

The impact of US tariffs and Canadian Counter Tariffs on the members of The Canadian Battery Association

Background

On February 1, 2025, the United States (U.S.) announced it would impose 10 per cent tariffs on energy imports from Canada and 25 per cent tariffs on all other imports from Canada, effective February 4, 2025. The U.S. subsequently delayed the entry into force of the tariffs to March 4, 2025.¹

Canada is a significant trading partner for the U.S., with \$2.5 billion in goods and services crossing the border daily. Metals, including lead, are part of this integrated supply chain, particularly in industries like manufacturing, construction, and battery production. Lead is mined, processed, and traded between the two countries, often as part of broader mineral and industrial supply networks.

Impact

Potential Impact of U.S. Tariffs on Lead Trade

1. Increased Costs for U.S. Importers:
 - If lead were included under a broad tariff regime (e.g., a 25% tariff on all Canadian goods or specific metals), the cost of Canadian lead imported into the U.S. would rise. For example, a \$50 value of lead would incur an additional \$12.50 surtax, increasing the total cost to \$62.50. This would affect U.S. industries reliant on lead, such as battery manufacturers (e.g., for electric vehicles or renewable energy storage), raising their production costs.
2. Canadian Retaliatory Tariffs:
 - Canada has responded to U.S. tariffs with its own 25% tariffs on U.S. goods, starting with \$30 billion worth on March 4, 2025, and expanding to an additional \$29.8 billion on March 13, 2025. While these counter-tariffs focus on steel, aluminum, and other goods

¹ <https://gazette.gc.ca/rp-pr/p2/2025/2025-03-12/html/sor-dors66-eng.html>

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(e.g., tools, computers, sports equipment), they could indirectly impact U.S. lead exports to Canada. If lead is added to Canada’s tariff list, U.S. lead exporters would face higher costs, potentially reducing demand in Canada.

3. Supply Chain Disruptions:

- The highly integrated nature of Canada-U.S. trade means that tariffs disrupt supply chains. Lead, often processed or refined across the border, could face delays or increased logistical costs. For instance, if lead mined in Canada is refined in the U.S. and re-exported, tariffs at each border crossing could amplify costs, similar to the example of auto parts crossing multiple times in the Bank of Canada’s analysis.

4. Market Shifts and Substitution:

- Higher costs might push U.S. buyers to seek lead from alternative sources (e.g., Mexico, Peru, or domestic U.S. production), reducing reliance on Canadian lead. Conversely, Canadian producers might redirect lead exports to other markets (e.g., Europe or Asia) if U.S. tariffs make trade less competitive. However, substitution depends on availability and quality—Canadian lead may have specific advantages (e.g., proximity, purity) that are hard to replace.

5. Economic and Price Impacts:

- Tariffs could lead to higher lead prices in the U.S., contributing to inflation in downstream industries. In Canada, reduced U.S. demand might lower lead export volumes, impacting producers. The Bank of Canada estimates a 25% tariff on all U.S. imports could reduce Canadian export volumes by nearly 5% by early 2027, a scenario that could apply to lead if broadly tariffed.

6. Broader Implications

- Lead is a critical mineral used in batteries, radiation shielding, and construction. Canada is a key supplier to the U.S., and any tariffs would affect industries tied to these applications. For example:

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- **Battery Sector:** The U.S. push for domestic electric vehicle production relies on lead-acid batteries (e.g., for start-stop systems) alongside lithium-ion. Tariffs on Canadian lead could raise costs, countering efforts to reduce reliance on China for critical minerals.
 - **Construction:** Lead’s use in roofing and pipes could see price hikes, impacting U.S. housing costs.
- Effective March 4, 2025, the Government of Canada is imposing 25 per cent tariffs on \$30 billion in goods imported from the United States (U.S.).
 - These tariffs only apply to goods originating from the U.S., which shall be considered as those goods eligible to be marked as a good of the U.S. in accordance with the [Determination of Country of Origin for the Purposes of Marking Goods \(CUSMA Countries\) Regulations](#).
 - These countermeasures are effective as of 12:01 a.m., March 4, 2025, and will remain in place until the U.S. eliminates its tariffs against Canadian goods. Canada's countermeasures do not apply to U.S. goods that are in transit to Canada on the day on which they come into force. Additional details on the administration of these tariffs are available on the Canada Border Services Agency website: [Customs Notices \(cbsa-asfc.gc.ca\)](#).
 - The list of products outlined at the tariff item level in table 1, does not indicate lead or batteries as an item.²

