

IMPORTS & THE ASPHALT PAVEMENT INDUSTRY

How Buy America Provisions Harm Infrastructure Investments

Current **Buy America** proposals include a requirement that all manufacturing processes for construction materials purchased through federal programs occur in the United States. Thus, imported asphalt binder and additives—most of which originate in Canada—would be excluded, leading to serious cost increases and consequences.

What's the Problem?

U.S. refiners would need to increase production and/or expand materials transport, counterproductive to climate goals. Costs to build and maintain U.S. highways—especially in regions like New England, East Coast, and Midwest—would skyrocket. The federal government is on the precipice of major investment in infrastructure and that investment would not go as far, especially for states in impacted regions. The viability of small- and medium-sized asphalt pavement companies may be at risk due to increased costs for asphalt materials. Finally, the quality and performance of our highways may be negatively impacted by excluding specialized asphalt binders, additives, and materials that are refined and manufactured in Canada.

The asphalt pavement industry in the United States consists of about 3,500 plants, many of which are small- and medium-sized businesses.

What's the Solution?

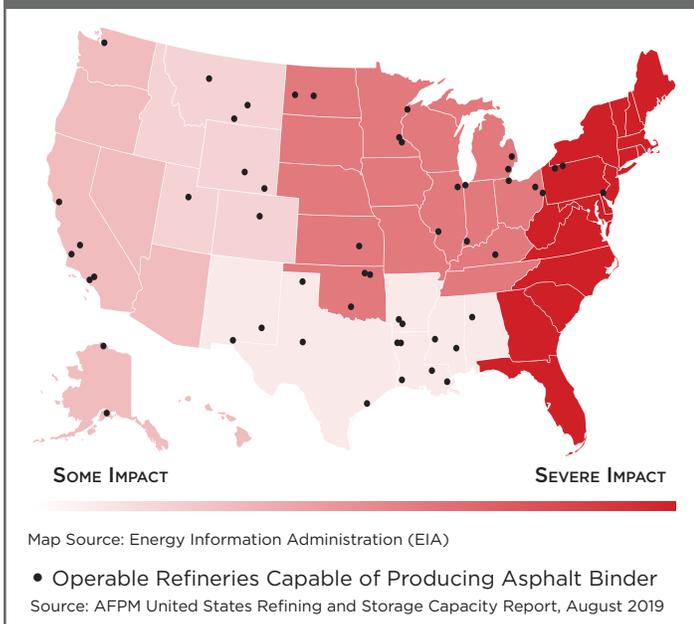
Legislation was recently proposed to exclude cement and cementitious materials and aggregates such as stone, sand, or gravel. Expanding this exemption to include the following will allow the continued use of imported high-quality liquid asphalt binder, mostly from Canada, in asphalt pavement production:

“Construction materials” shall not include asphalt binders, emulsions, asphalt additives, or other petroleum products required in the production of asphalt pavements.

As Congress considers infrastructure legislation to bring our nation’s highways and roads into good repair, this is not the time to inject inefficiencies and supply disruptions in paving that will have implications for the country and every state transportation department.

Waivers are *not* the solution. The U.S. Department of Transportation (DOT) has issued only five Buy America waivers in four years. If Buy America is expanded to include construction materials state DOTs and contractors will bear the burden of filing thousands of waivers to use imported asphalt—with no guarantee or track record of approval. This solution is unworkable, burdensome, and costly to the taxpayer.

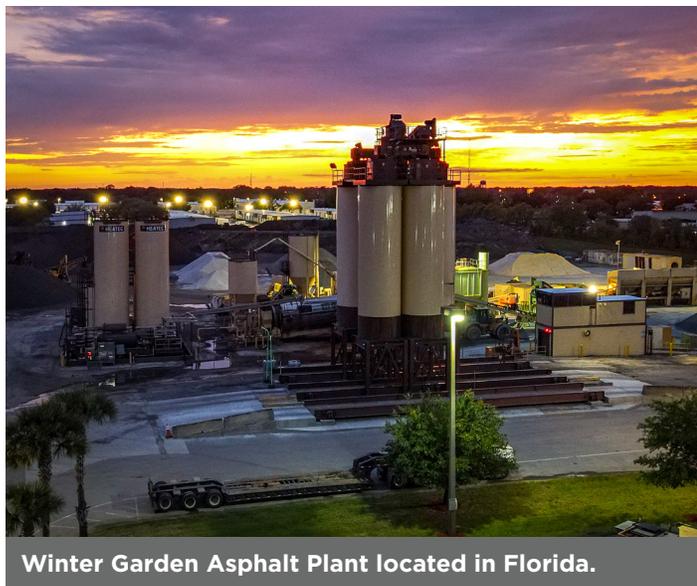
Potential Negative Impact of Buy America Restrictions on Asphalt Binder, by Region



Background

Almost all (88 percent) of asphalt binder used in the United States is from U.S. refineries and manufacturers. However, there are areas of the country that lack refineries or refining capacity to produce the necessary amount and/or quality of asphalt binder and additives.

For example, there are four refineries (two of which are very small) on the East Coast that produced about 2.2 million (MM) tons of asphalt binder in 2020, according to the Energy Information Agency. At 5.9 MM tons, asphalt binder demand in that region was almost **170 percent more than available supply**. As a result, about 12 percent of asphalt binder nationwide is imported, typically from Canada, mainly to the East Coast and Midwest. Due to refinery and transportation logistics, meeting the current asphalt demand from other U.S. regions is not enough to fill the gap between supply and demand.



Winter Garden Asphalt Plant located in Florida.

Asphalt pavement is primarily comprised of two materials: 95 percent aggregate, which provides the structure for pavements, and 5 percent liquid asphalt cement (AC), which serves as the binder for the aggregate structure. AC is commonly referred to as asphalt binder. Asphalt binder is just 5 percent of asphalt pavement mixtures, but comprises about 40 percent of the cost.

Each state develops its own specifications to customize asphalt pavement requirements for quality and performance based on parameters such as local climate, environment, traffic demand, and existing infrastructure.

For example, states in colder climates like New England and the Midwest may require a different asphalt binder to withstand freezing and thawing during cold weather. In some cases, asphalt binder and required additives sourced from Canada are the only ones available to meet some states' unique specifications.