



100 ans d'entrepreneuriat



July 31, 2009

The Honourable Dalton McGuinty
Premier of Ontario
Legislative Building, Queen's Park
Toronto, ON M7A 1A1

Dear Premier:

We are writing to you, your colleagues in other provinces and territories, and the federal government to urge you to work together on three critical issues that include:

- Protecting Canadian businesses from protectionism in the United States,
- Negotiating a comprehensive enhanced economic-partnership agreement with the European Union, and
- Removing interprovincial barriers to trade, investment, and labour mobility.

The upcoming Council of the Federation summer meeting to be held in Regina, Saskatchewan is the perfect opportunity for the leaders of all provinces and territories to make important progress on these three issues. Leadership from all levels of government and a commitment to work together is necessary for Canada to come out of the current economic downturn stronger and more competitive.

The “Buy American” provisions in the U.S. stimulus package have shut Canadian producers of iron, steel, and manufactured goods out of access to billions of dollars worth of state- and municipal-level public procurement projects. Despite being protectionist, the U.S. government is within its rights to block foreign producers from its public procurement markets because state- and municipal-level procurement markets are not completely covered in any international trade agreement like NAFTA or the WTO. Of even greater concern is that the U.S. stimulus package is not a one-off policy. Six other pieces of legislation currently before Congress contain similar “Buy American” provisions. The situation can snowball, to the detriment of thousands of Canadian jobs, unless the Canadian government, in partnership with all provinces and territories, negotiates a comprehensive and reciprocal procurement agreement with the United States that keeps markets open in all levels of government for suppliers in both countries.

We are pleased to see, in their June 2009 communiqué, the positive signs from the Premiers of interest to work with the federal government on a procurement agreement. At this critical point, with Canadian businesses being shut out of subnational U.S. procurement markets, we ask you and your provincial and territorial colleagues to reaffirm your commitment to working with the federal government to negotiate a comprehensive and reciprocal public procurement agreement with the United States. Such an agreement is a long-term solution to a problem hurting businesses now. To complement the long-term solution we also ask that you work with the federal government and your state-level colleagues in the United States to get an exemption for Canadian businesses through a public interest waiver. Our economies are integrated. To come out of the current economic downturn stronger and more competitive we need to work together, not shut each other out.

Another area requiring federal and provincial and territorial cooperation is the negotiations for an enhanced economic-partnership between Canada and the European Union. The EU is our second most important trade and investment partner. A closer economic partnership is projected to generate \$40 billion in annual trade and investment gains. This means more market access opportunities for Canadian goods and services producers and more jobs for Canadians.

To grow our economy and create more jobs we need a comprehensive agreement. Such an agreement would include the participation of Canadian provinces and territories, just as all 27 member states of the EU need to be. We are pleased to see the majority of the Council of the Federation supports negotiations with the European Union. We ask that you re-affirm your commitment at your summer meeting. It will send a strong message to Canadian businesses and the international community that all of Canada is united in wanting to open global markets during the current economic downturn.

Another way to strengthen our economy during these difficult times is to remove barriers to trade, investment, and labour mobility between provinces and territories. Last year the Council of the Federation committed to removing barriers to labour mobility and put in place a dispute settlement mechanism with enforcement capabilities through the *Agreement on Internal Trade* (AIT). We ask that you provide an update at this summer’s meeting on the implementation of the labour mobility provisions and the new dispute settlement mechanism, in addition to putting forward a detailed plan for removing all interprovincial trade, investment, and labour mobility barriers. We urge you and your colleagues to keep all options on the table for removing interprovincial barriers. Because the AIT may not be the most effective route to take, we believe Premiers should consider looking at a Canada-wide *Trade, Investment and Labour Mobility Agreement* like the one signed by Alberta and British Columbia.

We hope that these comments will be helpful to you and your colleagues and we want to extend every good wish for a successful Council of the Federation meeting.

