

Canada - United States  
Inter-Parliamentary Group  
Canadian Section



Groupe interparlementaire  
Canada - États-Unis  
Section canadienne

**Report of the Canadian Parliamentary Delegation  
respecting its participation at the Pacific NorthWest  
Economic Region (PNWER) - 19<sup>th</sup> Annual Summit**

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

**Boise, Idaho, United States of America  
July 12-16, 2009**

# Report

A delegation from the Canadian Section of the Canada-United States Inter-Parliamentary Group (IPG) made up of Senator Wilfred Moore, Ms. France Bonsant, M.P., Hon. Scott Brison, P.C., M.P. and Mr. Ron Cannan, M.P., attended the Pacific NorthWest Economic Region (PNWER) - 19<sup>th</sup> Annual Summit in Boise, Idaho. The focus of the Summit was “Global Challenges, Northwest Imperatives, Through Excellence, Innovation, and Leadership”.

The IPG has a long association with PNWER, and typically attends PNWER’s fall and summer meetings. PNWER is a statutory, bilateral, regional private-public sector group which includes Alaska, Idaho, Montana, Washington, Oregon, British Columbia, Alberta, Saskatchewan and the Yukon Territory. The aims of the organization are to: promote greater regional collaboration; enhance the competitiveness of the region in domestic and international markets; leverage regional influence in Ottawa and Washington, D.C.; and achieve continued economic growth while maintain the region’s natural environment.

A wide range of topics were discussed at the summit including: energy, climate change, border policy and the “Buy American” policy. These issues are discussed below.

## Energy

Energy issues played a key role in the summit’s meetings. Discussions centered on renewable energy, new technologies, the rising demand for oil, and transporting energy.

With regard to renewable energy, a number of technologies were discussed. These included wind, solar, geo-thermal and hydro. It was pointed out that the Pacific Northwest is rich in sources of renewable energy. There are currently 3,000 megawatts of renewable energy generation in the northwest, powering 700,000 homes and reducing carbon dioxide to the equivalent of 950,000 cars. For wind, most of Montana has excellent potential as does the east side of the Washington state – Oregon border.

Solar has its best potential in the extreme southwest of Idaho and in southeast Oregon while geothermal potential is high in Idaho, southern Oregon and some areas of Montana.

The advantage of geo-thermal is that it runs almost 100% of the time. One criticism of renewable energy is that it is not constant – the sun doesn’t shine at night or when it’s cloudy, it’s not always windy, and rivers don’t always run – while energy demand is more or less constant, renewable energy cannot be stored in any great amount.

Projects underway in the region include 9,800 MW in wind, 407 MW in geo-thermal, 15 MW of solar in Oregon and 75 MW proposed for Washington.

From an economic development perspective, the result has been \$5 billion in capital investment, \$4-8 million in royalty payments to ranchers and farmers, more than 4,000 construction jobs and more than 300 permanent jobs in the operation and management of renewables. In addition, continued development could bring more jobs – 2,000 in geo-thermal, 200-350 in solar, and 22,000 in solar manufacturing.

Participants went on to note that the bottleneck was now transmission. Transmission capacity has been falling behind over the last 20 years and is the most significant problem facing the renewable energy industry in the near future.

Participants were also told that what is required for a renewable energy project to be attracted to a region are: resource (e.g., geo-thermal); land; permits; transmission; energy buyer (a power purchase agreement); and financing.

It was stressed that in the near-term, renewables would be a small part of the energy mix, and that it would still be relying on tradition energy sources for the foreseeable future. This being said, it was also noted that the renewable portion of the energy portfolio while small was growing fast and that over time, it would play a more significant role in providing energy.

Nuclear energy was also a topic of significant interest to the delegates. There was enthusiasm for nuclear power because it can provide steady, low cost, emissions-free energy, and that advancements in smaller, modular reactors is reducing the high up-front capital investment that has been a limiting factor in the industry's development. It was also noted that recent legislation targeting carbon emissions from fossil fuels make for a regulatory climate favourable to nuclear power.

