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QUARTER 3 EDITION

2026 TARIFF IMPACT ANALYSIS

Layered, Not Lifted: The New Tariff Math

Policy & market update on U.S. tariffs and their effect on indirect spend — the 2026 policy reset, current rates by program, category exposure, refunds, and mitigation strategy.

Policy & Market Update
September 4, 2026

Contents

The U.S. tariff system changed materially in 2026.

U.S. tariff policy has changed repeatedly throughout 2026. On February 20, the Supreme Court ruled that the International Emergency Economic Powers Act (IEEPA) could not be used to impose broad tariffs. The Administration then ended the affected duties and introduced a temporary 10% surcharge under Section 122 from February 24 through July 24. When that measure expired, it was replaced by a Section 301 action covering 60 economies.

Today's tariff landscape is broader and more complicated than it was in February. Most major markets now face a 10% or 12.5% Section 301 duty, although country caps and product exclusions may reduce the final rate. These duties apply alongside higher tariffs on metals, vehicles, wood products, advanced semiconductors, patented pharmaceuticals, and other targeted imports. Brazil also faces a separate 25% tariff on most products, while selected Canadian products are subject to a 50% tariff.

For indirect spend, the most immediate cost pressure is concentrated in metal-intensive construction, facilities equipment, furniture and millwork, electrical infrastructure, IT hardware, fleet and logistics assets, and imported workplace goods. The actual impact varies by product and supplier and depends on factors such as HTS classification, country of origin, material content, trade-agreement eligibility, exemptions, quota status, tariff-stacking rules, and who serves as the importer of record.

11.0%	60	99.4%	+$1,100
Estimated current average U.S. statutory tariff rate	Economies covered by the July 24 Section 301 action	Share of U.S. imports represented by those economies	Estimated annual household cost at current policy

Sources: USTR and The Budget Lab at Yale. Average-rate and household figures are model estimates, not invoice-level measures.

MANAGEMENT TAKEAWAY

Tariffs should be managed as a variable cost, not a permanent price increase. Require suppliers to identify the applicable HTS code, origin, dutiable value, actual duty paid, exemptions used and any refund received. Keep the charge separate from base pricing and build in automatic downward adjustments when rates fall, exclusions apply or refunds are issued. Remain informed as tariff policy continues to shift unexpectedly.

WHAT CHANGED IN THE LAST SIX MONTHS

Status as of September 4, 2026

Broad tariff baseline

NEW

A Section 301 action took effect July 24 across 60 economies at generally 10% or 12.5%, with selected MFN-inclusive caps and exemptions. It replaced the expired Section 122 surcharge as the new baseline duty.

Section 122 surcharge

EXPIRED

The surcharge remained at 10%; it did not increase to 15%. It expired July 24.

Metals

EXPANDED TWICE

April changes moved covered articles to full customs value; June changes added downstream products and revised partner/content treatment.

Country overlays

NEW

Brazil: +25% on most goods effective July 22. Canada: +50% on selected goods effective August 22.

New sector actions

NEW

Advanced semiconductors and patented pharmaceuticals entered the tariff program in 2026.

Refund administration

OPERATIONAL

CBP launched CAPE for eligible IEEPA duty refunds and expanded Phase 1 eligibility.

Enforcement

TIGHTENING

Importer-of-record, bonding, valuation, origin and transshipment controls are becoming more stringent.

HOW TO READ THIS REPORT

The programs below are not interchangeable. Section 301, Section 232, Section 338 and Section 201 measures each carry distinct exemptions, stacking rules, effective dates and refund paths. A headline percentage is a starting point for planning, not the entry-level calculation on a specific purchased item.

01 · POLICY RESET

A change in legal authority, not just rates.

The central development in 2026 is a change in legal authority. The Administration moved from emergency powers to a combination of temporary balance-of-payments authority, broad Section 301 actions and targeted sector or country measures. Procurement teams should not treat these programs as interchangeable because their exemptions, stacking rules, effective dates and refund paths differ.

1 **IEEPA tariffs were terminated**

The Supreme Court held on February 20 that IEEPA does not authorize the President to impose tariffs. The Administration then ended the IEEPA additional duties tied to fentanyl, reciprocal tariffs, Venezuelan oil, Brazil, Russian oil/India, Cuba and Iran. Tariffs under other authorities, including Sections 232 and 301, were not affected. The suspension of duty-free de minimis treatment remained in place for all countries. The decision created potential refund rights for invalidated IEEPA duties, but recovery depends on entry status, liquidation and CBP procedures.

2 **Section 122 served as a five-month bridge**

A 10% temporary import surcharge took effect February 24 under Section 122 of the Trade Act of 1974. It applied broadly, included product exceptions and generally did not duplicate Section 232 duties on the same value. It expired on July 24 after the maximum 150-day period.

3 **Section 301 became the broad baseline**

USTR opened investigations into 60 economies on March 12, determined in June that the identified trade practices warranted action, and implemented the final tariffs on July 24. According to USTR, these economies account for 99.4% of U.S. imports.

