

# MCAA's Tariff Implications for the Construction Industry

Panel Discussion by Members of the  
MCAA Manufacturer/Supplier Council

# Thank You!

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# Let's Begin With What We Know:

- On again/off again tariffs
- Threats and pullbacks
- Reciprocal tariffs
- Very public negotiations

# New China Tariffs Already in Effect

## Tariff impact:

- 10% tariff effective February 4, 2025.
- Additional 10% tariff effective March 4, 2025.
- This is in addition to current tariff rates in force of 7.5% or 25% based on Commodity Code (starting 2018-2019).
- Administration has signaled future increases to Chinese tariffs possible.

## What it entails:

This tariff impacts all products including those that contain steel, aluminum and copper – effective immediately.

## What manufacturer's are doing:

- Many manufacturers are shifting to countries with lower tariffs & U.S.
- Several of those countries will face reciprocal tariffs starting in April.

# New Material Tariffs Already in Effect

## Steel & Aluminum Tariff

- 25% tariff effective March 12, 2025, from any country.
- Example of products impacted include Stainless Steel Pipe and Cast-Iron Drains.
- ~90% of aluminum comes from outside the U.S.
- These tariffs are cumulative

Ex: A stainless-steel product shipping from China to the US would receive a tariff of  $25\% \times 10\% \times 10\% \times 25\% = 89\%$  tariff!

# Proposed Future Material Tariffs

## Brass / Copper Tariff

- Tariff still under review by White House.
- Announced on March 12, 2025 that the tariff will be added, no effective date yet. Nothing outlined or definitive.
- Potential 25% tariff from all countries.
- China dominates the global market with more than 50% of copper refining and smelting.

# Retaliatory Canadian Tariffs in Effect

## **Tariff in Effect**

- 25% tariff on select US products effective March 13th, 2025.
- Targets stainless steel, iron and plastics.

## **Manufacturers Expected Response**

- Re-route supply chains. Ship direct to Canada from Non-US Plants avoiding US handling and tariffs.
- Price increases passed on to consumers.

# Proposed Canada & Mexico Tariff

Tariff is set at 25% on all goods coming from Mexico and Canada:

- 25% tariff currently on goods that are not part of USMCA.
- Canada has exception of oil and energy tariff at 10%.

Products applicable to Commercial Construction include:

- Mexico – Drywall, Rebar, Tile flooring, Stone, Doors, Insulation.
- Canada – Lumber, Steel and Aluminum, Cement, Copper, Glass, Brass Ingot.



# Reciprocal U.S. Tariff

- **Reciprocal Tariff** = if a country imposes a tariff on another country, that country can impose the same tariff creating a level playing field.
  - The idea is to create fair trade although this can lead to trade wars between countries.
  - Other economic or reciprocal actions.
- Commerce Secretary Howard Lutnick is to put forth recommendations on April 1, 2025, on a plan to which we will learn more at that time.

# Summary

- Tariff implications are driving ALL TRADES in the Construction Industry to adjust, by putting in place measures that protect businesses.
- Tariffs implemented as it is received in the U.S. (PO date is irrelevant).
- No secrets – communicate often with suppliers & manufacturing partners.
  - Discuss timelines and needs for product based on the project.
- Work through existing projects where purchase orders have been placed – pricing is not guaranteed, and supply chain may be challenged.
- Market conditions are unstable based on ever-changing timelines.
- There is no better organization to lean on than MCAA.

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Thank You!

Any questions?

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