

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  
National Governors Association - 2009 Annual Meeting**

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

**Biloxi, Mississippi, United States of America  
July 17-20, 2009**

# Report

From July 17-20 2009, the Co-Chairs of the Canadian Section of the Canada-United States Inter-Parliamentary Group (IPG) – Senator Jerry Grafstein and Mr. Gord Brown, M.P. – led a delegation to the 2009 annual meeting of the National Governors Association (NGA) in Biloxi, Mississippi. The other members of the delegation were Senator Michael MacDonald, the Honourable Shawn Murphy, P.C., M.P. and Mr. Michel Guimond, M.P. At the meeting, the IPG delegates were able to speak with more than one dozen Governors, and continue their dialogue on issues of Canadian and/or joint interest, including the “Buy American” provisions in the U.S. stimulus package and bilateral trade, including border issues.

Canada and the United States have a relationship that is important to each country. An estimated 7.1 million U.S. jobs depend on bilateral trade, which totalled \$710 billion in 2007, or more than \$1.7 billion traded in goods and services each day. Recent data suggest that 35 U.S. states have Canada as their primary foreign export market. Moreover, in a recent 12-month period, more than 13 million Americans visited Canada, spending about \$6.5 million USD, while more than 24 million Canadians travelled to the United States and spent more than \$10.5 million USD.

Formed more than 100 years ago when President Theodore Roosevelt gathered Governors in order to discuss the nation’s resources, the NGA is the collective voice of U.S. Governors from the 50 states, three territories and two commonwealths. It is also a public policy organization that develops and implements solutions to public policy challenges and represents the Governors on Capitol Hill and before the U.S. Administration on federal issues that affect them.

The NGA is supervised by a chair, vice-chair and nine-person executive committee. Governors participate on four standing committees – Economic Development and Commerce, Education, Early Childhood and Workforce, Health and Human Services, and Natural Resources – as well as on special *ad hoc*, bipartisan task forces. At this meeting, each of the four standing committees held a session, and there were three plenary sessions. In particular, the meeting included the following sessions:

- Infrastructure (plenary);
- States and the Economy – Looking Forward (Economic Development and Commerce Committee);
- Accelerating Education and Training Opportunities for a New Economy (Education, Early Childhood and Workforce Committee);
- Health Care Reform (Health and Human Services Committee);
- Barriers to American Energy Security and Independence (Natural Resources Committee);
- Emergency Preparedness (plenary); and
- Energy and the Economy (plenary).

Their interactions with Governors at the winter and annual meetings of the NGA enable Canadian members of the IPG to better achieve the aim of finding points of

convergence in respective national policies, initiating dialogue on points of divergence, encouraging exchanges of information and promoting better understanding on shared issues of concern. Moreover, the NGA meetings provide the Canadian Section of the IPG with an important means to provide input to, and gather information about, state-level issues that affect Canada. It is anticipated that the Canadian Section's attendance at the winter and annual meetings will continue.

This report summarizes the main points that were made in the plenary and selected standing committee sessions.

## **OPENING PLENARY SESSION: INFRASTRUCTURE**

### **Zhang Dawei, *Henan Provincial Government***

- Henan, which is growing explosively and is the most populous province in China, is centrally located, and connects the north to the south and the east to the west
- about 50% of the Chinese stimulus package was allocated for infrastructure and environmental conservation
- economic development requires significant investments
- the Chinese economy is recovering, with a gross domestic product growth rate of 10% in the second quarter of 2009
- in terms of energy, the focus in China will be clean, efficient, safe and reliable sources of energy, including nuclear and wind power, among others
- in the future, civil aviation and rail transportation will be among the Chinese priorities
- Henan is a sister state to Kansas, and diplomatic relations between the United States and China are having joint benefits

### **Wick Moorman, *Norfolk Southern Corp.***

- the transportation system in the U.S. is complex and integrated
- an intermodal transportation system requires the modes to work together in resolving challenges
- rail is a viable part of the solution to the United States' looming transportation crisis; rail has economic and environmental benefits, and can relieve congestion on the nation's highways and reduce fuel consumption
- more can be achieved, in far less time and with much greater public benefits, with private-public partnerships
- an increasing amount of imported goods, for final consumption or as inputs to production, are entering the United States through east coast ports; the key challenge is to transport the goods inland quickly and at relatively low cost
- adequate speed and capacity must be assured

