

Canada – United States
Inter-Parliamentary Group
Canadian Section



Groupe interparlementaire
Canada – États-Unis
Section canadienne

**Report of the Canadian Parliamentary Delegation
respecting its participation at the
Pacific NorthWest Economic Region (PNWER)
26th Annual Summit**

Canada–United States Inter-Parliamentary Group

**Calgary, Alberta, Canada
17–21 July 2016**

Report

DELEGATION MEMBERS AND STAFF

From 17–21 July 2016, the Canadian Section of the Canada–United States Inter-Parliamentary Group (IPG) was represented at the 26th annual summit of the Pacific NorthWest Economic Region (PNWER), which was held in Calgary, Alberta. The delegation comprised Senator Jane Cordy, Senator Vern White, the Honourable Candice Bergen, P.C., M.P., Mr. Gord Johns, M.P. and Mr. Marc Serré, M.P. They were accompanied by the Canadian Section’s Executive Secretary, Ms. Miriam Burke, and Mr. James Lee, Advisor to the Canadian Section.

THE EVENT

Established in 1991, PNWER is a statutory, bi-national, regional, private-public partnership that includes five U.S. states – Alaska, Idaho, Montana, Oregon and Washington – and, in Canada, three provinces and two territories – Alberta, British Columbia, Saskatchewan, Yukon and the Northwest Territories. It has two meetings each year: its annual summit in the summer, and its economic leadership forum in the fall.

PNWER’s aims are the following:

- to promote greater regional collaboration;
- to enhance the competitiveness of the Pacific Northwest region in domestic and international markets;
- to leverage regional influence in Ottawa, Ontario and Washington, D.C.; and
- to achieve continued economic growth while maintaining the region’s natural environment.

DELEGATION OBJECTIVES FOR THE EVENT

At PNWER’s 2016 annual summit, a range of Canada–U.S. topics were discussed, including issues relating to the shared border, energy, the environment, transportation, water, mining, forestry, agriculture, the Arctic, invasive species, trade, regulatory cooperation and tourism.

Members of the IPG’s Canadian Section consider their attendance at the annual summit to be an important opportunity to meet with U.S. state and Canadian provincial legislators, as well as representatives of the private sector from a number of jurisdictions. In their view, the discussions enabled them to enhance Canada–U.S. relations and to provide a basis for working on issues that are common to both countries.

ACTIVITIES DURING THE EVENT

PNWER's 2016 annual summit involved policy tours, keynote addresses and policy sessions in a number of areas, including the following:

- energy and the environment
- transportation
- water policy
- mining
- forestry
- border issues
- infrastructure
- agriculture
- natural gas
- the Arctic
- invasive species
- workforce
- cross-border livestock health
- municipal economic development
- trade
- regulatory cooperation
- disaster resilience
- tourism.

This report summarizes some of the points that were made at the keynote and selected concurrent policy sessions.

OPENING CEREMONIES AND KEYNOTE BREAKFAST

Ambassador Bruce Heyman, *U.S. Ambassador to Canada*

- The year since Canada's general federal election in 2015 has been beneficial for Canada–U.S. relations.

- Recent examples of areas of common Canada–U.S. concern and opportunities for joint success include the Paris Climate Change Conference, an invitation for Prime Minister Trudeau to attend a state dinner in Washington, D.C., the North American Leaders Summit in Ottawa, and President Obama’s visit to Ottawa and his speech to Parliament.
- It is expected that, in Washington, D.C., more attention will be paid to Canada than has been the case in the recent past; the bilateral relationship is at least as good as it has been for a very long time, and the two countries do everything together.
- The first meeting of the new North American Caucus consultation mechanism, which is designed to develop a unified North American voice for the world and which was announced by North American leaders in June 2016, will take place in fall 2017.
- The next “evolution” of the Regulatory Cooperation Council (RCC) should be strategic in its approach, rather than dealing with problems as they arise; as well, rather than harmonizing regulatory standards, perhaps Canada and the United States could accept each other’s regulations.
- Many societies are going through a technologically driven revolution; such revolutions can happen slowly, but their effects should not be underestimated.
- The current technological revolution was accelerated by the “Y2K scare,” which increased investments in new tools, robotics, etc. and led to a decrease in jobs.
- Members of the U.S. middle class are frustrated and blame free trade, rather than investments in technology, for job losses; technology will continue to change, and the rate of change will increase, with a consequential need for skills-based training and immigration to fill jobs.
- The Trans-Pacific Partnership (TPP) agreement is an attempt to establish new trade rules.
- In his speech to Canada’s Parliament, President Obama said that “we need more Canada”; Canadian leadership is important, especially in challenging times.

