

Trump tariffs

'Cost and chaos': Donald Trump's metal tariffs sweep across corporate America

Executives grapple with uncertainty and price volatility even before levies come into effect



A coil of heated steel at a foundry in Pennsylvania © Bloomberg Creative

Claire Bushey in Chicago and **Amanda Chu** and **Gregory Meyer** in New York 4 HOURS AGO

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Donald Trump's threat to impose big tariffs on steel and aluminium is rippling across US industry, with companies ranging from manufacturers to oil and gas drillers facing increasing costs for the metals.

Many executives are rushing to find ways to mitigate the political tumult and fallout from rising prices, even though the 25 per cent [tariffs](#) will not come into effect for another month.

"So far what we're seeing is a lot of cost and a lot of chaos," said Ford chief Jim Farley at an automotive conference on Tuesday.

He added that he would return to Washington on Wednesday to lobby policymakers for the second time in three weeks.

"They need to understand that there's a lot of policy uncertainty here," he said. "But in the meantime we're scrambling to manage the company as professionals."

The push to shore up supplies of crucial inputs comes after the White House on

Monday said the US would impose [tariffs of 25 per cent on all steel and aluminium imports](#) from March 12, part of a sweeping programme of protectionist trade policies that have unsettled many American businesses.

The US is a net importer of steel and aluminium, meaning the tariffs are expected to push up prices across the country's market. The extra amount that plants in the Midwest pay for aluminium, compared with those on offer in London, has surged in recent days.

Futures tracking the Midwest premium — a vital benchmark for prices paid by US companies, which includes transport, tax and other costs — for settlement next month have jumped 25 per cent since the end of January, according to LSEG data.

American businesses face soaring aluminium costs

Midwest premium (\$)*



*A key measure of the difference in all-in prices paid by Midwest plants compared with those on the LME
Source: FactSet

For steel, even businesses that do not import the metal will feel the tariffs' impact as domestic mills increase prices.

Rye Druzin, head of steel pricing in the Americas at Argus Media, said prices had begun rising in the US in the past three weeks after Trump first threatened broad tariffs against Canada and Mexico, two of the biggest sources of US steel imports.

Steelmakers have in turn pushed for higher prices. Futures tracking the price of hot-rolled coil — a widely traded product often considered a benchmark for steel prices — have risen about \$70 to \$850 a short tonne since the end of January in the US, according to FactSet data.

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“Mills are taking full advantage of the uncertainty around the current situation,” said Druzin.

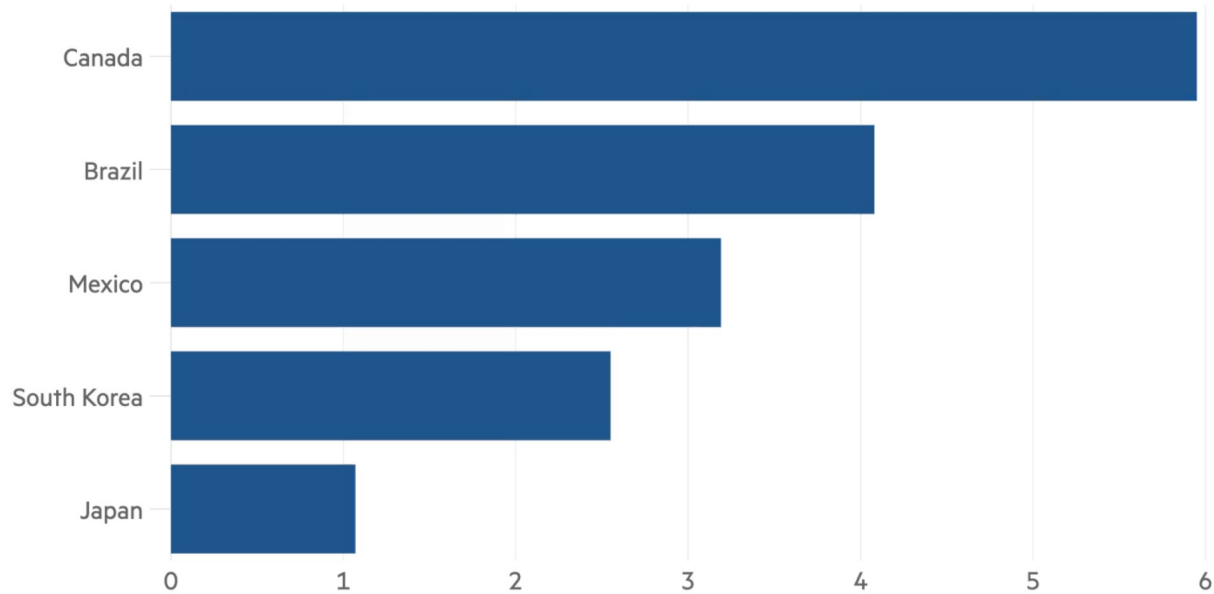
At Coca-Cola, aluminium and steel used in cans and bottles make up 26 per cent of drinks packaging worldwide. Chief executive James Quincey said new tariffs on aluminium imports could force the company to use more plastic bottles.

But he added that the tariffs’ cost would probably be limited to North America, leaving 2025’s global sales volumes untouched.

“It’s a cost,” said Quincey. “It would be better not to have it relative to the US business, but we are going to manage our way through.”

US imports much of its steel from regional neighbours

US imports of steel mill products (metric tonnes, mn)



Source: US International Trade Administration

Trade groups and analysts in the power sector warned that Trump’s tariff plans could clash with his goal of boosting domestic energy production, lowering prices for consumers and strengthening domestic manufacturing.

The industry relies heavily on steel and aluminium for oil and gas drilling, pipelines, grid infrastructure and clean energy components such as wind turbines and racks for solar panels.

“Unleashing American energy requires access to materials not readily available in the US,” said Dustin Meyer, American Petroleum Institute’s senior vice-president of

US, said Dustin Meyer, American Petroleum Institute's senior vice-president of policy, economics and regulatory affairs.

“We are committed to working with the Trump administration on approaches that avoid unintended consequences.”

Imports made up 40 per cent of US demand for pipes and other rolled metal goods, used by producers to drill wells, according to energy consultancy Wood Mackenzie. Canada and Mexico made up 16 per cent of US imports of those products last month.



Aluminium ingots at a stockyard in Wuxi, China © Bloomberg

Nathan Nemeth, an analyst at Wood Mackenzie, warned that tariffs applied beyond Canada and Mexico “could drive renewed cost inflation”.

David Gitlin, chief executive of Florida-based manufacturer Carrier Global, on Tuesday said the company was “confident” it had mitigated the impact of the steel and aluminium tariffs as it had already secured the steel it needed in North America for this year.

Carrier makes heating and cooling systems and [attracted Trump's ire](#) during his first term with plans to move some jobs to Mexico.

Broader tariffs on Mexican goods would hurt more than the metal tariffs, said Gitlin, but Carrier was considering adjusting prices and how it worked with suppliers, as well as boosting US production.

“This is not the first time we’ve dealt with tariffs,” he said. “We are leaning into our factories in the United States.”

Executives at LCI Industries, an Indiana supplier that makes chassis and other parts for recreational vehicles, on Tuesday said metal tariffs, plus the 10 per cent additional levy on Chinese goods announced last week, were “an overhang” that could dent its profit margins.

They expect to minimise the tariff impact by spreading the cost to suppliers and customers but acknowledged the overarching uncertainty.

“Unfortunately, things do seem to change every day,” said LCI chief financial officer Lillian Etkorn. “I wake up, and I look at the news to see if there’s something new. So things could change on the tariff front that we’re not anticipating at this point.”

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