

## **THE COUNCIL: U.S. tariffs on steel will hurt Canadian real estate**

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The news of the U.S. government tariffs on steel and aluminum imported from Canada is a serious matter for the construction industry and highrise building in Toronto and Vancouver, which uses enormous quantities of reinforcing steel. The tariffs amount to 25 per cent on imported steel, including rebar and construction steel. Trump had announced the tariffs in March (recently citing national security reasons, which as their closest ally, I don't understand) but gave exemptions to Canada, Mexico and the European Union up to June 1. Other countries – including Argentina, South Korea, Australia and Brazil – are facing quotas or volume limits. U.S. Secretary of Commerce Wilbur Ross said the exemptions for Canada were tied to ongoing NAFTA negotiations, which have taken “longer than we had hoped.” Oddly, he also indicated that there was some potential flexibility on the tariffs. Perhaps the U.S. didn't buy into Finance Minister Bill Morneau's recent claims that Canada would make greater efforts to prevent foreign steel from being dumped into the North American market. Not really a big surprise there.



Meanwhile, Prime Minister Justin Trudeau reached out to the provinces that will be hit hardest by these tariffs – including Ontario, Canada's steel manufacturing heartland – before announcing upcoming tariffs on U.S. imports, including beer kegs, whiskey and toilet paper.

RESCON believes that Canada should have tread lightly and left construction rebar out of any responses that could hurt the Canadian economy. This didn't happen.

A dramatic, and possibly continued hike in rebar and construction steel costs could have a serious impact on the highrise construction sector, condo projects and housing costs. We'll have

to live with the unintended consequences in highrise construction, whether that's residential or ICI. And so will our economy, which is driven by construction.

The Canadian government recently provided relief to the drywall industry tariffs to offset injury to homebuyers and construction workers. The same consideration for the same reasons should be given here. We have to put the economy first.



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