Ambassador David MacNaughton, *Canadian Ambassador to the United States*

- The depth and breadth of the Canada–U.S. relationship is “staggering”; while most of the interaction happens “quietly,” neither country should take the relationship for granted.
- There is a need to talk differently about trade because the current approach is not working as intended; for example, few in the United States know that 9 million American jobs depend on trade with Canada.

- The border that is shared by Canada and the United States is important for both countries, and the work that is being done in relation to it – such as preclearance legislation – should not be underestimated.
- In terms of regulatory harmonization, perhaps regulators should have to demonstrate the requirement for different regulations in Canada and the United States.
- Canada and the United States need to find creative solutions to complex problems; for example, the Shiprider program deals with jurisdictional challenges by putting both Canadian and American law enforcement officials on ships.
- One trade-related challenge is explaining the benefits of the *North American Free Trade Agreement* (NAFTA); business leaders spoke about the benefits of trade in the 1980s, but this approach would be less helpful today.
- Around the world, there is a trend toward isolationism and protectionism; consequently, Canada and the United States must build on strengths, rather than look for areas of difference.

BORDER ISSUES

Ambassador Bruce Heyman, *U.S. Ambassador to Canada*

- The Beyond the Border (BTB) and the RCC initiatives continue to be important.
- The United States' infrastructure is generally in need of repair; the need is not limited to the country's borders.
- Cross-border infrastructure needs innovation and creativity, particularly because of budget constraints; Canada has done a better job with public-private partnerships than has the United States.

Alan Bersin, *U.S. Department of Homeland Security*

- The deployment of scanning technology along the U.S.–Canada border will enable massive amounts of data to be analyzed as risk assessments are undertaken.
- The BTB initiative involves stakeholders to a much greater degree than was the case with earlier approaches, and incorporates a new way of viewing the Canada–U.S. relationship.

KEYNOTE LUNCHEON

Alan Bersin, *U.S. Department of Homeland Security*

- The 2011 BTB initiative identified the requirement for perimeter security and economic competitiveness; borders need to function well for both of these.
- Unlike earlier border-related measures, the BTB initiative has had deliverables, implementation reports, etc.; it has made significant progress in such areas as preclearance.
- There has been a change in the way that the United States and Canada view the shared border and work together.
- The United States understands the need for sovereignty, etc., and that it is difficult to “live” next to the United States.
- The shared border between Canada and the United States provides an opportunity for the countries to work together to promote common interests.
- Although the border thickened after the terrorist attacks of 11 September 2001, security and expediting trade and travel are no longer seen as mutually exclusive.
- While respecting privacy, “big data” is used to undertake risk management; it is not possible to make the Canada–U.S. border more secure without big data.
- The concept of “North America” – with its large market, high volume of trade and a shared production platform based on NAFTA, energy independence, etc. – should be a central part of public policy; as part of this concept, borders should be points of cooperation, rather than chokepoints.
- There is gap between facts and perceptions about borders, immigration and trade.

Minister Deron Bilous, *Government of Alberta*

- The Province of Alberta values trade, and recognizes the need to diversify and to address climate change.
- Lower oil prices and reduced demand for oil are the “new reality.”
- Energy will continue to be a contributor to economic growth, and addressing greenhouse gas emissions through innovations in the oilsands sector will be important.

PACIFIC NORTHWEST ECONOMIC REGION’S ARCTIC CAUCUS

Minister Wally Schumann, *Government of the Northwest Territories*

- While the Northwest Territories has many resource and other opportunities, there are also many challenges, with about 33 communities located in a vast territory.

