

October 17<sup>th</sup>, 2016

The Right Honourable Justin Trudeau, Prime Minister of Canada  
Office of the Prime Minister  
80 Wellington Street  
Ottawa, ON K1A 0A2

Dear Prime Minister,

Our Chamber is writing you in response to your government's recent announcement of a federally imposed carbon pricing system.

It is often reported that Saskatchewan has the highest per-capita rate of carbon emissions in Canada. We are also an export-focused province with very cold winters and a small, dispersed population that is landlocked from many of our markets. Although we have geographical challenges, we also have resources to help people in the world feed and provide for their families; we are mining natural resources, building machinery, and growing food in a highly competitive global marketplace. Our Chamber is of the view that these facts need to be accommodated as part of our country's efforts to limit carbon emissions.

Our foremost concern with the federal government's current proposal is that it fails to provide recognition and accommodation for industries that are exposed to international competitors who will not be subject to the same carbon emission costs that this policy will impose. This policy flaw will drive carbon-emitting industries that are exposed to international competition away from investing in Canada and relocate these activities and jobs to other parts of the world not subject to these costs. To quote the Canadian Chamber of Commerce "we have to ensure that we do not simply shift Canadian jobs to other jurisdictions with no benefit for the global environment".

When it comes to international trade, Saskatchewan is Canada's most successful province, with a trade surplus with virtually every country in the world. That success is why our Chamber remains an ardent supporter of expanded trade agreements like the Trans-Pacific Partnership. Along with that trade success comes exposure to international trade competition at a level far exceeding that of many other provinces. The results of the announced carbon pricing would be a "Made in Canada" pricing premium on our exports that would put us at a significant disadvantage versus global competitors without such taxation.

The concept of trade exposure is recognized, and accommodated for, in other carbon emissions policies around the world. Others acknowledge the inherent economic performance risks of industries exposed to global competition from jurisdictions with lower or no carbon emission pricing systems. Some of our largest competitors lack any such carbon pricing systems including many parts of the former Soviet Union, the United States, and Australia (which repealed its carbon taxes in 2014). We seek more flexibility to match our emissions limitations measures with those of competing jurisdictions.

We respectfully call on the federal government to clarify the policy proposal to acknowledge the impact that competitive forces have on our exporters. In the absence of such a policy amendment by our federal government, our Chamber must support the Saskatchewan government's actions against this policy to ensure our local businesses and industries are protected from the negative economic consequences of this policy flaw.

Lastly, our Chamber is disappointed that your speech neglected to acknowledge the many Saskatchewan-developed innovations that offer the great potential to help many countries with the dual challenge of sustainably feeding and caring for their people while limiting carbon emissions. One example is the development, refinement and early adoption of conservation tillage methods by our agricultural community. Our Chamber considers the conservation tillage story as Canada's most significant achievement in helping to feed the world in a sustainable way while simultaneously sequestering carbon.

The proven benefits of conservation tillage equipment have helped our Saskatchewan-based agricultural manufacturers to become world technology leaders. They are exporting this technology and methods (and consequently improving global carbon sequestration in the process) which has a significant benefit on limiting the world's atmospheric carbon levels. We assert that the rapid advancements in the field of agricultural biotechnology can offer far greater carbon sequestration benefits than has been achieved by cap-and-trade or carbon tax systems.

We assert that future Canadian innovations can be used with great success to combat the issue of carbon emissions worldwide, and hope your government agrees that the use of conservation tillage is the greenest initiative on the planet. We hope that you will more forcefully enunciate this as part of the solution to: feeding the world in a sustainable fashion; limiting carbon emissions; and creating sustainable careers and industry for Canadians.

Thank you in advance for your consideration of our comments. We hope that these innovations will become part of a nationwide conversation of how to attain a reduction in carbon emissions while improving the lives of the world's people.

Sincerely,



Kent Smith-Windsor  
Executive Director  
Greater Saskatoon Chamber of Commerce

cc.

Hon. Catherine McKenna, M.P.  
Minister of Environment and Climate Change  
Government of Canada

Hon. Brad Wall  
Premier of Saskatchewan

Hon. Scott Moe, M.L.A.  
Minister of Environment  
Government of Saskatchewan

Hon. Kevin Doherty, M.L.A.  
Minister of Finance  
Government of Saskatchewan

Hon. Jeremy Harrison, M.L.A.  
Minister of the Economy  
Government of Saskatchewan