



Cement Association
of Canada Association
Canadienne
du Ciment

March 28, 2011

Honourable Christy Clark
Premier
PO Box 9041 STN PROV GOVT
Victoria, BC V8W 9E1

Dear Premier Clark;

On behalf of the British Columbia cement industry, I congratulate you on becoming the province's 35th Premier. We look forward to working with you on your "Families First" agenda, to continue our efforts in rebuilding the BC economy and to creating well-paying jobs in the cement and ready mixed concrete industries.

Cement and concrete have been a critical part of British Columbia's history since the first cement powder was imported in sacks and combined with local water, sand and gravel to form concrete blocks and to lay foundations. (In case you didn't know, cement is the glue that holds the sand, water and gravel together and there is no substitute.) BC's own cement manufacturing began in earnest in the late 1800s in Bamberton, Vancouver Island, and the province has been self sufficient since.

Today, BC has 3 cement kilns that grind Texada Island and Kamloops limestone, heated with Kootenay coal to produce the ultimate cement. Lafarge North America has kilns in Richmond and Kamloops and Lehigh Hanson has a kiln in Delta. The Lower Mainland kilns are state of the art facilities.

Combined, the BC cement and sister concrete industries have 124 facilities in BC, employ over 9,600 skilled workers and managers and generate an annual economic impact over \$1.4 billion. Almost every BC community with a population of 5,000 or more has at least one ready mixed concrete facility.

BC's cement kilns are proud to have exemplary safety records, environmental controls that exceed provincial and federal requirements and solid roots in their local communities.

When the BC Government's ambitious environmental agenda was unveiled a few years ago, it raised the province's profile within the global cement industry. The industry quickly noted that BC's green house gas (GHG) goals far exceeded those of any other North American jurisdiction, and in some areas are the highest in the world. The industry has been supportive of the government's green agenda, but has been very concerned about unintended consequences, especially those related to competitiveness.

For example, the advent of the carbon tax has increased costs for the BC cement industry and spurred interest in local alternative fuels. However, the rapid rise in untaxed foreign cement powder imports (from 8% to 22% in 2 years) has alarmed the industry, while at the same time allowing for increased GHG emissions from the extraneous transportation of the imported cement.

In addition, BC's unique carbon tax has hurt the cement industry's traditional ability to export cement powder into the Pacific Northwest. BC's carbon tax is making it more economical to manufacture cement from BC materials in other jurisdictions and service the BC market tax free.

To date, the BC Government's interest in stemming this leakage in carbon emissions and local jobs has been tepid at best. A joint BC Government/Cement Industry competitiveness study is underway, but the local economic impacts are real and effects being felt now in BC in terms of both reduced productivity and rotating layoffs.

As a result, BC's cement companies' HQs in France and Germany have had reservations about the ability of the BC Government to effectively manage its environmental initiatives alone in a very competitive marketplace. This view had been originally exacerbated by the absence of general or sectoral industry consultations before the imposition of the carbon tax.

On a more positive note, the cement industry has been an active participant in the BC Climate Action Secretariat's (CAS) preparatory work for the implementation of the Western Climate Initiative (WCI) Cap and Trade system in 2012. Our relationship with your CAS officials is very good and we have appreciated our very reliable, two-way dialogue. However, at the political and policy level we remain concerned about the increasingly short implementation timeframe and the absence of published regulations, especially on allowances and allocations.

Also, you may be interested to know that BC's cement companies have been very active in the last 2 years exploring local alternative fuel options. We have been in regular communication with officials of Metro Vancouver and the Capital Regional District over their solid waste plans. We have also had meetings with BC Bioenergy, especially on the high cost of wood pellets currently being exported for fuel to Europe. The cement companies have a long term interest in using bio fuels, solid waste, bio waste and bio solids as supplementary fuels to reduce their Lower Mainland Airshed emissions even further, and will continue its efforts in this area.

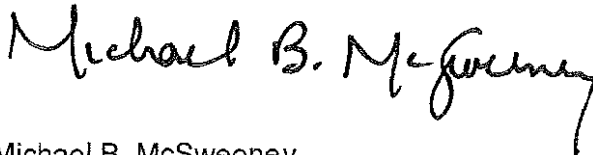
Finally, we look forward to your Government's direct use of our industry's newest "green" product - Portland Limestone Cement, which was approved for use in BC late last year. PLC cement produces 10% less GHG emissions than traditional cement, and is another high – quality, made in BC product. It is an easy way for the BC Government to reduce its carbon foot print when building schools, hospitals, buildings, roads and highway.

