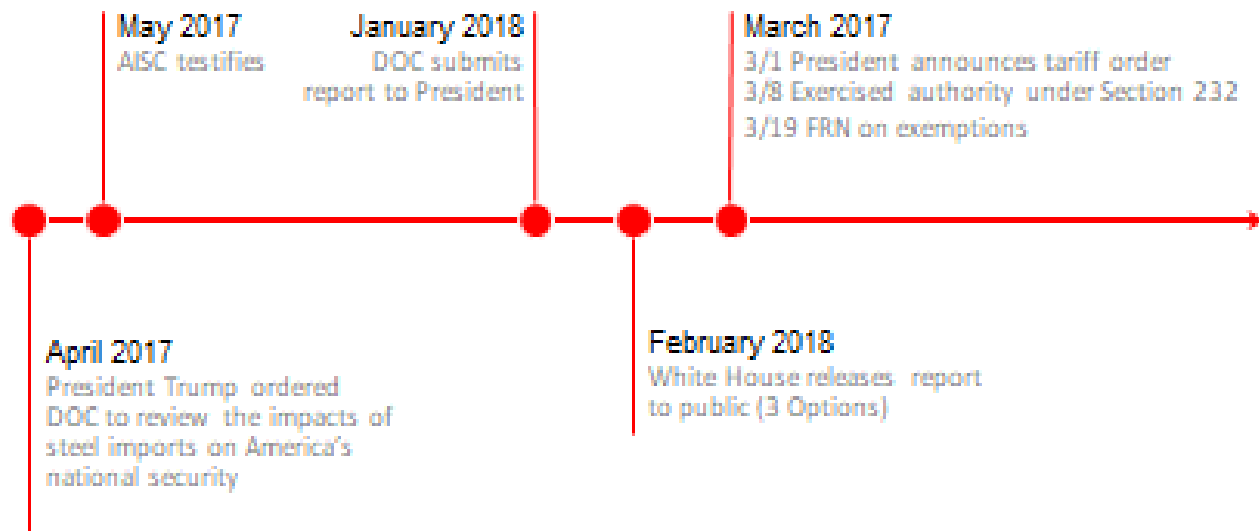


# Steel Tariffs



# The 232 Process

AISC has been working on 232 issues on behalf of our members for a year



# 232 Investigation

Section 232 of the Trade Expansion Act of 1962

The purpose of the investigation is to determine the effect of imports on **national security**

The U.S. Department of Commerce found that steel is important to U.S. National Security which encompasses U.S. **critical infrastructure** sectors including transportation systems, the electric power grid, water systems, and energy generation systems.



**U.S. Department of Commerce  
Bureau of Industry and Security  
Office of Technology Evaluation**

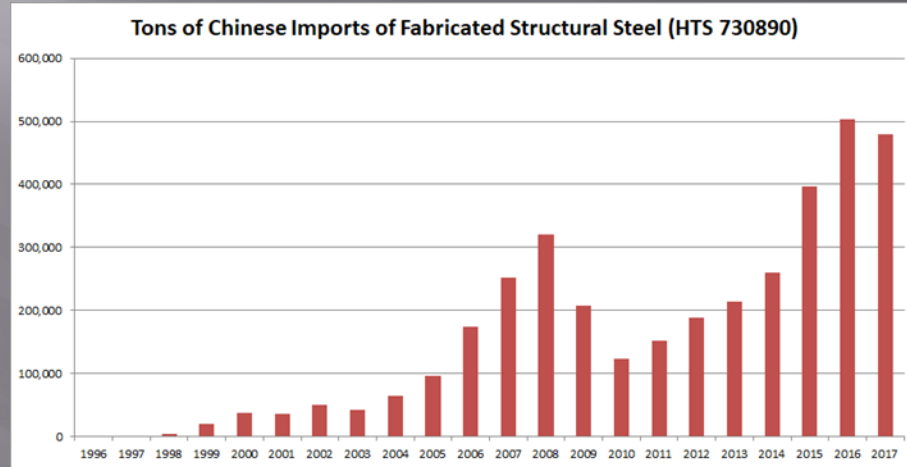
# **Result = 25% Tariff on Steel Imports from all Countries . . .**

- Steel imports “threaten to impair the national security of the United States”
- Reduce imports to a level that would enable domestic steel producers to use approximately 80 percent of existing domestic production capacity and thereby achieve long-term economic viability through increased production.
- **Solution = 25% tariff on steel imported from all countries**

