



AUGUST UPDATE: **LOGICSOURCE** **2025 TARIFF** **IMPACT ANALYSIS**

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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TABLE OF CONTENTS

Executive Summary	2
Current Tariff Landscape	3
Tariff Stacking Explanation	9
Tariff Impact on the Economy	11
Future Tariffs To Consider	12
Expected Tariff Impact	13
Tariff Mitigation Strategies	14
Real World Outcomes	16
Conclusion	17
About LogicSource and the Authors	18

EXECUTIVE SUMMARY

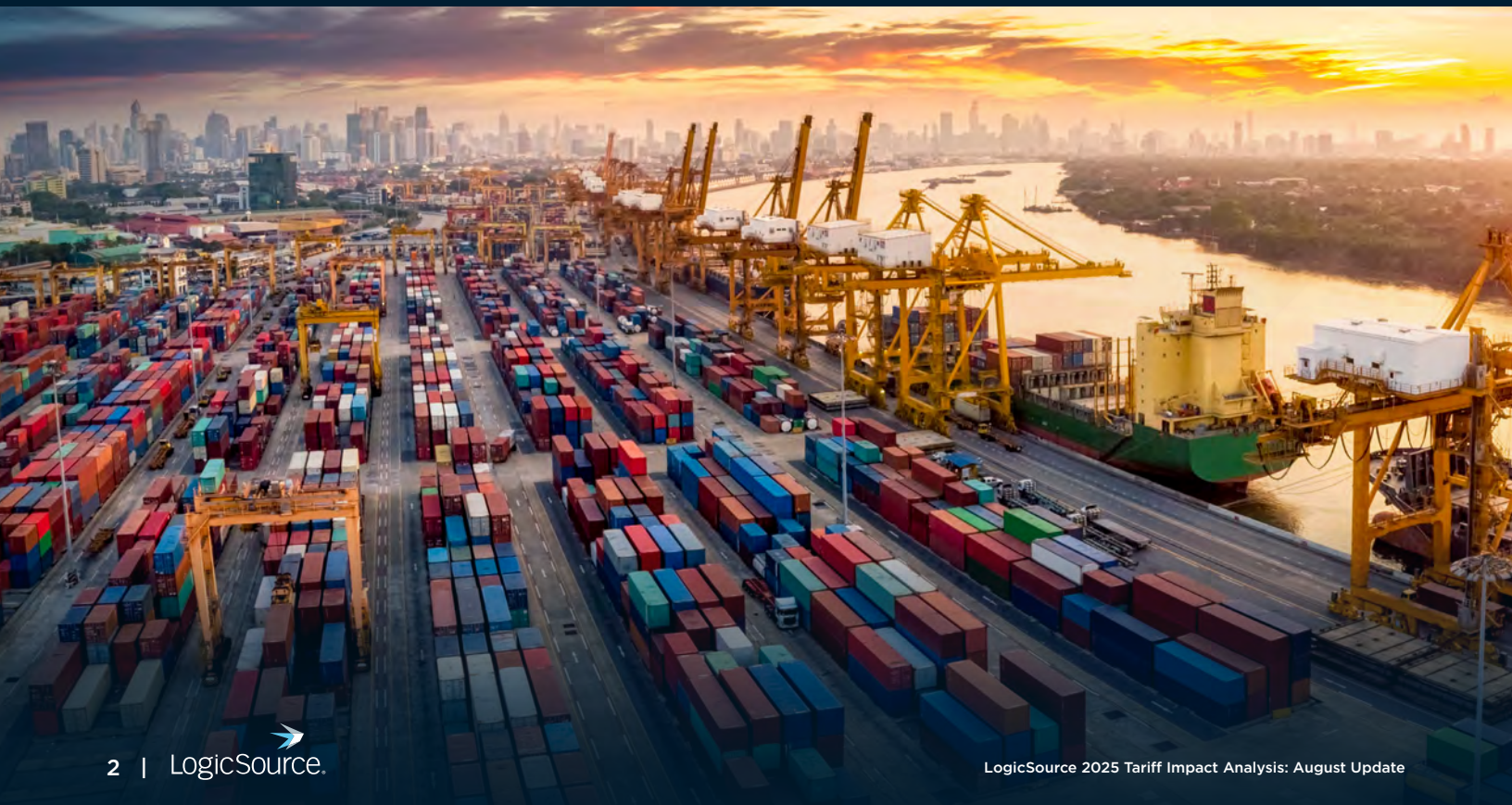
The summer of 2025 has been anything but quiet on the tariff front. In June, the Trump administration came out swinging, doubling steel and aluminum tariffs from 25% to 50% overnight, a move aimed at protecting U.S. manufacturing but sparking fresh tension with global trade partners. The UK caught a break with steel and aluminum holding at 25%, while talks with others dragged on.

