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2025 TARIFF IMPACT ANALYSIS:
FEBRUARY UPDATE II

Produced by LogicSource Indirect Category Leaders and Center of Excellence
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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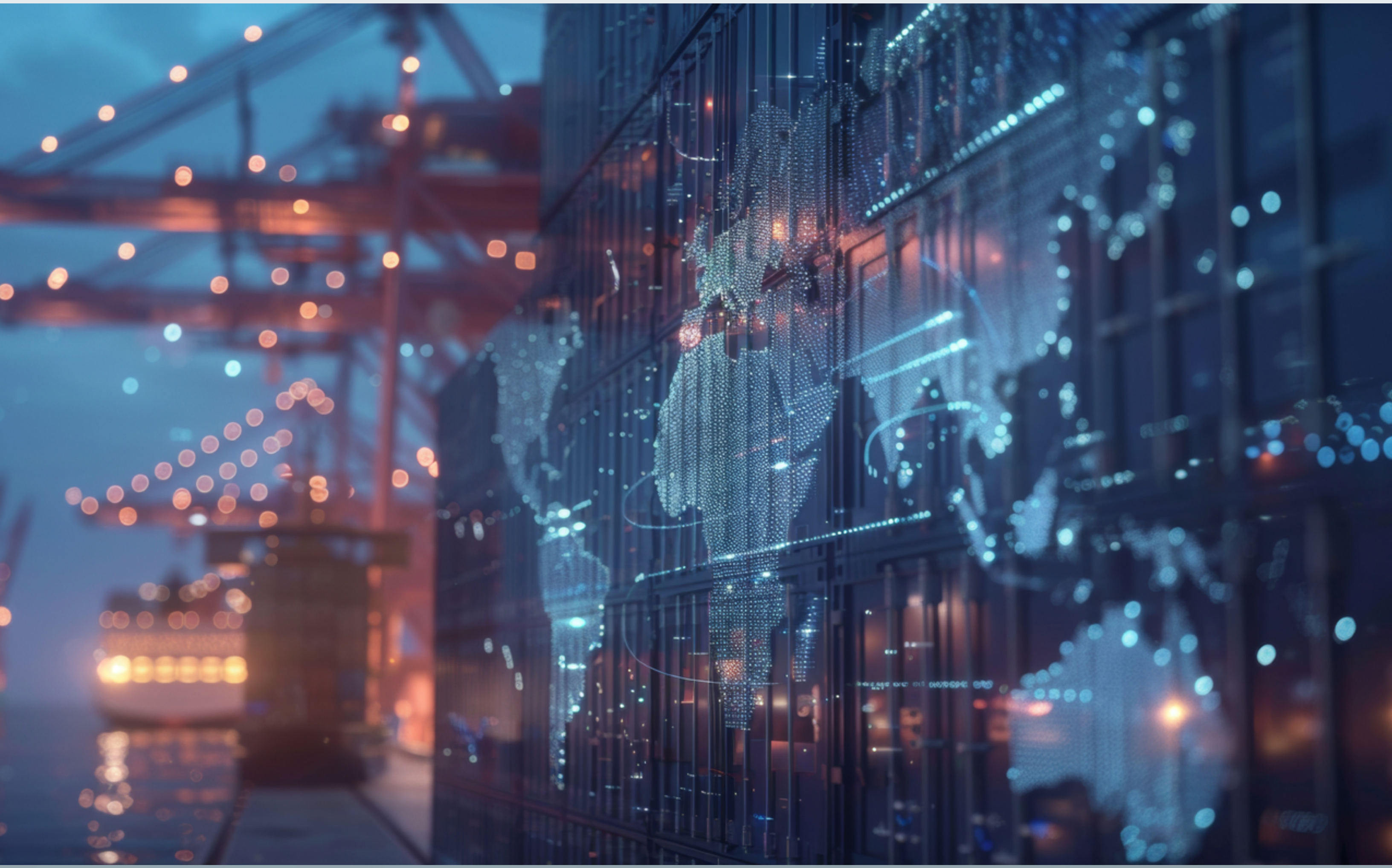
EXECUTIVE SUMMARY

The Trump Administration announced a 25% tariff on all steel and aluminum imports, which will take effect on March 12, 2025. This will remove previous country-specific exemptions and tariff-rate quota agreements for Canada, Mexico, the EU, the UK, Japan, and South Korea.

Additionally, the Commerce Department has ended the product exclusion process, meaning no new exclusion requests will be considered, and existing exclusions will expire without renewal.

In response, the EU is expected to reintroduce retaliatory tariffs, while other major steel suppliers, including Canada, Mexico, and Brazil, may implement countermeasures.

This report serves as a critical update to **LogicSource's original 2025 Tariff Impact Analysis**, reflecting significant policy developments and their implications for indirect spend categories. Since the release of our initial analysis, the Trump Administration has made several key policy announcements that both reinforce and modify our original projections.



