Copper sector: US copper prices fall as Trump's tariffs exclude raw and refined copper | Credendo

President Trump announces targeted copper tariffs, but excludes raw materials

On 30 July 2025, President Donald Trump announced universal 50% tariffs on imports of 51 types of semi-finished copper products, such as insulated wires and copper pipe fittings. However, he did not include raw copper materials, such as copper ore or refined copper, in the tariffs. This decision caught markets off guard, as many had expected a broader policy that would also have targeted raw materials.

The Trump administration formulated its copper tariff policy with input from leading copper producers and industry associations. These stakeholders cautioned that imposing tariffs on raw copper materials would result in higher manufacturing costs within the US. Consequently, the US administration opted to exclude raw and refined copper from the tariff measures, intending to safeguard domestic manufacturers. According to a White House official, this decision was taken to mitigate the financial burden on the US industry.

The market reacts to the tariff announcement

In anticipation of the tariffs, US copper prices rose significantly above global benchmarks, resulting in a substantial increase in copper imports into the US. However, once it was clarified that raw materials would be exempted, this pricing advantage dissipated, and the opportunity for traders to capitalise on the price differential quickly diminished. The ensuing sharp decline in US copper prices is illustrated in the graph below.

New scrap retention rules aim to strengthen domestic copper supply

Alongside the implementation of the new tariffs, the Trump administration enacted additional policies designed to increase the retention of copper scrap and input materials within the US. The US administration planned that from 2027, at least 25% of domestically produced high-quality copper scrap should be retained to be sold on the US market. Furthermore, 25% of copper input materials manufactured in the US should be distributed domestically by 2027. This quota would increase to 30% in 2028 and to 40% in 2029.

The intent behind these requirements is to enhance access to copper feedstock for American manufacturers and recyclers. Furthermore, the US Department of Commerce proposed an export licensing system for high-quality copper scrap to help ensure stable domestic supply. These actions are parts of a broader strategy to bolster the US copper industry and mitigate dependence on foreign sources, particularly amid intensifying global competition for recyclable copper.

Conclusion

President Trump's targeted copper tariffs, which exclude raw materials, took markets by surprise and triggered a strong reaction. The initial announcement led to supply shortages in Europe, as traders rushed to redirect shipments to the US, anticipating broader restrictions. However, the exclusion of raw copper tempered the impact, and US copper prices quickly reversed after an initial spike.

Despite the US administration's push to strengthen domestic supply through scrap retention rules, the US is not expected to significantly ramp up mining in the short term due to long development timelines and limited smelting capacity. As a result, the US now holds copper inventories at their highest levels since 2004 and may begin re-exporting surplus supplies, potentially disrupting global trade flows.

Globally, copper supply remains tight. Chinese smelters are facing ore shortages, and inventories at Chinese ports have dropped to their lowest levels this year. Meanwhile, treatment fees are historically low, signalling stress in the upstream supply chain. With demand from sectors like AI and renewable energy continuing to grow, the market remains constrained and volatile.

In the months ahead, copper prices are expected to stay capped by weak demand in China and ongoing trade uncertainty. As US stockpiles begin to flow back into global markets, particularly in Europe and Asia, price convergence across regions is more likely to happen than sustained price increases.

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