

Trump's 25% Steel Tariffs: Global Price and Production Impact



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Impact of Proposed Trump Tariffs on the World Steel Industry

Executive Summary

President Trump's announcement of **25% steel tariffs** effective March 2025 represents the most significant disruption to global steel trade since the Section 232 measures. The policy eliminates previous [EU](#) exemptions established in December 2021, threatening **3.7 million tonnes of European exports** (16% of total [EU](#) steel exports) and creating immediate market volatility. The [US](#) faces a structural deficit of 11.6 million tonnes between domestic production (81.4 million tonnes) and consumption (93 million tonnes), suggesting tariffs will drive substantial price increases—estimated at **~15% in the [US](#) market**—whilst depressing European prices by \$15-20 per tonne without adequate safeguard measures.

Regional impacts diverge sharply: [US](#) producers like Nucor and [US](#) Steel gain pricing power and reduced import competition, whilst European mills face **5-10% production cuts** and market share losses. Ukraine's war-damaged economy suffers additional disruption through loss of [EU](#) processing routes for [US](#) market access. [EU](#) Commission President von der Leyen's promise of "firm and proportionate countermeasures" signals escalating trade tensions, whilst redirected steel flows increase price pressure across Asian and other non-[US](#) markets. The timing proves particularly damaging given European steel consumption growth forecasts downgraded from 3.8% to 2.2% for 2025.

Background

The new tariffs announced by President Trump in February 2025 will impose a **25% duty on steel imports** and 10% duty on aluminium imports, regardless of origin. This represents a significant shift from the previous policy that had exempted the European Union through tariff rate quotas which were established in December 2021. The **Trump tariffs** are set to take effect from March 12, 2025, and notably will remove exemptions previously granted to Ukraine, which had been using EU facilities to process its semi-finished metals.



European Union Impact

The immediate impact of these tariffs on the European Union is likely to be substantial.

- **Export Loss:** Eurofer estimates potential losses of up to 3.7 million metric tonnes of steel exports to the US, representing 16% of total EU steel exports as of 2024.
- **Price Effects:** European steel prices are already close to the down-point in the cycle. The proposed tariffs are likely to depress price further and / or delay the timing of any price recovery.
- **Production Adjustments:** European mills are showing reluctance to maintain current production levels, with some backing away from US transactions due to tariff uncertainty and fears of retroactive application.
- **Market Uncertainty:** The immediate market response is likely to include increased volatility, with mills and traders taking defensive positions to hedge against potential losses.

United States Impact

Based on the data provided and historical patterns:

- **Supply Gap:** With US crude steel production at 81.4 million metric tons versus consumption of 93 million metric tons (2023 data), the US faces a structural deficit of approximately 11.6 million metric tons.
- **Price Implications:** Domestic steel prices are likely to rise significantly as imports become more expensive and supply tightens.
- **Production Stimulus:** US mills may increase production, but capacity constraints suggest they cannot fully close the supply gap.
- **Manufacturing Costs:** Downstream industries using steel as input will face higher costs, potentially affecting competitiveness.

Other Markets

In other markets, the industry is likely to experience strong price pressure. Downward price pressure can be expected as EU and other exporters redirect steel from US markets. More specifically:

- **Asian Markets:** We note that Asian mills are withdrawing from US transactions, which will likely increase competition in other markets
- **Ukraine:** Will be particularly impacted due to loss of EU processing route to access US markets, further hurting its war-damaged economy
- **Global Trade Flows:** Expect redistribution of steel trade flows as exporters seek alternative markets



Medium-Term Production and Price Estimates

We have attempted to quantify the expected impact of the proposed tariffs on production volumes and prices in different regions. Whilst the estimates can only be tentative, our view is that the main effects could potentially be as follows.

Production Impact

- Europe: We consider that a **5-10% reduction in EU production volumes** is likely in the near-term, as mills adjust to lost US market access
- US: We anticipate a potential 3-5% increase in domestic production, constrained by capacity limits
- Other Markets: Production adjustments are likely as markets rebalance. Expect further production falls in Ukraine, which are likely to amount to several percentage points, at least.

Price Impact

- EU: We expect that steel prices will fall due to redirected supply staying in domestic markets, and because of greater price pressure from foreign suppliers. We consider that the initial price fall during 2025 could amount to \$15-\$20 / tonne or more if appropriate safeguard measures are not introduced.
- US: Steel price increases in the USA after introduction of the Section 232 measures amounted to ~2.4% between 2018-2021. [For discussion, see USITC report on [Economic Impact of Section 203 and 301 Tariffs on US Industries](#)]. We would expect to see a larger price rise this time round, closer to **~15% or so in the USA**, since the year 2025 tariffs are far more wide ranging than the 2018 measures.
- Other Markets: We expect price decreases of several percentage points as redirected supply increases price competition.

Expected Retaliation

We consider that the EU's response is likely to be significant, not least because of the current dire state of the industry. Indeed,

- EC President von der Leyen has promised "firm and proportionate countermeasures"
- Historical precedent suggests targeted tariffs on US goods
- Likely focus on politically sensitive US exports

We anticipate a potential WTO challenge as well. Possible coordination with other affected nations (e.g. Canada) may also be probable, in order to magnify the impact of the objection.

Other Consequences

Other consequences will include supply chain disruption as firms are forced to seek new sources of supply. This will mean:



- Increased inventory costs due to uncertainty
- Higher transaction costs because of extra likely shipping costs

Economic and Political Impact

The regional economic impact of the Trump measures is likely to be marked. It will include 2025-2026 **inflationary pressure in US** steel-consuming industries, and potential job losses in the EU steel sector. Deflationary pressure will arise in markets such as the EU receiving redirected steel supply. Political consequences are also likely to be noteworthy with Implications for international cooperation on other issues.

The timing of these tariffs is particularly challenging given the existing economic uncertainty in Europe, where steel consumption growth forecasts for 2025 have already been downgraded from 3.8% to 2.2%. The combined effect of tariffs and economic slowdown could amplify negative impacts on the European steel industry.

Winners and Losers

Who might the main winners and losers be, because of Trump's measures?

Positively affected

Positively affected will be some of the large US producers such as:

- **US Steel**: As a major integrated producer with large domestic capacity, the firm will benefit from reduced import competition, as well as higher domestic selling prices.
- **Nucor**: With its modern mini-mill infrastructure, the company is well-positioned to capture higher domestic prices
- **ArcelorMittal**: which has a significant production footprint in the USA. AM/NS Calvert (Alabama) is a joint venture with Nippon Steel that operates one of the most advanced steel finishing facilities in the world with an annual capacity of approximately 5.3 million tons. Potential benefits from President Trump's tariffs on the Calvert operations are however likely to be offset by a negative impact on ArcelorMittal's facilities in Canada and Mexico (see below).

Negatively affected

We consider that the most adversely affected facilities will include:

- **ArcelorMittal**. The firm sells ~13% of its production to the USA. ArcelorMittal's most vulnerable operations include the plants in Canada (the Dofasco flat rolled plant with 4.5 mt/yr capacity) and in Mexico (Lazaro Cardenas, which produces up to 3.7 mt / yr of flat and long products).
- **Thyssenkrupp**, which has significant exports of high-grade steel to the US automotive sector
- **Metinvest** in Ukraine, because of its loss of access to EU-US export routes. The company use facilities in Italy and in Bulgaria for downstream processing. Under previous arrangements, Ukrainian steel processed in the EU had certain exemptions from US tariffs, which will now be lost.



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