

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 51st Annual Meeting
of the Canada-United States Inter-Parliamentary Group
New Orleans, Louisiana, United States of America
May 7-10, 2010**

Report

DELEGATION MEMEBERS AND STAFF

From May 7-10, 2010, Senator Janis Johnson, Co-Chair, and Mr. Gord Brown, M.P., Co-Chair, led a delegation to the 51st Annual Meeting of the Canada-United States Inter-Parliamentary Group (IPG) in New Orleans, Louisiana. Other members of the Canadian delegation included Senator W. David Angus, Vice-Chair, Senator Frank Mahovlich, Vice-Chair, Senator Michael MacDonald, Vice-Chair, the Honourable Judy Sgro, P.C., M.P., Vice-Chair, the Honourable John McKay, P.C., M.P., Vice-Chair, the Honourable Hedy Fry, P.C., M.P., the Honourable Shawn Murphy, P.C., M.P., Mr. James Rajotte, M.P., Vice-Chair, Mr. Ron Cannan, M.P., Vice-Chair, Mr. Rick Dykstra, M.P., Vice-Chair, Mr. Brad Trost, M.P., Vice-Chair, Ms. Joyce Murray, M.P., Mr. Christian Ouellet, M.P., Mr. Jim Maloway, M.P. and Mr. Glenn Thibeault, M.P. The Canadian delegation was accompanied by Chad Mariage, the IPG's Executive Secretary, Monique Levesque, the IPG's Administrative Assistant, Natalie Labelle, a Logistics Officer with the House of Commons, and the IPG's three Advisors from the Parliamentary Information and Research Service: John Christopher, June Dewetering and Jim Lee.

The following members of the US Congress attended with their military, protocol, committee and personal staff: Senator Amy Klobuchar, Chair, Senator Mike Crapo, Vice-Chair, Representative Jim Oberstar, Chair, Representative Cliff Stearns, Vice-Chair, Representative Don Manzullo, Representative Candice Miller and Representative Dan Lipinski.

THE EVENT

The idea for a Canada-United States Inter-Parliamentary Group started in the United States. In May 1957, a report by US Representatives Frank M. Coffin and Brooks Hays suggested the establishment of some form of parliamentary consultation between our countries. In June 1958, the Prime Minister of Canada mentioned the concept in a speech, and in July the subject was discussed by the US President and the Canadian Prime Minister. In September 1958, representatives of the US Congress traveled to Ottawa for preliminary discussions with Parliamentarians in Canada. More than one-half a century later, the Inter-Parliamentary Group is still meeting annually in an effort to make progress on bilateral issues.

A primary way in which the IPG attains its objectives is through its annual meeting, which is hosted on an alternating basis by Canada and the United States. As is typically the case, the 51st Annual Meeting involved intensive discussions among delegates

during the plenary and committee sessions, as well as during more informal discussions at other times. A briefing on the BP oil spill in the Gulf of Mexico and a briefing and a tour to view surge barrier construction also occurred.

DELEGATION OBJECTIVES FOR THE EVENT

The overall aim of the IPG is to find points of convergence in our respective national policies, initiate dialogue on points of divergence, encourage exchanges of information, and promote better understanding between Canadian and American parliamentarians on shared issues of concern.

These aims were relevant for the 51st Annual Meeting of the IPG, as delegates discussed a range of bilateral and multilateral issues in the areas of economic prosperity, trade, security, the Arctic, energy, the environment and shared water resources. During the plenary sessions and, more particularly, during the concurrent committee sessions, delegates sought to identify shared values and find possible solutions to the important bilateral and multilateral matters identified by them. They will continue to work together, as the need arises, in resolving these and other issues. It is expected that, in advance of the 52nd Annual Meeting in May 2011, bilateral efforts will continue informally on a legislator-to-legislator basis as well as more formally through a Congressional visit that is expected to occur in February 2011.

ACTIVITIES DURING THE EVENT

At the 51st Annual Meeting, three concurrent committee sessions were held in addition to the opening and closing plenary sessions. The three committees were:

- Committee One: Bilateral Cooperation on North American Economic Security Issues
- Committee Two: Bilateral Cooperation on International Security Issues
- Committee Three: Bilateral Cooperation on Energy and Environmental Issues.

As well, as noted earlier, delegates received a briefing on the BP oil spill in the Gulf of Mexico. They also received a briefing on and tour of, levee and floodwall construction efforts by the US Army Corps of Engineers.

This report summarizes the discussions that were held among delegates at the 51st Annual Meeting and summarizes the information presented to them about the oil spill and efforts to protect New Orleans from future weather-related events.

OPENING PLENARY SESSION

The opening plenary session began with US delegates identifying the Canada-US relationship as the US' most important relationship and the Canada-United States Inter-Parliamentary Group as a forum in which problems are solved, largely because of the personal relationships that are developed. They also noted that Canada approaches its international relations in a non-confrontational manner, and that Canada has not hesitated to come to the aid of the United States, as required; the Canadian assistance provided in the aftermath of the September 11, 2001 terrorist attacks, through the Canada Loves New York initiative and following Hurricane Katrina were cited as examples of this assistance. Canada was also praised for its economic recovery and strong financial institution oversight as well as its role in Afghanistan and in Haiti. US delegates also highlighted other aspects of the bilateral relationship, including efforts in respect of our common border, Canada's role as the US' primary, stable and secure supplier of energy, the need to work together on Asian carp and Great Lakes' water quality, border facilitation and security, and the US view that copyright reform is needed in Canada. Particular mention was made of the Binational Softwood Lumber Council, which is looking for common ground in an effort to "move forward as a unit rather than as litigators." Delegates were told that, through the Council, cross-border efforts are occurring with a view to identifying a long-term solution regarding bilateral softwood lumber trade.

