

# U.S.-Alberta Relations



## PROFILE

**Capital:** Washington, D.C.

**Population:** 327.2 million (2018 est.)

**Language:** English

**Government:** Federal Republic

### Head of State & Government:

President Donald Trump (R)

First term (term expires January 2021)

Two consecutive term limit absolute.

**Currency:** U.S. Dollar (USD)

\$1 CAD = \$0.76 USD (July 2018)

### Gross Domestic Product (GDP):

US \$19.4 trillion (2017 estimate)

**GDP Per Capita:** US\$53,128 (2017 estimate)

**GDP Growth Rate:** 2.3% (2017)

**Inflation:** 0.2% (February 2018)

**Unemployment Rate:** 4.1% (February 2018)

## RELATIONSHIP OVERVIEW

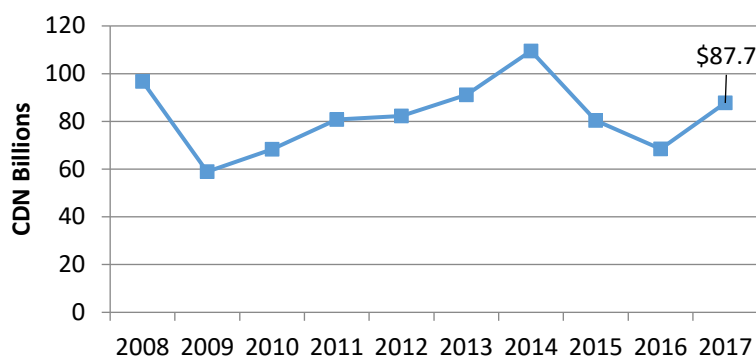
- The U.S. is, by far, Alberta's largest trading partner. Annual merchandise exports to the U.S. have averaged approximately \$87.4 billion a year over the past five years.
- Canada, the U.S. and Mexico are currently negotiating toward a new North American Free Trade Agreement (NAFTA).
- Under NAFTA, total trilateral trade between Canada, the U.S., and Mexico has increased sharply from approximately \$290 billion in 1993 to more than \$1.2 trillion in 2017.
- Alberta's imports from the U.S. support almost one million jobs in the U.S., and Alberta's exports to the U.S. support over 740,000 jobs in Alberta.
- Growth of Alberta's energy sector, energy trade liberalization under NAFTA, and rapid development of the oil sands have made Alberta an integral part of U.S. energy imports.
- Alberta's engagement with the U.S. focuses on secure and enhanced market access, and cooperation to address common problems and avoid disputes.

- The Canadian Association of Petroleum Producers has identified approximately 1,500 U.S.-based companies that supply equipment, parts and services used in Alberta's oil sands.

## ENERGY/NATURAL GAS

- Imports from Alberta comprise 38% of all U.S. oil imports (in 2016), considerably outpacing Saudi Arabia's 11%, Venezuela's 8%, and Mexico's 7%.
- Alberta's marketable oil sands production is projected to surpass 3.0 million b/d in 2018, after an increase of almost 300,000 b/d in 2017. Another 380,000 b/d is expected to be added from 2019 to 2021.
- Alberta is the largest supplier of natural gas to the U.S., with the majority going to the Midwest.
- In 2016, Alberta exported approximately 1.7 trillion cubic feet (Tcf) of natural gas to the U.S. Of Alberta's total marketable natural gas 44% was exported to the U.S.

## Alberta's Exports to the U.S., 2008-2017



- The U.S. has an estimated 2,462 trillion cubic feet (Tcf) of technically recoverable natural gas reserves. Based on current consumption, the U.S. has enough natural gas to last about 90 years. In 2016, 15.8 Tcf of natural gas was produced in the U.S.
- Exports to the Northeast and Midwest states have been declining over the past decade due to increasing U.S. shale production, particularly in regions that had traditionally been serviced by Alberta production. U.S. production continues to supply eastern Canada, further eroding Alberta's market share.

### TRADE AND INVESTMENT

- In 2017, Alberta's exports to the U.S. totalled \$87.6 billion.
- Alberta's exports to the U.S. accounted for 87% of total provincial exports in 2017.
- In 2017, 17 of Alberta's top 20 export destinations worldwide were to U.S. states.
- Alberta exports more to each of five states (Illinois, Texas, Washington, Michigan, and Minnesota) than it does to China, Alberta's largest export destination outside the U.S.
- Energy products accounted for 80% of Alberta's exports to the U.S. in 2017.
- Other important export sectors are (2013-2017 annual average): plastics (\$3.6 billion), machinery (\$2.2 billion), organic chemicals (\$1.9 billion), meat (\$1.1 billion), and wood (\$967 million).
- The U.S. is Alberta's largest investment partner, accounting for 55% of foreign direct investment into Canada—six times more than the next largest investor country.
- Alberta imported over \$18.6 billion in products from the U.S. in 2017, including energy, machinery, aircraft, and motor vehicles.
- Alberta imports from the U.S. support over 132,000 jobs from Texas, 75,000 from California, and 66,000 from Illinois.

