

MINISTRY OF ENERGY AND MINES

BRIEFING NOTE FOR INFORMATION

I PREPARED FOR: Honourable Bill Bennett, Minister of Energy and Mines
Honourable Rich Coleman, Minister of Natural Gas Development and
Deputy Premier

II ISSUE: Federal-Provincial-Territorial (FPT) Energy Ministers' Meeting

III BACKGROUND:

The Honourable James Carr, Minister of Natural Resources Canada, has requested a meeting with FPT Energy Minister on November 28, 2016. The meeting is not related to the Energy and Mines Ministers' Conference (EMMC) process.

Minister Carr is expected to provide energy Ministers with an update on the ongoing review of federal regulatory processes, specifically, National Energy Board (NEB) modernization. He will also discuss the Pan-Canadian Framework (PCF) on Clean Growth and Climate Change, in preparation for the December 9, 2016 First Ministers' Meeting (FMM), and will conclude with a discussion on Canada-U.S. energy relations under the new Donald Trump administration. Honourable Cliff Cullen, Minister of Growth, Enterprise and Trade Manitoba, will discuss the joint Canadian Energy Strategy (CES) report to First Ministers.

IV DISCUSSION:

Federal Regulatory Review – Update on National Energy Board Modernization

As part of the federal regulatory review processes, the federal government has established a five-member expert panel to conduct a targeted review of the National Energy Board's (NEB) structure, role and mandate with particular focus on enhancing the participation of the public and Indigenous peoples in regulatory reviews. The panel will provide recommendations on modernizing Canada's federal energy regulator, the NEB.

s.13,s.16

Joint report to First Ministers (on the Canadian Energy Strategy)

A report to First Ministers has been drafted entitled *Report on Collaboration Between Provincial and Territorial Governments and the Federal Government on Specific Actions of the Canadian Energy Strategy and in support of the Pan-Canadian Framework on Clean Growth and Climate Change* (CES Report). Deputy Ministers of Energy have signed off on the CES Report that will

be included for discussion with Energy Ministers on November 28, 2016, in advance of the FMM.

The CES Report outlines areas where the federal government participates in the CES in specific areas in support of the PCF. Areas for initial collaboration are focusing on supporting the PCF in efforts to reduce greenhouse gas (GHG) emissions and increase clean growth opportunities.

With participants on all CES committees and co-chairing two committees (Energy Efficiency and Climate Change), BC officials have had considerable involvement in the review and input for the CES Report. s.13,s.16
s.13,s.16

s.13,s.16

Pan-Canadian Framework on clean growth and climate change – Preparation for the First Minister Meeting

A First Ministers' Meeting (FMM) on climate change is tentatively set for December 9, 2016 to finalize the PCF. The PCF is expected to include a small number of national actions led by Canada, plus several actions to be implemented jointly between Canada and individual PTs.

Federal actions are expected to include:s.13,s.16
s.13,s.16

The federal government provided a draft of the Pan Canadian Framework “architecture” document. This is, from the federal government’s perspective, the main deliverable for the FMM. It is high-level and outlines areas where FPT governments can collaborate to reduce emissions and grow the economy.

s.13,s.16,s.17

Canada-U.S. Energy Relations

Canada and BC have strong diplomatic relations with the U.S., which includes the energy and mining sectors. Most people have an expectation that the relationship will be very different under the new Donald Trump administration. The following are some early considerations for BC:

Carbon Pricing and Emissions: Canada, the U.S. and Mexico had already committed to a 40-45 per cent reduction on methane emissions from oil and gas. s.13,s.16
s.13,s.16

Trade and Market Access: Donald Trump has signaled an end to and/or renegotiation of trade agreements, including the North American Free Trade Agreement (NAFTA), World Trade Organization (WTO), and Trans-Pacific Partnership (TPP). He has explicitly said he will use energy as a policy instrument to bring other nations in line, s.13,s.16
s.13,s.16

Donald Trump has signalled stepping back from support for renewable energy and rejuvenating the U.S. coal industry. s.13,s.16
s.13,s.16

The U.S. has become self-sufficient for natural gas and could become self-sufficient for oil in a few years. s.13,s.16
s.13,s.16

Donald Trump has expressed support for oil pipelines, specifically naming Keystone XL. He has suggested that he would invite Keystone XL's proponent, TransCanada Corporation, to reapply, and would ensure that the U.S. received significant profits and ownership rights relating to the project.

V CONCLUSION:

s.13,s.16

ATTACHMENTS:

1. Government of Canada News Release on NEB Modernization
2. Draft Report on Collaboration Between Provincial and Territorial Governments and the Federal Government on Specific Actions of the Canadian Energy Strategy and in support of the Pan-Canadian Framework on Clean Growth and Climate Change

DRAFTED BY:

Jillian Zavediuk
250-952-0246

APPROVED BY:

Guy Gensey, CIB ✓
Fraser Marshall, ED, CIB ✓
Elaine McKnight, DM, MEM
Dave Nikolejsin, DM, MNGD

McKnight, Elaine L MEM:EX

From: McKnight, Elaine L MEM:EX
Sent: Thursday, November 10, 2016 8:12 AM
To: Sweeney, Neil PREM:EX
Subject: Re: US election

Neil here are the list from Energy and Mines

s.13,s.16

s.13,s.16

Elaine

On Nov 9, 2016, at 10:17 AM, Sweeney, Neil PREM:EX <Neil.Sweeney@gov.bc.ca> wrote:

Well, that was exciting.

