

Canada – United States  
Inter-Parliamentary Group  
Canadian Section



Groupe interparlementaire  
Canada – États-Unis  
Section canadienne

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**Report of the Canadian Parliamentary Delegation  
respecting its participation at the 10<sup>th</sup> Annual Conference of  
the Southeastern United States–Canadian Provinces  
(SEUS–CP) Alliance**

**Canada–United States Inter-Parliamentary Group**

**Toronto, Ontario, Canada  
4–6 June 2017**

# Report

## DELEGATION MEMBERS AND STAFF

From 4–6 June 2017, Mr. Phil McColeman, M.P., Vice-Chair of the Canadian Section of the Canada–United States Inter-Parliamentary Group (IPG), led a delegation to the 10<sup>th</sup> annual conference of the Southeastern United States–Canadian Provinces (SEUS–CP) Alliance in Toronto, Ontario. The other members of the delegation were the Honourable Andrew Leslie, P.C., M.P., and Senators Jim Munson and Bob Runciman. The delegation was accompanied by Ms. June Dewetering, the Canadian Section’s Senior Advisor.

## THE EVENT

The SEUS–CP Alliance is a trade- and investment-focused partnership among six southeastern U.S. states – Alabama, Georgia, Mississippi, North Carolina, South Carolina and Tennessee – and six Canadian provinces – New Brunswick, Newfoundland and Labrador, Nova Scotia, Ontario, Prince Edward Island and Quebec. It was established in 2007 to serve as a forum through which common interests in enhancing economic ties between the two regions could be advanced.

The state and provincial delegations, which are sometimes led by governors and premiers, include business and industry leaders. At the 10<sup>th</sup> annual conference, the state and provincial delegations were led by the following individuals:

- Alabama: Greg Canfield, Alabama Department of Commerce;
- Georgia: Christopher Carr, Office of the Georgia Attorney General;
- Mississippi: Glenn McCullough, Mississippi Development Authority;
- New Brunswick: Brian Gallant, Premier of New Brunswick;
- Newfoundland and Labrador: Christopher Mitchelmore, Minister of Tourism, Culture, Industry and Innovation, and Minister Responsible for the Research and Development Corporation, Province of Newfoundland and Labrador;
- North Carolina: Will Miller, North Carolina Department of Commerce;
- Nova Scotia: Laurel Broten, Nova Scotia Business Inc.;
- Ontario: Kathleen Wynne, Premier of Ontario;
- Prince Edward Island: Heath MacDonald, Minister of Economic Development and Tourism, Province of Prince Edward Island;
- Quebec: Philippe Couillard, Premier of Québec;

- South Carolina: David Wilkins, Nelson Mullins Riley & Scarborough LLP; and
- Tennessee: Bob Rolfe, Tennessee Department of Economic and Community Development.

The 11<sup>th</sup> annual conference of the SEUS–CP Alliance will be held in June 2018 in Mobile, Alabama.

## **DELEGATION OBJECTIVES FOR THE EVENT**

This conference was the eighth occasion on which members of the IPG’s Canadian Section have attended an annual conference of the SEUS–CP Alliance. In some sense, the SEUS–CP Alliance is the eastern counterpart to the Pacific NorthWest Economic Region and the Council of the Great Lakes Region, but with leadership and participation by U.S. governors and Canadian premiers, as well as significant private-sector involvement.

In addition to attending the conference, IPG delegates had private, “off-the-record” meetings with the following leaders of the U.S. state delegations: Christopher Carr, from Georgia; Greg Canfield, from Alabama; Bob Rolfe, from Tennessee; and David Wilkins, from South Carolina. Delegates also met with the Economic Development Partnership of North Carolina’s John Loyack, who was a member of North Carolina’s delegation.