The Canadian cement industry has earned a world class reputation for innovation, product quality, environmental performance and research. The industry is committed to producing green, sustainable products that benefit all communities. We pursue this goal through the environmentally responsible manufacturing of cement and the research, development and provision of cement and concrete products that contribute to sustainable construction of homes, buildings, structures and roadways.

The cement industry is excited about its prospects in BC and looks forward to working with your government to reach our mutual goals – keeping a clean environment, building a strong economy, creating secure, well - paying jobs and growing healthy families.

Once again, congratulations on your becoming Premier of British Columbia. We look forward to working with you, your Ministers, staff and officials.

Sincerely;



Michael B. McSweeney
President & CEO

cc: Kevin Falcon, Minister of Finance
Terry Lake, Minister of Environment
Rich Coleman, Minister of Energy and Mines



April 13, 2011

Michael B. McSweeney
President and CEO
Cement Assn of Canada
#502, 350 rue Sparks Street
Ottawa, ON K1R 7S8

Dear Mr. McSweeney:

Thank you for your kind words of congratulations. I am looking forward to this opportunity to renew confidence in government and build on the successes of the past decade.

I appreciate receiving your insight on the importance of the cement and concrete industry. Your overview of its significance in BC is appreciated as well.

I have noted your concerns about the green house gas goals we previously announced and the impact of the carbon tax. I have shared your information with my Minister of Environment, the Honourable Terry Lake and his Parliamentary Secretary, John Yap. I have asked them both to review your comments and to ensure you receive a further response at their earliest opportunity.

Again, thank you for writing to me. It was good to hear from you.

Sincerely,

Christy Clark
Premier

Pc: Honourable Terry Lake
John Yap, Parliamentary Secretary





The Best Place on Earth

JUN 09 2011

Reference: 140406

Michael B. McSweeney
President and CEO
Cement Association of Canada
502 - 350 Sparks Street
Ottawa ON K1R 7S8

Dear Mr. McSweeney:

Thank you for your letter of March 28, 2011, addressed to the Honourable Christy Clark, Premier, regarding the cement and concrete industry and the steps it has taken to reduce greenhouse gas emissions.

As the MLA for Kamloops – North Thompson, and having held prior roles as city councillor and Mayor of the City of Kamloops, I appreciate your insights into the regional and provincial importance of the cement industry.

I would like to thank you for your industry's involvement in the Cement Climate Action Working Group. I understand that it was the Cement Climate Action Working Group that recommended that Portland Limestone Cement be recognized under the Leadership in Energy and Environmental Design building rating system. Your industry's active participation in the development of the Western Climate Initiative cap and trade program is also appreciated. Also of note is that through the purchase of offsets by the Pacific Carbon Trust, Lafarge Cement was able to switch part of its coal use to biomass, thereby lowering greenhouse gas emissions and carbon tax costs.

I understand the concerns and position of the cement industry within the regional and provincial economy. I assure you that the Ministry is taking these issues seriously as we work towards our climate and economic goals. I would also like to highlight the importance of other government initiatives on the overall competitiveness of industry, such as tax cuts brought about through the revenue-neutral carbon tax and the harmonized sales tax.

...2

On May 6, 2011, Premier Clark reaffirmed the Province's commitment to climate action and the green economy. Specifically, the Premier indicated that we will continue to play a leadership role through the Western Climate Initiative to design a cap and trade system that works for our environment and our economy. Premier Clark also committed to working with businesses as we move forward. As a new government, we are working as quickly as possible to provide clarity and certainty on carbon pricing issues, whether via cap and trade or the carbon tax.

On behalf of the Ministry of Environment, I look forward to maintaining a positive relationship with British Columbia's cement industry as we pursue our common goals.