Sincerely,



Perrin Beatty
President and CEO
The Canadian Chamber of Commerce



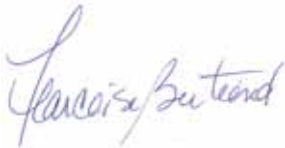
Ken Kobly
President and CEO
Alberta Chambers of Commerce



Bill Denyar
President and CEO
Atlantic Provinces Chambers of Commerce



John Winter
President and CEO
British Columbia Chamber of Commerce



Françoise Bertrand
President and CEO
Fédération Des Chambres de Commerce du Québec



Graham Starmer
President
Manitoba Chambers of Commerce



Len Crispino
President and CEO
Ontario Chamber of Commerce



Steve McLellan
President and CEO
Saskatchewan Chamber of Commerce



J.D. (Dave) Austin
President and CEO
Yukon Chamber of Commerce

c.c.: Honourable Darrell Dexter, Premier of Nova Scotia
Honourable Brad Wall, Premier of Saskatchewan
Honourable Jean Charest, Premier of Quebec
Honourable Shawn Graham, Premier of New Brunswick
Honourable Gary Doer, Premier of Manitoba
Honourable Gordon Campbell, Premier of British Columbia
Honourable Robert Ghiz, Premier of Prince Edward Island
Honourable Ed Stelmach, Premier of Alberta
Honourable Danny Williams, Premier of Newfoundland and Labrador
Honourable Floyd K. Roland, Premier of Northwest Territories
Honourable Dennis Fentie, Premier of the Yukon Territory
Honourable Eva Aariak, Premier of Nunavut
Honourable Tony Clement, Minister of Industry
Honourable Stockwell Day, Minister of International Trade



PREMIER OF SASKATCHEWAN

LEGISLATIVE BUILDING
REGINA, CANADA S4S 0B3

September 4, 2009

The Honourable Perrin Beatty, P.C. et al.
President and CEO
The Canadian Chamber of Commerce
420 - 360 Albert Street
OTTAWA ON K1R 7X7

Dear Mr. Beatty et al.:

A handwritten signature in blue ink that reads "Perrin".

Thank you for your letter of July 31, 2009, from the national, regional and provincial Chambers of Commerce in Canada regarding the 2009 Council of the Federation meeting, on August 5 - 7, 2009 in Regina, Saskatchewan.

I appreciate your taking the time to provide me with the views of the Canadian Chamber of Commerce on growing United States protectionism, the European Union economic partnership agreement negotiations, and on the removal of interprovincial barriers to trade investment and labour mobility. We share many of the concerns that you identify and as well, the solutions that you propose. The Government of Saskatchewan has been active in all three discussions with the view to keeping all options open in order to advance our economic interests and to advocate for trade policy directions that will enhance Canada's competitive position internationally.

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The Honourable Perrin Beatty, P.C. et al.

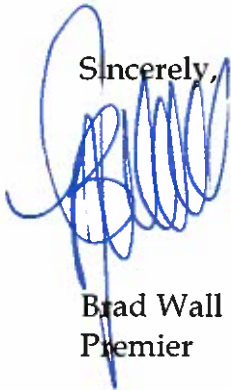
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September 4, 2009

The Premiers' discussions focused on addressing the economic downturn and its impact on citizens, and building long-term prosperity in Canada. We discussed how governments can best work together and with stakeholders towards these common goals. In particular, Premiers agreed on action in a number of areas, including the issues raised by the Chambers. Our conclusions and decisions with respect to these issues are contained in the meeting communiqués, which are enclosed for your information.

Again, thank you for your comments.

Sincerely,



Brad Wall
Premier

Enclosures

cc Honourable Ken Cheveldayoff
Minister Responsible for Trade





PREMIERS ADVANCE OPEN TRADE IN CANADA

REGINA, August 7, 2009 – Premiers today agreed on a new Agriculture Chapter for the Agreement on Internal Trade. This builds on the achievements of the Council of the Federation in recent years to further increase the free flow of people, investment, goods and services in Canada.