July kept the drama alive. The court fight over tariffs imposed under the International Emergency Economic Powers Act (IEEPA) heated up, with a May ruling striking them down still on hold while the appeal plays out. On July 31, the full Federal Circuit took up the case, and while no decision has been made, the legal uncertainty is keeping importers and supply chain teams on edge.

Then came August, and the administration went into overdrive, slapping new tariffs on imports from over 60 countries. That included 15% on the EU, Japan, and South Korea, 20% on Taiwan, Vietnam, and Bangladesh, and a whopping 50% on India. Tech and healthcare weren't spared either: the White House intimated the potential for a 100% tariff on semiconductors (with carve-outs for U.S.-based producers) and a new pharmaceutical tariff starting small but potentially ramping to 150 - 250% in less than two years.

With tariffs expanding this fast and court challenges still looming, procurement and supply chain leaders are facing a moving target. Staying informed and ready to pivot is no longer optional; it's the only way to stay ahead.

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 TARIFF LANDSCAPE

In Summer 2025, the Trump administration implemented several key changes to its tariff policy, including raising the reciprocal tariff on select Canadian imports from 25% to 35%. The impact on indirect spend is expected to be minimal, as USMCA-compliant goods remain exempt for now and tariffs on energy and potash continue to hold at 10%. Section 232 tariffs on steel and aluminum doubled from 25% to 50%, affecting Construction, Facilities Maintenance, Heavy Equipment, and Medical Devices. A new 50% tariff on copper imports will most directly affect Electrical & Data Infrastructure, HVAC Equipment, and Construction Materials. Collectively, these changes will drive cost pressure across multiple indirect spend categories tied to capital projects, facilities upkeep, and technology infrastructure.

The table below summarizes the major tariffs currently in effect for our top-importing countries, along with key changes to Trump-era tariff policy implemented during the summer of 2025.

Country/Region	Effective Date	Tariff Rate	Exemptions
 Canada	August 1, 2025 (Raised)	35% (Increased from 25%)	USMCA-compliant goods, 10% on Canadian energy, potash
 Mexico	March 4, 2025	25%	USMCA-compliant goods
 China	February 4, 2025	30% (Higher tariffs paused for 90 days from Aug 11)	Electronics, Pharmaceuticals, Copper, Lumber, Energy, Critical Minerals

Materials	Effective Date	Tariff Rate	Exemptions
Steel & Aluminum	June 4, 2025 (Raised)	50% (Increased from 25%)	Likely to be reduced for the UK per the May 8 trade announcement
Autos & Auto Parts	April 3, 2025 (Autos) May 3, 2025 (Auto Parts)	25%	Reduced to 10% for the UK for the first 100K autos per the May 8 trade announcement
Copper	August 1, 2025	50%	

Baseline Tariff	April 5, 2025	10% (Unless replaced by country-specific tariffs below)	Electronics, Pharmaceuticals, Copper, Lumber, Energy, Critical Minerals
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The following country-specific reciprocal tariffs were revised by executive order on July 31, 2025, with changes scheduled to take effect on August 7, 2025:

