



Canada's Premiers meet via conference call to discuss NAFTA and Cannabis

December 7, 2017 – Canada's Premiers met via conference call on December 5, 2017 to discuss the current state of the North American Free Trade Agreement modernization negotiations and the significant work remaining on cannabis legalization and regulation.

NAFTA

On their call, Premiers received an update from Canada's Ambassador to the U.S., David MacNaughton, on the status of the North American Free Trade Agreement modernization negotiations. Ambassador MacNaughton noted that while significant progress has been made, Canada continues to reject U.S. extreme proposals as unworkable in areas such as government procurement, rules of origin for autos, investment, dispute resolution, a sunset clause, and supply management.

Premiers continue to support efforts to improve and modernize the North American Free Trade Agreement provided that any new agreement maintains Canada's existing level of market access and does not make trade and investment more difficult across North America.

Premiers note that the federal government has been fully engaging provinces and territories in the negotiation process to ensure their interests are well represented. Provinces and territories will continue to be actively involved in the upcoming negotiations, and will continue engagement and advocacy efforts with U.S. national and state level decision-makers, as well as U.S. industry, business, labour groups, and other stakeholders.

Cannabis Legalization and Regulation

The federal government has made a decision to legalize cannabis. The federal government, as the government advancing this policy change, needs to invest the appropriate resources to support cannabis legalization. Premiers reiterated that provincial and territorial governments are undertaking much of the work associated with cannabis legalization, and are incurring significant costs as a direct result of the federal government's decision.

Provinces and territories have made substantial progress in developing distribution, retail and oversight mechanisms, however, as outlined in the [Report on Cannabis Legalization and Regulation](#) prepared for Canada's Premiers, multiple outstanding areas of uncertainty directly impact the ability to fully develop, design and/or implement their frameworks to meet the federal government's proposed July 2018 timeline.

Specific outstanding concerns include the need for full resourcing for enforcement of impaired driving and public safety; implementation of immediate, comprehensive public education and awareness efforts; resolution of issues related to ticketable offences in federal legislation; and availability of adequate licit cannabis supply with full seed to sale tracking. Health Canada needs to increase its efforts in licensing suppliers. The report noted that in the absence of timely and appropriate resolution of these issues by the federal government, proceeding with implementation on the federal timeline could pose serious risks to achieving the federal government's stated objectives for legalization, including protecting the health and safety of Canadians, preventing young people from accessing cannabis, and reducing the illicit market.

Premiers also discussed taxation arrangements and cost coverage. As Premiers conveyed to Prime Minister Trudeau at the October 3, 2017 First Ministers' Meeting, provinces and territories will have much greater initial and ongoing costs associated with legalization of cannabis than the federal government. Provinces and territories need a more realistic approach to taxation that achieves the desired policy objectives and ensures that the substantial costs incurred by provinces and territories are recouped as a result of the federal government's policy decision.

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