The final framework places the economies into two main rate groups. Nineteen named economies, along with the EU and Taiwan, generally receive 10% tariff treatment. Japan, South Korea, Switzerland, and the remaining 36 economies generally receive 12.5% tariff treatment. Depending on the country, the tariff is either added to the normal customs duty or applied as a cap on the combined rate. Product exclusions may also apply.

Goods already covered by Section 232, as well as informational materials, donations, designated raw materials, qualifying USMCA goods, and certain CAFTA-DR textiles, are generally excluded.

Sector and country actions create the highest rates

The broad Section 301 rate is only one layer. The highest direct cost increases now come from targeted measures, including 50% metals duties, 25% and 50% quartz safeguard rates, 25% to 100% Unmanned Aircraft Systems (UAS) duties, a 100% default rate on covered patented pharmaceuticals, and 50% duties on selected Canadian products. Each program has important origin, content, company and product exceptions.

BROAD & COUNTRY-SPECIFIC MEASURES IN EFFECT

USTR, White House, CBP & active HTS notices

PROGRAM	EFFECTIVE	HEADLINE RATE	KEY SCOPE / EXCEPTIONS
Section 301 forced-labor action	Jul 24, 2026	**10% or 12.5%**	Applies across 60 economies. EU/Taiwan generally capped at 10% including MFN; Japan/Korea/Switzerland generally capped at 12.5% including MFN. Product and trade-agreement exclusions apply.
Brazil Section 301	Jul 22, 2026	**+25%**	Applies to most Brazilian goods, with listed raw-material, civil-aircraft, pharmaceutical, Section 232 and other exclusions. Where both Section 301 actions apply, incremental duties may stack.
Canada Section 338	Aug 22, 2026	**+50%**	A broad cross-sector list covering alcoholic beverages, milk products, agriculture, plants, chemicals, plastics, leather, wood, paper, textiles, machinery, electronics, furniture, toys, sports goods, art and other products. Applies regardless of USMCA origin; energy, potash, Section 232 goods and other items are excluded.
China legacy Section 301	2018–2024; current	**7.5%–100%**	Product-specific rates remain. 178 exclusions are scheduled through November 9/10, 2026. The July 24 action may also apply unless an exclusion controls.
Russia-origin aluminum	Current	**200%**	Separate Russia-origin aluminum measure remains in addition to the broader Section 232 framework.
De minimis treatment	Suspended	**No $800 entry**	Low-value shipments remain subject to entry and duty procedures under the current CBP framework.

SECTOR-SPECIFIC MEASURES IN EFFECT

White House proclamations, USTR & CBP quota guidance

CATEGORY	AUTHORITY	CURRENT RATE	KEY SCOPE / EXCEPTIONS
Steel, aluminum & copper	Section 232	**50% base; 25% many derivatives**	April 6 and June 8 changes apply duties to full entered value and expand downstream scope. UK, aligned-partner and U.S.-origin metal rules can reduce rates. Russia-origin aluminum remains 200%.
Autos & auto parts	Section 232	**25%**	Autos effective April 3, 2025; parts effective May 3, 2025. USMCA non-U.S.-content rules, partner arrangements and producer offsets may reduce actual duty.
Medium/heavy vehicles & parts	Section 232	**25%; buses 10%**	Effective November 1, 2025. USMCA content and manufacturer offset provisions may apply.
Softwood / furniture / cabinetry	Section 232	**10% / 25%**	10% softwood; 25% specified furniture and cabinets. Current rates continue through 2026. Scheduled increases for selected upholstered wooden products and cabinetry appear in the forward calendar.
Advanced semiconductors	Section 232	**25%**	Effective January 15, 2026 for a narrow set of advanced computing chips. U.S.-use exclusions include data centers, R&D, repair and specified domestic applications.
Patented pharmaceuticals	Section 232	**0%–100%**	As of September 4, rates apply to Annex III companies. Default 100%; 20% for approved onshoring plans; 15% for specified aligned partners; 0% for approved agreements and specialty products. Generics/biosimilars excluded for now.
Quartz surface products	Section 201	**25% / 50%**	25% in-quota; 50% over-quota. Effective August 15. First-year quota is 13,006,426 square meters, allocated quarterly. Canada, Mexico and specified FTA/developing economies are excluded.
Unmanned aircraft systems	Section 232	**25% or 100%**	Effective September 3. 100% on larger/thermal UAS, docking stations and critical components; 25% on smaller covered UAS. Lower partner/onshoring rates may apply.

03 · 2026 CHANGES

Tariffs and import changes effective in 2026.

The changes below took effect during 2026 in chronological order, including temporary measures that later expired and targeted relief that reduced cost.