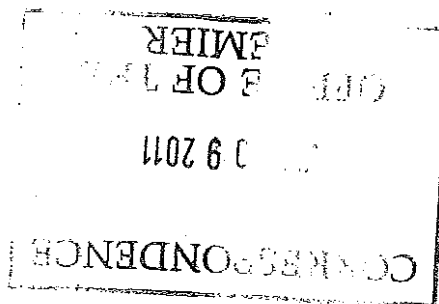
Thank you again for taking the time to write.

Sincerely,



Terry Lake
Minister of Environment

cc: ✓ Honourable Christy Clark, Premier
Honourable Kevin Falcon, Minister of Finance





Cement
Association
of Canada

Association
Canadienne
du Ciment

530574

June 16, 2011

Honourable Christy Clark
Premier
PO BOX 9041 STN PROV GOVT
Victoria BC
V8W9E1
CANADA

Premier Clark;

The BC cement industry opposes the provincial government's proposed creation of a "second carbon tax" for use by municipalities. The BC cement industry believes that the existing carbon tax needs to address its failure to apply the tax on imported cement, which is a significant threat to the competitiveness of our industry.

The BC cement industry also believes that the province's position on WCI Cap and Trade needs to be clarified before its sister climate change policy, the carbon tax, is amended in any way. And finally, the BC cement industry believes that as we move to reduce greenhouse gases (GHGs) each sector should be responsible for resolving its own carbon emissions problems. Mandating the transfer of carbon tax revenues from one industry or sector towards capital investments to reduce carbon emissions in another is both unfair and unwise.

The BC cement industry had been reducing its GHG emissions prior to the introduction of the carbon tax, and is actively considering significant changes in its operations to reduce its GHGs even further. The decisions to proceed will depend on BC's environmental, trade and tax policies, as well as local and regional market conditions.

To date, the BC carbon tax has been reasonably effective in terms of raising government revenue, and it has spurred both businesses and consumers to re-evaluate their fossil fuel consumption patterns. However, the fact is that the BC cement industry, as an "energy intensive" industry, has been particularly hard hit by the carbon tax.

Even more concerning is the fact that the BC carbon tax does not apply to imported cement. The BC cement industry is a "trade exposed industry", competing a global market place. Because BC is the only jurisdiction in North America with a carbon tax, the local cement industry at a competitive disadvantage in the Pacific Northwest region. This disadvantage increases as the BC carbon tax increases, effectively creating a made in BC export tax. As a result, the market share of untaxed cement powder imports has risen from 3% to 23% since the carbon tax was introduced.

502-350 rue Sparks Street, Ottawa, Ontario K1R 7S8 Tel: (613) 236-9471 Fax: (613) 563-4498
www.cement.ca

200 107-11 FAX 613-993-4490 Cement Association Can

Because of the increase in untaxed imports, BC's cement kilns are operating at two-thirds capacity even though local demand for cement powder has not significantly changed in the last three years. As a result, the carbon tax is costing the government millions in direct lost revenue (on untaxed imports), millions in indirect revenue, costing jobs in Richmond, Delta and Kamloops (due to contractor and rotating layoffs), and is actually INCREASING global GHG emissions (due to the extended supply lines and distribution, especially transportation across the Pacific).

BC's "first carbon tax" remains a threat to the viability of BC's cement industry, and the prospect of a "second carbon tax" for municipalities could be the tipping point for the industry.

The BC cement industry proud to have kilns located in three great cities: Richmond, Delta and Kamloops. Our member companies have good working relationships with these communities and are proud to pay their fair share of municipal taxes. As good corporate citizens, our companies contribute to the local to community projects of all shapes and sizes.

The BC cement industry would view a provincial government decisions to facilitate the creation of a second layer of carbon taxes so that municipalities to fund green initiatives (such as public transit) as a fundamental redesign of the carbon tax beyond what as originally presented in the Climate Action Plan that was supported by industry.

Most strategic industries invest in BC to serve the whole province or region, not just one municipality. If the province allows municipalities the right to apply a carbon tax, they will be ceding one of the province's strategic industrial policy decisions to local government.

In addition, the cement industry is very capital intensive and its investment decisions are made within the context of 15 – 20 year business plans. Over time, a municipal carbon tax would most likely become just a back door industrial tax, and increase the costs of production in BC and force the industry into other provinces or states. These carbon tax decisions would affect the whole province, yet be made in City Halls, not the provincial legislature.


