

Building Hardware Tariff Challenges EU → US

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Friday, September, 12 2025

Classified: public

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Topics List

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Brief Introduction

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Problem Statement

Tariff-related challenges in building hardware industry

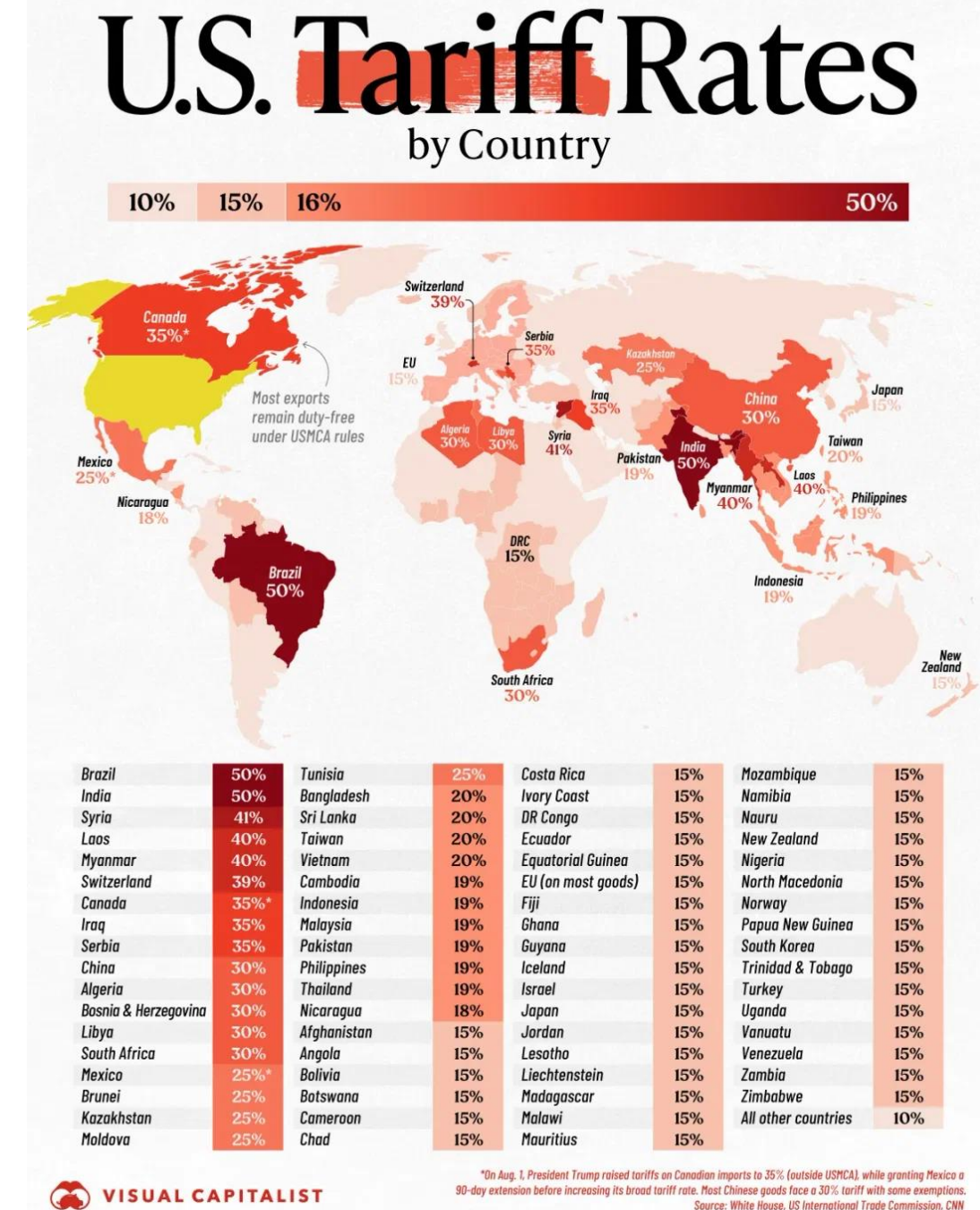
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Preventative, Import Processing, and Post Entry

