

United States Elections

Intergovernmental Relations Secretariat will continue to analyze the US situation and will provide update reports as the situation evolves.

Presidential Race

Donald Trump is the President-elect of the United States. Victories in key battleground states such as Florida, Ohio, North Carolina and Iowa and a breakthrough in the “rust belt” states of Wisconsin and Michigan propelled him to victory. Inauguration day is January 20th, 2017. He is meeting with President Obama on Thursday to discuss the transfer of power.

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What it means for Canada and B.C.

s.13,s.16

On trade, President-elect Trump brings a stark protectionist view to the White House. He intends to pull the U.S. out of the North American Free Trade Agreement (NAFTA), calling it “the single worst trade deal ever approved in this country”. Most experts believe he can do this unilaterally, by giving 6-months notice to Canada and Mexico.

s.13

President-elect Trump could also use his executive authority to pull out of

the Trans Pacific Partnership, restart the Keystone pipeline, deregulate energy prices and bring trade cases against other countries.

On his other economic priorities, President-elect Trump will need cooperation from Congress and/or the Supreme Court, for example repealing Obamacare, cutting taxes, or building a wall on the Mexican border.

On climate change, Mr. Trump's victory will likely lead to the United States pulling back on several key domestic and international commitments. The President can unilaterally remove the US from the Paris Agreement, cancel the Clean Power Plan and cut funding for UN climate programs. s.13

s.13

A First Ministers' Meeting on Climate

Change is currently set for early December.

President-elect Trump's Positions on Key Issues for B.C.: Summary	
Climate and Energy	<ul style="list-style-type: none">• Supports Keystone XL s.13, s.16 U.S. issue where President-elect Trump and PM Trudeau will agree.• Strongly opposes the Paris Agreement and would pull the US out.• Would cancel President Obama's Climate Action Plan.• Has called climate change a hoax.
Economy & Trade	<ul style="list-style-type: none">• Supports significant tax cuts in all brackets and anti-trade measures that are expected, s.13 s.13• Opposes the Trans Pacific Partnership.• Would remove the US from NAFTA, calling it "the single worst trade deal ever approved in this country".• Intends to impose heavy tariffs on all goods produced overseas.
Border and Immigration	<ul style="list-style-type: none">• Has called for a mass deportation of undocumented immigrants, will not offer amnesty to those that entered illegally, and plans to build a "great" wall along the entire US-Mexico border.• "Suspend the issuance of visas to any place where adequate screening cannot occur".• s.13
International Security	<ul style="list-style-type: none">• Very sharp break with the traditional U.S. role.• Willing to withdraw the U.S. from key alliances if allies do not increase defence spending.• Against the Iran nuclear deal and supports a new relationship with Russia.

Prime Minister Trudeau issued a congratulatory message and said, via Twitter, "Our shared values are strong. Our common purpose is to build countries where everyone has a fair chance to succeed...The Canadian Government will continue its hard work toward these ends...and we offer our hand in partnership with our neighbours as friends and allies as they move forward." The Prime Minister is expected to speak with the President-elect on Wednesday.

s.13, s.16

s.13,s.16

Congress

The Republicans will control both houses of Congress: the House of Representatives and the Senate.

A friendly Senate is important to a President's ability to advance their agenda, including passing legislation and appointing Supreme Court Justices and Cabinet members (the Senate must confirm these appointees).

s.13,s.16

Governor of Washington

Governor Jay Inslee (D) has been re-elected. Gov. Inslee and his government are good partners for B.C. and the jurisdictions have a long history of cooperating on climate action, transportation, emergency preparedness and trade. In late September, Governor Inslee was in B.C. to meet with Premier Clark and both signed an agreement to establish an Innovation Corridor between Vancouver and Seattle, which has received international media attention.

A ballot initiative calling for a revenue neutral carbon tax in Washington is expected to fail.

**U. S. Election: Outcomes and Implications for B.C.
(November 14, 2016 Report)**

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Executive Summary

s.13,s.16

President-elect Trump: Key Campaign Commitments with Implications for B.C.

Issue	Details/Implications for B.C.
<u>Trade</u> <ul style="list-style-type: none">• Re-negotiate or exit NAFTA—according to the reports this will begin within 100 days.• Withdraw from Trans Pacific Partnership.• Heavy tariffs on imported goods.	s.13,s.16

Energy & Mining

- Supports Keystone XL.
- Strongly supports increased oil, gas and coal production in the US with reduced regulation (see below).

Issue	Details/Implications for B.C.
<u>Climate Change</u> <ul style="list-style-type: none">• Withdraw from Paris Agreement.• Would attempt to undo Obama's climate regulations• Has called climate change a hoax.	s.13,s.16

Electricity Markets

<u>Columbia River Treaty</u>

Environment

- B.C. has MOUs with U.S. states regarding cross-border waterways focussed on mining and water quality, s.13,s.16
s.13,s.16

Issue	Details/Implications for B.C.
<u>Immigration/Border/Worker Mobility</u> <ul style="list-style-type: none">• Has called for a mass deportation of undocumented immigrants, will not offer amnesty to those that entered illegally, and plans to build a wall along the entire US-Mexico border.• “Suspend the issuance of visas to any place where adequate screening cannot occur”.	s.13,s.16
<u>Economy</u> <ul style="list-style-type: none">• Supports significant tax cuts in all brackets and anti-trade measures that are expected, according to independent analysis, to result in \$10 trillion less revenue for the federal government and lead to 3.5 million job losses.	s.13,s.16
<u>Agriculture</u> <ul style="list-style-type: none">• No commitments specific to this sector, but trade positions will negatively impact the industry in B.C.	s.13,s.16

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B.C.-U.S. Strategy

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B.C.'s engagement and advocacy approach with the U.S. should include the following:

s.13,s.16

This strategy will be further developed and finalized before Inauguration Day, January 20th.

Other Key Elections

Congress

The Republicans will control both houses of Congress: the House of Representatives and the Senate. A friendly Senate is important to a President's ability to advance their agenda, including passing legislation and appointing Supreme Court Justices and Cabinet members (the Senate must confirm these appointees).

s.13,s.16

Governor of Washington

Governor Jay Inslee (D) has been re-elected. Gov. Inslee and his government are good partners for B.C. and the jurisdictions have a long history of cooperating on climate action, transportation, emergency preparedness and trade. In late September, Governor Inslee was in B.C. to meet with Premier Clark and both signed an agreement to establish an Innovation Corridor between Vancouver and Seattle, which has received international media attention.

A ballot initiative calling for a revenue neutral carbon tax in Washington failed.

Comments on the U.S. Election by Canadian Premiers

Premier Clark:

- "The United States is a close friend and partner of British Columbia. Alongside the Government of Canada, we will work diligently and with determination to ensure we protect and grow the relationship that is crucial to working families in our province on issues like free trade and a new softwood lumber agreement."
- "[NAFTA and free trade] profoundly changed Canada's economy for the better. We want to make sure that stays in place."
- "We should recognize Secretary Hillary Clinton's historic run. For the first time, a woman has contested the presidency for one of the two major political parties – a significant and important signal."
- "A president also works with [the] senate and congress so I'm sure that president-elect Trump will reflect the views of all of those people who've been elected in this campaign."

Premier Notley:

- "We will work closely with the Government of Canada and with other provinces to defend Canadian interests, and of course Albertan interests, during any review of our trade arrangements with the United States... including any review or negotiations of NAFTA."
- "The United States is Alberta's most significant energy market... we will be working closely with our energy industry to see if new opportunities to grow that relationship now lie before us under a new U.S. administration."
- "The most important objective for us is to diversify our markets and diversify access to markets."
- "A Canadian pipeline to tidewater remains an important priority for Alberta."
- "There are strong, strong, compelling reasons for moving forward on our climate leadership plan, and decisions of the voters south of the border are not things that should appropriately factor into that."
- "It also makes sense – in Canada and all around the world – to act on climate change, to phase out coal pollution, and to phase in clean renewable energy."

Premier Wall:

- "Canada must now work with the new president in the best interests of both our great countries... President-elect Trump has made some election promises that could be positive for Canada and others that are concerning."
- "[President-elect Trump] has indicated his support for the Keystone XL pipeline, and with Republican majorities in both the House and Senate, I am hopeful that this important project will move ahead quickly."
- "I hope he reconsiders his plan to end NAFTA. I would urge Prime Minister Trudeau and our federal government to reach out to the new administration as soon as possible on these and other issues of importance to our two countries."
- "The election result means we will not be seeing a carbon tax in the U.S. anytime soon. Washington state... rejected [a carbon tax] by 58 per cent."
- "It makes no sense for our federal government to push ahead with imposing a national carbon tax, when our biggest trading partner – and our biggest competitor for investment and jobs – is not going to have one."

Premier Pallister:

- "We recognize Manitoba is a trading province, and that we benefit from trade very much."
- "Obstructionism and protectionism" could stand in the way of "trade opportunities being fully explored" with the U.S.
- "We're ready here in Manitoba to compete with [the U.S.] on a fair and level playing field and it wouldn't be wise for them to admit defeat by locking the doors on us."
- Premier Pallister noted U.S. politicians have discussed altering NAFTA for years and Hillary Clinton also vowed to adjust the deal.
- The Premier said the Manitoba government is working to "open up other trading opportunities" outside of the United States.

