Trump's copper tariffs might be coming sooner than you expect

US tariffs on copper imports could be imposed within weeks, not months

Copper hits record high on tariff reports

US tariffs on copper imports could be coming within several weeks, well ahead of the 270-day deadline for a decision, according to Bloomberg.

In February, US President Donald Trump signed an executive action plan directing the Commerce Department to start an investigation into the threat that copper imports pose to national security and recommend ways to mitigate any such threat. Mitigation efforts may include "potential tariffs, export controls, or incentives to increase domestic production," the order says.

The investigation encompasses raw mined copper, copper concentrates, copper alloys, scrap copper and derivative copper products.

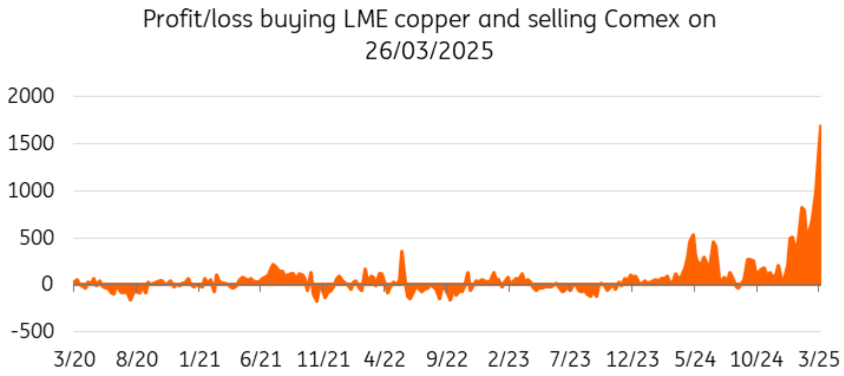
The investigation, conducted under Section 232 of the Trade Expansion Act, assesses the national security implications of imports. The Department of Commerce has up to 270 days to complete the investigation and prepare a report. The President then has 90 days to review it, to decide whether to agree with its findings, and determine the appropriate course of action.

The 2018 investigations into steel and aluminium imports that preceded the tariffs during Trump's first administration took around 10 months to complete.

However, the investigation into copper imports is now expected to be resolved sooner than expected. Reportedly, the administration is proceeding expeditiously with the review, and a conclusion could be possible well before the 270-day deadline.

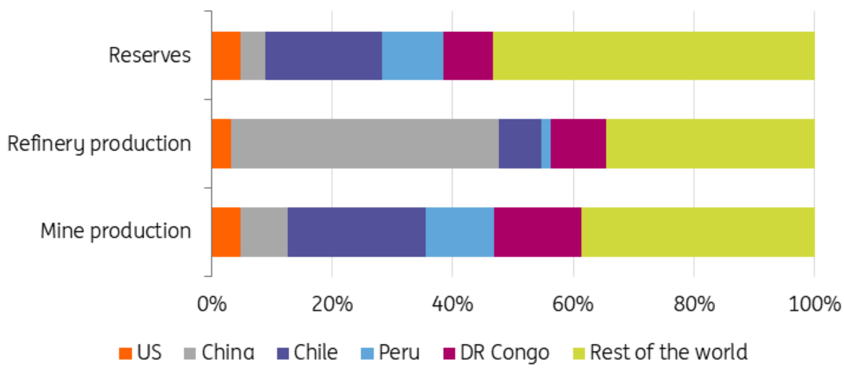
Copper on New York's Comex rose to a record high,driven by tariffs fears, while the benchmark LME prices dropped following the news as expectations for the ex-US tightness are now retreating. This had widened the gap between the Comex and LME contracts to more than $1,700/t.

Copper in the US spikes to record high



Copper in the US is up more than 30% so far this year, the most since 2009, as prices continue to benefit from the front-running of tariffs. The threat of tariffs has led to traders shifting metal from the global LME warehouses to the US to take advantage of the arbitrage. The US is reliant on copper imports for its domestic consumption. In 2024, the US imported around 850,000 tonnes of copper (excluding scrap) in 2024, accounting for around 50% of its domestic consumption.

The US produces around 5% of global copper mining output



Source: USGS, ING Research

Potential for more price rises

The key to copper's direction will be the timing and the scope of any potential copper tariffs. In the meantime, the uncertainty around the tariffs will continue to keep the gap between London and New York copper prices wide.

If tariffs are applied, we see a further upside risk to copper prices in New York. However, if any potential tariffs fall short of expectations, prices risk a pullback.

The planned tariffs are part of the effort to bolster domestic production of critical minerals and reduce the US's reliance on imports. Last week, Trump introduced emergency measures to fast-track the development of new metals and mining projects. The US is import-reliant on at least 15 critical minerals.

Building a new mine takes, on average, 16 to 18 years—from the discovery stage of a deposit to the start of production. In the US, the process can be even longer, averaging nearly 29 years due to extensive permitting requirements, with the permitting process taking about 7 to 10 years.

At least in the near term, it might be challenging to replace US copper imports with domestic production.

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