Good afternoon my name is Larry Doke and I am the President of the Pacific Northwest Economic region and I serve as a Member of the Legislative Assembly in Saskatchewan. Thank you for inviting us to provide an update on several topics today that we are working on related to Agriculture. I will provide a brief introduction and will turn the presentation over to Brandon Hardenbrook to provide details on current issues impacting regional trade as well as an update on the Columbia river treaty negotiations and an update on invasive mussel prevention efforts.
PNWER is a statuary, public-private partnership chartered in 1991 by the U.S. States of Alaska, Washington, Idaho, Montana, Oregon and the Canadian Provinces of British Columbia, Alberta, Saskatchewan and the Yukon and Northwest Territories.

The Region has a GDP of over $1 Trillion, with a population of 24.4 Million people, making it the 13th Largest Economy in the world.

Most of you are familiar with PNWER but I know we have a few new folks who may not yet be involved with our work. Idaho along with the other states and provinces in the region chartered PNWER in 1991. Our missions is to increase the economic well-being and quality of life for all citizens of the region, while maintaining and enhancing our natural environment. We do this by

• Working to Coordinate provincial and state policies throughout the region
• Identifying and promoting "models of success"
• Serving as a conduit to exchange information.
• Promoting greater regional collaboration
• Finding ways to enhance the competitiveness of the region in both domestic and international markets
• Leveraging regional influence in Ottawa and Washington D.C.
PNWER has 20 working groups and task forces. I co-chair the Agriculture working group along with Patrick Kole from the Idaho potato commission.

Over the past two years the Agriculture Working Group has focused on trade with a primary examination of modernizing NAFTA and the Canada-U.S. Regulatory Cooperation Council Action Plan (RCC). The Working Group continues to provide input on cross-border agricultural trade issues to key decision makers in Ottawa and Washington DC. PNWER has worked very effectively over the past year to provide specific input on modernizing NAFTA through various channels.

One example is this past year when we hosted Agriculture Directors and Ministers from around the region to discuss regional issues related Ag trade and market access. You will notice in the photo that Idaho Ag Director Celia Gould was part of this discussion. As part of this session we also hosted USDA Under Secretary Bill Northy to provide input to the federal level from regional stakeholders. It is through meetings like this we are able to work as a region to address high priority issues.

Other issues we are currently working on include working with our Transportation working group co-chaired by Senator Windor to find opportunities to harmonize size and weight standards for trucking, and improving rail and market access for our Ag commodities.
I encourage all of you to become involved in PNWER and any of our working groups. I also would like to personally invite you to Saskatoon for the PNWER Annual Summit in July where Agriculture will be a primary focus of the meeting.
I would like to turn the presentation over to Brandon Hardenbrook, PNWER Deputy Director to provide an update on issues impacting Agriculture trade, as well as where things are with the Columbia River Treaty negotiations and finally an update on current funding to prevent quagga/zebra mussels. Thank you again for this opportunity.
US-Canada Bi-National Economy

- $2 billion (USD) in goods and services cross the United States-Canada border every day.
- 380,000 people cross the border every day.
- Economic watersheds flow North and South across the border.
- Canada and the U.S. are each other’s largest source of direct investment.
- PNWER works with stakeholders to identify and reduce trade impediments.

As many of you know the United States and Canada are each others top trading partners, strategic allies and long standing friends. The US and Canada have the most important trading partnership in the world with over $2 billion in goods and services crossing the border every day. Likewise over 380,000 people cross the northern border on a daily basis. We are each others best customers, supplies and tourists.

