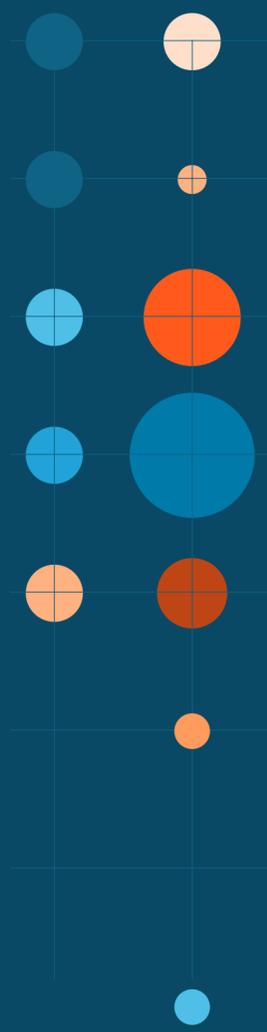




Cross-Border Chaos Report:

From Complexity to Confidence,
Simplifying Cross-Border Compliance



Executive Summary

Cross-border trade remains a critical growth priority for businesses worldwide, but the environment in which that trade operates has fundamentally shifted.

Rising tariffs, fragmented regulatory regimes, geopolitical instability, and uneven enforcement are colliding with compliance processes that were not built for this level of complexity. As a result, global expansion has become slower, riskier, and more expensive to manage.

Avalara's cross-border survey of businesses operating across the U.S., UK, Australia, and India highlights a clear inflection point.

While international ambition remains strong, confidence in policy stability is eroding.

In response, businesses are rethinking how they manage risk and scale globally. Rather than relying on regulatory clarity or manual oversight, companies are increasingly turning to automation, AI, and emerging agentic systems to restore predictability, control, and efficiency across borders.



Global trade volatility is pushing businesses into fight or flight mode

Global trade has entered a period of sustained volatility.

Global trade has entered a period of sustained volatility. Businesses face an unprecedented combination of rising tariffs, geopolitical disruption, shifting trade alliances and fast-moving regulatory change. Together, these pressures are slowing confidence and forcing organizations to rethink how aggressively they pursue cross-border growth.

For many companies, the challenge is not simply the volume of regulation, but the unpredictability of change. Rules can shift after market entry, enforcement can vary dramatically between jurisdictions, and border disruption can derail even well-planned operations.

As a result, expansion increasingly feels fragile, with firms weighing the rewards of new markets against the risk of sudden policy shocks. Despite this, global trade has not stalled.

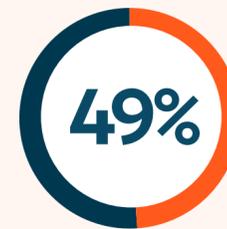
Instead, businesses are splitting into two camps. Some continue to expand actively, accepting higher levels of risk:



surveyed agree that cross-border operations are **more complex** than 12 months ago



say cross-border trade is **more complex** than three years ago



cite regulatory change after market entry as a **top expansion risk**



are **actively expanding** into new markets



are **expanding selectively**

1. 'Strongly agree' and 'Somewhat agree' responses combined
 2. 'Much more complex' and 'Slightly more complex' responses combined



Compliance and trade policy are now core to growth strategies

Compliance has moved decisively from a back-office concern to a strategic growth issue.

Tariffs, customs processes and regulatory interpretation now shape market entry decisions as much as customer demand or competitive positioning. In many organizations, trade and tax considerations are discussed at board level alongside revenue forecasts and investment priorities.

The operational burden of compliance is significant. Tariffs and duties are the single largest source of friction, closely followed by customs processes and regulatory interpretation. These pressures carry real financial consequences. On average, businesses are spending close to a tenth of their cross-border revenue on managing compliance, customs, tax and regulation (Australia 9.22%, US 9.28%, India 11.43%, UK 8.47%).

Uncertainty is also changing behavior. Over the past two years, many businesses have delayed, downsized or abandoned market entry plans entirely due to regulatory concerns.