I would think that it is safe to say that there are a number of files with the United States that are now in perhaps different circumstances given the election of President-Elect Trump.

Could you canvas your ADMs and please identify them to me by no later than tomorrow afternoon?

I would like to have a better understanding from and IGRS perspective on what is either at risk or in play with the surprising election result.

Thanks,

Neil

McKnight, Elaine L MEM:EX

From: McKnight, Elaine L MEM:EX
Sent: Thursday, November 10, 2016 10:35 AM
To: Marshall, Fraser MEM:EX
Subject: Re: US election

Thanks Fraser I sent in what I had suggested.

Elaine

On Nov 10, 2016, at 10:01 AM, Marshall, Fraser MEM:EX <Fraser.Marshall@gov.bc.ca> wrote:

Alright -s.16
s.16

From: MacLaren, Les MEM:EX
Sent: Thursday, November 10, 2016 9:45 AM
To: Marshall, Fraser MEM:EX <Fraser.Marshall@gov.bc.ca>; Robb, Peter L. MEM:EX <Peter.Robb@gov.bc.ca>
Cc: McKnight, Elaine L MEM:EX <Elaine.McKnight@gov.bc.ca>
Subject: RE: US election

s.13,s.16,s.17

Les

From: Marshall, Fraser MEM:EX
Sent: Thursday, November 10, 2016 9:20 AM
To: Robb, Peter L. MEM:EX; MacLaren, Les MEM:EX
Cc: McKnight, Elaine L MEM:EX
Subject: RE: US election

I put together MNGD's response, can do the same for MEM. s.13,s.16,s.17
s.13,s.16,s.17

From: Robb, Peter L. MEM:EX

Sent: Wednesday, November 9, 2016 5:40 PM

To: MacLaren, Les MEM:EX <Les.MacLaren@gov.bc.ca>; McKnight, Elaine L MEM:EX <Elaine.McKnight@gov.bc.ca>; Marshall, Fraser MEM:EX <Fraser.Marshall@gov.bc.ca>

Subject: RE: US election

The only other thing we had was s.13,s.16
s.13,s.16

Peter Robb

Assistant Deputy Minister
Ministry of Energy and Mines
Cell: 250 812 7392

From: MacLaren, Les MEM:EX

Sent: Wednesday, November 9, 2016 5:38 PM

To: McKnight, Elaine L MEM:EX; Robb, Peter L. MEM:EX; Marshall, Fraser MEM:EX

Subject: RE: US election

Paul and I tossed this around and don't see anything more s.13,s.16,s.17
s.13,s.16,s.17

Les

From: McKnight, Elaine L MEM:EX

Sent: Wednesday, November 9, 2016 11:45 AM

To: Robb, Peter L. MEM:EX; MacLaren, Les MEM:EX; Marshall, Fraser MEM:EX

Subject: Fwd: US election

See Neil's note. I can think of the following:

s.13,s.16

Any other items?

Elaine

Begin forwarded message:

From: "Sweeney, Neil PREM:EX" <Neil.Sweeney@gov.bc.ca>

Date: November 9, 2016 at 10:17:25 AM PST

To: BCPSA Agency DMC List <PSADM@Victoria1.gov.bc.ca>

Cc: "Wharf, Sandy PREM:EX" <Sandy.Wharf@gov.bc.ca>, "Maranda, Pierrette IGRS:EX" <Pierrette.Maranda@gov.bc.ca>

Subject: US election

Well, that was exciting.

I would think that it is safe to say that there are a number of files with the United States that are now in perhaps different circumstances given the election of President-Elect Trump.

Could you canvas your ADMs and please identify them to me by no later than tomorrow afternoon?

I would like to have a better understanding from and IGRS perspective on what is either at risk or in play with the surprising election result.

Thanks,

Neil

McKnight, Elaine L MEM:EX

From: McKnight, Elaine L MEM:EX
Sent: Thursday, November 10, 2016 11:19 AM
To: Marshall, Fraser MEM:EX
Subject: Re: US election

Categories: Red Category

Okay thanks

Elaine

On Nov 10, 2016, at 10:35 AM, Marshall, Fraser MEM:EX <Fraser.Marshall@gov.bc.ca> wrote:

I've whipped something up for your back pocket should they ask for more.

Fraser

On Nov 10, 2016, at 10:34 AM, McKnight, Elaine L MEM:EX <Elaine.McKnight@gov.bc.ca> wrote:

Thanks Fraser I sent in what I had suggested.

Elaine

On Nov 10, 2016, at 10:01 AM, Marshall, Fraser MEM:EX <Fraser.Marshall@gov.bc.ca> wrote:

Alright s.16
s.16

From: MacLaren, Les MEM:EX
Sent: Thursday, November 10, 2016 9:45 AM
To: Marshall, Fraser MEM:EX <Fraser.Marshall@gov.bc.ca>; Robb, Peter L. MEM:EX <Peter.Robb@gov.bc.ca>
Cc: McKnight, Elaine L MEM:EX <Elaine.McKnight@gov.bc.ca>
Subject: RE: US election

s.13,s.16,s.17

s.13,s.16,s.17

Les

From: Marshall, Fraser MEM:EX
Sent: Thursday, November 10, 2016 9:20 AM
To: Robb, Peter L. MEM:EX; MacLaren, Les MEM:EX
Cc: McKnight, Elaine L MEM:EX
Subject: RE: US election