Furthermore, the CAC believes it is unfair to finance green initiatives, especially public transit, on the backs of industrial organizations. Leaning on industry to fund public transit projects, as other political parties and leaders propose to do, is simply "passing the buck", and facilitates irresponsible behaviour by one party by assigning greater responsibility to another. That is simply unfair.



Over the last 2 years, most of BC's major industrial sectors have developed GHG reduction plans jointly with the BC Government through its Climate Action Secretariat (CAS) WCI Cap and Trade working groups. These sophisticated plans will help BC meet its GHG reduction goals while preserving BC's competitiveness, jobs and investment. Introducing a municipal carbon tax now causes the BC cement industry to be very concerned about its future in the province.

We encourage the BC Government to reject the concept of a "second carbon tax" and urgently proceed with needed changes to the existing carbon tax to maintain and support competitiveness and manufacturing jobs in the province.

Sincerely;


Michael McSweeney

cc:

Kevin Falcon, Minister of Finance
Pat Bell, Minister of Jobs, Tourism and Innovation
Terry Lake, Minister of the Environment
Rich Coleman, Minister of Energy and Mines
Greg D'Avignon, Business Council of British Columbia





Cement Association
of Canada

Association
Canadienne
du Ciment

Fax/Télécopie

To/A : Honourable Christy Clark
Premier

From/De : Michael McSweeney
Cement Association of Canada

Fax:
Télec. : 250-387-0087

of Pages: 4 Including this one
Nbre de
pages :

CC :

Date : 08/15/2011

Subject:

Sujet:

Letter to the Honourable Christy Clark



July 6, 2011

Michael McSweeney, President and CEO
Cement Association of Canada
502 – 350 rue Sparks Street
Ottawa, ON K1R 7S8

Dear Mr. McSweeney:

Thank you for your letter regarding British Columbia's carbon tax. I appreciate hearing from you.

I understand that you have also written on this matter to our Minister of Finance and Deputy Premier, the Honourable Kevin Falcon, and that a response is underway. I have asked that Minister Falcon consider the comments in your letter to me as well and respond directly on my behalf.

Again, I want to thank you for your frank expression of concern over the tax and I appreciate the opportunity for us to respond to it.

Sincerely,

A handwritten signature in black ink, appearing to read "Christy Clark".

Christy Clark
Premier

pc: Honourable Kevin Falcon



Cement Association
of Canada Association
Canadienne du Ciment

July 9, 2012

Honourable Christy Clark
Premier of British Columbia
World Trade Centre
Suite 740 - 999 Canada Place
Vancouver, BC, V6C 3E1

Dear Premier Clark,

I am writing on behalf of the cement industry in British Columbia, which has three cement plants in BC: Lafarge Canada's located in Richmond and Kamloops and Lehigh Hanson's in Delta. As you know, the BC cement industry is committed to working with your government as partners in the area of climate change and clean air and want to continue to work with you and your team to ensure the air sheds where our facilities are located meet or exceed the standards that the Ministry of the Environment, the Canadian Council of Ministers of the Environment and the Government of Canada have set for our sector.

Since the Carbon Tax was implemented in 2007, we have seen imports of cement into British Columbia rapidly rise from 3% to over 27% and this trend continues. As a result of the Carbon Tax it is now cheaper to manufacture and ship cement from Asia, through the US ports in Seattle, than it is to manufacture it in BC. Our industry has over \$3 billion invested in BC and wants to continue to invest in the Province. Our facilities operate at only 65% capacity, which means families are suffering hardships through continuing layoffs. I would note that imports continue to rise, with cement from importers who make no financial investment of capital or jobs in BC. Our members will only invest in jurisdictions with competitive investment environments, and the BC Carbon Tax policy, which does not address leakage, makes other jurisdictions more investment-friendly.

We have made numerous presentations to Cabinet, MLAs, Budget Committee, ministry officials and others across the Province over the past two years asking that the playing fielding in BC be leveled so that the Cement industry in BC can get back to 100% operational capacity and providing well paid union and non union jobs.