## **ACTIVITIES DURING THE EVENT**

At the 10<sup>th</sup> annual conference of the SEUS–CP Alliance, business-to-business “matchmaking” meetings were held, and plenary and concurrent discussions on the following topics were held:

- Welcoming Remarks;
- The Canada–U.S. Relationship;
- Economic Updates from SEUS–CP Alliance Member States and Provinces;
- Canada and the U.S. Economic Trade, Trends and Opportunities;
- A Decade in Review – A Fireside Chat with the SEUS–CP Alliance’s Founders;
- Canada–U.S. Bilateral Commercial Relations – Where Are We Headed?;
- Digital Disruption: How Fast Is It Coming And What Can You Do About It;
- Navigating the Next NAFTA; and
- Fostering a Canada–U.S. Business Ecosystem and Joint Research Opportunities.

This report summarizes the presentations and discussions at the plenary and selected concurrent discussions.

## **WELCOMING REMARKS**

### **Premier Kathleen Wynne, *Province of Ontario***

- Canada and the United States are integrated and interdependent; moreover, because they are trading nations, both countries know that there is much to be gained through trade and open markets.
- Because of protectionism, Canada and the United States are currently “at a fork in the road” that will test the relationship; protectionist policies must be resisted because they harm people and businesses.
- Trade agreements are not “the enemy of good jobs”; free trade is in everyone’s best interest, and opportunities must be seized despite inevitable challenges.
- Free trade and open borders are essential for economic growth and job creation.
- The *North American Free Trade Agreement* (NAFTA) is “great,” but it is not perfect; Canada, the United States and Mexico could benefit from an updated agreement.
- A modernized NAFTA should address the following issues: Buy American provisions; regulatory cooperation; e-commerce; labour; the environment; and labour mobility.

## **THE CANADA–U.S. RELATIONSHIP**

### **Louise Blais, *Global Affairs Canada***

- Canada and the United States have a robust, long-standing relationship; at this point, the key question is how to move the relationship “to the next level.”
- Canada and the United States have taken each other for granted for too long, but “the future belongs to” the two countries.

### **Elizabeth Moore Aubin, *U.S. Department of State***

- The Canada–U.S. relationship is unlike any other bilateral relationship in the world; the two countries must continue to build on their partnership, and on the reality that they are stronger when they work together.
- Canada and the United States have the world’s most comprehensive economic partnership; the countries trade, invest, design, innovate and build together.
- Canada–U.S. trade in goods and services is valued at more than \$1 million per minute, every minute of every day.

- An estimated 2.4 million Canadian jobs and about 9 million U.S. jobs depend on the bilateral trade relationship.
- Canada is the primary foreign export market for 35 U.S. states.
- Canada and the United States have ties at every level: federal; state/provincial; businesses; families; and friends.
- The shared borders between Canada and the United States must be secure and efficient.
- U.S. Secretary of Homeland Security John Kelly has said that “thin” shared borders are in the best interest of both Canada and the United States; a fast and secure border experience should be the goal, and trusted traveller, trusted trader and pre-clearance initiatives help in the attainment of this goal.
- Canada and the United States work together in “the North American neighbourhood” and around the world; for example, from a defence perspective, the two countries cooperate in Iraq, Syria, Ukraine, Afghanistan and the North American Aerospace Defense Command.
- Through the work of the Regulatory Cooperation Council, small changes can have significant impacts; unnecessary duplication leads to higher costs and delays.
- The United States, Canada and Mexico have indicated that they will proceed with the negotiation of changes to NAFTA swiftly for the benefit of all.

## **ECONOMIC UPDATES FROM SEUS-CP ALLIANCE MEMBER STATES AND PROVINCES**

### **Premier Kathleen Wynne, *Province of Ontario***

- Ontario has recovered well from the most recent economic downturn, although recovery took some time.
- Ontario is leading Canada in terms of economic growth; efforts should be directed to ensuring that the benefits of this growth are shared.

### **David Wilkins, *Nelson Mullins Riley & Scarborough LLP***

- In three of the last five years, South Carolina has ranked first among U.S. states in terms of new and expanding foreign companies.
- South Carolina exists in a region that has significant resources; these resources need to be harnessed for prosperity.

