



September 10, 2024

The Honourable Chrystia Freeland
Minister of Finance and Deputy Prime Minister
House of Commons
Ottawa, Ontario
K1A 0A6

Dear Minister Freeland,

On behalf of our respective associations, the Canadian Association of Energy Contractors (CAOEC) and the Explorers and Producers Association of Canada (EPAC), we support all efforts to protect and develop Canadian industries, and we generally support the announcement that tariffs should be applied on steel products from China.

However, in reviewing the list of materials that the tariffs will cover, we have concluded there are no Canadian suppliers for items 7304.22.00 and 7304.23.00 referenced in the Schedule to Canada's Custom Tariffs, which our members use daily, and no indication that Canadian steelmakers are interested in producing these specialized materials.

And, as the Canadian International Trade Tribunal ruled in May 2022, "there was no reasonable indication that the alleged dumping and subsidizing (of Chinese produced drill pipe) have caused or threaten to cause injury or retardation" to Canadian producers. <https://www.canada.ca/en/international-trade-tribunal/news/2022/05/tribunal-terminates-inquirydrill-pipe-from-china.html>

While there are suppliers in the United States, it is important to note that their ability to meet the Canadian market's demand in the short term is uncertain, potentially leading to production delays. Furthermore, if they can produce these materials for our market, they will be priced at a premium due to exchange rates and high base costs. The tariffs, therefore are not likely to have any impact on the amount of Chinese steel we purchase. However, it will be passed onto industrial customers ranging from those seeking to develop critical new resources such as helium, lithium, and geothermal energy here in Canada to traditional energy sources such as natural gas and oil that support the livelihoods of thousands of people in remote, rural, and Indigenous communities.

Therefore, we strongly recommend you delay implementing a tariff on these finished products. We also recommend regular reviews to determine whether Canadian producers or their counterparts in the United States are willing or able to supply this specialized market. This ongoing evaluation will ensure that the policy remains in line with the best interests of Canadian industries and consumers.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Mark Scholz', with a stylized flourish at the end.

Mark Scholz
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A handwritten signature in blue ink, appearing to read 'Tristan Goodman', with a stylized flourish at the end.

Tristan Goodman
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