

Uranium: US-Canada trade tensions or energy security?



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On February 1, the U.S. announced new tariffs on three major trading partners—Canada, Mexico, and China. Among these measures, most Canadian imports will face a 25% tariff, while Canadian energy products, including uranium, will be subject to a lower 10% tariff.

This move is particularly significant for the uranium market, as Canada supplies approximately 25% of U.S. uranium imports, according to the Energy Information Administration (EIA). Given that nuclear power generates 20% of U.S. electricity, Canadian uranium and uranium conversion—the process of transforming uranium into nuclear fuel—play a crucial role in supporting the U.S. energy sector.

These developments could have long-term implications for both the nuclear industry and the broader energy market, as the U.S. seeks to balance trade policy with energy security.

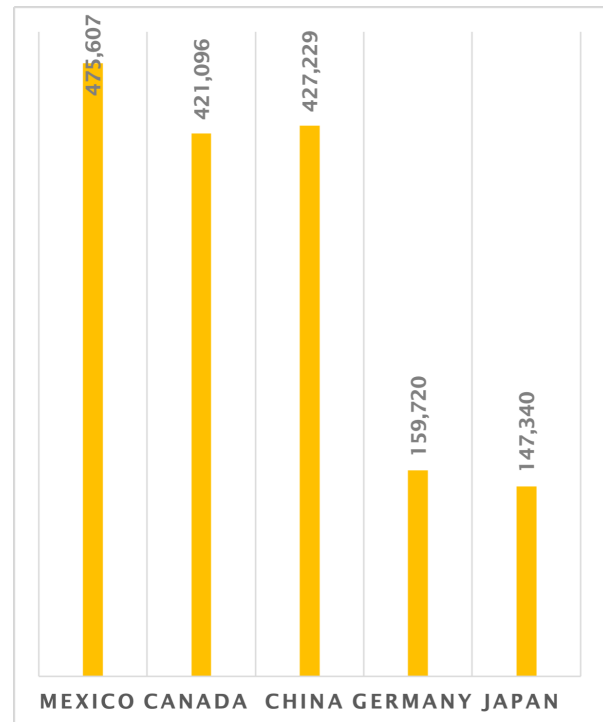
President Donald Trump's measures against Canada were largely driven by his administration's urgency to address what he calls the “health crisis” of fentanyl. The White House is focused on swiftly curbing the flow of fentanyl into the U.S., citing its role in the ongoing opioid epidemic.

These tariffs are unlikely to be permanent. Instead, they appear to be a negotiation tool, giving the U.S. leverage in trade discussions. Finding alternative sources of uranium would be challenging, given the highly concentrated production—with Russia and Kazakhstan as the dominant suppliers.

In fact, Canada rapidly secured an agreement to delay the proposed tariffs by a month and immediately established measures to tackle this crisis. Measures included deploying surveillance at the US-Canadian border, taking stronger actions against the entry of Chinese fentanyl in the ports of Vancouver and Montreal, and appointing a “Fentanyl Tsar” to coordinate the effort against this traffic. In fact, the uranium supply chain has already shown good signs of recovery.

In conclusion, we believe that Canada and the US will probably avoid a trade war as imports from Canada account for USD 421.1 bn of the US trade (cf. graph). These imports include key sectors such as oil & gas, transportation equipment and metals. According to the US Department of Commerce, the US rely on Canada for 25%, 17.5% and 8.4% of these imports respectively.

Imports from the U.S. five largest trading partners (2023)



Source: Bloomberg

For further information

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