

Canada - United States
Inter-Parliamentary Group
Canadian Section



Groupe interparlementaire
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Section canadienne

**Report of the Canadian Parliamentary Delegation
respecting its participation at the Pacific NorthWest
Economic Region (PNWER) 25th Annual Summit**

Canada–United States Inter-Parliamentary Group

**Big Sky, Montana, United States of America
12–16 July 2015**

Report

DELEGATION MEMBERS AND STAFF

From 12–16 July 2015, the Canadian Section of the Canada–United States Inter-Parliamentary Group (IPG) was represented at the 25th annual summit of the Pacific NorthWest Economic Region (PNWER) by Senator Daniel Lang and Mr. Tarik Brahmi, M.P. The meeting was held in Big Sky, Montana. The delegation was accompanied by the Canadian Section’s Senior Advisor, Ms. June Dewetering.

THE EVENT

PNWER, which was created in 1991, is a statutory, bi-national public-private partnership composed of five U.S. states – Alaska, Idaho, Montana, Oregon and Washington – and, in Canada, three provinces and two territories – Alberta, British Columbia, Saskatchewan, Yukon and the Northwest Territories. It has two meetings each year: its annual summit in the summer, and its economic leadership forum in the fall.

The aims of the organization are to:

- promote greater regional collaboration;
- enhance the competitiveness of the Pacific Northwest region in domestic and international markets;
- leverage regional influence in Ottawa and Washington, D.C.; and
- achieve continued economic growth while maintaining the region’s natural environment.

DELEGATION OBJECTIVES AT THE EVENT

The 2015 annual summit covered a range of bilateral topics, including issues in relation to the Canada–U.S. border, the environment, trade, agriculture, energy, water, economic development, innovation, invasive species, workforce development, tourism, transportation and the Arctic.

Delegates considered attendance at the summit to be an important opportunity to meet with state and provincial legislators, as well as with representatives of the private sector from a number of jurisdictions. In their view, their discussions enabled them to enhance Canada–U.S. relations and to provide a sound basis for working on issues that are common to both countries. The Canadian Section anticipates that its participation at the annual summit will continue.

At PNWER’s 2015 annual summit, Senator Lang spoke about the Standing Senate Committee on National Security and Defence’s recent study on the topic of terrorism.

ACTIVITIES AT THE EVENT

PNWER's 2015 annual summit involved policy tours, keynote addresses and policy sessions on a number of topics, including the following:

- agriculture
- the Arctic
- Canada–U.S. border
- cross-border livestock health
- cyber-security
- disaster resilience
- economic development
- energy
- the environment
- forestry
- higher education
- innovation
- invasive species
- market access
- mining
- public-private partnerships
- tourism
- trade
- transportation
- water
- workforce development.

This report summarizes the presentations that were made at the keynote and selected concurrent policy sessions.

KEYNOTE BREAKFAST

Matt Rose, *BNSF Railway Corporation*

- Collaboration among key supply chain components contributes to regional economic success; moreover, efficient supply chains enhance competitiveness in global markets.
- Railways are a key component of the strong transportation networks and supply chains that are vital for competitiveness.
- Railways connect regions and countries.
- Following volume declines during the Great Recession, rail volume grew over the 2010–2014 period.
- The mix of commodities being transported by rail is changing.
- Rail movements of agricultural products are volatile; for example, droughts affect such movements.
- In order to take advantage of opportunities, investments in infrastructure are needed across supply chains.
- Environmental reviews should be fair, objective and timely.
- The trucking sector is facing multiple challenges.

EMERGING THREATS IN CYBER SECURITY

Randy Middlebrook, *U.S. Department of Homeland Security*

- It is important to identify critical assets and vulnerabilities, as well as options to protect these assets.
- A great deal remains to be done in protecting key infrastructure.
- Both physical security and cyber security are important.
- Partnerships should be fostered in order to improve security.
- The U.S. Department of Homeland Security and its partners have tools that can assess companies' information technology systems.
- As it is not possible to “keep up with” hackers, the focus is risk management.
- It is not possible to protect everything all of the time.
- Governments recruit hackers for the following reason: if you know how to “get in,” you have ideas about actions that could prevent intrusions.