I put together MNGD's response. can do the same for MEM. s.13,s.16,s.17
s.13,s.16,s.17

From: Robb, Peter L. MEM:EX
Sent: Wednesday, November 9, 2016 5:40 PM
To: MacLaren, Les MEM:EX <Les.MacLaren@gov.bc.ca>; McKnight, Elaine L MEM:EX <Elaine.McKnight@gov.bc.ca>; Marshall, Fraser MEM:EX <Fraser.Marshall@gov.bc.ca>
Subject: RE: US election

The only other thing we had was s.13,s.16
s.13,s.16

Peter Robb
Assistant Deputy Minister
Ministry of Energy and Mines
Cell: 250 812 7392

From: MacLaren, Les MEM:EX
Sent: Wednesday, November 9, 2016 5:38 PM
To: McKnight, Elaine L MEM:EX; Robb, Peter L. MEM:EX; Marshall, Fraser MEM:EX
Subject: RE: US election

Paul and I tossed this around and don't see anything more, s.13,s.16,s.17
s.13,s.16,s.17

Les

From: McKnight, Elaine L MEM:EX
Sent: Wednesday, November 9, 2016 11:45 AM
To: Robb, Peter L. MEM:EX; MacLaren, Les MEM:EX; Marshall, Fraser MEM:EX
Subject: Fwd: US election

See Neil's note. I can think of the following:

Any other items?

Elaine

Begin forwarded message:

From: "Sweeney, Neil PREM:EX" <Neil.Sweeney@gov.bc.ca>
Date: November 9, 2016 at 10:17:25 AM PST
To: BCPSA Agency DMC List <PSADM@Victoria1.gov.bc.ca>
Cc: "Wharf, Sandy PREM:EX" <Sandy.Wharf@gov.bc.ca>, "Maranda, Pierrette IGRS:EX" <Pierrette.Maranda@gov.bc.ca>
Subject: US election

Well, that was exciting.

I would think that it is safe to say that there are a number of files with the United States that are now in perhaps different circumstances given the election of President-Elect Trump.

Could you canvas your ADMs and please identify them to me by no later than tomorrow afternoon?

I would like to have a better understanding from and IGRS perspective on what is either at risk or in play with the surprising election result.

Thanks,

Neil

**Confirmation Hearing for Rick Perry
Nominee for Secretary of Energy**

January 19, 2017

Mandate

The mission of the Department of Energy (DOE) is to ensure America's security and prosperity by addressing its energy, environmental and nuclear challenges through science and technology. The department is responsible for domestic energy production, energy conservation and energy-related research. The department operates a system of 17 national laboratories as well as numerous technical facilities for research and development.

As the DOE is accountable for the National Nuclear Security Administration, the department also has responsibility for the design, testing and production of all nuclear weapons. The department's other nuclear responsibilities include nuclear reactor production for the U.S. Navy and radioactive waste disposal. Nuclear spending accounts for two-thirds of the department's \$30 billion annual budget.

About Rick Perry

Rick Perry was Governor of Texas from 2000 until 2015, making him the longest-serving Governor of the state. He assumed the governorship in December 2000 when then-governor George W. Bush resigned to become President of the United States. Perry was elected to full gubernatorial terms in 2002, 2006 and 2010 as a Republican. Perry ran two unsuccessful bids for President in 2012 and 2016, and in December 2016 was nominated as Secretary of Energy by his former rival, President-elect Trump.

Perry has been a supporter of the oil and natural gas industries, as well as the Keystone XL pipeline. He is also on the corporate board of Energy Transfer Partners, the parent company responsible for building the Dakota Access Pipeline. Perry has supported some forms of renewable energy, including wind, and passed legislation in 2005 when he was Governor of Texas to increase the state's dependence on renewable energy. On climate change, Perry said in a debate during his second presidential run that he is critical of putting "Americans' economy at jeopardy based on scientific theory that is not settled yet."

Confirmation Hearing

Elimination of the Department of Energy:

- In his Presidential campaign in 2012, Perry promised to eliminate the Department of Energy.
- During the confirmation hearing, Perry said "my past statements made over five years ago about abolishing the Department of Energy do not reflect my current thinking."

Energy development

- Perry supports "all-in" energy development policy, including both fossil fuels and renewable energy.
- Perry supports LNG development and will work to expedite LNG export applications.
- When asked by Republican Senator Manchin to conduct more fossil fuel research than the Obama administration, Perry agreed.

Climate change:

- Perry stated that he believes the climate is changing and “some of it” is human-caused. He added: “The question is how we address it in a thoughtful way that doesn’t compromise economic growth.”
- When asked by Senator Sanders if he believes that climate change is a global threat, Perry referred to his efforts to reduce emissions in Texas but did not refer to climate change as a global threat.
- Perry said he did not have a role in the Trump transition team’s questionnaire to determine who in the department had responsibilities related to climate change — an effort resisted by department officials and later disavowed by the incoming administration.

Departmental budget:

- Several Democratic senators expressed concern about reports indicating that the Trump administration plans major cuts to the department’s budget, including eliminating the offices of electricity, energy efficiency and renewable energy.
- When pressed on whether budget cuts will be coming to the department on areas such as energy research, Perry said he would work to protect agency budgets.
- Perry later affirmed that he would also protect the department’s scientists and science budget.