Canadian delegates commented on the history, value and successes of the Inter-Parliamentary Group, and remarked that the 51st Annual Meeting was occurring at an important time in the history of both Canada and the United States. They, too, highlighted the strength of Canada's economy and banking sector, and identified Toronto as a significant "player" in respect of financial services; that being said, anything that happens in the US, or that the US does, has implications for Canada, and bilateral dialogue should occur about financial regulatory reform. From the energy and environmental perspectives, Canadian delegates spoke about US climate-change legislation, minimization of the carbon footprint, continental energy security, renewable energy as secure energy, and the nation's hydroelectric resources, which should be viewed as a renewable source of energy. They also identified the melting of the polar ice cap and the need to talk about development of the Arctic. Moreover, trade – including the success of the North American Free Trade Agreement and the harmful effects on Canada of the "Buy American" provisions in the US stimulus package – was noted as an important issue for both countries. Finally, in the view of Canadian delegates, issues that are important to both countries – such as security, the shared border and tourism – should be the focus on ongoing discussions.

COMMITTEE ONE: BILATERAL COOPERATION ON NORTH AMERICAN ECONOMIC SECURITY ISSUES

INTELLECTUAL PROPERTY

A. Background

The US continues to believe that Canada should amend its copyright legislation in order to implement and ratify the World Intellectual Property Organization Internet treaties signed by Canada in 1997.

Each April, the US government releases the United States Trade Representative Special 301 report, which indicates the countries that are perceived to be lacking in their intellectual property protection and enforcement. For the second consecutive year, Canada is on the Priority Watch List, which is the middle of three levels.

Canada believes that the issue of protection and enforcement of intellectual property rights is being taken seriously, and remains committed to working with partners to address counterfeiting and piracy at the international level, including through the G-8, Anti-Counterfeiting Trade Agreement negotiations, the Asia-Pacific Economic Cooperation forum, the World Trade Organization (WTO) and the World Intellectual Property Organization (WIPO). Moreover, Canada thinks that its existing regime for the protection and enforcement of intellectual property rights is consistent with international obligations under the WTO's Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), the North American Free Trade Agreement and a number of conventions under the WIPO.

The November 2008 and January 2009 Speeches from the Throne indicated the Canadian government's intention to modernize the nation's regime for the protection and enforcement of intellectual property rights. Though Bill C-59 (unauthorized recording of motion pictures) became law, Bill C-61 – which would have amended the *Copyright Act* – died on the Order Paper when the federal election was called in September 2008. Legislation similar to Bill C-61 is expected to be introduced in the House of Commons prior to the June 2010 parliamentary recess.

B. Discussion

An American delegate launched the discussion of intellectual property rights by asking why Canada has not implemented the World Intellectual Property Organization (WIPO) Treaties to which it is a signatory. He also noted the US Trade Representative's view that Canada is one of the top ten copyright violators worldwide.

Canadian delegates responded that legislation to amend the Canadian *Criminal Code* to make piracy in movie theatres a criminal offence received expedited passage in Parliament, and indicated their expectation that *Copyright Act* amendments will be introduced in the House of Commons in spring 2010; previous amendments, which had been introduced in spring 2008 and would have made Canada compliant with the WIPO Treaties, died on the Order Paper when the fall 2008 federal election was called.

Following the introduction of the expected amendments, extensive public debate is likely to occur, in their view; the spring 2008 proposed amendments did not enjoy universal support by Canadians, some of whom believed that the Canadian federal government is “giving in to” the US, and – as well – Industry Canada wants legislation that is flexible while Heritage Canada wants a “tough” bill. In Parliament, a special committee may be struck to examine the proposed amendments.

Specific comments about the proposed amendments that died on the Order Paper were made by a Canadian delegate, who said that the bill was seen as very tough on digital locks and resulted in strong public reaction.

FINANCIAL MARKET ISSUES

A. Background

In response to the global financial and economic crisis, governments worldwide implemented measures to restore economic growth following the worst crisis since the Great Depression. In the United States, significant support was provided through the *American Recovery and Reinvestment Act of 2009*, which will deliver, over a two-year period, US\$787 billion through such measures as tax reductions as well as assistance to state and local governments for investments in education, healthcare, unemployment benefits, infrastructure and energy. The goal is to create or save 3-4 million jobs by 2011.

In Canada, initial measures to stimulate the economy were included in the January 2009 Budget Plan. In particular, an estimated \$51.6 billion over two years is proposed for measures in relation to infrastructure spending, personal tax reductions, a freeze on employment insurance premium rates, employment insurance program enhancements, support for housing construction and renovation, enhanced energy efficiency, more funding for training, and support for particular sectors, regions and communities.

One area that continues to be a focus of attention is finance services re-regulation and/or reform, although there is some question about the possible interaction of reforms with World Trade Organization commitments on the types of regulatory measures that could be introduced in those sectors for which countries agreed to undertake liberalization.

Meetings of the leaders of the G-20 nations, as well as the finance ministers and central bank governors of these nations, are held on a periodic basis; a frequent topic of discussion in recent meetings is financial markets and financial institutions. The G-20 Framework for Strong, Sustainable and Balanced Growth has been launched, and – to continue strengthening the global financial system – work is under way with the Financial Stability Board to, among other things, strengthen prudential regulation,

consistent with the need for the Basel Committee to develop stronger standards by the end of 2010. In particular, it is thought that banks should retain a greater proportion of profits to build capital in order to support lending.

B. Discussion

The discussion on financial market reform began with a US delegate describing the 1,400-page bill being considered by the US Senate. He indicated that the bill has four substantive titles: resolution authority, with the “too big to fail” notion abandoned and a resolution process – including liquidation – put in place; derivatives reform, which would involve the creation of clearinghouse and exchange functions; consumer protection, with a new, self-funded agency that would not have any Congressional oversight; and corporate governance, including shareholder rights. He also noted that President Obama has appointed an 18-member fiscal reform commission, which includes Congressional representation, to develop proposals; the support of 14 of the 18 members is required before recommendations – which are not binding – can be put to a vote. The commission has three working groups: entitlement reform; discretionary spending; and tax policy.