The economic watersheds flow North and Sound and this is especially apparent in the PNWER region with so many interdependent supply chains, and critical linkages between national resources, goods and services. Recognizing these critical relationships, PNWER works with stakeholders to identify and reduce trade impediments and work to enhance the regional economy.
It was mentioned the importance of the US-Canada trade relationship, but if you also include Mexico it becomes even larger. Canada and Mexico are the US’s top export markets for US goods at $267B per year and $230B respectively. Both countries individually buy more from the US than the eight highest population markets combined, which include Bangladesh, Brazil, China, India, Indonesia, Nigeria, Pakistan and Russia. We also export more to both Canada and Mexico than the four highest income countries combined France, Germany, Japan and United Kingdom combined. And we export more to Canada or Mexico than all of the other countries we have free trade agreements combined. If you exclude Japan, the US exports more to Canada and Mexico combined than the other 29 countries listed together.
Agriculture & USMCA

• Canada and Mexico are #1 and #3 export markets for US Agriculture products ($20.6 billion to Canada and $18.6 billion to Mexico)
• Since NAFTA was signed in 1992, agriculture exports from the US have increased from $8.7 billion in 1992 to $39 billion in 2017
• All three countries signed the USMCA on Nov. 30, 2018
• USMCA still must be approved by congress with an up-or-down vote before it is finalized

These stats highlight the importance of the trading relationship formalized through NAFTA in 1992. This is especially important to the Agriculture sector. Canada and Mexico are the #1 and #3 export markets for agriculture products. ($20.6 billion to Canada and $18.6 billion to Mexico). Since NAFTA was signed in 1992, ag exports from the US have increased from $8.7 billion in 1992 to $39 billion in 2017. Because of the importance of this incredible trading relationship, the three countries moved to modernize NAFTA and negotiated over the past year to finalize the US-Mexico-Canada-Agreement (USMCA). All three countries signed the USMCA on Nov. 30, 2018. The USMCA still needs congressional approval before it is finalized, as part of the Trade Promotion Authority 2015 agreement by congress, which extended President Trump’s Trade Promotion Authority, also known as TPA and fast-track. TPA provides the President the authority to negotiate international trade agreements and the Congress can only vote with a simple yes or no vote; and cannot amend the agreement. There are also a variety of administrative processes that must take place before Congress can act on the legislation, including a public report on the potential economic impact of the agreement. Timeline of next steps.

60 days: President must report to Congress on the changes in United States law that are required to comply with the new trade agreement.
105 days: The International Trade Commission must complete a study of the potential economic impact of the agreement.
30 days before introduction: The President must submit final text of the agreement to Congress before the introduction of legislation.
House Vote: The House Ways and Means Committee must vote on the bill within 45 session days, and then the full house must vote within 15 session days of the Committee.
Senate Vote: The Senate Finance Committee must vote on the bill within 15 session days, and then the full Senate must vote within 15 session days of the Committee.
Final Votes: The House must vote within 60 days and then the Senate must vote within 30 days.
Key Agriculture provisions of USMCA

- Canadian Dairy Policy Changes
- US Poultry Access to Canada
- Canadian Grain Policy Changes
- Sanitary and Phytosanitary Provisions
- Biotechnology Provisions
- Beer, wine and spirits labeling

For US Agriculture the agreement enhances several areas. First it expands market access for exports of United States dairy products into Canada, or up to 3.6 percent of Canada’s dairy market. It also eliminates Canada’s program to allow low priced dairy ingredients to undersell United States dairy sales. The agreement also increases tariff rate quotas (TRQ’s) on poultry and eggs to open this market more into Canada. The agreement will allow United States grown wheat to receive an official Canadian grade, eliminating the requirement for a country of origin statement. The agreement also set a new standard for agricultural biotechnology products, this is a new chapter not previously in the old agreement. It calls for Sanitary and Phytosanitary Provisions be based on relevant scientific principles and eliminate those rules that are not. Finally, The countries agreed to non-discriminatory commitments to the sale and distribution of alcoholic beverages including Bourbon Whiskey, Tennessee Whiskey, Tequila, Mezcal, and Canadian Whiskey as distinctive products. Canada also agreed to have British Columbia remove its limitations on sales of non-BC wines in grocery stores.
Steel and Aluminum Tariffs

