# LOGICSOURCE 2025 TARIFF IMPACT ANALYSIS: JUNE UPDATE

**Produced by LogicSource's Indirect Category Leaders**
This report leverages insights from 180+ indirect category experts and $150B+ in pricing data to provide actionable strategies for optimizing procurement, mitigating risks, and addressing the impacts of tariffs and trade regulations.

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# TABLE OF CONTENTS

# EXECUTIVE SUMMARY

Tariff policy saw significant disruption in late May 2025, with a federal court ruling deeming all tariffs imposed under the International Emergency Economic Powers Act (IEEPA) by the Trump administration unconstitutional. Just one day later, a Federal Appeals Court issued a temporary stay, reinstating the IEEPA-based tariffs for the time being. The legal uncertainty is expected to inject volatility into supply chain planning as companies weigh the implications of a potential reversal or delay in enforcement.

The Trump Administration made ongoing adjustments to tariff policy throughout the month of May. China tariffs were reduced from 145% to 30%, steel and aluminum tariffs were increased to 50%, while talks with the UK have led to a partial rollback of UK steel, aluminum, and automobile tariffs. Negotiations with other key partners, including the EU, Vietnam, and India, remain ongoing, with the administration signaling a willingness to use tariff threats as leverage in broader trade discussions.

The shifting landscape underscores the need for procurement and supply chain leaders to remain informed.

This report serves as a critical update to **LogicSource's original 2025 Tariff Impact Analysis**, incorporating significant policy developments and announcements from the Trump administration that reinforce and modify our initial projections. It equips stakeholders with the critical insights needed to refine their sourcing strategies, pricing models, and risk mitigation plans in response to these evolving trade policies.

# CURRENT TARIFFS IN EFFECT

**The following 2025 tariffs are in effect as of June 2, 2025:**

| Country & Tariff | Original Start Date | Rate | Product Exemptions |
|---|---|---|---|
| China | February 4, 2025 | • **30%** as of May 14, reduced from 145% for 90 days<br>• (Originally 10%) | Electronics, Pharmaceuticals, Copper, Lumber, Energy, and Critical Minerals were originally exempt from 125% of the 145% tariffs |
| Canada & Mexico | March 4, 2025 | • **25%**<br>• (10% on Canada energy) | USMCA-compliant goods (Autos, agriculture, manufactured goods with sufficient North American content) |
| Venezuela | April 2, 2025 | • **25%** on Venezuela and countries buying Venezuelan oil<br>• (Select enforcement) | None |
| All Countries (Steel & Aluminum) | March 12, 2025 | • **50%** on all steel and aluminum imports (increased from 25% on June 4)<br>• (Likely to be reduced for the UK per May 8 trade announcement) | None |
| All Countries (Automobiles) | • **Automobiles:** April 3, 2025<br>• **Auto Parts:** May 3, 2025 | • **25%**<br>• (Reduced to 10% for UK for first 100k autos per May 8 trade announcement) | None |
| All Countries (Baseline Tariff) | April 5, 2025 | • **10%** base tariff on all imports<br>• (Higher country-specific tariffs paused for 90 days) | Electronics, Pharmaceuticals, Copper, Lumber, Energy, Critical Minerals |

* **Tariffs Potentially Impacted by Court Ruling**

# MAY AND JUNE TARIFFS UPDATES

## RECENT COURT RULINGS

On May 28, 2025, the U.S. Court of International Trade issued a ruling declaring that President Trump exceeded his authority under the International Emergency Economic Powers Act (IEEPA) by imposing broad-based tariffs without congressional approval. This decision invalidated the following tariffs:

- A universal 10% tariff on all imports.
- A 25% tariff on goods from Canada and Mexico.
- A 25% tariff on Venezuela and countries buying Venezuelan oil.
- A 30% tariff on Chinese products.

**The Trump Administration promptly appealed the decision, and on May 29, the Federal Appeals Court temporarily reinstated the tariffs in question.** The legal proceedings will continue in the weeks ahead, with the final outcome still uncertain. If the initial ruling is ultimately upheld, the Administration is expected to explore imposing targeted, product-specific tariffs under alternative authorities such as Section 301 or Section 232. As a result, additional tariff policy changes are likely in the near term, driven by the outcome of the ongoing legal proceedings.

