Standing Up for Regina Jobs and a Clean Environment

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Apply Carbon Price to Imports

Premier Brad Wall has isolated our province as the only one not to sign the Pan-Canadian Framework on Clean Growth and Climate Change. His refusal to negotiate increases the risk of the federal Liberals imposing a carbon tax in a way that shifts jobs out of Saskatchewan by putting our trade-exposed, carbon-intensive industries at a competitive disadvantage.

Days after Prime Minister Justin Trudeau announced a national carbon price in October 2016, Regina–Lewvan MP Erin Weir suggested extending it to the carbon content of imports and rebating it on Canadian exports. Trading partners that levy carbon prices similar to Canada could be exempted from these border adjustments. This approach would be more effective in reducing emissions and safeguarding jobs.

Trudeau had said, “Because pollution crosses borders, all provinces must do their part.” But pollution also crosses international borders.

As Wall points out, different carbon prices between countries can result in “carbon leakage.” Prompting carbon-intensive industries to relocate from Canada to countries without carbon pricing could increase global emissions.

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A key advantage of Ottawa’s involvement is that it has jurisdiction over international trade. Unlike the provinces, the federal government could collect carbon tariffs on imports and provide export rebates. A national carbon price that also applies at the border would support domestic production to the extent that it is cleaner than imports.

Producing a ton of steel in China and shipping it here emits five times as much carbon as manufacturing it at Evraz. Therefore, the carbon tariff on Chinese steel would be five times the carbon tax on Regina steel, enabling Evraz to gain a larger share of the Canadian market.

With an export rebate, sales of steel from Evraz or of petroleum products from the Co-op Refinery to the US and other countries that do not price carbon would be unaffected.

These facilities would still have a clear incentive to cut emissions in order to reduce the carbon cost of their domestic sales. Indeed, addressing international competitiveness concerns would enable us to be more ambitious in pricing carbon and go further in reducing emissions.

Applying carbon pricing at the border is environmentally and economically desirable, but is it practical? A carbon tariff would not violate international trade agreements: it would simply extend the same pricing system to imports as to domestic production.

For a quarter-century, our federal government has applied the GST to imports and rebated it on exports. The GST is complex to administer, but our federal public service has been up to the challenge. Carbon pricing with border adjustments should be similarly feasible.

Even if carbon border adjustments were not applied like the GST across the economy, they should at least cover the sectors most at risk of carbon leakage like steel and refined petroleum products. For example, the Waxman-Markey Bill passed by the US House of Representatives in 2009 included border adjustments specifically for carbon-intensive, trade-exposed industries.

We must fight climate change, but prompting carbon-intensive industries to relocate would eliminate Canadian jobs without reducing global emissions. The federal government can make carbon pricing better for the environment and for our economy by applying it to imports and rebating it on exports.

Pipeline Reviews Should Favour Canadian Steel

Regina–Lewvan MP Erin Weir delivered the following member’s statement in the House of Commons on February 3, 2017:

“The Liberal government recently approved two major pipeline projects without knowing where or how the pipe would be produced.

Making a ton of steel in China and shipping it here emits five times as much carbon as making it at the Evraz steel mill in Regina.

Unlike imported pipe, we can test Canadian-made pipe throughout the manufacturing process.

Fortunately, Enbridge will use pipe made in Regina for its Line 3 Replacement Project. Unfortunately, Kinder Morgan has not indicated where it will source pipe for the Trans Mountain Expansion.

A new review process for pipelines should consider the pipe supplier’s emissions and reliability. Doing so would favour Canadian-made steel and support good jobs at Evraz in Regina.”

Conservatives present themselves as cheerleaders for pipelines, but have no policy on where the pipe is manufactured. When in government, they allowed a flood of unfairly-traded Chinese steel into Canada.

Conservative leadership candidates Andrew Scheer and Maxime Bernier promise to enshrine private property rights in the Constitution. But pipelines, railways and highways require the expropriation of land. Such infrastructure could not be built if every land-owner along the route had a veto.

By contrast, the federal NDP advocates an orderly review process for pipeline proposals, including proper consultation with local communities and First Nations. Pipelines should be considered in the context of a plan to control emissions, as the Alberta government has set out. Using Canadian-made steel would help to limit emissions.

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