### **Premier Brian Gallant, *Province of New Brunswick***

- Robust trade creates jobs on both sides of the Canada–U.S. border.
- New Brunswick’s economy is export-driven.

**Christopher Carr, *Office of the Georgia Attorney General***

- Georgia has had a productive relationship with Canada for more than four decades.
- Georgia’s economic outlook is strong, including because of the state’s workforce, research universities and transportation infrastructure.

**Premier Philippe Couillard, *Province of Québec***

- Quebec’s economy is doing well; the province’s budget is balanced and jobs are being created.
- In October 2016, Quebec released a new export strategy; it has a clear focus on the United States.

**Greg Canfield, *Alabama Department of Commerce***

- The importance of the Alabama–Canada relationship cannot be overstated; Canada is the state’s primary foreign export market.
- Canadian companies have an “active presence” in Alabama.

**Minister Heath MacDonald, *Province of Prince Edward Island***

- The United States is Prince Edward Island’s largest and most important trading partner.
- Prince Edward Island’s budget is balanced, largely because of trade, and the province’s economy is diversifying, with an increased emphasis on the aerospace, information technology and bioscience sectors.

**Will Miller, *North Carolina Department of Commerce***

- North Carolina’s economy is strong; in terms of gross domestic product, it has the ninth-largest economy among the 50 U.S. states.
- North Carolina’s biotechnology cluster is the third largest in the United States, and the state is also a leader in terms of clean technology.

**Minister Christopher Mitchelmore, *Province of Newfoundland and Labrador***

- Trade relationships lead to expanded opportunities.
- Newfoundland and Labrador is innovative and entrepreneurial.

**Bob Rolfe, *Tennessee Department of Economic and Community Development***

- Tennessee values its relationship with Canada.
- In addition to being known for its music, Tennessee is notable for health care, education and workforce development, among others.

**Laurel Broten, *Nova Scotia Business Inc.***

- Nova Scotia values its relationships with the other Canadian provinces and with U.S. states.
- Nova Scotia is strategically located and cost-competitive; as well, it is a leader in a range of sectors, including ocean technologies.

**Glenn McCullough, *Mississippi Development Authority***

- Canada contributes to Mississippi's economic security; the bilateral relationship leads to job creation in the state.
- Mississippi is known for such sectors as automotive, advanced manufacturing, telemedicine, pharmaceuticals, and composites and polymers.

**CANADA AND THE U.S. ECONOMIC TRADE, TRENDS AND OPPORTUNITIES**

**Peter Hall, *Export Development Canada***

- The Canada–U.S. trade relationship is important to both countries; Canada is a trade-dependent nation.
- Not everyone around the world has benefited from trade.
- It seems that many things are under attack; for example, the outcome of the BREXIT vote was shocking for some and, throughout the U.S. election, trade was “blamed” for what is “ailing” the United States’ economy.
- Globalization, which has been enabled by technology, has led to reduced poverty, cost-containment and more stable prices, among other outcomes.
- About 9 million U.S. jobs are linked to trade with Canada.
- Americans are price-sensitive, and one concern about the proposed border adjustment tax in the United States is the extent to which it would be passed on to consumers in the form of higher prices.
- With capacity constraints across the United States, globalization and freer trade are “the way forward.”
- There is some concern that slow economic growth may be “the new normal.”

- Young adults are the “first wave” of consumers as they purchase a car, a house, furniture, etc.; when they continue to live with their parents, “lost spending” is the result.
- Policy uncertainty is leading businesses to limit their investments.
- “Made in America” is not “the fix,” but “the fix” is made in America.

## **A DECADE IN REVIEW – A FIRESIDE CHAT WITH THE SEUS–CP ALLIANCE’S FOUNDERS**

Craig Lesser, of the Pendleton Group, moderated a discussion between U.S. Department of Agriculture Secretary Sonny Perdue and the Honourable Jean Charest, P.C., of McCarthy Tétrault LLP.

