

Tariff Buyer Guide

Steel & Other Metals

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Overview & Introduction

- In August 2025, the United States announced country-specific tariff rates, which will impact the top sources of metal imports. Brazil will face a 50.0% tariff, South Korea will face a 15.0%, the European Union will face a 15.0%, and Australia will face a 10.0% tariff on August 7.
- In July 2025, the United States announced 50.0% tariffs on copper imports, which took effect on August 1, 2025. The United States relies on copper imports for nearly half of its copper consumption, according to the US Geological Survey.
- The United States raised tariffs on goods imported from Canada and Mexico. However, tariff exemptions remain in place for all USMCA-compliant goods imported from Canada and Mexico.
 - On February 10, the United States imposed 25.0% tariffs on all steel and aluminum imports, which took effect on March 12. These steel and aluminum tariffs have since doubled to 50.0%, effective June 4.
 - On May 8, 2025, the United States and the United Kingdom entered a trade agreement, which reduced steel and aluminum import tariffs to zero for imports of UK products.
- Tariffs are expected to increase the cost of steel, aluminum, and other metals. The tariff hike can also lead to supply chain disruptions with delays or shortages in metals deliveries as companies seek alternative sources or pursue contractual adjustments for materials.
- Manufacturers relying on imported components like bearings, capacitors, or metal-cutting tools from China may experience higher production costs due to import tariffs, affecting their profit margins and potentially leading to increased prices for end customers.
- The Yale Budget Lab forecasts a 38.0% increase in metals prices and a 6.9% increase in manufactured goods prices due to current tariff policies.

Country	Tariff Rate	Trade Deal Info	Start Date
Canada	35.0	No trade deal	In effect
Mexico	25.0	90-day pause	In effect
Brazil	50.0	No trade deal	8/7/2025
European Union	15.0	Signed	8/7/2025



Chile	10.0	No trade deal	In effect
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Key Takeaways

- The tariffs are expected to significantly increase manufacturing costs and consumer prices for products reliant on these metals, such as vehicles, construction materials, and appliances. US steel and aluminum producers might see boosted profits and production as a result.
- Industries heavily reliant on imported metals, including construction and manufacturing sectors, may face higher input costs and disruptions, potentially leading to job losses and production delays.
- With high steel and aluminum tariffs, lead times are extending as many suppliers are delaying orders and adjusting schedules to accommodate anticipated changes in demand and pricing.
- The additional tariffs placed on Mexico and Canada present an additional risk for buyers to consider; as these countries account for a significant portion of metal imports, buyers are encouraged to diversify sourcing to mitigate risks and costs associated with tariffs on top importing nations.
- The ongoing tariffs could lead to prolonged supply chain instability, affecting profit margins and necessitating strategic adjustments in production and sourcing methods.

Risk & Import Assessment

- **Overall Risk Level: High**
- Canada is the top source for most metal imports due to its proximity and strong trade agreements with the United States.
- Behind Canada, Mexico is the second-largest supplier of metals to the United States, especially for metals such as steel, lead, and zinc.
- Despite its vast manufacturing capabilities, China is not a leading source of metal imports to the United States due to tariffs and trade restrictions that impact cost-effectiveness.
- With Mexico and Canada accounting for a significant portion of metal imports, particularly in steel and aluminum, buyers face a high concentration risk in their supply chain.
- Buyers can look to other top-sourcing destinations to procure goods from to mitigate rising costs of goods from China, Canada, Mexico, and other impacted nations.



Share of US Metal Imports by Origin Country

Steel – % of Total US Imports

Country	Import Share
Canada	27.6%
Brazil	13.5%
Mexico	12.5%
South Korea	8.7%
Germany	5.5%
Vietnam	5.1%
Taiwan	3.9%
Netherlands	3.8%
Japan	3.6%
China	1.4%

Aluminum – % of Total US Imports

Country	Import Share
Canada	53.8%
United Arab Emirates	4.8%
South Korea	4.1%
China	4.1%
Mexico	4.1%
Bahrain	2.8%
Argentina	2.5%
India	2.3%
Germany	1.9%
Thailand	1.4%

Copper – % of Total US Imports

Country	Import Share
Chile	40.1%
Canada	25.8%
Peru	5.8%
Mexico	5.7%
Germany	3.8%
South Korea	3.1%
DR Congo	1.9%
Thailand	1.8%
Brazil	1.4%
Japan	1.2%

Nickel – % of Total US Imports

Country	Import Share
Canada	31.7%
United Kingdom	9.1%
Germany	7.8%
Norway	7.3%
France	6.3%
Australia	6.0%
Japan	6.0%
Finland	4.4%
Italy	4.2%
Sweden	3.2%



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Lead – % of Total US Imports

Country	Import Share
Canada	37.5%
Mexico	15.8%
Australia	14.7%
South Korea	12.3%
Nigeria	8.5%
Ghana	3.5%
United Kingdom	2.6%
Kazakhstan	1.7%
Ecuador	1.2%
Brazil	0.9%