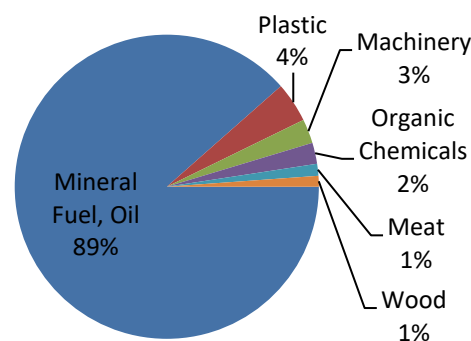
### AGRICULTURE

- The U.S. is Alberta's largest trading partner for agriculture and food products, accounting for 40.5% (\$4 billion) of Alberta's total agriculture and food exports to world markets (\$10 billion).
- The U.S. is Alberta's largest market for live cattle (excluding purebred) and hogs, accounting for almost 68% of Alberta's beef exports by volume.
- Alberta continues to be concerned with increasing border fees, potential tariffs, inspections, and other measures that slow trade and increase costs.
- On July 29, 2016, the U.S. Genetically Modified Organism (GMO) labeling bill created a national mandatory system where food makers must disclose GMO data. Laws and regulations under this bill will apply to both domestic and foreign-produced goods. Maintaining and strengthening bilateral relations remains a key component of U.S. state, federal and other agricultural entity engagements to allow for open channels of dialogue to discuss challenges, policy and legislation that may adversely impact cross-border trade.

### FORESTRY

- The Canada-U.S. Softwood Lumber Agreement (SLA) expired on October 12, 2015.
- On November 25, 2016, U.S. industry petitioned for countervailing and anti-dumping duties to be applied on Canadian softwood lumber, launching a U.S. Department of Commerce investigation.
- On November 2, 2017, the U.S. DOC made its final duty determination. Company-specific duties currently range from 9.4% to 23.8%, with an average "all others" rate of 20.2%.

## Alberta's Exports to the U.S., 2013-2017



- Canada has since initiated several legal challenges of the U.S. action, including under the U.S. domestic court system, NAFTA Chapter 19, and the World Trade Organization.

### INDUSTRY & TECHNOLOGY

- Oil sands investment provides significant supply chain opportunities for Canada's trading partners. The Conference Board of Canada has predicted that the U.S. will supply over \$65 billion in manufactured equipment for the oil sands by 2035.
- Alberta is Canada's leading producer of petrochemicals, with \$13 billion in annual sales.
- The Alberta government has established strategic technology partnerships with leading U.S.-based technology companies to accelerate technology commercialization opportunities in Alberta.

### TRANSPORTATION

- Alberta recognizes that effective intermodal transportation links to U.S. markets are vital to provincial prosperity.
- Rail plays an important role in transporting crude oil, with National Energy Board data showing crude by rail exports in 2017 averaged 131,100 barrels per day.

## **TRANSBOUNDARY COOPERATION**

- The Alberta government works as a partner with U.S. states in a wide range of forums and organizations, including:
- Canadian/American Border Trade Alliance (Can/Am BTA)
- Council of State Governments (CSG) National
- CSG Midwest
- CSG West
- National Association of State Directors of Agriculture (NASDA)
- National Conference of State Legislatures (NCSL)
- Pacific NorthWest Economic Region (PNWER)
- Ports-to-Plains Alliance (PTP)
- Western Association of State Departments of Agriculture (WASDA)
- Western Association of State Highway & Transportation Officials (WASHTO)
- The Energy Council
- Western Governors' Association (WGA)
- Western Interstate Energy Board
- Western Legislative Forestry Task Force (WLFTF)
- State Agriculture and Rural Leaders (SARL)

## **RECENT VISITS/MISSIONS**

- March 2018: Honourable Margaret McCuaig-Body, Minister of Energy traveled to Houston to attend CERAWeek to speak about Western Canadian energy development and meet with potential investors about value-added opportunities in Alberta.
- March 2018: Honourable Stephanie McLean, Minister of Status of Women joined global leaders in New York to discuss opportunities to empower rural women at the 62<sup>nd</sup> UN Commission on the Status of Women.
- January 2018: Honourable Oneil Carlier, Minister of Agriculture and Forestry, met with the USDA Deputy Secretary and Canadian and U.S. agricultural legislators in Kansas City, Missouri, at the Legislative Agriculture Chairs Summit.
- December 2017: Honourable Shannon Phillips, Minister of Environment and Parks and Minister Responsible for the Climate Change Office traveled to Minnesota to promote investment opportunities and discuss Alberta's Climate Leadership Plan.

## **DIPLOMATIC REPRESENTATION**

- The U.S. Ambassador to Canada in Ottawa is Kelly Knight Craft.
- The Canadian Ambassador to the U.S. in Washington, D.C. is David MacNaughton.
- Gitane De Silva is Alberta's Senior Representative to the U.S. in Washington D.C.
- Tom Palaia is the U.S. Consul General in Calgary, Alberta.