



Buy America provisions in Trump's infrastructure plan could disrupt US-Canada trade relations

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Dive Brief:

- While not definitive, potential "Buy America" provisions in President-elect Donald Trump's \$1 trillion infrastructure proposal could spell trouble for exporters of Canadian construction materials to the U.S., according to Global News.
- Both Democrats and Republicans have expressed a desire to impose mandates regarding domestic sourcing of materials, which is seen by many as a political ploy to win public approval for any potential infrastructure spending legislation.
- Susan Schwab, former U.S. trade representative, recently told a panel at the Cato Institute that similar provisions in President Barack Obama's 2009 stimulus package made purchasing more expensive and wasted money that could have been used for more projects.

Dive Insight:

Buy America requirements are a broader debate among construction industry groups, as some claim the rules intended to help American manufacturers and suppliers could be hurting construction companies as part of the deal.

Canada obtains approximately 95% of its raw materials from the U.S., an indication that the two countries' economies are extremely interconnected. In the past, Canadian and U.S. officials have been able to establish short-term workarounds and side deals in order to allow continued exporting to the U.S., but experts have doubts that those kinds of exceptions will be possible with a Trump administration and an increasingly protectionist Congress.

Canada and the U.S. are also at odds over Canadian softwood import terms. The trade agreement between the two countries expired in October 2015, but imports continued under a one-year moratorium agreement, which expired last month. Despite 100 days of "intense engagement," the U.S. and Canada still have not been able to work out a deal. According to the National Association of Home Builders, the U.S. wants a four-year phased reduction in

Canadian softwood exports, from a 28% (\$4.6 billion in 2015) share of the American market to 22%, but Canada wants a continuation of the last agreement with no share reduction.

More recently, the U.S. lumber industry has claimed that Canada is selling its wood to the U.S. below fair market value and has started to lobby the U.S. Department of Commerce and the U.S. International Trade Commission to impose import duties. American lumber advocates said that Canada is dumping its wood products in this country and that duties are an essential part of reversing the "harm" to domestic wood producers.