Brett Lloyd, *Domestic Preparedness Assistance Center*

- The existence of plans, strategies, equipment, etc. is not enough; staff must be relied upon to follow the plans, execute the strategies and use the equipment properly.
- In relation to cybersecurity, the human factor is the greatest risk.
- Risks and vulnerabilities are often linked to the actions of people, such as leaving passwords on sheets of paper, not logging off when leaving the computer, etc.; on occasion, people do not follow the procedures that are designed to provide security.

Nathan Shoop, *Zoot Enterprises, Inc.*

- According to former Secretary of Defense Donald Rumsfeld, there are known knowns, unknown knowns and unknown unknowns.
- Security must be balanced with commerce.
- Staff should be aware of threats and of how to avoid being compromised.
- Good coding practices in software could help to “close back doors.”

Brad Richy, *Idaho Bureau of Homeland Security*

- In thinking about security, an important consideration is the cost of not being able to do business every day.
- Employees may be concerned about identifying a data breach, as doing so could compromise their employment.
- Each state should have an emergency response plan, with areas of responsibility clearly outlined.
- Internal controls are important, including in respect of the individuals who can access data and limitations on data that can be accessed.
- Data intrusions can exist for years without being identified.
- If a password has fewer than 12 characters, an elementary school child can figure the password out in less than one minute.
- Various pieces of information can be aggregated from a variety of sources to build a profile of someone.

DRONES, BODY CAMERAS AND THE LAW

John Gordnier, *Practical Solutions Intelligence Law*

- Both the United States and Canada are examining digital privacy in the context of storing, accessing, using and sharing information.
- Neither the U.S. constitution nor the Canadian constitution contains the term “privacy”; instead, privacy is an implied right, although there are questions about the meaning of “privacy” in the digital age.
- Information is “sliced and diced” according to the needs of those who have the information.
- A robust “retain/purge” policy is needed regarding data that are stored.
- People should do research on their technology-related service providers.
- Drones are gathering significant amounts of data, and they can remain in the air two to three times as long as a surveillance plane.
- While drones have beneficial public and private uses, there are significant privacy concerns.

CANADIAN SENATE REPORT ON TERRORISM

Senator Daniel Lang, *Senate of Canada*

- Terrorism is affecting the western world, and this reality prompted a study on the topic by the Standing Senate Committee on National Security and Defence; the study occurred over the course of nine months of hearings, during which the Committee heard from more than 100 witnesses.
- At the beginning of its terrorism study, the Committee was told that Canadians had been directly or indirectly involved in terrorist activities, had taken efforts to travel to the Middle East for terrorist purposes, had been involved in terrorist activities overseas, and had returned to Canada after engaging in terrorist activities.
- During its hearings, the Committee learned that the Financial Transactions and Reports Analysis Centre of Canada had identified 683 “terrorist financing” transactions, and that the Canada Revenue Agency had revoked the certification of up to eight charitable organizations because of terrorist activities.
- Technology is a double-edged sword; while technology has benefits, terrorists are using technology too.
- It is important to balance security and civil rights.
- The reasons for radicalization need to be confronted.

KEYNOTE LUNCHEON

Governor Steve Bullock, *State of Montana*

- There is a need to look beyond ourselves, and to form partnerships and relationships; in working together, people and organizations can be more effective.
- There needs to be a reduced focus on artificial distinctions, such as borders, and countries should work together to enhance – and capitalize on – economic opportunities.
- Politicians should set politics aside and focus on what really matters to citizens.
- A plan is only as good as its implementation.

REGIONAL TRANSPORTATION CHALLENGES IMPACTING AGRICULTURE MARKETS

Leslie Blakey, *Coalition for America's Gateways and Trade Corridors*

- Many goods, including agricultural products, are transported by rail; these products are also being transported using other modes.
- Transportation systems must work efficiently and cost-effectively in moving goods throughout a country, as well as in bringing goods into – and moving goods out of – a country.
- As exporters or importers, access to foreign markets requires seamless, cost-effective multi-modal transportation networks.
- To maintain the country's competitiveness, the United States needs a national freight strategy.
- Connectivity among transportation modes is critically important.
- Public-private partnerships are a good financing option for transportation infrastructure.
- Long wait times at shared borders can harm productivity.