The new Agriculture Chapter will prevent unreasonable use of technical measures to diminish open trade in agricultural products across Canada. The Chapter will not apply to measures relating to supply management systems regulated by federal or provincial governments or to provincially regulated marketing boards.

All jurisdictions in Canada have now approved the new Labour Mobility Chapter of the Agreement on Internal Trade, allowing professionals and tradespeople greatly improved freedom and opportunity to pursue their careers across Canada. All Premiers have agreed to the new Dispute Resolution Chapter.

Building on these successes, Premiers have agreed to initiate a new round of improvements on internal trade. This includes:

- **Person-to-Government Dispute Resolution Mechanism:** Building on the successful work on the Government-to-Government Dispute Resolution Mechanism, Premiers direct Ministers responsible to provide options for improvement to the Person-to-Government mechanism in advance of the 2010 COF Summer meeting.
- **Full Labour Mobility for Financial Sector Occupations:** Premiers asked Ministers responsible for Internal Trade to complete a review of financial sector occupations and make recommendations relating to full labour mobility under Chapter 7 of the *Agreement on Internal Trade*.
- **Business and Transportation Regulations:** Premiers direct Ministers responsible for internal trade to move quickly to reconcile extra-provincial corporate registration and reporting requirements and multi-provincial business licensing regulations. Premiers also directed Transportation Ministers to develop an action plan to reconcile transportation regulations. They are to report with timelines and proposed amendments by December 31, 2009.

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For more information:

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THE COUNCIL
OF THE FEDERATION

PREMIERS TO STRENGTHEN CANADA-US RELATIONS

REGINA, August 7, 2009 – Millions of jobs in Canada and the United States are linked to the integrated economies and supply chains that currently exist. Premiers strongly support the work of Prime Minister Stephen Harper and International Trade Minister Stockwell Day on Buy American provisions. Premiers will work alongside the federal government to rapidly reach an agreement with the US administration that would exclude Canada from the negative effects of these provisions and address the concerns of Canadian businesses. Premiers are also fully committed to participating with the federal government in further negotiations toward a broad, reciprocal procurement liberalization agreement with the US.

Premiers will continue their advocacy efforts with the US Administration, Congress, Governors and US business and labour leaders, on a bilateral, regional and nation-wide basis in order to impress upon them that:

- Canadian energy exports can help meet American energy security and environmental objectives;
- hydroelectricity is a renewable energy source and should be recognized as such in the *American Clean Energy and Security Act* presently before Congress.

The Council of the Federation will conduct a mission to Washington, DC, during the winter National Governors Association Meeting to promote the advantages of the Canada-US trade and energy relationship.

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PREMIERS FOCUS ON CANADA'S PLACE IN THE WORLD

REGINA, August 7, 2009 – Premiers discussed the importance of enhancing international relationships, particularly with the European Union (EU) and Asia-Pacific.

Premiers welcomed the federal government's invitation to provinces and territories to take part directly in the EU negotiations in areas under their jurisdiction.

Premiers have been taking a leadership role in promoting increased trade in the Asia-Pacific, for instance by leading a mission to China last November. Premiers urge the federal government to promote and launch negotiations for comprehensive economic partnership agreements with China, India, Japan and other Asian economies, in the coming year.

Premiers call for the federal government to make it easier for Mexicans living outside Mexico City to obtain Canadian visas and to work on a longer-term resolution of this issue.

Much of the leadership on climate change in North America to date has come from provinces and territories and US states. Premiers agree that Canada would be well-served to work with the United States on a continental approach to climate change and energy security.

Premiers accept Environment Minister Jim Prentice's invitation to join him in Copenhagen and to participate in the development of the Canadian position in advance of the COP 15 meeting in December.

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PREMIERS FOCUS ON INNOVATION

REGINA, August 7, 2009 – Premiers agreed on the vital importance of innovation in ensuring Canada’s economic recovery and long-term prosperity.

“There are going to be huge opportunities available to our respective regions and the country, as the global recovery begins to take hold,” said Premier Brad Wall, Chair of the Council of the Federation. “It’s now very important to begin taking action to ensure we’re ready to take advantage of new opportunities.”