## CHINA TARIFF REDUCTION

On May 12, 2025, the United States and China agreed to temporarily reduce tariffs on each other's goods for 90 days. The USA lowered its tariffs on Chinese imports from 145% to 30%, while China reduced its tariffs on USA goods from 125% to 10%.

For USA businesses, the lower tariffs on Chinese goods may lead to lower price increases on non-exempt China imports. However, the temporary nature of the agreement means that uncertainties remain, and businesses are advised to stay informed on further developments in USA-China trade relations.

Ongoing confusion surrounds the applicability of China tariffs to electronics and pharmaceuticals, with trade experts divided on whether all related goods are truly exempt based on their HTS codes. In practice, some importers pass through tariffs for these products while others do not, highlighting the urgent need for formal clarification from the Administration. Until clearer guidance is issued, we recommend rejecting any China tariff charges on electronics and pharmaceuticals unless the importer can provide evidence that the tariff has been officially applied.

## USA AND UK TRADE DEAL

On May 8, 2025, the United States and the United Kingdom announced a new trade agreement aimed at reducing tariffs and enhancing market access between the two nations. Under this agreement:

- A base 10% tariff is enacted on all goods.
- The automobile tariff of 25% is reduced to 10% for the first 100,000 UK vehicles annually; any additional vehicles beyond this quota would be subject to a 25% tariff.
- The 25% Steel and Aluminum tariff for UK imports will be reduced or eliminated entirely (further clarity is required).

## 50% TARIFF THREAT ON EU IMPORTS

On May 23, 2025, President Trump announced a proposed 50% tariff on all European Union (EU) imports. Originally planned for a June 1 effective date, the Trump Administration postponed it to July 9 based on EU outreach and their expressed willingness to reach a trade deal.

The potential impact of this tariff on businesses is substantial. The following products (and the annual import value) would be most impacted by a higher EU tariff:

**Pharmaceuticals:**
$127 Billion

**Mechanical/ Industrial Machinery:**
$98 Billion

**Motor Vehicles/ Parts:**
$60 Billion

**Chemicals:**
$50 Billion

**Aerospace Products:**
$45 Billion

**Steel:**
$7 Billion

**Optical and Medical Instruments:**
$6 Billion

**Food and Agricultural:**
$5 Billion

## DOUBLING OF STEEL AND ALUMINIUM TARIFFS

**Effective June 4, 2025**, the Trump administration doubled tariffs on steel and aluminum imports from 25% to 50%. The announcement has already impacted markets, with U.S. steel and aluminum prices rising and stock values of foreign steelmakers declining.

Products likely to see cost increases due to the steel and aluminum tariff hike include construction, heavy and medical equipment, appliances, automotive parts, industrial machinery, and metal-based infrastructure components.

# EXPECTED TARIFF IMPACT

Businesses should expect continued volatility in trade policy and prepare for the following operational and financial impacts:

1. **INCREASED PRODUCT COSTS**

   Corporations could experience cost increases of at least 10% for most imports, with even greater impacts in higher tariffed sectors such as automotive, industrial equipment, construction, FF&E, consumer goods, apparel, packaging, and medical supplies. Electronics and pharmaceuticals, while largely exempt today, may soon face new product-specific tariffs.

   - If the initial court ruling on IEEPA tariffs is upheld, the overall impact on imports, excluding steel, aluminum, and automobiles, will diminish, at least until any new product-specific tariffs are introduced.

2. **TRANSPORTATION AND LOGISTICS PRESSURE**

   Disruptions in global freight patterns, especially ocean shipping, are driving up transportation and fuel costs. Increased sourcing diversification compounds these changes, leading to near-term supply chain instability.

3. **COMPLIANCE AND ADMINISTRATIVE BURDEN**

   Companies are incurring higher legal, consulting, and internal resource costs as they navigate complex exemption filings, track tariff applicability, and adjust procurement strategies, diverting focus from broader cost-reduction efforts.