- March 1, 2018: US tariffs announced on steel and aluminum by 25% and 10% respectively (Canada and Mexico initially granted waivers)
- June 1, 2018: Initial waivers for Canada and Mexico removed
- The steel and aluminum tariffs may cost the US and Canada over $11 billion USD combined, and we could see losses of over 6,000 jobs*
- As a result of the steel and aluminum tariffs, retaliatory tariffs from Mexico and Canada could cause US Agriculture exports to decline by USD $1.9 billion to these two trading partners. This would likely eliminate any Agriculture gain from the new USMCA**

*CD Howe Institute  **Purdue University

The finalized USMCA is good news and will help increase ag exports. However, current policy could erode any gains expected from the USMCA. As background, the US Secretary of Commerce announced investigations into the impact of steel and aluminum imports on US national security. The investigations were self-initiated under Section 232 of the Trade Expansion Act of 1962. On March 8, 2018, President Trump signed two proclamations, one covering steel and one covering aluminum, imposing tariffs of 25 percent on imported steel articles and 10 percent on imported aluminum articles, effective March 23, 2018. Imports from Canada and Mexico were initially exempted from the tariffs but the waiver was later removed in June 2018. As a result, on July 1, 2018 Canada imposed retaliatory tariffs on U.S. products totaling $12.8B; and July 5: Mexican retaliatory tariffs on $3B worth of U.S. products imposed. It has been estimated that the steel and aluminum tariffs may cost the US and Canada over $11 billion USD combined, and we could see losses of over 6,000 jobs. Likewise as a result of the steel and aluminum tariffs, retaliatory tariffs from Mexico and Canada could cause US Agriculture exports to decline by USD $1.9 billion to these two trading partners. This would likely eliminate any Agriculture gain from the new USMCA.
PNWER Supports USMCA

- "UNWARRANTED TARIFFS ARE DISRUPTING TRADE BETWEEN THE WORLD'S CLOSEST ALLIES & LARGEST TRADING PARTNERS AND NEGATIVELY IMPACTING REGIONAL SUPPLY CHAINS" – PNWER Letter sent to U.S. Administration, November 2018

"We believe that new unilateral tariffs between the US and Canada go against the principles of free and fair trade and only harm industries in both countries. When markets are open and goods are transported freely across borders, the result is economic growth, new businesses and more and better job opportunities for individuals." - PNWER Leadership

FOR IMMEDIATE RELEASE: PNWER Press Release on Tariffs: June 13, 2018

PNWER Letter to President Trump requesting exemption for Canada from steel and aluminum tariffs before July 1

PNWER Letter to President Trump opposing tariffs on Canadian steel and aluminum - May 31, 2018

PNWER Letter to Commerce Secretary Wilbur Ross opposing tariffs on Canadian Newsprint - May 2, 2018

TARIFFS - THE WRONG WAY TO ACHIEVE GREATER ECONOMIC GROWTH, RESILIENCE, AND SECURITY IN NORTH AMERICA PNWER Sends Letter to President Trump and Congressional Leadership - March 7, 2018

PNWER NAFTA Resolution 2017

The PNWER Executive Committee recognizes the importance of our trading relationship between our two countries and have worked to develop joint statements in favor of a modernized NAFTA and calling for the exemption of Canada from steel and aluminum tariffs. We have also called for the removal of retaliatory tariffs by Canada.

PNWER issued a statement in November after a session focused on the impact of tariffs in our region.

"UNWARRANTED TARIFFS ARE DISRUPTING TRADE BETWEEN THE WORLD'S CLOSEST ALLIES & LARGEST TRADING PARTNERS AND NEGATIVELY IMPACTING REGIONAL SUPPLY CHAINS" – PNWER Letter sent to U.S. Administration, November 2018

We also issued a statement at the end of the Summit in Spokane in July.