PANEL REVIEW OF ARCTIC COUNCIL AND OTHER PROJECTS

John Higginbotham, *Centre for International Governance Innovation and Carleton University*

- The infrastructure links in the Canadian Arctic are rudimentary, which is a planning and financial challenge for the federal and provincial/territorial governments.
- The February 2016 report that was prepared following the completion of the review of the *Canada Transportation Act* contains a chapter on the North; the report recommends that the Government of Canada do the following:
 - Develop and implement an infrastructure strategy for all modes of transportation in the North
 - Develop a new federal policy, vision and regulatory regime to strengthen the safety and reliability of marine transportation in the Arctic.
 - Maintain and improve access to air transportation for the benefit of Northern communities and their economies.

Nils Andreassen, *Institute of the North*

- Some countries think that the Arctic is a victim of climate change, without realizing that the region is a leader in renewable and alternative energy; in this sense, the Arctic is a leader, rather than a victim.

Maribeth S. Murray, *University of Calgary*

- The Arctic Council is working toward an integrated, multipurpose international Arctic observing system that will observe on land, on the water and in the atmosphere; components of the system are being implemented.

KEYNOTE BREAKFAST

Gregg Saretsky, *WestJet Airlines Ltd.*

- Canada's commercial aviation sector has significant economic benefits.
- The cost of aviation infrastructure is the greatest barrier to the aviation sector's growth.
- Canada's jet fuel taxes are three times the amount of those taxes in the United States.
- Over the last 25 years, 80% of Canada's airlines have failed.

- While the number of U.S. airlines is decreasing, Canadian air carriers are increasing the service that they provide.
- Low-cost American airlines do not fly in Canada, where costs are higher; however, they have Canadian customers who cross the shared border and fly from U.S. airports.
- There is a need for strong policy and regulatory frameworks, and for innovation.
- The report that was released following the recent review of the *Canada Transportation Act* proposed increases in foreign ownership limits.
- In terms of climate change, the commercial aviation sector produces greenhouse gas emissions through fuel, the heating of buildings, etc.; broad sectoral targets are needed if emissions are to be reduced.

ENERGY KEYNOTE: REGIONAL, NATIONAL, GLOBAL ENERGY PERSPECTIVE

Minister Margaret McCuaig-Boyd, *Government of Alberta*

- Oil and gas are essential to Alberta's economy.
- Alberta's oilsands sector represents 11% of the world's oil, and results in jobs.
- Albertans care about the environment and are concerned about climate change.
- The view that Alberta was not doing enough to address climate change harmed the province's image, exports, etc.; now, Alberta has a Climate Leadership Plan, has put a price on carbon, has limited oilsands production, etc.
- Alberta's Climate Leadership Plan is changing the world's view of the province's energy products, and is making Alberta a more attractive location for investment.
- Alberta has a new regulatory framework for energy, has adopted all of the recommendations made by an expert panel, and has established a new royalty regime.
- Alberta supports modern and properly regulated pipelines.
- In speaking about the Keystone XL pipeline, President Obama characterized oil from oilsands as "dirty"; however, the message he delivered to Canada's Parliament in June 2016 was different.

Peter Watson, *National Energy Board*

- In recent years, there has been unprecedented uncertainty in energy markets; this uncertainty has been the result of such factors as changing energy production technologies, geopolitical events, new climate change policies and agreements, and regulatory decisions.

- As energy systems and associated discussions are becoming increasingly complex, there is a greater need for accessible and transparent energy information to inform those discussions.
- As an energy transportation regulator, the National Energy Board (NEB) regulates interprovincial and international pipelines in Canada, international power lines and aspects of energy trade; it also monitors energy markets and produces a range of objective energy information products.
- Canada and the United States are energy trading partners, and they compete with each other in global energy markets; both countries are influenced by some of the same trends in energy and climate change policies.
- Despite low commodity prices, Canadian energy production remained relatively stable in 2015, although lower prices meant that the value of exports decreased.
- The NEB has forecasted that Canadian oil production will grow by 56% by 2040; however, if new pipelines to transport Canadian oil to tidewater or to U.S. markets are not built, the higher cost of transporting crude oil by rail would mean that production would be about 8% lower than this forecast.
- Natural gas production in Canada declined slightly in 2015, with increased supply in the United States reducing the demand for Canadian natural gas exports.
- Electricity generation in Canada was stable in 2015, although there was a record increase in electricity exports to the United States.
- The challenge for legislators going forward will be to balance the public's demand for action on the environment with commercial realities, such as the need for infrastructure to enable growth, and the inability of a single sector to reduce emissions significantly on its own.