Premiers focused their discussions on innovation to green the economy, improve competitiveness and support the knowledge sector.

It is important to act now to green the economy. The early mover advantage on green innovation will enable jurisdictions to capture new markets and emerge from the current challenging economic climate smarter and more prosperous. Different approaches across this diverse country could include smarter electricity grids, increasing renewable energy, high speed rail, public transit, CCS technologies and cold climate technologies.

Premiers agreed to implement a Canada-wide water efficiency labeling program. This program will reduce water consumption by informing consumers of the most efficient products on the market.

Premiers also agreed to create a Council of the Federation Water Stewardship Council based on the already existing Council in Western Canada. The Council of the Federation Water Stewardship Council will focus its work on water efficiency and conservation and will report to the Premiers at their next summer meeting.

Premiers called on the federal government to modernize *Canadian Environmental Assessment Act* by amending the legislation to permit the federal government to enter into agreements with provinces and territories on a case by case basis to allow for the process and decision to be made on a one project-one assessment basis. The benefits of one project-one assessment include reducing overlap, eliminating unnecessary delays and assigning clear authority for decision-making, while ensuring the highest standards of environmental protection.

Provinces and territories have taken steps to make their tax systems less complex, more efficient, and more attractive to business, workers and consumers. Fully utilizing tax systems to support the knowledge sector is critical. To this end, Premiers called on the federal government to:

- ensure its Scientific Research and Experimental Development tax incentive works in a complementary fashion with provincial and territorial tax incentives; and,
- remove unnecessary barriers to foreign capital and research and development investment.

Premiers encourage citizens and the private and public sectors to further embrace innovation as a core principle. Premiers identified numerous additional areas where they will be taking action to strengthen innovation, which are outlined in the attachment.

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APPENDIX: PREMIERS FOCUS ON INNOVATION

Innovation and Competitiveness

Canada is expected to have the lowest statutory corporate income tax rate in the G7 by 2012 and a marginal effective tax rate on new investment that is lower than the average of the OECD countries.

Premiers call on the federal government to work in partnership with provinces and territories to expand and sustain the use of broadband technology.

To create a supportive environment for open innovation, Premiers task Ministers responsible for Innovation to:

- develop better information on innovation, for example private sector investment in research and development; and,
- explore the linkages between bankruptcy laws, entrepreneurship and venture capital.

Green Economy

Aligning environmental, economic and energy security goals will support an economy that is both strong and sustainable.

It is important to act now. The early mover advantage on green innovation will enable jurisdictions to capture new markets and emerge from the current challenging economic climate smarter, greener, and more prosperous. Premiers are leading the transition toward a greener economy by promoting clean energy, energy efficiency within government and broader society, investment in greening the economy, and the creation of green jobs.

Building a stronger, greener economy with lasting, well-paying jobs for Canadians is a key goal for Premiers, and they support, where appropriate:

- More efficient and cleaner electricity grids – smart grids – that make use of advanced innovative technologies to effectively harness and distribute the various types of energy sources generated across Canada.
- Other forms of green infrastructure that will lead to real reductions in greenhouse gas (GHG) emissions, such as high speed rail and public transit.
- Carbon capture and storage (CCS) technologies that have the ability to substantially reduce GHG emissions while retaining Canada's ability to provide much-needed energy to the world.
- Promotion of energy management in the commercial and industrial sectors.
- Continued development and expansion of the use of clean and renewable energy sources such as geothermal, wind, solar, tidal, hydro, biomass and biogas.
- Development of alternative transportation fuels, such as cellulosic ethanol, that reduce greenhouse gas emissions.

- Promotion of cold climate technologies.

Premiers invite the participation and input of all energy stakeholders, including the federal government, to move the green economy forward and ensure a sustainable and secure energy future for Canada, continued economic growth and prosperity and enhanced environmental and social responsibility.