Countries and Territories	Reciprocal Tariff, Adjusted
Afghanistan	15%
Algeria	30%
Angola	15%
Bangladesh	20%
Bolivia	15%
Bosnia and Herzegovina	30%
Botswana	15%
Brazil	50%
Cambodia	25%
Cameroon	19%
Chad	15%
Costa Rica	15%
Côte d'Ivoire	15%
Democratic Republic of the Congo	15%
Ecuador	15%
Equatorial Guinea	15%
European Union: Goods with Column 1 Duty Rate[1] > 15%	0% (plus the Column 1 duty rate)

Countries and Territories

Reciprocal Tariff, Adjusted

European Union: Goods with Column 1
Duty Rate < 15%

15% total
(including Column 1 duty rate)

Falkland Islands

10%

Fiji

15%

Ghana

15%

Guyana

15%

Iceland

15%

India

25% (50% by August 27)

Indonesia

19%

Iraq

35%

Israel

15%

Japan

15%

Jordan

15%

Kazakhstan

25%

Laos

40%

Lesotho

15%

Libya

30%

Liechtenstein

15%

Madagascar

15%

Malawi

15%

Countries and Territories	Reciprocal Tariff, Adjusted
Malaysia	19%
Mauritius	15%
Moldova	25%
Mozambique	15%
Myanmar (Burma)	40%
Namibia	15%
Nauru	15%
New Zealand	15%
Nicaragua	18%
Nigeria	15%
North Macedonia	15%
Norway	15%
Pakistan	19%
Papua New Guinea	15%
Philippines	19%
Serbia	35%
South Africa	30%
South Korea	15%
Sri Lanka	20%

Countries and Territories	Reciprocal Tariff, Adjusted
Switzerland	39%
Syria	41%
Taiwan	20%
Thailand	19%
Trinidad and Tobago	15%
Tunisia	25%
Turkey	15%
Uganda	15%
United Kingdom	10%
Vanuatu	15%
Venezuela	15%
Vietnam	20%
Zambia	15%
Zimbabwe	15%

Along with the revised country-specific tariffs, a transshipment penalty is being introduced, and the de minimis exemption is being gradually phased out for most countries.

Effective August 7, 2025, the U.S. has implemented a 40% tariff on goods involved in transshipping to circumvent existing tariffs. This move targets goods rerouted through other countries to bypass the higher duties imposed on products, particularly those from China. The new tariff aims to close loopholes and prevent businesses from sidestepping the U.S. tariff system, increasing enforcement measures and penalties for violations.

Effective August 29, 2025, the de minimis exception is suspended. This means:

- + Shipments from affected countries, covering the majority of U.S. trading partners, are no longer exempt, regardless of value.
- + All goods, even those under \$800, are subject to the full applicable tariff rate and standard customs processing.
- + Only a small group of U.S. allies with negotiated exemptions retain de minimis benefits.

TARIFF STACKING EXPLANATION

Amid the rapid rollout of new tariffs, there has been considerable confusion over how these measures interact and whether ‘stacking’, the application of multiple tariffs on the same product, will apply.

Executive Order 14289 provides the current framework, clarifying that stacking can occur when a product is subject to multiple tariff programs, such as reciprocal tariffs, Section 232 steel and aluminum duties, or newly introduced sector-specific measures. In practice, this means an item could incur cumulative tariffs if it falls under more than one applicable category, significantly increasing the landed cost.

The following section breaks down the stacking rules and illustrates how they apply across key product categories.

1

AUTOMOTIVE TARIFFS SUPERSEDE EVERYTHING ELSE

If an imported product is subject to Section 232 tariffs on automobiles or auto parts, it is exempt from Section 232 tariffs on steel, aluminum, or copper and IEEPA tariffs on goods from Canada or Mexico.

2

METAL TARIFFS SUPERSEDE IEEPA TARIFFS

For products subject to Section 232 tariffs on steel, aluminum, or copper (but not on autos or auto parts), IEEPA tariffs targeting Canada, Mexico, or Brazil do not apply. However, both Section 232 steel, aluminum, and copper tariffs can apply simultaneously to the same product.

