

The Impact of U.S. 25% Tariff on EU Fastener Exports



Introduction

On March 12, 2025, the U.S. government announced a 25% tariff on a broad spectrum of EU imports, targeting products like steel, aluminium, and derivatives, including fasteners. This move aimed to address trade imbalances and protect domestic industries from foreign competition. The tariffs affected approximately €26 billion worth of EU exports, representing about 5% of the EU's total goods exports to the U.S.¹

The tariffs' impact extends beyond the industry, affecting the broader EU economy. European Central Bank President Christine Lagarde warned that a 25% U.S. tariff on European imports could reduce eurozone growth by 0.3 percentage points in the first year. If the EU were to implement retaliatory measures, this reduction could deepen to about 0.5 percentage points. Additionally, these measures, coupled with a weaker euro economic structure, could raise inflation by around 0.5 percentage points in the short term.²



The EU's Fastener Industry at a Glance

The EU fastener industry is a significant sector, comprising numerous SMEs that manufacture a wide range of products, from simple screws to specialized components for high-tech applications. In 2023, the EU exported approximately US\$16.6 billion worth of fasteners, with the United States being the second largest country importer, accounting for 7.4% of these exports (approximately US\$1.23 billion). In 2024, these exports exceeded US\$1.5 billion. This data underscores the critical importance of the U.S. market to the EU's fastener industry, highlighting the potential impact of any trade policies affecting this sector.



Immediate Economic Impact on Fastener Exports

The Guardian indicates that the threatened 25% tariffs on EU imports could lead to a significant reduction in EU exports to the U.S., potentially decreasing them by 15-17% and contracting the EU economy by 0.4%.³ Based on this trend, it is predicted that the fastener market could experience an immediate 15% decline in EU fastener exports to the U.S. within the first quarter following the imposition of the 25% tariff, resulting in a loss of approximately €46 million.



Industry-Specific Consequences

Automotive Sector

The automotive industry, a major consumer of fasteners, faces significant challenges due to the tariffs. European carmakers, particularly in Germany, have experienced a substantial decline in exports, estimated at nearly 20%. This downturn not only affects manufacturers but also reverberates through the supply chain, impacting suppliers and related industries.⁴

¹https://luxembourg.representation.ec.europa.eu/actualites-et-evenements/actualites/eu-countermeasures-us-steel-and-aluminium-tariffs-explained-2025-03-12_en

²<https://www.reuters.com/markets/europe/euro-zone-inflation-could-jump-growth-sink-trade-war-with-us-lagarde-says-2025-03-20/>

³<https://www.theguardian.com/business/2025/feb/27/donald-trump-tariffs-on-eu-imports-could-trigger-economic-turmoil>



① Impact on German Carmakers

German automotive manufacturers such as BMW and Daimler have reported significant financial impacts due to the tariffs. BMW anticipates a €1 billion reduction in profits this year, attributing this decline to U.S. tariffs and European Union duties on China-made electric vehicles. This profit reduction represents a 36% decrease from the previous year, with earnings before taxes falling to €11 billion from €17 billion.⁵

Similarly, Daimler Truck has reported disruptions from tariffs, leading to the implementation of a €1.1 billion cost-cutting program.⁶

② Supply Chain and Related Industries

The decline in automotive exports has a cascading effect on the supply chain. Suppliers of components, including fasteners, face reduced demand, leading to decreased production and potential layoffs. Industries related to automotive manufacturing, such as steel and aluminum producers, logistics providers, and dealerships, also experience negative impacts due to the reduced output of vehicles.

③ Broader Economic Implications

The German economy, heavily reliant on its automotive sector, faces broader economic challenges due to the tariffs. The resulting production and sentiment disruptions could significantly affect the German economy.⁷

Construction and Infrastructure

The construction sector, another significant user of fasteners, is grappling with increased costs. Projects that rely on imported fasteners from the EU are experiencing budget overruns, leading to delays and, in some cases, cancellations. This situation hampers infrastructure development and affects employment within the sector.

SMEs and Employment

SMEs, which constitute a large portion of the EU's fastener industry, are particularly vulnerable. The decline in exports has led to reduced revenues, forcing some companies to downsize or cease operations. Consequently, there has been a notable increase in unemployment rates in regions heavily dependent on fastener manufacturing.

EU's Retaliatory Measures

In response to the U.S. tariffs, the EU announced a series of countermeasures. On April 1, 2025, the EU reinstated previously suspended tariffs on U.S. products, including motorcycles, whiskey, and jeans, affecting approximately €8 billion worth of goods. Additionally, the EU plans to implement new tariffs targeting around €18 billion worth of U.S. exports, with products ranging from agricultural goods to industrial equipment.⁸



Global Supply Chain Disruptions

The tariffs have disrupted global supply chains, compelling companies to seek alternative suppliers or relocate production facilities. This realignment has led to increased operational costs and inefficiencies, affecting the competitiveness of both EU and U.S. manufacturers on the global stage.



Long-Term Economic Projections

Analysts predict that if the tariffs remain in place, the EU could face a contraction of 0.4% in its economy, while the U.S. economy might shrink by 0.17%. These projections underscore the detrimental effects of prolonged trade disputes on economic growth and stability.⁹



Diplomatic Efforts and Future Outlook

Both the EU and the U.S. have expressed willingness to engage in negotiations to resolve the trade dispute. However, reaching a consensus requires addressing underlying issues such as trade imbalances and market access. The outcome of these negotiations will significantly influence the future of transatlantic trade relations and the stability of global markets.



Conclusion

The U.S. 25% tariff on EU fastener exports has significantly disrupted trade, impacting industries such as automotive, construction, and manufacturing. European fastener producers, especially SMEs, face declining revenues and competitiveness in the U.S. market, leading to potential job losses and economic strain. Meanwhile, American importers and manufacturers are grappling with higher costs and supply shortages, which could contribute to inflation and reduced industrial output. These economic pressures highlight the broader consequences of protectionist policies, which often result in unintended harm to both exporters and importers.

To mitigate these challenges, policymakers must engage in constructive dialogue and explore collaborative solutions that promote fair trade. Instead of prolonged tariffs that strain global supply chains, efforts should focus on revising trade agreements, offering exemptions for critical industries, or fostering joint manufacturing initiatives. A cooperative approach would help restore balance to transatlantic trade, ensuring long-term stability, protecting jobs, and supporting sustainable economic growth for both the U.S. and the EU. ■

*Copyright owned by Fastener World
Article by Behrooz Lotfian*

⁴<https://www.theguardian.com/business/2025/feb/27/donald-trump-tariffs-on-eu-imports-could-trigger-economic-turmoil>

⁵<https://www.ft.com/content/8b733479-d7a5-4c88-97a1-60c3f3846e7c>

⁶<https://www.thetimes.com/business-money/companies/article/bmw-says-trumps-tariffs-will-cost-it-1bn-this-year-38nvcfdjb>

⁷<https://www.forbes.com/sites/neilwinton/2019/02/18/u-s-tariff-action-could-cost-german-carmakers-more-than-7-billion-report/>

⁸https://luxembourg.representation.ec.europa.eu/actualites-et-evenements/actualites/eu-countermeasures-us-steel-and-aluminium-tariffs-explained-2025-03-12_en

⁹<https://www.theguardian.com/business/2025/feb/27/donald-trump-tariffs-on-eu-imports-could-trigger-economic-turmoil>

