



**Written Submission for the Pre-Budget Consultations in
Advance of the Upcoming Federal Budget**

By: The Mosaic Company



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List of Recommendations:

- **Improve the long-term outlook of Canadian potash by increasing Canada's ability to compete in a global marketplace, through:**
 - **Targeted investments into national infrastructure**, primarily railways and ports that move Canada's vital natural resources from coast to coast and around the world, as well as regional highway infrastructure in potash-producing areas;
 - **Strategic initiatives to reduce the cost of moving goods by rail, such as an investment tax credit for new railcar purchase orders in the mining industry.** Industries such as potash depend on limited shipping routes that come with frequent service interruptions and high costs in Canada, when compared to other potash and mineral producing regions;
 - **Ensuring that the cumulative impacts of federal environmental legislation are measured carefully** to guard against regulatory stacking from initiatives such as the Clean Fuel Standard; give credit where due to Canadian industries with world-leading sustainability outcomes; and avoid doing harm to Energy Intensive Trade Exposed (EITE) industries;
 - **A strong commitment to the Canadian Critical Minerals Strategy** by continued collaboration with the United States, and exploring the creation of a list of Canada's own critical minerals;
 - **Advancing the adoption of Small Modular Reactors in Canada**, including an enhanced commitment to the SMR Roadmap to ensure low-emission, affordable, baseload power for generations to come; and
 - Continuing to work with industry **to develop strategies for the procurement of goods from Indigenous businesses and spur Indigenous business development.**



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Mosaic is the world's leading producer and marketer of concentrated potash and phosphate fertilizers, and has over 50 years of experience mining potash in Canada. We have five mines at three locations in Saskatchewan: Belle Plaine, Colonsay, and Esterhazy. With more than 13,000 people and operations and joint ventures that span across nine countries, Mosaic has recently made [bold environmental, social and governance \(ESG\) commitments](#) to achieve by the year 2025. These include: **a 20% reduction in greenhouse gas (GHG) emissions per tonne of product, and a 20% decrease in freshwater use per tonne of product.**

Our mission is simple: to ensure global food security by helping the world grow the food it needs. The UN estimates that global food production must more than double by 2050 to feed a growing global population. The only way to achieve that growth is with the use of fertilizer products. By striving to produce and deliver the highest quality, most innovative crop nutrition products, Mosaic helps farmers rise to the challenge.

Canadian potash, specifically, plays a vital role in helping the world grow the food it needs as the world's number one producer of potash – for now. **However, Canadian mining companies are facing unprecedented levels of competition from lower-cost jurisdictions around the world.** Foreign sources of potash from countries like Russia and Belarus have tax, regulatory, currency and other cost advantages over Canadian producers, eroding the ability of Canadian potash to compete in a global marketplace.

Targeted investments into national infrastructure: all of Canada's potash is produced and shipped from land-locked Saskatchewan to ports or into the United States. In fact, 95% of Canadian potash is exported each year, the vast majority of it by rail. Frequent rail service interruptions – whether they are caused by labour disputes, blockades, or in many cases, Canadian winter weather – jeopardize the ability of potash producers to make timely shipments to customers and cast a negative shadow on Canada's reputation as a reliable supplier. The government must make new investments that will:

- Address persistent bottlenecks in the rail system, such as at access points into the Port of Vancouver, particularly Vancouver's North Shore from which the bulk of potash is shipped; and in the Moose Jaw, Sask., corridor, a major route for Mosaic products heading to the United States.
- Work with rail service providers to upgrade old infrastructure, some of which is causing avoidable disruptions to service due to lack of maintenance and investment that affect all rail users.

Strategic initiatives to reduce the cost of moving goods by rail: there are a number of mechanisms the government could use to assist with COVID-19 economic recovery. **An investment tax credit for new domestic railcar purchase orders in the mining industry** would encourage potash producers to renew their own infrastructure as well as create jobs for the many thousands of people involved in domestic railcar production. Mosaic currently spends more than \$180 million CAD annually for domestic freight. Rail shipping costs within Canada and to parts of North America are already much higher than those same costs paid by our competitors in other parts of the world. For example, current shipping from Saskatchewan to the Port of Montreal's Contrecoeur Terminal costs Mosaic as much as \$48 more per tonne than Russian potash companies shipping overseas into Montreal. We compete in an aggressive



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international marketplace and it's important that Canadian exporters show they can have continuous, affordable, uninterrupted access to their customers.

Ensuring that the cumulative impacts of federal environmental legislation are measured carefully is an important consideration for the Department of Finance to consider. We strongly recommend a comprehensive Regulatory Impact Analysis Statement be developed to guard against regulatory stacking and a weakened investment climate from initiatives such as the Clean Fuel Standard (led by Environment and Climate Change Canada). Credit must be given where due to Canadian industries with world-leading sustainability outcomes. For example, the greenhouse gas emissions from Canadian potash have been shown to be far lower than the global average for the same emissions. Weighing cumulative impacts on competitiveness will avoid doing harm to Energy Intensive Trade Exposed (EITE) industries and prevent carbon leakage to jurisdictions with poorer environmental outcomes than Canada.

Advancing the Canadian Critical Minerals Strategy: we are equally supportive of the commitments made to date around critical minerals and working with the United States to secure the supply and trade of critical minerals. Canada is the largest supplier of potash to the U.S. Securing and improving supply chains for potash production, providing a competitive tax and regulatory system with other global mining regions, and ensuring the ease of cross-border business will yield positive critical mineral strategy outcomes. Canada should pursue similar collaboration with other allies that seek and depend on Canadian minerals for their own economies. Canada's leading environmental and sustainability performance make the nation an attractive choice for many jurisdictions. Canada should consider the development of its own list of critical minerals, in addition to the collaboration already demonstrated on the American critical minerals list.

Advancing the adoption of Small Modular Reactors (SMRs): access to affordable, reliable and low-emission sources of power will be critical to the future of Canada's potash industry. The cost of electricity service is a competitive risk factor for Mosaic – current costs include a significant carbon tax in Saskatchewan and overall escalating rates of service due to system renewal and the efforts of SaskPower to decarbonize its grid in favour of other generation options. We support the progress that Natural Resources Canada has made on its [Small Modular Reactor Action Plan](#) in recent years. Now is the time to recommit to advancing SMRs in Canada by moving into the pilot phase in various sectors and applications of the technology – other countries are quickly refining and advancing their approach to SMRs and it's important that Canada doesn't get left behind on technology with strong Canadian contributions behind it.

It is important that work continues to **develop strategies for the procurement of goods from Indigenous businesses and to spur Indigenous business development.** Canada's mining sector has one of the highest rates of Indigenous employment in Canada and is continually working to improve procurement numbers from Indigenous business. Mosaic has set goals to procure 15% of goods and services from Indigenous-owned businesses by 2025, and to ensure 15% of new hires are Indigenous candidates by 2025.