The American delegate also indicated that the US Federal Trade Commission already has jurisdiction over the issues that the consumer protection agency proposed in the bill would address. Finally, he mentioned that derivatives are needed to spread risk, noted that American banks already have a great deal of liquidity but are having difficulties locating borrowers, highlighted that there are thousands of small banks in the US and that some are not well-capitalized, remarked that standardized products are needed in order for the proposed derivatives clearinghouse to work well, and shared his view that few of the largest financial institutions worldwide are American.

Moreover, the US delegate’s colleagues said that the 1996 repeal of the *Glass-Steagall Act* – which was enacted in the mid-1930s to separate banking and investment functions – is having unintended consequences, and mentioned that consideration is being given to a national value-added tax; the US needs to create a more robust stream of tax revenue. Finally, another American delegate said that the US debt is at an unsustainable and unimaginable level, and that US citizens believe the government is spending too much money. She remarked that China is the US’ banker, but is no longer buying US debt as it once did. A colleague noted that while Congress has spending caps, the caps can be waived with a certain margin of Congressional votes; in his view, the caps are waived more often than they are enforced.

With Canada having experience with a value-added tax through the Goods and Services Tax, Canadian delegates commented on such a tax and noted that US adoption of a value-added tax would align the US with the approach used by a number

of countries worldwide; according to economists, consumption taxes “are the way to go.” They also agreed with their American counterparts that end users need derivatives in order to spread risk and to hedge.

Regarding financial institutions, Canadian delegates suggested that the “too big to fail” notion is an important concept nationally for the US and internationally for Canada, and questioned whether the issue of size becomes less of a consideration if there is an increased focus on capital and leverage ratios for financial institutions; in some sense, capital ratios may be the way out of “the “too big to fail” problem.

Canadian delegates noted the debate in Canada in the early 2000s about large bank mergers, where five banks would have been reduced to three through two mergers, and noted the federal government’s refusal to allow this outcome. Moreover, they commented that the nation’s financial institutions are overseen by a strong prudential regulator, and that they exceed the Basel II requirements; in fact, capital and leverage ratios may be more important than institution size in leading to strength and resiliency.

As well, American delegates were informed that Canada’s regulators – the Financial Consumer Agency of Canada, the Office of the Superintendent of Financial Institutions, the Canada Deposit Insurance Corporation, the Bank of Canada and the Department of Finance – work well together, which contributes to a strong financial system. Finally, they told American delegates that Canada recently tightened its mortgage requirements.

The discussion also involved delegates questioning whether the United States will have a double-dip recession. An American delegate suggested that the US has not let the economy “reset” and has tried to spend its way to prosperity; the US may have another recession, and the commercial real estate market may implode. A Canadian delegate noted that it was the aftershocks of the 1929 stock market crash, rather than the crash itself, that led to the Great Depression.

THE COMMON BORDER

A. Background

Border issues continue to be a priority for Canada and the United States, and a secure, smoothly functioning border is vital to the economic and other interests of both nations. With an estimated 8 million US jobs depending on bilateral trade, the common border is of paramount concern and interest.

At the executive level of government, on September 16, 2009, Prime Minister Harper and President Obama spoke about work that had occurred since the Presidential visit to Ottawa in February 2009, where they agreed to promote a safe and efficient border in support of the common security and prosperity of North America. They believed that

economic integration results in strength for both economies, and supported open trade and investment as important for North American and global growth and competitiveness. As well, Canada's Minister of Public Safety and the US' Secretary of Homeland Security have agreed to meet at least twice each year in an effort to monitor progress on important bilateral issues. The current Secretary and the previous Minister, following their May 2009 meeting, emphasized six broad border-management objectives to guide bilateral discussions: developing joint threat and risk assessments; facilitating the legitimate movement of people and goods; sharing information on threats more effectively and consistent with respective laws; preventing the entry of dangerous goods or people into either country; expanding integrated law enforcement operations; and leveraging resources, wherever possible.

During a March 2010 speech by the US Ambassador to Canada, His Excellency David Jacobsen identified four areas for greater bilateral cooperation: a perimeter strategy that involves a layered approach and "pushing back" from the border; consideration of a NORAD-type approach to the border; more human, technological and infrastructure resources, as required; and greater vigilance of the Canadian border in light of the post December 25, 2009 environment and the reality that the US could be threatened by terrorists entering through Canada. Aviation security reasserted itself as a fundamental US concern after the December 25, 2009 attempted bombing of a Detroit-bound commercial aircraft. As a partner with the US in protecting North American airspace, Canada is collaborating with the US on aviation security.

B. Discussion

A US delegate started the discussion of the common border shared by Canada and the US by noting that while border security is a priority, ways must be found to ensure that commerce can cross a secure shared border; in her view, crossing the border should not be difficult. She also identified trusted traveller programs, such as NEXUS, as having merit and as being relatively less costly than a passport; Moreover, the delegate highlighted that US Customs and Border Protection – through the Secure Border Initiative – will be installing, along the US' northern border the same remote cameras that currently exist along the US' southern border.

The American delegate also spoke about US support for the Detroit River International Crossing (DRIC), but noted that the impact on the Blue Water Bridge would be negative. She also noted Canada's offer of a loan of up to \$550 million to Michigan in respect of the DRIC, but noted that some people in Michigan do not understand why governments would want to spend money when a private-sector interest is "ready, willing and able" to build a second span. A colleague noted that the shared border seemed to operate smoothly during the 2010 Winter Olympics.

Canadian delegates noted the effects of the US Western Hemisphere Travel Initiative on tourism, speculated about whether governments should provide an incentive – such as 2-for-1, 50% off, etc. – for people to purchase a passport, noted that difficulties in crossing the shared border impede US home and other purchases by Canadians, and advocated increased use of NEXUS.

COUNTRY-OF-ORIGIN LABELLING

A. Background

The 2002 US *Farm Security and Rural Investment Act* – commonly known as the Farm Bill – imposed mandatory country-of-origin labelling (COOL) requirements for certain products, including beef, lamb, pork, shellfish, fruits, vegetables and some nuts sold at US retail outlets. Although implementation of the requirements for products except shellfish was delayed, the final rule implementing COOL requirements came into effect in March 2009.

