

# Speech

## Contracts, Tariffs and Rising Material Costs: Strategies for Risk Allocation

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This CLE webinar will discuss the ongoing escalation of material prices in the construction industry and provide practical insights for counsel to owners, contractors, subcontractors and suppliers in mitigating such risks.

### Description

The recent escalation of material prices in the construction industry – due to tariffs, trade policies and rapidly-evolving economic conditions – have presented significant challenges for contractors, subcontractors, material suppliers and project owners. According to one recent analysis by the Associated General Contractors of America, the cost of many products used in construction climbed 7.4% last year because of double-digit increases in commonly used construction materials. The effect of the 2018 steel and aluminum **tariffs caused substantial market volatility** and resulted in even greater price increases for steel and aluminum products and materials commonly used on construction projects, such as steel beam, rebar, steel pipe, and tube and aluminum mill products.

These economic realities have caused substantial cost increases, project losses, **damaged commercial relationships, and delayed or unprofitable projects.**

From traditional legal mechanisms and rules of law to more innovative tools – including material price escalation clauses – **multiple creative strategies exist** for informed construction counsel to soften and shift the impact of material escalation on their construction clients.

Listen as our panel of experienced construction attorneys reviews the traditional legal mechanisms and rules of law impacting the allocation of material price escalation risks. Additionally, our panel will share insights on what is being done in the public and private sectors, highlight the innovative tools being utilized in the industry, and explain the differences in escalation clause structures. Finally, they will provide practical suggestions for how counsel to owners, contractors, subcontractors and suppliers should best approach escalation clauses to protect their clients' interests.

### Outline

- Overview of rampant material price spikes
- The impact of price escalation
- Historical allocation of escalation risks
- Tools for mitigating and sharing escalation risks
- Material escalation clauses
- Practice pointers and practical tips

### Benefits

The panel will review these and other key issues:

- What domestic and international market forces are causing the recent material price spiking in the construction industry?
- What is the historical allocation of escalation risks?
- How have the principles of commercial impracticability, frustration of purpose and related concepts evolved?
- What are the tools for mitigating and sharing escalation risks?
- What role do material escalation clauses play?
- How do index-based escalation clauses and cost-based escalation provisions function?

The webinar can also be viewed [here](#).

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