



Premiers Focused on Expanding International Trade and Relationships

SASKATOON, SK, July 10, 2019 – Canada and the United States (U.S.) are long-standing allies and neighbours who enjoy a partnership based on shared geography, economic and security interests, democratic values and family and personal relationships.

Even with Canada's close relationship with the U.S., continuing to build a strong and diverse economy for Canadian workers, families and businesses requires Canada to further build on other international trade agreements and to look for new opportunities in emerging markets. Canada is also a northern nation with a vast Arctic that faces emerging geo-political shifts, in addition to significant development opportunities and challenges.

Canada-U.S. Relations

Canada and U.S. share a long-standing and mutually beneficial connection, having one of the largest bilateral trading partnerships in the world. In 2018, bilateral trade between Canada and the U.S. exceeded C\$742 billion, representing over C\$2.0 billion worth of goods crossing the border every day. Trade and investment with Canada support nearly 9 million jobs in the U.S. Premiers pledged to continue their outreach to U.S. leaders at both the federal and state level in order to highlight the benefits of fair and open Canada-U.S. trade and procurement practices. They discussed the results of their joint mission to Washington, D.C. in February 2019, and expressed a desire to undertake similar missions in the future.

Premiers expressed concern over the growing use of protectionist measures by the U.S., including Buy America requirements at both the federal and state level, and the federal government must work to ensure Canadian exporters are exempt from these policies. They noted the recent decision by Bombardier to lay off workers, is in part, a result of Buy America policies of the U.S. government related to transit procurement. The federal government must take a greater leadership role to ensure Canadian companies are exempt from Buy America given our closely integrated economies. They agreed to work collaboratively to encourage open procurement policies on both sides of the border, consistent with all trade commitments and obligations. The scope of these commitments must provide the necessary leeway to governments to address concerns regarding legitimate local content requirements in key public procurement sectors.

Premiers discussed the current impasse with regard to the World Trade Organization's (WTOs) dispute settlement mechanism. The U.S. has pursued a strategy of blocking appointments and reappointments of Appellate Body members. This impasse poses a critical threat to WTO dispute adjudication and to the effective application of WTO rules. The proper resolution of disputes is central to the interests of Canadian provinces and territories, especially in the areas of softwood lumber and grain trades.

Additionally, Premiers discussed the ongoing softwood lumber dispute with the U.S. Tariffs on Canadian softwood have increased lumber prices in the U.S., and are needlessly driving up the cost of new single-family homes and creating ongoing economic difficulties for forest-dependent communities. Companies, workers and communities that depend on the forest industry continue to be impacted by softwood lumber duties. The urgency of getting a durable solution to this problem has been heightened over the past year as lumber prices have fallen dramatically, and more and more communities have seen their mills curtailed or permanently

shut, with many more on the edge of having to close. Premiers call upon the federal government to redouble diplomatic efforts in Washington to get to a fair negotiated settlement to the dispute while protecting those provinces with current exclusions. In addition to this redoubled diplomatic effort, Premiers call upon the federal government to work with provinces and territories to provide adequate measures to ensure the long-term success of a more diversified industry, and provide needed supports to affected workers, families and communities including Indigenous communities.

Premiers discussed the recent threats by the State of Michigan to shut down the Line 5 pipeline that has operated safely for more than six decades. They expressed support for working together to engage with Michigan and other U.S. states to ensure the continued safe operation of the Line 5 pipeline.

Premiers also discussed the Canada-United States-Mexico Agreement (CUSMA). They called on the federal government to provide a clear commitment on its plans and timelines to financially compensate sectors that will be negatively impacted by CUSMA, and for compensating provinces and territories for costs related to the extension of data protection for biological drugs. The federal government needs to provide compensation for CUSMA market access concessions in the near future.

Expanding and Diversifying International Trade

International exports account for about one-third of GDP and one-in-six Canadian jobs. Canadians and their governments can build on this by taking advantage of opportunities for diversification opened up by recent free trade agreements such as: the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), the Canada-European Union Comprehensive Economic and Trade Agreement (CETA) and the Canada-Korea Free Trade Agreement (CKFTA).

Premiers encouraged the federal government to continue to expand and diversify Canada's trade partnerships, consistent with its inclusive trade agenda, with additional trading blocs such as MERCOSUR and ASEAN. The federal government must actively and meaningfully engage provinces and territories to ensure that provincial/territorial interests are fully represented in current and future trade negotiations.

Premiers are committed to support the federal government's efforts on this front. Two proposed COF led international missions are under consideration. The first is a mission to key markets in the European Union to support further ratification of CETA and build on existing trade relationships. Premiers will also explore the opportunity to participate in next year's National Governors Association Winter Meeting.

Premiers shared concerns about ongoing market access issues such as restrictions imposed on canola seed, pork and beef exports to China as well as pulse exports to India. Canadian producers are being harmed due to circumstances beyond their control. Premiers support the federal government in its work to expand international trade, and called for all appropriate actions to be taken to have these issues resolved in order to restore certainty for Canadian workers and businesses. They further called on the federal government to provide support for sectors affected by such issues. Premiers also look forward to receiving details on compensation for the agricultural supply managed sector under CPTPP and CETA, as announced in the last federal budget.

Relationships with China remain a priority for Canadian Premiers. China is Canada's second-largest trading partner, an important market for Canadian businesses and a key source of investment. Provinces and territories will continue to constructively engage with their Chinese partners, clients and investors to grow the Canadian economy. Premiers are committed to

open, transparent and rules-based trading relationships and will continue to look for ways to move forward that best protect all facets of the interests of their respective citizens.

Strengthening Canada's Position in the Arctic

Premiers discussed recent policy statements on the Arctic made by other countries, including the U.S., regarding Canada's sovereignty over the Northwest Passage, and a general geo-political shift in international approaches to the Arctic. They agreed that the Arctic is essential to all Canadians.

Premiers assert the need for a long-term plan with the federal government that provides tangible, nation-building investments for Canada's Arctic, developed with provinces and territories and the people who live in the Arctic, that shows Canada's commitment to the region and protects Canada's vast potential and opportunity as an Arctic and northern nation.

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