In Canada's view, the COOL requirements restrict trade, violate international trade obligations and international standards, and both disrupt and threaten the integrated North American livestock market; they are not a food safety issue and should not be interpreted as performing the same function as a food inspection agency. The segregation of Canadian animals and their meat at US processing plants and retail outlets has resulted in additional – and, in Canada's view, unnecessary – costs on Canadian exports, resulting in decreased cattle and hog exports, lower prices for Canadian animals, and restrictions on the days and locations at which US processors accept Canadian animals, if they accept them at all.

Canada held formal consultations with the United States about the COOL requirements in December 2008 and June 2009, which were unsuccessful. Canada has initiated a World Trade Organization action, and Canada's concerns will be heard by a dispute-settlement panel. The panel was established on 19 November 2009 at the request of Canada and Mexico, and a decision is not expected before late 2010; the panel's decision could be appealed, which could delay the outcome by another six months. Nevertheless, Canada remains interested in resolution of the issue outside the dispute-settlement process.

B. Discussion

The discussion of country-of-origin labelling (COOL) was initiated by a Canadian delegate, who argued that the US COOL provisions are harming both Canadian and American hog and beef producers. A colleague highlighted the integrated nature of the North American hog and beef markets, with barns closing on both sides of the common

border, and shared the view that the COOL provisions are reducing North American competitiveness in world markets.

An American delegate noted the World Trade Organization challenge that is under way, and remarked that we have been battling COOL issues for a decade. He said that US views about COOL are mixed: some US producers are anti-COOL because they see the market as integrated on a North American basis, while others – who prevailed during the most recent Farm Bill discussions – are pro-COOL because they want to be able to sell “Made in the USA.” In his view, it is a political issue and decision.

COMMITTEE TWO: BILATERAL COOPERATION ON INTERNATIONAL SECURITY AFGHANISTAN AND THE NORTH ATLANTIC TREATY ORGANIZATION

A. Background

Canada and the United States were both founding members of the North Atlantic Treaty Organization (NATO), and continue to regard NATO as a key element in their defence and foreign policies. For the first time in the alliance’s history, NATO allies invoked their Article V collective defence provisions in response to the 11 September 2001 terrorist attacks and, in its first “out-of-area” mission beyond Europe, NATO is leading the UN-mandated International Security Assistance Force (ISAF) in Afghanistan, comprised of forces from all NATO and some other countries.

NATO assumed responsibility for ISAF, which initially was responsible only for security in Kabul and surrounding areas, in 2003. At the request of the Government of the Islamic Republic of Afghanistan (GIROA), NATO expanded ISAF throughout the country by 2006. Canada deployed combat forces to the southern Afghanistan province of Kandahar in 2005-2006 and, over the next several years, suffered significant losses as the number of ISAF troops deployed in the south proved inadequate to clear and hold the territory permanently. While the United States has continuously deployed a large number of forces to Afghanistan under its own Operation Enduring Freedom and later ISAF, it is widely accepted that, as its attention turned to Iraq, the number and composition of its forces in Afghanistan were inadequate to achieve the goals of the mission.

Upon his inauguration as US President, Barack Obama ordered a strategic review of US policy in Afghanistan. The March 2009 results of this review underlined the need to focus on both Afghanistan and Pakistan in order to disrupt, dismantle and defeat al-Qaeda and related Taliban allies in both countries, and to increase American resources devoted to the region and to international cooperation.

Several months later, the new commander of ISAF, US Army General Stanley McChrystal, completed a review of the mission in Afghanistan. The conclusion of this review, which was leaked, argued for a significant increase in military and civilian resources and for a shift towards a counterinsurgency strategy based on protecting the Afghan population rather than focusing on insurgents. President Obama accepted the recommendations of this review and, in December 2009, announced that a significant increase in US military and civilian resources deployed mainly to the south of Afghanistan would take place; he also added that, if conditions permit in mid-2011, the US would consider beginning the drawdown of its forces.

In March 2008, the Canadian House of Commons adopted a motion that extended Canada's mission in Afghanistan from 2009 to 2011, and specified that Canadian military forces would leave Kandahar at that time. In the meantime, Canadian military forces continue to operate in Kandahar with Afghan and, increasingly, American forces. The significant increase in American forces, in fact, has meant that Canadian forces have been able to concentrate in a smaller geographic area, where they continue to carry out the sort of population-centric operations that Canada pioneered before their adoption by ISAF. The number of Canadian civilians carrying out diplomacy, development and other whole-of-government work in Afghanistan has also increased significantly in recent years.

B. Discussion

A Canadian delegate began the discussion by commenting that while the United States had recently announced that it would significantly increase its forces in Afghanistan, it had also announced that these would be quickly reduced again, which he felt gave an unclear message. An American delegate responded that, in his opinion, President Obama, as he tries to establish a policy, will go with public opinion. He believed that the President is trying to stabilize Afghanistan while also winding things down, and noted that past attempts to change Afghanistan have not worked. In his opinion, the real question is whether the operation in Afghanistan should be a broad counterinsurgency one or a more focused counter-intelligence one. A Canadian delegate added that while Canadian military forces will be withdrawn from Kandahar next summer, Canada will continue to have a role in the country in terms of training and other issues.

An American delegate also said that it is difficult to fight a "philosophy" in a geographic area. He noted that Canadian Omar Khadr is being held at Guantanamo Bay, Cuba, charged with killing a US soldier in Afghanistan when he was only 15 years old; he questioned how we can deal with a 15-year-old youth who grew up with a philosophy of violence. The fact that the man who recently attempted to detonate a bomb in Times Square was trained in Pakistan underlines the global nature of these issues.

