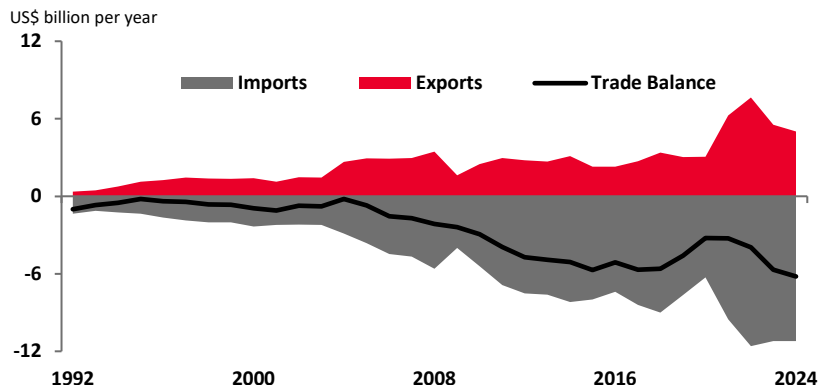


US – Mexico: 25% tariffs on steel and aluminum come into force

- Since midnight today, the US implemented 25% tariffs to all Mexican steel and aluminum imports
- We recall that Trump announced similar measures during his first term, with the US arguing that Mexico was being used as a route for Chinese imports to enter their market. Tariffs to steel were established at 25%, with aluminum at 10%. Nevertheless, both were reversed just 11 months after implementation
- The US government is using 'Section 232' of the Trade Expansion Act of 1962, which grants the President power to impose tariffs if excessive imports of one of several goods threaten the country's national security
- Mexico is the third largest provider of steel (with a share close to 10.1%) and aluminum (6.7%) to the US. Nevertheless, Mexico's trade balance in these goods has been in deficit for a prolonged period, a situation stressed several times by the Mexican government
- In response, President Claudia Sheinbaum stated in her daily press conference today that Mexico's final decision about retaliatory measures will be made on April 2nd, when the US is poised to announce reciprocal tariffs. In this respect, she hopes that Mexico will not be subject to the latter. Moreover, she said that the strategy is to keep an open dialogue with the US government and businesses affected by today's actions
- According to a [2023 study by the US International Trade Commission](#) (USITC), these tariffs reduced steel and aluminum imports by 24% and 31% between 2018 and 2021, respectively. Nevertheless, local production only increased 1.9% and 3.6%, in the same order. Prices were higher in both cases (2.4% and 1.6%, respectively). In addition, there were negative effects for several industries along the value chain
- We must mention that this is only one more measure among those [already announced](#) –and [on hold](#), too. We are waiting for additional actions on April 2nd, which in turn still represents high uncertainty for markets, businesses, and producers

Mexico's trade balance of steel and aluminum with the US*



*Fractions 72 (iron and steel) and 76 (aluminum and articles thereof) of the Harmonized System.
Source: Banorte with data from the US Census

March 12, 2025



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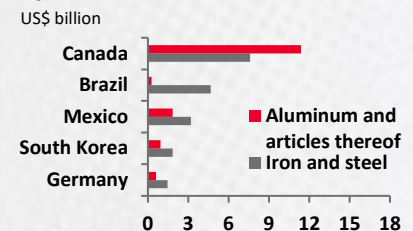


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US: Steel and aluminum imports in 2024*



*Fractions 72 (iron and steel) and 76 (aluminum and articles thereof) of the Harmonized System.
Source: Banorte with data from the US Census

Hot rolled coil steel in North America
US\$, thousands per ton



Source: Banorte with data from Bloomberg



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Analyst Certification.

We, Alejandro Padilla Santana, Juan Carlos Alderete Macal, Alejandro Cervantes Llamas, Marissa Garza Ostos, Katia Celina Goya Ostos, Francisco José Flores Serrano, José Luis García Casales, Santiago Leal Singer, Víctor Hugo Cortes Castro, Leslie Thalia Orozco Vélez, Hugo Armando Gómez Solís, Carlos Hernández García, Yazmín Selene Pérez Enríquez, Cintia Gisela Nava Roa, José De Jesús Ramírez Martínez, Daniel Sebastián Sosa Aguilar, Gerardo Daniel Valle Trujillo, Luis Leopoldo López Salinas, Marcos Saúl García Hernandez, Juan Carlos Mercado Garduño, Ana Gabriela Martínez Mosqueda, Ana Laura Zaragoza Félix, Jazmin Daniela Cuautencos Mora, Andrea Muñoz Sánchez and Paula Lozoya Valadez, certify that the points of view expressed in this document are a faithful reflection of our personal opinion on the company (s) or firm (s) within this report, along with its affiliates and/or securities issued. Moreover, we also state that we have not received, nor receive, or will receive compensation other than that of Grupo Financiero Banorte S.A.B. of C.V for the provision of our services.

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