

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 Council of State
Governments - Eastern Regional Conference 49th Annual
Meeting and Regional Policy Forum**

Canada-United States Inter-Parliamentary Group

**Burlington, Vermont, United States of America
August 2 - 5, 2009**

Report

From August 2 - 5, 2009, members of the Canadian Section of the Canada-United States Inter-Parliamentary Group (IPG) attended the Council of State Governments Eastern Regional Conference in Burlington, Vermont. The delegation was made up of Senator Wilfred Moore, Q.C., Mr. Rick Dykstra, M.P., Hon. John McKay, P.C., M.P. and Mr. Guy André, M.P., Vice-Chairs of the IPG. The focus of the meetings was, *The Fiscal Crisis: Navigating the Turbulent Economy*. The discussions focused on trade and protectionism, intercity passenger rail transportation and energy.

Trade and Protectionism

Participants heard that Canada and the United States share a special relationship that is built on common values based on a long history of cooperation, family ties, and friendship. In addition to this strong relationship, our shared border facilitates the largest bilateral trading relationship in the world, with \$1.6 billion in two-way trade and 300,000 travelers crossing the border on a daily basis. Thirty-seven of the 50 U.S. states rely on Canada as their largest export market. Major benefits flow from this relationship, including 7.1 million jobs in the U.S. and 3 million in Canada. This unparalleled cooperation has the potential to move our economies back in the right direction.

However, it was also pointed out that traffic between the two countries has decreased and some tensions exist. Canadian and U.S. business communities express growing concern over what has been called the “thickening” of the border. A “thick” border, which is associated with new or increasing fees and inspections, uncertainty over onerous wait times, layers of rules and regulations from different departments, and infrastructure impediments, adds up to an expensive border. While Europe moves towards a more integrated border environment, our borders are moving in the opposite direction – the competitive advantage created by North American Free Trade Agreement (NAFTA) is eroding. A sense of frustration exists within the Canadian and U.S. business communities regarding the fact that many practical measures (e.g., border agencies on both side of the border should work more closely together) that could reduce border-related costs have yet to be taken.

For members of the Canadian Section of the IPG, during recent meetings of state legislators and governors, one of the biggest trade-related concerns is the “Buy American” provisions contained in US legislation such as the *American Recovery and Reinvestment Act of 2009*. These provisions require that no funds be used in the “construction, alteration, maintenance or repair or public work” unless “all of the iron, steel and manufactured goods used in the project are produced in the United States”. While these provisions must be applied in a manner consistent with the federal government’s international trade obligations, sub-national governments – US states and municipalities – are not bound by international trade agreements and, consequently, Canadian exporters are being affected when attempting to do business in the United States. Perhaps understandably, these US provisions are leading to requests for reciprocal “Buy Canadian” provisions in Canada. These types of actions have the potential to harm both countries, which enjoy annual two-way trade in goods and services that exceeds US\$694 billion. At the meeting, members of the Canadian section noted that more than 7 million US jobs depend on bilateral trade with Canada.

Regarding “Buy Canadian” provisions, a resolution adopted by the Federation of Canadian Municipalities in June 2009 is relevant:

Be it further resolved that FCM support municipalities who choose to adopt procurement policies which favour free trade by ensuring that local infrastructure projects...procure goods and materials required for the projects only from companies whose countries of origin do not impose trade restrictions against goods and materials manufactured in Canada.

The Canadian delegation contributed to the following resolution on free and open trade between the U.S. and Canada:

Whereas, the economics of the United States and Canada are integrated and mutually dependent; and

Whereas, free and open trade is essential to the economic well being of both countries; and

Whereas, Canada and the United States enjoy the largest bilateral trading relationship in the world with more than \$1.2 billion in goods crossing our borders every day; and

Whereas, trade between the United States and Canada supports 7.1 million jobs; and

Whereas, disputes have arisen concerning the openness of state, provincial and local procurement processes on both sides of the border; and

Whereas, the “Buy American” provisions contained in the American Recovery and Reinvestment Act (“Stimulus Bill”) has exacerbated these concerns and been a source of tension between the United States and Canada; and