Premier Wynne:

- Wynne said she is "worried" about Trump's threat to North American free trade.
- "I'm very concerned for our trade relationship with the United States... we're going to be fighting very hard here in Ontario to keep those open relationships. We are interdependent on the United States."
- "The reality is, we work with whoever is the president of the United States... my hope is that whoever is there will understand how important Canada, and Ontario, are to that partnership."
- "We've made a lot of progress on the climate change discussion globally and if we've got a president who really doesn't see the importance of that, it puts so much at risk."
- "The United States is clearly a major partner. It is an unavoidable player. But I see things like China making a move toward setting up a national carbon market. It will be difficult for a great country like the United States to ignore that."

Premier Couillard:

- "North America, Quebec, Canada and the world are in a state of uncertainty and potential instability."
- Premier Couillard said he is most preoccupied by what impact a Trump presidency might have on the province's lumber industry.
- The Premier expressed hope that Quebec's export-based economy would continue to have good ties with the U.S., and said that the two economies are so integrated that there's little doubt they will continue to trade their products.
- Premier Couillard also promised to work on developing new markets, especially in Europe due to the recently-signed CETA free trade deal.
- "The speech of the president-elect was already very different in tone from the speech of the candidate, much more unifying in its message... that was a very positive tone which I will use as a landmark for future events."

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Donald Trump's Contract with the American Voter

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s.16;s.13

Wharf, Sandy PREM:EX

From: Baskerville, Shannon JTST:EX
Sent: Thursday, November 10, 2016 4:52 PM
To: Sweeney, Neil PREM:EX
Cc: Smollett, Debbie JTST:EX; Maranda, Pierrette IGRS:EX; Wharf, Sandy PREM:EX
Subject: As requested: US election
Attachments: US election 2016.docx; Immigration Summary US Election Response.docx

Hi Neil – As requested – JTSTL overview.

US Election Analysis – Ministry of Jobs, Tourism and Skills Training, and Labour

Business Area	Trump Election Commitments	BC Implications
Tourism Policy	<i>“Work with Congress to modernize our airports and air traffic control systems, end long wait times, and reform the FAA and TSA, while also ensuring that American travelers are safe from terrorism and other threats.”</i>	s.16,s.17
Community Transition	<i>“Direct the Secretary of Commerce to identify every violation of trade agreements a foreign country is currently using to harm our workers, and also direct all appropriate agencies to use every tool under American and international law to end these abuses.”</i>	
MIO Projects	<i>“Negotiate fair trade deals that create American jobs, increase American wages, and reduce America's trade deficit.”</i>	

US Election Analysis – Ministry of Jobs, Tourism and Skills Training, and Labour

Business Area	Trump Election Commitments	BC Implications
Immigration	<p><i>"Reform legal immigration to serve the best interests of America and its workers, keeping immigration levels within historic norms."</i></p> <p><i>"Suspend, on a temporary basis, immigration from some of the most dangerous and volatile regions of the world that have a history of exporting terrorism."</i></p>	s.16,s.17
Worker Mobility between Canada and US	<i>"Tell NAFTA partners that we intend to immediately renegotiate the terms of that agreement to get a better deal for our workers. If they don't agree to a renegotiation, we will submit notice that the U.S. intends to withdraw from the deal."</i>	
Worker Mobility between Canada and US	Election outcome of a Trump Presidency	
Skills Training Programs	Election outcome of a Trump Presidency	

US Election Analysis – Ministry of Jobs, Tourism and Skills Training, and Labour

Business Area	Trump Election Commitments	BC Implications
Labour	Nothing about labour relations, employment standards, or workers' compensation	s.16,s.17
Creative sector	Nothing specific	<ul style="list-style-type: none"> • Nothing immediate.
Tourism program / Marketing	Nothing specific	<ul style="list-style-type: none"> • Nothing immediate.

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Additional BC Actions/Response

s.13,s.16

Other Options for Consideration:

s.13

Wharf, Sandy PREM:EX

From: Wernick, Michael <Michael.Wernick@pco-bcp.gc.ca>
Sent: Wednesday, November 9, 2016 7:36 AM
To: Henderson, Kim N PREM:EX; XT:Nelson, Ms. Marcia HLTH:IN; 'Alanna.koch@gov.sk.ca'; 'donna.miller@leg.gov.mb.ca'; 'steve.orsini@ontario.ca'; 'juan.roberto.iglesias@mce.gouv.qc.ca'; 'Judy.wagner@gnb.ca'; 'lauralee.langley@novascotia.ca'; 'BernardCoffey@gov.nl.ca'; 'ptledwell@gov.pe.ca'; 'kelvin.leary@gov.yk.ca'; 'Mike_Aumond@gov.nt.ca'; 'CDArcy@gov.nu.ca'
Cc: 'Ian.Shugart@international.gc.ca'; Jean, Daniel; Hannaford, John; Linklater, Les; Tanguy, Patrick; Henry, Barbara; 'David.MacNaughton@international.gc.ca'
Subject: Invitation to a conference call on U.S. Election / Invitation à un appel conférence sur l'élection aux États-Unis
Attachments: OUTCOMES OF US ELECTION.doc

(le français suit...)

Dear Colleagues,

Serge and I would like to invite you to a brief discussion on the outcome of the U.S. Presidential Election today. The call will take place at 1:30 p.m. (Ottawa time). Dial-in information is as follows:
Local Dial-in number: ^{s.15,s.16} Toll-free Dial-in Number: ^{s.15,s.16} Conference ID: ^{s.15,s.16}
Find attached a short report on the U.S. election.

Please find below the link to the Statement issued by the Prime Minister this morning:

<http://www.pm.gc.ca/eng/news>

Michael Wernick
Clerk of the Privy Council
and Secretary to the Cabinet
Government of Canada

Serge Dupont
Deputy Clerk of the Privy Council
and Associate Secretary to the Cabinet
and Deputy Minister of Intergovernmental Affairs
Government of Canada

Chers collègues,

Serge et moi aimerions vous convier à une brève discussion qui se tiendra aujourd'hui au sujet du résultat de l'élection présidentielle aux États-Unis. L'appel aura lieu à 13h 30 (heure d'Ottawa). Les coordonnées pour participer à l'appel sont les suivantes : Numéro de téléphone local à composer : ^{s.15,s.16} Numéro de téléphone sans frais à composer : ^{s.15,s.16} Numéro d'identification de la conférence : ^{s.15,s.16} Vous trouverez, ci-joint, un bref rapport sur les élections aux États-Unis (disponible en anglais seulement).

Veuillez trouver ci-dessous le lien à la Déclaration du Premier Ministre émise ce matin.

<http://www.pm.gc.ca/fra/nouvelles>

Michael Wernick
Greffier du Conseil privé
au Cabinet
et Secrétaire du Cabinet
intergouvernementales
Gouvernement du Canada

Serge Dupont
Sous-greffier du Conseil privé, Secrétaire associé

et Sous-ministre des Affaires

Gouvernement du Canada

OUTCOMES OF U.S ELECTION

Donald Trump has been elected the 45th president of the United States.

Trump has won 289 electoral votes to Clinton's 218 (as of this morning).

Trump has swept all 24 states that Mitt Romney won in 2012, and added to them wins in Florida, Ohio, Wisconsin, Pennsylvania and Iowa.

While the final popular vote will take days to finalize, Trump currently leads the national vote 47.5% to Clinton's 47.7%, while Libertarian candidate Gary Johnson has achieved 3% (a potential factor that may have drawn from Clinton's support). More than 47 million of those votes were cast before Election Day, a new record.

s.16

The Trump campaign had always said it intended to make inroads in traditional blue-leaning Rust Belt states, which they appear to have accomplished with their wins in states like Wisconsin and Michigan, but they also managed to hold on to traditional red states that the Clinton campaign had been eyeing as potential upsets, including Georgia and Arizona.

Senate: Republicans will retain control of the United States Senate. Democrats picked up just one Senate seat, ^{s.16} the five they needed to take back the majority. In maintaining their control of the Senate, Sen. Mitch McConnell (R-KY) will remain the majority leader and control the chamber's legislative agenda, but he will have a new Democratic adversary in Sen. Charles Schumer (D-NY).

House: Republicans won enough seats to maintain power in the House of Representatives, which the party has controlled since the 2010 midterm elections.

s.16

Governors: Twelve states held gubernatorial elections. Republicans kept at least three governorships in Indiana, North Dakota and Utah; the race in North Carolina was too close to call. Republicans picked up three more governor's seats in Missouri, New Hampshire and Vermont. The Democrats held on to their seats in Delaware, Oregon, Washington and West Virginia, and were leading in Montana.

The electorate: ^{s.16}

s.16

1s.16

Clinton performed, and in some areas, outperformed, President Obama's 2012 results

Hillary

in urban areas.^{s.16}
s.16

Turnout was at record levels across the country.
but

the gender gap that many anticipated never really materialized and a decline in voter turnout^{s.16}
s.16

Exits polls emphasized a divided nation. Notably, voters surveyed indicated the economy/jobs as their top issue, far surpassing terrorism, foreign policy and immigration. In the rust belt states, large shares of voters agree with Trump that trade costs U.S. jobs.^{s.16}

Mr. Trump, who has centered much of his campaign around trade and immigration issues^{s.16}
s.16

Among his priorities, Trump has said that the U.S. will renegotiate NAFTA, or withdraw from the trade deal, and the U.S. would withdraw from the Trans-Pacific Partnership.