INDUSTRIES MOST IMPACTED BY STEEL AND ALUMINUM TARIFFS

1 FACILITIES, CONSTRUCTION & INFRASTRUCTURE

INDIRECT CATEGORY SPEND

FACILITIES & MAINTENANCE
Building repairs, HVAC systems, millwork, roofing, security gates, etc.

CAPITAL EXPENDITURES
New construction, warehouse expansion, and office renovations.

RETAIL STORE FIXTURES
Metal shelving, store displays, and point-of-sale equipment.

WAREHOUSE & DISTRIBUTION
Pallets, shipping containers, and aluminum-based storage solutions.

MRO (MAINTENANCE, REPAIR & OPERATIONS)
Metal fixtures, tools, and equipment.

REAL ESTATE & LEASING
Higher building costs could increase commercial lease rates.

CAPITAL EQUIPMENT
Heavy machinery and industrial tools used in large-scale manufacturing.

IMPACT
Higher material costs will increase overall construction, repair, and maintenance expenses, delaying commercial and residential projects and driving up real estate costs.

2 AUTOMOTIVE & TRANSPORTATION

INDIRECT CATEGORY SPEND

FLEET MANAGEMENT
Higher purchase and lease costs for corporate vehicles.

LOGISTICS & FREIGHT
Increased commercial trucking, trailers, and rail transport costs.

AFTERMARKET PARTS & REPAIRS
Replacement parts for corporate vehicles, fleet maintenance, and auto repairs.

IMPACT
Higher costs for vehicle frames, engines, and body panels will raise prices for cars, trucks, and fleet vehicles, impacting logistics and corporate fleets.

3 IT & DATA CENTER INFRASTRUCTURE

INDIRECT CATEGORY SPEND

SERVER RACKS & DATA CENTER EQUIPMENT
Steel-based enclosure replacements for corporate IT infrastructure.

LAPTOPS, TABLETS & SMARTPHONES
Many devices use aluminum casings, which may increase costs slightly.

NETWORK & TELECOM TOWERS
Steel-based transmission towers and cabling.

IMPACT
Higher costs for server racks, enclosures, and data center cooling systems will increase expenses for IT infrastructure, potentially leading to higher prices for cloud services, networking equipment, and enterprise hardware upgrades.