### **Secretary Sonny Perdue, *U.S. Department of Agriculture***

- The SEUS–CP Alliance was formed with the goal of making the Canada–U.S. relationship broader and deeper, especially among the United States’ southeastern states and Canada’s eastern provinces.
- The sovereignty of nations should be respected.
- Canada and the United States should not take each other for granted.
- Business occurs on a person-to-person basis.
- Businesses are “the glue” that holds the Canada–U.S. relationship together, regardless of the individuals who hold power in the two countries at any given point in time.
- Canada and the United States should look for mutually beneficial outcomes.
- It is always possible for Canada and the United States to “do better” regarding education, cultural exchanges, etc.
- NAFTA should be modernized, in part to address issues that did not exist in 1994; because trade changes over time, agreements should be amended periodically to reflect emerging issues and sectors.
- It is important to be mindful that NAFTA is nation-to-nation and not nation-to-provinces.
- Trade “works” when it is mutually beneficial.

### **Honourable Jean Charest, P.C., *McCarthy Tétrault LLP***

- Relationships are important, and they are often resilient.

- The Canada–U.S. relationship is easily taken for granted, especially – perhaps because of its size – by the United States.
- There is a need to educate Americans about the nature and scope of the Canada–U.S. relationship.
- With the negotiation of changes to NAFTA, Canada sees opportunities to modernize the agreement to address e-commerce, among other issues.
- Provinces should be involved in trade negotiations because some issues addressed in trade agreements are within their jurisdiction.
- Canada and the United States “live” in the “best neighbourhood in the world”; the two countries should continue to work together to ensure that “the neighbourhood” continues to be the best place in which to invest, raise a family, etc.
- The world relies on U.S. leadership, and a lack of such leadership makes the world less secure.

## **CANADA–U.S. BILATERAL COMMERCIAL RELATIONS – WHERE ARE WE HEADED?**

Amanda Lang, of Bloomberg TV Canada, moderated a discussion among Steve Schmidt, of Edelman U.S., Rich VanSant, of UV Pure Technologies Inc., and Regan Watts, of IBM Canada.

### **Steve Schmidt, *Edelman U.S.***

- The United States is fortunate to have Canada to its north.
- President Donald Trump is unpredictable, and the Trump Administration is “far outside” the bounds of “normal.”
- The United States’ withdrawal from NAFTA would have a negative impact on the stock market.
- Without U.S. leadership, the world is a more dangerous place.
- Every American owes a debt to Canadians because of lives that have been lost in battle.

### **Rich VanSant, *UV Pure Technologies Inc.***

- At this point in time, Canada and the United States should “stay close.”
- Whenever a commercial relationship is “opened up,” there is an opportunity for improvement.

- With uncertainty about the outcome of the NAFTA negotiations, it may make sense to increase investments in other countries.
- As changes to NAFTA are being negotiated, efforts should be directed to regulatory cooperation and the removal of regulatory barriers.

**Regan Watts, *IBM Canada***

- Canada's federal and provincial governments are engaging with the Trump administration in the "correct" way.
- Regarding the *United Nations Framework Convention on Climate Change*, it is better to engage than to not engage.
- In the United States, the U.S. Congress' role is critically important.
- From a business perspective, if there is "risk" in the United States, it may make sense to locate elsewhere.
- Every trade agreement, including NAFTA, needs to be evaluated periodically.
- At this point in time, Canada's *de minimis* threshold and digital trade are significant issues.
- Canada–U.S. trade in softwood lumber has been an issue for decades; it is probably the case that this bilateral trade will always be problematic.
- Governments should focus on advocacy to help businesses make risk-management decisions and to attract foreign direct investment.

**Joy Nott, *Canadian Association of Importers and Exporters***

- The Canada–U.S. border is critically important; money is made or lost truck-by-truck and plane-by-plane.
- Businesses "follow money"; they also "follow customers."
- Uncertainty is "toxic" for business decision-making.
- At this point in time in the Canada–U.S. relationship, it is important to "do no harm."
- Canada and the United States are "intertwined," but different.
- The Regulatory Cooperation Council should be "baked into" NAFTA.
- As changes to NAFTA are negotiated, the rules of origin in the *Canada–European Union Comprehensive Economic and Trade Agreement (CETA)* should be used as a model.

