ECONOMIC VIEWPOINT

Trump Turns His Attention to Copper

By Marc-Antoine Dumont, Senior Economist

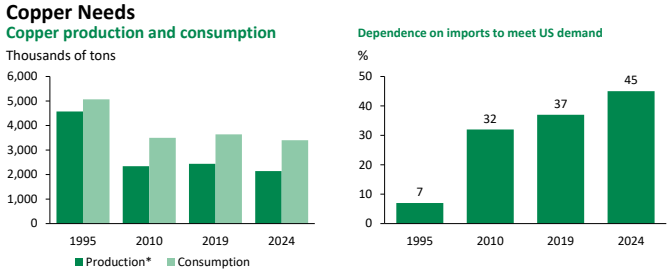
The Trump administration recently imposed a 50% tariff on US imports of copper products in the hopes of reviving a declining industry. Since 1995, copper production and refining in the United States have fallen by more than half, making the country highly dependent on imports. However, these latest tariffs risk fragmenting the global market, fuelling inflation and snarling supply chains. Structural obstacles to a genuine recovery—including red tape, low deposit quality and inflated costs—haven't been taken into consideration. Canada is largely unaffected by this tariff but could be indirectly impacted due to lower US demand. In short, this new measure is consistent with the Trump administration's protectionist agenda, but it's likely to have a greater short-term impact on US consumers than on domestic production.

Why Impose Tariffs on US Copper Imports?

Tariffs are part of the current US administration's strategy to reshore mining production after decades of decline. Since 1995, US copper production has fallen by more than 50% and totalled 1.1 million tons in 2024 (graph 1). US mines have gradually been forced to close due to globalization, new projects lacking social acceptability in the United States and more profitable deposits being discovered, particularly in Africa and Chile.

Graph 1

Americans Have Become Highly Dependent on Imports to Meet Their Copper Needs



* Includes mining production, refining and scrap.

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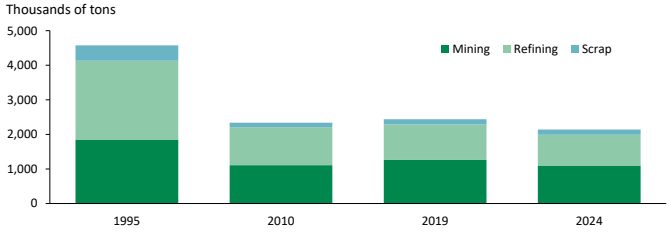
The shift of industrial production to Asia, particularly China, has also reduced US copper demand. Only a few mines remain on US soil. Despite lower demand, the United States now depends on imports for 45% of its consumption, compared to only 7% in 1995.

This dependency also extends to copper refining. Since 1995, the United States has lost more than 60% of its refining capacity (graph 2). These refining sites were often deemed to be a source of pollution and relocated to China, which now accounts for nearly 60% of global capacity. As a result, the United States is forced to export nearly half of its mining production for refining before reimporting it. The imposed tariff only applies to copper products and not raw or refined ore—a deliberate strategy in an attempt to rebuild US refining capacity.

Graph 2

Although the Decline Is Broad-Based, the US Has Mainly Lost Its Capacity to Refine Copper Ore



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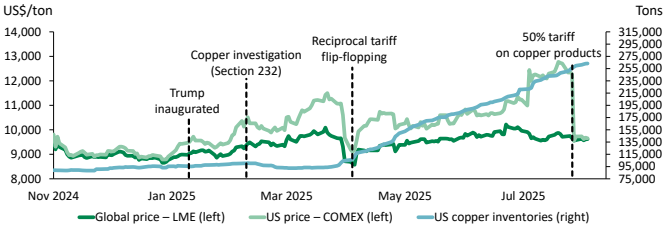
Desired vs. Actual Tariff Impact

While some may consider the desire to reshore mining commendable, this tariff is likely to fragment the global market, leading to higher prices in the United States and lower prices elsewhere. This is what we saw after the measure was announced in July 2025, when the price of copper in North America (COMEX) jumped 13% (graph 3). Since then, the premium over the global benchmark price (LME) has fallen back to around $100/ton.

Graph 3
US Copper Prices Jumped 13% on News of a Potential 50% Tariff on Imports
Copper prices and inventories



LME: London Metal Exchange; COMEX: The Commodity Exchange
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In the short term, North American prices may continue to edge down due to stockpiling that occurred at the beginning of the year. However, prices will almost inevitably rise again in the medium term. The US isn't self-sufficient and will have to continue to import at a higher cost, which will impact production lines—especially for electronics, electric vehicles and construction—and likely drive up inflation.

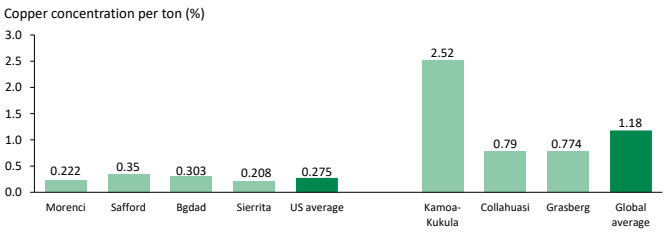
US Supply Won't Suddenly Spike

As with aluminum, steel and reindustrialization in general, this tariff fails to address the structural issues at play. The barriers in the copper industry are well known—very long development timelines, uncompetitive deposits and soaring initial capital costs. On top of that, there's a shortage of skilled labour, and energy costs are rising. (For more details about these challenges, see our Economic Viewpoint, The Barriers to US Reindustrialization.)