A Canadian delegate said that, in her opinion, the Taliban in Afghanistan are not really targeting the West with terrorism, but rather are trying to protect the opium industry in that country. She argued that the Taliban will fight democratic institutions and related structures because of the threat they pose to their economic base. She added that arguments had been made over the years to allow the legal growth of opium for pharmaceuticals, which would both allow Afghan farmers to earn a livelihood and deny the Taliban an illicit source of income. An American delegate responded that part of the drug issue is the demand by American citizens, adding that the US is now buying the crop and destroying it. He recommended that delegates view the film *Charlie Wilson's War*, arguing that the portrayal of events in the film is an accurate depiction of the history of US involvement in Afghanistan during the Cold War. In his opinion, the West used Afghanistan to end the Cold War, then abandoned it. He did not see Afghanistan as related to al-Qaeda. In his view, while we have made changes in the country, these changes "hold" as long as our troops are there. At the same time, he said that if the goal is to stabilize that country so that it is less disruptive, he could accept that.

A Canadian delegate noted the Dahla Dam irrigation project in Kandahar, one of Canada's signature projects in the province. He added that while the broad plan is to train and enable the Afghans to take over responsibility, they have not yet progressed enough to do so. He argued that while a number of significant changes have taken place in Afghanistan, such as education of girls, it will take a generation for these changes to become sustainable and will require further efforts, such as educating Afghan women to allow them to teach girls. While the Western timetable for leaving Afghanistan is relatively soon, real results will only come in the long term. The Canadian delegate also commented that while some argue that staying in Afghanistan longer would help to ensure that the changes become sustainable, many no longer have faith in Afghan President Hamid Karzai. A colleague responded that President Karzai had financial and other interests in international forces remaining in Afghanistan, while another added that a young girl in his riding was working with children in Afghanistan, providing one example of global contact.

When a Canadian delegate asked whether US forces would remain in Afghanistan after Canadian forces leave in 2011, an American delegate responded that, in his opinion, al-Qaeda was not in Afghanistan any longer, and the issue was whether we change the mission. In his view, the real issue is now home-grown terrorism. He added that he had recently visited Guantanamo Bay in Cuba, where a number of detainees were still held and which the officer in charge considered to be an active battle zone. While the US administration plans to transfer these detainees to a prison in the United States, no security threat analysis of this plan has been carried out.

NUCLEAR NON-PROLIFERATION AND DISARMAMENT

A. Background

The basic international regime for nuclear *non-proliferation* (preventing the further spread of such weapons) and *disarmament* (reducing the number of such weapons) is codified in the 1968 Treaty on the Non-Proliferation of Nuclear Weapons (NPT), a near-universal treaty which the international community agreed to make permanent in 1995. India and Pakistan, which have not signed the NPT, tested nuclear weapons in 1998, and North Korea withdrew from the treaty and later tested nuclear weapons. While a five-year NPT review conference in 2000 was generally viewed as a success, the years that followed saw little forward momentum in this area and occurred at the same time as increasing concerns about activities by countries such as North Korea and Iran, the latter of which has engaged in nuclear activities over the years that it did not declare to the International Atomic Energy Agency (IAEA), as required by the NPT.

The year following the inauguration of Barack Obama as US President saw significant momentum in this area, beginning with the President – in a 2009 speech in Prague – speaking about the goal of a world free of nuclear weapons. By April 2010, the United States and Russia had concluded a new strategic arms reduction treaty and, in the same month, President Obama hosted a Nuclear Security Summit in Washington aimed at increasing the security of nuclear materials worldwide and at combating their illicit trafficking. Finally, May 2010 saw a relatively successful five-year review of the NPT.

Canada has traditionally been a strong supporter of international non-proliferation and disarmament efforts. While it cooperates closely with the US and others in this area, it brings a unique perspective as a major producer of uranium that has chosen not to develop nuclear weapons; therefore, unlike the US, the UK, France, Russia and China, Canada is a non-nuclear weapon state under the NPT. Beyond supporting the consensus on the need to strengthen the protection of nuclear materials at the Nuclear Security Summit in April 2010, Canada announced that it would return, to the United States, a significant amount of US-origin highly enriched uranium that has been in Canada for years. In addition, Canada will likely use its chairmanship of the G8 in 2010 to underline the need for further cooperation in this area.

B. Discussion

A Canadian delegate began the discussion by noting that there are a few “rogue nations” who are pursuing nuclear weapons, specifically Iran, North Korea and Pakistan. An American delegate noted the Nuclear Security Summit convened by President Obama, and said that he agreed with the President’s view that Iran is pursuing nuclear weapons, adding that China and Russia continue to give Iran the benefit of the doubt. He added that when Russia had proposed a deal to provide nuclear fuel to Iran, the United States had opposed it. He asked why China and Russia

would want Iran to have a nuclear weapon. When a Canadian responded that China wanted to be the most powerful country in the world, the American delegate remarked that, in his opinion, China was sophisticated. He also added that Iranian President Ahmadinejad is an elected leader, to which a Canadian delegate responded that elections are not everything. When a Canadian delegate asked why the United States Senate had earlier refused to ratify the Comprehensive Nuclear Test Ban Treaty, the American delegate responded that he thought it was because of fears that this ratification would limit the development of smart weapons, etc.

ARCTIC ISSUES

A. Background

While the Arctic region was long seen by many as one of ice and little else, recent years have seen increased attention on many fronts. International cooperation in the region increased with the creation of the Arctic Council in the 1990s and, over the years, the international community devoted significant attention to issues such as pollution from the south that makes its way to the Arctic. In recent years, it has also become increasingly clear that the rapid melting of ice in the region will have significant impacts, including the prospect of increased transits with related environmental and other concerns. While the countries in the region have reaffirmed their commitment to the Convention on the Law of the Sea and “the orderly settlement of any possible overlapping claims,” high-profile actions such as the placement of a Russian flag underwater at the North Pole in 2007 have led many to fear all-out competition for resources in the area.

Canada and the United States have had two longstanding legal differences in the Arctic. The first is a territorial dispute in the Beaufort Sea. The second, which is often referenced in discussions of Canada’s “sovereignty” in the north, relates to the legal status of the waters of the Canadian Arctic archipelago, which Canada argues are internal and which the United States argues are a strait. The two countries have essentially agreed to disagree on this issue, with the US pledging – in an Icebreaker agreement in the 1980s – that any American travel in these waters will be with Canadian consent, and Canada agreeing to grant such consent.