John Youngberg, *Montana Farm Bureau Federation*

- It is important to be able to get goods to domestic and foreign markets.
- Infrastructure investments, and infrastructure revenue streams, are important.
- An absence of transportation bottlenecks should be a goal.
- The impact on transportation of the Canadian Wheat Board's dissolution is not yet entirely clear.

Minister Lyle Stewart, *Government of Saskatchewan*

- There should be a long-term, sustainable plan for transportation.
- Transportation constraints can lead to losses, and can damage companies' and countries' reputations.
- Companies need to be able to move their products to export positions in a consistent, dependable and predictable way.
- Canada's rail system needs modernized regulations; as well, the system must be able to accommodate growth in commodity exports.
- The New West Partnership will be helpful in resolving transportation challenges.

CROSS-BORDER HARMONIZATION

Kim Falcon, *Montana Department of Agriculture*

- Some agricultural products move fairly freely across the Canada–U.S. border; for other products, there are difficulties resulting from grading differences, and sanitary and phytosanitary restrictions.
- Any limitations or restrictions on the cross-border movement of agricultural goods should be based on sound science.
- The varietal registration system should be streamlined.

Keith Mussar, *Canadian Association of Importers and Exporters*

- In recent years, both Canada and the United States have made substantial changes to their food safety laws and regulations.
- The U.S. *Food Safety Modernization Act* differs from Canada's *Safe Foods for Canadians Act*; although their goals are the same, the statutes meet these common goals in very different ways.
- Canada and the United States are each other's most important agri-food trading partner.
- The United States and New Zealand have a food safety recognition agreement; the United States and Canada are working on a similar agreement.

SOCIAL LICENSE ISSUES IMPACTING THE AGRICULTURE SECTOR

Shelley Jones, *Saskatchewan Ministry of Agriculture*

- People deserve to know where their food comes from and how it was produced; everyone values healthy, affordable food.
- An important question is: what is the government's role in building public trust about agriculture?

- According to the notion of “social licence,” it is important to do what the public thinks is “the right thing,” rather than what the law requires be done.
- Growth requires a social licence, and a social licence is built on trust; it takes great effort to build trust, and it can be lost in an instant.
- Governments have a role to play in improving the public’s perception of agriculture, making decisions based on science, addressing threats, and exploring and maximizing opportunities.
- It is important to foster an improved understanding of what is done, why it is done and why it is done in a particular way.
- Agricultural producers need to be proactive rather than reactive.
- With rising urbanization, people are increasingly distant from agricultural and food production.

John Youngberg, *Montana Farm Bureau Federation*

- Decisions should be based on science.
- “Sustainability” started as a marketing tool, but definitions of the term “sustainable” differ.
- It is important to educate people about agriculture and agricultural practices.

KEYNOTE BREAKFAST

Ambassador Bruce Heyman, *U.S. Department of State*

- The first step in solving a problem is admitting that a problem exists.
- With an increasing frequency of wildfires and droughts in the United States and Canada, as well as melting ice caps and less predictable weather patterns, there is a need to go beyond admitting the existence of climate change to doing something about it; countries have an obligation to act.
- Climate change is leading to the extinction of some species, water shortages, less predictable weather patterns, and melting ice caps that are leading to rising sea levels.
- In relation to climate change, a sense of collective urgency and a commitment to meeting climate change challenges are needed.
- The solution to climate change is energy policy.
- The jobs of the future are tied to the green economy.
- It seems that, daily, people are doing things that were once thought to be impossible; consider, for example, Apple’s watch.