4. **MARGIN COMPRESSION**

   Tariff-related cost absorption is eroding profit margins, particularly in retail and technology sectors, which have high exposure to Chinese imports.

5. **BUDGETING CHALLENGES**

   Most 2025 budgets do not reflect the current or anticipated tariff burden, which creates pressure on discretionary spending and makes forward-looking financial planning increasingly difficult.

6. **IMPACTS ON INVESTMENT AND EMPLOYMENT**

   Economic uncertainty tied to ongoing trade policy shifts is expected to reduce corporate investment by 4.4% and suppress GDP by up to 8%. Wage compression and layoffs are likely in exposed industries such as retail and manufacturing as companies implement cost-containment measures.

7. **INFLATIONARY PRESSURES**

   Tariffs are contributing to inflation across multiple sectors, which may force central banks to raise interest rates. In turn, businesses face growing wage demands and cost increases in labor-intensive categories.

# TARIFF MITIGATION STRATEGIES

**While tariff uncertainty continues to grow, companies can take proactive steps to reduce exposure and manage cost impacts. The following mitigation strategies are designed to help organizations assess risk, protect margins, and improve negotiation outcomes.**

## CONDUCT A COMPREHENSIVE RISK ASSESSMENT

Model various tariff scenarios to understand sourcing cost implications and identify high-risk countries, categories, and suppliers. Focus mitigation efforts on high-spend or high-risk categories with significant exposure to steel and aluminum, as well as imports from countries like Canada, Mexico, and China.

## STRENGTHEN SUPPLIER NEGOTIATIONS

Involve Procurement early to challenge tariff-related price increases by requiring suppliers to provide detailed evidence of actual tariff costs. Enforce fixed-price contract terms where applicable and set the expectation that suppliers pursue their own mitigation strategies, such as alternative sourcing or upstream renegotiations.

Where necessary, require suppliers to absorb a significant share of the tariff (50% to 100% is often achievable), delay increases for a defined period (e.g., six months), or agree to price caps to guard against inflation.

## DIVERSIFY YOUR SOURCING BASE

Identify and qualify alternative suppliers that operate in countries less affected by current or anticipated tariffs. Work with existing suppliers to explore their ability to shift production or sourcing to lower-tariff regions.

## ADJUST PRODUCT SPECIFICATIONS

Reassess product requirements to identify opportunities to use more cost-effective materials or domestically sourced alternatives. Adjusting specifications can reduce dependency on tariff-heavy components without compromising performance.

## REQUIRE ITEMIZED INVOICES

Ensure that suppliers provide fully itemized invoices, especially for Cost, Insurance, and Freight (CIF) charges. Tariffs should not be applied to freight or insurance costs; without itemization, importers risk overpaying tariffs on the total invoice value.

## SEPARATE TARIFF CHARGES FROM UNIT PRICING

Require all quotes, contracts, and statements of work (SOWs) to list tariff fees separately from base pricing. This improves transparency and ensures tariff-related charges can be removed or adjusted independently if policies change, preventing suppliers from permanently baking in those increases.

## STAY INFORMED AND ANTICIPATE POLICY SHIFTS

Tariff policy remains highly fluid, with ongoing discussions around new product-specific tariffs. Staying informed allows Procurement and Finance teams to anticipate changes, update cost models, and act before impacts materialize.

# REAL-WORLD OUTCOMES

Through LogicSource's sourcing and procurement services across industries like retail, manufacturing, and healthcare, we are observing the following trends and outcomes driven by recent tariff policies:

### PRICE HIKES TRAILING

Actual cost increases for LogicSource clients have been limited so far, as most suppliers have held firm on pricing while awaiting clarity on long-term tariff policy. However, some suppliers, particularly in categories like Office Supplies (where certain suppliers are proposing across-the-board increases of 5%–15%), Machinery/Equipment, and Automotive/Fleet, are now proposing price increases, citing tariff implications.

