



November 23, 2017

The Honourable Bill Morneau
Department of Finance Canada
90 Elgin Street
Ottawa, ON K1A 0G5

Dear Minister Morneau:

RE: Application for Remission of Duties Filed by LNG Canada Development Inc. (LNG Canada)

By way of background, the Independent Contractors and Businesses Association (ICBA) has been the voice for B.C.'s construction industry for 42 years, representing more than 2,000 members and clients who collectively employ over 50,000 people. ICBA advocates for its members in support of a vibrant construction industry, responsible resource development, and a growing economy for the benefit of all British Columbians.

ICBA is writing in support of LNG Canada's recent application for remission of duties resulting from a decision of the Canadian International Trade Tribunal (CITT) involving certain fabricated industrial steel components (FISC) originating in, or exported from, China, South Korea, and/or Spain.

Effectively, the recent CITT determination has a significant adverse impact on the Liquefied Natural Gas (LNG) industry's ability to source and import "large complex modules" required to build globally competitive LNG facilities in British Columbia. These components are extremely large, with some weighing in excess of 7,000 metric tonnes, and require specialized transportation vessels. Internationally, there are only a few fabrication yards capable of building these complex modules in line with the requirements and project timelines for LNG projects in British Columbia. These components must be moved by specialized marine heavy-lift ships given their enormous size, and cannot – and will not – be produced in Canada. There is simply no domestic supplier network in Canada that warrants protection.

It is our understanding that CITT did not decide on the critical issue of FISC contained in "large complex modules" which are manufactured in China, South Korea, and/or Spain, despite representations made by LNG Canada. Rather, the CITT generally found as follows:

- On April 25, 2017, the Canadian Border Services Agency (CBSA) made a final determination of dumping for certain FISC that originated from China, Korea, and Spain and subsidization of FISC from China.
- On May 25, 2017, CITT found that FISC originating and exported from China, Korea, and Spain had been dumped, and that FISC from China was also subsidized, thereby causing injury to the Canadian domestic industry.

Of critical importance, these determinations, if left to stand, will have cascading consequences for final pricing estimates by professional firms engaged in various aspects of LNG development, including, for example, engineering, procurement and construction services. This comes at a critical time when LNG firms are "sharpening their pencils" as they drive toward final investment decisions (FIDs) over the next number of months.

LNG development on Canada's west coast represents a generational opportunity for the province of British Columbia and, further upstream, Alberta. Of course, benefits from the industry also accrue to all levels of government – including the federal government – through increased tax revenue, job creation, and the purchase of goods and services throughout the energy value chain. The potential Canadian LNG industry based in British Columbia operates within a highly competitive global context. As providers of construction services, ICBA fears that, should these determinations of CITT stand, there will likely be no LNG industry in British Columbia.

To amplify what is at stake for our national economy, the Conference Board of Canada has estimated that a 30 million tonne per annum LNG industry would deliver \$7.4 billion annually to Canada's GDP, directly and indirectly, and about 65,000 jobs per year over 30 years. Each large-scale LNG plant – the size, for example, of LNG Canada's proposal – would require 4,000 workers during construction, along with 3,000 workers to build the pipeline that will move LNG from B.C.'s northeast to the LNG facility in Kitimat. In short, the benefits to the British Columbia, Alberta, and Canadian economies are significant, and all "hands on deck" are required to realize this game-changing opportunity in the national interest.

We cannot underscore enough the strategic importance of enabling the development of an LNG industry on the west coast to enable Western Canadian natural gas to move off-shore to the vast Asia-Pacific markets. The broad application of CITT's recent rulings are short-sighted and potentially detrimental to the goal of "getting to yes" on final investment decisions for LNG facilities over the next number of months. Time is of the essence, and we encourage you to take every effort to grant LNG Canada's request for a remission of the duties imposed in the CITT's recent decisions.

Respectfully,

Independent Contractors and Businesses Association



Chris Gardner
President

CC: Honourable Jim Carr, Minister of Natural Resources, Government of Canada
Honourable François-Philippe Champagne, Minister of International Trade, Government of Canada
Honourable Carole James, Minister of Finance, Government of British Columbia
Honourable Michelle Mungall, Minister of Energy, Mines and Petroleum Resources, Government of British Columbia
Honourable Bruce Ralston, Minister of Jobs, Trade, and Technology, Government of British Columbia
Mr. Paul Rochon, Deputy Minister of Finance, Government of Canada
Ms. Christyne Tremblay, Deputy Minister of Natural Resources, Government of Canada
Mr. Timothy Sargent, Deputy Minister of International Trade, Government of Canada
Ms. Lori Wannamaker, Deputy Minister of Finance, Government of British Columbia
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Mr. Fazil Mihlar, Deputy Minister, Ministry of Jobs, Trade and Technology, Government of British Columbia
Mr. Geoff Meggs, Chief of Staff to Honourable John Horgan, Premier of British Columbia
Mr. Richard Maksymetz, Chief of Staff to Honourable Bill Moreau, Minister of Finance, Government of Canada
Mr. Ben Chin, Senior Advisor to Honourable Bill Morneau, Minister of Finance, Government of Canada
Mr. Andy Calitz, CEO, LNG Canada
Mr. Byng Giraud, Country Manager, Woodfibre LNG