

## And Saskatchewan makes 9 (million people)



**I**t doesn't form a nice acronym the way the "TILMA" did. But then again, it's bigger, better and up to date with the changing economic landscape of western Canada in 2010.

The "it" in this case is the New West Partnership Trade Agreement, an agreement signed on April 30 of this year by the governments of British Columbia, Alberta and Saskatchewan. In a nutshell, the partnership (or the NWPTA, as it is awkwardly known) is an agreement on free trade, investment and labour mobility between Canada's three westernmost provinces. Combined, the population of these three provinces is over 9 million.

The significant feature of the NWPTA is that it now includes Saskatchewan, building on the original Trade, Investment and Labour Mobility Agreement (TILMA) between Alberta and BC. When the TILMA was signed a few years ago, it was groundbreaking because it marked a significant bilateral agreement to eliminate the destructive barriers to trade and worker mobility between provinces.

The New West Partnership supersedes the original TILMA between BC and Alberta. Saskatchewan had always been leery of joining the TILMA because it feared it would give up too much of its own provincial sovereignty. Who wants to join someone else's agreement when they didn't help craft the original deal?

To assuage Saskatchewan's fear of losing economic sovereignty, Alberta and BC agreed to sit down and cobble together a brand new partnership

among all three provinces. In spirit, the new NWPTA is not much different from the TILMA, but perhaps just a name change was enough to make it politically palatable in Saskatchewan. (This way, no Saskatchewan politician can be accused of crawling into a bed already occupied by BC and Alberta. This is a brand new agreement — at least in name.)

Key elements of the NWPTA include public procurement (i.e., municipal and provincial governments can't play favourites with local providers), labour mobility (i.e., qualified workers will be recognized in all three provinces) and streamlined regulations (i.e., fewer red tape hurdles to jump for companies doing business in all three provinces).

Prior to Saskatchewan's participation in the agreement, the Alberta-BC combined economy was already the second-largest "free trade" area in Canada — behind Ontario in size, but well ahead of Quebec. The addition of Saskatchewan to the mix expands the size of the area by another \$69 billion (the nominal GDP of Saskatchewan in 2008), bringing the entire triprovincial GDP to close to \$550 billion. That's starting to close in on Ontario!

**S**o what benefit will come from adding Saskatchewan to the mix? Probably not a huge amount in the short run. It's a small province, with an economy not even a quarter the size of Alberta, and it has fewer people than the city of Calgary. And its economy shrank last year by more than 6 percent, indicating a recession

deeper than the ones in Alberta or BC, because of plunging prices for natural gas, oil and potash.

But in the longer run, adding Saskatchewan to the mix will be extremely positive. As in Alberta, there is enormous potential for growth to return to Saskatchewan as the global economy gets back on its feet. Its oil and gas sector has been relatively underdeveloped until recently (at least compared with Alberta's), and the overall resource base of Saskatchewan is much more nicely diversified. It's got not only oil and gas, but potash, uranium, base metals and even the potential for diamond mines.

All of that makes for a very attractive partner in the cozy club of western Canadian provinces, even if the additional GDP is small. Saskatchewan companies will have greatly improved access to public procurement in Alberta and BC, and vice versa — the idea being that a bigger market and increased competition will strengthen companies, not weaken them. And job seekers among its 9 million citizens will be afforded more opportunities to move and work freely within the entire region, without restriction of provincial certification rules or other barriers to practising their trades.

Welcome to the club, Saskatchewan! Far from losing your own economic sovereignty, you are really just opening up your own economic potential.

Manitoba? Are you paying attention?

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