Filter items Showing 0 to 0 of 0 entries (filtered from 1,256 total entries) |

Table 1

List of goods

Tariff Item	Harmonized System (HS) Heading	Indicative Description
Showing 0 to 0 of 0 entries		

If you input lead as we know it – it does not come up on the list in Table 1.

² <https://www.canada.ca/en/departement-finance/news/2025/03/list-of-products-from-the-united-states-subject-to-25-per-cent-tariffs-effective-march-4-2025.html>

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○ **Second Round of Tariff's**

- The Canadian government issued a notice of intent to implement a second round of tariffs, and is seeking views on imposing tariffs on \$125 billion in imports of additional goods from the U.S., drawing from the list of goods in Table 1 – see below. This second round of tariffs will be subject to a comment period prior to implementation.
- The government is seeking views from business, stakeholders, and Canadians regarding the impacts of the application of tariffs to the goods listed in Table 1 below until April 2, 2025.

the tariff item in column 1. For precise descriptions, please refer to the [Schedule to Canada's Customs Tariff](#).

Filter items Showing 1 to 27 of 27 entries (filtered from 4,416 total entries) |

Table 1

List of goods

Tariff Item	Harmonized System (HS) Heading	Indicative Description
2607.00.00	Lead ores and concentrates.	

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UNWROUGHT LEAD

7801.10.00	Unwrought lead.	<ul style="list-style-type: none"> Refined lead
7801.91.00	Unwrought lead.	<ul style="list-style-type: none"> Other: Containing by weight antimony as the principal other element
7801.99.00	Unwrought lead.	<ul style="list-style-type: none"> Other: Other
7802.00.00	Lead waste and scrap.	
7804.11.00	Lead plates, sheets, strip and foil; lead powders and flakes.	<ul style="list-style-type: none"> Plates, sheets, strip and foil: Sheets, strip and foil of a thickness (excluding any backing) not exceeding 0.2 mm
7804.19.00	Lead plates, sheets, strip and foil; lead powders and flakes.	<ul style="list-style-type: none"> Plates, sheets, strip and foil: Other
7804.20.00	Lead plates, sheets, strip and foil; lead powders and flakes.	<ul style="list-style-type: none"> Powders and flakes
7806.00.00	Other articles of lead.	
8507.20.10	Electric accumulators, including separators therefor, whether or not rectangular (including square).	<ul style="list-style-type: none"> Other lead-acid accumulators: For use as the primary source of electrical power for electrically-powered vehicles of subheading 8703.80 or 8703.90; For use in the initial installation of smoke, fire or gas detection and alarm systems manufactured in Canada, including power supply panels and modules for those systems
8507.20.90	Electric accumulators, including separators therefor, whether or not rectangular (including square).	<ul style="list-style-type: none"> Other lead-acid accumulators: Other
8549.11.00	Electrical and electronic waste and scrap.	<ul style="list-style-type: none"> Waste and scrap of primary cells, primary batteries and electric accumulators; spent primary cells, spent primary batteries and spent electric accumulators: Waste and scrap of lead-acid accumulators; spent lead-acid accumulators: Waste and scrap of lead-acid accumulators; spent lead-acid accumulators
8549.12.00	Electrical and electronic waste and scrap.	<ul style="list-style-type: none"> Waste and scrap of primary cells, primary batteries and electric accumulators; spent primary cells, spent primary batteries and spent electric accumulators: Other, containing lead, cadmium or mercury: Other, containing lead, cadmium or mercury

What about “tolled lead”?