- Regarding the NAFTA negotiations, the priority should be to “do no harm.”
- Diversification of markets is important.

## **DIGITAL DISRUPTION: HOW FAST IS IT COMING AND WHAT CAN YOU DO ABOUT IT**

### **Tom Jenkins, *OpenText***

- Canada has “hubs” of entrepreneurship.
- Strong university networks are critical for global competitiveness.
- There is no way to “escape” the “tremendous” change that is underway, and the pace of change is accelerating; as well, changes are happening concurrently, rather than sequentially.
- U.S. states and Canadian provinces must “keep pace in the digital race.”
- When compared to “web disruption,” “digital disruption” is less expensive, faster and more impactful, and it results in more innovations.
- To foster innovation, organizations need to be flexible and agile in order to respond quickly to new requirements; they should be able to try new approaches without incurring significant costs.
- Over time, the “digital revolution” can be characterized by the following developments: mainframes; client servers; mobile devices; the Internet; the cloud; and the “Internet of Things.”
- Information is the “currency” of the digital economy.
- A “relentless” focus on the customer is at the core of digital transformation; to sustain a digital customer experience “on the outside,” organizations must commit to digital transformation “on the inside.”
- About 96% of the digital universe is on Deep Web sites that are protected by passwords, with the result that 4% of web content – totalling about 8 billion pages – is available through such search engines as Google.
- There is growth in volume, variety, velocity and veracity; in particular, more than 12 terabytes of tweets are created daily, there are hundreds of different types of data, there are more than 5 million trade events per second, and one in three decision makers trusts their information.
- The nature of computing has changed: always on, always connected and always with you.

- Society is experiencing the fourth industrial revolution, and this revolution is fundamentally different from the three industrial revolutions that preceded it.
- “Digital” creates a “better way to work” in terms of productivity, insights, agility and control, among other benefits.
- Consumers and businesses are being affected by new technologies: mobile devices; big data; cloud computing; data analytics; and the Internet of Things.
- On balance, lives are better because of digital devices.
- Consumers are making most buying decisions before they contact a vendor, and – increasingly – purchases are occurring online; marketing must adapt to this trend, and be relevant to consumers.
- The average cost of a data breach is \$3.8 million, and the average cost per compromised record is \$154; by sector, the average cost per compromised record is: \$121 for transportation; \$165 for retail; \$300 for education; and \$363 for healthcare.
- The changing workforce is affecting traditional attitudes about workers, working and the workplace; baby boomers are retiring at a daily rate of 10,000 individuals, members of Gen X are adaptable and prioritize workplace flexibility, and millennials prioritize mobility, “bring your own device” and an “open” social media policy.
- Millennials were “born online,” and it is all they know; for them, wi-fi is as important as food.
- Because millennials learned using a device, they “cannot think” or function when their devices are unavailable to them.
- When compared to baby boomers, millennials are more creative and better multi-taskers, but their short-, medium- and long-term memory is bad; they have grown up with devices and alerts.
- Baby boomers’ three “affinity groups” are local, national and global; because millennials grew up online, they do not identify with nation states.
- Millennials do not purchase assets; instead, with the Internet supporting the sharing economy, they access Airbnb, Uber, etc. and use assets only when they need them.
- Regarding the governance of digital information, considerations include data protection and privacy rules, regulations about records retention, eDiscovery requirements, concerns about information integrity and authenticity, and reporting obligations.

- With digital supply chains, businesses are redesigning the ways in which they add value; they should re-envision their operations in the context of an extended enterprise ecosystem.
- The ways in which goods are being moved are changing radically.
- In order to make well-informed decisions, businesses should use data to make predictions and derive conclusions.
- Businesses must address concerns about information governance, regulatory compliance, information security and privacy.
- Regarding “the rise of the machines,” billions of individuals generating petabytes each hour will be displaced by hundreds of billions of machines generating zetabytes in seconds.
- Major digital-related issues include information security, de-humanization and the digital copy, the widening of the digital divide, radicalization and “propagandizing.”
- There is a need to “unlock” the creativity of humans, to provide training to those who are dislocated, and to teach children differently.
- Autonomous vehicles will eliminate the need for truck drivers; also, trucks do not deliver what a 3D printer makes.