B. Discussion

A Canadian delegate began the discussion by arguing that while previous Canadian governments and ministers had tried to emphasize a cooperative approach to circumpolar issues, this approach has now dissipated, with the result that there will likely be a fight for resources in the region. A colleague added her understanding that Canada and the United States already cooperate closely in the Arctic. Another Canadian delegate noted that attempts are currently under way to collect scientific data

on the continental shelf, and that these data would be presented to the United Nations in 2013.

From the US perspective, an American delegate began by saying that many discussions of the Arctic region involve discussions of global warming and the melting of ice. He added that even if one does not believe in the theory of global warming – as he does not – he is concerned about the environment in the Arctic and elsewhere; he believed that fewer – rather than more – emissions in the air are desirable. He argued, however, that the fact that people focus on global warming and emissions in the air rather than pollution on the land or in the water shows that the issue is politicized. He had co-sponsored a bill designed to coordinate the US approach to water, adding that Canada and the US share water-related challenges, such as the Asian carp.

COMMITTEE THREE: BILATERAL COOPERATION ON ENERGY AND ENVIRONMENTAL ISSUES

GREAT LAKES

A. Background

The Great Lakes are a huge resource shared by the United States and Canada, supplying 84% of North America's supply of fresh water. Moreover, they are a direct source of drinking water for 8.5 million Canadians and support Canada's highest concentration of industry, nearly 25% of total Canadian agricultural production, a commercial fishery and a transportation corridor with shipping from all over the world. Revitalization of Great Lakes water quality is the key issue for the future wellbeing of this body of water.

The key tool for protecting water quality in the Great Lakes is the Great Lakes Water Quality Agreement (GLWQA) signed by Canada and the United States in 1972; it covers the Great Lakes basin and the international portion of the St. Lawrence River. The Agreement sets out common objectives and commitments as well as provisions for the development of cooperative programs and research.

The GLWQA has been credited with successfully addressing critical water quality issues, such as phosphorus, nutrient and pollutant loadings, toxic substances and environmentally degraded areas. The Agreement has also served as a model of international cooperation and has influenced environmental policy around the world. It has shown what can happen when two countries cooperate and share a binational vision for a healthy and prosperous Great Lakes ecosystem.

A review of the GLWQA, which takes place every six years, was triggered in 2004. An extensive binational review process was launched, during which the International Joint

Commission (IJC), municipalities, industry, non-governmental organizations and First Nations urged governments to revise the Agreement to address urgent threats to the waters of the Great Lakes.

In 2007, the two countries successfully concluded formal negotiations which focused on governance issues, such as the Agreement's scope and management framework. A second negotiating session is scheduled for this year, where progress on governance issues will be reviewed. Following this session, negotiating sessions will expand to include specific environmental issues, such as toxic substances, nutrients, ship-source pollution, aquatic invasive species, habitats and species, and climate change. A tentative target date of December 2010 has been set for the completion of the negotiations for the new Agreement.

B. Discussion

Delegates pointed out a number of challenges that the Great Lakes face as a consequence of population growth, increased urbanization, infrastructure deterioration, invasive species, new chemical pollutants and the impacts of climate change. These challenges have ecological, social and economic implications. Delegates pointed out that the overall cost of aquatic invasive species in the Great Lakes is estimated to be \$2 billion to \$7 billion annually.

Specific concerns were raised about Asian carp, which were first introduced to the southern US states in the 1970s to help clean tanks in fish farms. Many escaped, and for more than 30 years the carp have steadily worked their way up the Mississippi River system, devouring food and devastating native fish populations along the way. Some species of Asian carp have spread up the Mississippi River system to the Des Plaines River, 50 miles from Lake Michigan. The fear is that if they become established in the Great Lakes, native fish stocks will become depleted.

In the early 1900s, the United States built a canal – the Chicago Sanitary and Ship Canal – linking Lake Michigan to the Mississippi River system by way of the Des Plaines and Illinois Rivers to flush Chicago's sewage southward, rather than into Lake Michigan, which provided drinking water. Today, the Canal also provides transport and recreational boating opportunities, and officials are reluctant to close it.

US delegates noted that, in 2002, American authorities set up an electrical field in the Chicago Sanitary and Ship Canal in an effort to keep Asian carp from crossing between the Mississippi River system and the Great Lakes. The field operates by shooting a high voltage current through the water that is strong enough to stun, but not kill, the carp. The crucial question was whether this current was sufficient to turn the fish back.

Canadian delegates were told that, in December 2009, carp DNA was found one mile from the Great Lakes outside Chicago. In response to the discovery, the US Army Corps of Engineers is increasing the voltage in the electric field in the hope that carp will be deterred from entering the Great Lakes.

There was no consensus among the delegates about what the ultimate solution to this issue might be. However, Canadian delegates proposed having the International Joint Commission address the issue and hold an inquiry into what else needs to be done to control the Asian carp.

NORTH AMERICAN ENERGY SECURITY

A. Background

The United States is Canada's primary energy customer and trading partner, with energy exports to the US constituting our largest export sector. This relationship constitutes more than C\$100 billion in two-way trade and nearly C\$90 billion in combined cross-border direct energy investments each year. Canada is the largest energy supplier to the United States, providing petroleum, natural gas, uranium and electricity. Approximately 95% of Canada's energy exports go to the United States, accounting for 20% of US petroleum and 85% of US natural gas imports. Oil sands products represent approximately one-half of Canada's crude oil supply to the United States.

While Canada is the US' closest energy partner, there has been increasing concern – particularly at the state level – regarding Canadian oil sands development. Criticism has characterized crude oil produced from oil sands as “dirty.” In response, Canada has been mounting an aggressive campaign to show that progress is being made to overcome the environmental challenges in a number of areas associated with oil sands production. These include:

- a 33% reduction in greenhouse gas (GHG) emissions per barrel of oil sands crude between 1990 and 2007;
- recycling of 75% of the water used in oil sands surface mine production; and
- remediation and reclamation of land after use.