## **Honorable Rosa DeLauro, *United States House of Representatives***

- the U.S. is experiencing a time of great peril as well as great opportunity; the current recession is the longest since the Great Depression, with high rates of unemployment and loss in net worth
- a national discourse about the nation's infrastructure, which is decaying, is needed; although state budgets are under stress, governments must play a vital role in rebuilding America
- wise leaders must take a long view, keep an eye on the "big picture" and make the right investments
- infrastructure investments create jobs and stimulate economic activity
- a failure to invest in infrastructure will have such consequences as:
  - reduced economic growth
  - higher fuel consumption
  - increased greenhouse gas emissions
  - more congestion
- the United States must choose whether to be a nation that invests and produces or a nation that consumes
- the U.S. needs an infrastructure strategy that is characterized by courage, will, foresight and vision
- an option being promoted by some members of the U.S. Congress is an infrastructure development bank, with a focus on infrastructure of regional or national significance having national or local and social benefits
- the notion of an infrastructure development bank has the support of President Obama, some members of Congress, and the business and labour communities

## **ECONOMIC DEVELOPMENT AND COMMERCE COMMITTEE: STATES AND THE ECONOMY – LOOKING FORWARD**

### **David Altig, *United States Federal Reserve Bank of Atlanta***

- the bad news is not getting worse and there is a periodic "bubbling up" of good news
- the current recession is expected to end some time in the third quarter of 2009, with minimal – but positive – economic growth
- the economic recovery is likely to take years, rather than months or quarters
- the United States is in a period of restructuring that is likely to continue for a long period of time
- robust lending by U.S. financial institutions is unlikely in the foreseeable future
- some households appear to be engaging in precautionary saving, thereby reversing the decline in household saving that has been occurring for the last two decades
- U.S. labour markets are restructuring; after the 2001 recession, it took four years to regain the jobs that were lost
- the economic downturn is synchronized around the world, which is unique in terms of post-World War II recessions
- the markets to which the United States typically exports are beginning to recover

- the U.S. is experiencing critical phases of demographic change
- in the U.S., the employment sectors that are likely to be the most important going forward are health care, education, business services, and professional and technical, rather than manufacturing
- the U.S. needs to focus on positioning itself for future growth, whatever comes its way; it must invest in order to set itself up for an unknown tomorrow

**Jeffrey Grogan, *Monitor Group***

- the U.S. has prospered as a nation because of advanced technology, research and development, capital, education and the spirit of entrepreneurship, among other factors
- challenges lead to opportunities
- in dealing with the economic and financial crisis, the U.S. should take the needed immediate steps but with a view to longer-term needs that will result in enhanced competitiveness
- the U.S. needs to create a business environment that will allow clusters to form and flourish; in doing so, it is important to identify the drivers of growth
- each state should develop a cluster-based economic strategy, and cluster committees comprised of business leaders should be organized
- a fact-based understanding of productivity, innovation and competitiveness is important in formulating a development strategy
- it is companies and clusters that compete, rather than governments or states
- private-sector-led initiatives are “the way to go,” and governments are responsible for creating the right environment
- there are a number of actions that should be taken:
  - identify unique advantages
  - think about differentiation
  - bring together leaders who have a shared vision
  - identify workforce needs
  - have initiatives organized for action
  - monitor and measure progress
  - attract investment
  - market capabilities
  - benchmark entrepreneurship, performance and clusters
  - identify drivers of competition and growth

**NATURAL RESOURCES COMMITTEE: BARRIERS TO AMERICAN ENERGY SECURITY AND INDEPENDENCE**

**John Norton Moore, *University of Virginia***

- the United Nations Convention on the Law of the Sea (UNCLOS) is important for the national security and resource interests of the United States
- the UNCLOS is renegotiated periodically; the United States initiated the most recent negotiations, and met each of its strategic negotiating goals:
  - expand the U.S.’ resource base/jurisdiction, with implications for fisheries, oil, gas and deep-seabed mineral sites

- protect navigation freedom and U.S. sovereign rights in certain areas, with implications for trade and the transit of U.S. nuclear vessels
- protect the ocean environment
- resume U.S. oceans leadership

### **Jon Sakoda, *New Enterprise Associates***

- the United States must revive its economy, create jobs and restore global competitiveness
- energy security offers one of the most compelling investment opportunities
- more than two-thirds of U.S. venture capital associations expect to increase their allocation to energy security in the next year, with investments in wind, solar, fuel cells, etc.
- the U.S. must act with speed and conviction, and focus on doing things better, faster and less expensively than anyone else in the world
- the U.S. has not invested sufficiently in research and development; that being said, the U.S. does have energy technologies that are ready to be commercialized
- if the United States wants to be energy independent, the manufacturing base must be reinvigorated
- the manufacturing investment tax credit created by the American Recovery and Reinvestment Act of 2009 should be made permanent
- there are great opportunities to put U.S. capital to work in supporting the nation's entrepreneurs
- efforts should be directed to scaling up and commercializing energy technologies with private-public partnerships

