

COATINGS WORLD

The Resource for the
Global Coatings Industry



NAVIGATING
TARIFF UNCERTAINTY
IN THE COATINGS INDUSTRY



Tariffs and trade policy shifts remain a significant concern for professionals in the coatings industry. To gauge industry preparedness and potential responses, we surveyed coatings manufacturers, suppliers, and distributors. The findings highlight varying levels of readiness, strategic approaches to mitigating cost impacts, and the expected timeline for adaptation. Industrial and architectural coatings firms seem to be handling the situation differently than other business categories.

Let's take a closer look...

Preparedness Levels: A Spectrum of Readiness

The results reveal a broad spectrum of preparedness among respondents. While 22.92% report being fully prepared with contingency plans, the majority—35.57%—are only partially prepared, having initial discussions but not yet executing concrete strategies. Meanwhile, 30.04% are minimally prepared, opting to monitor the situation without taking definitive action, and 11.46% have no preparations in place at all.

Are you prepared?



23%
fully
prepared

36%
partially
prepared

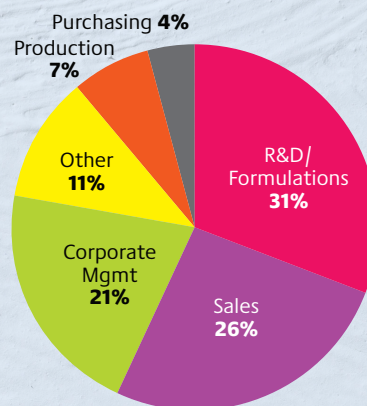
30%
minimally
prepared

Bigger Companies Have a Bigger Appetite for Preparedness

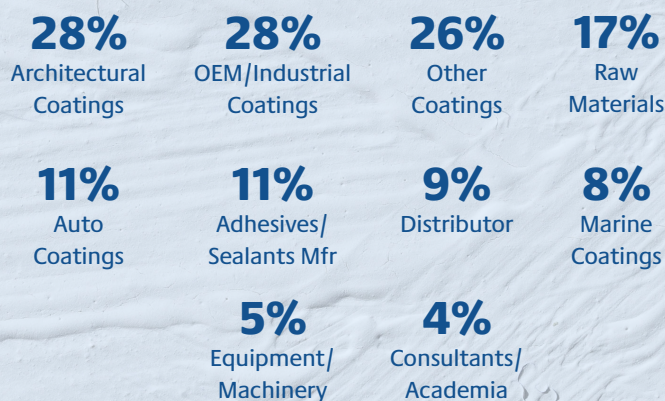
Larger firms demonstrate a greater level of preparedness. Among companies with more than 500 employees, a notable percentage report having contingency plans in place, whereas smaller businesses are more likely to adopt a wait-and-see approach. Specifically, 30.83% of respondents from companies with fewer than 25 employees report being minimally prepared, potentially exposing them to supply chain disruptions and cost fluctuations. This disparity suggests that larger firms have the resources and infrastructure to absorb trade shocks more effectively.

Readership Insight

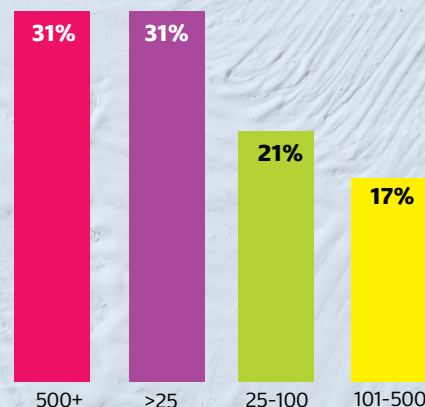
Job Function



Industry



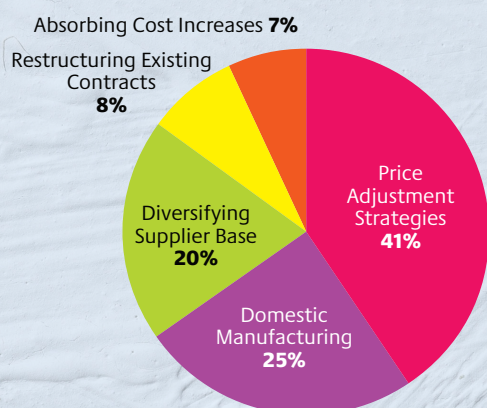
Number of Employees



International Trade Tariffs Preparedness

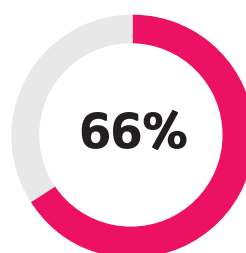
	# of Employees			
	>25	25-100	101-500	500+
Partially Prepared (initial discussion)	18%	44%	50%	39%
Fully Prepared (contingency plan)	19%	20%	10%	35%
Minimally Prepared (monitoring situation)	38%	30%	38%	18%
Not Prepared	24%	6%	2%	8%

Strategic Actions Being Considered

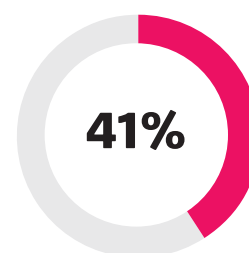


Some Are Being Cautious Though

A significant portion—65.61%—of respondents remain in a state of partial or minimal readiness, with many awaiting further clarity before taking decisive action. Notably, 41% of companies with fewer than 100 employees are still in a monitoring phase, potentially leaving them vulnerable to sudden pricing and supply chain shifts. This cautious stance likely reflects uncertainty surrounding the scope and duration of potential tariffs.



respondents remain in a state of partial or minimal readiness



of companies with >100 employees are still in monitoring phase

Crafting A Tariffic Response

If significant tariffs are enacted, companies in the coatings industry indicate several primary strategies for adaptation. The most common response—cited by 41.11% of respondents—is implementing price adjustments to offset rising costs. This approach is particularly prevalent among mid-sized and larger firms that have the ability to modify pricing structures more readily.