- With technological change, existing approaches become obsolete; there is a need to evolve or “die,” and the “never been done before” ideas need to become realities.
- To be a meaningful part of the future, the United States must innovate and invest aggressively in research and development.
- Canada and the United States are more connected than ever before, and their relationship is deep, abiding, and unequalled in proportion and depth.
- There are cultural differences between the United States and Canada in relation to privacy and the sharing of information.
- Border security must be balanced with ease of movement across shared borders.
- As a conduit for goods and people, borders are vital “economic infrastructure,” and a strategic focus on border-related infrastructure, investments, priorities and financing is needed.
- Of the approximately 120 crossings along the United States’ northern border with Canada, about one half account for 5% of traffic, and 80% of the traffic passes through about 20% of the ports of entry; technology should be used to examine the movement patterns of, as well as to expedite the movement of, goods and people.
- Pre-inspection helps to reduce wait times, and efforts should be directed to ensuring that – to the extent possible – inspection occurs once on behalf of both countries.
- Regarding fees, including those imposed by the U.S. Animal and Plant Health Inspection Service, it should be recognized that user fees are an important revenue source when budget constraints exist.
- A Trans-Pacific Partnership agreement would create a pacific marketplace unparalleled in history, and the agreement would provide consumers with more choices at lower cost; there would also be technological benefits.

WHERE ARE WE IN THE BEYOND THE BORDER PROCESS?

Deborah Meyers, *U.S. Department of Homeland Security*

- Much has happened since the February 2011 release of the Beyond the Border (BTB) Action Plan, which is a shared vision for the Canada–U.S. border; annual implementation reports ensure the transparency of, and accountability for, results.
- Some of the BTB initiatives were ambitious and visionary, and started with pilot projects so that lessons could be learned before broader implementation.
- Immediately following the terrorist attacks of 11 September 2001, the 49th parallel was the focus; the BTB Action Plan looks beyond the border.

- Threats exist in each country, and efforts should be directed to ensuring the security and resilience of the “space” that the United States and Canada share.
- The United States and Canada now have improved sharing of information and, increasingly, the view is that both countries should know what one country knows.
- Threats should be addressed as early as possible, and the goal should be that goods that are inspected once are cleared twice.
- Pre-clearance would be beneficial for the air, land, rail and maritime environments.

Ben Lones, *Canadian Privy Council Office*

- Both Canada and the United States have made investments in the shared border; in the former, the investments have often been made by the federal government, while the states have frequently been the investors in the latter country.
- A great deal of progress has been made since the February 2011 release of the BTB Action Plan, which has a perimeter approach.
- In relation to the BTB Action Plan, the identification of specific deliverables with precise deadlines is a sound approach.
- The vision of “inspect once, clear twice” is sound.
- It is important to institutionalize border management mechanisms.
- The border must not be an impediment to growth in tourism.

PNWER PRE-CLEARANCE IMPLEMENTATION TASK FORCE

Alroy Chan, *Rocky Mountaineer*

- Pre-clearance is an important initiative for expediting the movement of people.
- In order to operate a pre-clearance facility, specific requirements must be met.

Rob Eaton, *Amtrak*

- No one will want to cross the border if it takes too long to complete the customs process.
- Pre-inspection “works.”

CASE STUDY ON A SPECIFIC BORDER ISSUE

Sarah Swanson Partridge, *Farm Equipment Sales*

- The agricultural economy is changing daily; there is a focus on producing locally to feed globally, and a doubling of food output is needed over the next 15 years in order to feed the world.
- An increasing amount of paperwork is required in order for agricultural products to cross the border between the United States and Canada.
- The implementation of rules, regulations and requirements seems to change from day to day, and consistency is needed over time and across ports of entry.
- As seeding, harvesting, etc. must occur at specific times, agricultural producers cannot afford the time delays associated with waiting for parts for their farm equipment.

BORDERS IN GLOBALIZATION (BIG)

Laurie Trautman, *Western Washington University*

- Borders are thought of as territorially based, but the meaning of the term “border” is changing in a globalized world.
- Pre-clearance is an important tool for expediting the movement of passengers across the Canada–U.S. border.

INLAND BORDER ISSUES IMPACTING ALBERTA AND MONTANA

Geoffrey Hale, *University of Lethbridge*

- The Canada–U.S. border is very spread out and, in some regions, sparsely populated.
- Some people cross the Canada–U.S. border daily.
- Businesses are facing regulatory “overload” in situations where regulations in Canada and the United States are not the same.
- Border crossings are characterized by variability and seasonality.
- With continuing problems in relation to such things as the United States’ country-of-origin labelling (COOL) requirements, “political static” is impeding a focus on food safety.
- Better data are needed to inform decisions.