### **Peter Fox-Penner, *The Brattle Group***

- the U.S. is on the verge of the greatest era of energy change since the Industrial Revolution
- the United States needs a well-planned transmission grid
- about 1,000 miles of transmission capacity is being built each year in the United States, but:
  - the grid is not being planned to meet policy objectives
  - planning is not occurring on an integrated, regional basis
- building is not occurring in the best places and it is not occurring quickly enough
- transmission policy should be reformed, and the federal government should establish national policy objectives
- while the Federal Energy Regulatory Commission should continue to have the authority to set transmission costs, top-down transmission planning should be replaced with regional planning

## **PLENARY SESSION: EMERGENCY PREPAREDNESS**

### **Secretary Janet Napolitano, *United States Department of Homeland Security***

- the United States is at a unique time in its history and is facing unique opportunities
- the U.S. Department of Homeland Security will be reviewing its colour codes with a view to determining, among other issues, whether the codes are the best way to keep people informed
- many decisions require interaction between and among federal and state governments
- REAL ID, which was drafted without Governor input, was not working for Governors; Providing for Additional Security in States (PASS) ID is the REAL ID “fix” that should meet security principles while enabling states to comply in a cost-effective manner
- since REAL ID has a deadline of 31 December 2009, it is important that PASS ID move forward this fall; to this end, Governors should meet with their Congressional delegations
- the U.S. Department of Homeland Security can provide real value added in the area of information and intelligence sharing at the level of law enforcement
- federal-state-local co-located fusion centres will facilitate the sharing of information and analytic capacity while respecting constitutional and privacy issues
- regarding the H1N1 virus, it is important to take cues from scientists and history: when a flu like H1N1 exists and appears to go away, it will come back, albeit perhaps in a slightly different way
- with an epidemic, home schooling may be required if schools need to be closed; a plan is needed, since the school year starts soon
- both the northern and the southern borders that the United States shares with Canada and Mexico respectively must operate as real borders
- the implementation of the land and sea aspects of the Western Hemisphere Travel Initiative in June 2009 went smoothly as a result of advance preparation, advertising, etc.

### **Craig Fugate, *United States Federal Emergency Management Agency***

- stakeholders must work together as a team to prepare, protect and recover
- there is a tendency to plan for the last, rather than for the future, disaster
- it is not the federal government’s role to take care of everyone during a disaster; as a first line of defence, people should be prepared to take care of each other
- the Federal Emergency Management Agency provides shelter, not housing

### **Gregory Brown, *Motorola, Inc.***

- U.S. infrastructure has not kept pace with growth and changing demands
- the American Recovery and Reinvestment Act of 2009 (ARRA) provides funds for spending in such areas as public safety and broadband access as well as intelligent transportation systems

- ARRA funds can be used creatively to support various infrastructure projects connected to emergency preparedness
- emergency preparedness cannot function without wireless and wired communications; at a minimum, state-wide interoperability is needed
- there are three key requirements:
  - seamless connectivity
  - real-time information
  - the right information in the right hands
- interoperability across networks allows interoperability across agencies and across states
- an all-hazards approach to emergency preparedness is required
- there is a direct correlation between recovery and preparedness
- from the perspective of private-public partnerships, more must be done regarding cyber security; it is a national issue that requires local and state coordination
- when a Governor takes a leadership role and makes something a priority, things happen

**Jay Fishman, *The Travelers Companies, Inc.***

- coastal insurance market challenges include availability and affordability, with a reduced number of private insurers, a rising demand for coastal housing by a growing population, etc.
- options for solving the coastal insurance crisis include:
  - subsidies
  - operation of the free market
  - insurers
- the coastal wind zone plan of The Travelers Companies, Inc. includes:
  - the creation of four wind zones
  - consideration of the need for regulatory stability and rating transparency
  - a federal reinsurance mechanism, financed by insurers at cost, for extreme events in order to aid affordability
  - mitigation, including stronger homes to withstand severe winds

**Bryan McDonald, *Horne LLP***

- recovery is defined by cooperation and teamwork
- recovery needs a leader who can take a long view
- “actual circumstances on the ground” must be respected
- it is important to take that which was intended for bad and use it for good
- the era of transparency is here to stay

**CLOSING PLENARY SESSION: ENERGY AND THE ECONOMY**

**Karen Alderman Harbert, *United States Chamber of Commerce***

- affordable, reliable energy is fundamental to the U.S. economy, the economic recovery and national security



