

This paper examines how protectionist trade policies raise public procurement spending. I study the 2018 U.S. steel tariffs and their impact on bidding and participation in highway procurement auctions, where contractors are, in most cases, mandated to use domestically produced steel. Using a dataset that tracks bids at the line-item level from procurement auctions in five states, I find that the tariffs led to a sharp increase in bids on steel rebar in import-reliant coastal states that lack access to domestically produced steel. In sharp contrast, bids on steel rebar in states in the Midwest, where most domestic production of steel occurs, remained unaffected. To understand the underlying mechanisms through which tariffs affect competition and increase procurement spending, I estimate an empirical auction model using procurement data from California and Michigan. I find that the California Department of Transportation incurred an additional \$100 million (6.8%) to construct highway projects following the tariffs. A third of this increase in spending is explained by reduced bidder entry and the resulting decline in competition. These effects are absent in Michigan. The findings highlight that protectionist trade policies can also have significant implications for procurement spending, particularly in states lacking domestic manufacturing capacity.