



# Steel Tariff Impacts to A/E/C

*As of March 23, a 25% tariff has been imposed on all imported steel, excluding the United States' NAFTA trading partners (which include Canada and Mexico). The U.S. is also currently in negotiations with Australia, Argentina, the European Union, South Korea, and Brazil for exclusion from this tariff. NAFTA partners and countries in discussion produce over 50% of the U.S.'s imported steel. The following points are important takeaways of the tariff's impact:*

- The domestic market has the capacity to single-handedly serve the US market with a current **3-month stock supply**.
- The 25% tariff is on all steel (rebar, post tensioned steel, hot rolled, cold formed, etc.) and is on **material only**, not labor. Bolts are not included.
- The Achilles heel for the domestic steel market is likely **transportation** (shortage of truck drivers). This might mean longer lead times, but little change is expected. The mills are the next driver, but again should have the capacity to serve all domestic demand with additional capacity. Fabricators are already mostly domestic and should not have any issues.
- The variety of steel products available should be unchanged, as the U.S. produces all shapes common to construction.
- In a nutshell, calculating the steel package at about 12% of the MACC, with 30% of this being material, the impact to the MACC is estimated to be somewhere between **0.5 to 0.9% increase**. This number could be lower if all the countries above negotiate successful exclusion from the tariff.
- Keep in mind that a reinforced concrete building has nearly 80% as much steel as an equivalent steel building, so the delta is marginal when looking at concrete as a VE option.
- A collateral positive of increasing domestic steel production is **sustainability**, as much of our imported steel comes from China, whose milling processes produce an estimated 3 times more carbon than U.S. hot rolled steel.

*At PCS Structural Solutions, we strive to be well informed consultants. We are monitoring this situation and are eager to support our clients on its actual impact. Please feel free to **contact us** with any questions or concerns.*

*For more information, watch AISC's webinar at <https://www.aisc.org/tradetalk#.Wr1kKE3SmUk>*