Date	Change	Status
Jan 15	**Advanced computing semiconductors** 25% Section 232 duty on narrowly defined chips; multiple U.S.-use exclusions.	EFFECTIVE
Feb 7	**India Russian-oil penalty** Additional 25% IEEPA duty removed.	RELIEF · IEEPA LATER ENDED
Feb 24	**Temporary global import surcharge** 10% Section 122 duty applied broadly for the 150-day maximum.	EXPIRED JUL 24
Apr 6	**Steel, aluminum and copper** Full customs value and revised 50% / 25% tiers.	EFFECTIVE
May 1	**Taiwan trade arrangement** Modified treatment for specified auto parts, wood and civil-aircraft items.	EFFECTIVE
Jun 8	**Downstream metals** Expanded product scope and revised partner/content-based treatment.	EFFECTIVE
Jul 22	**Brazil Section 301** Additional 25% on most goods, subject to exclusions.	EFFECTIVE
Jul 24	**60-economy Section 301** Generally 10% or 12.5%; country caps and product exclusions.	EFFECTIVE
Jul 31	**Patented pharmaceuticals — Annex III** 0%–100% depending on company, partner and onshoring treatment.	LISTED COMPANIES
Aug 15	**Quartz surface products** 25% within quota; 50% over quota in Year 1.	EFFECTIVE
Aug 22	**Selected Canadian goods** Additional 50% under Section 338.	EFFECTIVE
Sep 3	**Unmanned aircraft systems** 25% or 100% on covered UAS and components.	EFFECTIVE

2026 ACTION REGISTER · JAN 14 – JUN 3

Presidential, USTR & CBP tariff actions and relief

DATE	ACTION	WHAT CHANGED	STATUS
Jan 14	Advanced semiconductors	25% Section 232 duty announced; effective Jan 15 on covered advanced chips.	Implemented
Jan 14	Processed critical minerals	Negotiations, price-floor and possible tariff/import-restriction process directed; no immediate duty.	Review / proposed
Jan 29	Cuba oil suppliers	IEEPA mechanism authorized possible tariffs on countries supplying oil to Cuba; no blanket named-country rate was set.	Terminated Feb 20
Feb 6	India / Russian oil	Additional 25% India duty removed effective Feb 7.	Relief effective
Feb 6	Iran trade partners	IEEPA mechanism authorized possible duties on countries acquiring Iranian goods/services.	Terminated Feb 20
Feb 6	Lean beef TRQ	Added 80,000 metric tons of 2026 in-quota lean-beef trimmings, allocated to Argentina.	Relief effective
Feb 20	Supreme Court / IEEPA	Court held IEEPA does not authorize tariffs; Administration ended listed IEEPA duties.	Implemented
Feb 20	De minimis	Suspension of duty-free de minimis treatment continued for all countries.	Current
Feb 24	Section 122 surcharge	Temporary 10% global surcharge began for 150 days.	Expired Jul 24
Mar 11	Structural excess capacity	USTR opened 16 Section 301 investigations across major manufacturing sectors.	Under investigation
Mar 12	Forced-labor import controls	USTR opened Section 301 investigations of 60 economies.	Led to Jul 24 action
Apr 2 / 6	Metals	Reworked steel, aluminum and copper framework; full customs value and tiered rates took effect Apr 6.	Effective
Apr 2	Patented pharmaceuticals	Section 232 rates announced with staged Jul 31 and Sep 29 effective dates.	Partly effective
Apr 20	CAPE refunds	CBP launched ACE-based CAPE declarations for eligible IEEPA refunds.	Effective
May 19	AGOA / HOPE / HELP	Extended relevant duty-free preference programs through Dec 31, 2026.	Relief effective
May 29	Vietnam intellectual property	USTR initiated a Section 301 investigation; no duty imposed.	Under investigation
Jun 1 / 8	Downstream metals	Added downstream products, revised partner rates and adjusted content thresholds.	Effective
Jun 3	Customs enforcement	Directed stronger importer eligibility, bonding, audits and penalties for classification, valuation, origin and transshipment violations.	Ongoing

2026 ACTION REGISTER · JUN 18 – SEP 2

Continued from previous page

DATE	ACTION	WHAT CHANGED	STATUS
Jun 18	Germany pharmaceuticals	USTR initiated a Section 301 investigation; no duty imposed.	Under investigation
Jun 29	Refunds and targeted relief	CAPE expanded to certain reconciliation-flagged entries; Morocco phosphate-fertilizer relief and vehicle-offset implementation issued.	Effective / relief
Jul 9	Commercial aircraft	Section 232 negotiations directed; no immediate tariff. Update due within 180 days.	Under negotiation
Jul 20	Canada and aluminum	Three Canada Section 338 proclamations signed; aluminum onshoring incentive authorized lower rates for approved plans.	Effective / ongoing
Jul 22	Brazil	Additional 25% Section 301 duty took effect on most Brazilian imports.	Effective
Jul 24	60-economy Section 301	10%/12.5% duties took effect as the Section 122 surcharge expired.	Effective
Jul 31 / Aug 15	Quartz surfaces	Four-year Section 201 tariff-rate quota announced Jul 31; effective Aug 15.	Effective
Jul 31	Patented pharmaceuticals	Rates became effective for companies listed in Annex III.	Effective for listed companies
Aug 6	Polysilicon	Minimum import prices and a 15% downstream duty announced for Dec 4.	Announced
Aug 13 / Sep 3	UAS / drones	25% and 100% duties announced Aug 13 and took effect Sep 3.	Effective
Aug 22	Canada	50% duties took effect after a three-day delay from the original Aug 19 date.	Effective
Aug 26 / Sep 1	Lean beef TRQ	Added 300,000 metric tons to the in-quota amount for Sep–Nov.	Relief effective
Sep 2	China exclusions	USTR issued conforming amendments to four product exclusions, retroactive to Jul 1.	Effective

04 · REFUNDS

For many buyers, the supplier holds the refund claim.

