

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 Canadian/American  
Border Trade Alliance Conference  
Canada-United States Inter-Parliamentary Group  
Washington, D.C., United States of America  
October 2 - 4, 2011**

# Report

## DELEGATION MEMBERS AND STAFF

From October 2-4, 2011, Mr. Gord Brown, M.P., Co-Chair and the Honourable Michael L. MacDonald, Senator, Vice-Chair represented the Canadian Section of the Canada-United States Inter-Parliamentary Group (IPG) at the fall meeting of the Canadian/American (Can/Am) Border Trade Alliance, where they were invited to address meeting participants. The delegation was accompanied by Ms. June Dewetering, the Canadian Section's Senior Advisor.

## THE EVENT

The Can/Am Border Trade Alliance (BTA) holds two meetings each year: in the spring in Ottawa and in the fall in Washington, D.C. The BTA is a coalition of businesses, public-sector organizations and individuals with an interest in bilateral trade and tourism. Its mission is to maximize commercial activity and ensure continued growth in cross-border trade as well as efficient and productive border-crossing capabilities.

During the meeting, sessions with the following titles were scheduled to be held:

- Canada/US Beyond the Border Perimeter Vision
- US/Canada Trade Outlook and Developments
- Transportation and Border-Related Priorities/Initiatives
- The Canadian Perspective
- US/Canada Border Issues and Priorities
- Overview of Oil Energy Situation and Importance of the Canadian Oil Sands to the United States
- Canada/US Inter-Parliamentary Group Observations and Priorities
- Alberta Update, including Oil Sands, Energy Overview and Insight
- Border and Maritime Security Subcommittee of the US House of Representatives Homeland Security Committee Focus and Issues
- St. Lawrence Seaway Challenges, Issues and Opportunities
- Perspective of the US House of Representatives Northern Border Caucus on Issues Affecting the US/Canada Border
- Importance of US Relations with Canada.

Attendees at the event included private-sector representatives involved in a number of tourism, transportation and trade-related activities as well as representatives of a variety of US and Canadian federal departments and the Canadian Embassy in Washington.

## DELEGATION OBJECTIVES FOR THE EVENT

The Canadian Section of the IPG has a long association with the BTA, and members of the Section sometimes attend both the BTA's fall and spring meetings. Given the BTA's focus, attendance at the meetings provides members with an important opportunity to gain insight about problems being experienced by businesses and individuals in respect of trade and tourism as well as about efforts and actions by governments in both countries to address these problems.

The Canadian Section's House of Commons Co-Chair, Mr. Gord Brown, M.P., spoke about the Section's activities since the BTA's 2011 spring meeting, while Senator MacDonald shared the Section's views about upcoming activities, including attendance at the February 2012 meeting of the National Governors Association and possible Congressional visits following that meeting.

At this meeting, as at other BTA meetings, members of the Canadian Section benefitted from the opportunity to interact with, and learn from, private- and public-sector organizations and individuals who deal with border issues on a daily basis. Attendance at the BTA meetings also provides members with an opportunity to inform others about the range of actions taken by the Section in respect of shared bilateral goals as well as differences, especially through the invitation that is typically given to the Canadian Senate and House of Commons Co-Chairs and/or Vice-Chairs of the Canadian Section to make remarks about the Section's activities and priorities.

### **ACTIVITIES DURING THE EVENT**

As noted earlier, a variety of sessions were held. Members of the Canadian Section were able to speak with attendees about the problems being encountered at Canada's shared border with the US and to share with them the efforts being taken by members to ensure the existence of an efficient, cost-effective and secure common border.

This report summarizes selected presentations at the meeting, including the remarks made by Mr. Brown and Senator MacDonald.

### **THE CANADIAN PERSPECTIVE**

#### **Michael Eyestone, *Canadian Embassy***

- border impediments restrict trade and make everyone worse off
- border obstacles are difficult in light of global supply chains
- the elimination of trade barriers leads to prosperity
- with the initial trade agreement between Canada and the United States and, subsequently, the *North American Free Trade Agreement* (NAFTA), a very successful North American economic relationship has been developed, and remarkable integration has occurred while sovereignty has been preserved
- Canada, the United States and Mexico need to remain competitive as a single economic entity in North America
- while Canada is never "top of mind" in the United States, trade with Canada is important for the economic success of the United States, and vice versa