Whereas, talks are currently underway between Canada and the U.S. and Canadian governments regarding a possible resolution of these issues;

Now, therefore be it resolved, the Council of State Government’s eastern Regional Conference (CSG/ERC) urges the governments of the United States and Canada to move quickly to reach agreement on trade disputes between our two countries, including on the implementation of free and open procurement policies; and

Be it further resolved, that the Council of State Government’s Eastern Regional Conference (CSG/ERC) urges states, provinces and local governments to maintain open procurement policies that provide free and fair access to providers of goods and services on both sides of the border; and

Be it further resolved, that copies of this resolution be forwarded to the Secretary of State of the United States, the Minister of Foreign Affairs of Canada, the Minister of International Trade of Canada and the Premiers and Speakers of the Legislative assemblies of the Eastern Canadian Provinces and the Governors of the Northeastern States.

This proposed resolution is to be considered at the Executive Meeting of the Eastern Regional Conference in December.

Intercity Passenger Rail Transportation

During the past year there has been a revival of interest in improving rail passenger services in the United States. In April 2009, President Obama released a strategic plan outlining a new vision for high-speed rail in America. Highlights of the plan are:

- to transform the nation's transportation system by rebuilding existing rail infrastructure while launching new high-speed passenger rail (HSR) services in 100-600 mile corridors that connect U.S. communities;
- the plan calls for \$8 billion in start-up funding (provided for in the *American Recovery and Reinvestment Act [ARRA]*) for HSR projects as well as \$1 billion a year for five years to jump-start a world-class passenger rail system. Completion of the vision will require long-term commitment from both the federal and state governments;
- promotes economic expansion (including new manufacturing jobs), creates new choices for travelers, reduces national dependence on oil, and fosters urban and rural community development;
- passenger rail is green as intercity passenger rail service consumes one-third less energy per passenger-mile than cars. It is estimated that if high-speed rail lines are built in federally designated corridors, it could result in an annual reduction of 6 billion pounds of CO₂;
- projects selected for funding will be based on the merit/benefits of the investment. Under the plan, high-speed rail development will advance along three funding tracks.

Ten major corridors are identified for potential high-speed rail projects:

- California Corridor (Bay area, Sacramento, Los Angeles, San Diego);
- Pacific Northwest Corridor (Eugene, Portland, Tacoma, Seattle, Vancouver, BC);
- South Central Corridor (Tulsa, Oklahoma City, Dallas/Fort Worth, Austin, San Antonio, Little Rock);
- Gulf Coast Corridor (Houston, New Orleans, Mobile, Birmingham, Atlanta);
- Chicago Hub Network (Chicago, Milwaukee, Twin Cities, St. Louis, Kansas City, Detroit, Toledo, Cleveland, Columbus, Cincinnati, Indianapolis, Louisville);
- Florida Corridor (Orlando, Tampa, Miami);
- Southeast Corridor (Washington, Richmond, Raleigh, Charlotte, Atlanta, Macon, Columbia, Savannah, Jacksonville);
- Keystone Corridor (Philadelphia, Harrisburg, Pittsburgh);
- Empire Corridor (New York City, Albany, Buffalo);
- Northern New England Corridor (Boston, Montreal, Portland, Springfield, New Haven, Albany);
- Northeast Corridor (Washington, Baltimore, Wilmington, Philadelphia, Newark, New York City, New Haven, Providence, Boston) – opportunities exist for this corridor to compete for funds for improvements to the US's only existing high-speed rail service.

The administration is urging states and local communities to put together plans for a transportation network of 100 mile to 600 mile corridors to compete for the federal funding.

At the same time that the U.S. is moving forward on improving rail passenger services, Canadian delegates told the conference that Canada is also looking at improvements to our services. At the present time there is a study underway to look at the feasibility of high speed rail in the Quebec City – Windsor corridor as well as a study on passenger rail services that is being undertaken by the House of Commons Standing Committee on Transport, Infrastructure and Communities.