Invalidating IEEPA duties created a major recovery opportunity, but the refund is usually controlled by the importer of record or the broker that filed the entry. For most indirect-spend buyers, the supplier — not the customer — holds the claim, making refunds a commercial negotiation as much as a customs issue.

CBP CAPE PROCESS — CURRENT POSITION

CBP CAPE guidance, Apr–Jul 2026

CBP launched the Consolidated Administration and Processing of Entries (CAPE) capability in ACE on April 20. Phase 1 accepts eligible unliquidated entries and entries liquidated within 80 days before acceptance, and later added certain reconciliation-flagged entries. Electronic ACH refunds are generally expected within 60–90 days, subject to review.

- Only the original importer of record or the broker that filed the entry can submit a CAPE declaration.
- Entry status matters. Older liquidated entries, open protests and AD/CVD holds may require a different recovery path.
- Do not assume the refund equals the surcharge the buyer paid. The supplier may have absorbed, allocated or otherwise recovered the duty.

HOW REFUNDS SHOULD CHANGE SUPPLIER NEGOTIATIONS

1. **Establish importer status**
   Confirm which party was importer of record for each affected SKU, shipment or project.
2. **Request evidence**
   Require entry summaries, duty-payment support, CAPE and protest status, and refund documentation.
3. **Reconcile the surcharge**
   Compare tariffs charged to duties legally owed after the February 20 decision and later changes.
4. **Use multiple recovery forms**
   Negotiate cash, credits, rebates or future price reductions tied to the supplier's actual recovery.
5. **Prevent double recovery**
   Reject a permanent base-price increase for a duty that was invalidated, refunded or lowered.
6. **Add contract controls**
   Use separate tariff line items, audit rights, refund-sharing and automatic rate-down language.

SUGGESTED NEGOTIATION POSITION

"Please identify the entries supporting the tariff charge, confirm whether your company was the importer of record, state whether a CAPE or other refund claim has been filed, and propose a credit or true-up for any duty recovered. Future tariff charges must remain a separate variable line item tied to the current legal rate."

05 · FORWARD CALENDAR

Use these for scenario planning, not effective yet.

Several actions were announced but were not fully effective as of September 4. Others remain investigations or negotiation leverage. These items should be used for scenario planning, not treated as current duty in supplier quotes.

ANNOUNCED BUT NOT YET FULLY EFFECTIVE

TIMING	ACTION	POLICY STATUS	INDIRECT-SPEND IMPLICATION
Sep 18, 2026	Enhanced importer-of-record enforcement	CBP milestone for stronger identity and eligibility controls.	Higher documentation, broker and compliance requirements; possible delays for weak importer records.
Sep 29, 2026	Patented pharmaceuticals	Section 232 program becomes effective for companies not already covered by Annex III.	Potentially material impact on branded-drug channels, specialty pharmacy, health plans and clinical-service suppliers.
Oct 1 review	Hardwood timber/lumber	Commerce update to the President is due under the 2025 wood proclamation.	Possible expansion to hardwood or derivatives; watch furniture, millwork and construction specifications.
Pending	Textile/apparel Tariff Rate Quota	USTR directed TRQs for Bangladesh, Cambodia, Indonesia and Malaysia when feasible.	Could create exemptions for limited volumes; until implemented, use the 10% rate for planning.
Nov 9–10, 2026	China exclusions and maritime action	178 China exclusions and the one-year maritime/shipbuilding suspension approach their scheduled end.	Exclusions may lapse or be extended; vessel fees and cargo-handling equipment duties may resume without action.
Dec 4, 2026	Polysilicon and derivatives	Minimum import prices plus a 15% downstream duty take effect, subject to partner/onshoring treatment.	Solar, data-center power, distributed generation and capital projects should model higher module/cell costs.
Jan 1, 2027	Furniture and cabinetry	Scheduled increases to 30% for specified upholstered wooden products and 50% for cabinets/vanities.	FF&E and capital projects should lock specifications, origin and escalation rules before year-end.
Feb 9, 2027	Additional UAS components	25% Section 232 duty begins on additional covered components.	Impacts security, inspection, mapping and facilities-maintenance drone programs.
Early Jan 2027	Commercial aircraft negotiations	180-day Section 232 update following the July 9 proclamation.	No current tariff, but possible exposure for corporate travel, air cargo, MRO and aircraft/engine parts.

BROADER INVESTIGATIONS AND TARIFF THREATS

USITC, USTR & White House

Structural Excess Capacity — 16 Economies

Section 301 investigations cover aluminum, autos, batteries, cement, chemicals, electronics, energy goods, glass, machinery, paper, plastics, food/beverage, robotics, satellites, semiconductors, ships, solar modules, steel and transport equipment.