3

PROPORTIONAL APPLICATION OF STEEL/ALUMINUM TARIFFS AND TREATMENT OF NON-METAL CONTENT

Starting June 3, 2025, Section 232 steel, aluminum, and copper tariffs apply only to the steel, aluminum, or copper content of imported products, not their full value. Non-metal parts face other tariffs, like the 10% reciprocal tariff. This narrows Section 232 tariffs, potentially lowering the overall duty rate. However, it allows other tariffs (e.g., Section 301 or IEEPA) to apply to non-metal parts.

4

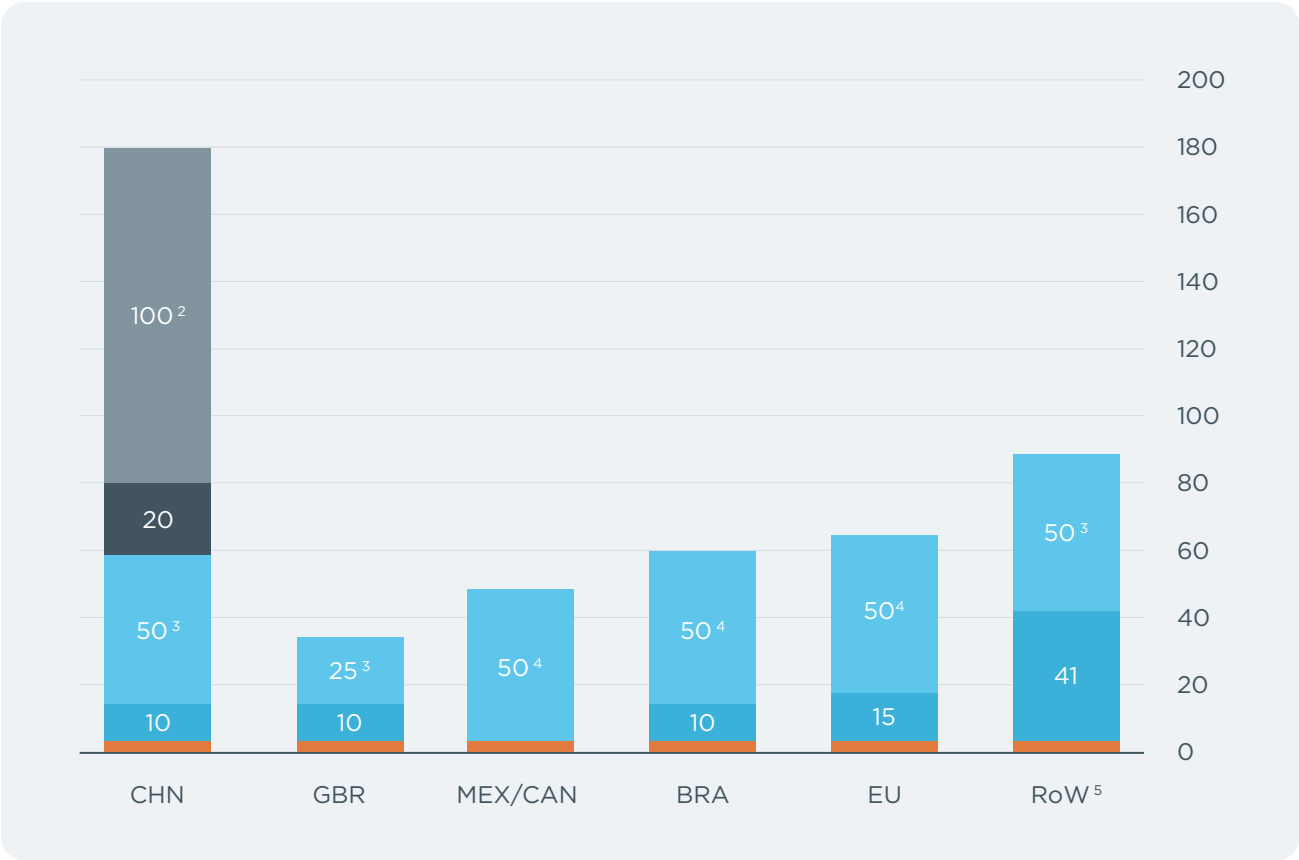
ALL OTHER SCENARIOS, TARIFFS STACK

Tariff stacking remains possible with general MFN tariffs, Section 301 tariffs, reciprocal tariffs, or trade defense measures. For steel, aluminum, and copper products not covered by auto or IEEPA tariffs, all applicable Section 232 tariffs will apply, with each tariff calculated based on the specific metal content of the product.

