Tariff Impacts on the Commercial Explosives Industry

The commercial explosives industry operates within a highly integrated global supply chain, relying on critical inputs sourced both internationally and domestically. While some materials can be produced within the U.S., domestic supply is often limited and, in some cases, non-existent. Competition from the defense sector further constrains the availability of some materials.

Tariffs on key imports negatively impact not only the explosives industry but also the critical industries that rely on it - including the $121.7 billion mining and critical minerals industry, the $2.2 trillion quarrying and construction industry, and the $818.2 billion energy industry. Higher input costs due to tariffs raise the prices on goods and services throughout the economy, impacting key Administration priorities and driving up expenses for American businesses – costs that eventually fall on consumers.

Commercial Explosives Key Inputs

High Explosives (HMX, RDX, HNS, TNT)

The U.S. remains heavily dependent on foreign sources for high explosives such as HMX, RDX, HNS, and TNT — core ingredients in many commercial explosive products.

- **HMX, HNS, and RDX,** classified under Chapter 36 of the Harmonized Tariff Schedule, are imported primarily from Norway, Sweden, Poland, Germany, China, South Korea, and other nations.
- **TNT** is not presently produced in the U.S. Though a domestic production facility is planned, current sources of TNT include Turkey, China, Vietnam, Australia, and India; due to geopolitical tensions, traditional sources like Poland and Ukraine are no longer reliable.

[1] https://pubs.usgs.gov/periodicals/mcs2022/mcs2022-nitrogen.pdf

Ammonium Nitrate and Ammonia

Over 90% of commercial explosives consumed in the U.S. are ammonium nitrate (AN) based due to AN's safety and relatively stable domestic supply. While the U.S. produces AN, domestic production is not sufficient to meet the overall demand. Importing AN helps the U.S. stabilize the supply chain and manage price fluctuations in the domestic market. AN is imported from Canada, due in large part to transportation logistics, as well as Russia, Vietnam, China, the Netherlands, Mexico, and other nations.

Anhydrous ammonia is the basic building block for all nitrogen products. Ammonia is currently produced at 35 plants in 16 states.1 While U.S. production capacity for ammonia is strong, we import product from Canada, again, based on logistics, as well as Trinidad and Tobago, Algeria, Indonesia, Belgium, and other countries.

Commercial Explosives Key Inputs

Detonating Cords, Caps, and Fuses

Detonating cords, detonators, and safety fuses are vital components in explosive systems.

- These are sourced both domestically and internationally from Mexico, Canada, Brazil and other countries.
- Despite some domestic manufacturing, imports remain necessary to meet demand.

Steel and Aluminum

The commercial explosives industry is reliant on a specific steel alloy necessary for the manufacture of perforating guns used in the oil and gas industry. The steel needed for the manufacture of this important tool for oil and gas extraction, is primarily sourced from China and is not produced in the U.S.

IME's Asks for Congress:

To strengthen domestic industries and maintain cost-effective operations, the following inputs should be exempt from current and future tariffs:

High explosives:
HMX, HNS, RDX, and TNT

Key chemical components:
Ammonia, Ammonium Nitrate

Essential raw materials:
Specialized Steel Alloy

Exempting these materials from tariffs will stabilize supply chains, maintain competitiveness, and support core industries that drive the American economy. Alternatively, increasing tariffs that impact the explosives industry will disrupt well established supply chains. This could lead to more cautious spending and delayed investments in U.S. based mining companies.

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