PLANNING IMPACT
Could add another product/country layer. Highest exposure: equipment, electronics, metals, packaging, fleet and energy projects.

Processed Critical Minerals

Administration directed negotiations and consideration of price floors, import restrictions and tariffs.

PLANNING IMPACT
Potential impact on batteries, electronics, power equipment, magnets, HVAC controls, data centers and industrial MRO.

Broader Semiconductors

January action covered a narrow advanced-chip set and preserved the option for broader measures after negotiations.

PLANNING IMPACT
Could widen exposure from AI accelerators to servers, networking, storage, endpoints and embedded controls.

Germany Pharmaceutical Section 301

Investigation initiated in June; hearing scheduled for September 22. No final tariff as of this report date.

PLANNING IMPACT
Relevant to branded pharmaceuticals, specialty therapies and healthcare service suppliers with German supply chains.

Vietnam Intellectual Property Section 301

Investigation initiated in May; no final action as of September 4.

PLANNING IMPACT
Vietnam is a major alternative sourcing market for furniture, electronics, apparel and workplace goods.

Lamb Meat Section 201

Safeguard investigation initiated; no remedy in force.

PLANNING IMPACT
Limited indirect exposure, but relevant to food-service and hospitality categories.

PLANNING DISCIPLINE

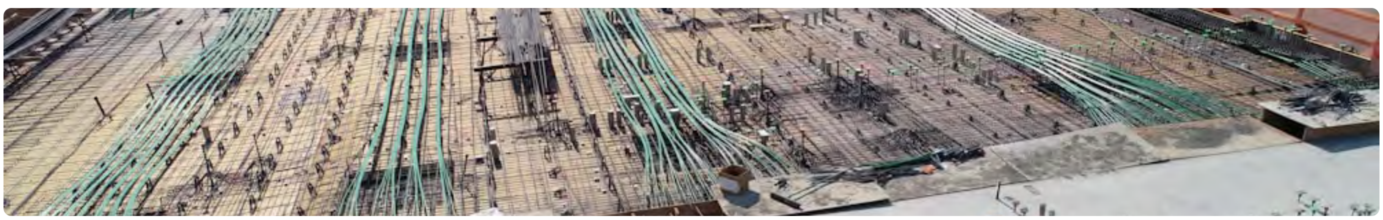
A proposal or investigation does not create a current tariff unless and until final action is issued. Model current, announced and high-risk proposed rates as separate scenarios, and tie category plans to specific trigger dates rather than a single annual inflation assumption.

06 · CATEGORY IMPACTS

Where tariffs land across indirect spend.

The July policy changes lowered tariffs for some countries but applied a standard duty to a wider range of imports. At the same time, targeted tariffs increased costs in several specific categories. The assessment below separates tariff-related increases from other market pressures, helping procurement teams challenge suppliers that use tariffs to justify every price increase.

Each of the seven categories below carries a distinct blend of broad Section 301 and targeted sector duties. Each pairs the market signals driving cost with the procurement response that keeps tariff cost separate, supported and reversible.



Facilities, Construction & FF&E

Primary exposure: Steel, aluminum, copper, softwood, upholstered wooden products, cabinets/vanities, quartz surfaces and imported fixtures from Section 301 countries.

MARKET SIGNALS

- Nonresidential construction input prices were 7.1% higher year over year in July. Aluminum mill shapes were up 40.5%, steel products 22.5%, copper/brass 18.4% and lumber/plywood 9.9%.
- Quartz from covered origins carries a 25% in-quota or 50% over-quota first-year safeguard duty; quota timing now matters to project pricing.
- Metal duties applying to full customs value can produce a larger surcharge on finished fixtures and equipment than a metal-content-only method.

PROCUREMENT RESPONSE

- Require BOM-level metal, wood and quartz content and origin; reject a tariff applied to the full project value without supporting data.
- Bid domestic and tariff-excluded origin alternatives, including natural-stone options where specifications permit.
- Use escalation caps, quota-risk allocation and automatic downward adjustments; separate commodity escalation from tariff escalation.
- Aggregate demand and release long-lead equipment early when timing reduces rate or quota risk.

IT Hardware & Electronics

Primary exposure: Advanced semiconductors, broad Section 301 duties, possible critical-minerals/semiconductor actions, and metal exposure in servers, racks, cabling and power equipment.

MARKET SIGNALS

- Gartner forecast 2026 worldwide IT spending at $6.37 trillion, up 14.2%; data-center systems spending at $822 billion, up 62.5%.
- IDC projected 2026 PC shipments down 11.3%, average selling prices up 17%, and memory constraints persisting through 2027.
- The current 25% semiconductor duty is narrow and contains substantial U.S.-use exclusions; memory and AI demand remain larger cost drivers for many configurations.

PROCUREMENT RESPONSE

- Validate exposure by SKU and chip type rather than accept a blanket hardware percentage.
- Separate memory, component-shortage and tariff adjustments; benchmark each driver independently.
- Extend refresh cycles, standardize configurations and negotiate allocation/price holds on forecastable demand.
- Review assembly origin, importer status and U.S. data-center or other end-use exclusion eligibility.