We have submitted a detailed proposal to the Ministry of Finance on how a Carbon Tax amendment could be structured in BC. This proposal was drafted by an independent BC accounting firm. We have not received any response or acknowledgement of our proposal which would allow the BC government to collect tax on imported cement as well as will lead to reduced GHG emissions globally and most importantly protect BC jobs. We were also very disappointed to see that your government took no action to level the playing field for the cement industry in Budget 2012. However, we were cautiously optimistic to see your government put in place a mechanism to review the carbon tax and that changes would be announced in Budget 2013.

However, we now understand this process will be largely administrative, with little industry consultation. We will continue to make our views known within the Ministry of Finance and Ministry of the Environment as appropriate.

In our proposal, we did not ask for an exemption or tax relief from the Carbon Tax, we simply asked that the playing field be leveled. This leveling of the playing field would have

strengthened the carbon tax, while at the same time provide up to \$2.25 million of additional revenue to the BC Government. Now with imports continuing to rise and the carbon tax to move to \$30 a tonne July 1, the foregone revenue will be even more, and the negative impact on our competitiveness that much greater.

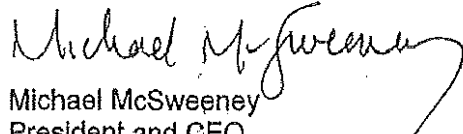
We would also ask that the Cement industry be treated in a similar manner to the greenhouse industry that was recently given a \$ 7.6 million carbon tax relief grant. Our industry considers this a 'slap in the face' to our efforts for a fair and reasonable solution to be developed over the course of the next year.

We would like to remind you that BC is the only jurisdiction in the world with a carbon policy that does not have measures in place to prevent carbon leakage associated with energy-intensive and trade exposed (EITE) industries.

We understand the situation we face is an unintended consequence of the Carbon Tax, but we ask your government to intervene before any more damage is done to the cement industry in BC. It is paramount that the government protect BC jobs and capital investment, especially over those importers who import cement into BC, thus creating 25% more GHGs in transportation and make no financial commitment or investment in BC or for BC families.

We have waited patiently for years for the government to act appropriately on this file. We are encouraged by the recent feedback we have received, but we urge you to act quickly on this file.

Best regards,



Michael McSweeney
President and CEO
Cement Association of Canada

CC
Ken Boessenkool, Chief of Staff to the Premier



From: Bremner, Virginia PREM:EX
Sent: Tuesday, July 10, 2012 1:31 PM
To: Haakstad, Kim PREM:EX
Cc: De Wit, Antoinette PREM:EX; Garfinkel, Gabe PREM:EX
Subject: re: Cement Association of Canada

As per Gabe.

Virginia

From: Virginia.Bremner@gov.bc.ca [mailto:Virginia.Bremner@gov.bc.ca]
Sent: Tuesday, July 10, 2012 1:30 PM
To: Bremner, Virginia PREM:EX
Subject:



July 20, 2012

Michael McSweeney
President and CEO
Cement Assn of Canada
502-350 rue Sparks Street
Ottawa, ON K1R 7S8

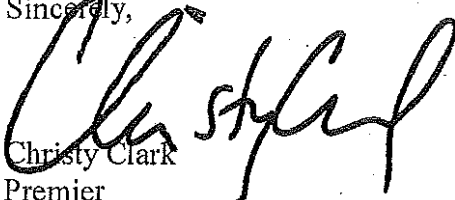
Dear Mr. McSweeney:

Thank you for your letter of July 9th in which you raise some of the concerns of the cement industry with regard to the impact of the Carbon Tax.

I understand the Minister of Finance is aware of your comments and your request for reconsideration, and you can expect a subsequent reply from his office soon.

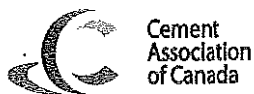
I hope you will find this helpful.

Sincerely,



Christy Clark
Premier

Pc: Honourable Kevin Falcon



CONCRETE
even smarter than you think

August 30, 2012

Honourable Christy Clark
Premier of British Columbia
740-999 Canada Place
Vancouver, BC
V6C 3E1

Dear Premier Clark,

As part of the comprehensive carbon tax review the Cement Association of Canada provided a submission to the Ministry of Finance detailing the significant competitive impacts the carbon tax has placed on the BC cement industry. In our submission we indicate that at the end of 2011, with carbon tax at \$25 per tonne CO₂, imports accounted for approximately 27% of total domestic cement consumption.

