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Buying a condo in one of Canada's biggest cities could be even more expensive thanks to a new tariff on foreign steel, one expert suggests.

Canada already has a "supply problem" with its own domestic steel, and the federal government's decision to impose a 25-per-cent surtax on some imported steel products could cause an even tighter pinch, according to **Richard Lyall, president of the Residential Construction Council of Ontario.**

"It's going to create chaos, and it's going to threaten thousands of jobs," Lyall told CTV's Power Play on Friday.

A construction crane sits atop a highrise in Toronto on Saturday, Feb. 4, 2012. (The Canadian Press/Pawel Dwulit)

Steel is a key material in the construction of new condominiums and towers. In Western cities like Vancouver, it's four times more expensive to ship steel from mills in Ontario to B.C. than to import it from places like China or Korea, Lyall said.

By taxing foreign steel, the federal government risks jacking up condo prices, Lyall said.

"And so the cost per unit on say, a condominium, could be upwards of \$10,000 a unit just on the steel alone. And our construction costs have already gone up 14 per cent in the last year and a half," he said.

"We already have an affordability problem ... and wages and incomes of people aren't going up at that rate. So it's a problem."

The Finance Department has said the tariff will protect Canada's steel industry and stop "excessive imports" from flooding the market. A representative from Finance Minister Bill Morneau's office pointed out that the tax only applies to imports over a certain threshold.

Canada already has tariffs on \$16.6 billion worth of American goods. The move was made in retaliation to steep U.S. tariffs on Canada's steel and aluminum.

The new surtax takes effect Oct. 25.

Other industry analysts have warned that the new tariff could affect a wide range of projects, including bridges, dams and even ongoing renovations to the Parliament buildings.