

## Nucor Public Affairs Update

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### Federal Policy Update

As we approach the end of the year, the Nucor Public Affairs team in Washington, D.C. is following several policy issues, including progress in distributing infrastructure funding, ongoing U.S.-EU talks on steel trade and sustainability, and legislation that would apply tariffs to imports of high-carbon goods.

#### **Infrastructure Investment & Jobs Act Celebrates 2-Year Anniversary**

November marked two years since Congress passed and President Biden signed the Infrastructure Investment & Jobs Act (IIJA), which provides \$1.2 trillion to fund our nation's infrastructure. According to the American Society for Civil Engineers, since its passage, \$400 billion in funding has been announced for more than 40,000 projects across the country, including nearly 8,000 bridge projects, 25 passenger rail projects, 190 airport terminal projects, 445 port and waterway projects, 1,200 drinking and wastewater projects, and over 60 projects dedicated to improving the resilience and reliability of the energy grid.

While the funding has been awarded, projects have been slow to get started as they navigate the state level permitting and the bidding processes, especially with respect to highway construction and power transmission. We are beginning to see more projects move to execution – with Nucor supplying steel to the first wave of bridge projects – and expect this trend will accelerate in 2024.

#### **Global Arrangement on Sustainable Steel and Aluminum**

For the past two years, the United States and European Union have been in discussions to establish a global arrangement aimed at addressing carbon intensity and production overcapacity within the steel and aluminum industries. The two parties failed to reach an agreement by their self-imposed deadline of October 31<sup>st</sup> but agreed to extend negotiations through the end of the year.

As part of these negotiations, the U.S. agreed to lift the Section 232 tariffs and replace them with a tariff rate quota that limited how many tons of steel and aluminum could be imported into the U.S. from the E.U. Failing to meet the October 31<sup>st</sup> deadline would have reinstated the tariffs, but the extension in talks avoids that for now. It is widely expected that talks will be extended again, and the tariff rate quota will remain in place until the end of 2025. While the two sides share the goal of promoting trade in low carbon steel and curbing production overcapacity, reaching an agreement on the details, particularly around carbon emissions, has been extremely difficult.

#### **Legislation Introduced to Tax High Carbon Imports**

American manufacturers produce goods with lower carbon emissions than many of our competitors overseas due to the investments we make in energy efficiency and advanced manufacturing, as well as stronger regulations and cleaner power generation. Several bills have been introduced in Congress that would ensure a level playing field by calculating the carbon intensity of various domestic and foreign products and imposing tariffs on higher-emitting foreign goods imported into the U.S.

One bill, the PROVE IT Act, tackles the first step by laying out a process to calculate the carbon intensity of 22 product categories, including steel. The other bills – the Clean Competition Act, Foreign Pollution Fee Act, and FAIR Act – all take different paths to establishing a tariff on higher-emitting imports, also known as a carbon border adjustment mechanism. Enacting a carbon tariff would create a financial incentive to buy low-carbon products made in America. We continue to monitor progress on these pieces of legislation.