"We believe that new unilateral tariffs between the US and Canada go against the principles of free and fair trade and only harm industries in both countries. When markets are open and goods are transported freely across borders, the result is economic growth, new businesses and more and better job opportunities for individuals." - PNWER Leadership
Call to Action

1. Important that USMCA is ratified as soon as possible

2. Due to the amount of trade between the 3 countries, we call upon the administration to renew its original waiver on steel and aluminum tariffs for Canada and Mexico

3. Call on Canada and Mexico to eliminate retaliatory tariffs

There are three high priority actions that must happen in order to help our regional economy.
1. USMCA must be ratified by congress as soon as possible.
2. Due to the amount of trade between the 3 countries, we call upon the administration to renew its original waiver on steel and aluminum tariffs for Canada and Mexico.
3. Call on Canada and Mexico to eliminate retaliatory tariffs.

Thank you for the opportunity to discuss these issues with you today.
Columbia River Treaty
2018 - 2019 Overview

Pacific NorthWest
Economic Region
The Pacific NorthWest Economic Region has been working with partner jurisdictions over several years on the importance of the Columbia River Treaty. In 2004 the PNW Regional Council highlighted the Columbia River Treaty as one of the most important issues for the region. Since then much has been done in the region to provide input to the U.S. and Canadian Entities leading up to the renegotiation of the treaty. The U.S. Entity forwarded its recommendation concerning the future of the Columbia River Treaty with Canada to the U.S. Department of State on December 13, 2013. Known as the “Regional Recommendation,” the U.S. Entity developed this recommendation in collaboration and consultation with the region through an extensive, multi-year Columbia River Treaty Review. The constructive involvement of the region’s states, federally recognized tribes, and hundreds of stakeholders helped the U.S. Entity reach this important milestone. With the conclusion of the Regional Recommendation process, the U.S. government conducted a review concerning the post-2024 future of the Treaty. The year 2024 is a significant date for the Treaty, as the current flood risk management provisions change to a less-defined approach. In addition, it is the earliest date at which the Treaty can be terminated, provided that either Canada or the United States provides ten years’ written notice. In spring 2018, negotiators representing the governments of Canada (including British Columbia) and the United States began holding meetings to discuss the future of the treaty regime in Washington, DC on May 29-30.

Jill Small, U.S. Chief Negotiator for the Columbia River Treaty, leads the U.S. negotiating team. The U.S. negotiating team also includes representatives from the Bonneville Power Administration and the U.S. Army Corps of Engineers NorthWestern Division (which together form the “U.S. Entity” that has responsibility for Treaty implementation in the United States); the Department of the Interior; and the National Oceanic and Atmospheric Administration. Sylvain Fabi, Canadian Chief Negotiator for the Columbia River Treaty, leads the Canadian team with the Government of British Columbia. The “Canadian Entity” is BC Hydro.

Four rounds of negotiation so far:
May 2018 – Washington, DC
August 2018 – Nelson, BC
October 2018 – Portland, OR
December 2018 – Vancouver, BC

Next round February 2019 to be held on Washington, DC.

A Symposium organized by PNW Regional Council was held at the July 2018 Annual Summit in Spokane, WA. The first--and only place thus far--where the chief negotiators from the U.S. and Canada presented together and heard testimony from stakeholders on both sides of the border. It was an opportunity for stakeholders to share benefits and impacts of the Treaty, focusing on areas including ecosystems, tribal groups, utilities, tourism, agriculture, recreation, and more. The symposium also featured legislators of jurisdictions surrounding and in the Columbia River Basin speaking about effects of the CRT on livelihood.
CRT 2018 Overview

- Tour of Grand Coulee Dam in central Washington showcased hydroelectric power and water storage for irrigation projects in the U.S. & Canada.
- In a two-day tour of southeast B.C., 50 leaders visited the Hugh Keenleyside Dam and the Spicer farm in Nakusp, one of the farms inundated when the treaty dams were built.
- Columbia Basin residents & local experts present along the way to share their knowledge of how the treaty affects the region's ecosystems, agriculture, tourism, & community.