Beyond price adjustments, 24.51% of respondents report considering domestic manufacturing and sourcing alternatives, a notable figure that aligns with broader trends in reshoring and supplier diversification. Additionally, 19.76% are looking into supplier diversification strategies, ensuring more resilience in sourcing materials. Interestingly, only 6.72% of respondents indicate a willingness to absorb cost increases, underscoring an industry-wide expectation that some form of mitigation strategy will be necessary.

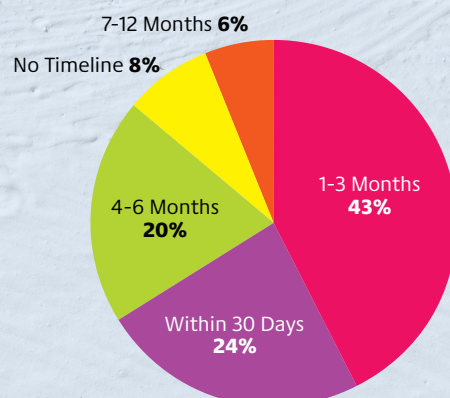


Dorain Samuel Tunas/Shutterstock.com

Strategic Actions by Company Size

	# of Employees			
	>25	25-100	101-500	500+
Diversifying Supplier Base	18%	26%	17%	19%
Implementing Price Adjustments	42%	44%	38%	39%
Domestic Mfg/ Sourcing Alternatives	22%	20%	38%	27%
Restructuring Existing Contracts	6%	6%	7%	11%
Absorbing Cost Increases	12%	4%	7%	4%

Time Needed to Implement Adjustments



Timelines for Adaptation: Rapid vs. Gradual Shifts

Survey data suggests that many coatings companies are prepared to act quickly in response to tariff changes. The majority—67.19%—expect to implement adjustments within three months. Specifically, 24.11% plan for immediate action within 30 days, while 43.08% foresee changes taking place over one to three months.

However, a substantial 19.76% anticipate requiring four to six months to make necessary modifications, and 5.53% expect to need even longer (7-12 months). This longer timeline likely reflects companies with intricate supply chains or complex production processes that require gradual shifts.

Projected Cost Impact: Managing Price Increases

The coatings industry anticipates moderate to significant cost increases due to potential tariffs. We've already seen price increases throughout 2024 resulting from supply chain disruption, increased raw material, and higher labor costs from [BASF](#), [SONGWON](#), [OQ Chemicals](#), and [Cabot](#). Building upon this backdrop price increases are not an unfamiliar concept to manufacturers, suppliers, and distributors.

In our survey the most common estimate—cited by 39.53% of respondents—suggests an impact of 6-10%

on operational costs. However, 13.04% of respondents foresee cost increases exceeding 20%, signaling a potentially severe financial burden for companies relying heavily on international supply chains. Considering some [paint makers are saying EU tariffs on Chinese imports risk bankrupting them](#), costs will need to be wrangled somehow.

Among distributors, 59% report that they would implement price adjustment strategies, the highest of any business category. This suggests that distributors, who operate as intermediaries between suppliers and manufacturers, may be more likely to pass costs directly to customers rather than absorb them or restructure contracts. This could lead to downstream price increases across the supply chain, affecting end users more immediately.



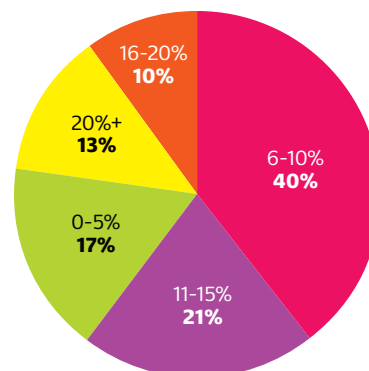
Industrial and Architectural Coatings Prefer Quicker, More Gradual Price Changes

Meanwhile, both industrial coatings (41%) and architectural coatings (45%) firms indicate a preference for price increases in the 6-10% range. These two business categories also lean toward quicker response times, with 51% of industrial coatings companies and 41% of architectural coatings companies planning adjustments within three months. This suggests that companies in these segments recognize the immediate impact tariffs may have on raw material costs and are prepared to act decisively to maintain profitability and operational efficiency. The willingness of these firms to implement rapid price increases highlights a competitive dynamic where cost pass-through mechanisms are seen as a necessity rather than a last resort. This trend is evident in signs that both [industrial](#) and [architectural markets](#) are poised for growth. There is also a possibility that these initial price adjustments will be built upon after an initial phase of updates are launched. Time will tell.

Looking Ahead: Strategies for Resilience

The coatings industry, like other manufacturing sectors, faces an evolving trade landscape that demands adaptability. The findings suggest that while larger firms are better equipped to respond to tariff

Percentage of Tariff Increases Impacting Operational Costs



changes, smaller and mid-sized businesses may need to accelerate their preparedness efforts. Price adjustments and supply chain diversification remain the most common responses, though a significant portion of companies are still in a monitoring phase.

Industry associations like [The American Coatings Association \(ACA\)](#) and [SOCMA](#) will continue to play a crucial role in providing guidance and advocating for policies that minimize trade disruptions. Also, don't overlook feedback from trade groups and [CEOs](#) that could help with your companies tariff response. As tariff policies evolve, companies must assess their risk exposure, explore strategic adjustments, and stay agile to maintain stability in an uncertain regulatory environment.