"Tolled lead" typically means lead that is processed or refined under a tolling agreement, where a company provides raw material (like lead ore or scrap) to a processor, who refines it for a fee and returns the finished product (e.g., refined lead or lead products) to the original owner.



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As mentioned above, as of March 25, 2025, the US has imposed 25% tariffs on most Canadian goods, including metals like steel and aluminum, effective March 4, 2025, with energy products at a lower 10% rate. Canada retaliated with 25% tariffs on \$30 billion of US goods, including steel and aluminum, with plans to expand to \$155 billion if the US persists. Lead, does not appear to be affected by the March tariff's – look at table 1 on page 3, but it is my submission that it will be included in the tariff's on Apr 2, 2025.

Direct Economic Impacts

1. **Increased Costs for US Importers:** If tolled lead from Canada—say, raw lead sent to Canadian smelters and returned as refined lead—enters the US, the 25% tariff would raise its cost. For example, if a US company sends \$100 worth of lead scrap to Canada for tolling and gets back \$120 worth of refined lead (tolling fee included), the tariff adds \$30, making the total cost \$150. This hikes production costs for US firms reliant on Canadian tolling, like battery manufacturers.
2. **Canadian Retaliation:** Canada's tariffs on US goods could include lead or lead products if they're on the retaliation list (specific items aren't fully detailed in available sources, but metals are targeted). If US tolled lead exports to Canada face a 25% tariff, Canadian firms might seek alternatives, reducing US lead exports. In 2023, the US exported about \$50 million in refined lead to Canada (per US trade data); a tariff could shrink this market.
3. **Supply Chain Disruptions:** The US and Canada have integrated supply chains for metals. Lead often crosses the border multiple times—e.g., US scrap to Canadian smelters, then back as refined lead. Tariffs at each step amplify costs. If a lead-acid battery supply chain involves \$200 of cross-border movements, tariffs could add \$50 or more, pushing firms to rethink logistics.

Broader Market Effects

1. **Price Increases:** Higher costs from tariffs on tolled lead would likely pass to consumers. Lead's main use is in batteries (about 85% of US lead consumption), so car batteries, industrial batteries, and backup power systems could see price hikes. A 25% cost increase on a \$100 battery component could mean \$125 retail, assuming full pass-through.
2. **Substitution Pressure:** US firms might shift to domestic tolling or source lead from non-tariffed countries (e.g., Mexico or Australia, major lead producers). However, capacity constraints—US smelters may not handle sudden volume increases—could limit this, and Mexico faces its own



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25% US tariffs. Canada, a top lead exporter to the US (around 20% of US lead imports), is hard to replace quickly.

3. Competitiveness Hit: Canadian lead processors lose edge if US clients face tariffs, potentially shrinking their tolling business. Conversely, US processors might gain, but only if they can scale up. In 2023, Canada produced about 250,000 tons of refined lead annually, with a chunk tolled for US firms; tariffs could redirect some of this elsewhere.

Conclusion

1. Lead/Batteries is not included in the US tariff's posed upon Canada;
2. Lead/Batteries is not included in the in the Counter Tariff's proposed by the Canadian Government as implemented on March 4, 2025
3. Lead/Batteries is included in the Counter Tariff's proposed by the Canadian Government for implementation on April 2, 2025
4. Each member needs to provide the Canadian government with feedback on the implementation of the tariffs before April 2, 2025
<https://forms-formulaires.alpha.canada.ca/en/id/cm7upmkx9008rx268zhy9l6pj>
5. The US/Canada tariff war likely raises **tolled lead** costs by 25% at each border crossing, disrupts integrated supply chains, and pressures prices upward for lead-dependent goods like batteries. Both countries' industries face inefficiencies—US firms pay more, Canadian processors lose volume—unless they adapt fast, which capacity limits hinder.