



Premier of Saskatchewan

Legislative Building
Regina Canada S4S 0B3

April 6, 2017

Earl Comstock
Director of the Office of Policy and Strategic Planning
United States Department of Commerce
1401 Constitution Avenue NW, Room 5863
WASHINGTON DC 20230
USA

Dear Mr. Comstock:

I am writing to provide the United States (U.S.) Department of Commerce (DOC) with the views of the Province of Saskatchewan, Canada on the Presidential Memorandum regarding "Construction of American Pipelines" which instructs the Secretary of Commerce to develop a plan for the domestic sourcing of materials for the construction, retrofitting, repair and expansion of pipelines inside the U.S.

The Canada-U.S. trade relationship is the envy of the world. In 2016, bilateral trade was more than C\$673 billion, with about C\$1.8 billion worth of goods crossing the border every single day. In fact, Canada buys more from the U.S. than any other nation.

Saskatchewan values our strong relationship with the U.S. In 2016, our businesses and individuals purchased C\$7.6 billion worth of goods from the U.S. Top products included oil, herbicides and industrial and agriculture machinery. In turn, U.S. businesses and individuals purchased C\$12.9 billion in goods from Saskatchewan. Top products included oil, potash, canola oil, uranium, oats, lumber (oriented strand board), live cattle and wheat.

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When it comes to iron and steel the U.S. has a trade surplus with Saskatchewan. In 2016, Saskatchewan exported C\$126 million in iron and steel to the U.S. while importing C\$388 million. Overall, Canada-U.S. iron and steel trade is quite balanced with the U.S. having an overall surplus of nearly US\$2.2 billion. This reflects the integrated nature of our iron and steel industries which supports workers and communities in both our countries.

Saskatchewan is home to EVRAZ Regina, which is the largest North American producer of large diameter pipe for use in oil and gas transmission. EVRAZ Regina supplies customers in the U.S. and Canada. EVRAZ also has operations in the Canadian provinces of Alberta and Manitoba as well as in the U.S. states of Colorado, Oregon, North Dakota and Illinois, all of which are part of their integrated supply chain to manufacture their products.

Saskatchewan is very concerned about the potential impacts the Presidential Memorandum could have on Saskatchewan and American workers who benefit from open cross-border trade of iron and steel between Canada and the U.S. Having open trade ensures competition, lower costs and creates jobs in both our economies. Imposing local content requirements on the construction of American pipelines puts these mutual benefits at risk as they negatively affect our cross-border supply chains and jeopardize millions of U.S. and Canadian jobs that depend on trade, including EVRAZ's jobs in the U.S. that depend on thriving Canadian operations.

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Imposing local content requirements on the construction of American pipelines could also be in violation of at least four clauses found in the World Trade Organization (WTO) and North American Free Trade Agreement (NAFTA) and incorporated in U.S. law:

- “National Treatment,” General Agreement on Tariffs and Trade, Article III.4 and NAFTA Article 1102, obligate the U.S. to grant products imported from signatories “treatment no less favourable than accorded to like (U.S.) products.”
- “Performance Requirements,” NAFTA Article 1106(b) and (c), prohibit “domestic content” requirements and any “preference” to goods produced in the importing country.
- The WTO Agreement on Government Procurement, Article IV.1 requires the U.S. to “accord to the goods ... of any other Party and to the suppliers of any other Party ... treatment no less favourable than the treatment the (U.S.) accords to: (a) domestic goods, services and suppliers.”

It is our expectation that any plan developed by the DOC in response to the Presidential Memorandum will be in compliance with U.S. obligations under the WTO and NAFTA. If the plan fails to meet U.S. trade obligations, we will strongly encourage the Government of Canada to take appropriate actions in response.

The Canada-U.S. economic relationship is a partnership that thrives from shared security and prosperity, balanced and fair trade, which supports good paying jobs in both our countries. We are much better off working together to find solutions to the challenges facing both our nations than imposing barriers that will hurt American and Canadian workers and communities.


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Thank you for considering the views of the Province of Saskatchewan.

Sincerely,



Brad Wall
Premier