Print, Paper & Packaging

Primary exposure: Broad country tariffs, aluminum cans/foil and closures, imported paper/pulp inputs, plastics and possible excess-capacity actions.

MARKET SIGNALS

- U.S. packaging and specialty paper shipments were up 1% year over year and 5% year to date in July; unbleached packaging operating rates reached 87.5%.
- Second-quarter containerboard operating rates were near 95%, while production declined 2% year over year and exports fell 19%.
- Final-demand producer prices were up 4.7% year over year in July, but that index reflects many factors beyond tariffs.

PROCUREMENT RESPONSE

- Use paper and resin indices for commodity movements and a separate documented line for tariff costs.
- Consolidate volume, optimize basis weight/dimensions and shift to domestic converters where total economics improve.
- For aluminum-intensive formats, compare materials and validate whether Section 232 applies to the finished article.
- Reject broad surcharges on domestic paper when the supplier cannot trace the tariffed input.

Transportation & Logistics

Primary exposure: Vehicles, trailers, parts, tires/components, metal-intensive equipment, and broad Section 301 goods.

MARKET SIGNALS

- Cass reported July freight shipments down 4.8% year over year, while expenditures were up 9.1% and its truckload linehaul index rose 8.6%.
- Drewry's World Container Index was $4,473 per 40-foot container on August 27; Shanghai–New York was $9,333 and Shanghai–Los Angeles $6,818.
- Weak volume does not guarantee lower rates when carriers face equipment, labor, insurance, fuel and tariff-related replacement costs.

PROCUREMENT RESPONSE

- Keep equipment-capital surcharges separate from freight-rate changes and fuel indices.
- Use competitive bids, route and mode optimization, and balanced spot/contract coverage.
- Audit whether carrier tariff claims actually relate to owned equipment purchases.

Utilities & Energy Infrastructure

Primary exposure: Steel, aluminum, copper, transformers and grid equipment, solar cells/modules, polysilicon, batteries and critical minerals.

MARKET SIGNALS

- EIA projected an average 2026 Henry Hub natural gas price of $3.44/MMBtu and a third-quarter average of $2.87/MMBtu.
- U.S. electricity generation increased 1.8% in the first half of 2026; solar rose 21%, wind 6% and hydro 9%.
- Polysilicon minimum import prices and downstream duties scheduled for December 4 create a discrete risk for solar and distributed-energy projects.

PROCUREMENT RESPONSE

- Separate energy commodity pricing from tariff exposure in equipment and project capex.
- Re-price solar business cases with December 4/Polysilicon scenarios and approved partner/onshoring pathways.
- Source transformers, switchgear, cable and storage systems using origin transparency.
- Continue efficiency, demand-response and fixed-rate strategies; tariff mitigation alone will not address utility inflation.

Pharmacy, Medical Products & Benefits

Primary exposure: Patented pharmaceuticals, active ingredients, medical devices with metal/electronic content and German/EU supply chains.

MARKET SIGNALS

- The pharmaceutical Section 232 program uses a 100% default rate for covered patented products, with 20%, 15% and 0% pathways tied to onshoring, partner status and agreements.
- Rates are already effective for Annex III companies and expand to other covered companies September 29.
- Health benefit costs are expected to rise 8%–11% in 2027 and again in 2028.

PROCUREMENT RESPONSE

- Keep tariff adjustments separate from rebate, formulary, inflation-cap and distribution-fee economics.
- Begin employee health-benefits planning early to maximize opportunities to reduce cost escalation through carrier remarketing, POC solutions, and other emerging products and technologies.

Uniforms, Promotional Goods & Workplace Supplies

Primary exposure: Apparel/textiles from 10% or 12.5% Section 301 economies, low-value imports without de minimis treatment, and metal/plastic components.

MARKET SIGNALS

- Bangladesh, Cambodia, Indonesia and Malaysia currently carry the 10% Section 301 rate on covered apparel pending implementation of directed TRQs.
- The de minimis suspension increases landed cost and administrative burden for low-value direct imports.
- Programs shifted from China to Southeast Asia may still face a broad Section 301 rate, reducing the value of country substitution alone.

PROCUREMENT RESPONSE

- Bid total landed cost, not FOB unit price, and confirm whether the supplier or buyer is importer of record.
- Consolidate low-value orders, rationalize SKUs and reduce expedited parcel imports.
- Use domestic finishing and alternative origins when they improve total economics.
- Contract for TRQ/exclusion pass-through once implemented rather than allow the supplier to retain the benefit.

07 · THE ECONOMY

Read indicators as context, not proof of a charge.

Tariffs are one contributor to inflation, but they operate alongside energy, labor, capacity, interest-rate and geopolitical drivers. The procurement question is how much of a supplier's requested increase is demonstrably attributable to the tariff on the purchased item.

AVERAGE TARIFF RATE **11.0% now · 11.8% year-end**

The Budget Lab estimate reflects current policy and announced year-end actions.