TARIFF STACKING EXPLANATION

% calculated based on cumulative tariffs across all products, excluding trade defence

MFN Reciprocal Tariff Metal Section 232¹ Tariff IEEPA Tariff Section 301 Tariff



¹ Includes steel, aluminium and copper Section 232 tariffs, all set at 50%.

² Certain products from ‘strategic sectors’ were targeted with 100% additional tariffs in 2024.

³ Selected as they are the highest stackable Section 232 tariffs (25% for GBR and 50% for RoW).

For metal derivatives, Section 232 and reciprocal tariffs apply proportionally to metal and non-metal content.

⁴ Products from Mexico, Canada and Brazil that pay Section 232 tariffs do not pay border IEEPA tariffs. Articles that qualify for preferential tariff treatment under USMCA are also excluded from IEEPA tariffs.

⁵ Reciprocal Tariffs range between 10% and 41%. Except Russia, Belarus, Cuba and North Korea.

Source: Global Trade Alert - August 2025

TARIFF IMPACT ON THE ECONOMY

A new analysis from Goldman Sachs found that as of June 2025, the burden of Trump-era tariffs has been distributed as follows:

- + **U.S. Businesses: 64% of tariff costs absorbed**
- + **U.S. Consumers: 22% of tariff costs absorbed**
- + **Foreign Exporters: 14% of tariff costs absorbed (via lower export prices)**

Goldman expects this balance to shift significantly in the coming months as reciprocal tariffs expand beyond initial Chinese goods to a broader range of imports from multiple countries. By October 2025, the bank projects:

- + **U.S. Consumers: ~66% of costs**
- + **Foreign Exporters: ~25% of costs**
- + **U.S. Businesses: ~8% of costs**

The study notes that certain sectors, such as household appliances and information-processing equipment, have already seen substantial price increases relative to historical trends. In addition, some domestic companies not impacted by tariffs have raised their own prices, benefiting from the tariff impact to their competitors.

LogicSource is observing similar trends across our client base, albeit with a slightly better short-term outlook for businesses. Foreign exporters and distributors have been more willing to absorb tariffs temporarily while monitoring long-term policy direction, with suppliers covering anywhere from 25% to 50% of tariff costs, and, in rare cases, up to 100%. LogicSource anticipates that while suppliers will likely continue to shoulder part of the tariff burden, the longer-term trend will mirror Goldman's forecast: more of these costs will be passed directly to consumers as it becomes clear the tariffs are here to stay.

FUTURE TARIFFS TO CONSIDER

In early August 2025, the Trump administration signaled two major potential tariff moves aimed at high-value sectors: semiconductors and pharmaceuticals.

On August 6, President Trump announced plans to impose a 100% tariff on imported chips and semiconductors, with possible exemptions for companies investing in U.S.-based manufacturing. Global chipmakers like TSMC and Samsung are already investing billions in new U.S. factories, backed by subsidies to boost domestic supply and cut reliance on foreign chips. However, Trump's proposed tariffs are unlikely to drive further investment, as these commitments were largely secured through prior financial incentives.

The administration also confirmed a phased tariff on pharmaceutical imports, starting at a modest rate but potentially escalating to 150%-250% within 18 months.

If enacted, these measures could drive significant cost increases for corporations reliant on semiconductor-intensive products, such as information technology hardware, automotive electronics, and industrial equipment, as well as pharmaceutical inputs and finished drugs used in healthcare, employee benefits programs, and research operations. The combination of high initial rates for semiconductors and steep future hikes for pharmaceuticals has the potential to materially impact procurement budgets, supply chain stability, and downstream pricing across multiple indirect spend categories.