**. . . except for:**

- Canada and Mexico
- E.U.
- South Korea
- Brazil
- Argentina
- Australia
  
- All given exceptions to May 1
- Basically, tariffs impact China, Russia & Japan

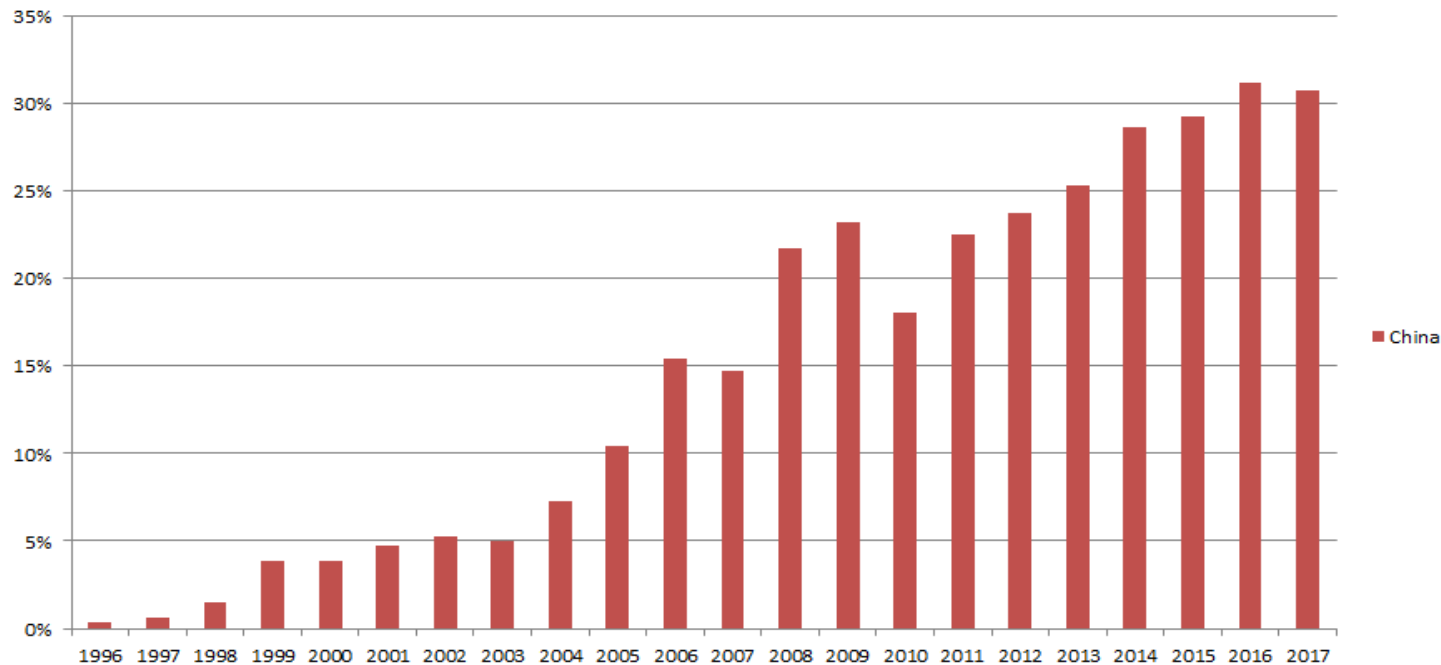
# . . . and except for Fabricated Structural Steel Products



2017 -- 497,817 tons of fabricated structural steel (HTS 730890) imported into the US from China . . . since 2010, imports of Chinese fabricated structural steel have increased 290%

# Fabricated Imports from China

Chinese Percentage of Fabricated Structural Steel Imports (HTS 730890) Compared to All Countries





# So What Does All of This Mean?





# 1. Higher Mill Steel Prices

- Published Prices on WF:
  - five increases since 12/8/17 totaling \$205/ton
- Published Prices on Plate:
  - three increases since 1/5/18 totaling \$150/ton
- SO, on a project with 1,000T WF + 500T plate, recent material price increases = \$280,000
  - Minimal impact on overall building cost
  - Big risk for fabricator to bear alone
- How will the marketplace react?
- How will parties handle contracting issues?

