

January 24, 2025

Minister Warren Kaeding
Government of Saskatchewan
Room 346, 2405 Legislative Drive,
Regina, SK,
S4S 0B3

Re: The Economic Impact of Proposed U.S. Tariffs and Measures to Support Saskatchewan Businesses

Dear Minister Kaeding,

I am writing to you today to express my deep concerns regarding the potential economic impact of the proposed 25% U.S. tariff on Canadian exports and to commend the Government of Saskatchewan for its proactive steps to enhance border integrity through the Saskatchewan Border Security Plan (SBSP).

Saskatchewan's economic strength is deeply rooted in its trading relationship with the United States. The U.S. is not only Canada's largest trading partner but also a critical market for our key industries, including agriculture, manufacturing, energy, and mining. A 25% tariff on Canadian exports would disrupt these trade flows, resulting in significant challenges for our province's economy and local businesses, particularly those in Saskatoon.

Economic Impact of U.S. Tariffs:

Key sectors in Saskatchewan could face serious repercussions if these tariffs are implemented. For instance:

1. Agriculture:

- Tariffs on commodities such as wheat, canola, lentils, and peas would make Saskatchewan products less competitive in U.S. markets, leading to reduced demand and declining revenues for local farmers. The resulting economic strain would ripple across the agricultural supply chain, including agri-tech firms, equipment suppliers, and transport companies.

2. Manufacturing and Trade:

- Many Saskatchewan-based manufacturers export to the U.S. A 25% tariff would drive up production costs, reduce competitiveness, and potentially force businesses to scale back operations, jeopardizing jobs and wages in the province.

3. Mining and Energy Sectors:

- While we do not yet know the official rules of the tariffs, the mining sector—including companies like Cameco—could face significant challenges. Cameco's leadership, including CEO Tim Gitzel, is proactively supporting Canada's efforts through participation in Prime Minister Justin Trudeau's Canada-U.S. relations council.

- The energy sector could face indirect impacts, such as increased costs for equipment and transportation, potentially stalling projects and limiting job creation.

Concerns from Small Businesses:

The Canadian Federation of Independent Business (CFIB) has raised significant concerns regarding the potential impact of tariffs on small businesses, warning that:

- Two-thirds (65%) of small businesses would be forced to increase prices for consumers to offset tariff impacts.
- 69% of small business owners anticipate higher operating costs, leading to reduced competitiveness.
- 82% of small businesses would be directly affected by tariffs, and over half rely on U.S.-based trade.

CFIB's Executive Vice-President, Corinne Pohlmann, emphasized that a trade war would be disastrous for small businesses and consumers alike. Their recommendations—to reduce red tape, eliminate internal trade barriers, and ease the tax burden on businesses—warrant immediate consideration.

Steps for Mitigation:

As we address these economic threats, I urge the provincial government to consider the following steps:

1. Trade Diversification:

- Expand Saskatchewan's access to new markets through agreements like CPTPP and CETA.
- Enhance partnerships in Europe and Asia to reduce reliance on U.S. markets.

2. Support for Innovation:

- Invest in research and development for sectors such as agriculture, advanced manufacturing, and renewable energy.
- Encourage the adoption of cutting-edge technologies to improve productivity and cost efficiency.

3. Collaboration with Industry:

- Strengthen alliances with local industry leaders to develop collective strategies for resilience against tariffs.

4. Enhanced Border Integrity:

- I would also like to commend the Government of Saskatchewan for the proactive steps outlined in the Saskatchewan Border Security Plan (SBSP), which seeks to strengthen border integrity and protect Saskatchewan's trade interests.

- Premier Scott Moe's commitment to redeploying resources and addressing border concerns is critical to safeguarding Saskatchewan's trade relations and economic stability. Expanding efforts such as the proposed Border Integrity and Intervention Team, as well as prioritizing enforcement through the Saskatchewan Trafficking Response Teams, will further ensure the safety and resilience of Saskatchewan's economy.

Call to Action:

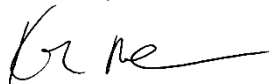
I respectfully urge the Ministry of Trade and Export Development to collaborate with other provincial and federal departments to:

- Advocate for the removal or mitigation of tariffs through bilateral negotiations with the U.S.
- Implement policies that provide relief to impacted businesses and strengthen the competitiveness of Saskatchewan exports.
- Support the continued growth and diversification of trade opportunities for our province.
- Continue to seek stakeholder consultation, including the NSBA, to ensure your government's actions and intentions remain aligned with those that drive our provincial economy.

Together, with focused and collaborative efforts, we can mitigate the risks of a potential trade disruption and position Saskatchewan for long-term economic resilience and success.

Thank you for your attention to this critical matter. I look forward to your leadership and continued efforts to support Saskatchewan's businesses and communities.

Sincerely,



Keith Moen
Executive Director, NSBA

Cc: Premier Scott Moe