The New England corridor was of particular interest to delegates from both sides of the border as it has provisions for linkages into Canada through Montreal. Participants believe that the only way improvements can be made to rail passenger transportation is through a coordinated approach by all of the New England States. As such, the New England Governors have formed a group to identify priority passenger rail projects in the region (including linkages to Canada), how they can be integrated with other modes, look at how passenger rail can be better integrated with the freight railways, and examine the potential for public-private partnerships.

Canadian delegates were particularly interested in hearing about the potential for improved rail passenger services between Canada and the United States. It was noted that there was a need for improved services between Montreal, Boston and New York, Toronto to New York and Vancouver to Seattle. In order for this to happen, there will need to be a significant financial commitment from the federal and provincial governments as well as the political will to push the projects forward.

This view was also echoed by the U.S delegates who stated that the states must act together or nothing will get done. States are making investments and pushing hard to gain access to federal funding for their projects. Representatives from the U.S. Federal Rail Administration (FRA) told the conference that they foresee a long partnership with the states and that if the region wants to achieve a regional corridor, it should speak with one voice. If you come together with one voice on a plan, the FRA believed that this would strengthen the plan. Canadian delegates agreed with this approach and want to see more collaboration between provinces and the federal government in planning regional rail projects.

Energy

Energy efficiency programs were widely discussed at the conference. The *American Recovery and Reinvest Act 2009 (ARRA)* is putting more than \$10 billion into energy efficiency, clean energy, and weatherization for low-income homes. Delegates were told that states are scrambling to ensure they spend the money in ways that generate jobs and significant cost savings within the laws three year timeframe. While the funding represents a real opportunity, as one participant stated, “it carries with it a unique set of challenges”.

Delegates said that the real challenge is to ensure that the money is not squandered. The stimulus funds carry strict oversight and reporting requirements to ensure transparency. While this may slow the process of granting the funds, participants believed it would result in a more efficient and cost-effective allocation of the money. Project proposals would be more closely scrutinized in order to have a higher success rate. Participants who have been working on energy efficiency projects applauded this process a thought it would lead to the funding of projects that really made a difference.

For example, the U.S. Department of Energy (DOE) has created targets suggesting good rates of return for specific types of investments. Officials have also provided guidance that directs agencies to invest certain funds into energy efficient projects that create the most jobs and that can be implemented quickly – all of which can lead to large savings. Participants also noted that by leveraging stimulus money with other funds available for energy efficiency investments, states can get the most out of the money and make sure investments last over time.

As noted by U.S. delegates, compared with other states, much of the northeast region already stands out as having achieved comparatively high cost savings from energy efficiency and continues to invest in policies that would accelerate those gains.

Nevertheless, there is still much room for improvement. Delegates were told that using available technologies, the U.S. could cut electricity demand by 23% by the year 2020 and save consumers an estimated \$23 billion.

Conclusions

The Canadian delegates from the IPG were very involved the discussions at the conference. They were particularly interested in the discussion on rail passenger services and trade protectionism and strongly put forth the case that the “Buy American” policy would hurt both countries.

Respectfully submitted,

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

Travel Costs

ASSOCIATION	Canada-United States Inter-Parliamentary Group
ACTIVITY	Council of State Governments - Eastern Regional Conference 49th Annual Meeting and Regional Policy Forum
DESTINATION	Burlington, Vermont, United States of America
DATES	August 2 - 5, 2009
DELEGATION	
SENATE	Hon. Wilfred Moore, Q.C., Senator, Vice-Chair
HOUSE OF COMMONS	Hon. John McKay, P.C., M.P., Vice- Chair Mr. Rick Dykstra, M.P., Vice-Chair Mr. Guy André, M.P., Vice-Chair
STAFF	Mr. Chad Mariage, Executive Secretary Mr. John Christopher, Analyst
TRANSPORTATION	\$3,905.12
ACCOMMODATION	\$5,471.10
HOSPITALITY	\$Ø
PER DIEMS	\$1,708.29
OFFICIAL GIFTS	\$Ø
MISCELLANEOUS/REGISTRATION FEES	\$2,045.24
TOTAL	\$13,129.75