POLICY MAKERS PANEL

Minister Bill Bennett, *Government of British Columbia*

- In 2008, British Columbia adopted a climate change plan; it was the first North American jurisdiction to adopt a broad-based carbon tax across the whole economy that is revenue neutral.
- The transition away from fossil fuels will be a long-term shift.
- An important issue for British Columbia is identifying the actions that should be taken now so that the province can continue to reach its goals without jeopardizing competitiveness.

Senator Lesil McGuire, *Alaska State Legislature*

- The year 2008 saw both high oil prices and an economic collapse; some were harmed, while others benefitted.
- Alaska's economy is very dependent on one crude oil project; therefore, a goal of being 50% dependent on renewable energy sources by 2025 has been established.
- While people do not want to be dependent on oil, they also do not want to change their way of life.
- Alaskans often get nervous when the federal government speaks about renewable energy issues; the recent Canada–U.S. joint statement on energy said that exceptions would be made for best practices.
- Alaska has done a good job in protecting the environment; balance is important, as is the need to think about people.

Senator Cliff Larsen, *Montana State Legislature*

- Montana is a large state with significant resources, including agriculture, timber and coal; the state exports energy, about 68% of which is coal and approximately 30% of which is hydro.
- Taxes on coal have helped to fund a variety of Montana's needs.
- While Montana's renewable energy goal was easily met by 2015, there is now a more challenging goal of reducing greenhouse gas emissions.
- The courts have forced the decommissioning of some coal-fired plants in Montana, giving rise to significant challenges in transitioning to a better balance between renewable and non-renewable energy sources; there will be implications for the state's tax base.
- While Montana has the potential for alternative energy sources, investments in infrastructure are needed.

REGULATORS PANEL

Travis Kavulla, *Montana Public Service Commission*

- In the United States, utility commissions tend to focus on electricity, rather than on oil and gas; they are now being asked to be environmental regulators as well.
- In the United States, there is a mix of federal and state policies, and they often compete with each other, rather than work together; for example, definitions of renewable energy vary widely among states.

Phil Jones, *Washington Utilities and Transportation Commission*

- Utilities commissions are economic regulators, rather than environmental regulators, and they implement the laws adopted by legislators.
- When laws are not precise, it is difficult to write regulations; it is important for regulators to understand legislators' intentions.

INDUSTRY PANEL

Alex Ferguson, *Canadian Association of Petroleum Producers*

- The world is complex, and citizens do not trust governments in the same way that they once did.
- Every Canadian province and every sector says that it is a climate leader; leaders need followers.
- Canada's petroleum sector used to respond to government by saying "no, but ... ," and it now says "yes, if"

Linda Coady, *Enbridge Inc.*

- Technology is important, and may enable the identification of ways in which to "de-carbonize" oil and gas.

Arlene Strom, *Suncor Energy Inc.*

- With its new climate policies, Alberta ceased to be a climate laggard and became a climate leader, a change that requires collaboration among government and stakeholders.

KEYNOTE LUNCHEON

Aris Papadopoulos, *Resilience Action Fund*

- Although dangerous events cannot be prevented, disasters can be averted.
- The resilience of human-made structures – the "built environment" – in the face of wind, fire, water and seismic activity is an important issue.
- The quality of construction has fallen significantly over time in the pursuit of lower costs, especially in relation to low-rise residential structures.
- Urbanization has led to greater density in construction, and more construction in coastal areas.
- While there are building codes that are enforced, the codes are not sufficiently strict; instead of codes designed to ensure that inhabitants can escape from structures, there should be resilience codes designed to protect assets better.

