

## **Ade Olumide**

**Kanata-Carleton Nomination  
Campaign Launch  
Conservative Party of Canada**



**December 12, 2014**

### **Policy Opinion:**

#### **\$50 Billion Liberal Carbon Tax Kills Jobs**

#### **Removing Inter- provincial Energy Trade Barriers Creates Jobs**

The Harper Conservative Government has free trade agreements with over 30 countries; the most recent Canada-EU Comprehensive Economic and Trade Agreement (CETA) opens new markets for Canadian exporters. In a December 5, 2013 open letter to the Committee on Internal Trade, The Canadian Chamber of Commerce, Canadian Council of Chief Executives, Canadian Federation of Independent Business, Canadian Manufacturers and Exporters, Canadian Restaurant and Foodservices Association, Certified General Accountants Association of Canada and the Vegetable Oil Industry of Canada wrote “One of the most commendable aspects of CETA was that it was reached with the inclusion and support of the provinces and territories, a sign that all jurisdictions recognize the importance of increased trade and the value of working together to create a strong economic union. It is an embarrassment that we are able to provide greater benefits to our trading partners than to each jurisdiction within Canada. We can no longer excuse the fact that our domestic market remains divided by unnecessary barriers and urge you to work with the provinces and territories to rectify this fact.”

The Canadian economy would benefit from a modernized Agreement on Internal Trade (AIT) which lowers the cost of production and increases international competitiveness by eliminating barriers to interprovincial energy trade. The AIT defines energy services as “(c) energy transportation facilities, including electricity transmission lines and pipelines; and (d) energy exploration, development, production and processing facilities, equipment and activities”. According to Industry Minister James Moore the yearly cost of interprovincial trade barriers to the Canadian economy is about \$50 billion dollars.

While an affordable budget for wind / solar power has merit, high energy costs are a contributory factor to 7% unemployment. Within one year, job loss announcements in the largest Province in Canada include Ford, Kellogs, CCL Industries, Imperial Oil Enterprises, H.J. Heinz Company Canada, Stelco (US Steel), Gerdau Ameristeel, ACCO Brands, Myers

Industries Lawn, GSW Plant (AO Smith), John Forsyth Shirt Company, Behar-Cline Manufacturing, ExxonMobil Chemical Film Plant, Caterpillar, Xstrata, Stanley Tools, Kraft Canada, General Mills Canada and Hershey.

Under section 91(2) of the Constitution Act, 1867 regulation of trade and commerce is federal jurisdiction. The Supreme Court treats intra provincial trade as provincial jurisdiction and extra provincial trade as federal jurisdiction. Under section 121 of the Constitution Act of 1867 “All articles of the Growth, Produce, or Manufacture of any one of the Provinces shall, from and after the Union, be admitted free into each of the other Provinces”. As a result of the failure of constitutional amendments in the Charlottetown Accord, the federal, provincial, and territorial governments entered into the AIT in 1994, it includes an exception for energy. The 2007 British Columbia Alberta Trade, Investment, and Labour Mobility Agreement (TILMA) are an agreement without a sectorial chapter for energy and could be used as a model for a modernized AIT agreement.

The 2014 Release by Industry Minister James Moore One Canada, One National Economy, could be a first step to a summit of provincial, territorial and federal energy ministers to modernize the Energy chapter of the AIT Agreement or a separate energy trade agreement that will create jobs while achieving affordable energy independence for Canada. Interprovincial infrastructure funds like the New Building Canada or other job creation funds could be a tool to support interprovincial transmission upgrades.

In 2013, the Canadian Electricity Association made an interprovincial regional hydro submission to the Council of the Federation. In July 2014 Saskatchewan Premier Brad Wall, Alberta Premier Dave Hancock and B.C. Premier Christy Clark sent a letter to other premiers highlighting the importance of removing interprovincial trade barriers. In May 30, 2014 Jacques Daoust, Minister of the Economy, Innovation and Exports, Quebec, “I will work closely with my provincial colleagues to determine how to make this agreement even more effective and facilitate trade between us. Quebec will play an active role on the Council of the Federation. Eliminating barriers to internal trade paves the way for our businesses to grow. We stand to win by having an economic environment that is open, reliable and efficient. We must continue to make much-needed amendments, taking into account advances on the international trade agreement front.”

It is possible to exercise environmental stewardship without killing jobs by allowing value for money to determine clean energy solutions. The October 2014 Ontario Independent Electricity Operator report recommended that “The IESO and the OPA should work with Hydro Quebec and Manitoba to explore opportunities for clean imports”. Cornwall buys affordable, renewable and environmental friendly electricity from Quebec, but Ontario is buying electricity through a sole source contract at up to 10\*market rate, only to sell excess power to the US and other locations at a loss of about \$1 billion per year. As the 2<sup>nd</sup> largest economy in Ontario, an opportunity for the City of Ottawa to reduce our environmental foot print by buying from Quebec is worth a Hydro Ottawa MOU with Hydro Quebec. The

October 2014 IESO report also states that Ontario is already importing peak demand hydro from Quebec, through a 500 MW Ottawa transmission line.

The Ontario Auditor General December 2014 reports references a \$50 billion cost for paying above market rates for electricity. No Canadian company was allowed to bid on the \$7 billion sole source Samsung contract; this runs counter to the spirit of WTO, NAFTA, and AIT trade agreements which all encourage competition to obtain best value. As a result, while at the Municipal Taxpayer Advocacy Group, Ade Olumide persuaded 37 municipalities across Ontario to pass a motion that Hydro should be affordable and now, his only nomination campaign platform is to try to create jobs by working to remove interprovincial trade barriers. Canadian exporters can no longer rely on a 60 cents dollar to compete; in an era of globalization and free trade agreements, we are in a better position to compete by removing interprovincial trade barriers and increasing productivity by up to \$50 billion.

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