



# Impact of the imposition of tariffs on steel and aluminum

On June 4, President Donald Trump's executive order that **increases tariffs on steel and aluminum from 25% to 50%** went into effect. The goal of this measure is to strengthen domestic production, protect American producers from competition, and reduce foreign dependence.

The United Kingdom was the only country excluded from the measure, therefore it will continue with a 25% rate. In this regard, Mexico could also seek an exemption, especially considering its trade deficit with the U.S. in this sector, with **Mexico being the country to which the U.S. exports the most steel and aluminum.**

In 2018, during his first term, Trump imposed tariffs on these sectors for a period of 10 months. These tariffs benefited American producers but **caused economic damage by raising prices in other industries**, such as automotive, aerospace, and construction.

## About steel

- **Canada** is the **main supplier** of steel to the U.S., accounting for **22.5%** of total steel imports. This is followed by **Mexico (11%), Brazil (9.4%), South Korea (9.1%),** and **Germany (6%).**<sup>1</sup>
- In 2024, Mexican exports represented only **2.2%** of the US market (composed of domestic production and imports), while imports from the US represented **15.9%** of the Mexican market.<sup>2</sup>
- In 2024, Mexico **exported 3.2 million tons of steel to the U.S.**<sup>3</sup>
- The imposition of steel tariffs has **reduced steel shipments from Mexico** to the U.S. **by 9.6%** between January and May.<sup>4</sup>
- The states with the largest steel production are **Michoacán, Nuevo León, Guanajuato, Veracruz and San Luis Potosí.**<sup>5</sup>



## Role of the steel industry in the Mexican economy



According to the National Chamber of the Iron and Steel Industry (CANACERO) in 2023:

- Steel accounted for **1.4%** of the country's GDP.<sup>6</sup>
- Mexico is the 15th largest steel producer in the world.
- **77.5% of finished steel product exports** went to the U.S.
- **The national annual production** of finished steel products was **19.9 million tons.**



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## About aluminum

- **Canada** is the **largest supplier** of aluminum to total steel imports (**53.3%**) for the U.S. **The United Arab Emirates (5.2%), China (4.6%)** and **South Korea (4.4%)** are the next largest suppliers.<sup>7</sup>
- In 2024, **Mexico exported 81,500 tons of primary aluminum to the U.S.**<sup>8</sup>
- The states with the highest aluminum production are **Nuevo León and Estado de México.**<sup>9</sup>
- Although Mexico does not produce large volumes of primary aluminum, **it processes, trades, and uses aluminum products.** According to the National Chamber of the Aluminum Industry in Mexico (CANALUM), in 2024, **aluminum derivatives exports to the U.S. were valued at \$2 billion**, representing 80% of total exports.<sup>10</sup>
- Mexico is the U.S.'s leading supplier of empty **aluminum cans**, with exports valued at **\$135 million in 2024 and a 57% share.**<sup>11</sup>



## Role of the aluminum industry in the Mexican economy



<b>3.5%</b> National GDP	<b>600 thousand</b> jobs	<b>12 thousand</b> economic units	<b>2.5</b> million tons, annual production
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- Sectors related to the aluminum industry contribute between **3 and 3.5% to GDP.**<sup>12</sup>
- It generates **600,000 direct jobs** and 1.5 million indirect jobs.<sup>13</sup>
- In Mexico there are more than **12,000 economic units** dedicated to the transformation and commercialization of aluminum.<sup>14</sup>
- It has an added value of 18 billion dollars and an **annual production of approximately 2.5 million tons.**<sup>15</sup>





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## Impact for Mexico



- Maquiladoras that export aluminum, aluminum-based products such as empty cans, steel and steel-based products such as pipes to the U.S. must pay the tariff, as **the measure extends to some secondary products.**
- Beers exported to **the US also have to pay a tariff on the value of the can, even if they are not empty cans.**
- **About 38% of the beer exported to the U.S. uses aluminum cans**, therefore, consumers would have to pay between \$1- \$2 more for each pack of beer.<sup>16</sup>
- **In 2024, Mexico exported more than \$6 billion worth of beer to the U.S.**, making the U.S. its main export destination for beer.<sup>17</sup>
- Because Mexico produces virtually no sheet aluminum, consumer products packaging must be imported from other countries, and **the price per metric ton of aluminum has risen** from \$2300 to nearly \$2800 in international markets.
- According to the National Chamber of the Transformation Industry (CANACINTRA), more than 150 Mexican companies in the metal packaging sector have reported decreases of between 12% and 25% in their export volumes since March 2025.

## Mexico's response



- President Claudia Sheinbaum called the decision **unfair and a violation to the USMCA.**
- **If an agreement is not reached in the coming days, the Mexican government will announce response measures** aimed at protecting jobs and industry.
- In 2018, Mexico imposed retaliatory tariffs on the U.S. on strategic industries worth \$3 billion as a way to exert pressure for their elimination. This time, tariffs were not imposed as a negotiating tactic.









# Impact of the imposition of tariffs on steel and aluminum

## Impact for the United States

**26%**

**of the steel in  
the U.S. is  
imported**

- The U.S. **lacks the capacity to produce the volume of steel and aluminum it currently imports.** Its manufacturing sector relies heavily on imports to supply key industries.
  - In 2024, **26% of the steel used in the U.S. was imported (74% is domestically produced),** underscoring its vulnerability to prolonged protectionist measures. This means that 26% of U.S. steel would face a 50% tariff.
  - The **packaging industry consumes a high percentage of aluminum,** so consumer products prices can rise.<sup>18</sup>
  - **The tariffs could significantly raise costs for American consumers** and industries, particularly those heavily dependent on steel and aluminum as key inputs. Among the most affected sectors are:
    - Manufacturing of **automobiles** and auto parts, and aircraft 
    - **Construction** of housing and infrastructure 
    - Energy sector (**oil**) 
    - **Metalworking** 
    - Electronics and **household appliances** 
    - Food industry, especially in **packaging and cans** 
- According to Boston Consulting Group, the 25% tariff on steel and aluminum would **add \$22.4 billion to the costs of these inputs for the U.S.** and up to an additional \$29 billion in derived products such as parts, metal structures, machinery and tools.<sup>19</sup>
- With a 50% increase, costs could double, **creating a burden of more than \$100 billion annually for production chains and consumers.** This could also impact inflation and the country's industrial competitiveness.



## References

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- <sup>9</sup>Secretaría de Economía. Industria Básica del Aluminio.
- <sup>10</sup>Alegría, A. (2025). CANALUM rechaza ajuste a aranceles a aluminio por parte de EU. La Jornada.
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