- Low resiliency leads to greater dependence on emergency capacity – such as fire departments – in the event of disasters, with associated costs.
- Regarding the built environment, consumers tend to focus on cosmetic issues while being unaware of the vulnerability of the structures that they are purchasing.
- Just as consumers have become more knowledgeable about automobile safety issues over time and have demanded better products, education and transparency will lead them to become aware of the need for higher standards regarding resiliency.
- Resilience is important for businesses because the destruction of commercial structures can affect contents, revenue and reputation, among others; insurance covers a fraction of the value of losses.
- In 2015, United Nations member states endorsed the *Sendai Framework for Disaster Risk Reduction*, a 15-year non-binding agreement that recognizes the primary responsibility of states in this area, but also the importance of local governments, the private sector and other stakeholders.

TRADE AND REGULATORY COOPERATION

Chris Sands, *Western Washington University*

- The TPP agreement is a long and complicated trade agreement that effectively requires the approval of the United States.
- While the U.S. Congress gave the president the right to negotiate the TPP agreement, it may not pass the resulting agreement; neither presidential candidate supports the TPP agreement, which leads to doubt about U.S. ratification, and therefore uncertainty for all other TPP countries.
- Over time, trade has become more global.
- If people are asked to decide on issues that they do not understand, they tend to say “no”; while trade-related information is complicated, it is readily available.

Trevor Tombe, *University of Calgary*

- The TPP agreement is both enormous and complicated.
- Canada’s trade challenge is diversification, and the TPP agreement would help Canada to diversify its markets.
- Tariff reductions are important, but the TPP agreement would go beyond classic trade liberalization and would also increase investment.

Karil Kochenderfer, *LINKAGES Global Trade, Government & Public Affairs*

- The World Trade Organization led to globalization and an increase in global trade.
- The TPP agreement is a 21st-century agreement that involves 12 nations; collectively, these countries have 28% of the world's population and 38% of global commerce.
- The TPP agreement will help to establish global trade rules, and any country that can meet the standards contained in the agreement will be able to join the TPP.

Christopher Quinlivan, *U.S. Department of Commerce*

- The U.S. government believes that the TPP agreement can lead to benefits for the United States.
- The U.S. government is focused on helping Americans to understand the TPP agreement; it has a number of public tools designed to share relevant information.

Laura Dawson, *Woodrow Wilson Center*

- Trade agreements do not create trade; rather, they make it easier for a willing buyer to meet a willing seller.
- Since enactment of the *Canada–United States Free Trade Agreement*, the RCC is the most important mechanism for advancing the trade agenda between Canada and the United States.
- Within the RCC, business stakeholders play a significant role.
- Because the RCC deals with federal regulations only, it should be expanded.
- Mexico has observer status at the RCC, and this status should continue.
- Although there are differences, Canada has essentially aligned its regulations with the United States in order to ensure that its products can be sold in that country.
- The primary mandate for a regulator is to ensure that the population is as safe as possible.

KEYNOTE BREAKFAST

David Lametti, M.P., *Government of Canada*

- Like other regions, trade is vital to the Pacific Northwest.

- Canada is committed to trade; trade represents 60% of the country's gross domestic product and is linked to one in five Canadian jobs.
- The Government of Canada is pursuing an ambitious trade agenda that is focused on accessing large and growing markets, as well as on deepening trade with traditional partners.
- Canada–U.S. trade is very important, and the Government of Canada has been working to strengthen relations with both the United States and Mexico.
- The June 2016 North American Leaders Summit set an ambitious goal of 50% clean power generation by 2025; the leaders also discussed trade and competitiveness.
- The Government of Canada is working hard to implement the *Canada–European Union Comprehensive Economic and Trade Agreement*; it is also engaging with emerging blocs, such as the Pacific Alliance.

CLIMATE INITIATIVES FROM AROUND THE REGION AND IMPLICATIONS FOR THE REGION'S ACADEMIC INSTITUTIONS

Stewart Rood, *University of Lethbridge*

- Efforts should be directed to avoiding oversimplified solutions to the complex problems posed by climate change.