- Canada is “nervous” about Buy American provisions, believing that the focus should be on keeping markets open and removing impediments
- perimeter security is an important notion, and the countries should be concerned about the North American perimeter rather than about the shared 49<sup>th</sup> parallel
- lowering tariffs is relatively easy; regulatory cooperation is relatively difficult
- regulations are focused on the domestic management of economies, and regulators have a domestic – not an international – focus
- most regulations exist for legitimate, public-interest reasons, such as food safety and speed limits; that said, regulatory cooperation, perhaps through reciprocal measures, should be a goal
- regulatory cooperation is not deregulation; rather, it is focussed on ensuring that regulations are needed and are sound
- economic logic can triumph and become a political success
- jobs are a key priority at the moment
- well-regulated capital markets are needed
- a new international trade crossing at Detroit-Windsor is needed
- there are two types of ports: those that do not require dredging, which are largely deep-water ports found on the west coast, and those that require dredging, which are largely found on the east coast
- the imposition of a uniformly applied harbour maintenance tax would result in west coast ports cross-subsidizing east coast ports
- there is some question about whether a harbour maintenance fee would be NAFTA-compliant

## **US/CANADA BORDER ISSUES AND PRIORITIES**

### **Tom Winkowski, *US Department of Homeland Security***

- there are a number of opportunities for Canada and the United States to work together at the shared border
- the goal should be using dedicated lanes for cargo and passengers as much as possible and moving security checks as far back from the border as possible
- with the use of radiofrequency identification, the time needed to perform a security check falls to 43 seconds from 57 seconds per entity, which is a significant improvement

## **OVERVIEW OF OIL ENERGY SITUATION AND IMPORTANCE OF THE CANADIAN OIL SANDS TO THE UNITED STATES**

### **Roger Noriega, *Vision Americas***

- Canada needs to partner with the United States as the United States works toward energy independence, which some believe should be energy interdependence
- the United States needs a sound, national energy policy
- China is a “voracious” consumer of energy and other natural resources; a North American strategy is needed because of China’s “shadow” in the hemisphere
- it is entirely appropriate for Canada to diversify its export markets, including in respect of energy
- the proposed Keystone XL pipeline would be an important creator of jobs in both countries and an important new energy “artery”
- while producing energy, it is proper to take precautions to protect the environment and other interests
- the Toronto Stock Exchange is “home” to more oil and gas companies than any other stock exchange
- the Chávez regime is disastrous for Venezuela’s oil industry; that said, there is a good chance that a pro-Western president will assume power
- Mexico is “in rough shape” for a variety of reasons; besides criminality, it should be noted that Mexico depends on oil revenues for 40% of government revenues
- Mexico is running out of oil and has about 9-10 years of production remaining in existing oil fields; while the country is looking for new sources of oil, deep-water drilling would be required, and Mexico lacks the expertise that is needed
- Colombia’s oil industry has been developed by people expelled from Venezuela
- Ecuador is experiencing chronic political instability and decay in government; for these and other reasons, the country – like Bolivia – is not realizing its potential in terms of oil production
- Brazil has the potential to become an oil “powerhouse,” with significant proven reserves, including some in deep water; significant investments will be needed, which could be problematic since there is pressure to engage in social spending in order to remove people from poverty
- the growth of Brazil’s middle class will lead to future prosperity for the United States and other countries

## **CANADA/US INTER-PARLIAMENTARY GROUP OBSERVATIONS AND PRIORITIES**

### **Gord Brown, *Member of the Canadian House of Commons***

- during the summer of 2011, members of the Canadian Section of the IPG attended national and regional meetings of governors and state legislators as well as two conferences perhaps best characterized as collaborations between the private and public sectors, including legislative decision makers

