

March 7, 2018

President Donald J. Trump
The White House
1600 Pennsylvania Avenue, N.W.
Washington, DC 20500

Dear Mr. President,

On behalf of the Associated General Contractors of America (AGC) and its more than 27,000-member companies who help build the nation's infrastructure, I strongly urge you to reconsider imposing a 25 percent tariff on all steel imports and a 10 percent tariff on all aluminum imports. Such a proposal would diminish the positive impacts of your infrastructure plan's enactment and puts at risk tens of thousands of construction jobs.

As you well know, these metals are used in a wide variety of construction projects. For instance, wire mesh is used in highway concrete, while steel plate and wire for cables go into bridges. Buildings use large amounts of structural steel for piles and beams, rebar for reinforcing concrete, and steel studs for interior walls. Pipelines are essentially all steel. Other infrastructure uses a variety of steel for rails and signaling systems; airport runways, control towers and terminals; harbor wharves and seawalls; and many other uses. Aluminum is also used in all types of buildings for window frames and curtain walls, siding, and other architectural elements.

Any tariffs on aluminum and, especially, steel will adversely affect construction in multiple ways. Firstly, the price of both imported and domestic metals is likely to rise. The construction industry consumes 43 percent of domestic steel according to the American Iron and Steel Institute. Consequently, increased steel prices will lead to cost increases for existing projects.¹ Bid prices will rise for future projects, and public owners, which generally have fixed budgets, will be forced to reduce the number and/or scope of projects they put out, including schools, highways and bridges. Some private projects will be canceled as construction cost increases make them uneconomic. Your infrastructure plan depends upon non-federal investment—state, local, and private funding sources. Such investment would be hindered by increased project cost estimates from rising material prices.

The proposed tariffs on steel and aluminum will also have a direct and negative impact on construction employment. A recent, nonpartisan report estimates that your tariff proposal would cause a net loss in U.S. employment, costing the greater U.S. economy more than five jobs for each one added in the steel and aluminum industries. Such tariffs would put more than 28,000 construction jobs at risk, and this figure does not even account for jobs that could be impacted by affected nations' retaliatory trade measures.²

At a minimum, we hope that you take a more strategic approach to these tariffs. While we urge that no tariffs be imposed on steel and aluminum, if action must be taken, we recommend tightly targeted tariffs that exclude steel and aluminum products that do not pose an imminent national security threat. More targeted tariffs would diminish negative effects on the US economy and limit the construction industry's exposure to retaliatory

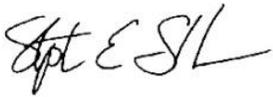
¹ Harrison, David: "Trump's Proposed Tariffs Risk Hurting Infrastructure Plan," *The Wall Street Journal*, March 4, 2018.

² Francois, Joseph and Baugham, Laura: "Does Import Protection Save Jobs? The Estimated Impacts of Proposed Tariffs on Imports of U.S. Steel and Aluminum," *The Trade Partnership*, March 5, 2018.

trade action. Additionally, any action should include an option for U.S. companies to petition for—and swiftly secure—duty-free access for imports that domestic sources cannot readily provide. And, most importantly, we urge that existing contracts to purchase steel and aluminum be protected to allow duty-free imports so that the operations and financing of current, budgeted projects is not disrupted.

We commend your willingness to honor your campaign pledge of tackling trade imbalances, but we also urge you to consider and honor your promise to rebuild this nation’s crumbling infrastructure. Broad, global tariffs on steel and aluminum weakens that promise and undercuts your plans to bolster America’s infrastructure.

Sincerely,

A handwritten signature in black ink, appearing to read "Stephen E. Sandherr". The signature is fluid and cursive, with the first name "Stephen" and last name "Sandherr" clearly legible.

Stephen E. Sandherr
Chief Executive Officer
Associated General Contractors of America