

In The News

Akerman Construction Practice Co-Chairs Rethink Contracts Amid Tariff Changes

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Construction Practice Group Co-Chairs Stacy Bercun Bohm and John Neary spoke with *Construction Dive* about the impacts of President Donald Trump's new and proposed tariffs on construction contracts.

When discussing the various contracting strategies available to project stakeholders, Stacy said specificity in contract language plays a key role in managing tariff-related risks, particularly in lump-sum agreements where owners aim to maintain fixed pricing structures. She was quoted: "Greater specificity in price escalation clauses is better for contract interpretation. For example, when the basis of payment is a lump sum, owners prefer to describe the contract price as firm and not subject to increases for escalation, including tariffs."

With respect to contractors mitigating the effects of tariffs, John explained that the extent to which contracts can shift these risks onto owners depends largely on contract terms and the leverage each party has in negotiations. He was quoted: "The risk allocation for tariffs is all part of the contract negotiation process between project stakeholders, and there are many ways parties can address this risk point in their contracts. Contractors can absolutely be on the hook for price escalation caused by tariffs."

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