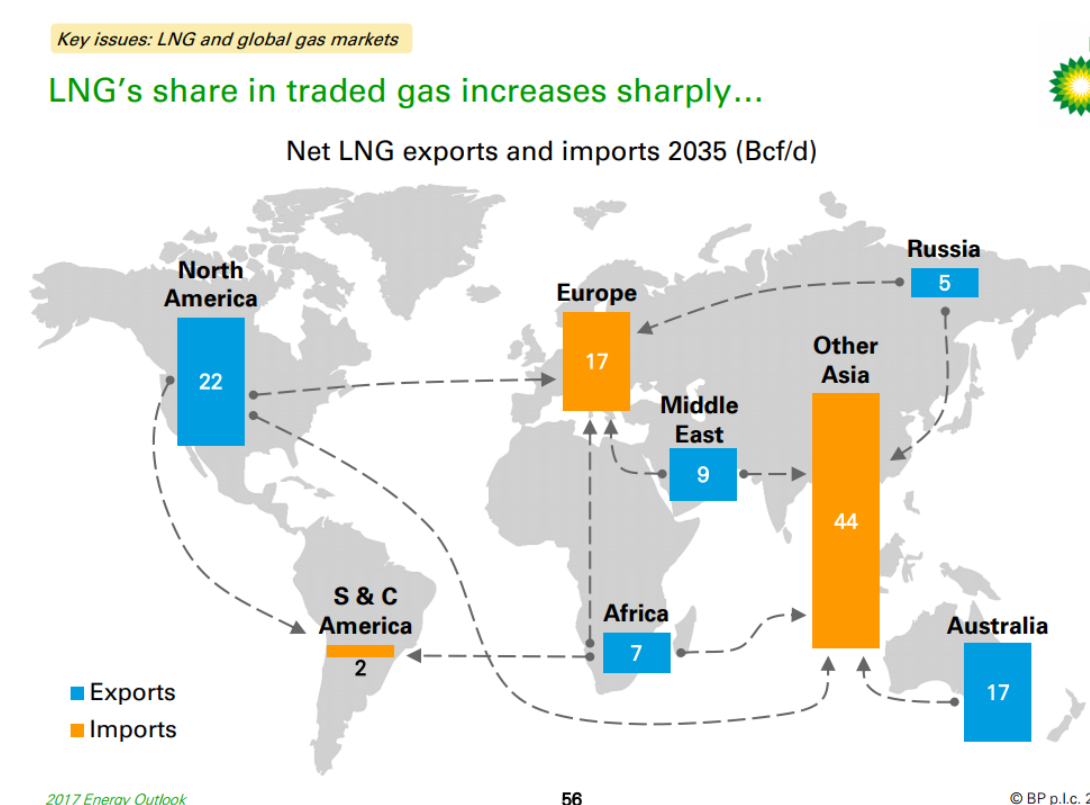


## INTRODUCTION

Liquefied natural gas (LNG) is central to U.S. energy exports and global energy security. Building LNG terminals depends on large amounts of steel and aluminum, used in pipelines, storage tanks, and cryogenic systems. Section 232 tariffs, which impose duties of 25–50% on imported metals, have raised costs and slowed development of these capital-intensive projects. While designed to protect domestic metal producers, these tariffs also create ripple effects that reshape U.S. competitiveness in global LNG markets.

## GLOBAL RIPPLE EFFECTS

Steel and aluminum tariffs do not stop at U.S. borders — they ripple across the global energy market. Higher construction costs in American LNG terminals lead to more expensive exports, making U.S. LNG less competitive against lower-cost suppliers in Qatar, Russia, and Australia. This reduces the appeal of U.S. LNG contracts for buyers in Europe and Asia, even though those regions urgently need reliable alternatives to Russian pipeline gas.



For Europe in particular, higher LNG costs translate into higher electricity prices, slower progress on energy transition goals, and greater vulnerability to fuel shortages. Beyond economics, tariffs weaken U.S. geopolitical influence by limiting its ability to provide affordable energy to allies, forcing importing nations to diversify toward other suppliers.