Nuclear waste management:

- Perry committed to cleaning up the Hanford nuclear site in Washington State, where the government produced plutonium for weapons and conducted research for the first nuclear bombs. Perry stated that the Hanford site is one of the most dangerous and polluted sites in the U.S. and promised that “it’s not going to be another 30 years” of inaction.
- Perry stated he would consult with the Nevada Governor and congressional delegation on whether to restart the Yucca Mountain nuclear waste repository that was halted by President Obama. Perry declined to reject the project altogether, but stated he would look into alternatives.

Energy infrastructure:

- Perry believes the department should have a significant role in developing U.S. defences against cyber attacks, including potential attacks on critical energy infrastructure such as the electricity grid.

Treaty on the Non-Proliferation of Nuclear Weapons:

- Perry stated that “non-proliferation is a good thing” and wants to ensure Iran “lives up” to its international treaty obligations.
- Perry also stated that he is “committed to modernizing our nuclear stockpile.”

Questions about this report? Contact Jeremy Hewitt at IGRS: Jeremy.Hewitt@gov.bc.ca

**Confirmation Hearings for Ryan Zinke
Nominee for Secretary of the Interior**

January 18th, 2017

Mandate

s.13,s.16

It

oversees public lands, including parks, oil and gas development, implementation of public trust with tribes, management of offshore oil and gas resources, and management of wildlife on land, including enforcement of the Endangered Species Act. It is responsible for the Bureau of Land Management, the Bureau of Indian Affairs, National Parks, the Bureau of Reclamation, the U.S. Geological Survey, and the U.S. Fish and Wildlife Service, among others.

About Mr. Zinke

Ryan is a fifth generation Montanan, former state senator and a 23-year U.S. Navy SEAL veteran. As a Navy SEAL in the 1990s, Zinke was found improperly billing the government for personal travel expenses. As a result, some in the military have stated this adversely affected his military career and his chance of being promoted to Commander and later Captain.

In 2008, Zinke was elected to the Montana State Senate, where he chaired the Senate Education Committee and served on the Senate Finance and Claims Committee. As a State Senator he was a leading advocate for strong family values, restoring individual and economic freedoms, energy independence, and helping veterans receive proper care.

In 2014, he became the first Navy SEAL elected to the House as Montana's Congressman. He has been given a 3% rating from the League of Conservation voters and is accused of having frequently voted against environmental legislation from coal to oil and gas development. He has waffled on his belief of anthropogenic climate change. However, he acted against his Republican colleagues when he voted against the transfer of lands from the federal government to states. He supports better management rather than transfer.

Confirmation Hearing

His overarching “three tasks” if he is confirmed would be to:

- Restore local trust in the Department of Interior (DOI);
- Prioritize the backlog of maintenance in the National Parks System (NPS); and
- Ensure those at the front lines (locals) have the resources and flexibility to represent their communities.

Canada-US

- Agreed with Senator Murkowski that he would review Obama's decision to protect Chukchi and Beaufort Seas in the Arctic (but no mention that PM Trudeau and Canada coordinated this with Obama);
- Thinks US needs energy independence, especially as it relates to energy geopolitics with Russia (but no mention at all of Canadian energy imports);
- This statement was prompted twice by questions related to oil and gas development;
- Columbia River Treaty renewal was referenced by Senator Cantwell in her introduction as an issue of importance to PNW states, but there was no further mention of it.

Climate Change

- Zinke confirmed that he believes in anthropogenic climate change, but implied there is still debate on the degree to which humans have an impact.

Conservation vs Preservation

- Proclaimed several times that he is an admirer of Teddy Roosevelt, who helped grow the NPS;
- Celebrated John Muir (preservationist) and Gifford Pinchot (conservationist), but tended to side more with Pinchot's perspective as the hearing progressed;
- Promised federal lands would remain in federal hands;
- However, he added that multiple-use of federal lands (recreation, energy, timber, hunting, etc.) using best practices, sustainable policies, and objective science is best suited for a large quantity of federal lands.

Energy Development on Public Lands

- Supports "all of the above" energy development, i.e. both renewable and non-renewable development;
- Said energy is part of the strong economy that pays for military, education, etc.;
- Said yes to reviewing Obama's recent drilling restrictions in Alaska (see more under Canada-US);
- Stated there is a "war on coal" in the US and R&D is required to make coal cleaner and better.

s.13,s.16

Invasive Species

- Agreed to address threat posed by invasive species such as the Asian carp.

Bureau of Indian Affairs

- Said tribal sovereignty and self-determination are of highest priority for improving conditions on reservations;
- Would not answer question re tribal right to object to resource development;
- Committed to proper consultation and partnerships with Indian Tribes.

s.13,s.16

**Confirmation Hearings for Scott Pruitt
Nominee for Administrator of the U.S. Environmental Protection Agency**

January 18th, 2017

Mandate

The mission of the U.S. Environmental Protection Agency (EPA) is to protect human health and the environment. To accomplish this, the EPA develops and enforces regulations, studies environmental issues, educates people about the environment, and publishes information among other responsibilities.

s.13,s.16

About Mr. Pruitt

Scott Pruitt first entered public office as a State Senator for the Oklahoma State Senate in 1998. In 2010 he became the Attorney General for Oklahoma. He has led legal fights against the Affordable Care Act, the EPA's Waters of the United States rule (which would expand federal jurisdiction under the Clean Water Act), the Deferred Action for Parents of Americans (DAPA) program, and the EPA's Clean Power Plan. Mr. Pruitt has fought the above legal battles positing that they display federal government overreach. He is a stark advocate for federalism and small-government. He was also a two-term president of the Republican Attorneys General Association.