Based on economic activity in the first half of 2012, with the carbon tax now at \$30 per tonne CO₂, imports have risen to 34% of total domestic cement consumption. Cement importers make no financial investment in BC, even the transport vehicles they use are from the US.

Despite our facilities being amongst the most modern in the world, and our sector's commitment to excellent environment performance, energy efficiency and innovation, the carbon tax has rendered the BC cement industry uncompetitive. The BC cement sector can no longer sustain competitive impacts from a carbon tax that has left our industry to such dramatic unintended consequences.

Over the past four years we have repeatedly conveyed our message to your government. An unbalanced carbon tax applied to our sector not only hurts BC families and business, but also results in increased GHG emissions associated trans-oceanic shipping of cement from Asia.

Cement is a strategic commodity essential to developing and maintaining BC infrastructure. Cement plays a major role in promoting sustainability with urban densification, low energy buildings, and low maintenance roads that provide increased fuel efficiency. Given the importance of maintaining supply of cement in BC, action must be taken today to avoid the potential dissolution of the domestic cement industry.

We understand the outcome of the comprehensive carbon tax review the Ministry of Finance is undertaking will be incorporated into the Budget 2013 process, however, our industry can no longer wait. Our employees have been suffering through prolonged layoffs and our billions of dollars of investment in BC are in jeopardy. We need to have the shortcomings of the carbon tax rectified immediately.

We look forward to your response on this urgent matter,

Sincerely,

Michael McSweeney
President and CEO, Cement Association of Canada



September 17, 2012

Michael McSweeney, President and CEO
Cement Association of Canada
502 – 350 Sparks Street
Ottawa, ON K1R 7S8

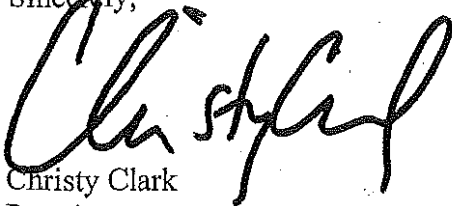
Dear Mr. McSweeney:

Thank you for your letter, following up on the effect of British Columbia's carbon tax on our province's cement industry. I appreciate hearing from you again and note the urgency in your communication.

I have shared your most recent correspondence with our current Minister of Finance, the Honourable Mike de Jong, with a request that he review it and respond on my behalf at the earliest opportunity.

Again, thank you for writing.

Sincerely,



Christy Clark
Premier

pc: Honourable Mike de Jong

December 5, 2012

Mr. John Dyble

Deputy Minister to the Premier, Cabinet Secretary and Head of Public Service
501 Belleville St. Suite 272
Victoria, BC
V8W 9E1

Dear Mr. Dyble:

Further to our letter of August 30, 2012, in which we requested urgent relief from the carbon tax, we would like to provide an update on the impact of the carbon tax on BC's cement industry. Based on our third quarter economic analysis, imported cement now accounts for 38% of total domestic cement consumption, up an additional 4% from the end of June, 2012.

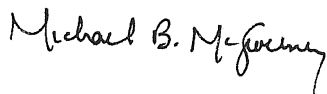
To recap, in September of 2011 the Cement Association of Canada (CAC) presented the impacts of the carbon tax on BC cement producers to the Select Standing Committee on Finance and Government Services (the "Committee") in Kamloops, BC. As a result of that presentation, the Committee put forward a recommendation to address the inequity for BC cement producers arising from imported cement not being subject to the carbon tax. At the time the recommendation was given, imports accounted for 23% of total domestic cement consumption.

On October 17, 2012, the CAC again presented to the Committee in Parksville, BC. During the hearing all MLAs unanimously acknowledged the significant impact carbon tax is having on our sector, and all agreed that something needed to be done to address the increasing negative impacts on our industry. However, unlike the 2012 budget recommendations where special consideration was given to the cement sector, the *Report on the Budget 2013 Consultations* only identifies BC Agriculture, despite the fact that cements imports have increased to 38% of total domestic cement consumption.