- according to a January 2009 poll about what was on the minds of Americans, energy was behind the economy, and climate change was the lowest item as people are increasingly sceptical about the validity of what is being presented in the media
- between now and 2030, the demand for energy will rise by 50%, and 70% of that increase will be from the developing world
- the U.S. has not built a new nuclear reactor in three decades
- the U.S. transportation fleet is 96% reliant on oil
- there are great opportunities available in terms of energy efficiency
- BANANA – build absolutely nothing anywhere near anyone – has replaced NIMBY – not in my backyard
- the United States, which is emitting 3% less in greenhouse gas emissions in 2009, is second only to France in reduced emissions
- the developing world needs to be part of climate change discussions and must make binding commitments
- more realism, and a huge transformation, are needed; there is a need for:
  - oil and gas, and for producing more domestically
  - nuclear energy
  - clean coal
  - alternative fuels that do not involve the use of food
  - streamlined processes
  - investments in intellectual infrastructure
  - clear roles for the public and private sectors as solutions are developed and implemented

**Kathleen McGinty, *Peregrine Technology Partners LLC***

- it is all about price: when the price is high, the investment is there
- the United States has been rather fickle about its energy agenda; the nation needs to “stick and stay” with an agenda, which will result in benefits for the nation’s economy and national security
- the U.S. is not out of oil, although it may be out of inexpensive oil
- the United States has many opportunities in natural gas, which can – and should – be part of the diversified energy solution
- it is costly to purchase energy from other countries, and these dollars could be better spent in the United States
- there is a need to “make things” in the U.S. again, including energy infrastructure
- in the future, all energy resources have a role to play and appropriate investments should be made

**Daniel DiMicco, *Nucor Steel***

- the U.S. needs a balanced and inclusive energy agenda
- 14-16 million jobs must be created; as part of this effort, the U.S. must once again begin to “build things,” including infrastructure

- the United States should ensure that its trading partners respect the trade agreements that they have signed; at this point, the global trading system is based on mercantilism rather than on free trade
- the U.S. needs to create the type of economy that enables the nation to pay its bills; the structural problems in the economy require resolution
- people do not have a “right” to own a home: they have an “opportunity” to own a home; people should stop living beyond their means
- there are problems with every form of energy, since all forms have at least some carbon footprint
- the U.S. needs an energy policy that:
  - creates jobs
  - ensures national security
  - is inclusive of all energy resources
- a decade is needed to develop technology and a decade is needed to implement it
- drilling must occur, but only if it can happen in an environmentally friendly manner
- leaders should focus on a goal and then make it happen

**Ira Magaziner, *Clinton Foundation Climate Initiative* and *Clinton Foundation HIV/AIDS Initiative***

- the Clinton Initiative is trying to implement large-scale models around the world
- energy efficiency is the fastest way to achieve energy independence
- significant amounts of energy can be saved by retrofitting buildings
- efforts should continue to be focused on integrated waste management, LED street lighting, clean fuel vehicles, etc.
- fossil fuels will continue to be an important source of energy in the world, but work should continue on clean coal, carbon capture and storage, etc.
- in order for the U.S. economy to flourish, the manufacturing base must be re-established; innovation – which has a natural link to energy policy – should be used to achieve this goal

Respectfully submitted,

Hon. Jerahmiel Grafstein, Q.C., Senator  
 Co-Chair  
 Canada-United States  
 Inter-Parliamentary Group

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

## Travel Costs

<b>ASSOCIATION</b>	Canada-United States Inter-Parliamentary Group
<b>ACTIVITY</b>	National Governors Association - 2009 Annual Meeting
<b>DESTINATION</b>	Biloxi, Mississippi, United States of America
<b>DATES</b>	July 17-20, 2009
<b>DELEGATION</b>	
SENATE	Hon. Jerry Grafstein, Q.C., Senator, Co- Chair Hon. Michael MacDonald, Senator
HOUSE OF COMMONS	Mr. Gord Brown, M.P., Co-Chair Hon. Shawn Murphy, P.C., M.P. Mr. Michel Guimond, M.P.
STAFF	Mr. Chad Mariage, Executive Secretary Ms. June Dewetering, Analyst
<b>TRANSPORTATION</b>	<b>\$ 10,822.81</b>
<b>ACCOMMODATION</b>	<b>\$ 5,669.27</b>
<b>HOSPITALITY</b>	<b>\$Ø</b>
<b>PER DIEMS</b>	<b>\$ 2,428.38</b>
<b>OFFICIAL GIFTS</b>	<b>\$Ø</b>
<b>MISCELLANEOUS/REGISTRATION FEES</b>	<b>\$ 4,102.77</b>
<b>TOTAL</b>	<b>\$ 23,023.23</b>