Zinc – % of Total US Imports

Country	Import Share
Canada	61.2%
Mexico	14.8%
Peru	9.9%
Brazil	4.0%
Belgium	2.8%
South Korea	2.5%
Australia	1.3%
Germany	1.3%
Finland	0.6%
Norway	0.5%

Supply Chain Risk – Best Practices & Overview

Upstream Suppliers	Risk Before Tariffs	Risk After Tariffs	Tariff Impact
Iron Ore Miners	Medium	High	• Tariffs on steel can lead to reduced demand from US steel manufacturers, creating price pressure on iron ore suppliers who rely on US buyers. • Global tariff impacts may shift supply chains, with suppliers needing to explore alternative markets or adjust logistics and distribution networks. • Ongoing tariffs on Chinese steel have already dampened demand for iron ore as Chinese mills decrease production, leading to reduced exports and price fluctuations. • With new tariffs affecting a broader range of imported steel, US steel manufacturers may further cut production, decreasing iron ore requirements and prompting suppliers to seek new international buyers.





Upstream Suppliers	Risk Before Tariffs	Risk After Tariffs	Tariff Impact
Coal Miners	High	High	• With higher costs impacting steel production, demand for coking coal from US steel manufacturers could decline, affecting revenue for coal suppliers. • China's retaliatory tariffs on US coal have reduced competitiveness, leading coal miners to seek markets in India, Japan, and South Korea, often requiring price cuts and impacting profitability. • Steel and aluminum tariffs will further decrease domestic coking coal demand, straining US coal miners and exerting downward pressure on coal prices globally.
Lime & Limestone Providers	Medium	High	• Tariffs on steel raise production costs for steel manufacturers, reducing their purchase volumes of lime and limestone, which are used in steel refining. • The additional tariffs on imports from Mexico and Canada, where significant lime and gypsum come from, could further strain supply and increase costs. • Tariffs on steel and aluminum could lead to longer production lead times, prompting limestone providers to reduce supply causing shortages or price volatility.

Risk levels are determined based on revenue volatility, reliance on imports, and the expected impact of tariffs on lead times and product availability.

Downstream Buyers	Risk Before Tariffs	Risk After Tariffs	Tariff Impact
Construction Companies	Medium	High	• The raising of tariffs on steel and aluminum will lead to a substantial rise in the cost of construction materials, forcing companies to reassess project budgets and potentially pass costs onto clients. • Supply chain disruptions from tariffs could extend material lead times, delaying project timelines and affecting contract arrangements and client satisfaction. • With higher material costs squeezing budgets, companies might face difficult decisions regarding project scaling, necessitating renegotiations or postponements to maintain financial feasibility. • Higher costs and economic uncertainty resulting from tariffs lowers overall construction demand, directly impacting construction companies' revenue and project pipelines.





Downstream Buyers	Risk Before Tariffs	Risk After Tariffs	Tariff Impact
Automobile Manufacturers	Medium	High	- As tariffs increase the cost of steel and aluminum inputs, manufacturers will face significant challenges maintaining profit margins, with risks of financial strain if costs remain high. - To offset increased production expenses, manufacturers may raise vehicle prices, which could dampen consumer demand and impact overall sales volumes. - The compounded effects of rising costs and potentially lower sales may lead to profitability pressures, requiring operational adjustments and strategic cost management to maintain financial stability, including the potential for mass layoffs.
Machinery Manufacturers	Medium	High	- Tariffs on steel and aluminum will significantly raise costs for components used in machinery manufacturing, impacting cost structures and potentially leading to price adjustments. - Increased production costs may force manufacturers to raise prices, risking market share as buyers look for more cost-effective alternatives from global competitors not subject to tariffs. - Tariffs could cause delays in receiving critical parts and raw materials, disrupting production schedules and affecting delivery times for machinery products.
Energy Sector	High	High	- The tariffs will raise costs for critical infrastructure components such as pipelines and power generation equipment, impacting project budgets and potentially delaying expansion or upgrade plans. - In response to higher overhead and input costs, energy providers may raise the prices of electricity and fuel to maintain profitability.

Risk levels are determined based on revenue volatility, reliance on imports, and the expected impact of tariffs on lead times and product availability.