B. Discussion

Canadian delegates stressed that Canada's role as a safe, reliable and stable supplier of energy is growing. Canada has large proven oil reserves and untapped natural gas reserves that will be available in the future for export to the United States.

Discussions on energy centred on the issue of Canada having fair and equitable access to the US energy market. Canadian delegates were concerned that the enactment of Low Carbon Fuel Standards (LCFSs) across the United States could potentially limit access by oil sands production into the US market. Various US states are enacting LCFSs to reduce GHG emissions and push Americans towards a carbon-free economy. The LCFSs often favour lower carbon intensity crude oils and can discriminate, sometimes unintentionally, against heavier crude oils, such as those from the oil sands. California was the first state to adopt LCFS regulations in April 2009. An additional 26 states are at various stages of considering LCFS regulations.

Renewable Electricity Standards (RESs), which could also restrict Canadian access to US energy markets, was raised as an issue by Canadian delegates. RESs require electricity retailers to certify that a percentage of the electricity they sell into the grid is generated from renewable sources. There has been a proliferation of such regulations at the state level in recent years.

Delegates noted that the definition of “renewable” varies considerably by jurisdiction. Typically, “large-scale hydro operations with storage” has been excluded from the definition, since it is perceived to have negative environmental impacts on ecosystems and fish. However, delegates raised concerns about whether electricity from future hydro projects would be allowed access to the US market, as some concerns have been voiced in the United States that such projects are not as environmentally sound as they should be.

The discussion ended with the delegates requesting that LCFSs and RESs be clarified to ensure that Canada is not discriminated against when seeking access to the US energy market.

CLIMATE CHANGE

A. Background

Canada is committed to tackling climate change through sustained action that includes reaching a global agreement, working with North American partners and taking action domestically. Canada believes that a new post-2012 international climate change agreement must balance environmental protection and economic prosperity, maintain a long-term focus, support the development and deployment of new technologies, engage and seek commitments from all major economies, and support constructive and ambitious global action.

B. Discussion

Discussions regarding climate change focused on likely US actions this year with respect to the enactment of climate change legislation by the Obama administration.

Canadian delegates reiterated that Canada is committed to addressing climate change through sustained action that includes reaching a global agreement, working with our North American partners and taking action domestically. They noted that, domestically, Canada is committed to having 90% of its electricity provided by non-greenhouse-gas-emitting sources, such as hydro, nuclear, clean coal or wind power, by 2020. As well, they noted that, on 1 April 2010, Environment Canada released the proposed new Passenger Automobile Light Truck Greenhouse Gas Emission Regulations, which will be aligned with the mandatory national US standards beginning with the 2011 model year. Additionally, Canadian delegates pointed out that Canada is working with the Obama administration to establish common North American standards for regulating greenhouse gas (GHG) emissions from new vehicles.

US delegates stated that the House of Representatives passed the *American Clean Energy and Security Act of 2009* (the Waxman-Markey bill) in June 2009, which contains provisions for an economy-wide cap-and-trade system. They noted that, in the US Senate, there are currently a number of energy and climate-related bills, and that a bipartisan coalition of Senators Kerry, Lieberman and Graham released their *Framework for Climate Change Action and Energy Independence* in the Senate in December 2009. Once the Senate passes its legislation, differences between the Senate and House bills will have to be reconciled, with the final bill passing both the Senate and the House of Representatives before being signed into law.

Canadian delegates pointed out that the North American economy and energy markets are integrated and, as such, require harmonization and alignment of a range of principles, policies, regulations and standards related to climate change and energy. To that end, they indicated that they would like to see what the United States is doing regarding its climate change legislation as soon as possible so that Canada can move forward in harmonizing its regulations with those of the United States.

There were two points of view presented by American delegates regarding the timing of climate change legislation. Some delegates felt that, given the economic and immigration issues facing Congress, no climate change legislation would be forthcoming until next year. Others believed in the possibility of some movement on this issue by fall 2010.

Whatever the outcome in the United States, Canadian delegates believed that Canada should be moving forward to address climate change issues and not wait for the United States to act. By doing so, Canada would be in a better position to harmonize its actions with those of the United States when legislation is passed by Congress. They shared

their view that, at the end of the day, alignment with the United States would be the key to having a unified approach to addressing climate change issues.

Discussions concluded with participants encouraging both governments to: achieve more progress on the February 2009 bilateral Clean Energy Dialogue, which was established to enhance joint collaboration on the development of clean energy science and technologies to reduce GHG emissions and combat climate change; and ensure that climate change legislation does not discriminate against energy imports into the United States. The Canada-United States IPG was urged to continue sharing knowledge regarding energy and the environment.

CLOSING PLENARY SESSION

In the closing plenary session, delegates summarized the discussions that had occurred during the concurrent committee sessions. As well, they commented on the oil spill in the Gulf of Mexico, noting that tourism and ecosystems are being affected, and that a full-fledged investigation will occur. According to an American delegate, BP had a serious pipeline failure on Alaska's North Slope, which resulted in a tightening of legislation in respect of pipeline safety. Canadian delegates were concerned about the actions that should be taken to ensure that a similar situation does not happen in Canada; one delegate advocated the existence of safety mechanisms, a view that was echoed by an American delegate, who supported building safety redundancies into design protocols.

BRIEFING ON THE BP OIL SPILL IN THE GULF OF MEXICO

Mr. Jay Harper, of the US Department of Homeland Security, told delegates that there are more than 3,800 oil rigs in operation in the Gulf of Mexico. The Deepwater Horizon rig was an exploratory, ultra-deepwater rig leased by BP. On 20 April 2010, an explosion completely engulfed the rig, killing 11 people and injuring 17 others. The rig burned for days and, on 22 April, it sank to the ocean floor where, because of the sediment that was disturbed as a result, sonar was used to establish "what was where." The US is currently experiencing the largest offshore oil spill in its history. On 23 April, it was realized that serious ecological and economic issues were emerging. US Secretary of Homeland Security Napolitano declared the spill to be of national significance, which meant increased human, financial and other resources. BP is very active in attempting to resolve the issue.