CONSUMER PRICES / HOUSEHOLD

+0.7% · ~$1,100/yr

Model estimate of tariff policy, not a direct invoice pass-through.

REAL GDP

+1.5% Q2 vs +2.1% Q1

BEA estimate; many factors influence growth.

INFLATION

CPI +3.4% YoY · core +2.5%

Tariff pass-through is present in some goods but is not the sole driver.

PRODUCER PRICES

Final demand +4.7% YoY

Category-specific indices are more defensible than a broad index in negotiations.

TRADE BALANCE

Jul deficit $88.6B · +$17.4B MoM

Exports fell 2.1%; imports rose 2.8%. Year-to-date deficit stayed below the prior-year period.

CONSTRUCTION INPUTS

+7.1% YoY in July

Metal categories rose much faster, making facilities/capital-project exposure uneven.

Revenue estimates do not equal domestic economic benefit and can change with import volumes, exclusions, substitution, retaliation and legal developments.

NEGOTIATION GUARDRAIL

A macro index is not proof of a tariff charge. Require the supplier to bridge from the applicable duty rate to the proposed unit-price increase using the dutiable import value and the tariff-affected share of the product or service. Always itemize the tariff surcharge separately.

08 · MITIGATION

Prevent unsupported pass-through; preserve reversibility.

The most effective tariff mitigation strategies combine reliable trade data, category knowledge, and supplier leverage. The goal is not to avoid every tariff, but to challenge unsupported cost increases, ensure tariff charges can be reduced or removed when conditions change, and shift spend when another option provides better overall value.

1 Map exposure at the right level
Link spend, supplier, importer of record, country of origin, HTS code, material content and effective date. Prioritize categories with high import intensity or metal/content exposure and high total cost.

2 Validate before negotiating
Ask for entry-level evidence, actual duty paid, and tariff authority. Reject generic references to "tariffs" without supporting documentation.

3 Separate tariff from base price
Use a visible variable line item with a defined start/end date, automatic rate-down, exclusion and refund true-up provisions.

4 Test exclusions and lower-rate pathways
Review USMCA/FTA qualification, U.S.-origin metal content, aligned-partner caps, onshoring plans, and end-use exclusions. Substantial exclusions exist in many tariff proclamations; validating whether the purchase is excluded is necessary before accepting a tariff-related expense.

5 Use competition and alternative specifications
Bid alternate origins and domestic supply, but evaluate total landed cost, capacity, quality and lead time. Redesign materials/configurations when the business case supports it.

6 Time purchases and projects
Use forward buys, demand aggregation and phased releases when an effective date, quota window or scheduled rate increase creates a measurable advantage.

7 Recover invalidated duties
Identify suppliers and internal entities eligible for CAPE or other claims; secure a share of recoveries through credits, rebates or future reductions.

8 Strengthen compliance
Audit classification, origin, valuation, content certifications, broker controls and importer eligibility. Document decisions before CBP inquiry.

9 Maintain scenarios
Model current, announced and high-risk proposed rates. Tie category plans to specific trigger dates rather than a single annual inflation assumption.

MINIMUM TARIFF CLAUSE REQUIREMENTS

- Tariff charges must be separately identified and supported by the HTS code, country of origin, legal authority and effective rate.
- No tariff may be applied to freight, insurance, services, profit or domestic content unless legally included in customs value and documented.
- Supplier must notify the buyer of reductions, exclusions, refunds, drawback or other recoveries and issue a defined credit/true-up.
- Tariff charges expire automatically when the underlying duty expires or the supplier changes origin/classification in a way that removes the cost.
- Buyer retains audit rights and may benchmark or rebid if documentation is insufficient or the supplier does not pursue reasonable mitigation.

PROCUREMENT IN ACTION

Case studies

The examples below show that tariff claims remain negotiable when Procurement combines transparency requirements with credible alternatives.

Refund Recovery — Workplace Furniture

CHALLENGE

A multi-site client paid a separate tariff surcharge on imported furniture and fixtures, while the supplier, as importer of record, controlled any available refund.

OUTCOME

LogicSource required evidence of the supplier's refund filing, and negotiated quarterly account credits plus removal of the surcharge from future orders.

LESSON

When the supplier controls the customs claim, refund-sharing, documentation and true-up terms are essential.

Tariff Scope Validation — Elevator Maintenance

CHALLENGE

A supplier proposed an increase across the full elevator maintenance program, citing higher tariffs on steel, electronic controls and replacement components — and applied it to preventive maintenance, labor and admin fees too.

OUTCOME

LogicSource required a breakdown of labor, parts, origin and actual duty. Pricing adjusted only for documented tariff-affected parts; labor and routine service stayed at contracted rates, with a cap and annual true-up added.

LESSON

In service-heavy categories, tariff increases should apply only to affected materials and components — not to labor, overhead or the entire contract value.

Tariff Scope Validation — IT Hardware

CHALLENGE

A reseller proposed a double-digit tariff surcharge across an entire invoice — hardware, software and deployment services — citing tariffs on electronics and semiconductor-related products.

