



## Trump Says Companies ‘Have To’ Use US Steel When Making Pipelines

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President Donald Trump said Thursday energy companies are now required to use U.S. steel if they want to construct future projects like Keystone XL and Dakota Access pipelines.

Trump has refrained from suggesting companies should be required to use U.S. steel on pipelines, but he is now mandating companies build the lines with American-based raw materials as opposed to steel from other countries.

“And you’re going to be doing pipelines now, you know that, right?” Trump told United States Steel CEO Mario Longhi during a meeting at the White House. But he said all that support would come with a price.

“We put you heavy into the pipeline business because we approved, as you know, the Keystone pipeline and Dakota, but they have to buy, meaning steel, so I’ll say U.S. steel, but steel made in this country and pipelines made in this country,” the president added.

The real estate tycoon – turned U.S. president – approved both the Keystone XL and Dakota Access pipelines in January, essentially overturning former President Barack Obama’s rejection.

Trump’s apparent mandate creates a bit of a problem for TransCanada, the company building Keystone – the Canadian company has already manufactured all the pipeline material needed to complete the project.

TransCanada said in 2012 that approximately 50 percent of the pipes would come from a plant in Arkansas, operated by Indian conglomerate Welspun. The remaining portions come from Canada, Italy and India, according to the company.

Trump’s requirement will likely not affect the so-called DAPL much since the multi-billion-dollar project is all but completed, despite widespread opposition from environmentalists and Indian American tribes. Energy Transfer Partners, the company behind the North Dakota project, said earlier this week the DAPL will be online by the middle of March.

Free market activists have criticized the idea, suggesting pipelines are private investments that should not be directed by the federal government.

There is no precedent for a U.S. president requiring private companies to use U.S.-made materials, Dan Ikenson, director of the Cato Institute's Herbert's Trade Policy Studies, told reporters in January.

"First of all, this is private investment, so there's no legal authority for the government to require a private company to use domestic materials," Ikenson said.

He added: "Is it good policy to have the president dictate where U.S. companies buy their inputs? No. I think that's terrible. I think that's dictatorial. I think it's very bad precedence."

Other analysts believe such requirements would roil the U.S.' trading partners, leading to decreased imports.

David Henderson, a research fellow at the Hoover Institution and former economic adviser to President Ronald Reagan, for instance, said the policy would be "a bad idea."

"It is a barrier to trade, and barriers to trade make both sides worse off," he said.