

Establishment of a Pre-Approved Trade Corridor for Economic Growth and Investment

Issue

Canada's largest export market is the United States of America for raw materials, manufactured goods, and many other products. Particularly in Alberta, most of our crude oil is exported to the United States for refinement. Our over-reliance on one trading partner was exposed as tariffs were threatened which would cripple American buying power and by extension demand for Albertan and Canadian products. Trade infrastructure to other ports and markets outside of the United States cannot ship our products elsewhere. Alberta and Canada must diversify their export customer base by building the infrastructure required to ship in greater volume to other markets in the Asia-Pacific and Europe to be better insulated against any singular, large customer taking their business elsewhere.

Background

Canada and Alberta rely heavily on the United States as a market for their exported goods. In 2024, 75.9% of Canada's exports were sent to the United States.¹ This figure is even larger in Alberta, where exports to the United States accounted for 89% of our export sales in 2023² due to 97% of Canada's crude exports going to the United States.³

When the President of the United States recently announced plans to place tariffs on Canadian imports⁴, our national reliance on the United States as a trading partner threatened to significantly cripple and hamper our national and provincial economy. The proposed tariffs would make Canadian products more expensive for American consumers and with our largest customer base buying less of our goods, it is predicted that if tariffs are implemented, exports to the United States would fall by 8.5% and Canadian companies would decline their investments by 12% in 2026. A trade conflict would also increase inflation as approximately 13% of Canada's CPI basket is American imported goods.⁵

¹ Government of Canada. "Canada-United States Relations", accessed February 25, 2025, <https://www.international.gc.ca/country-pays/us-eu/relations.aspx?lang=eng>

² Alberta Treasury Branch. "Exports to the United States", accessed February 25, 2025, <https://www.atb.com/company/insights/the-twenty-four/exports-from-alberta-to-the-united-states/>

³ Canada Energy Regulator. "Market Snapshot: Almost all Canadian crude oil exports went to the United States in 2023", accessed February 25, 2025, <https://www.cer-rec.gc.ca/en/data-analysis/energy-markets/market-snapshots/2024/market-snapshot-almost-all-canadian-crude-oil-exports-went-to-the-united-states-in-2023.html>

⁴ Canadian Broadcasting Corporation. "Trump says he'll hit Canadian goods with 25% tariff next week after month-long pause", accessed February 25, 2025, <https://www.cbc.ca/news/politics/trump-tariffs-next-week-1.7467202>

⁵ Bank of Canada. "Tariffs, structural change and monetary policy", accessed February 25, 2025, <https://www.bankofcanada.ca/2025/02/tariffs-structural-change-and-monetary-policy/>

There are other markets who need and would purchase Canadian goods. At present, only 9% of Canadian exports and trade are with faster-growing emerging economies such as China, India, South Korea, Mexico, and Brazil. Canada is getting outpaced by its peers who are exporting between 20%-40% to these countries.⁶ It is seemingly imperative that Canada and Alberta diversify its customer base to include more of these emerging markets so we are not at the mercy of such a large trading partner.

To do this, trade infrastructure needs to be built to get Albertan and Canadian products to ports on the east, west, and arctic coastlines to access emerging markets. Alberta's and Canada's economic future is increasingly dependent on its ability to efficiently and increasingly move energy, raw materials, and manufactured goods to new domestic and international markets. Alberta needs to lead the way in established a national Pre-Approved Trade Corridor in which all regulatory requirements for development are pre-established, consultation is concluded, and projects and operations can be effectively fast tracked.

Establishing a national Pre-Approved Trade Corridor will create tens of thousands of jobs, attract billions in private sector investment, increase tax revenues for all jurisdictions of government, and boost real GDP by 2.5% over the long term.

The Alberta Chamber of Commerce recommends the Government of Alberta:

1. Collaborates with other provinces, territories, and the federal government to map out a multi-modal national Pre-Approved Trade Corridor that will provide Canadian raw materials and products such as crude oil, electricity, water, access to ports on the east, west, and arctic coasts, to facilitate access to diverse markets outside of North America. This corridor will include pipelines, highways, railways, and transmission lines, including reviving and completing the Northern Gateway pipeline project.
2. Advocate for investment in the newly-mapped trade corridor, including expanding federal funding programs such as the National Trade Corridors Fund and working the Canada Infrastructure Bank and provincial investment funds to fund the newly mapped continuous trade corridor.
3. Collaborate with the other provinces, territories, and federal government to ensure products can move through the newly built corridor freely, without interprovincial tariffs, and pre-approved for all environmental, land use, and interprovincial requirements with a single-window regulatory framework.
4. Ensure that consultation with Indigenous communities, municipalities, and other key stakeholders regarding the Pre-Approved Trade Corridor is concluded at the outset, creating certainty for project proponents.
5. Establish equity-sharing agreements with communities so they have opportunities for direct investment and deployment, promoting local procurement policies in corridor-related products.
6. Develop specialized industrial hubs in Calgary and/or Edmonton that bundle complementary industries, offering tax incentives to attract logistics companies, manufacturers, and exporters.

⁶ Rotman Insights Hub. "The urgent need for Canada to diversify its trade", accessed February 25, 2025, <https://www-2.rotman.utoronto.ca/insightshub/economics-trade-policy/urgent-need-for-canada-diversi>

7. Diversify Alberta's customer base and market access by promoting its products and establishing trade relationships in the Asia-Pacific, Europe, and expanded and new US markets, reducing over-reliance on any single market.

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