EXPECTED TARIFF IMPACT



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

Increased Product Costs

- Previously, overall cost increases on imports were projected at around 10%, but the new reciprocal tariffs are now expected to push import costs above 15% on average, with even steeper impacts in heavily tariffed sectors such as automotive, industrial equipment, construction, FF&E, consumer goods, apparel/textiles, packaging, and medical supplies.
- Electronics and pharmaceuticals, though largely exempt at present, now face a higher likelihood of tariff-related cost increases than they did just a few months ago.

Transportation and Logistics Pressure

- After a highly volatile first half of the year, the ocean freight market has now stabilized, with spot rates aligning more closely to contract pricing as carriers roll back peak season surcharges.
- Rates remain above 2024 levels and are unlikely to decline through the remainder of 2025.

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.

Budgeting Challenges

- Most 2025 budgets were set before the current and anticipated tariff burdens emerged, putting pressure on discretionary spending and complicating long-term financial planning.
- As the outlook for tariffs becomes clearer, corporations are taking proactive steps to ensure their 2026 budgets account for these impacts.

Impacts on Investment and Employment

- According to the Yale Budget Lab, real GDP growth will be half a percentage point lower in both 2025 and 2026 than it would have been without the 2025 tariffs.
- Even after the short-term impact, the U.S. economy will settle into a long-term level that's 0.4% smaller every year compared to a no-tariff scenario.
- Wage compression, workforce reductions, and the postponement of non-essential capital projects are likely, particularly in highly exposed sectors like retail and manufacturing, as companies move to tighten costs.

Economic Implications

- Goldman projects core PCE inflation to rise to 3.2% YoY in December 2025, up from 2.8% in May and June, and well above the Federal Reserve's 2% target.
- According to the Yale Budget Lab, all 2025 tariffs are expected to raise the overall price level by 1.8% in the short term, translating to an average household income loss of \$2,400 for the year.
- The Washington Center for Equitable Growth estimates that the tariffs could increase manufacturing costs by 2% to 4.5%, which may lead to wage stagnation, layoffs, or plant closures.

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, aluminum, and copper, and imports from countries like Canada, Mexico, China, and India.



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.