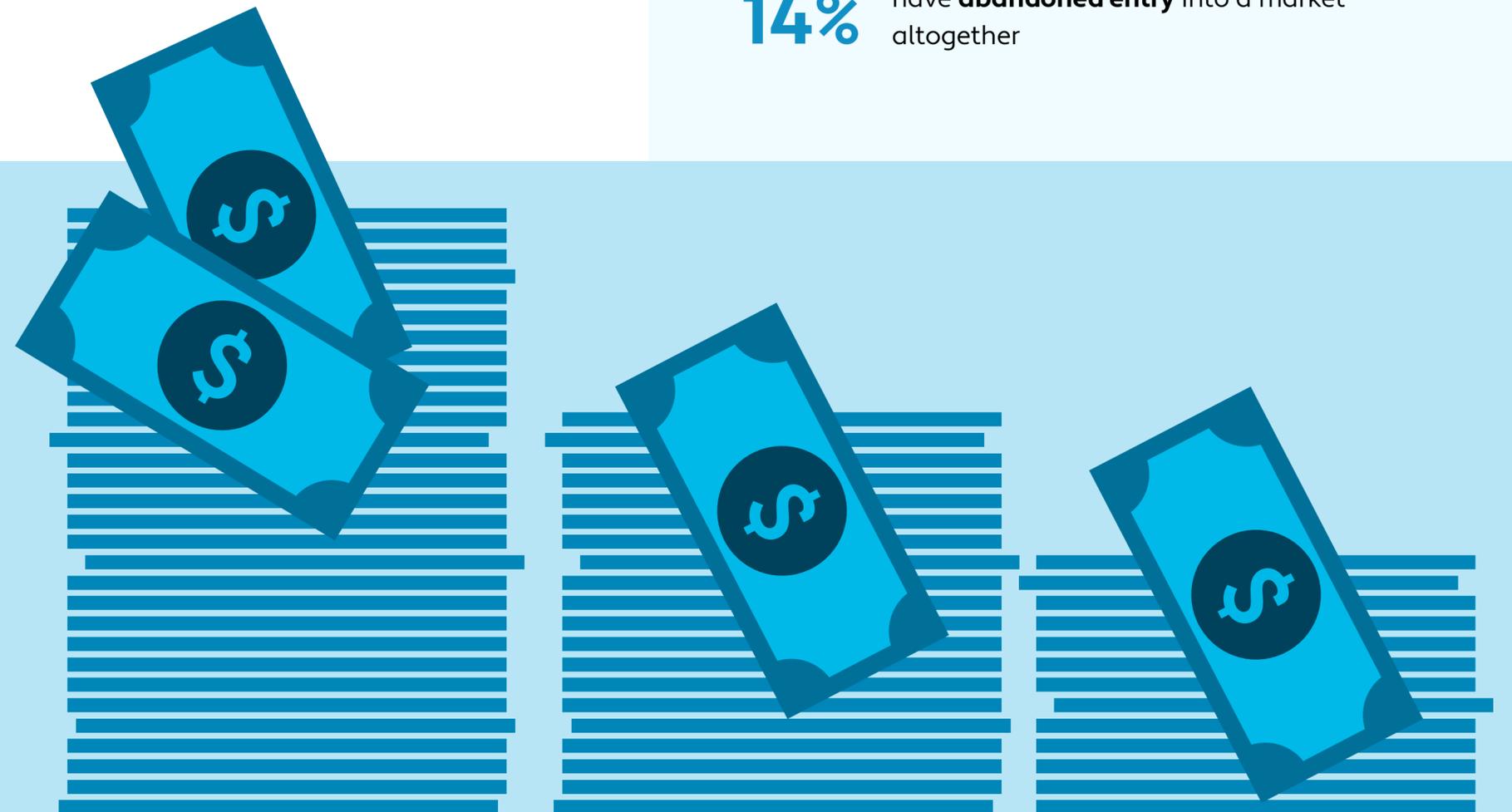
This caution reflects not a lack of appetite for growth, but a recognition that missteps in compliance can result in fines, audits, reputational damage and even personal liability for executives.