Creative Procurement Strategies

- The price shock caused by tariffs is typically most severe immediately after tariffs have been imposed and becomes less severe in the months and years that follow as global supply chains readjust to the policy. Thus, **stockpiling** impacted goods can give buyers valuable time to avoid the initial price shock and react more deliberately following the implementation of new tariffs.
 - Steel, aluminum, and other metals are essential for various industries. Stockpiling can act as a buffer against tariff-induced price increases, granting buyers the flexibility to adapt procurement strategies over time rather than making hasty decisions that could disrupt production.
 - By stockpiling goods, buyers have more time to test the market after tariffs have been implemented, allowing them to contact more suppliers and engage in more comprehensive negotiations.
 - However, this strategy requires significant inventory space and upfront investment, which may limit its viability for buyers.
- When conducting business with top suppliers based in countries targeted by tariffs, such as China, buyers should look to diversify their supplier base by **expanding supplier networks** to include vendors from less common sourcing locations. Procuring metals from alternate locations can help reduce additional costs passed on in the form of tariffs.
 - To avoid tariffs from top importing nations like China, Canada, and Mexico, buyers can source metal products from countries like South Korea, which are significant in the import share for metals like steel and lead. Buyers benefit from tariff policy stability since South Korea entered a trade deal and will face reciprocal tariffs of 15.0%.
 - Buyers can mitigate the tariff impact by ensuring imports with Canada and Mexico are covered under the USMCA, which are exempt from tariffs.
 - Emerging nations with a smaller share of US imports may offer a less competitive landscape due to their status as less common sourcing destinations.
- As relocating production facilities or working with different suppliers may not be a viable short-term strategy in this market, buyers should consider **restructuring contracts** with their suppliers to add tariff cost-sharing clauses.
 - Restructuring contracts to include tariff cost-sharing clauses ensures buyers can maintain competitive pricing without the need to quickly shift their supply chain, which is often difficult due to the specialized nature of production facilities and raw material sourcing.
 - Tariffs are likely to reduce demand for the impacted manufacturers in targeted countries, which buyers may be able to leverage to negotiate new, more favorable contract terms with incumbent suppliers.
- Buyers can improve inventory management systems and **leverage emerging technologies**, such as AI solutions, to help reduce production costs and ensure that buyers are equipped with the





appropriate amount of stock. An accurate inventory count is critical to minimize the impact of the sudden repeal of tariffs as well, as excess supply may also result in significant additional costs.

- In the steel and other metals industries, precise inventory management enabled by AI can prevent costly overproduction or shortages.

Contract Clauses

- **Implement price-adjustment clauses to account for tariff fluctuations:**
 - Buyers should include clauses that allow for price adjustments based on changes in steel and metal costs due to tariffs.
 - Price-adjustment clauses ensure that both parties have transparent expectations for cost fluctuations, protecting buyers from unforeseen expenses.
 - Adjustment clauses should outline clear thresholds for triggering price changes related to raw material costs.
 - Price adjustment clauses provide a safety net against cost surges that result from tariff implementations. Clear additional clauses can help maintain financial stability.
 - Buyers may consider clauses that account for fluctuations in demand for specific metal grades or alloys, ensuring precise cost management for tailored applications like automotive or construction projects.
- **Implement liquidating agreements to mitigate risk:**
 - Employing liquidating agreements enables businesses to mitigate liability linked to increasing metal costs due to tariffs.
 - Liquidating agreements offer a way for companies to minimize the risk of escalating expenses by distributing the responsibility for these costs among all involved parties.
 - Through liquidating agreements, companies can handle claims without incurring undue financial strain, resulting in efficient resolutions.
 - Clear and precise language is crucial for safeguarding companies, ensuring timely claims resolution, managing risks, and supporting seamless operations and continuous business activities.
 - Buyers may tailor agreements to include risk-sharing mechanisms specific to industries heavily reliant on imported metals, such as construction or heavy machinery manufacturing.
- **Lock-in rates and prices with long-term agreements:**
 - To ensure stable pricing for essential metal materials, buyers are encouraged to enter into long-term contracts with suppliers, preventing sudden cost increases.



- Fixed pricing can reduce the risks tied to market volatility, particularly during periods affected by tariffs.
- Establishing long-term contracts can strengthen relationships with suppliers, resulting in improved service quality and priority access to crucial components that may be scarce due to global supply chain disruptions.
- Securing long-term agreements for high-strength steel and specialized alloys guarantees consistent supply and pricing stability for industries such as aerospace and automotive manufacturing.

Negotiation Questions

1. How do current tariffs impact the pricing structure of your steel and metal products?
2. What contingency plans do you have to manage supply chain disruptions in the steel and metals markets caused by tariffs?
3. Can you provide a breakdown of what percentage of your steel and metal components are sourced internationally, particularly those subject to tariffs? Are you planning to reallocate sourcing to different destinations? If so, to which countries or regions?
4. How are you managing inventory levels of steel and metals to ensure product availability despite potential delays from tariffs?
5. Are there any anticipated changes to your lead times for steel and metal products due to tariffs, and how do you intend to communicate these changes to your clients?
6. Can you offer alternative sourcing options or product adaptations in the steel and metals markets to minimize tariff impacts?
7. How do you manage currency fluctuations and tariff impacts when setting prices for steel and metal contracts?
8. What are the terms and conditions for pricing adjustments in the steel and metals markets if tariffs increase or decrease?
9. How are you assisting other clients in the steel and metals industries in adapting to tariff-related challenges?
10. What guarantees do you offer regarding the quality and compliance of steel and metal products amid supply chain changes due to tariffs?

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