# 2. Longer Lead Times

Nucor-Yamato Proposed Roll/Close Schedule \* ISO 9001:2015 Registered \* April 25, 2018

**Shutdown is currently projected to begin on June 24, 2018**

Items shown closed with future close date - changes to existing orders until the date shown - no new orders will be accepted

Inquire items are followed immediately by the close date of the book week --- Highlighted items will close in the next week

Week Beginning		22-Apr	29-Apr	6-May	13-May	20-May	27-May	3-Jun	10-Jun	
NYS Fiscal Week		17	18	19	20	21	22	23	24	
<b>Wide Flange Sections</b>	<b>MIII #</b>									<b>Projected next roll week</b>
W44x16x230-335	2			17 C						7/1-7/8 Wks
W40x16x199-593	2			17 C	17 C					7/1-7/8 Wks
W40x12x149-327	2			>>>>	18 C					6/17-7/8 Wks
W36x17x487-652	2				18 C					7/1-7/8 Wks
W36x16.5x231-441	2				18 C					6/17-7/8 Wks
W36x12x135-256	2				18 C					6/17-7/8 Wks
W33x15.75x201-387	2				18 C					6/17-7/8 Wks
W33x11.5x118-169	2				18 C	18 C				6/17-7/8 Wks
W30x15x173-391	2				>>>>	18 C				6/17-7/8 Wks
W30x10.5x90-148	2					18 C				6/17-7/8 Wks
W27x14x146-368	2					19 C				6/17-7/8 Wks
W27x10x84-129	2					19 C				7/15-7/22 Wks
W24x12.75x104-370	2					19 C	19 C			7/15-7/22 Wks
W24x9x56-103	2					>>>>	19 C 4/26	19 C 4/26		7/15-7/22 Wks
W24x7x55-62	1				18 C	18 C				7/22-7/29 Wks
W21x12.25x101-275	2									7/15-7/22 Wks
W21x8.25x48-93	1				>>>>	19 C				7/22-7/29 Wks
W21x6.5x44-57	1					20 C				7/29-8/5 Wks
W18x11x76-311	2	15 C PS					>>>>	20 C 5/10		7/22-7/29 Wks
W18x7.5x41-71	1					21 C 5/8	21 C 5/8			7/29-8/5 Wks
W18x6x35-46	1						21 C 5/9	21 C 5/9		7/29-8/5 Wks
W16x10.25x67-100	1						>>>>	21 C 5/9		7/29-8/5 Wks
W16x7x36-57	1						>>>>	21 C 5/10		8/5-8/12 Wks
W16x5.5x26-31	1		15 C	15 C						7/15-7/22 Wks
W14x16x455-730	2		15 C							6/10-6/17 Wks
W14x16x145-426	2	17 C	17 C					>>>>	23 I	7/22-7/29 Wks
W14x14.5x90-132	2			17 C						6/17-7/8 Wks

But . . . There is still sufficient CAPACITY in the Market

### 3. Even More Tariffs?

- 301 Investigation – China Only
  - Started for IP abuses by China
  - Administration looking for \$500M to \$1B in additional products to tariff
- Fabricator Trade Case Investigation
  - Analyzing data through 2017 YE
  - Working with Commerce to present data

## 4. Risks and Opportunities

- Project award decisions . . . buy early or wait?
- Price Protection . . . owner and/or vendors?
- Escalation risk
- Benchmarked to adjust (up or down)



∴ Smarter.  
∴ Stronger.  
∴ Steel.

## Our Mission

AISC is the leading advocate and trusted resource for the American structural steel industry. Grounded in unsurpassed science, quality, and craftsmanship, this vibrant and sustainable industry is ever-evolving, ever-improving. That's why for nearly 100 years, AISC has been proud to provide fabricators, engineers, architects, and the construction industry with breakthrough research and innovative solutions.





# Tariffs & Trade Issues

| Will They Impact How You Design?