### THE MESSAGE IS "NO"

In the instances where suppliers have proposed tariff-related price increases, our customers have largely rejected them. Most businesses have avoided cost increases by relying on contractual pricing protections, citing unapproved budgets, and leveraging the threat of alternative suppliers.

In isolated cases, suppliers have attempted to use tariff threats to accelerate contract signings, but timely pushback with accurate tariff data has generally led to favorable outcomes.

### TARIFF INCREASE PROJECTIONS

Despite the lack of material price increases to date, Clients should expect expenses to rise beyond typical inflation levels in the coming year. LogicSource healthcare clients, for instance, are projecting a 3%–6% expense increase. While impacts will vary by industry and spend type, a 3%–6% overall cost increase remains a reasonable expectation at this time.

### SUPPLIERS DON'T ALWAYS UNDERSTAND HOW TARIFFS WORK

Suppliers often misunderstand how tariffs are calculated. For instance, some incorrectly apply the tariff percentage to the final sell price rather than the actual import value declared to USA Customs, which is typically based on the supplier's cost.

This miscalculation can lead to clients overpaying if they don't closely review and challenge how tariff charges are being passed through.

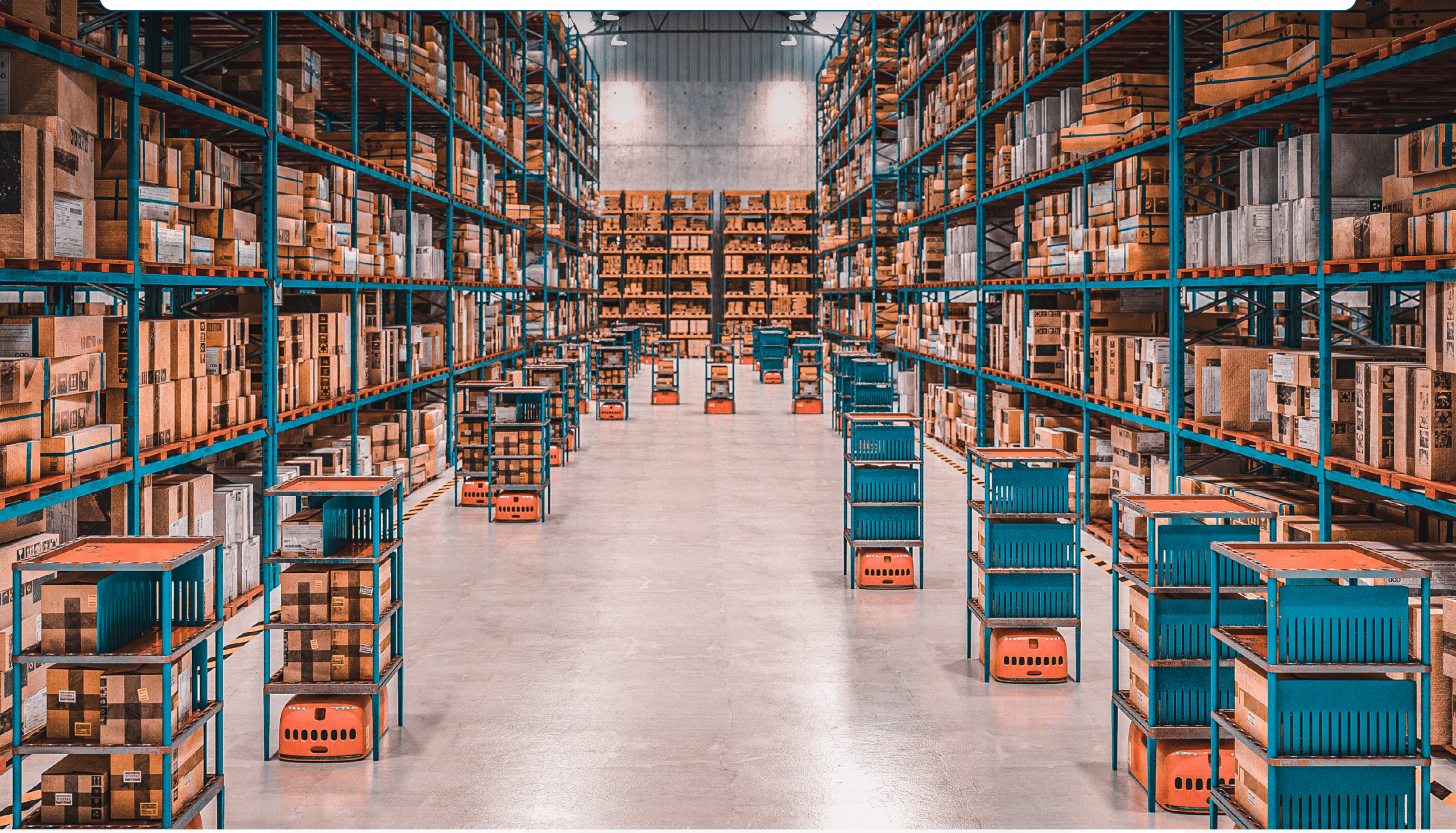
## TARIFF VOLATILITY UNDERMINING LONG-TERM DECISIONS