The main obstacle is how slow approval processes are, particularly those associated with the *National Environmental Policy Act* (NEPA). While the government puts the timeline for approval at four years, the US National Mining Association says it often takes seven to ten years. This is due to the multiple environmental studies and public consultations required. In comparison, permits take around two years in Canada, even though the regulatory framework can be more stringent. This discrepancy is evidence of the red tape in the United States that's holding back the mining recovery. Obviously, permitting processes need to remain rigorous to ensure that the environment and local populations are adequately protected. In addition to the regulatory burden, lack of social acceptability is hampering the development of new mines.

US deposits are also of lower quality (graph 4). On average, copper concentration per ton of rock is three times lower than the global average. This forces producers to mobilize more resources to extract the same amount of copper, which increases costs and undermines competitiveness. Technological innovations could mitigate this challenge but will take time to roll out.

Graph 4
US Deposits Are of Lower Quality Compared to the Rest of the World
Quality of copper ore for certain mines



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Finally, the long development timelines and scale of operations required to compensate for low deposit quality have increased the industry's capital intensity. According to Ahead of the Herd, the marginal cost of building the capacity to produce a ton of copper was approximately US$4,500 in 2000. Today, it exceeds US$12,000, with some projects costing more than US$44,000 per ton of production. These escalating costs reduce the number of financially viable projects, which impedes supply growth.

Canada Mostly Escapes the New Tariff

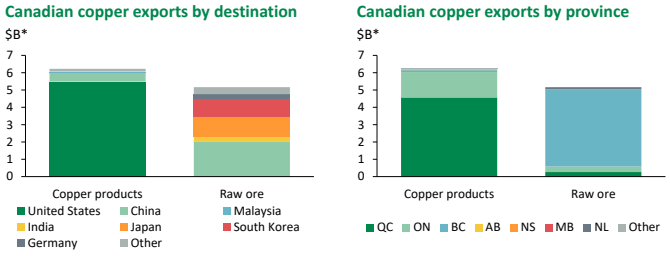
Although Canada exports $5.4B worth of copper products to the US (graph 5 on page 3), only 6.6% of these shipments will be subject to the new 50% tariff. Quebec and Ontario, which account for 73% and 24% of exports to the US, respectively, should therefore avoid the worst of the fallout. Their vulnerability indexes—the share of all exports targeted by the tariff—remain relatively low, at 6.3% for Quebec and 4.8% for Ontario (table on page 3). Only New Brunswick—where the vulnerability index is at 20.3%—runs a greater risk, but its copper manufacturing industry only accounts for a fraction of the provincial economy, limiting the impact.

Table
New Brunswick Is the Province Most Exposed to the New Copper Tariff

PROVINCE	EXAMPLE OF PRODUCTS SUBJECT TO TARIFFS	VALUE OF EXPORTS TO THE US ($M)	VULNERABILITY INDEX*
Quebec	7406.10.00 – Copper powders of non-lamellar structure 7408.19.00 – Refined copper wire of large cross-sectional dimensions	4,437.0	6.3%
Ontario	7411.22.00 – Tubes and pipes, of copper-nickel base or copper-nickel-zinc base alloys 7412.20.00 – Pipe fittings	992.1	4.8%
British Columbia	7408.19.00 – Refined copper wire of large cross-sectional dimensions 7409.29.00 – Copper sheets and strips, of copper-zinc base alloys	15.9	0.9%
Alberta	7409.29.00 – Copper sheets and strips, of copper-zinc base alloys 7412.10.00 – Pipe fittings	19.7	7.6%
Nova Scotia	7412.20.00 – Pipe fittings	0.2	0.2%
Prince Edward Island	7415.21.00 – Copper washers	<0.1	1.1%
Manitoba	7412.20.00 – Pipe fittings 7415.39.00 – Threaded copper articles, such as screws, bolts and nuts	7.8	9.5%
New Brunswick	7408.19.00 – Refined copper wire of large cross-sectional dimensions 7412.20.00 – Pipe fittings	0.8	20.3%
Saskatchewan	7409.21.00 – Copper sheets and strips, of copper-zinc base alloys 7415.29.00 – Other copper articles, not threaded	5.0	0.1%
Newfoundland and Labrador	N/A	0.0	0.0%
CANADA	**N/A**	**362.2**	**5.8%**

* Share of total exports subject to the 50% tariff; N/A: Not applicable
Statistics Canada, White House and Desjardins Economic Studies

Graph 5
Quebec Is the Leading Exporter of Copper Products



Annual totals for 2024
Statistics Canada, White House and Desjardins Economic Studies

Although Canadian miners export primarily to Asia, they may suffer indirectly from weaker US demand. In the short term, the negative effects could be exacerbated as US businesses have built up inventories equivalent to around a year's worth of consumption. Affected Canadian exporters may have to wait until these stocks are depleted before they can replenish their order books.

Conclusion: Another Measure That Falls Short

The 50% tariff on US imports of copper products alone will not be enough to boost US production. The White House has begun to reshape the regulatory framework for the mining sector, although its approach is clumsy. It will take years, maybe even a decade, to substantially ramp up US mining production and refining. Until then, American businesses and, ultimately, consumers will pay the price. While Canada is largely unaffected by the new tariff, lower US demand will drag down our exports. However, the decline will likely be very slight, as copper shipments to the US account for just 0.8% of Canada's total exports.