KEYNOTE PANEL: UTILITY 3.0

Robin Bedilion, *Electric Power Research Institute*

- Electricity that is affordable, reliable, safe and environmental is an important goal.
- The electric power system is transforming, with changes in generation and in consumer demand for electric vehicles, smart thermostats, etc.

Edward Comer, *Edison Electric Institute*

- Consumers have individualized wants and needs in relation to how they use their power systems.
- Consumers now have more energy options; for example, they can install solar panels.
- Change is under way from a one-way system to at least a two-way system; there will be people who both buy and sell-back electricity.
- Large-scale generation results in lower-cost clean power.
- As technology changes, the utility rate-making system will have to evolve; utilities, which face regulatory costs, will have more competition from suppliers that do not have these costs.
- The market penetration of smart meters is rising.
- Electricity is important to everything that happens in the economy.

KEYNOTE BREAKFAST

Sam Schulhofer-Wohl, *Federal Reserve Bank of Minneapolis*

- In the United States, the “All Items” inflation rate has been less than the 2% target rate for more than three years, and “core” inflation has been below the same target rate for almost all of the last six years; most forecasters expect inflation to be less than 2% for the next few years.
- Although the U.S. unemployment rate has fallen substantially since the peak of the last recession, the rate excludes discouraged workers.
- Forecasters expect the U.S. economic growth rate to be moderate over the next few years.
- The United States and Canada experience the same economic shocks, and must contend with the same global forces.
- Human capital acquisition is important, and educational attainment – which has a high return on investment – is rising among Americans and, especially, Canadians; that said, there is capacity for raising average skill levels, as many do not complete high school or college.

- The demand for skilled workers is growing increasingly rapidly; that said, computers can be programmed to do highly skilled routine tasks, such as taking someone's blood pressure.
- Automation makes workers more productive, as it frees them to perform other tasks.
- In the long run, economic growth is mainly the result of innovation, and ideas are generated by people; education helps to produce innovation.

A PRIMER ON PUBLIC PRIVATE PARTNERSHIPS

Mark Romoff, *Canadian Council for Public-Private Partnerships*

- Every country has infrastructure challenges, and investments in infrastructure must occur despite fiscal constraints; infrastructure investments create jobs, enable competitiveness, raise the standard of living, etc.
- Public-private partnerships (P3s) integrate design, construction, financing and maintenance into a single "entity" or undertaking, and risk is allocated to the party that is best able to assume it; that said, as P3s are not a panacea, they should be pursued only when the conditions are "right."
- P3 projects are generally delivered on time/early and on budget/under budget, and at less cost and less risk than would otherwise be the case.
- P3s, which are often used in transportation and health care, are outcome-focused arrangements where the payment system incents "good behaviour."
- A variety of factors contribute to the success of P3 projects, including a commitment by governments, a strong legal framework, the assurance of value for money, and procurement that is competitive, efficient, transparent and fair.
- P3 projects have existed in Canada for more than two decades, and more than one half of the P3s in Canada are in Ontario.

THE P3 EXPERIENCE: PERSPECTIVES ON THE BENEFITS AND IMPLEMENTATION OF PUBLIC PRIVATE PARTNERSHIPS

Mark Liedemann, *Partnerships BC*

- Some provinces, including British Columbia, have P3 agencies.
- One benefit of a P3 project is certainty of delivery, and the project is typically completed on time and on budget.
- As P3s are not privatizations, government ownership of assets that have involved a P3 model is important.
- Planning for life-cycle maintenance is important, and is an element of ensuring value for money.

- As the cost of private financing typically exceeds the cost of public financing, efforts should be directed to optimizing – rather than maximizing – private financing.

Bob Rowe, *Northwestern Energy*

- Everyone has infrastructure challenges.
- As everyone has different interests, interests must be aligned.

Tesse Rasmussen, *HDR*

- A P3 may or may not be the best model for a particular project; the decision should be made on a case-by-case basis.
- Challenges to implementing P3 projects include a lack of understanding of the P3 model by the public, a requirement that funding be provided at some point, and the need for a long-term commitment, which is inconsistent with the election cycle.
- Although every P3 project is different, certain things – such as documentation – can be standardized.
- “Fatal flaw” analysis can be used when assessing the suitability of a particular project for the P3 model.