In the end, participants felt that there would have to be a mix of energy sources for different applications. No one energy source would be able to fulfill our energy needs over the next few decades.

## **Climate Change**

Closely linked to the topic of energy is the issue of climate change. The question over how to deal with climate change was roundly debated. Some participants called for the U.S. Pacific Northwest to work together on one regional system of regulating greenhouse gases but that it must allow each country to use its bounty of fossil fuels. We have to be up-front about how dependent we are on fossil fuels.

Participants noted that western provinces are creating their own systems for limiting carbon. British Columbia has instituted a carbon tax and Alberta has a cap on carbon emission for large industries along with a \$2 billion fund to look at ways to capture carbon from oil sands and coal fields and remove carbon dioxide from the atmosphere.

Some participants were unsure as to how far you can go in addressing climate change before there are negative impacts on industry. They believed that a slow, measured approach was the way to go and that in the end, technology would be the key factor in reducing greenhouse gas emissions.

There was agreement by most participants that there should be more collaboration among the members of PNWER and pointed to the Western Climate Initiative (WCI) as an example of how this collaboration could take place.

The WCI began in February 2007 when the Governors of Arizona, California, New Mexico, Oregon and Washington signed an agreement directing their respective states to develop regional targets for reducing greenhouse gas emissions, participate in a multi-state registry to track and manage greenhouse gas emissions in the region, and develop a market-based program to reach the target.

The WCI built on existing greenhouse gas reduction efforts in the individual states as well as two existing regional efforts. In 2003, California and Washington created the West Coast Global Warming Initiative, and in 2006, Arizona and New Mexico launched the Southwest Climate Change Initiative.

The Premiers of British Columbia, Manitoba, Ontario and Quebec, and the Governors of Montana and Utah have since joined the initial five states in committing to tackle climate change at a regional level.

### **Border Policy**

In the discussions on border policy, participants from Canada and the United States stated that U.S. northern border policy, shaped by terrorism concerns and Mexican border issues, is negatively impacting Pacific Northwest communities. As one delegate said, “we are trying to decide what to do with the Canadian border based on what we do with the Mexican border – I think that’s wrong, because we have different problems”.

Participants were told that research shows that there has been a significant decline in cross-border traffic since tighter security measures were imposed after 9/11. Communities that had developed close cross-border cultures have seen those relationships erode as the U.S. has limited access.

Some delegates felt that pressure from “security hawks” in Congress has led to a focus on security over efficiency and trade at U.S. – Canadian border crossings. As one participant stated, “building a thick, almost virtual wall, results in restricting trade, causes hard feelings between Canadians and Americans and in the end, probably isn’t doing much good, except you’re catching a few more drug runners and illegal immigrants”.

The problems of a “thickening” border were brought to light in the presentation by the Canadian Trucking Alliance. The Alliance said that the problems at the border were being masked by lower volumes of freight reflecting the ongoing recession. They went on to say that a return to more normal traffic volumes could mean a return to longer delays and less predictability at the busiest border crossings and that “anything that impairs the efficiency, productivity and reliability of the North America supply chain impacts negatively on the region’s ability to compete, to attract direct investment and to take full advantage of the economic recovery when it comes”.

The Alliance believes that improved security and trade facilitation do not have to be mutually exclusive and that some programs that have been introduced in recent years to improve security, such as the move to automate some of the information requirements needed for the truck to clear the border, have actually had a positive impact on trade facilitation. But, overall, there can be no denying that the border is less efficient than it was before 9/11.

They called on the U.S. and Canadian governments to come up with a new working border agreement. In their view, what is required is a commitment from both governments to jointly implement some modest, practical and achievable measures that would improve trade facilitation without reducing security. Among the things that governments should concentrate on are:

- ending of the duplication of low-risk security cards that truck drivers must carry;
- making it easier for low-risk companies to move goods in-transit through the other country;
- issuing a challenge to all ports to improve throughput 25%; and
- allowing trucking companies to show they practice due diligence before losing their low-risk status for minor violations.