Environmental Assessment

Competitiveness is tied to a well functioning economy. Reducing the overlapping regulatory burden is a priority. Premiers continue to support a comprehensive review of the *Canadian Environmental Assessment Act* to help address concerns with timing, efficiency and certainty of process.

The Premier of Yukon shared information with the Council on the Yukon Environmental and Socio-economic Assessment Act (YESAA), which has been in effect since November 2005.

Premiers support the need for territorial governments to be closely involved in the development of any federal action plan for regulatory improvement in the North, including any resulting changes to environmental assessment processes.

Skilled Workforce

There is a clear link between literacy, skills and education and people's job opportunities and quality of life.

Highly skilled workers are essential to an innovative and green economy. Premiers are committed to ensuring that post-secondary education and training is accessible and responsive to the changing needs of society and individuals.

Premiers recognize the importance of establishing flexible employment and training programs to better meet the needs of Canadians affected by the economic downturn.



Premier of Alberta

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September 8, 2009

Mr. Perrin Beatty
President and CEO
The Canadian Chamber of Commerce
420, 360 Albert Street
Ottawa ON K1R 7X7

Dear Mr. Beatty and Colleagues:

Thank you for your letter of July 31, 2009 regarding "Buy American" provisions in the American Recovery and Reinvestment Act of 2009 and other United States legislation, forthcoming trade negotiations with the European Union (EU) and recent developments under the Agreement on Internal Trade. .

I understand that your organization has been consulted by the Government of Canada on the proposed two-track approach to dealing with restrictive United States government procurement rules. Canada's long-term objective is to achieve a comprehensive agreement covering US and Canadian federal, state, provincial and local governments. On August 7, 2009 Premiers of all the provinces, as the Council of the Federation, confirmed their willingness to work with the federal government toward this goal.

In the short term, Alberta has worked with the other provinces, territories, and the federal government on a proposal for an interim arrangement with the United States. This proposal contains solid and meaningful commitments by the provinces and territories and has recently been shared with the United States. We hope this interim arrangement will help establish a constructive environment for comprehensive negotiations.

The United States federal government, in the Recovery Act, has already committed to abide by its international trade agreement obligations with respect to its own procurement. Canada will seek a waiver from the federal "Buy American" provisions in the Recovery Act and subsequent enactments. However, the interim arrangement will not exclude Canadian suppliers from local preferences adopted by US states or local governments.

Thank you for your comments on the Canada-EU Comprehensive Economic and Trade Agreement negotiations, which were launched in May 2009. At the August 2009 Council of the Federation meeting, Premiers discussed the importance of enhancing our relationship with the EU and welcomed the federal invitation for provinces and territories to take part directly in negotiations in areas under their jurisdiction.

A positive conclusion to these negotiations will provide additional opportunities for Canadian firms as well as a degree of security from European protectionist measures. This will allow Canadian companies to diversify their markets and withstand economic downturns. For Alberta, a key objective in these negotiations will be the removal of barriers to market access for our exports, including agricultural products.

A number of improvements to the Agreement on Internal Trade were noted by Premiers in their communiqué of August 7, 2009, which is enclosed for your reference. Notably:

- All Parties have signed the Agreement's new Labour Mobility Chapter and it has been in force as of August 11, 2009. Work has now begun to extend the Chapter to financial service sector occupations as they are the only occupations not currently covered by the Chapter.
- The Agreement's new Dispute Resolution Chapter with enforceable penalties is awaiting the signature of one Party. Parties have also initiated the development of options to improve the Agreement's person-to-government dispute resolution provisions for the Council of the Federation's consideration at its summer 2010 meeting.
- The Council also endorsed proposals to reconcile extra-provincial corporate registration, reporting requirements and multi-provincial business licensing regulations.
- Finally, the Council approved a new Agriculture and Food Goods Chapter, and directed that an Energy Chapter be completed by fall 2009.

Once again, thank you for writing and sharing your views on these issues.

Sincerely yours,



Ed Stelmach

ES/dm

Enclosure



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