CASE STUDY OF PUBLIC PRIVATE PARTNERSHIPS: TRANSPORTATION

Arun Eapen, *SNC Lavalin Capital Inc.*

- With P3 projects, the transfer of risk must be appropriate; in particular, risk should be transferred to the party that is best able to bear it, with risks that are outside of the private sector’s control either shared or retained by the public sector.
- P3s “work”; in Canada’s 20-year history with P3s, no project has gone bankrupt and the norm for P3 projects is on-time and on-budget delivery.
- A “healthy pipeline” of projects is needed in order that the private sector can “staff up” appropriately.

CASE STUDY OF PUBLIC PRIVATE PARTNERSHIPS: WATER

Rick Adcock, *MWH Infrastructure Development, Inc.*

- Water projects, which are often undertaken by municipalities, are typically smaller than transportation projects, which are frequently undertaken by state and federal governments.
- Canada has a well-functioning P3 market.

- When financing water projects, the cost of capital “hurdle” must be overcome; with a P3 model, municipalities can leverage capital, transfer risk, and increase the chance that a project will be completed on time and on budget.

KEYNOTE LUNCHEON

Dennis Stevens, *Foreign Affairs, Trade and Development Canada*

- Americans think of Canadians as their next door neighbour, and Canada and the United States are not just neighbours on a map; the two countries are neighbours at the personal level too.
- The “quality” of the Canada–U.S. partnership in the future will be based on choices that are being made today, and there are myriad opportunities to keep advancing the bilateral relationship.
- By embracing free trade through the *North American Free Trade Agreement*, positive outcomes have been achieved for the three North American countries, and Canada gained the confidence that it could compete globally.
- A number of observers are suggesting that there is a need to solidify and strengthen the North American partnership in order to succeed in the world.
- Energy and the environment present great opportunities for North America, and North American energy independence is possible.
- The BTB Action Plan is a transformative vision that fundamentally changes the way the Canada–U.S. border is managed; the Regulatory Cooperation Council Action Plan achieves similar goals regarding the way in which regulations are made.
- In terms of bilateral irritants between Canada and the United States, “Buy American” provisions should be avoided and the United States’ COOL requirements should be repealed.
- Canada stands “shoulder to shoulder” with the United States in Iraq, Afghanistan and the Arctic, and in fighting against the Islamic State of Iraq and the Levant.

IMPORT AND EXPORT POLICIES REGARDING LIVESTOCK

Michael Latimer, *Canada Beef Breeders Council*

- With the modernization of the Canadian Food Inspection Agency (CFIA), there is now a centralized model for issuing import permits for livestock and genetic material from a number of species.
- Prior to the modernization of the CFIA, permits were issued by regional offices and often within five days.

UPDATE ON VETERINARY EXPORT HEALTH CERTIFICATION SYSTEM

Antonio Ramierez, *U.S. Department of Agriculture*

- The United States is working with its trading partners on paperless systems in a number of areas, including veterinary export health certificates.
- Efforts are being directed to standardizing the collection of exported live animal data, creating a standard and globally accepted export health certificate, replacing manual procedures with e-procedures, and establishing a database to enable analytics and reporting.

Respectfully submitted,

Hon. Janis 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	Pacific NorthWest Economic Region (PNWER) 25 th Annual Summit
DESTINATION	Big Sky, Montana, United States of America
DATES	12–16 July 2015
DELEGATION	
SENATE	The Hon. Daniel Lang, Senator
HOUSE OF COMMONS	Mr. Tarik Brahmi, M.P.
STAFF	Ms. June Dewetering, Senior Advisor
TRANSPORTATION	\$ 5,720.62
ACCOMMODATION	\$ 3,173.84
HOSPITALITY	\$ 0.00
PER DIEMS	\$ 950.76
OFFICIAL GIFTS	\$ 0.00
MISCELLANEOUS / REGISTRATION FEES	\$ 2,565.55
TOTAL	\$12,410.77