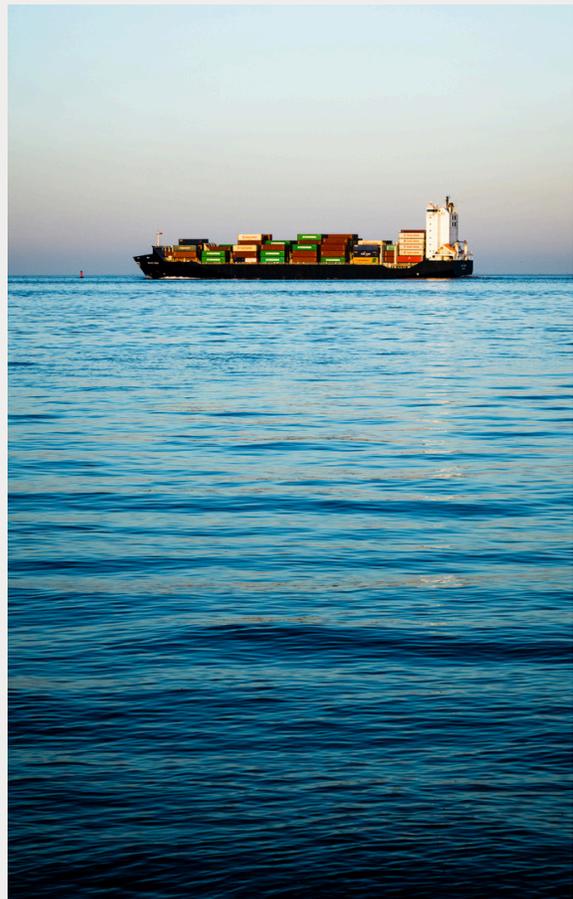
J.M. Rodgers handles all types of drawback claims, regardless of business or industry. They assist clients with the entire drawback process. This includes an initial eligibility assessment, filing applications, securing rulings, and managing claims. They can even facilitate transitions from a different drawback service provider. Among the other service offerings at JMR are customs brokerage and freight forwarding, so that clients receive a complete trade management solution.

IN THIS TIME OF TRADE VOLATILITY, PARTNER WITH J.M. RODGERS CO.

Volatility defines the global trade landscape in a way it never has before. Supply chains face substantial financial strain due to continuous disruptions, intricate regulations, and broad tariffs. Instead of hoping for things to get better, businesses must now develop new approaches that address persistent supply chain disruptions. Many companies invest in resilience strategies, but they often come at a considerable cost.

Offsetting these extra expenses through cost savings can seem impossible in the current global business climate. However, cost recovery is very attainable with the CBP's duty drawback program.

Investing in digitalization and specialized software can put your company on the right track. Partnering with a proven duty drawback broker will get you there faster. J.M. Rodgers is the only duty drawback provider with specialized knowledge, advanced technology, and client-focused frameworks for risk-free duty drawback claims services. Don't leave recoverable revenue behind. Turn volatility into opportunity with J.M. Rodgers by your side. [Schedule a complimentary duty drawback analysis](#) today!



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NEW TO DUTY DRAWBACK?
GET OUR FREE "DUTY DRAWBACK 101" GUIDE!

- » Learn how to recover duties and maximize refunds
- » Understand key drawback types and eligibility
- » Discover how J.M. Rodgers simplifies the process

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