His critics contend that Mr. Pruitt is strongly associated with the fossil fuel industry, citing his involvement with the Republican Attorneys General Association (ties to industry) and campaign contributions received from the fossil fuel industry. He has openly questioned the science of anthropogenic climate change and has sued the EPA 13 times as Attorney General. He has also sent letters to the EPA using the Attorney General letterhead found to be written by industry lobbyists. Moreover, it is unprecedented that the nominee for Administrator of the EPA has a history of lawsuits against the agency itself, as well as ongoing lawsuits. During his hearing, he would not say whether he would recuse himself from eight ongoing cases to against the EPA if confirmed as the Administrator.

Confirmation Hearing

His "three core philosophies" if he is confirmed were stated as:

- Rule of law;
- Cooperative federalism; and
- Public participation.

Canada-US

- Mr. Pruitt consistently advocated for federalism and state-level regulatory authority;
s.13,s.16

- Senator Markey referenced Canada in relation to the lobster populations swimming north of New England and disrupting fisheries – this was stated to be occurring due to climate change (Mr. Pruitt did not address this further).

Climate Change and Science

- Said he believes that climate change is not a hoax, but would only concede that human activity contributes to it in *some manner*;
- Called his personal opinion on climate change “immaterial” to his nomination;
- Insisted he was unaware of the science surrounding lead poisoning;
- Agreed that mercury is dangerous, but would not address a lawsuit to which he is signatory that challenged the EPA’s mercury regulations;
- Agreed that he is concerned, but not deeply concerned about methane pollution (another issue over which he sued the EPA).

Environmental Policy

- Stated that environmental policy should be developed through openness and transparency, by including all Americans;
- Promised to build a collaborative relationship with states to restore their confidence in a partnership with the EPA;
- Promised to restore the balance between the environment and the economy;
- Derided the process of developing environmental regulation through litigation by environmental groups;

Cooperative Federalism

- Indicated that his philosophy of cooperative federalism is based on a directive from Congress;
- Pointed out that the Clean Air Act has State Implementation Plans;
- Claimed the primary focus of his lawsuits against the EPA has been to defend states against federal overreach;
- Posited that the EPA’s Clean Air directives demonstrate “indifference” to states;
- Told Senator Markey that he would review the EPA waiver provided to California allowing it to enforce its own car pollution rules, leading Mr. Markey to claim Mr. Pruitt has double standards when it comes to federalism (Senator Booker echoed these concerns).

s.13,s.16

U.S. Political Update Key Developments of Interest to B.C.

January 17th, 2017

Confirmation Hearings Continue

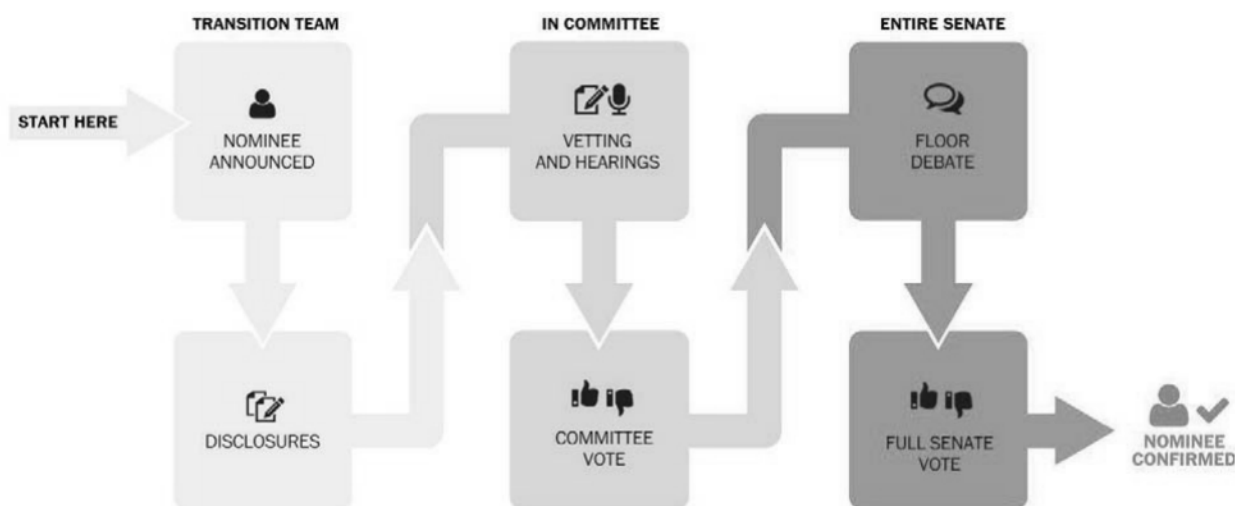
Last week was expected to see several Cabinet members important to B.C.'s interests brought before Senate Committees for their confirmation hearings, but schedule changes made it a lighter week. ^{s.13,s.16}
s.13,s.16

Rex Tillerson, for example, indicated that:

- it is better for the US to be at the Paris Agreement table rather than away from it;
- he does not oppose TPP and believes that NAFTA may only need to be “refreshed”; and
- he supports oil imports from Canada (this was the only time Canada was raised during the hearing).