## **NAVIGATING THE NEXT NAFTA**

Monique Smith, who represents the Government of Ontario in Washington, D.C., moderated a discussion among Isabella Bertani, of Collins Barrow Toronto LLP, Dan Ujczko, of Dickinson Wright PLLC, and Flavio Volpe, of the Automotive Parts Manufacturers Association.

### **Flavio Volpe, *Automotive Parts Manufacturers Association***

- The automotive sector has North America’s most integrated supply chain.
- The notion that changes to NAFTA will soon be negotiated is causing anxiety in the automotive sector.
- Ontario and Michigan are the epicentre of automotive production in North America.
- To compete with Asia and Europe, the United States needs both Canada and Mexico.
- Some sectors, such as dairy and forestry, are not a part of NAFTA.

- The United States seems to be opposed to all three of the dispute-resolution mechanisms in NAFTA.
- The Trans-Pacific Partnership (TPP) agreement was a geopolitical agreement, and some “important work” was done.
- Rules of origin were one of the issues debated by the TPP debate.

**Isabella Bertani, *Collins Barrow Toronto LLP***

- Trade among the three NAFTA countries has increased threefold since 1993.
- Regarding Canada’s supply-managed sectors, quotas are likely to be a topic of discussion as changes to NAFTA are negotiated.
- CETA is a “gateway” into the U.S. and Mexican markets.

**Dan Ujcz, *Dickinson Wright PLLC***

- While all politics is local, all trade is personal.
- Regarding trade, timing, tempo, tenor and tone “matter.”
- The economies and businesses of Canada and the United States are highly integrated.
- The NAFTA countries are 30 years ahead of the rest of world in terms of integration, but NAFTA needs to be updated in order to “move the ball forward.”
- It is important to think about how to create a trading regime for the future.
- Because the digital environment is changing so quickly, it will not be possible to conclude a trade agreement today that will be “durable.”
- “Do no harm” does not mean “do nothing.”
- Canada and the United States have spent the last decade trying to determine how to “de-thicken” the shared border.
- The demographic group in the United States that is the most anti-trade is white male Republicans over the age of 50.
- The U.S. Congress has an important role to play regarding trade.
- The dialogue should not be about NAFTA and trade, but rather about new customers and new markets.
- With CETA, the ability to access the U.S. market through Canada presents “great” opportunities.

- Without the United States, a TPP agreement is “dead.”
- In the United States, the TPP agreement should have been “sold” as a security – rather than a trade – agreement.
- Most Americans think that China is a part of the TPP.

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**

<b>ASSOCIATION</b>	Canada–United States Inter-Parliamentary Group
<b>ACTIVITY</b>	10 <sup>th</sup> Annual Conference of the Southeastern United States–Canadian Provinces (SEUS–CP) Alliance
<b>DESTINATION</b>	Toronto, Ontario, Canada
<b>DATES</b>	4–6 June 2017
<b>DELEGATION</b>	
SENATE	The Hon. Jim Munson The Hon. Bob Runciman
HOUSE OF COMMONS	The Hon. Andrew Leslie, P.C., M.P. Mr. Phil McColeman, M.P.
STAFF	Ms. June Dewetering, Senior Advisor
<b>TRANSPORTATION</b>	<b>\$ 1 890.23</b>
<b>ACCOMMODATION</b>	<b>\$ 2 310.80</b>
<b>PER DIEMS</b>	<b>\$ 475.45</b>
<b>MISCELLANEOUS /REGISTRATION FEES</b>	<b>\$ 2 005.75</b>
<b>TOTAL</b>	<b>\$ 6 682.63</b>