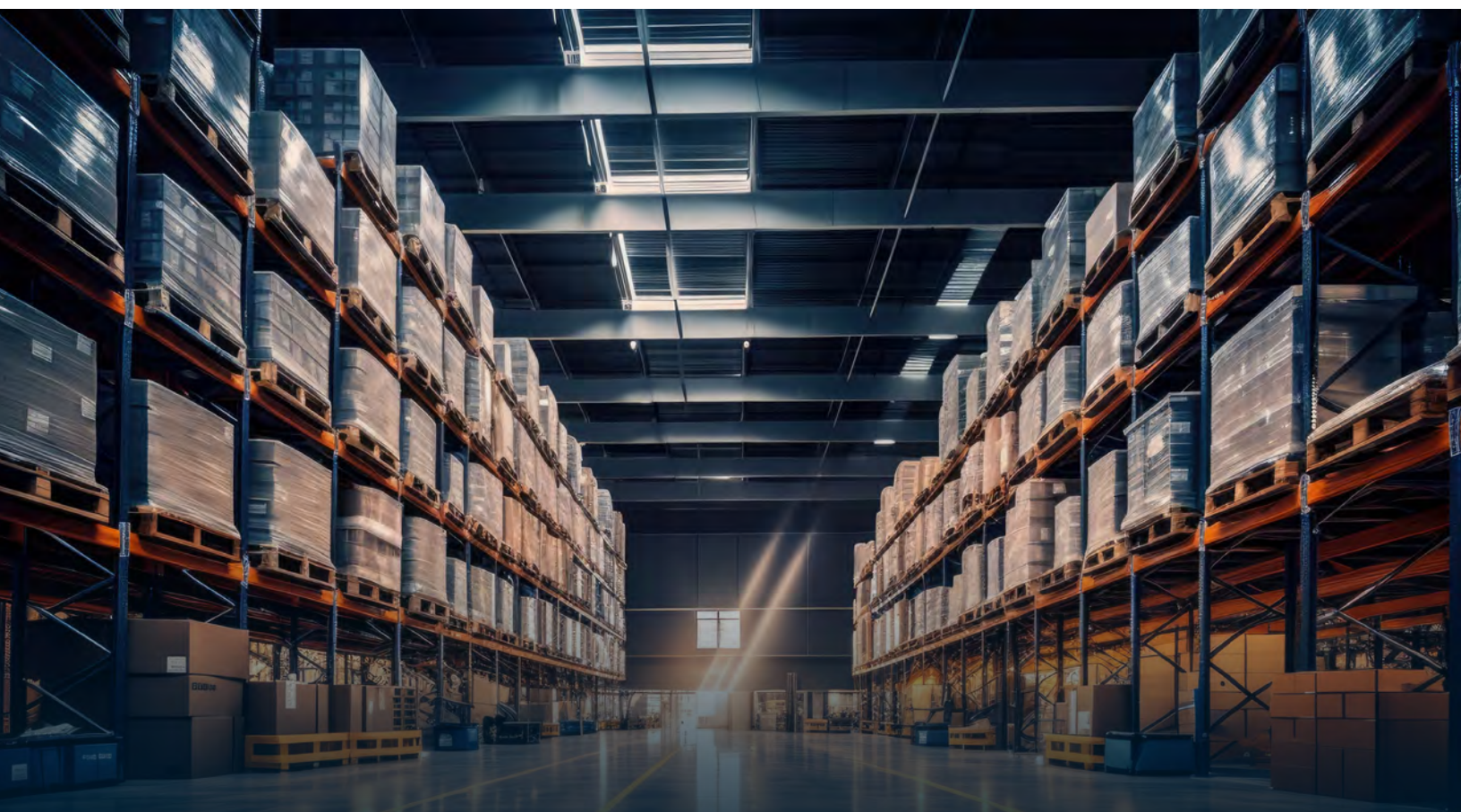
SEPARATE TARIFF CHARGES FROM UNIT PRICING

- + 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 EMERGING

While most suppliers had previously held firm on pricing, actual cost increases for LogicSource clients are now beginning to emerge, with many suppliers citing the evolving tariff landscape as justification for proposed increases.



THE MESSAGE IS "NO"

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

This approach may not remain sustainable with all suppliers, as rising tariffs are making it increasingly difficult for them to absorb the majority of the tariffs.

- + 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

While we previously projected an overall 3%–6% cost increase in the healthcare industry, an assumption we applied broadly across other sectors, the recent increase of tariffs to most countries, coupled with the potential for new tariffs on semiconductors and pharmaceuticals, has made forecasting more challenging.

Healthcare is likely to remain in the 3%–6% range, but manufacturing, CPG, and apparel industries are now expected to face even higher cost increases.



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 currently make large-scale USA investments too risky for most suppliers.



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 the 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.

CONCLUSION

The U.S. tariff landscape has shifted dramatically over the summer, with sweeping reciprocal tariff expansions, sharp rate increases on steel, aluminum, and copper, and the introduction of new country- and sector-specific measures. The potential for additional high-impact tariffs, most notably on semiconductors and pharmaceuticals, adds to an already complex and costly environment. While the legal challenges to IEEPA-based tariffs remain unresolved, the pace and breadth of recent changes leave little doubt that tariffs will continue to be a defining feature of the trade landscape well into 2026.

Organizations must move beyond short-term reaction and adopt forward-looking strategies that assume tariffs will remain in place or expand. This means stress-testing supply chains, identifying high-risk categories, and developing sourcing contingencies before costs escalate further. Maintaining close supplier collaboration, clarifying contractual cost pass-through terms, and using real-time market intelligence will be essential to navigating this next phase, where volatility is the norm and proactive planning is the only sustainable defense.





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 or the [Tariff Report Library](#).

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