While many suppliers are actively shifting production volumes to alternative international locations to navigate tariff exposure, few are committing to increased domestic manufacturing. The ongoing policy volatility and lack of long-term clarity make large-scale USA investments too risky for most suppliers at this time.

## OCEAN FREIGHT RATES RISING SLIGHTLY

While LogicSource customers initially saw proposed increases upwards of 15%, RFP processes resulted in final rates increasing between 0% and 5%. This is substantially lower than the 70% rate increases seen in 2018 as a result of tariffs from Trump's first administration.

+ There has been a recent spike in ocean freight volume from China, driven by the tariff reduction to 30% and concerns that rates may rise again in July. In response, carriers are now imposing a "Peak Season Surcharge" ranging from $1,500 to $2,000 per container.
+ LogicSource negotiations have helped reduce or eliminate these surcharges in several cases, but others have been accepted to secure the timely delivery of critical goods.



# CONCLUSION

The current tariff environment remains volatile, marked by significant legal, economic, and geopolitical developments. The uncertainty over the future of the IEEPA tariffs, combined with the potential for new, targeted product-specific tariffs, continues to create a volatile environment for corporations.

Tariff policy will continue to change over the coming months. Organizations must remain agile, proactively reassess supply chains, and implement structured mitigation strategies to protect margins and maintain sourcing continuity. As trade policies continue to evolve, maintaining strong supplier engagement, ensuring clarity on how tariffs are applied, and leveraging real-time market intelligence will be critical to successfully managing the road ahead.

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## ABOUT LOGICSOURCE

The innovative leader in procurement services and technology, LogicSource is purpose-built to drive profit improvement, mitigate risk, and ensure supply chain continuity through better buying. LogicSource focuses exclusively on the sourcing and procurement of indirect goods and services, which typically represent 20% of an organization's revenue and the area of greatest spending inefficiency.

These include complex categories like marketing, packaging, corporate services, facilities, information technology, distribution and logistics, and more, for which organizations often lack the capacity, focus, and scale to achieve best-in-class buying. Unlike traditional advice-based consultants, LogicSource is a purpose-built buying utility with assets that are configurable to their clients' needs and ready to deploy.

By combining decades of sourcing and procurement expertise, superior market intelligence, cross-portfolio spending leverage, and their OneMarket® Source-to-Pay technology, LogicSource executes customized solutions that deliver immediate savings and sustainable value. For more information, visit **logicsource.com**.

## ABOUT THE AUTHORS

This report was produced by the LogicSource Indirect Category Leaders and Center of Excellence, which leverages decades of expertise and data to help organizations navigate global trade challenges and optimize their procurement strategies. With a dedicated team of 180+ indirect category experts and access to $150B+ in indirect pricing data, LogicSource equips our clients with the insights and tools needed to make informed decisions, mitigate risk, and drive sustainable value.

This update supplements the original **LogicSource 2025 Tariff Impact Analysis**. For detailed category-specific impacts and baseline analysis, please refer to the original report.

For more information or to discover how LogicSource can help your organization achieve best-in-class buying, visit **logicsource.com**.