- in Ottawa in May 2011, BTA meeting participants were told that, unlike most years, the IPG would not be having its annual meeting in May; while the intent was to hold the meeting in September in St. John's, in part as a means by which to commemorate everything that residents of Newfoundland and Labrador did in September 2001 as planes were grounded after the terrorist attacks on September 11, 2001, the annual meeting was cancelled as a result of Hurricane Maria
- the Canadian Section's summer activities got under way in mid-June, when the Section was represented at the annual meeting of the Southeastern United States-Canadian Provinces (SEUS-CP) Alliance, which includes both legislators – led by US governors and provincial premiers from six states and seven provinces – and the private sector as key attendees
- the presence of the "CEOs" of the states and provinces lends a certain gravitas to SEUS-CP Alliance meetings, and provides the leadership needed to advance work on key priorities: "when governors and premiers speak, people listen – and act"
- the theme of the SEUS-CP Alliance conference in 2011 was "Innovate – Connect – Compete," which is important for the future prosperity of people and businesses in both Canada and the United States; innovation is key to continued prosperity, and we live in an increasingly competitive environment, notwithstanding the economic turmoil of the last three years
- the Canadian Section was also represented at the annual meeting of the Western Governors' Association, where Canada's Ambassador to the United States, Gary Doer, was an invited speaker; presentations on a number of issues that are important to both Canada and the United States, such as forest health and energy, were made
- another regional meeting of US governors was the next activity for members of the Canadian Section, with attendance at the annual meeting of the New England governors, who were joined by selected Canadian premiers; energy was among the key issues at the meeting, particularly Newfoundland and Labrador's Lower Churchill development, which has the potential to help meet the energy needs of the New England states and to improve the economic vitality of Eastern Canada
- in mid-July 2011, members of the Canadian Section attended three meetings that occurred at virtually the same time: the annual summer meeting of the National Governors Association (NGA) and two regional annual meetings involving the Council of State Governments, namely the Southern Legislative Conference (SLC) and the Midwest Legislative Conference (MLC)
- the NGA's meetings are important for the Canadian Section because of the key role that the governors play in making decisions that affect the health and prosperity of people, businesses and economies; since the 2010 mid-term elections, attendance at meetings of governors has been particularly important for the Section because a great many new governors have been elected and

some of them are unaware that Canada is the primary foreign export market for 35 US states, is the largest, most secure and most reliable supplier of energy, and is a key participant in terms of integrated companies and supply chains

- representatives of the Canadian Section also attended the annual meeting of the SLC, which is the only regional association of state legislators that has no provincial representation, even as associate members; this reality, coupled with the geographic distance of the southern states in relation to Canada, means that the SLC meeting provides Section members with an important opportunity to gain, first-hand, a sense of the issues that are important to the American South
- unlike the SLC, the MLC has a committee that is focussed on the bilateral relationship with Canada and, in the past, this committee has discussed such issues as the Western Hemisphere Travel Initiative and other topics of bilateral interest; this year, the committee discussed the Detroit River International Crossing
- representatives of the Canadian Section also attended the annual summit of the Pacific NorthWest Economic Region which, in some sense, is the Pacific Northwest counterpart to the SEUS-CP Alliance except that US governors and Canadian premiers typically do not attend its meetings; at the meeting, members of the Canadian Section spoke to summit participants about various elements of the perimeter security and economic competitiveness agenda announced by Prime Minister Harper and President Obama in February 2011, about how to engage the US Congress on the issue of this important agenda, and about a number of other border issues
- the Canadian Section also attended the annual meeting of the Council of State Governments-WEST (CSG-WEST) meeting, where a member of the Section spoke at the inaugural meeting of the Western Economic Development Committee; the topics discussed at this annual meeting – including international trade, health innovation, energy and economic turmoil, among others – are important to the western region of both Canada and the United States
- for the first time in its history, the annual meeting of CSG-WEST will be held outside the United States; the 2012 annual meeting will be held in Edmonton
- representatives of the Canadian Section participated in the annual meeting of the Council of State Governments-Eastern Regional Conference (ERC) where, like the MLC and the CSG-WEST, provincial participation occurs; energy was one of the key topics, including proposed plans for offshore wind projects in New England that have the potential to change the nature of Canada-US energy trade
- the Canadian Section also had the opportunity to speak at the Legislative Summit of the National Conference of State Legislatures (NCSL), in this case about the bilateral trade relationship between Canada and the United States, certain issues related to interprovincial and interterritorial trade in Canada, and engaging the US Congress on trade issues
- the NCSL Legislative Summit is typically attended by thousands of state legislators from throughout the United States, and dozens of presentations are

made over the course of four or five days on a range of policy areas – health, education, justice, energy, agriculture, the environment, financial services and trade, among others – that have relevance for both Canada and the United States; members of the Canadian Section always gain insights about best practices and policy ideas that may have application in Canada