Trump would also ask the Treasury Secretary to label China a currency manipulator, and will look to punish companies that move jobs overseas.

He would remove illegal immigrants and suspend immigration from "terror-prone" regions of the world, but also impose mandatory minimum prison sentences for those who enter the U.S. illegally and appeal to Congress for authorization to build a wall along the border with Mexico.

In distancing himself from the previous Obama administration, he has said he plans to cancel every "unconstitutional action" issued by Obama, including orders on immigration.

He also plans to lift restrictions on energy production and would invite TransCanada to re-submit its application for the Keystone XL project. He has also mentioned cancelling the Paris climate change agreement and any payments to U.N. climate change programs, as well as rescinding the Clean Power Plan.

Trump would replace Obama's nominee to the Supreme Court with his own conservative nominee, and would make repealing the Affordable Care Act ("Obamacare") a priority.

He has also indicated that he would propose term limits on members of Congress, a hiring freeze at most federal agencies, new limits on lobbying by former White House and congressional officials, and a requirement that any new proposed regulation be accompanied by the elimination of two existing regulations.

Wharf, Sandy PREM:EX

From: Mentzelopoulos, Athana FIN:EX
Sent: Wednesday, November 9, 2016 8:34 AM
To: Menzies, Brian FIN:EX; Henderson, Kim N PREM:EX
Cc: Sweeney, Neil PREM:EX
Subject: FW: Market Reaction to Trump Victory
Attachments: Briefing Note - Trump Election Win-Nov 9 2016.docx

From: Myers, Sam FIN:EX
Sent: Wednesday, November 9, 2016 8:32 AM
To: Mentzelopoulos, Athana FIN:EX
Cc: Hopkins, Jim FIN:EX; Galbraith, David J FIN:EX; Lewis, Jason FIN:EX
Subject: Market Reaction to Trump Victory

Good morning Athana,

Provincial Treasury has been closely monitoring the markets and provides a brief summary on bond yields and spreads, bond liquidity, equities and currency markets. In summary, there is relative stability in the markets.

Please see attached Briefing Note.

Sam



Samuel Myers
Executive Director, Debt Management Branch
Ministry of Finance – Provincial Treasury
Province of British Columbia
Phone: (250) 387-8815
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Ministry of Finance
BRIEFING DOCUMENT

To: Athana Mentzelopoulos
Deputy Minister

Initiated by: Samuel Myers
Executive Director,
Debt Management Branch

Date Prepared: November 9, 2016

Ministry Contact: Samuel Myers
Executive Director,
Debt Management Branch

Phone Number: 250 387 8815
Email: sam.myers@gov.bc.ca

Cliff #:

TITLE: Market Reaction to Trump Victory in US Election

PURPOSE:

(X) FOR INFORMATION

For the purpose of determining the market reaction in the aftermath of Donald Trump's victory

COMMENTS:

Provincial Treasury is closely monitoring the financial markets (government bond yields, spreads, short term rates, equities, and exchange rates and provides the following comments as of 8 am Pacific time.

Bond Yields and Spreads:

- Canadian bond yields are up 6 bps in the long end and 3 bps in the 10 year term
- US Treasury yields are up about 16 bps in the long end and 11 bps in the 10 year term
- Provincial spreads are generally wider by about 1 bps
- Canadian short term rates are relatively unchanged out to 1 year
- US LIBOR is relatively unchanged
- BC spreads versus Ontario are relatively unchanged

Bond Liquidity:

- Trading volumes are brisk for Canada bonds and a little slower for provincials as of early morning

Equities:

- Despite steep declines in the overnight futures markets immediately after the Trump victory, equities have rebounded
- Dow Jones index is up around 103 points
- TSX is up around 70 points

Currency Markets:

- Canadian dollar is moderately weaker by about 1 cent vs the US\$
- Mexican peso is down sharply

NEXT STEPS:

Further update to be provided later today and over the coming days

Wharf, Sandy PREM:EX

From: Mihlar, Fazil ENV:EX
Sent: Wednesday, November 9, 2016 9:05 AM
To: Carr, Steve PREM:EX; Chin, Ben PREM:EX; Sweeney, Neil PREM:EX; Henderson, Kim N PREM:EX; Nikolejsin, Dave MNGD:EX; Cadario, Michele PREM:EX
Subject: FazilMihlar shared a link: Trump Victory Deals Blow to Global Fight Against Climate Change - Bloomberg

[Trump Victory Deals Blow to Global Fight Against Climate Change - Bloomberg](#) from Terence Corcoran's [Tweet](#)

[Download](#) the Twitter app

Sent from my iPhone

Trump Victory Deals Blow to Global Fight Against Climate Change

Bloomberg News
November 8, 2016, 11:22 PM PST
Updated on November 9, 2016, 2:21 PM PST

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From: Mentzelopoulos, Athana FIN:EX
Sent: Wednesday, November 9, 2016 11:18 AM
To: Sweeney, Neil PREM:EX; Henderson, Kim N PREM:EX; Menzies, Brian FIN:EX
Subject: Fw: TD Strategy: Taking Stock of a Trump Presidency and its Implications for Canada

From: Hopkins, Jim FIN:EX <Jim.Hopkins@gov.bc.ca>
Sent: Wednesday, November 9, 2016 10:08 AM
To: Mentzelopoulos, Athana FIN:EX
Cc: Myers, Sam FIN:EX; Lewis, Jason FIN:EX
Subject: FW: TD Strategy: Taking Stock of a Trump Presidency and its Implications for Canada

Athana..further to your interest in salient pieces on what is in store for us under Mr Trump, we forward this along as a good, substantive and thoughtful analysis

Cheers Jim

From: Popham, Rex T FIN:EX
Sent: Wednesday, November 9, 2016 8:30 AM
To: Myers, Sam FIN:EX; Hopkins, Jim FIN:EX; Lewis, Jason FIN:EX
Cc: Horan, Greg J FIN:EX; Rawluk, Jacqueline FIN:EX
Subject: FW: TD Strategy: Taking Stock of a Trump Presidency and its Implications for Canada

FYI – some of you already receive this. It looks like a good run through of the major us/cad issues

From: Lee, Vincent [<mailto:Vincent.Lee@tdsecurities.com>]
Sent: Wednesday, November 9, 2016 8:23 AM
Subject: TD Strategy: Taking Stock of a Trump Presidency and its Implications for Canada

In case you were wondering the implication of a Trump victory for Canada, our strategy team lays out some of their thoughts [here](#).

Quick recap is that we look for a steepening yield curve, a more dovish Bank of Canada and a weaker Loonie.

Cheers

Vince

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From: TD Rates, FX & Commodities Strategy

Subject: TD: Taking Stock of a Trump Presidency and its Implications for Canada

TD Securities

Taking Stock of a Trump Presidency and its Implications for Canada

PDF: <https://www.tdsresearch.com/currency-rates/viewEmailFile.action?eKey=W30V219WUYO04SANZMHUO57RO>

- There are important risks to the Canadian economic outlook from today's election of President Trump. This note outlines key areas to watch, including risks to Canadian trade and implications for the Bank of Canada.
- We raise our odds for a December cut from the BoC from 20% to 33%, and keep January still below 50%, pending the sustained reactions in CAD, clarity on key US policy issues such as NAFTA, and the evolution of Canadian domestic data.

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Wharf, Sandy PREM:EX

From: Wernick, Michael <Michael.Wernick@pco-bcp.gc.ca>
Sent: Wednesday, November 9, 2016 2:58 PM
To: 'Kim.henderson@gov.bc.ca'; 'Marcia.nelson@gov.ab.ca'; 'Alanna.koch@gov.sk.ca';
'donna.miller@leg.gov.mb.ca'; 'steve.orsini@ontario.ca';
'juan.roberto.iglesias@mce.gouv.qc.ca'; 'Judy.wagner@gnb.ca';
'lauralee.langle@novascotia.ca'; 'BernardCoffey@gov.nl.ca'; 'ptledwell@gov.pe.ca';
'kelvin.leary@gov.yk.ca'; 'Mike_Aumond@gov.nt.ca'; 'CDArcy@gov.nu.ca'
Cc: 'Ian.Shugart@international.gc.ca'; Jean, Daniel; Hannaford, John; Linklater, Les; Tanguy,
Patrick; Henry, Barbara; 'David.MacNaughton@international.gc.ca'
Subject: Follow-up to conference call on outcomes of the U.S. Election / Suivis à un appel
conférence sur l'élection aux États-Unis

(le français suit...)

Dear colleagues,

Thank you again for making time for our call this afternoon. We will look to continue this dialogue, share information, and hold further calls as the situation evolves.

s.16

Finally, please find below a link to the document prepared by the Trump campaign that was referenced during the call (available only in English):

<https://assets.donaldjtrump.com/landings/contract/O-TRU-102316-Contractv02.pdf>

Thanks to Ambassador MacNaughton, Ian Shugart, John Hannaford, and Daniel Jean for taking the time to share their views.