OUTCOME

SKU-level discovery showed only selected imported devices were exposed. Software, services and lower-exposure products stayed at contracted rates, reducing the total adjustment to the low single digits.

LESSON

Apply tariff costs only to the affected product and cost element, not the entire bundled solution.

Embedded Costs — Capital Equipment

CHALLENGE

A distributor proposed increasing the net price of each piece of heavy equipment, citing tariffs and inflation as the reasons for the higher cost.

OUTCOME

LogicSource required itemized pricing per unit, with the applicable tariff rate and inflation impact documented separately. The added transparency created leverage that reduced the proposed increase by nearly 80%.

LESSON

Cost transparency is essential for every imported purchase. Confirming the actual tariff rate and applying it only to the imported cost creates negotiating leverage.

09 · QUESTIONS TO ASK

From a headline rate to the cost on the item.

The questions below are designed for supplier calls, RFx events, contract reviews and refund discussions. They move the conversation from a headline rate to the actual cost on the purchased item.

1 APPLICABILITY & CALCULATION

- What HTS code applies to the finished product and any separately entered components?
- What is the country of origin, and what rule supports that determination?
- Which authority applies now: Section 301, 232, 338, 201 or legacy China 301?
- Is the item excluded via Section 232, USMCA/another FTA, or a product-exclusion list?
- Does the rate apply to full entered value, metal content, non-U.S. content or in-quota volume?
- Are multiple duties stacked? Show the legal basis and calculation for each layer.

2 COST & EVIDENCE

- What share of the unit cost is imported and tariff-affected?
- Can you provide an entry summary, broker statement or other proof of duty paid?
- Does the increase include freight, insurance, labor, overhead or margin not subject to duty?
- What other drivers — commodity, memory, labor, energy or currency — are included, and how measured?
- Are you pricing current duty, an announced future rate or a contingency buffer?

3 REFUNDS & REVERSIBILITY

- Who was the importer of record for the affected entries?
- Have you filed a CAPE declaration, protest, post-summary correction or drawback claim?
- What amount has been claimed or received, and what portion relates to our purchases?
- Will you issue a credit or forward-looking reduction when a refund or rate reduction occurs?
- Can the tariff be a separate line item with an automatic expiry and true-up?

4 MITIGATION & COMPETITION

- What alternate origins, production sites or suppliers have you qualified?
- Can U.S.-origin content, a different material or a revised configuration reduce duty?
- Would volume aggregation, a forward buy or different entry timing improve total cost?
- What share of the tariff will the supplier absorb, and what consideration is requested?
- What market event or documentation threshold would trigger a competitive rebid?

THE COMMERCIAL STANDARD

A supplier should be able to identify the tariff, calculate the item-level impact, show what it paid, explain what it did to mitigate the cost, and agree to remove or refund the charge when the underlying duty changes.

OUTLOOK

A more statute-specific system.

Tariff policy remains a central industrial, trade and geopolitical tool, but the 2026 system is more statute-specific than the framework at the start of the year. The broad IEEPA duties are gone, the Section 122 surcharge has expired, and the current baseline now rests on Section 301. The Administration is layering that baseline with narrower, higher-rate actions tied to sectors, countries, onshoring commitments and trade agreements.

Through year-end, the most important dates are September 18 for importer-of-record enforcement, September 29 for the broader pharmaceutical effective date, November 9–10 for China exclusions and the maritime suspension, and December 4 for polysilicon. Procurement plans should also account for scheduled wood and UAS-component changes in 2027.

For businesses, the practical response is consistent: validate the tariff at entry level, keep the charge separate from base price, recover invalidated duties, test alternative supply and build automatic reversibility into contracts. Tariffs may be real, but they are not a blank check. LogicSource will continue to monitor policy, implementation notices and market effects. The objective remains to convert volatility into leverage, protect budgets and maintain resilient, cost-disciplined supply chains.

NEAR-TERM MONITORING CHECKLIST

TIMING	ACTION
Weekly	Monitor USTR, White House, CBP and Federal Register notices; country/product exclusions; HTS revisions.
By Sep 18	Complete importer-of-record master data, broker authorization, bonding and identity-validation readiness.
Before Sep 29	Map patented pharmaceutical suppliers/companies and contract exposure.
Before Nov 9–10	Identify China exclusion-dependent SKUs, ocean-carrier clauses and cargo-handling equipment plans.
Before Dec 4	Re-price solar/polysilicon projects and approved partner/onshoring pathways.
Before Jan 1, 2027	Review furniture/cabinet purchase timing and origin/specification alternatives.

ABOUT

Maximizing Profitability in Today's Business Environment

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 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.

About This Report

The 2026 Tariff Impact Analysis is produced quarterly by the LogicSource Indirect Category Leaders in our Center of Excellence. It leverages insight from more than 200 category experts and over $200 billion in indirect-spend pricing data to translate trade-policy volatility into procurement action.

This edition reflects policy, implementation notices and market data available as of September 4, 2026.

$200B+	40K+	200+	450+
INDIRECT PRICING DATA	SOURCING EVENTS / YEAR	INDIRECT CATEGORY EXPERTS	FULL-TIME EMPLOYEES