Areas of regulatory concern

52% of respondents say tariffs and duties create the **greatest operational burden**

39% have **delayed market entry** due to regulatory uncertainty

14% have **abandoned entry** into a market altogether



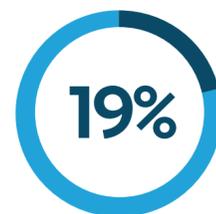
The trust shift: From governments to technology

As global trade rules fragment, businesses are reassessing where they place their trust. Inconsistent enforcement, opaque decision-making and slow regulatory response times have eroded confidence in policy stability.

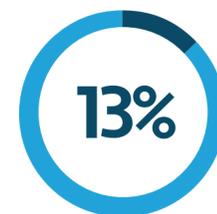
In response, organizations are increasingly turning to technology to restore predictability and control. Automation, data-driven compliance tools and artificial intelligence are moving from experimentation to necessity:



are **using AI broadly** across markets or functions



say **AI is central** to their cross-border risk management



are **not using AI** for cross-border compliance or risk

This shift represents a fundamental change in how global trade operates. Trust is no longer anchored primarily in policy frameworks, but in systems that can adapt quickly as rules change.

Companies that invest early in these capabilities are better positioned to expand confidently, even as uncertainty persists.



The UK's Europe problem

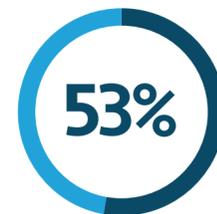
For UK businesses, Europe has emerged as the most complex and challenging market to trade with. Despite its proximity and commercial importance, tariffs, customs processes and regulatory divergence have combined to make European trade significantly more difficult than other regions.



of UK businesses say Europe is their **most complex market**



agree cross-border operations are **more complex** than 12 months



cite tariffs and duties as a **top burden** when trading cross-border

Crucially, this is no longer seen as a temporary adjustment. Year-on-year increases in reported complexity suggest a longer-term recalibration of the UK's trading relationship with its closest economic bloc.

For many British firms, Europe now represents a test case for whether cross-border growth is worth the operational and compliance burden.

As a result, UK businesses are being forced to invest more heavily in compliance infrastructure, reassess supply chains, or redirect growth ambitions to markets perceived as more predictable.



3. 'Strongly agree' and 'Somewhat agree' responses combined

Tech offers stability for U.S. businesses as policy remains volatile

US businesses face their own set of trade challenges, driven by shifting trade policy, enforcement uncertainty and geopolitical tension. Rather than waiting for policy stability, many firms are choosing to engineer their own certainty through technology.

Confidence in regulatory enforcement remains relatively high, but this sits alongside persistent concern about sudden policy change, border disruption and unexpected penalties.



Technology is increasingly the tool that allows US companies to expand despite these risks.