- at the end of the summer, members of the Canadian Section attended the annual meeting of the Southern Governors Association, at which Ambassador Doer explained the importance of the Canada-US relationship; like the SEUS-CP Alliance annual meeting, a great deal of attention was paid to the issue of innovation, which is a key to prosperity in both countries
- during attendance at meetings that involved US governors and state legislators, members of the Canadian Section – during speaking opportunities and through more informal means – shared with Americans some of the key details about the bilateral relationship: about the estimated 8 million American jobs that depend on trade with Canada, about the 35 US states that have Canada as their primary foreign export destination, about Canada as the largest and most secure supplier of a range of energy sources to the United States, about the great many companies that are integrated across the border, and about our shared interest in a smoothly functioning common border, among other issues

**Michael L. MacDonald, *Member of the Canadian Senate***

- unfortunately, the IPG was unable to hold its 52nd Annual Meeting in St. John's, Newfoundland, as planned; however, with more than 50 years of history, it is hoped that the 52<sup>nd</sup> Annual Meeting can be rescheduled for some time in the coming weeks; the annual meeting provides an unparalleled opportunity to discuss issues of shared concern as well as to attempt to solve bilateral and international problems
- at the IPG's annual meeting, Canadian and American federal legislators discuss a range of economic and trade issues, such international concerns as areas where both nations work together in other countries and regions worldwide, and such transborder issues as North American energy security; as well, the personal relationships that are developed and nurtured are key in resolving problems as they arise
- in the latter half of October 2011, members of the Canadian Section will attend the annual meeting of the Council of State Governments, which is the national organization for the SLC, the ERC, the MLC and CSG-WEST; while almost all participants are state legislators from throughout the United States, it is usual for two governors to attend, since they play a leadership role as president and president-elect
- a key aspect of the 2011 CSG annual meeting will be the North American Summit, which is often a component of the CSG-WEST's annual meeting; the "elevation" of the Summit from the regional meeting in the West to the entire organization's annual meeting perhaps highlights the importance of the shared North American "space"



- the next major activities for the Canadian Section will occur early in 2012, when members of the Section will attend the winter meeting of the National Governors Association in Washington, following which the Section typically conducts Capitol Hill visits to “lobby” Congressional counterparts on issues of concern; in the past, the focus of these visits has been such topics as bovine spongiform encephalopathy, softwood lumber trade, border fees of various sorts, the Western Hemisphere Travel Initiative, bilateral energy trade and, more recently, the Buy American provisions that were included in the *American Recovery and Reinvestment Act of 2009* (ARRA)
- regarding the Buy American provisions in the ARRA, it is possible that past lobbying efforts by the Canadian Section, when combined with others that were urging an exemption for Canada, contributed to the agreement between Canada and the United States that was reached in February 2010; some are concerned that similar efforts may be required regarding the Buy American provisions that are included in the proposed American Jobs Act of 2011
- Buy American provisions hurt Canadian businesses and American businesses that rely on Canadian companies for business inputs as well as the US businesses that are integrated across the border; since businesses in the two countries make things together, policies that have negative effects on Canada and Canadian businesses can also have detrimental impacts on American businesses
- before undertaking Congressional visits, the Canadian Section typically conducts an “environmental scan” to identify the key areas where dialogue with Congressional counterparts could bear fruit, resulting in improvements for Canadians and Canadian businesses as well as for the Americans and American businesses with which the “North American economic space” is shared

## **RAIL UPDATE**

### **Bill Heffelfinger, *Sandler & Travis Trade Advisory Services, Inc.***

- rail traffic is rising
- the notion of perimeter security is welcome, since it is best to focus on the first point of entry into North America

### **Karen Phillips, *CN***

- about one third of CN’s revenues are associated with cross-border movements, and one third of the railway’s route network is in the United States
- 100% of rail cargo is scanned
- “getting more done” before arrival at the border will help to keep things moving better at the border
- rail is an inherently efficient, safe and secure mode of transport
- the goals should be fees that are appropriate in light of the security being provided, and regulatory, border and customs requirements that are harmonized

**Bruce Burrows, *Railway Association of Canada***

- the Canadian rail industry is a “significant player” on both sides of the border
- although rail is not a risky form of transport, the rail industry supports the notion of risk management
- with scarce resources, the focus should be on the riskier elements of the supply chain
- there needs to be continued vigilance about what happens at the border

**Jim Phillips, *Canadian/American Border Trade Alliance***

- less than 1% of those crossing the shared border between Canada and the United States are high risk
- trusted travellers and shippers should benefit from expedited movement across the shared border
- traffic crossing the border should be segmented according to risk
- cargo crossing the border should be pre-cleared in the same way that some air passengers are pre-cleared
- the two “gorillas” of debt and spending must be addressed in the United States
- in the United States, job growth is lagging economic growth
- in the near term, economics will dictate border management at the Canada-US border
- Canada and the United States are two sovereign nations, but they share the same vision and commitment, and there is no reason why the countries cannot find joint solutions while respecting differences and the right to be different
- security and economic activity are a single phenomenon, and both are needed