Michael Wernick

Collègues,

Je vous remercie d'avoir pris le temps de participer à notre appel de cet après-midi. Nous souhaitons pouvoir poursuivre ce dialogue, partager de l'information, et avoir d'autres appels selon l'évolution de la situation.

s.16

Finalement, vous trouverez, ci-bas, le lien au document préparé par la campagne Trump qui a été mentionné lors de notre appel (disponible en anglais seulement):

<https://assets.donaldjtrump.com/landings/contract/O-TRU-102316-Contractv02.pdf>

Je remercie également l'Ambassadeur MacNaughton, Ian Shugart, John Hannaford, et Daniel Jean d'avoir pris le temps de partager leur point de vue.

Michael Wernick

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Wharf, Sandy PREM:EX

From: Mentzelopoulos, Athana FIN:EX
Sent: Wednesday, November 9, 2016 3:38 PM
To: Henderson, Kim N PREM:EX; Sweeney, Neil PREM:EX; Menzies, Brian FIN:EX
Subject: Fwd: LBS: U.S. Historic Election Upset: A Donald Trump Surprised Victory
Attachments: image005.jpg; ATT00001.htm; image003.jpg; ATT00002.htm; image004.jpg; ATT00003.htm; image006.png; ATT00004.htm; U.S. Elections_Commentary_LBS.pdf; ATT00005.htm

Sent from my iPad

Begin forwarded message:

From: "Lewis, Jason FIN:EX" <Jason.Lewis@gov.bc.ca>
Date: November 9, 2016 at 14:28:07 PST
To: "Mentzelopoulos, Athana FIN:EX" <Athana.Mentzelopoulos@gov.bc.ca>, "Hopkins, Jim FIN:EX" <Jim.Hopkins@gov.bc.ca>, "Myers, Sam FIN:EX" <Sam.Myers@gov.bc.ca>
Subject: LBS: U.S. Historic Election Upset: A Donald Trump Surprised Victory

The following note from Luc Vallee at Laurentian does a good summary of some the headline issues from a Canadian perspective (with his opinions interspersed).

Certainly more details and developments with regards to Trump's plans of action (not just words) are needed for the markets to find a footing here and establish new ranges and direction. I expect that the market participants take this long weekend to digest and re-strategize.

I will selectively circulate more detailed analysis as it arrives.

-Jason

Jason Lewis | T: 250-387-7132 | C: 250-507-9439

From: Lavoie Sebastien [<mailto:LavoieS@vmbl.ca>] **On Behalf Of** VMBL Recherche Économique et Stratégie - LBS Economic Research & Strategy
Sent: Wednesday, November 9, 2016 9:54 AM
To: VMBL Recherche Économique et Stratégie - LBS Economic Research & Strategy
Subject: U.S. Historic Election Upset: A Donald Trump Surprised Victory

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Wharf, Sandy PREM:EX

From: Henderson, Kim N PREM:EX
Sent: Monday, November 14, 2016 7:23 PM
To: Mihlar, Fazil ENV:EX
Cc: Finkel, Paul PREM:EX
Subject: Re^{s.12}

Great thanks very much, Paul this can go out once Fazil sends.

On Nov 14, 2016, at 6:51 PM, Mihlar, Fazil ENV:EX <Fazil.Mihlar@gov.bc.ca> wrote:

Hi Kim: Both good points. I will make it explicit on Slide 18 and will make the change to Slide 19; ^{s.12,s.13,}
^{s.12,s.13,s.16} were on before; that might change. Thx. Fazil
Sent from my iPhone

On Nov 14, 2016, at 5:23 PM, Henderson, Kim N PREM:EX <Kim.Henderson@gov.bc.ca> wrote:

Hi, wondering about whether we should have reference to the ^{s.12,s.13} on slide
(impacts of US election) plus slide 18 as slide 18 assumes ^{s.12,s.13} Or MMP could speak to
this. ¹³

I suspect in terms of slide 19 ^{s.12,s.13,s.16}
^{s.12,s.13,s.16}

From: Finkel, Paul PREM:EX
Sent: Monday, November 14, 2016 4:11 PM
To: Henderson, Kim N PREM:EX
Cc: MacMillan, Elizabeth PREM:EX; Preyde, Anne M PREM:EX
Subject: FW:^{s.12}

Hello Kim, attached please find the ^{s.12}
Thanks.

Paul Finkel | Cabinet Operations
Room 049 | 617 Government St. | Victoria, BC | V8W 9V1
250.387.0728

From: Cameron, Tara D ENV:EX
Sent: Monday, November 14, 2016 3:31 PM
To: Finkel, Paul PREM:EX
Subject: RE:^{s.12}

Hi Paul, this has been approved by Fazil. There may be further changes needed as a result of Friday's meetings – I will either send an updated ppt EOD Friday, or first thing Monday, or they will be walked in on Tuesday.

^{s.12}

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s.12

Wharf, Sandy PREM:EX

From: Henderson, Kim N PREM:EX
Sent: Tuesday, November 15, 2016 1:10 PM
To: 'David Wilkins'
Subject: RE: The 2016 Election and What It Means Going Forward

Thanks David, I appreciate this very much and did read it with interest.

From: David Wilkins [mailto:David.Wilkins@nelsonmullins.com]
Sent: Monday, November 14, 2016 1:09 PM
To: Henderson, Kim N PREM:EX
Subject: The 2016 Election and What It Means Going Forward

Dear Kim,

Attached is an analysis from Nelson Mullins regarding the 2016 election, and our insight on issues likely to be addressed by the President and Congress in 2017.

I knew this would be of interest to you, and hope that you find it informative and helpful.

If you have any questions or would like to discuss anything further, please feel free to contact me.

Thanks,

David

Nelson Mullins

David H. Wilkins

Partner

david.wilkins@nelsonmullins.com

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Fax: 864.373.2925

101 Constitution Avenue, NW, Suite 900

Washington, DC 20001

Tel: 202.689.2829

www.nelsonmullins.com

(View Bio)

-----Original Message-----

From: Henderson, Kim N PREM:EX [mailto:Kim.Henderson@gov.bc.ca]
Sent: Friday, October 21, 2016 2:21 PM
To: David Wilkins <David.Wilkins@nelsonmullins.com>

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Wharf, Sandy PREM:EX

From: Mihlar, Fazil ENV:EX
Sent: Tuesday, November 15, 2016 6:34 PM
To: Chin, Ben PREM:EX; Carr, Steve PREM:EX; Sweeney, Neil PREM:EX; Cadario, Michele PREM:EX; Henderson, Kim N PREM:EX
Cc: Kapac de Frias, Martina E ENV:EX
Subject: Fwd: Les MacPherson: Canada will have to miss climate targets without Donald Trump's help - StarPhoenix

FYI. Fazil

<http://thestarphoenix.com/storyline/les-macpherson-canada-will-have-to-miss-climate-targets-without-donald-trumps-help>

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Wharf, Sandy PREM:EX

From: Plecas, Bobbi PREM:EX
Sent: Wednesday, November 16, 2016 8:08 PM
To: Henderson, Kim N PREM:EX
Subject: Re: Silicon Valley

Late to the conversation as it is just now early morning here.

s.13,s.16

s.13,s.16

On Nov 16, 2016, at 9:59 PM, Henderson, Kim N PREM:EX <Kim.Henderson@gov.bc.ca> wrote:

s.13,s.16

http://www.nytimes.com/2016/11/10/technology/trump-election-silicon-valley-reels.html?_r=0

The New York Times

<https://nyti.ms/2eI7QVa>

ELECTION 2016

[Full Results](#)

[Exit Polls](#)

[Trump's Cabinet](#)

Silicon Valley Reels After Trump's Election

Farhad Manjoo

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President Donald Trump – Policy Platform Review

BC PROVINCIAL TREASURY DEBT MANAGEMENT BRANCH MEMO

November 14th 2016

BACKGROUND

Republican candidate Donald Trump was elected as the 45th president of the United States on November 8th 2016, defeating Democratic candidate Hillary Clinton. Trump secured 279 Electoral College votes (Clinton 228) to win the election, although Clinton captured the popular vote by winning 60.1 million vs. Trump's 59.8 million votes. Trump will take office on January 20th 2017.

This memo highlights elements of the Republican Party's policy platform as well as points of emphasis by President Trump that may have relevance to the future market tone, potentially impacting the Province of British Columbia's future debt issuance and derivatives trading activities.

ECONOMIC OUTLOOK

Now that the election results are known, a key question being asked is *what will happen to the US economy?* The feared "panic reaction" in the markets espoused by some commentators didn't materialize following Trump's victory. Instead, the Standard and Poor's 500 Index increased ~4%, Treasury bond yields increased by ~40 basis points (>7yr issues), and measures of volatility fell.¹

Standard & Poor's 500 Index, Nov 4-14 2016 (Source: Bloomberg)

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The challenge for analysts is that Trump has made impassioned comments about inflationary spending policies and executing sweeping regulatory and policy changes but has offered little practical detail, especially as it pertains to financial regulation reform. Despite Trump's pointedness about repealing Dodd-Frank, NAFTA and the US's commitments to reduced emissions under the Paris Agreement, these are not actions he can take unilaterally or immediately. This affords opportunity for these potential changes to unfold in a more measured way than his brash campaign statements might signal would be the case. Potential legislative change aside however, it is expected that Trump will appoint "less aggressive" leaders to agencies like the Federal Reserve and Securities and Exchange Commission, achieving some of his goals through weakened regulatory enforcement.²

As for market reaction, Trump has made statements that could drive opposing effects on market behaviour and economic growth. Lower taxes on businesses, increased spending on infrastructure and defense and a relaxation of environmental and financial regulations are expected heat up the economy and expand market-making activity. But Trump has also made potentially contractionary comments about increasing interest rates and imposing limits on international trade and immigration.