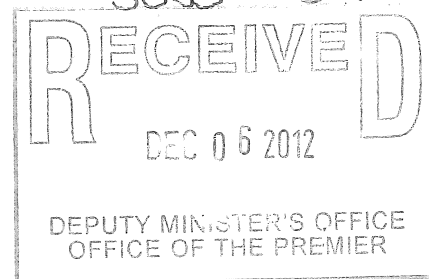
With respect to competitive impacts there is no other sector in BC that has been as adversely affected by the carbon tax. The economic work completed by the BC Climate Action Secretariat clearly supports this claim. More importantly, the intent of the carbon tax to reduce greenhouse gases (GHGs) has not occurred for our sector. In fact, GHGs related to cement consumed in the Province have increased due to the additional GHGs generated by the transoceanic shipping from Asia.

We understand the outcome of the comprehensive carbon tax review the Ministry of Finance is undertaking will be incorporated into the Budget 2013 process, however, as we've said previously our industry needs your help. Our employees have been suffering through prolonged layoffs and our billions of dollars of investment in BC are in jeopardy. We need to have the shortcomings of the carbon tax rectified as soon as possible. We look forward to constructively working with your government to resolve this matter.

Sincerely,



Michael McSweeney
President and CEO, Cement Association of Canada



December 5, 2012

Honourable Christy Clark
Premier of British Columbia
740-999 Canada Place
Vancouver, BC
V6C 3E1

Dear Premier Clark:

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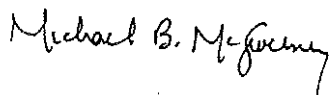
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With respect to competitive impacts there is no other sector in BC that has been as adversely affected by the carbon tax. The economic work completed by the BC Climate Action Secretariat clearly supports this claim. More importantly, the intent of the carbon tax to reduce greenhouse gases (GHGs) has not occurred for our sector. In fact, GHGs related to cement consumed in the Province have increased due to the additional GHGs generated by the transoceanic shipping from Asia.

We understand the outcome of the comprehensive carbon tax review the Ministry of Finance is undertaking will be incorporated into the Budget 2013 process, however, as we've said previously our industry needs your help. Our employees have been suffering through prolonged layoffs and our billions of dollars of investment in BC are in jeopardy. We need to have the shortcomings of the carbon tax rectified as soon as possible. We look forward to constructively working with your government to resolve this matter.

Sincerely,



Michael McSweeney
President and CEO, Cement Association of Canada



December 14, 2012

Michael McSweeney, President and CEO
Cement Association of Canada
502 – 350 rue Sparks Street
Ottawa, ON K1R 7S8

Dear Mr. McSweeney:

This is just a note to say that your letter of December 5th has been received and you should be hearing back from me as soon as possible.

I appreciate hearing from you.

Sincerely,

Christy Clark
Premier

From: Michael McSweeney [mailto:mmcsweeney@cement.ca]
Sent: Tuesday, March 26, 2013 10:59 AM
To: OfficeofthePremier, Office PREM:EX
Subject: Important Letter from Cement Association of Canada Regarding Carbon Tax

Dear Hon. Clark,

Please find attached a letter that outlines the impact the carbon tax is having on BC cement producers and the BC families they support.

If you have any questions, please don't hesitate to contact me.

Sincerely,

Michael
Michael McSweeney
President & CEO

502-350 Sparks Street
Ottawa, Ontario K1R 7S8
T 613.236.9471 ext. 206
F 613.563.4498
www.cement.ca

March 18, 2013

Hon. Christy Clark
Vancouver-Point Grey
3615 West 4th Avenue
Vancouver, BC
V6R 1P2

Dear: Hon. Clark

We write to you today because BC's cement producers, Lafarge and Lehigh Hanson, as well as the hundreds of well paid workers they employ and their families are at risk.

Since the inception of the carbon tax in 2008, the BC cement industry has experienced a significant deterioration of market share due to imports. In 2007 imported cement accounted for less than 6.5% of total domestic cement consumption. At the end of 2012, with carbon tax at \$30 per tonne CO₂, imports accounted for approximately 40% of total domestic cement consumption. In recent years BC cement facilities have run at only 65% of capacity, compared to 6 years ago when they were running near full capacity.

The competitive impact to BC cement producers arises because the BC carbon tax does not include mechanisms to protect energy intensive and trade exposed (EITE) industries like cement. The process of manufacturing cement requires considerable thermal energy and, as an EITE industry, BC cement producers pay millions of dollars each year in carbon tax. However, foreign producers, whose products are imported to BC, pay no carbon tax. As you can imagine this creates a significant competitive advantage for foreign producers.

