



March 16, 2017

The Honorable Tammy Baldwin  
The Honorable Jeffrey Merkley  
The Honorable Christopher Murphy  
The Honorable Jon Tester  
United States Senate  
Washington, DC 20510

Dear Senators,

I am writing in response to your recent press conference and letters to President Trump. You have argued that other countries' domestic content purchasing restrictions make it difficult for American-made products to compete in those markets, have called for the suspension of waivers or exemptions from Buy American requirements and, in some cases, called for the removal of procurement obligations from the North American Free Trade Agreement (NAFTA). While I cannot comment on the domestic content requirements of other countries, I can tell you that Canada has an open procurement system, whether for private sector or publicly funded projects.

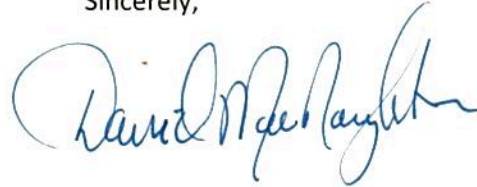
Governments in Canada do not restrict procurement decisions by private companies, which would be a violation of our international trade obligations under the World Trade Organization and the NAFTA. Imposing local content requirements on the purchasing decisions of private companies is unprecedented and would have potentially severe and wide-ranging consequences, including vis-à-vis international trade obligations. These are crucial principles that Canada and the United States have together championed for decades.

With respect to government procurement, Canada's public procurement market is open to U.S. suppliers. While the U.S. federal procurement market is larger in overall value than the Canadian federal procurement market, the Canadian market is much more open. In 2015, only 3% of U.S. federal contracts were won by foreign suppliers, whereas foreign suppliers were awarded 11% of Canadian federal procurement contracts. Furthermore, while U.S. suppliers win more than 9% of Canadian federal contracts, Canadian suppliers win a mere 0.15% of U.S. contracts. It is Canada's open procurement market that has allowed U.S. companies like North American Steel, Microsoft, Anchor QEA, 3M Cogent, Perceptics, Rapiscan System, Norseman Structures, and others to participate in significant Canadian contracts.

Open procurement markets create jobs in both of our economies, opportunities for our businesses and value for our government agencies. Local content requirements in government procurement put these mutual benefits at risk as they negatively affect our cross-border supply chains and jeopardize the millions of U.S. and Canadian jobs that depend on trade. These restrictions also distort investment and result in higher prices and fewer funded projects.

The U.S. – Canada economic partnership is grounded in shared security and prosperity, is balanced and fair, and supports good paying jobs in both countries. Let us find ways to work together to address the challenges that both our countries face to advance free and fair trade, allowing us to build a prosperous future for Canadians and Americans.

Sincerely,

A handwritten signature in blue ink, reading "David MacNaughton". The signature is fluid and cursive, with a large initial "D" and "M".

David MacNaughton  
Ambassador