Domestic Structural Steel Fabrication Capacity

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In response to recent inquiries by U.S. government officials reviewing international trade issues, the American Institute of Steel Construction (AISC) and its division National Steel Bridge Alliance (NSBA) have issued statements on the following topics:

- Infrastructure Funding and Buy America;
- Structural Steel Fabrication and National Security Interests; and
- Negotiating Priorities for NAFTA Modernization.

On each of these issues, U.S. policy makers should be clear on one key fact: The U.S. structural steel fabrication industry has sufficient capacity in place to meet current domestic demand for fabricated structural steel as well as any increase in demand that results from additional investment in infrastructure projects, decreases in imported product, and increases in private construction activity.

There are more than 1,700 steel fabricators in the United States supplying fabricated structural steel for building and bridge projects. These fabricators purchase structural steel shapes and plates from mills and fabricate the steel to meet the unique requirements of each project. This process includes developing dimensionally accurate drawings, cutting, drilling, welding, bolting, and painting the steel. It follows and is separate from the steel mill production process and precedes steel erection.

As the trade association that represents the fabricated structural steel industry in the United States, AISC annually assesses the domestic capacity of the industry and monitors the ability of the industry to meet domestic demand through a quarterly survey of its members. The current in-place capacity of the domestic structural steel fabrication industry is in excess of 10 million tons. U.S. fabricators are currently operating at less than ¾ of their capacity. The domestic structural steel industry fabricated approximately 7.2 million tons of structural steel in 2016, representing an industry utilization rate of 72%, which is a low rate by historical standards. Moreover, no major barriers prevent domestic fabricators from ramping up additional capacity in response to increases in demand. Fabrication capacity is primarily a function of skilled labor, including welders, fitters and machine operators, so when demand is high and consistent, fabricators can invest in labor, training and workforce development to meet production needs.

In contrast, the low industry utilization rate the industry is currently experiencing is a direct function of insufficient infrastructure investment in the U.S. over the past decade and a marked increase in imports of fabricated structural steel. In 2016, 1.2 million tons of fabricated structural steel were imported into the United States (China, Canada and Mexico being the lead fabricated steel exporters into the U.S.), more than double the amount imported in 2010.

The domestic structural steel fabrication industry clearly has the capacity to meet current demand and any increase in demand due to increased infrastructure investments, a decrease in imports and any currently projected increase in the overall construction market.

There's always a solution in steel.

American Institute of Steel Construction
312.670.2400 www.aisc.org

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