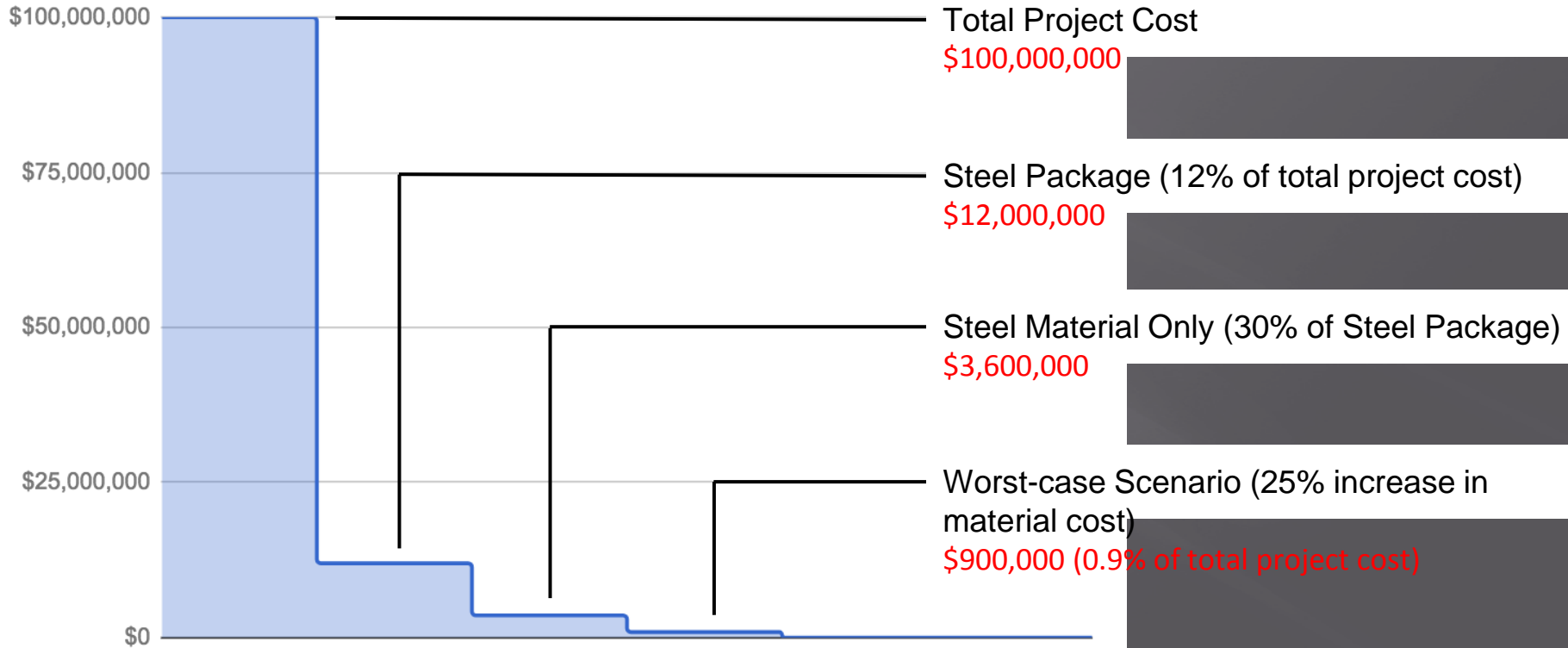
Tabitha Stine | Brian Raff

Friday, August 3, 2018



## Value Example

Project cost breakdown focused on the steel package







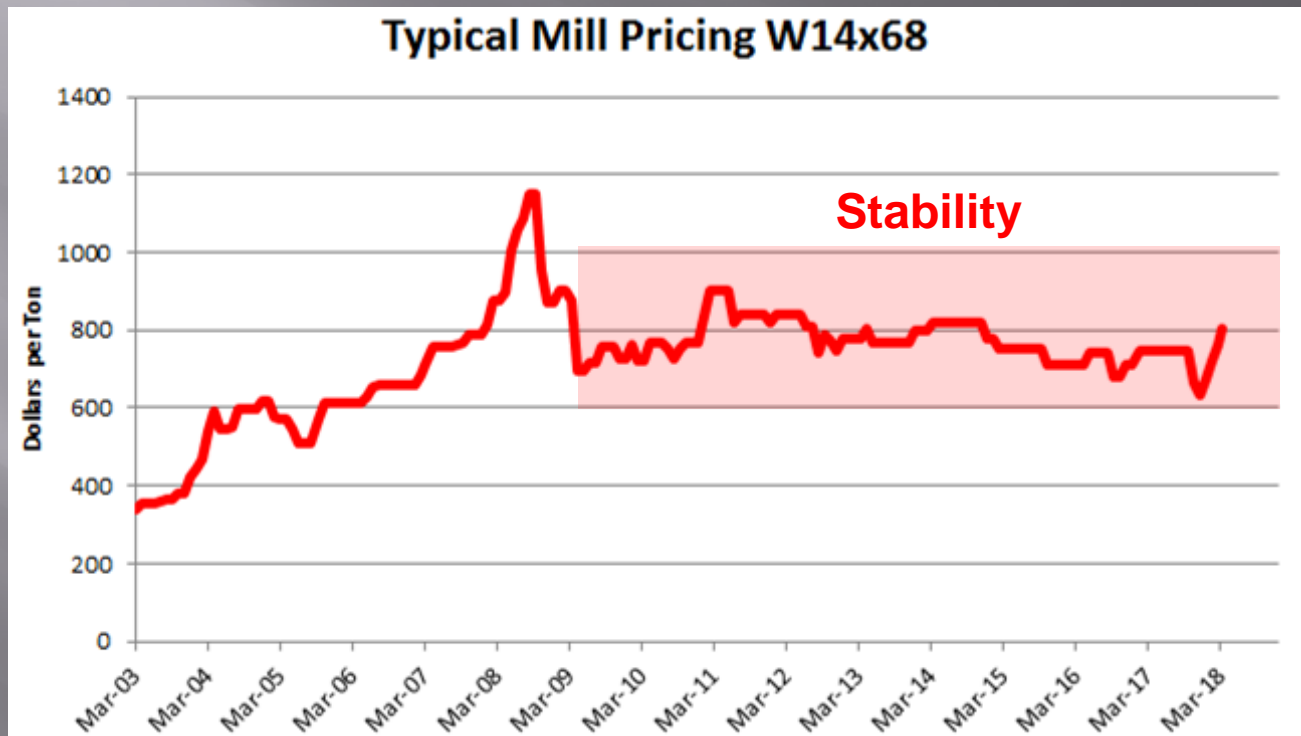
©Henrik Kam Photography



Photo Credit: Magnusson Klemencic Associates, Michael Dickter

## Volatility

The predictability of the price and availability of the product





## How will these tariffs impact U.S. design and construction?