In addition, there was a call for federal and state/provincial governments to harmonize customs and immigration laws, have a coordinated regulatory framework, and find ways to have trucking standards between the two countries.

The overall message regarding border policy was that much more collaboration was required between Ottawa and Washington to address border issues. Both national governments must be prepared to work with the regions in order to properly understand what is required to “make the border work” and that this can only be achieved by listening to the people that are most closely associated with border issues – the regions.

### **Buy American**

Perhaps no other issue was as important for the Canadian delegation as the discussions on the “Buy American” policy. Under the provisions of the *American Recovery and Reinvestment Act of 2009 (ARRA)* Section 1605 mandates that no funds under the ARRA may be used in the “construction, alteration, maintenance, or repair of a public building or public work” unless “all of the iron, steel and manufactured goods used in the project are produced in the United States”. This provision must be “applied in a manner consistent with United States’ obligations under international agreements”. Unlike the U.S. federal government, the overwhelming majority of municipalities and many states, are not covered by any international trade obligations. Consequently, they are being most affected by Section 1605’s restrictive procurement requirements.

It was pointed out by Canadian delegates that more than 7 million U.S. jobs are directly supported by trade with Canada and the annual two-way trade in goods and services exceed US \$694 billion. They stated that Section 1605 constitutes a new barrier to trade and creates a danger of reciprocal action by Canada that could result in the loss of jobs in both countries.

We were told that Canadian municipalities are responding to “Buy American” by adopting their own trade resolutions that call for discrimination against goods and suppliers from countries, such as the United States, that have closed particular markets to Canadian goods. The Federation of Canadian Municipalities (FCM) adopted the following resolution on June 6, 2009:

***“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;***

***(and)***

***....that the measures proposed above be suspended for 120 days to allow for a negotiated resolution of this matter”.***

Delegates from both countries were concerned about this and said that this issue needed to be addressed immediately. As one delegate said, “jobs are created on both sides of the border, and we really need to move on taking some of these walls down”. Reciprocal action by Canada would just heighten the wall and add another barrier.

As such, PNWER put forward a draft resolution promoting open borders between Canada and the United States. Under the draft resolution, PNWER members would work together with their local governments to ensure open procurement policies are established that assure equal access for Canadian and American vendors of goods and services, and to ensure policies are established to open trade among members. More details are yet to be worked out before this becomes a final resolution.

### **Conclusions**

The Canadian delegates from the IPG met with a great many provincial and state delegates during the summit. They exchanged ideas on energy, climate change, border policy and “Buy American”. They were especially interested in the approach PNWER is taking to address some of these issues and how it coordinates policy and planning between the states and provinces.

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>	Pacific NorthWest Economic Region (PNWER) - 19 <sup>th</sup> Annual Summit
<b>DESTINATION</b>	Boise, Idaho, United States of America
<b>DATES</b>	July 12-16, 2009
<b>DELEGATION</b>	
SENATE	Hon. Wilfred P. Moore, Senator, Vice- Chair
HOUSE OF COMMONS	Mr. Ron Cannan, M.P., Vice-Chair Hon. Scott Brison, P.C., M.P. Ms. France Bonsant, M.P.
STAFF	Mr. Chad Mariage, Executive Secretary Mr. John Christopher, Advisor
<b>TRANSPORTATION</b>	<b>\$11,975.71</b>
<b>ACCOMMODATION</b>	<b>\$3,464.28</b>
<b>HOSPITALITY</b>	<b>\$Ø</b>
<b>PER DIEMS</b>	<b>\$1,308.28</b>
<b>OFFICIAL GIFTS</b>	<b>\$Ø</b>
<b>MISCELLANEOUS/REGISTRATION FEES</b>	<b>\$3,253.73</b>
<b>TOTAL</b>	<b>\$20,002.00</b>