Trump has also expressed overt criticism of Wall Street and the hedge fund industry for taking advantage of tax loopholes and generating profits in ways that he says have harmfully extracted

wealth from Americans. Yet his current economic advisory council draws heavily on financial industry executives associated with the strategies he has chastised in his campaign, including Steven Feinberg, John Paulson, Harold Hamm, Andy Beal, Tom Barrack, and Steven Mnuchin. His fervour against Wall Street is not necessarily resulting in contractionary expectations, possibly because the foundation of his thinking follows traditional republican approaches that could be seen as net expansionary.

The overall 'net effect' of Trump's proposed changes on market tone is a matter of debate among analysts, and this uncertainty is intensified by the potential for radical change related to social policies, immigration, international relations, trade, and military composition that could feed into economic activity in unexpected ways.

While it is premature to articulate a detailed economic outlook for Trump's campaign, market behavior in the days following the election points to a net-positive outlook in terms of economic growth. The New York Times reported: "Essentially, markets are signalling that investors think the Trump administration will follow through more completely on the plans that are positives for growth profits and will be more cautious on those policies that are negatives."³

For the province of British Columbia, inflationary pressures and associated increases in long term interest rates are expected to drive more costly borrowing in the near future while market access remains stable.

Relevant excerpts from Trump's policy platform are included in the Appendix.

APPENDIX:

TRUMP POLICY PLATFORM EXCERPTS

The following excerpts were selected due to their potential relevance to economic and market activity impacting the Province of British Columbia's future debt issues and derivatives activity.

Trump's platform was organized by topic area, and includes visionary statements as well as supporting citations/issues statements. Relevant excerpts were included below. The full policy platform is available online (<https://www.donaldjtrump.com/policies>) and in PDF format from the Debt Management Branch. All content was copied from the above website on 11/11/2014.

Economy

Trump's Vision:

- Create a dynamic booming economy that will create 25 million new jobs over the next decade.
- For each 1 percent in added GDP growth, the economy adds 1.2 million jobs. Increasing growth by 1.5 percent would result in 18 million jobs (1.5 million times 1.2 million, multiplied by 10 years) above the projected current law job figures of 7 million, producing a total of 25 million new jobs for the American economy.
- Reform policies with a pro-growth tax plan, a new modern regulatory framework, an America-First trade policy, an unleashed American energy plan, and the "penny plan."
- Boost growth to 3.5 percent per year on average, with the potential to reach a 4 percent growth rate.

Trump's Citations on the US Economy:

- Over the last seven years, 14 million more people have left the labor force.
- The lowest labor force participation rate since the 1970s.
- 1 in 5 American households do not have a single family member in the labor force.
- 23.7 million Americans in their prime-earning years [ages 25-54] are out of the labor force – an increase of 1.8 million over the last seven years.
- Real GDP grew only 1.1% in the second quarter of this year. Over the last seven years, real GDP grew 2.1% the slowest seven-year period since at least the 1940s.
- It's the weakest so-called recovery since the Great Depression.
- Hourly earnings and weekly earnings are lower today than they were in 1973.
- The number of Americans on Food Stamps during Obama's time in office has increased by more than 12 million.
- 2 million more Latinos are in poverty today than when President Obama took his oath of office less than eight years ago.
- 45% of African-American children under 6 are living in poverty.
- 1 in 6 American men between the ages of 18-34 are either in jail or out of work.
- Student loan debt exceeds \$1.3 trillion — nearly doubling under the Obama administration.
- Since President Obama took office, the national debt has doubled.

- U.S. trade deficit in goods reached nearly 800 billion dollars last year alone.
- The U.S. homeownership rate fell to 62.9 percent in the second quarter – the lowest rate in 51 years.

Note: Although not part of the official policy platform, Trump has made strong statements about the “danger” of low interest rates, claiming that they can distort markets and inflate asset prices.⁴ This has produced recent speculation among analysts as to whether Trump will replace Janet Yellen, Chairwoman of the Federal Reserve. Moreover, it has been tied to increases in bond yields post-election.

Regulations

Trump’s Vision:

- Ask all Department heads to submit a list of every wasteful and unnecessary regulation which kills jobs, and which does not improve public safety, and eliminate them.
- Reform the entire regulatory code to ensure that we keep jobs and wealth in America.
- End the radical regulations that force jobs out of our communities and inner cities. We will stop punishing Americans for working and doing business in the United States.
- Issue a temporary moratorium on new agency regulations that are not compelled by Congress or public safety in order to give our American companies the certainty they need to reinvest in our community, get cash off of the sidelines, start hiring again, and expanding businesses. We will no longer regulate our companies and our jobs out of existence.
- Cancel immediately all illegal and overreaching executive orders.
- Eliminate our most intrusive regulations, like the Waters of The U.S. Rule. We will also scrap the EPA’s so-called Clean Power Plan which the government estimates will cost \$7.2 billion a year.
- Decrease the size of our already bloated government after a thorough agency review.

Trump’s Citations:

- Every year, over-regulation costs our economy \$2 trillion dollars a year and reduces household wealth by almost \$15,000 dollars. [Donald J. Trump Press Release, Sept. 15, 2016]
- President Obama has issued close to four hundred new major regulations since taking office, each with a cost to the American economy of \$100 million or more. [The Wall Street Journal, April 7, 2016]
- In 2015 alone, federal agencies issued over 3,300 final rules and regulations, up from 2,400 the prior year. [Donald J. Trump Press Release, Sept. 15, 2016]
- The U.S. economy today is twenty-five percent smaller than it would have been without the surge of regulations since 1980. [Mercatus Center, April 26, 2016]
- The federal register is now over 80,000 pages long. [Office of the Federal Register, Dec. 31, 2015]

Trade

Trump's Vision:

- Negotiate fair trade deals that create American jobs, increase American wages, and reduce America's trade deficit.
- Withdraw from the Trans-Pacific Partnership, which has not yet been ratified.
- Appoint tough and smart trade negotiators to fight on behalf of American workers.
- Direct the Secretary of Commerce to identify every violation of trade agreements a foreign country is currently using to harm our workers, and also direct all appropriate agencies to use every tool under American and international law to end these abuses.
- Tell NAFTA partners that we intend to immediately renegotiate the terms of that agreement to get a better deal for our workers. If they don't agree to a renegotiation, we will submit notice that the U.S. intends to withdraw from the deal. Eliminate Mexico's one-side backdoor tariff through the VAT and end sweatshops in Mexico that undercut U.S. workers.
- Instruct the Treasury Secretary to label China a currency manipulator.
- Instruct the U.S. Trade Representative to bring trade cases against China, both in this country and at the WTO. China's unfair subsidy behavior is prohibited by the terms of its entrance to the WTO.
- Use every lawful presidential power to remedy trade disputes if China does not stop its illegal activities, including its theft of American trade secrets - including the application of tariffs consistent with Section 201 and 301 of the Trade Act of 1974 and Section 232 of the Trade Expansion Act of 1962.

Trump's Citations:

- America has lost nearly one-third of its manufacturing jobs since NAFTA and 50,000 factories since China joined the World Trade Organization. [Economic Policy Institute, April 23, 2015]
- President Obama predicted that the trade deal with South Korea would increase our exports to South Korea by more than \$10 billion – resulting in some 70,000 jobs. It has killed nearly 100,000. Our exports to South Korea haven't increased at all, but their imports to us have surged more than \$15 billion – more than doubling our trade deficit with that country. [The White House], [Economic Policy Institute, May 5, 2016.
- Our annual trade deficit in goods with Mexico has risen from close to zero in 1993 to almost \$60 billion. Our total trade deficit in goods hit nearly \$800 billion last year. China is responsible for nearly half of our entire trade deficit. Almost half of our entire manufacturing trade deficit in goods with the world is the result of trade with China. [United States Census Bureau]
- The U.S. trade deficit with the proposed TPP member countries cost over 2 million jobs in 2015. By far the biggest losses occurred in motor vehicles and parts, which lost nearly 740,000 manufacturing jobs. Imagine how many more jobs would be lost if the Trans-Pacific Partnership was actually approved. [Economic Policy Institute, March 3, 2016]

- The Trans-Pacific Partnership will undermine our economy, and it will undermine our independence
 - The TPP creates a new international commission that makes decisions the American people can't veto, making it easier for our trading competitors to ship cheap subsidized goods into U.S. markets - while allowing foreign countries to continue putting barriers in front of our exports.
 - The TPP lowers tariffs on foreign cars, while leaving in place the foreign practices that keep American cars from being sold overseas. The TPP even creates a backdoor for China to supply car parts for automobiles made in Mexico.
- According to the U.S. International Trade Commission, improved protection of America's intellectual property in China would produce more than 2 million more jobs right here in the United States. [The Commission On The Theft Of American Intellectual Property, May 2013]

Tax Plan

Trump's Vision:

- Reduce taxes across-the-board, especially for working and middle-income Americans.
 - The plan will collapse the current seven tax brackets into three for Married-Joint filers (single filers are ½ these amounts):
 - Less than \$75K, 12%
 - Between \$75K and under \$225K, 25%
 - Above \$225K, 33%
 - Lower business tax rate from 35% to 15% and eliminate the corporate alternative minimum tax. This rate will apply to all business (small and large).
 - Eliminate corporate tax expenditures except for the Research and Development credit.
 - Businesses that pay a portion of an employee's childcare expenses can exclude those contributions from income.
- Ensure the rich will "pay their fair share, but no one will pay so much that it destroys jobs our undermines our ability to compete."
- Firms engaged in manufacturing in the US may elect to expense capital investment and lose the deductibility of corporate interest expense.
- Retain the existing capital gains rate structure (max rate 20%). Carried interest to be taxed as ordinary income.
- The 3.8% Obamacare tax on investment income will be repealed, as will the alternative minimum tax.
- Provide a deemed repatriation of corporate profits held offshore at a one-time tax rate of 10%.
- Repeal the death tax (but capital gains held until death and valued over \$10M will be subject to tax).
- Eliminate special interest loopholes

- Reduce the cost of childcare by allowing families to fully deduct the average cost of childcare from their taxes, including stay-at-home parents
- Parents who earn less than \$500K (joint) or \$250K (single) and who have children under age 13 will be able to take an “above-the-line” deduction. *[There are a number of other more specific childcare related rebates and options indicated as well].*

Infrastructure

Trump’s Vision:

- Create thousands of new jobs in construction, steel manufacturing, and other sectors to build the transportation, water, telecommunications and energy infrastructure needed to enable new economic development in the US, all of which will generate new tax revenues.
- Put American steel made by American workers into the backbone of America’s infrastructure.
- Implement a bold, visionary plan for a cost-effective system of roads, bridges, tunnels, airports, railroads, ports and waterways, and pipelines in the proud tradition of President Dwight D. Eisenhower, who championed the interstate highway system.
- Approve private sector energy infrastructure projects—including pipelines and coal export facilities—to better connect American coal and shale energy production with markets and consumers.

Trump’s Citations:

- According to the National Association of Manufacturers (NAM), without major improvements to our transportation systems, “the United States will lose more than 2.5 million jobs by 2025” (NAM, Build To Win, 2016). NAM estimates a “ten-year funding gap” of approximately \$1 trillion. The Trump Infrastructure Plan is aimed at achieving a target of investment to fill this gap. NAM also found that \$8 billion in infrastructure tax credits would support \$226 billion in infrastructure investment over 10 years. Innovative financing programs also provide a 10-to-1 return on investment.
- According to the Wall Street Journal, “more than a dozen [energy infrastructure] projects, worth about \$33 billion, have been either rejected by regulators or withdrawn by developers since 2012, with billions more tied up in projects still in regulatory limbo.” This includes coal and shale energy export facilities. Major pipelines are being blocked as well. As noted in the Wall Street Journal, blocking such projects “leaves some communities without access to lower-cost fuel and higher-paying jobs.”

National Defense

Trump’s Vision:

- Work with Congress to fully repeal the defense sequester and submit a new budget to “rebuild our depleted military.”
- Increase the size of the US Army to 540,000 active duty soldiers. Rebuild the US Navy toward a goal of 350 ships. Provide the US Air Force with 1,200 fighter aircraft. Grow the US

Marine Corps to 36 battalions. Invest in a serious missile defense system to meet growing threats.

- Emphasize cyber warfare and require a comprehensive review from the Joint Chiefs of Staff and all relevant federal agencies to identify cyber vulnerabilities, protect vital infrastructure, and create a state-of-the-art cyber defense and offense
- Conduct a full audit of the Pentagon, eliminating incorrect payments, reducing duplicative bureaucracy, collecting unpaid taxes, and ending unwanted and unauthorized federal programs.

Energy

Trump's Vision:

- Make America energy independent, create millions of new jobs, and protect clean air and clean water. We will conserve our natural habitats, reserves and resources. We will unleash an energy revolution that will bring vast new wealth to our country.
- Declare American energy dominance a strategic economic and foreign policy goal of the United States.
- Unleash America's \$50 trillion in untapped shale, oil, and natural gas reserves, plus hundreds of years in clean coal reserves.
- Become, and stay, totally independent of any need to import energy from the OPEC cartel or any nations hostile to our interests.
- Open onshore and offshore leasing on federal lands, eliminate moratorium on coal leasing, and open shale energy deposits.
- Encourage the use of natural gas and other American energy resources that will both reduce emissions but also reduce the price of energy and increase our economic output.
- Rescind all job-destroying Obama executive actions. Mr. Trump will reduce and eliminate all barriers to responsible energy production, creating at least a half million jobs a year, \$30 billion in higher wages, and cheaper energy.

Trump's Citations:

- Energy costs the average American household \$5,000 per year. As a percentage of income, the cost is greater for lower-income families. [Fox News, Sept. 3, 2015]
- Shale energy production could add 2 million jobs in 7 years.
- The oil and natural gas industry supports 10 million high-paying Americans jobs and can create another 400,000 new jobs per year. [The New York Times, June 20, 2015]

Immigration

Trump's Vision

- Prioritize the jobs, wages and security of the American people.
- Establish new immigration controls.

- Protect the economic well-being of the lawful immigrants already living here by curbing uncontrolled foreign worker admissions
- Begin working on an impenetrable physical wall on the southern border, on day one. Mexico will pay for the wall.
- End catch-and-release (anyone who illegally crosses the border will be detained until they are removed out of the country).
- Move criminal aliens out on day one, in joint operations with local, state, and federal law enforcement. We will terminate the Obama administration's deadly, non-enforcement policies that allow thousands of criminal aliens to freely roam our streets.
- End sanctuary cities.
- Immediately terminate President Obama's two illegal executive amnesties.
- Suspend the issuance of visas to any place where adequate screening cannot occur, until proven and effective vetting mechanisms can be put in place.
- Ensure that other countries take their people back when we order them deported.
- Ensure that a biometric entry-exit visa tracking system is fully implemented at all land, air, and sea ports.
- Turn off the jobs and benefits magnet. Many immigrants come to the US illegally in search of jobs, even though federal law prohibits the employment of illegal immigrants.
- Reform legal immigration to serve the best interests of America and its workers, keeping immigration levels within historic norms.

Trump's Citations:

- Illegal immigrants and other non-citizens in our prisons and jails together had around 25,000 homicide arrests to their names. [United States Government Accountability Office, March 2011]
- Current immigration policy costs taxpayers \$300 billion a year [National Review, Sept. 22, 2016]
- There are at least 2 million convicted criminal aliens now inside the country. [Center for Immigration Studies, Oct. 2013]
- Since 2013 alone, the Obama Administration has allowed 300,000 criminal aliens to return back into U.S. communities.
- Between 9/11 and the end of 2014, at least 380 foreign-born individuals were convicted in terror cases inside the United States. [U.S. Senate Immigration Subcommittee, June 22, 2016]
- In the last five years, we've admitted nearly 100,000 immigrants from Iraq and Afghanistan – in these two countries, according to Pew research, a majority of residents say that the barbaric practice of honor killings against women are often or sometimes justified. [U.S. Department of Homeland Security, August 2016], [Pew Research Center, July 22, 2016]
- From the year 2008 through 2014, nearly 13,000 criminal aliens were released back into U.S. communities because their home countries would not take them back. [The Boston Globe, June 4, 2016]
- 62 percent of households headed by illegal immigrants used some form of cash or non-cash welfare programs, like food stamps or housing assistance. [Center for Immigration Studies, Sept. 2015]

- Nearly 1 million illegal immigrants, including nearly 200,000 with criminal convictions, had been ordered deported but remain at large. [Washington Examiner, July 1, 2015]
- Between 2013 and 2015, the Obama Administration released over 86,000 criminal aliens from custody. In 2015 alone, ICE freed 19,723 criminal aliens, who had 64,197 convictions among them. These included 8,234 violent convictions and 208 homicide convictions. [Homeland Security Committee, Nov. 19, 2015]

Healthcare

Trump's Vision:

- Repeal and replace Obamacare with Health Savings Accounts (HSAs).
- Work with Congress to create a patient-centered health care system that promotes choice, quality, and affordability.
- Work with states to establish high-risk pools to ensure access to coverage for individuals who have not maintained continuous coverage.
- Allow people to purchase insurance across state lines, in all 50 states, creating a dynamic market.
- Maximize flexibility for states via block grants so that local leaders can design innovative Medicaid programs that will better serve their low-income citizens.

Education

Trump's Vision:

- Immediately add an additional federal investment of \$20 billion towards school choice. This will be done by reprioritizing existing federal dollars.
- Give states the option to allow these funds to follow the student to the public or private school they attend. Distribution of this grant will favor states that have private school choice, magnet schools and charter laws, encouraging them to participate.
- Establish the national goal of providing school choice to every one of the 11 million school aged children living in poverty.
- If the states collectively contribute another \$110 billion of their own education budgets toward school choice, on top of the \$20 billion in federal dollars, that could provide \$12,000 in school choice funds to every K-12 student who today lives in poverty.
- Work with Congress on reforms to ensure universities are making a good faith effort to reduce the cost of college and student debt in exchange for the federal tax breaks and tax dollars.
- Ensure that the opportunity to attend a two or four-year college, or to pursue a trade or a skill set through vocational and technical education, will be easier to access, pay for, and finish.

¹ What Markets are Really Telling Us About a Trump Presidency. New York Times, Nov. 12 2016.