03

Important Links for further Education

Tariff-related challenges of shipping building hardware from Europe to US



Introduction

Justin Crotzer

SVP, Product Development dormakaba – Global Engineering Management

- 8yrs – dormakaba, US, Europe, Singapore
- 7yrs – Stanley Black & Decker, US, Europe, Taiwan, China
- 3yrs – STMicroelectronics, US

BHMA – Builders Hardware Manufacturers Association

- 9yrs (inclusive) – Board Member, 7 years EC Member
- October 2025, President elect

Greater Indy Habitat for Humanity – EC Member

- 3yrs EC member, Strategic Committee



The Magnitude of Disparity – An Effort on Correction

~235.9bn

US Trade deficit import to export in 2024

16%

US market for EU Steel Exports
Current Tariff – 50%; Future target – 15%

~198bn

EU Trade surplus export to import with US in 2024

5.5%

US market for EU Aluminum Exports
Current Tariff – 50%; Future target – 15%

Sources:

<https://ustr.gov/countries-regions/europe-middle-east/europe/european-union>

https://ec.europa.eu/eurostat/statistics-explained/index.php?title=USA-EU_-_international_trade_in_goods_statistics

Challenges Plagueing Both Sides EU & US

Supply Chain:

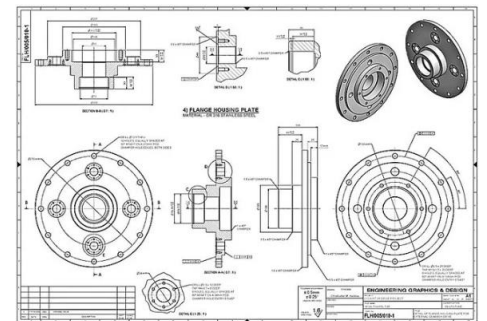
- Clarity on COO (Country of Origin) @ piece part level
- Clarity on specific alloys, either by documentation internally or externally produced parts
- Suppliers and suppliers to suppliers inability to provide reporting mass of, smelt, cast, etc.
- Clarity on section 232 of the Trade Expansion Act of 1962 – Aluminum and Steel

Lack of specific essential resources:

- Brokers - Tariff tracking – Fluidity week to week and month to month require constant monitoring and management
- Financial Controllers
- Legal support with trade compliance experience

Lack of or systems complexity:

- ERP systems
- Version control and piece-part drawing health/quality
- Imported Sub- & Final Assembly dissection
- Variable product sizing due to configurable BOMs are the most challenging to manage



Preventative Measures:

[Know your supply chain:](#)

Trade Compliance, Procurement and all areas impacting the supply chain should work closely together to use landed cost analysis models to understand current and future duty impacts by product and countries of manufacture. It may make sense to pay higher labor to avoid costly duties. (Example: China vs. EU)

[Utilize Trade Experts/Consultants:](#)

Trade compliance experts and consultants can be costly but may save you money in the long run. You don't want to invest production or sourcing in an area that could turn into a high duty zone after you have invested valuable resources and time in setting up your production only to find your profit has eroded due to a tariff change. Also, consultants, especially Outside Counsel, should be available for questions related to origin determinations and classifications.

[Keep your supply chain as flexible as possible:](#)

And have multiple suppliers in multiple countries if you can to minimize duty impacts and to keep your supply chain flexible as tariffs change. This is not always possible, so be aware of sensitive items where you have one source and monitor their tariff relationship with your country closely. Of course, from the US perspective, the goal of tariffs is to offset trade imbalances and shift production to the US. From a US company's perspective, the lowest risk is to produce/source in the US where it makes sense.

Import Process Measures:

[Align your imports with a qualified and experienced Customs Broker:](#)

They will need systems that can adapt to the varying tariff environment. They will need the support of experts that can keep your company informed of changes related to tariffs. They need to have adequate staffing and robust reporting capabilities to support your analysis of imports to ensure they have submitted your entries correctly to minimize your duties where possible.

[Establish in-house Trade Compliance resources:](#)

Such as Licensed Customs Brokers to work with the brokers and manage your imports as well as Customs databases for internal reporting to inform the business of the existing and ongoing duty impacts to the company.

[Continuously review your products trade data:](#)

Maximize usage of duty savings measures made available within your country such as Foreign Trade Zones, Free Trade Zones, bonded warehousing, duty drawback (refunds on duties paid on imported goods that subsequently export), Free Trade Agreements such as USMCA, and finally valuation models when allowed. For example, in the US many importers are looking to use "First Sale" models (inserting middlemen) to shift profit to the US and lower the entered value of the imports to lower duties.