## SUPPLY CHAIN BOTTLENECKS

LNG megaprojects rely on specialized steel grades for pipelines, cryogenic tanks, and pressure vessels—products that U.S. mills cannot fully supply. Tariffs raise costs on imported specialty metals, creating bottlenecks that delay construction and strain infrastructure supply chains. These disruptions highlight the mismatch between trade policy and real project needs.

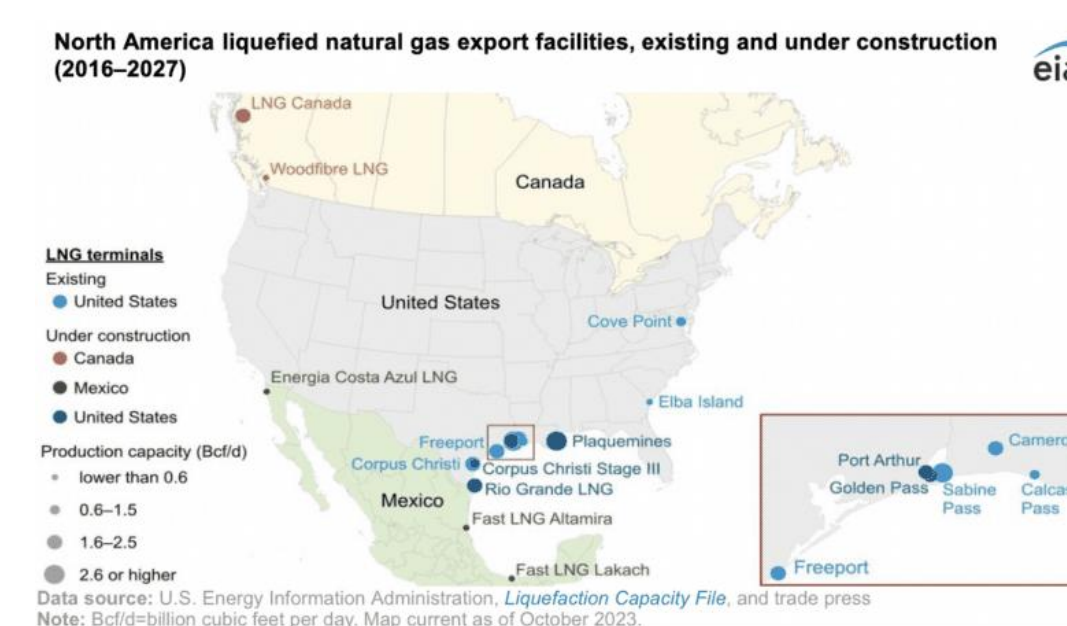
## TARIFF IMPACT

Section 232 of the *Trade Expansion Act of 1962* was used to impose tariffs of 25–50% on imported steel and aluminum, raising LNG project costs. These higher duties directly increased capital expenses for projects such as Golden Pass and Calcasieu Pass, causing multi-billion-dollar overruns and higher export prices. The added costs reduce the price advantage of U.S. LNG in global markets.

## POLICY + FUTURE OUTLOOK

Tariffs were designed to protect domestic steelmakers, but they also create new challenges for energy megaprojects. Policymakers now face a trade-off: continue tariff protection at the expense of LNG competitiveness, or carve out exemptions for strategic infrastructure.

The future of U.S. LNG exports may depend on balancing trade policy with global energy goals.



## CONCLUSION

Steel and aluminum tariffs have created hidden costs for U.S. LNG megaprojects, raising construction expenses and slowing development. While intended to protect domestic metal producers, these policies reduce U.S. competitiveness in global LNG markets and strain energy security for international buyers. Balancing trade protection with energy and infrastructure needs will be critical for sustaining the U.S. role in the global energy transition.

## SOURCES



# Steel Tariffs and Their Ripple Effects on U.S LNG Megaprojects

Student Name: Esther Oseni  
Faculty Advisor: Margaret Kidd  
University Name University of Houston

