

COMMUNIQUÉ

Charlottetown, April 2, 2001 – At their third Council of Atlantic Premiers meeting today in Charlottetown, Prince Edward Island, Atlantic Premiers focused their discussions on a number of key international and national issues affecting Atlantic Canada, including softwood lumber, Equalization, and the forthcoming Annual Premiers' Conference. Premier Binns, Premier Hamm, Premier Lord, and Deputy Premier Tulk also discussed ongoing regional cooperation initiatives and the future Atlantic cooperation agenda.

Softwood Lumber – The Atlantic Premiers today met with representatives from the Maritime Lumber Bureau to discuss the issues surrounding the Canada-United States softwood lumber agreements that expired March 31, 2001. The Premiers called again on the federal government to renew the Maritime Accord to ensure that Atlantic Canada's free trade access to United States' markets is allowed to continue with no countervail, no anti-dumping, and no export tax. Doing so would recognize regional differences and ensure Atlantic Canada's unique and historic free trade status with the United States continues.

The Premiers noted that on May 29, 1996, Canada and the United States exchanged letters which recognize "the unique circumstance the Maritime provinces play in the North American lumber market." The subject agreement, commonly known as the "Maritime Accord," was signed by both Canada and the United States and provided for free access to the United States' marketplace. The Atlantic Canada softwood lumber industry is concerned that the expiry of the Maritime Accord may affect their historic free market access to the United States. This access is based on Atlantic Canada having a softwood market system similar to that in the United States; a system in which privately-owned land supplies more than 70% of softwood lumber production. In a letter to the Prime Minister, dated February 7, 2001, the four Atlantic Premiers called on the federal government to immediately renew the exchange of letters with the United States to ensure there was no lapse in this important and strategic arrangement. In order to reinforce their position, the four Premiers forwarded another letter to the Prime Minister on March 29, 2001, again calling on the federal government to renew Atlantic Canada's unique status with the United States. This position is consistent with that of the Maritime Lumber Bureau which recognizes that the survival of our Atlantic softwood lumber industry is dependent on the renewal of the Maritime Accord.

Equalization – Atlantic Premiers called on the federal government to amend Bill C-18, an *Act to Amend Fiscal Arrangements*, to eliminate the ceiling on Equalization payments not just for 1999-2000, but on a permanent basis.

The premiers expressed concern that the Equalization ceiling would be reached in subsequent years beyond 1999-2000, and would result in increased regional disparities within Canada. Permanently lifting the ceiling would ensure this does not occur.

Equalization is a Constitutional commitment. Premiers stressed that a fully functioning Equalization Program is essential to ensure that provinces have sufficient revenues to provide reasonably comparable public services at reasonably comparable levels of taxation. Premiers noted that over the past two decades federal legislation has systematically reduced the maximum share of national income that can be redistributed through the Equalization Program. Artificial constraints, such as the ceiling on payments have worsened disparities between provinces in their ability to provide public services. While all four Atlantic provinces have made significant strides towards greater self reliance over this period, the Equalization Program is still the most important source of federal funding for important services and programs such as health care and education. Premiers reiterate their position that in addition to the immediate removal of the ceiling, the Equalization Program should be strengthened over time by the establishment of a ten-province standard and the broadening of revenue coverage.

Insurance Regulation – Atlantic Premiers are pleased with the progress of the Atlantic Superintendents of Insurance in developing a harmonized framework for regulating the licensing and sales of insurance products in Atlantic Canada. They renewed their commitment to move ahead with this initiative by committing to work together on the drafting of the required legislation and in preparing the necessary regulations to accompany the harmonized act.

Premiers are pleased with progress made today at the third Council of Atlantic Premiers meeting and look forward to continuing to work together on these and other important regional issues.

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