Key hearings scheduled this week include Ryan Zinke for Interior Secretary, Wilbur Ross for Commerce, and Scott Pruitt for EPA. IGRS will send reports on the hearings to affected Ministries.

Here is a graphic that describes the process, via the Washington Post:



Canada Mentioned in Context of Border Tax

President-elect Trump held a press conference and took to Twitter to confirm his intentions to impose a significant border tax. Sean Spicer, President-elect Trump's spokesman, specifically mentioned Canada when answering a question about the border tax and the auto industry. The tax would apply “when a

company that's in the U.S. moves to a place, whether it's Canada or Mexico or any other country seeking to put U.S. workers at a disadvantage," he said.

In Congress

Reports indicate that Republican leadership will introduce tax reform legislation that may include a border adjustable tax on imports. It would effectively place a tax on goods imported to the US but exempt exports. The tax would create a very strong incentive for US firms to source goods domestically, rather than from Canada or elsewhere, in order to avoid paying the tax. The full proposal is explained [here](#)

Congress also took the first major steps toward repealing the Affordable Care Act (Obamacare) and is doing so in a way that will prevent Democrats from filibustering.

Canadian Developments

The Government of Canada has taken several organizational steps to prepare for the new administration:

- Minister Freeland becomes Foreign Affairs Minister and retains responsibility for Canada-US relations, including trade. Premier Clark has written to Minister Freeland outlining B.C.'s top US priorities.
- Minister Garneau (Transport) becomes chair of the Canada-US Cabinet Committee.
- Retired lieutenant-general Andrew Leslie becomes Parliamentary Secretary to the Minister of Foreign Affairs and has been appointed to the Canada-US Cabinet Committee, reportedly due to his good relationship with US military advisors on President-elect Trump's team.
- Francois-Philippe Champagne becomes Minister of International Trade, but Canada-US trade issues remain with Minister Freeland.

Prime Minister Trudeau's Chief of Staff and Principle Secretary, plus Ambassador McNaughton, have had several meetings with key incoming White House Officials, including Jared Kushner and Steve Bannon.

Inauguration

President-elect Trump will take the oath of office at noon EST on Friday, January 20th. He will then deliver his inaugural address. IGRS will prepare a brief summary for Ministries on Friday.

The Canadian Embassy in Washington is known as one of the best spots to take in the festivities, and will be hosting a reception for several hundred invited guests.

s.13,s.16

U.S. Political Update
Key Developments of Interest to B.C.

January 23th, 2017

Inauguration

Donald Trump was sworn in as the 45th President of the United States on January 20th. He delivered a relatively short inaugural address that mirrored his populist campaign themes and focused almost exclusively on the “America First” slogan. President Trump lamented the loss of manufacturing jobs across the United States, blaming the trend on poorly negotiated trade agreements and on a government focused on “enriching foreign industry at the expense of (American) industry.” He pledged to “bring back our jobs”, and put “every foreign capital” on notice that he will put “America first” in every decision he makes.

In Canada

Prime Minister Trudeau spoke with President Trump over the weekend, congratulating him on his inauguration. The PM also highlighted for the President the value of the Canada-U.S. economic relationship, specifically mentioning that 35 U.S. states count Canada as their biggest export customer.

In a separate statement, the President indicated over the weekend that he intends to meet with Prime Minister Trudeau and the Prime Minister of Mexico, **Enrique Peña Nieto** “soon” to begin discussions on NAFTA. This meeting is expected to occur within 30 days, but it’s not clear whether this will include all three leaders simultaneously or be two bi-laterals.

The federal Cabinet is holding a retreat in Calgary this week, and White House advisor **Jared Kushner** is attending on Tuesday. Trade with Canada will be the main topic. **Stephen Schwarzman**, the President’s top economic advisor, had positive comments to say about Canada after meeting with the PM on Monday. He said the Trump administration has an “unusually positive view” of Canada and the Canada-U.S. relationship is “a model for how trade relations should be.”

There have been several changes at the federal level that reflect the increased importance of the Canada-U.S. relationship. Most of these were included in last week’s report, but to recap:

- **Minister Freeland** becomes Foreign Affairs Minister and retains responsibility for Canada-U.S. relations, including trade. Premier Clark has written to Minister Freeland outlining B.C.’s top U.S. priorities.
- **Minister Garneau** (Transport) becomes chair of the Canada-U.S. Cabinet Committee.
- Retired lieutenant-general **Andrew Leslie** becomes Parliamentary Secretary to the Minister of Foreign Affairs and has been appointed to the Canada-U.S. Cabinet Committee, reportedly due to his good relationship with U.S. military advisors on President-elect Trump’s team. **Minister Sajjan** also has strong ties with the U.S. military, which Canada expects to leverage to build the cross-border relationship.

- **Francois-Philippe Champagne** becomes Minister of International Trade, but Canada-U.S. trade issues remain with Minister Freeland.
- A new unit in the PMO has been established to coordinate cross government work on Canada-U.S. relations.

