



Uncertainty Increases As Tariffs Go Into Effect

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After months of speculation, the U.S. government recently implemented a 25 percent tariff on steel imports and a 10 percent tariff on imported aluminum. The tariffs, which took effect on March 23rd, apply to all steel and aluminum products, including finished forms and semifinished items such as billets and slabs. The announcement comes as a result of a U.S. Department of Commerce investigation that suggested these imports threaten the viability of our domestic metal production, which in turn is a threat to national security.

Have you determined yet how these will affect your business or industry? If you haven't, you are not alone. Since the announcement, many people still do not know how they will be affected, and speculations continue to run rampant. This has led to increased uncertainty and confusion for suppliers, fabricators, and the industry as a whole, as they are wondering what to do next.

Some companies have been quick to panic while others have attempted to take advantage of the uncertainty by acting swiftly to increase prices, even before the tariffs went into effect. As of Thursday, March 22nd, temporary exemptions had been issued for several countries including the European Union, Canada, Mexico, South Korea, Australia, Argentina, and Brazil from tariffs. The exemptions are only temporary and may be lifted May 1st, pending trade negotiations.

No one is certain how the tariffs will play out, and metal-making executives and industry analysts expect aluminum markets and steel markets to react differently. Despite the widespread concerns over price increases, aluminum futures have remained relatively stable during the first three months of the year and even decreased slightly. Analysts predict the tariff will be mostly reflected in the delivery premium that U.S. aluminum manufacturers pay mill producers.

Despite the fact that the U.S. relies heavily on foreign imports of aluminum (up to 90% annually), experts estimate that aluminum traders have stockpiled 2.3 million metric tons of the metal in U.S. warehouses in anticipation of the announced tariffs. Even with the relative stability in aluminum futures and no reported shortages, market anxiety has led vendors and suppliers to raise prices.

We recommend that all of our partners and friends in the industry arm themselves with the facts and do more to educate themselves as a protective measure. Informing yourselves will give you and your business the leverage you need to push back against unfair pricing tactics. A good place to start is to monitor the [London Metal Exchange](#) and follow the [Aluminum Midwest Premium](#) futures contracts via CME Group.

It will take weeks, if not months, to gain a full-understanding of the impact these tariffs will have and how things will shake out, but metal fabricators, such as MillerClapperton are in a vise at the moment. We are seeing across the board price increases from our suppliers and vendors, with the likelihood of more price increases in the future.

It is important for our customers to recognize that we are contractually obligated to provide products and services for which a signed contract has been executed. This means MillerClapperton will be forced to absorb the losses for these projects as price increases are issued by vendors and suppliers.

However, our customers should expect to see the changing prices reflected in future quotations. During this period of uncertainty, we appreciate your patience and understanding. As we gain more clarity about the impact of the tariffs, we will be sure to update you.

We look forward to continuing to serve you as a trusted advisor and industry leader. If you have any questions, please don't hesitate to reach out to us at sales@millerclapperton.com or call us at 770-941-8281.

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