Bill Werry, *Government of Alberta*

- Alberta is Canada's largest provincial emitter of greenhouse gasses; a large proportion of these emissions is the result of industrial activities.
- Alberta's 2015 Climate Leadership Plan, to be overseen by a climate change office, includes an economy-wide price on carbon, the phase-out of coal-fired emissions by 2030 and a methane emissions reduction target, among other measures.

KEYNOTE LUNCHEON

Chris Sands, *Western Washington University*

- In the context of the U.S. election and Canada–U.S. relations, the focus should not solely be national leaders; public servants, as well as state and provincial leaders, continue in their roles when leaders change.
- In June 2016, the "Columbus Declaration" was adopted; in addition to general principles about the Canada–U.S. relationship, it encouraged a number of specific actions, including the following:

- Work together to support innovation.
 - Expand labour mobility rights.
 - Align standards and cooperate on border security.
 - Bring sub-national cooperation formally into the bilateral relationship.
- In terms of the U.S. election, the best-case scenario for Canada is that the next U.S. president will see value in the bilateral relationship, and will visit Canada as his/her first foreign destination as president; the worst-case scenario is an electoral result that leads to confrontation between the new president and the U.S. Congress, and greater difficulties regarding trade in softwood lumber and the TPP agreement.
 - If the next U.S. president does not focus on the United States' relationship with Canada, a "signal" that the bilateral relationship is not important will be passed down to U.S. officials and the relationship will drift.
 - In terms of the U.S. presidential candidates, Hillary Clinton is a professional who knows Canada, and Donald Trump is a deal maker; in terms of administration officials or ambassadors, Hillary Clinton might pick governors or senators, while Donald Trump might select business people.
 - There is a generational divide regarding such issues as globalization, trade, etc.; because millennials seem to be "open to the world," there is an opportunity to change the debate about trade.

Laura Dawson, *Woodrow Wilson Center*

- Canada–U.S. relations are unique; at this time, they are also dysfunctional.
- Canada is one of the United States' least important foreign policy priorities.
- Canada is the most important foreign policy actor in terms of U.S. domestic policy, but there are no mechanisms for converting this importance into policy; the bilateral relationship does not need high-level political actions, just sustained attention.
- The election of Justin Trudeau as Canada's prime minister has had a real impact on the Canada–U.S. relationship; the question now is the extent to which Prime Minister Trudeau will "get along with" either Hillary Clinton or Donald Trump.
- The relationship between countries' leaders is somewhat important.
- Canada will work with whoever is elected U.S. president; that said, if Donald Trump is elected and withdraws the United States from trade and other

agreements, Canada would have to pursue other trade agreements in order to diversify its markets, etc.

- “President Donald Trump” would probably differ from “Candidate Donald Trump.”
- NAFTA has become a scapegoat for everything that is thought to be wrong with globalization in the United States, which makes it difficult to discuss trade issues.

Respectfully submitted,

Hon. Michael L. MacDonald,
Senator, Co-Chair
Canada–United States
Inter-Parliamentary Group

Hon. Wayne Easter, P.C., M.P.
Co-Chair
Canada–United States
Inter-Parliamentary Group

Travel Costs

ASSOCIATION	Canada–United States Inter-Parliamentary Group
ACTIVITY	Pacific NorthWest Economic Region (PNWER) 26 th Annual Summit
DESTINATION	Calgary, Alberta, Canada
DATES	17–21 July 2016
DELEGATION	
SENATE	The Hon. Jane Cordy The Hon. Vern White
HOUSE OF COMMONS	The Hon. Candice Bergen, P.C., M.P. Mr. Gord Johns, M.P. Mr. Marc Serré, M.P.
STAFF	Ms. Miriam Burke, Executive Secretary Mr. James Lee, Analyst
TRANSPORTATION	\$ 7,836.67
ACCOMMODATION	\$ 7,205.49
PER DIEMS	\$ 1,941.08
MISCELLANEOUS / REGISTRATION FEES	\$ 5,697.93
TOTAL	\$ 22,681.17