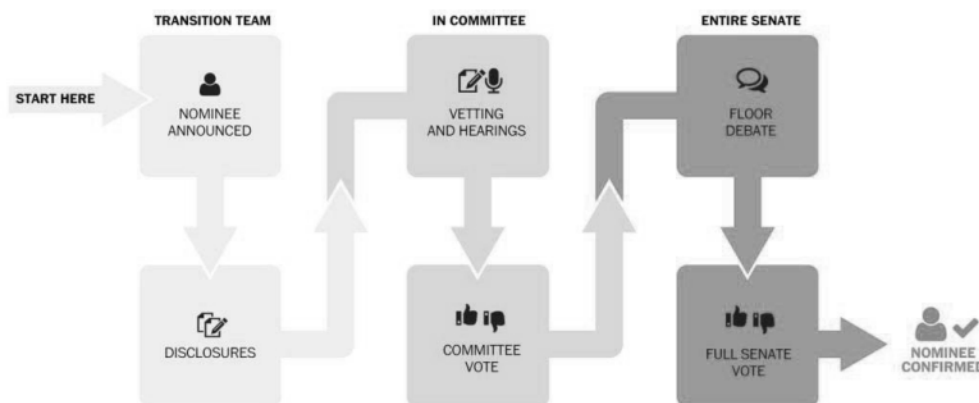
Confirmation Hearings

It was a busy week for confirmation hearings in the Senate, with many key positions from B.C.'s perspective being up for confirmation. IGRS prepared and distributed reports on each, but in summary:

- Secretary of the Interior nominee **Ryan Zinke** promoted resource development on federal lands, supports U.S. energy independence and believes climate change is real with humans having at least some role to play.
- Commerce Secretary nominee **Wilbur Ross** indicated that opening NAFTA will be among the new administration's first acts. He also indicated that tariffs would only be applied to countries that have unfair trade practices and mentioned that previous US efforts to apply tariffs to imported goods only worsened economic conditions. Officials indicate that the U.S. is primarily interested in discussing Country of Origin rules and independent dispute resolution mechanisms under NAFTA.
 - Mr. Ross is a close friend of **Brian Mulroney**, and the federal government has enlisted Mr. Mulroney to be an advocate for Canada with Mr. Ross.
- Treasury Secretary nominee **Steven Mnuchin** said that President Trump does not support an across-the-board border tax adjustment on imports.
- **Scott Pruitt**, the nominee for EPA Administrator, expressed his view that the federal government should have a much smaller role in environmental regulation. s.13,s.16
s.13,s.16

Each of the officials above are expected to be confirmed. Secretary of State nominee **Rex Tillerson** is also expected to be confirmed after key "swing" Republican Senators Rubio and McCain voiced their support for his appointment.

Here is a graphic that describes the process, via the Washington Post. This was in last week's report but included again here for reference.



At the State Level

Alaskan Governor Bill Walker delivered the “State of the State” address last week. In it, he specifically thanked the Government of B.C. for its work and cooperation on transboundary water and mining issues. A full report on the address is available from IGRS.

Several states, including Washington and California, continue to voice strong opposition to the President’s agenda and are vowing to work to protect their state from the impacts of immigration, climate change and health care policy changes.

Other Important Developments

- President Trump signed an executive order formally pulling the United States out of the Trans Pacific Partnership
- Negotiations continue between Congressional leadership and the White House on tax, budget and health care legislation.
- British Prime Minister Theresa May will be meeting with President Trump at the White House on Friday.

s.13,s.16

U.S. Political Update
Key Developments of Interest to B.C.

January 31st, 2017

Executive Order on Immigration

President Trump's Executive Order on immigration caused confusion at airports across the U.S. and sparked several protest around the country. The order suspends entry for 90 days for citizens of seven countries: Iraq, Iran, Libya, Somalia, Sudan, Syria and Yemen. It blocks the entry of all refugees for 120 days and bans Syrian refugees indefinitely.

Several court rulings have blocked part of the order and prevented deportation of some people that were travelling when the action was announced. Mr. Trump dismissed the U.S. Attorney General after she ordered the Justice Department not to defend the order. More court challenges will occur this week.

The Trump administration indicated on Sunday that the order does not apply to permanent residents (green card holders) who have citizenship in the seven countries listed above.

s.13,s.16 Canadian dual citizens and
permanent residents are not affected by the order, according to Canada's Immigration Minister. There are 35,000 people living in Canada that have both Canadian citizenship and citizenship in one of the affected seven countries.

JTST and IGRS are working with the Government of Canada to monitor the situation closely and to support Canada's response.

Other Executive Orders

- Two orders related to **border security**: one declares that the U.S. will build a wall along the Mexican border; another directs the hiring of 10,000 more immigration officers and to cut federal funding for "sanctuary cities" that do not deport undocumented workers. Construction of the wall will require funding from Congress, as will the hiring of significantly more immigration officers. The removal of funding for cities can be done without Congress, but will result in legal challenges.
- An order to advance construction of **Keystone XL** and Dakota Access. Mr. Trump indicated that the "terms" for Keystone would be renegotiated and the use of U.S. steel will be mandatory

s.13,s.16

s.13,s.16

The project will attract court action by States.

- An order that withdraws the U.S. from the **Trans-Pacific Partnership** (though it was never approved by Congress).
- A largely symbolic order to weaken the **Affordable Care Act**.
- An order that prevents U.S. federal funding to international NGOs that provide abortion counselling.