Following the Symposium, PNWER and its partners organized two policy tours showcasing aspects of the Columbia River Basin. A Tour of the Grand Coulee Dam in central Washington showcased hydroelectric power and water storage for irrigation projects in the U.S. & Canada. Participants heard from Bonneville Power Administration on delivery of power throughout the region. Additionally, an Executive from the Chelan County Public Utility District spoke about operations and the important role the Grand Coulee Dam has for power generation. Lastly, tour attendees heard about the importance of water storage for irrigation to the region's agricultural community. The following day policy makers were invited to a two-day tour of southeast B.C., 50 leaders visited the Hugh Keenleyside Dam and the Spicer farm in Nakusp, one of the farms inundated when the treaty dams were built. During the two-day tour Columbia River Basin residents & local experts present along the way to share their knowledge of how the treaty affects the region's ecosystems, agriculture, tourism, & community.
CRT Next Steps

- U.S. and Canada held fourth round of negotiations to modernize the Columbia River Treaty in Vancouver, BC on December 12-13.

- The next round of Columbia River Treaty negotiation meetings will take place Feb. 27 and 28, 2019 in Washington, D.C. no other dates announced at this time – appears a long term process.

- The U.S. negotiating team will hold regular town hall meetings throughout the Columbia River Basin. The last town hall took place September 6, 2018 in Portland, Oregon and the next one is planned for early 2019.

- PNWER’s role has been to facilitate dialogue and understanding between all our member jurisdictions, while showcasing the benefits of the treaty.

- Continuing to explore opportunities for states to provide input into the process as the negotiations continue to take place.

As mentioned earlier, the US and Canada held their fourth round of negotiations to modernize the Columbia River Treaty in Vancouver, BC in December. The next round of negotiations is scheduled for February 27 and 28, 2019 in Washington, D.C. no other dates are announced at this time. It has been noted in several forums that the negotiations will be a long term process. It is also of note, that BC has held a series of ten community meetings in the Canadian Columbia River Basin to seek residents’ input on modernization of the Columbia River Treaty (Treaty). The timing of the meetings coincided with the beginning of Treaty negotiations between Canada and the United States. The purpose of these meetings was to provide an update on negotiations, and seek Basin residents’ input on what key issues should be considered during these negotiations. The input received from all 10 meetings is summarized in the Columbia River Treaty 2018 Community Meetings Summary Report and it is available online at: engage.gov.bc.ca/columbia rivertreaty/2018-community-meetings/

The U.S. negotiating team will hold regular town hall meetings throughout the Columbia River Basin to hear from the U.S. public on the modernization of the Columbia River Treaty regime. The last town hall took place September 6, 2018 in Portland, Oregon and the next one is planned for early 2019. There are several documents pertaining to the US’s work on the treaty available online at: https://www.state.gov/p/wha/ci/ca/topics/c78892.htm

PNWER will continue to play a role facilitating dialogue and understanding between all our member jurisdictions, while showcasing the benefits of the treaty. We will continue to explore opportunities for states to provide input into the process as the negotiations continue to take place.
Invasive Mussels
Federal Funding Update

Pacific NorthWest
Economic Region
Quagga/Zebra Mussels

- Highly invasive mussel devastating lakes and rivers across the US
- A single adult mussel produces 1 million larvae (veliger) per year
- Impact water intakes, agriculture, recreation, fisheries, and more
- Typically transported via watercraft or ballast water

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- Typically transported via watercraft or ballast water
The Pacific Northwest remains the last region within the US without an infestation of invasive Quagga/Zebra mussels. Q/Z mussels are thought to have arrived in the Great Lakes region in the 1980s via the ballast water of ships arriving from the Ukraine. PNWER has helped to lead efforts for the past decade to protect against the spread of invasive mussels to the pristine waters of the PNW. PNWER has helped to develop a regional defense and secure federal funds for the region.
Regional Defense