<http://www.nytimes.com/2016/11/12/upshot/what-the-markets-are-really-telling-us-about-a-trump-presidency.html? r=0>

² Victorious Donald Trump is Devil Wall Street Doesn't Know. Bloomberg, Nov. 9 2016.

<http://www.bloomberg.com/news/articles/2016-11-09/victorious-donald-trump-is-the-devil-wall-street-doesn-t-know>

³ What Markets are Really Telling Us About a Trump Presidency. New York Times, Nov. 12 2016.

<http://www.nytimes.com/2016/11/12/upshot/what-the-markets-are-really-telling-us-about-a-trump-presidency.html? r=0>

⁴ Does Donald Trump Spell and End to Fed's Low-Rate Era? Wall Street Journal, Nov 10, 2016.

<http://www.wsj.com/articles/does-donald-trump-spell-an-end-to-feds-low-rate-era-1478775604>

Wharf, Sandy PREM:EX

From: Henderson, Kim N PREM:EX
Sent: Thursday, November 24, 2016 7:56 AM
To: Finkel, Paul PREM:EX
Cc: MacMillan, Elizabeth PREM:EX
Subject: s.12
Attachments:

Thanks Paul just a few edits.

From: Finkel, Paul PREM:EX
Sent: Wednesday, November 23, 2016 5:05 PM
To: Henderson, Kim N PREM:EX
Cc: MacMillan, Elizabeth PREM:EX
Subject: s.12

Hello Kim, draft notes attached for your review and approval. Sorry for the delay. Thanks

Paul Finkel | Cabinet Operations
Room 049 | 617 Government St. | Victoria, BC | V8W 9V1
250.387.0728

Page 102 to/à Page 104

Withheld pursuant to/removed as

s.12

Wharf, Sandy PREM:EX

From: Mihlar, Fazil ENV:EX
Sent: Friday, November 25, 2016 3:40 PM
To: Henderson, Kim N PREM:EX; Sweeney, Neil PREM:EX; Nikolejsin, Dave MNGD:EX; Carr, Steve PREM:EX; Cadario, Michele PREM:EX; Chin, Ben PREM:EX; Bhullar, Barinder PREM:EX
Cc: Mihlar, Fazil ENV:EX
Subject: s.13
Attachments:

Hi all: Attached is the analysis and narrative you requested. s.13
s.13

Page 106 to/à Page 108

Withheld pursuant to/removed as

s.13

Wharf, Sandy PREM:EX

From: Mihlar, Fazil ENV:EX
Sent: Thursday, December 1, 2016 5:07 PM
To: Chin, Ben PREM:EX; Carr, Steve PREM:EX; Cadario, Michele PREM:EX
Cc: Henderson, Kim N PREM:EX; Sweeney, Neil PREM:EX
Subject: s.12
Attachments:

Hi Ben: Enclosed is a deck with speaking notes (draft); still polishing. Sending it across now to make sure this presentation hits the mark. I will leave it in your capable hands to make the prose come alive. Any questions, call me. I am out of circulation for the next hour and 15 mins. s.22 Fazil

Page 110 to/à Page 128

Withheld pursuant to/removed as

s.12

Page 129 to/à Page 130

Withheld pursuant to/removed as

s.16;s.13

Wharf, Sandy PREM:EX

From: Henderson, Kim N PREM:EX
Sent: Wednesday, January 11, 2017 12:30 PM
To: 'Greg D'Avignon'
Cc: Roberts, Clark MIT:EX
Subject: RE: Brady Ryan US Tax reform

Thanks Greg. Very timely as we are pulling together a few DMs to discuss all things US strategy.

From: Greg D'Avignon [<mailto:greg.davignon@bccbc.com>]
Sent: Wednesday, January 11, 2017 10:57 AM
To: Henderson, Kim N PREM:EX
Subject: Brady Ryan US Tax reform

I shared this analysis with the Minister s.22 and thought you might want a copy, it is the best analysis we have seen on it. This bill as you know is a long way down the track and will be the detail to Trumps tax plan (this analysis compares the two the latter was scant on detail) . It clearly will have profound implications to Canada's and BC's competitiveness. The implication among lower taxes and regulatory reform is also the potential for a border tax that would apply to most sectors. Still early days but obviously an issue for BC and Canada compounded by whatever happens with NAFTA. We are also getting a NAFTA analysis done I can share when I receive it .

<https://www.aei.org/wp-content/uploads/2016/10/Tax-reform-Ryan-Brady-plan-is-a-better-way.pdf>

Greg

Greg D'Avignon
President and CEO
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810-1050 West Pender Street
Vancouver , B.C. V6E 3S7

Direct: 604-696-6586 | Mobile: 604-377-6740
www.bccbc.com | [@bizcouncilbc](https://twitter.com/bizcouncilbc)



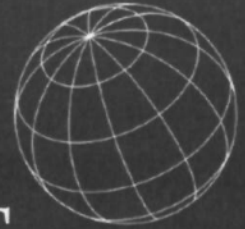
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ECONOMIC PERSPECTIVES



Tax Reform: Ryan-Brady Plan Is a Better Way

By Alex Brill

October 2016

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Page 133 to/à Page 145

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Brown, Taylor PREM:EX

From: Sweeney, Neil PREM:EX
Sent: Thursday, February 2, 2017 3:22 PM
To: Brown, Taylor PREM:EX
Subject: FW: Updates on U.S. Political Situation
Attachments: US_Political_Update_Jan_31_17.pdf

For FOI 70420

From: Brubacher, Kelly IGRS:EX **On Behalf Of** Maranda, Pierrette IGRS:EX
Sent: Wednesday, February 1, 2017 3:22 PM
To: BCPSA Agency DMC List; BCPSA Agency DM Associates
Cc: BCPSA Agency DMC Admin & Operational Support; BCPSA Agency DM Associates Admin & Operational Support; Hewitt, Jeremy IGRS:EX
Subject: Updates on U.S. Political Situation

Colleagues:

IGRS is monitoring and analyzing developments on the U.S. scene as they evolve, and a U.S. Political Update is being produced on a regular basis for information purposes.

Senior staff from most Ministries who work on Canada-U.S. issues have been receiving the report from Jeremy Hewitt, Executive Director, U.S. Relations & Partnerships in IGRS, as part of their interministry discussions. Please feel free to have staff reach out to Jeremy directly (Jeremy.Hewitt@gov.bc.ca).

Pierrette

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 protests 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.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 Prime Minister and the President talked on Monday, when President Trump called to express sympathies for the attack at the Québec 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 Presidents 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.

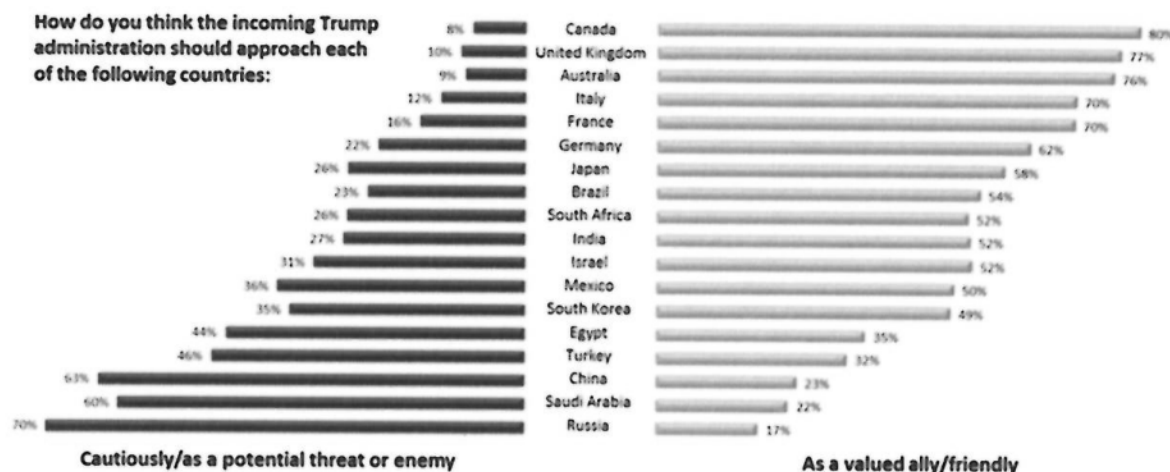
At the State Level

Washington Governor **Jay Inslee** delivered remarks at Sea-Tac Airport, sharply criticizing 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.

