

## Nucor Public Affairs Update

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### **President Biden Signs Historic Infrastructure Legislation**

After years of discussion and months of debate in Congress, the Infrastructure Investment and Jobs Act (the “IIJA”) was signed into law by President Biden on November 16, 2021. The IIJA is historic bipartisan legislation that will make available approximately \$973 billion in funding over the next five years from FY 2022 through FY 2026, for infrastructure programs across the transportation, energy and water sectors. Of the nearly \$1 trillion in spending, \$550 billion is new federal spending not previously authorized. The bill also reauthorizes the highway, public transportation and rail programs for five years.

Of additional importance to the American steel industry is that the IIJA contains an estimated \$850 billion in steel-containing investments – \$450 billion of which will be additional/new federal spending for surface transportation projects such as roads and bridges (\$110 billion), ports and waterways (17.4 billion), drinking water and wastewater infrastructure (\$54 billion), modernizing the electric grid (\$65 billion) and electric vehicle charging systems (\$7.5 billion). These amounts are in addition to reauthorized mandatory spending dedicated to programs administered by the Federal Highway Administration, the Federal Transit Administration, the Federal Motor Carrier Safety Administration and the National Highway Traffic Safety Administration.

The legislation also contains several provisions to improve and expand the use of Buy America requirements for publicly funded infrastructure projects. These requirements will ensure that our nation’s infrastructure will be built using the highest-quality and cleanest steel available in the world, and produced by an American workforce. The IIJA is a long-term investment that will benefit the American economy for years to come.

#### ***New investments addressed in IIJA by sector:***

Transportation: \$284 billion (DOT)  
Water: \$55 billion (EPA)  
Broadband: \$65 billion (DOC)  
Energy & Power: \$73 billion (DOE)  
Environmental remediation: \$21 billion (EPA)  
Western water infrastructure: \$8.3 billion (DOI & USDA)  
Resiliency: \$46 billion (Homeland Security)

#### ***Transportation sector spending:***

Roads & Bridges: \$110 billion  
Transit: \$39 billion  
Rail: \$66 billion  
Safety: \$11 billion  
Airports: \$25 billion  
Ports & Waterways: \$17 billion  
Electric vehicle chargers: \$7.5 billion  
Electric buses: \$7.5 billion  
Reconnecting Communities: \$1 billion

## **U.S./EU Announce 232 Agreement**

On October 30, 2021, the United States and the European Union (EU) announced an agreement that modifies the Section 232 program as applied to steel imports from the EU. As part of the Biden Administration's policy of cooperating with U.S. allies to address non-market economic distortions, primarily those created by China, the EU will be transitioned from a 25% tariff to a "tariff-rate quota" arrangement. The agreement also includes plans for a global initiative of like-minded trading partners to restrict volumes from high carbon emission and excess capacity sources. Because there is currently no information regarding the specifics of this initiative, this update focuses on changes to the Section 232 program as applied to imports from the EU.

### ***What is a tariff-rate quota, and how is it applied to steel imports from the EU?***

A tariff-rate quota, or "TRQ," is an arrangement that allows a certain volume of imports to enter the United States duty-free. Any volumes above that quota are then subject to import duties. Under the U.S.-EU agreement, the United States will implement a TRQ system for steel imports from the EU beginning on January 1, 2022. The quota volume is 3.3 million metric tons per year, not including product exclusion volumes (the Commerce Department may grant "product exclusions" for certain volumes of specific products to enter duty-free based on requests from importers). Any volumes above the 3.3 million-ton quota will be subject to the 25% Section 232 tariff. To qualify for duty-free entry under the TRQ, steel must be melted and poured in the EU. For example, CTL plate re-rolled in Italy from Ukrainian slab would not qualify and would be subject to the 25% tariff.

### ***Is the agreement good for the U.S. steel industry?***

The impact on the industry is yet to be seen. The good news is that it keeps the Section 232 program in place for imports from the EU. The base quota volume should theoretically provide some restraint against harmful import surges, and the "melted and poured" requirement ensures that EU countries will not become a conduit for re-rolling steel semis produced in places like Russia and China. The treatment of product exclusions, however, creates uncertainty and means that the 4.4 million tons is a floor, not a ceiling for EU imports. Significant reforms to narrow the scope of product exclusions are necessary to ensure that the exclusion process does not become a back door for large volumes of imports.

### ***Is the United States considering similar agreements with other trading partners?***

Yes. Currently, the United States has announced that it intends to begin discussions with Japan and the United Kingdom with respect to the Section 232 program. South Korea has also publicly stated its desire to begin discussions with the United States regarding its Section 232 quota arrangement, although no formal announcement has been made.