**ST. LAWRENCE SEAWAY CHALLENGES, ISSUES AND OPPORTUNITIES**

**Craig Middlebrook, *St. Lawrence Seaway Development Corporation***

- the St. Lawrence Seaway was established in 1959
- geography is destiny, and the St. Lawrence Seaway is a dynamic, binational trade corridor that is well-positioned for the future
- 13 of the 15 locks on the St. Lawrence Seaway are Canadian
- in 1997, there was a memorandum of understanding regarding the consolidation of all St. Lawrence Seaway-related inspections in Montreal; the US Coast Guard now has uniformed officers stationed in Montreal
- all ballast tanks are inspected in an effort to combat problems related to invasive species
- the Great Lakes St. Lawrence Seaway System is a single system and market, providing users with a seamless transit experience

- challenges that the St. Lawrence Seaway Development Corporation needs to address include:
  - attaining efficiencies in a multijurisdictional environment
  - air emissions, recognizing that the Canadian and American approaches to emissions control differ, and aquatic invasive species, in respect of which a joint inspection regime has existed since 2006 but there is a diversity of approaches to ballast water discharge standards
  - physical capacity constraints, including seasonality and the size of the locks
  - increasing awareness of how the St. Lawrence Seaway is integrated into supply chains
- opportunities for the St. Lawrence Seaway include:
  - high reliability
  - significant capital investments in infrastructure
  - reliable infrastructure
  - more aggressive advertising abroad and in North America
  - diversification of cargo markets

## **PERSPECTIVE OF THE U.S. HOUSE OF REPRESENTATIVES NORTHERN BORDER CAUCUS ON ISSUES AFFECTING THE US/CANADA BORDER**

### **Bill Owens, *Member of the US House of Representatives***

- Canada-US trade benefits both countries, and both countries are concerned about the movement of people and goods across the shared border
- border wait times are a key focus
- the United States is very, very concerned about security
- trusted traveller and shipper programs should be expanded
- services should be co-located
- technology should be used to the greatest extent possible

## **IMPORTANCE OF US RELATIONS WITH CANADA**

### **Lindsey Graham, *Member of the US Senate***

- Canada and the United States are tied together because they have to be due to geography; that said, the two countries are also tied together because they want to be
- the two countries share similar views about the rule of law, tolerance, democracy, free speech, freedom of the press, etc.
- energy, particularly the Canadian oil sands and the proposed Keystone XL pipeline, is a defining issue in the Canada-US relationship

- the footprint of Canada's oil sands is amazingly small, although the American environmental community is trying to make the oil sands the new Arctic National Wildlife Refuge
- the carbon content of Canada's oil sands is higher than anywhere else in the world, with the exception of California, but the sulphur content is relatively low
- Canada's oil companies are sensitive to the environment
- while support for the goal of a low-carbon economy is understandable, we must live in the real world; we may be as many as two generations away from transitioning to a no-fossil-fuel economy, and fossil fuels will be part of the energy mix for the foreseeable future
- Canada will sell its oil, and if the oil is not sold to the United States, it will probably be sold to China

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

<b>ASSOCIATION</b>	Canada-United States Inter-Parliamentary Group
<b>ACTIVITY</b>	Canadian/American Border Trade Alliance Conference
<b>DESTINATION</b>	Washington, D.C., United States of America
<b>DATES</b>	October 2-4, 2011
<b>DELEGATION</b>	
SENATE	Hon. Michael L. MacDonald, Senator, Vice- Chair
HOUSE OF COMMONS	Mr. Gord Brown, M.P., Co-Chair
STAFF	Ms. June Dewetering, Senior Advisor
<b>TRANSPORTATION</b>	<b>\$3,942.33</b>
<b>ACCOMMODATION</b>	<b>\$2,627.36</b>
<b>HOSPITALITY</b>	<b>\$Ø</b>
<b>PER DIEMS</b>	<b>\$249.76</b>
<b>OFFICIAL GIFTS</b>	<b>\$Ø</b>
<b>MISCELLANEOUS/REGISTRATION FEES</b>	<b>\$592.68</b>
<b>TOTAL</b>	<b>\$7,412.13</b>