While delegates were attending the 51st Annual Meeting, BP was attempting to cap the leak, an effort that proved to be unsuccessful. Previous efforts to address the spill included the spraying of chemical liquid dispersants, which kept separating because they were less dense than the oil. Since nothing like this event has ever happened this deep in the water, little is known about what will work and what will not, or about the

interaction of chemicals, hydrates, oil, etc. at that depth. One million feet of boom had been deployed at the time of the Annual Meeting, and more than 3 million additional feet were available. Boom deployment plans were being developed by the parishes in Louisiana, since they are familiar with the areas that are critical.

Finally, delegates were told that the oil spill changes shape daily, and that the oil is affected 90% by water currents and 10% by wind; underwater ocean currents are different than air currents. The oil spill is not like a weather system that dissipates and then goes away; it will continue until it is captured, for example through skimming. That being said, sun will help to evaporate and break down the oil. The depth of the oil ranges from a surface sheen to four inches in depth. At the time of the Annual Meeting, \$19 million per day in federal resources was being spent on oil-spill-related costs.

BRIEFING ON SURGE BARRIER CONSTRUCTION

Representatives of the US Army Corps of Engineers briefed delegates on efforts to protect New Orleans from future weather-related events. The briefing occurred while delegates toured the Inner Harbor Navigation Canal Lake Borgne Surge Barrier. The Lake Borgne Surge Barrier project is the largest design-build civil works project in the history of the US Army Corps of Engineers. It involves simultaneous design and construction in order to achieve the 100-year level of risk reduction in 2011.

In particular, delegates were told that the Corps' southeast Louisiana efforts are occurring through the Corps' Greater New Orleans Hurricane and Storm Damage Risk Reduction System (HSDRRS). The System seeks to upgrade such existing flood-risk-reduction features as levees and floodwalls and to introduce new features that are authorized by the US Congress and that are deemed necessary to complete the system.

The focus of the Corps' briefing during the IPG's Annual Meeting was the Inner Harbor Navigation Canal surge barrier, which was authorized by Congress in 2006 to reduce the risk of storm damage to New Orleans East, metro New Orleans, the Ninth Ward and St. Bernard Parish associated with the Gulf of Mexico and Lake Borgne.

The US Army Corps of Engineers is constructing a surge barrier near the confluence of the Gulf Intercoastal Waterway and the Mississippi River Gulf Outlet. Navigation gates will be constructed where the barrier crosses the Intercoastal Waterway and Bayou Bienvenue in an effort to reduce the risk of storm surge from Lake Borgne and/or the Gulf of Mexico. In addition, a navigation gate is planned for the vicinity where the Inner Harbor Navigation Canal meets Lake Pontchartrain in an effort to block storm surges from entering the Navigation Canal.

Delegates were also told that while public safety is the US Army Corps of Engineers' primary mission, other missions include flood risk management, navigation and ecosystem restoration. Regarding flood risk management, there are four major flood risks in coastal Louisiana: river flooding, rainfall, hurricane storm surge, and coastal erosion and environmental degradation. With 350 miles of levees and firewalls in the New Orleans area, about \$14 billion has been committed by the federal government to provide a 100-year level of risk reduction.

Regarding ecosystem restoration, delegates learned that, to date, there has been 25,000 acres of wetlands created through beneficial use of dredged material, four Mississippi River freshwater and sediment diversions, and more than 25 miles of coastal shoreline protection. Coastal erosion is threatening important ecosystems.

Delegates were told about the importance of coastal Louisiana to the United States:

- it produces \$67 billion in oil and gas annually
- it ranks first in the nation in crude oil production and second in natural gas production
- it comprises about 25% of the nation's total commercial fishing industry
- it is home to ports that carried more than 467 million tons of waterborne commerce in 2008
- its resources are threatened by the disappearance of coastal ecosystems
- its loss of wetlands increases storm-surge risks.

Respectfully submitted,

Hon. Janis G. Johnson, Senator
Co-Chair
Canada-United States
Inter-Parliamentary Group

Gord Brown, M.P.
Co-Chair
Canada-United States
Inter-Parliamentary Group

Travel Costs

ASSOCIATION	Canada-United States Inter-Parliamentary Group
ACTIVITY	51 st Annual Meeting
DESTINATION	New Orleans, Louisiana, United States of America
DATES	May 7-10, 2010
DELEGATION	
SENATE	Hon. Janis Johnson, Senator, Co-Chair Hon. W. David Angus, Senator, Vice- Chair Hon. Frank Mahovlich, Senator, Vice- Chair Hon. Michael MacDonald, Senator, Vice-Chair
HOUSE OF COMMONS	Mr. Gord Brown, M.P., Co-Chair Hon. Judy Sgro, P.C., M.P., Vice-Chair Hon. John McKay, P.C., M.P., Vice- Chair Hon. Hedy Fry, P.C., M.P. Hon. Shawn Murphy, P.C., M.P. Mr. James Rajotte, M.P., Vice-Chair Mr. Ron Cannan, M.P., Vice-Chair Mr. Rick Dykstra, M.P., Vice-Chair Mr. Brad Trost, M.P., Vice-Chair Ms. Joyce Murray, M.P. Mr. Christian Ouellet, M.P. Mr. Jim Maloway, M.P. Mr. Glenn Thibeault, M.P.
STAFF	Chad Mariage, Executive Secretary Monique Levesque, Administrative Assistant Natalie Labelle, Logistics Officer

Library of Parliament
John Christopher, Analyst
June Dewetering, Analyst
Jim Lee, Analyst

TRANSPORTATION	\$25,393.61
ACCOMMODATION	\$10,812.59
HOSPITALITY	\$Ø
PER DIEMS	\$4,344.51
OFFICIAL GIFTS	\$Ø
MISCELLANEOUS/REGISTRATION FEES	\$Ø
TOTAL	\$40,550.71