Post Entry Measures:

[Review your import data from your Customs Brokers and Customs:](#)

Ensure you are paying the correct duties and to seek opportunities to change sourcing/production to a lower duty alternative.

[Manage mistakes:](#)

This is a highly complex environment, and mistakes will happen especially in the areas of aluminum/steel, origin, classification, Free Trade Assessments and even valuation. Ensure that mistakes are caught early to minimize the harm to your company. One small mistake can cause considerable financial damage to your company. It is recommended to use both internal trade compliance experts and external auditors to review your imports.

[Maintain and review your parts database frequently:](#)

Ensure your information is compliant and in line with current regulations.

Important Links for further education

ICPA:

<https://www.icpainc.org/>

Eurostat – USA-EU international trade good statistics

https://ec.europa.eu/eurostat/statistics-explained/index.php?title=USA-EU_-_international_trade_in_goods_statistics

Office of the United States Trade Representative:

<https://ustr.gov/countries-regions/europe-middle-east/europe/european-union>

Office of Public Affairs – US Department of Affairs: Cross-Agency Trade Fraud Task Force

<https://www.justice.gov/opa/pr/departments-justice-and-homeland-security-partnering-cross-agency-trade-fraud-task-force>

Bureau of Industry and Security: Section 232 Investigations

<https://www.bis.doc.gov/index.php/other-areas/office-of-technology-evaluation-ote/section-232-investigations>

Definition of Terms: Alphabet Soup

Section 232 - Section within the Trade Expansion Act of 1962, which allows the President to adjust imports that threaten U.S. national security most prominently and imposed on Steel and Aluminum to bolster domestic production

TRQ – Tariff Rate Quotas – Mechanism allowing specific volumes of goods to be imported at low to no duty rate, those goods exceeding experience evoke an escalator

MFN – Most Favored Nation - An MFN duty is the standard, non-discriminatory tariff rate a country applies to imports from other World Trade Organization (WTO) members unless a preferential trade agreement (like a free trade agreement) offers a lower, specific rate.

US CBP – US Customs and Border Control

HTSUS– Harmonized Tariff Schedule of the United States – Standard import tax associated to a specific product

USMCA – US, Canada, Mexico – trade agreement. Without USMCA - 25% MX, 35% Canada

FTA – Free Trade Agreement

ATP (Facilities) – Assembly Testing and Packaging

Q&A



Tariff-related challenges of shipping building hardware from Europe to US

General Points for Tariff Volatility Management

As with any political situation in history, they evolve – Today they are evolving ~30x faster than ever before, grace periods were once 6 months, now 6 days. Be ready for volatility by considering the following:

1. Joining the internationally relevant **ICPA** – Important Compliance Professionals Association – Community of trade focused companies & individuals sharing resources for navigating complex tariff situations/scenarios.
2. Retaining tariff oriented legal advice - Seeking legal and effective Free/Foreign Trade Zones
3. Retaining or staffing (a) certified broker(s) – These resources will be your best option for classifying goods using the correct Harmonized Tariff Schedule (HTS) code, calculating and remitting duties and taxes, ensuring regulatory adherence, preparing and filing required documentation, and providing expert advice on trade agreements and cost-reduction strategies

More on Section 232 – Relevant with Building Hardware

Section 232 - Section within the Trade Expansion Act of 1962, which allows the President to adjust imports that threaten U.S. national security most prominently and imposed on Steel and Aluminum to bolster domestic production

Steel and Aluminum:

The United Kingdom (UK) continues with 25 percent tariffs, despite inking a trade deal with the United States in May with the promise to “make progress towards 0 percent tariffs on core steel products as agreed.” The United States will also consider reduced tariff-rate quotas for steel, aluminum, and derivative products from the European Union (EU).

There are carve-outs. The order exempts some products made from steel and aluminum if the steel was melted and poured—or the aluminum smelted and cast—in the United States. Otherwise, it taxes only the dollar value of their steel or aluminum content.

Semiconductors:

The EU secured a 15 percent tariff ceiling on its semiconductor exports, and Japan will pay the lowest tariff rate of any country. The US may exempt firms from tariffs if they move production to the United States.