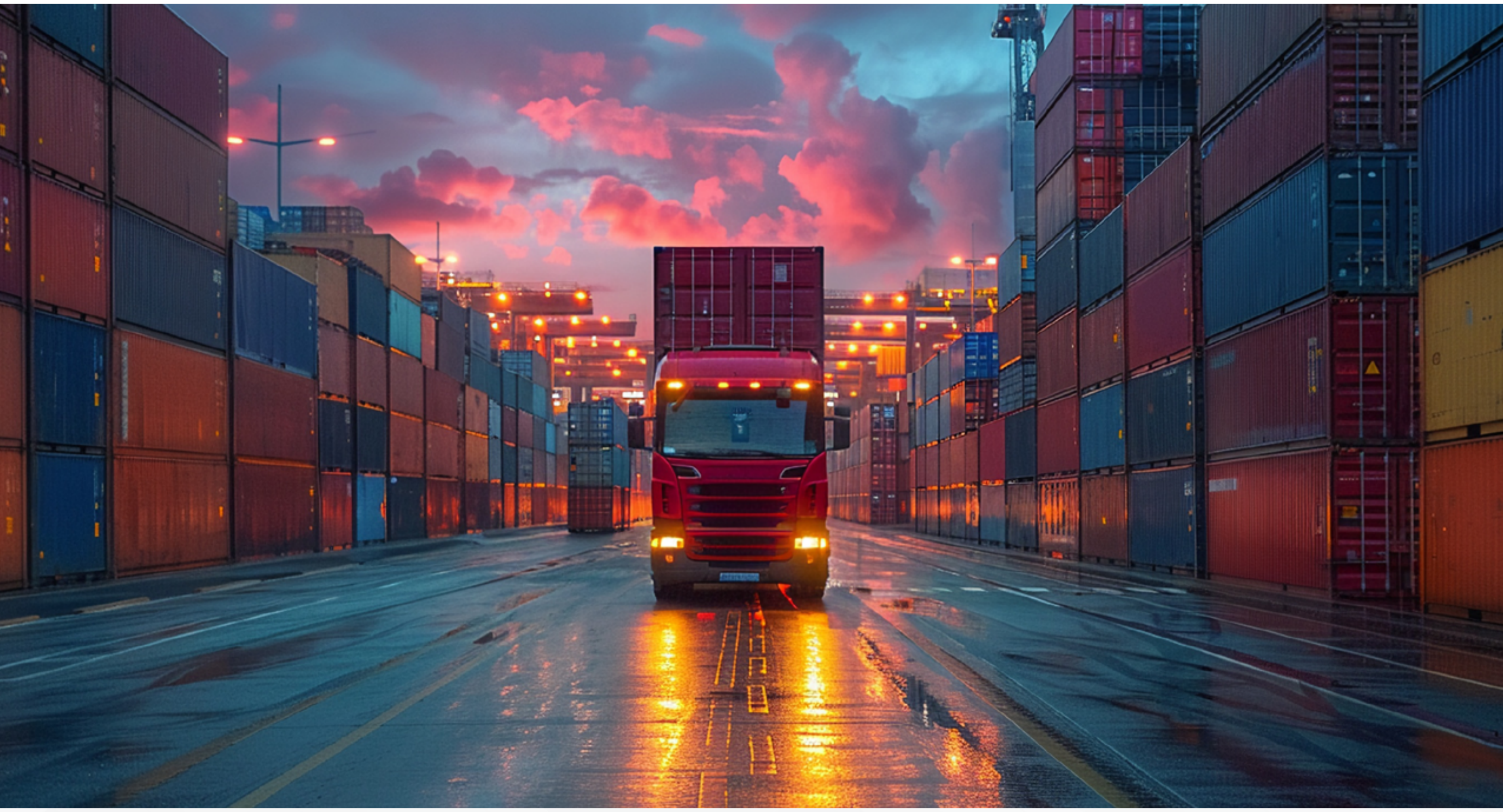
4 PACKAGING & PROMOTIONAL

INDIRECT CATEGORY SPEND

FOODSERVICE & HOSPITALITY
Beverages, aluminum food packaging, and vending services.

MARKETING & PROMOTIONS
Custom-printed steel and aluminum products.

IMPACT
Higher aluminum and steel prices will increase costs for packaged goods, affecting manufacturers and consumers.



COMPOUNDED IMPACT OF TARIFFS ON MEXICO & CANADA

If or when the additional 25% tariffs on all imports from Mexico and Canada are implemented, U.S. companies relying on steel and aluminum from Mexico and Canada will face a 50% increase in material costs, forcing businesses to either absorb the costs or pass them to consumers.

Canada and Mexico are significant suppliers of steel to the United States. In 2024, Canada exported approximately 6 million metric tons of steel to the U.S., while Mexico exported about 3.2 million metric tons.

RETALIATORY TARIFFS & GLOBAL TRADE FALLOUT

Canada, Mexico, the EU, and Brazil are likely to impose retaliatory tariffs on U.S. exports, impacting agriculture, automotive, industrial equipment, and manufactured goods.

U.S. exporters could lose market share to international competitors if retaliatory tariffs make American goods less competitive abroad.

RECIPROCAL TARIFFS

President Trump issued a directive on February 13, 2025, instructing federal agencies to study the implementation of reciprocal tariffs. This policy would match the tariffs that other countries impose on U.S. goods, potentially disrupting established international trade norms. The Commerce Department and the U.S. Trade Representative have been tasked with reporting their findings by April 1, 2025.

SECONDARY ECONOMIC IMPLICATIONS

HIGHER TRANSPORTATION COSTS

Increased tariffs will raise the cost of imported raw materials, impacting freight, logistics, and fuel prices for various modes of transportation.

REACTIONARY BUYING & STOCKPILING

Businesses may rush to secure steel and aluminum before tariffs take full effect, leading to temporary supply shortages and price volatility over the next month.

SUPPLY CHAIN DISRUPTIONS

Industries relying on just-in-time manufacturing will experience delays and increased costs, especially in the construction, automotive, and energy sectors.

INFLATIONARY PRESSURES

Tariff-driven price increases will add to inflation, potentially leading to higher interest rates and reduced consumer spending.

The steel and aluminum tariffs will significantly impact US businesses, leading to higher costs and supply chain disruptions. The compounded effect of tariffs on Mexico and Canada (50%) and retaliatory trade measures will further strain the U.S. economy, potentially triggering reduced investment, inflation, and slower economic growth. Businesses will need to reassess sourcing strategies, adjust pricing models, and explore alternative materials to mitigate financial impacts.

The objective of the steel and aluminum tariffs is to increase domestic manufacturing. In the long term, increased domestic manufacturing of steel and aluminum could strengthen the U.S. economy by reducing reliance on foreign suppliers and creating jobs. Expanding domestic production would bolster supply chain resilience, making industries like automotive, construction, and aerospace less vulnerable to global trade disruptions. Additionally, a stronger manufacturing base could drive innovation, investment, and infrastructure growth, leading to more stable pricing and long-term competitiveness. While short-term costs may rise, fostering a more robust domestic metals industry could boost GDP and increase high-paying jobs.

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ABOUT THE AUTHORS

This tariff 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 **www.logicsource.com**.