1. Domestic mills and fabricators have the production capacity to meet construction and infrastructure needs
2. Steel is available from mills and service centers
3. A 25% tariff on steel does not equate to a 25% increase in the cost of the project or even the portion of the project represented by the steel package.
4. Any increase in the price of steel impacts all construction, not just structural steel construction.

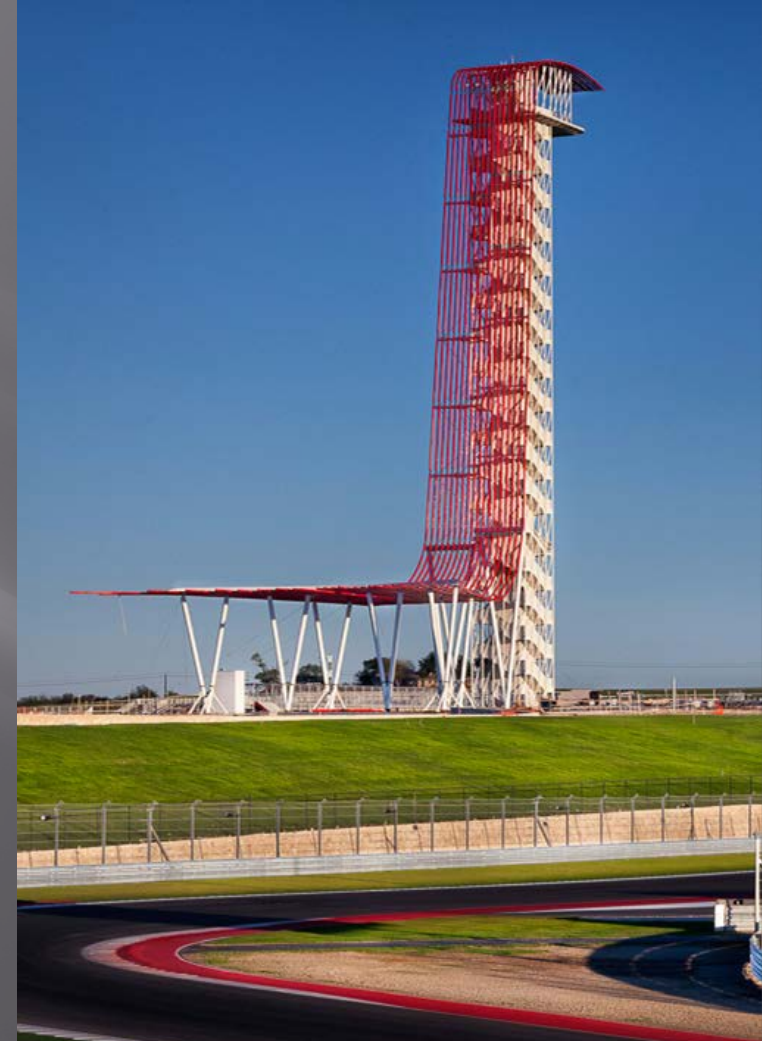


Photo: Miró Rivera Architects