of US businesses are **confident in regulatory enforcement** predictability



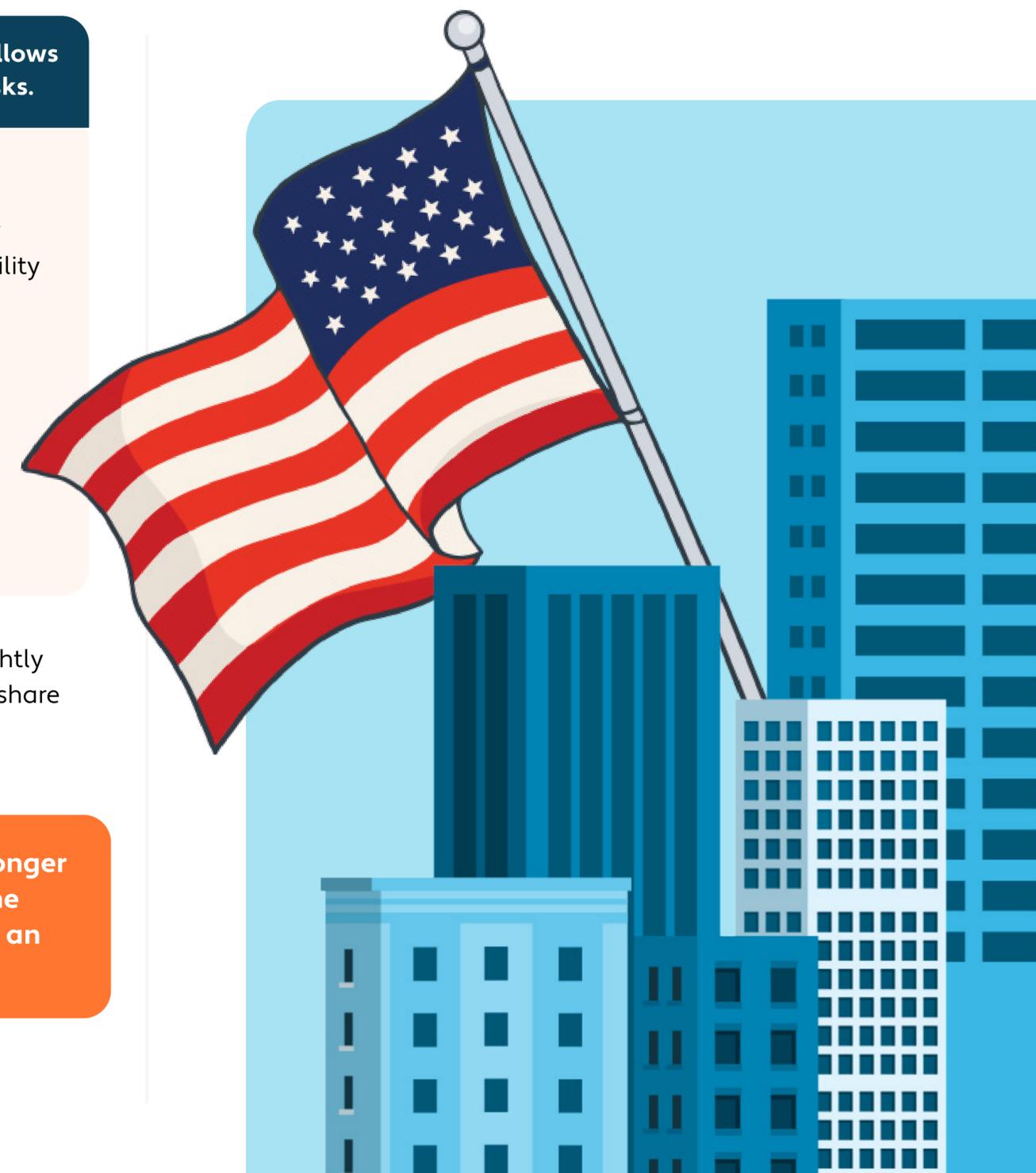
are **using AI broadly** or consider it central to cross-border risk management

AI adoption for cross-border operations is slightly ahead of the global average, with a growing share of firms embedding automation directly into their expansion strategies.

For US businesses, technology is no longer just a support function. It is the engine that enables international growth in an unpredictable policy environment.

4. 'Very confident' and 'Somewhat confident' responses combined

5. 'Using AI broadly across markets and/or functions' and 'AI is central to our cross-border risk management approach' responses combined



Conclusion: From uncertainty to advantage

Cross-border trade is no longer constrained by ambition, but by complexity. As tariffs rise, regulations fragment, and policy volatility becomes the norm, compliance has emerged as a defining factor in global growth decisions. The findings show a clear shift: businesses are not retreating from international expansion, but they are becoming more selective, more cautious, and more strategic about how they manage risk.

Across markets, trust is moving away from regulatory predictability and toward technology-enabled certainty. Automation, AI, and intelligent compliance systems are foundational tools for scaling with confidence. Companies that invest in these capabilities are better equipped to adapt as rules change, reduce operational friction, and protect growth in an increasingly unstable trade environment.

Ultimately, the path forward is not about simplifying global trade itself, but about simplifying how businesses navigate it. Those that turn complexity into a managed, data-driven process will be best positioned to compete, expand, and grow across borders.



Methodology

The research was conducted by Censuswide, among a sample of 1,500 Senior business decision-makers within businesses / retailers that trade and / or sell goods cross-border (18+) in the UK, US, India, Australia. The data was collected between 13.01.2026 - 20.01.2026. Censuswide abides by and employs members of the Market Research Society and follows the MRS code of conduct and ESOMAR principles. Censuswide is also a member of the British Polling Council.