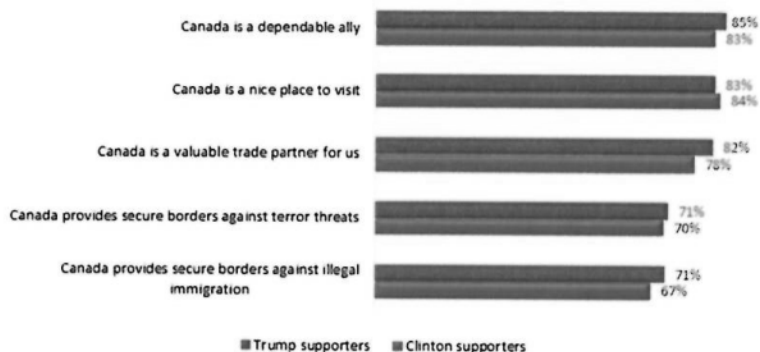
Polling

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

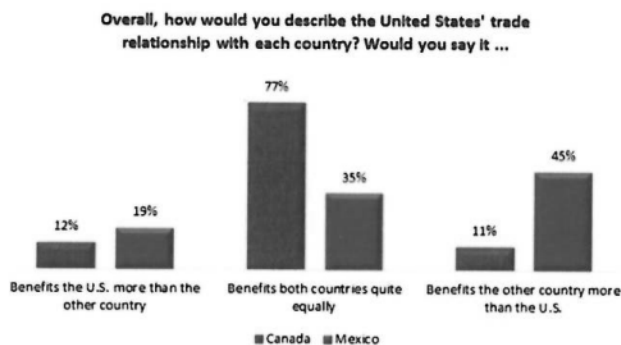
Americans believe Canada should be approached as a valued partner/ally:



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



Brown, Taylor PREM:EX

From: Sweeney, Neil PREM:EX
Sent: Thursday, February 2, 2017 3:24 PM
To: Brown, Taylor PREM:EX
Subject: FW: Confirmation hearing - Scott Pruitt, nominee, EPA
Attachments: Scott_Pruitt_Confirmation_Hearing_Report.pdf

For FOI 70420

From: Maranda, Pierrette IGRS:EX
Sent: Thursday, January 19, 2017 3:30 PM
To: Shoemaker, Wes ENV:EX
Cc: Sweeney, Neil PREM:EX; Hewitt, Jeremy IGRS:EX; Brubacher, Kelly IGRS:EX; Dawes, Sandra IGRS:EX
Subject: Confirmation hearing - Scott Pruitt, nominee, EPA

Attached is a. Note on Scott. Pruitt, the nominee of the US EPA.

Any questions, please feel free to ask.

Pierrette

Sent from my BlackBerry 10 smartphone on the Rogers network.

**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-U.S.

- 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

Brown, Taylor PREM:EX

From: Sweeney, Neil PREM:EX
Sent: Thursday, February 2, 2017 3:24 PM
To: Brown, Taylor PREM:EX
Subject: FW: Wilbur Ross Confirmation Hearing Report
Attachments: Wilbur_Ross_Confirmation_Hearing_Report.pdf

For FOI 70420

From: Maranda, Pierrette IGRS:EX
Sent: Thursday, January 19, 2017 1:08 PM
To: Roberts, Clark MIT:EX; Baskerville, Shannon JTST:EX; Jacobson, John MTIC:EX; Shoemaker, Wes ENV:EX; Sturko, Derek AGRI:EX
Cc: Sweeney, Neil PREM:EX; Hewitt, Jeremy IGRS:EX; Brubacher, Kelly IGRS:EX; Dawes, Sandra IGRS:EX
Subject: Wilbur Ross Confirmation Hearing Report

Colleagues:

Attached is a short report on the Nominee for the US Secretary of Commerce, William Ross.

If and when confirmed, the Commerce Secretary's responsibilities will include international trade, economic growth, technological advancement and the National Oceanic and Atmospheric Administration (i.e. policies on marine environment, coastal areas, fish conservation, etc.) among others.

IGRS will continue to monitor key confirmation hearings and nominations in the US.

Pierrette

Confirmation Hearing for Wilbur Ross, Nominee for Secretary of Commerce

January 18th, 2017

Mandate: Department of Commerce (DOC)

The mission of the Department is to create the conditions for economic growth and opportunity and promotes international trade, economic growth, and technological advancement. DOC roles important to British Columbia include the Department's International Trade division, which is responsible for promoting U.S. exports, including monitoring and enforcement of trade deals with trade partners. The work and activities of NOAA (National Oceanic and Atmospheric Administration), which includes NOAA Fisheries, influence policies on the atmosphere, marine environment, coastal areas, fish conservation, and other areas important to British Columbia as a coastal province.

The DOC administers the Bureau of the Census, the Bureau of Economic Analysis, the National Oceanic and Atmospheric Administration (which includes NOAA Fisheries), the National Weather Service, the U.S. patent and trademark office, the National Institute of Standards and Technology, and other agencies.

Bio

79-year-old Wilbur Ross was born in New Jersey but is now a resident of Florida. He was educated at Yale (B.A.) and got his M.B.A. with distinction from Harvard (School of Finance and Business Studies).

In 1976, he joined Rothschild as a bankruptcy specialist and was involved in reorganizing companies like Texaco, Drexel Burnham Lambert, Public Service of New Hampshire, Eastern Air Lines and in 1991, Donald Trump's Atlantic City casino the Taj Mahal. In ensuing years, Ross purchased and restructured or merged/acquired/created the Rothschild equity fund, the International Steel Group, the International Coal Group, and the International Textile Group.

In August, 2016, his equity firm, W.L. Ross & Co. was fined \$2.3 million for failing to disclose its fees.

Ross has pledged to be 'scrupulous' about recusing himself in any matters which might pertain to the assets he will keep after being confirmed.

Confirmation Hearing

Role

- The president-elect signalled that Secretary of Commerce will be the lead on trade – a role usually filled by the United States Trade Representative. Ross said he would work closely with the USTR and trade advisory committees to develop trade policy.
- *Note: The US Constitution gives Congress the power to regulate trade. The legislature regularly delegates that authority to presidents, doing so most recently in June 2015. But it also has rejected repeated attempts by presidents to fold the office of the USTR into the commerce department or otherwise reorganise the bureaucratic structures. [Financial Times].*

Policies

- He is not anti-trade; he is pro 'sensible' trade i.e. trade that does not disadvantage workers and manufacturers. There will be access to U.S. markets for countries who 'play fair, play by the rules and give everyone a chance to compete'.
- 'Those who do not play fair should be 'punished severely', but so far no details on what constitutes 'playing fair' or what 'punished severely' means.
- Singled out China as the 'most protectionist' country but did not elaborate on measures he would suggest to deal with China.
- Agrees tariffs can be used to 'punish offenders, but, asked about the '35% tariff' the president-elect has suggested, agreed that the Smoot-Hawley approach (in 1930, Congress slapped tariffs on all countries that shipped goods to America in an effort to shield U.S. workers) did not work well and wouldn't be expected to work well now.

Priorities

- First priority and preferred option to resolve U.S. trade deficits will be to expand U.S. exports.
- Believes U.S. growth can reach 3% through:
 - regulatory reform;
 - energy self-sufficiency;
 - increasing exports; and
 - building/repairing infrastructure.

Trade Agreements

- NAFTA is 'logically the first thing for us to deal with'; it is necessary to 'solidify relationships in our own territory' first. 'I think all aspects of NAFTA will be put on the table.'
- Did not mention the concerns he has with Canada, but did state that cheap labour and lax environmental standards in Mexico are a concern.
- Easier to do bilateral than multilateral agreements.
- *Note: In October, Ross told the Business News Network that the president-elect rarely mentions Canada in terms of trade, likely because Canada's surplus with the U.S. is 'infinitely smaller' since NAFTA.*
- Liked TPP at first but not happy with the rules of origin for automobiles in particular.
- *Note: According to the Financial Times, Ross has been an outspoken critic of past trade agreements and has argued that the U.S. could better use its leverage as a major consumer market to force countries to buy more U.S. goods to help narrow the trade deficit. "Free trade doesn't mean dumb trade," he told the FT in a recent interview. "We should treat ourselves as the world's biggest customer and treat nations that are selling to us as suppliers to us."*

Protection

- Supports 'Buy America' but would not guarantee insisting on it in trade deals; suggested quid pro quo may be more desirable.

Climate Science

- Supports scientists and their work and will not interfere.

Further analysis/Reading

Trump's Commerce Pick Signals Plan to Launch NAFTA Talks Early

Trump administration will press Canada, Mexico to reopen NAFTA

Brown, Taylor PREM:EX

From: Sweeney, Neil PREM:EX
Sent: Thursday, February 2, 2017 3:25 PM
To: Brown, Taylor PREM:EX
Subject: FW: Border Tax Adjustment Report

For FOI 70420

From: Maranda, Pierrette IGRS:EX
Sent: Wednesday, January 11, 2017 4:58 PM
To: Sweeney, Neil PREM:EX
Cc: Hewitt, Jeremy IGRS:EX
Subject: Border Tax Adjustment Report

Neil:

Jeremy got the following info – the bill is expected to be introduced a week from tomorrow. It is likely to be why the Clerks have a call on Tuesday next week. The link is a report from the Tax Foundation, an independent tax policy research organization in the US.

The House will introduce tax reform legislation, including the **Border Adjustable Tax** on imports <http://taxfoundation.org/blog/house-gop-s-destination-based-cash-flow-tax-explained>, on Inauguration Eve and (then) President Trump will endorse the same during his acceptance speech. In short, this will place a tax on goods imported to the U.S. (including components), which will not apply to goods consumed outside of the U.S. (exports). It is arguably WTO/NAFTA compliant but would have the effect of U.S. companies sourcing goods from the U.S. (instead of Canada) in order to avoid the tax. It also takes care of Buy America as no foreign made good would ever be able to compete with goods made in the U.S. as the tax would be in play. The tax reform bill is likely the first salvo in the trade area (as opposed to a broad NAFTA renegotiation) and is politically palatable. It is opposed by a number of retailer and energy clients, but could have significant implications for N.A. supply chains.

Pierrette