# How US manufacturers can help farmers navigate rising equipment costs amid potential tariffs

**Guest View**
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As the discussion around new tariffs on goods imported from Mexico and Canada intensifies, the potential impact on U.S. agriculture is becoming increasingly clear. If enacted, these tariffs — 25% on imports from Mexico and Canada and 10% from China — could significantly increase costs for essential farm equipment and irrigation products, impacting farmers nationwide. With these policies potentially taking effect soon, American growers must consider how they can protect their businesses from rising costs while ensuring they have access to the equipment they rely on.

While many agricultural suppliers have shifted their manufacturing operations to Mexico, making them vulnerable to these tariffs, companies with a strong U.S. manufacturing presence remain well-positioned to mitigate these cost increases for farmers. At Netafim USA, we have proudly maintained U.S. manufacturing operations for over 40 years, ensuring a stable, tariff-resistant supply chain for our customers.

## Historical impact of tariffs

The U.S. agriculture sector has long felt the impact of trade policies and tariffs. The Smoot-Hawley Tariff Act of 1930 is a prime example of how protective tariffs can trigger retaliatory actions, leading to higher costs and reduced market access for American farmers.

More recently, in 2018, Chinese tariffs on U.S. agricultural exports resulted in a 40% drop in soybean sales, forcing farmers to scramble for alternative markets. Additionally, from 2021 to 2022, farm input prices surged due to global supply chain issues, placing additional financial strain on growers. These cases underscore how trade policy decisions can rapidly impact farm economics, making it critical for farmers to plan ahead and seek solutions that stabilize costs.

Impact on farm equipment

The agricultural industry relies on a global supply chain for essential equipment such as tractors, irrigation systems, and other farm machinery. The U.S. is the largest importer of agricultural equipment globally, sourcing machinery from Mexico, Canada, China, Germany and Italy. In 2022 alone, the U.S. imported $1.52 billion worth of farm equipment, making it highly vulnerable to new tariff-driven price increases.

A 25% tariff on goods from Mexico would be particularly impactful, as several major micro irrigation manufacturers have recently shut down their U.S. factories and shifted production to Mexico. This means that many of the irrigation and farm equipment products currently coming into the U.S. will now face a 25% import tax, driving up prices for American farmers.

## Local competitive advantage

With competitors struggling to navigate these challenges, American farmers have a unique opportunity to choose suppliers who maintain a U.S. manufacturing presence. For over 40 years, Netafim USA has produced irrigation products in the U.S., ensuring American growers have access to a reliable, tariff-resilient supply chain. Recognizing the present and urgent need to protect growers from potential cost increases, Netafim USA is proactively taking steps to ensure that our customers remain insulated from tariff-driven price hikes. Leveraging U.S. capacity, we are ramping up production at our U.S. plant to ensure farmers have access to irrigation equipment at stable prices.

By prioritizing local production, suppliers can help farmers in several key ways:

1. Stable Pricing – Avoiding tariffs ensures cost stability compared to competitors who may be forced to raise prices further contributing to the recent rise in input costs that farmers have experienced over the last several years.
2. Reliable Supply Chains – U.S.-based manufacturing reduces lead times and prevents delays that might arise due to manufacturing transitions or tariff-related disruptions.
3. Improved Access to Equipment – Suppliers that continue to manufacture in the U.S. can provide farmers with irrigation and farming solutions without the risk of tariff-induced shortages.

Farmers who rely on drip irrigation, should pay close attention to the supply chain impact from the upcoming tariffs on goods from Mexico. Several drip irrigation manufacturers have recently closed their US factories and transitioned manufacturing to Mexico. This may jeopardize their ability to quickly respond to market demand and may force them to raise prices to respond to tariffs. Growers should take this into account as they make purchasing decisions for the upcoming season.

## What farmers can do

With tariffs looming and supply chain uncertainty growing, farmers should take proactive steps to protect their operations:

1. Assess Supplier Risk – Farmers should evaluate where their suppliers manufacture products and determine whether those suppliers will be impacted by the upcoming tariffs.
2. Secure Inventory Early – To avoid price hikes, growers should consider purchasing irrigation and equipment solutions from U.S.-based manufacturers before tariffs take effect.
3. Ask About Financing & Payment Terms – Suppliers with strong financial programs can help growers ease short-term cost burdens.

## Choosing stability

The potential 2025 tariffs will bring significant changes to the agricultural industry, and not all suppliers will be prepared to adapt quickly. As some manufacturers navigate manufacturing transitions and increased import costs, farmers have an opportunity to secure stable, reliable solutions from U.S.-based suppliers.

By choosing American-manufactured irrigation solutions, farmers can avoid tariff-driven price increases, secure a reliable supply chain, and ensure business continuity—no matter what changes occur in global trade policy.

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