Canada & International

- **Prime Minister Trudeau** is expected to visit Washington to meet with President Trump in the coming days, but no date has been officially announced. The two men talked on Monday, when President Trump called to express sympathies for the attack at the Quebec City mosque.
- **Mexican President Enrique Peña Nieto** cancelled a meeting with President Trump in Washington after the Executive Order regarding the Mexican border wall. The two men talked by phone later in the week and issued a joint statement that said trade, drug trafficking and illegal arms sales were discussed.
- **British Prime Minister Theresa May** was in the U.S. to meet with President Trump and address a Republican lawmakers' retreat. She used her visit to stress the importance of the "special" U.K.-U.S. relationship, highlighting the many commonalities between the Republican and Conservative Parties. In a joint press conference, she said that Mr. Trump is "100 per cent" in support of NATO, to which Trump nodded and said "yes".

Cabinet Confirmations

The Senate has confirmed the following Cabinet-level appointees: James Mattis (Defense), John Kelly (Homeland Security), Mike Pompeo (CIA Director), Nikki Haley (Ambassador to the UN). Rex Tillerson (State), Elaine Chao (Transportation), Wilbur Ross (Commerce) and Ben Carson (Housing and Urban Development) are expected to be confirmed this week. Ryan Zinke (Interior) had his confirmation hearing delayed in committee stage.

Robert Lighthizer, the President's nominee for U.S. Trade Representative, had his nomination process stalled last week after reports that he worked on behalf of several foreign governments in the late 1980s. For his appointment to proceed, a special waiver signed by the President and approved by Congress may be required. His confirmation hearing has thus not been scheduled.

Economic Development and Trade

The Trump Administration's views on **border tax adjustments** continue to shift. Mr. Trump has previously said he does not support the policy, but at a Republican retreat last week he expressed support for a 20 per cent tax on Mexican imports to finance the border wall. Press Secretary Sean Spicer later said it was only one of many ideas being examined. Mr. Trump has also previously suggested using tax measures to penalize American companies that move operations to other countries.

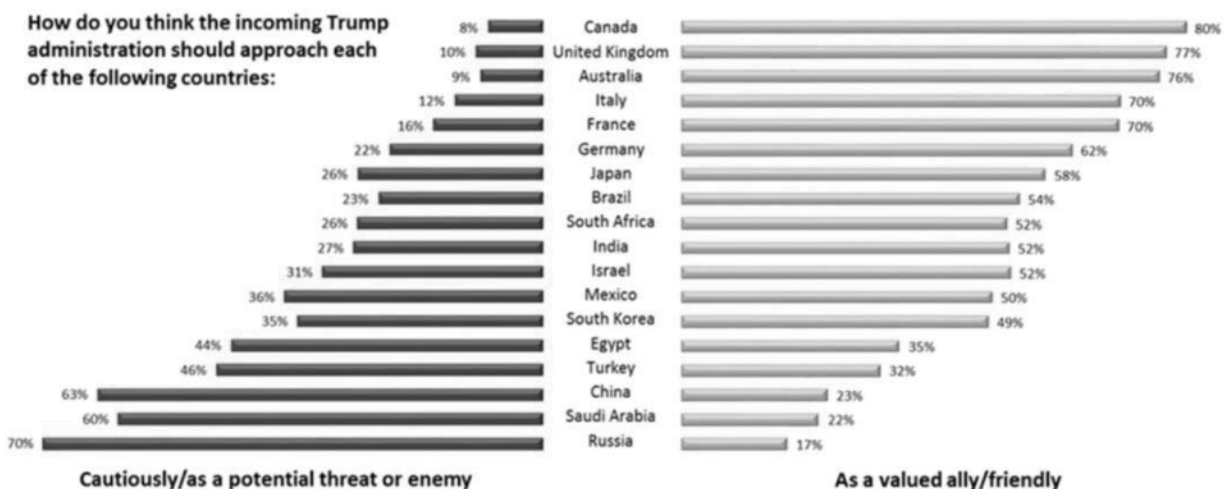
At the State Level

Washington Governor **Jay Inslee** delivered remarks at Seatac Airport, sharply criticising President Trump's Immigration Order. The remarks were reported by media around the world. He also announced that Washington State would be suing the federal government over the policy.

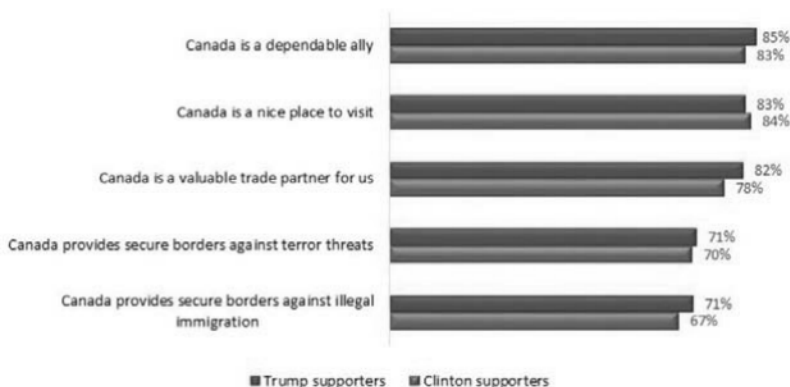
Polling

Angus Reid surveyed Americans on their views towards Canada and other countries.

Americans believe Canada should be approached as a valued partner/ally:



Trump and Clinton voters are largely in agreement about Canada:



...and 77 per cent of Americans feel that U.S.-Canada trade benefits both countries equally