In addition to the loss of economic activity that the carbon tax is causing in BC, the tax is also causing a net increase of global emissions of Greenhouse Gas (GHG). BC cement production facilities are already very efficient operations and the emissions intensity of domestically produced cement is comparable to, or lower than, the emissions intensity of imported cement. Additionally, because the majority of the cement imported into BC is produced in Asia, the emissions associated with transportation are significantly higher for imported cement than they are for cement which is produced locally.

The effects described above are commonly referred to as "leakage" and it is notable that every carbon pricing policy in the world, with the exception of the BC carbon tax, includes mechanisms to mitigate this effect. Cap and trade systems in place in Europe, California and Quebec include free allocations for EITE industries and the carbon tax in Australia includes exemptions.

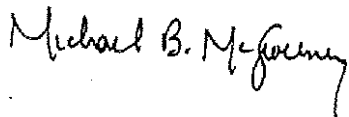
502-350 rue Sparks Street, Ottawa, Ontario K1R 7S8 Tel: (613) 236-9471 Fax: (613) 563-4498
www.cement.ca

BC's cement producers, Lafarge and Lehigh Hanson, are committed to sound social, environmental and economic policy. Both companies are active in their communities and committed to research and innovation to reduce their environmental footprint. These producers recognize that a price on GHG emissions can incentivize innovation. However, as long as there is such an unlevel playing field where importers are exempted from the carbon tax while domestic producers are not, these producers can ill-afford to innovate. Moreover the companies, their employees, and the families they support are at risk because they can't compete.

Cement is a strategic commodity essential to developing and maintaining BC infrastructure. Cement plays a major role in promoting sustainability with urban densification, low energy buildings, and low maintenance roads that provide increased fuel efficiency. Despite the importance of maintaining a domestic supply of cement, if current conditions remain unmitigated or worsen, the outlook for BC's cement industry is bleak.

In light of the upcoming election on May 14, 2013, we ask that you become vocal on the significant impact the carbon tax is having on BC cement producers. We further ask that your campaign platform requires the modification of the carbon tax in order to protect the BC cement industry and all BC EITE industries.

Sincerely,



Michael McSweeney
President and CEO, Cement Association of Canada



February 15, 2013

Honourable Michael de Jong
Minister of Finance

The following is a Cabinet minute excerpt from January 30, 2013 for your attention:

3. Planning and Priorities Committee (P&P): January 29, 2013

Cabinet reviewed and endorsed the following information and recommendations from the Planning and Priorities Committee meeting of January 29, 2013.

c)

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S12

Not Responsive

S12

S12

Not Responsive

Elizabeth MacMillan
Deputy Cabinet Secretary

Not Responsive

Peter Milburn, Deputy Minister
Ministry of Finance

Sabine Feulgen, Deputy Secretary to Treasury Board
Ministry of Finance



February 15, 2013

Honourable Michael de Jong
Minister of Finance

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Elizabeth MacMillan
Deputy Cabinet Secretary

pc: Peter Milburn, Deputy Minister
Ministry of Finance

Sabine Feulgen, Deputy Secretary to Treasury Board
Ministry of Finance



February 15, 2013

Honourable Pat Bell
Minister of Jobs, Tourism and Skills Training and
Minister Responsible for Labour

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Elizabeth MacMillan
Deputy Cabinet Secretary

pc: Honourable Michael de Jong
Minister of Finance

Dave Byng, Deputy Minister
Ministry of Jobs, Tourism and Skills Training

Peter Milburn, Deputy Minister
Ministry of Finance

Sabine Feulgen, Deputy Secretary to Treasury Board
Ministry of Finance

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C O N F I D E N T I A L

TBS Briefing Note – For *Budget 2013* Decisions

S12

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Date: January 17, 2013

Contact: Elizabeth Cole
Executive Director,
Strategic Projects & Policy
(250) 387-9011

Decision: (To be completed after review meeting)



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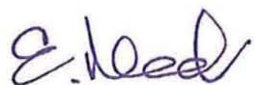
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Elizabeth MacMillan
Deputy Cabinet Secretary

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