- 2014-2015 study funded by the State of Washington

Estimated economic impact to the region:
Over $500,000,000 per year every year

- Coordinating inspection, messaging, efforts

Little was known about that invasive mussels would have on the region. In 2014-15, Washington state stepped up and provided funds for a regional study on the impacts of invasive mussels. PNWER prepared the study with help from key partners. The study found that invasive mussels would cost the region $500,000,000 annually if an infestation were to occur.
Approximately $94 Million Per Year Impact to Idaho

- The economic impact of a quagga/zebra mussel infestation in Idaho exceeds $94 million annually (not including agriculture related impacts), according to a study conducted by the Idaho Invasive Species Council.
- Quagga and zebra mussels will cost agriculture tens of millions of dollars annually by clogging irrigation pipes, pumps, and aqueducts, and altering vital ecosystems and fish habitats by feeding on plankton.

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PNWER pushes to get funds appropriated for mussel prevention efforts to protect the Columbia River Basin

- Met with dozens of Congress Members and Senators to amend WRDA language
- Worked with PNW Congressional leaders to get appropriations for matching funds to states for watercraft monitoring stations
- $21 Million over the past 4 years

PNWER Vice President Senator Mike Cuffe from MT speaks to a group of 20 Congressional staffers in Washington, DC about the seriousness of a mussel invasion into the Columbia River Basin. PNWER continues to have quarterly meetings with a group of Congressional staff about the WRDA funding for mussel prevention.

**2009-2015:** PNWER advocates for federal funding and works to educate legislators on invasive mussels.

**2015:** Congress appropriated $4m through WRRDA 2014 to the four NW states of ID, MT, OR, and WA, for watercraft inspection stations (through US Army Corps of Engineers).

**2015-17:** Significant multi-year effort by PNWER and partners to access funds for the states and change WRRDA language for watercraft inspections “to protect the Columbia River Basin”. Took 3 acts of Congress to finally get matching funds!

**April 2017:** WRRDA 2014 funds released to the States in time for 2017 watercraft inspection season (Pacific States Marine Fisheries Commission as fiduciary agent).

**December 2016:** Congress authorized funds to be used for early detection, rapid response, and monitoring through WIIN Act 2016.

**April 2017:** Congress appropriated $5m for FY2017 for the four NW states.

**2018:** $6m appropriated to the four NW states for 2019 watercraft inspection season.

**2019:** $6m appropriated to the four NW states for 2020 watercraft inspection season.

**Total Funding:** $21 million for ID, MT, OR, and WA, thus far.
Federal Funding Received by States for Watercraft Inspection and Monitoring

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<th>State</th>
<th>2017</th>
<th>2018</th>
<th>Totals</th>
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<td>Idaho</td>
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<tr>
<td>Total to Region</td>
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<td>$5 million</td>
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</tr>
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$12 million ($6 million in 2019 & $6 million in 2020) of federal matching funds has already been appropriated to the 4 States for 2019 & 2020. Must be matched by states to access funds.
Actions

• Ensure that state funding is assured for the AIS program for the next two years. Federal match funding has already been appropriated.

• Support continued appropriations in Congress to the Army Corps of Engineers for the Watercraft Inspection Station support to the 4 NW States – **URGENT to request appropriations for next cycle.**

• The new Water Infrastructure for America Act expanded the AIS program to an additional 9 states and two new basins.

• We will have to work hard to ensure that our current funding remains in place because of this.

• We could have an active infestation at any time. Need to be ready throughout the region with early detection and rapid response plans.

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Actions

• Communicate to neighboring states and provinces the importance of an active prevention strategy.
• Update response plans, expand monitoring activities, and communicate these plans to all local jurisdictions.
• Share information with Border officials for any watercraft coming south from infected waterways.
• Support mandatory decontamination of fouled watercraft at federally managed waterbodies, especially lower Colorado River water bodies.

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Become Involved in PNWER

- You are a PNWER member!
- www.pnwer.org

Questions?
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