

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 65th Annual Meeting of the
Midwestern Legislative Conference - Council of States
Governments**

Canada-United States Inter-Parliamentary Group

**Toronto, Ontario, Canada
August 8-11, 2010**

Report

DELEGATION MEMEBERS AND STAFF

From August 8-11, 2010, the Honourable Judy Sgro, P.C., M.P., who is Vice-Chair of the Canada-United States Inter-Parliamentary Group (IPG), led a delegation of members of the Canadian Section of the IPG to the 65th Annual Meeting of the Midwestern Legislative Conference (MLC) in Toronto, Ontario. The other members of the delegation were the Honourable Senator Art Eggleton, P.C., Mr. Jim Maloway, M.P., and Mr. Jeff Watson, M.P., Vice-Chair of the IPG.

THE EVENT

The MLC, which holds a meeting annually, is a regional association of state legislators from 11 US states, and includes provincial legislators from 3 affiliate Canadian provinces (see Appendix A). The purpose of the MLC is to foster regional intergovernmental cooperation in the US Midwest through the joint consideration of common problems, the exchange of information and ideas, the sharing of knowledge and experience, and, as appropriate, the pursuit of collaborative efforts to improve state government.

DELEGATION OBJECTIVES FOR THE EVENT

Canada and the 11 MLC states share a mutually beneficial relationship. According to recent figures, nearly 1.5 million jobs in MLC states rely on Canada-US trade, which was recently valued at \$226.4 billion for the region: more than \$86 billion was exported from the 11 states to Canada in a 12-month period, while imports from Canada to the MLC states exceeded \$140 billion in the same period. Furthermore, recent data suggest that Canadians made about 4.5 million visits to the MLC states in a 12-month period and spent almost \$1.2 billion, while residents of the MLC states made about 3.5 million visits to Canada and spent more than \$1.5 billion.

The Canada-United States Inter-Parliamentary Group aims to find points of convergence in respective national policies, to initiate dialogue on points of divergence, to encourage the exchange of information and to promote better understanding among legislators on shared issues of concern. Members of the Canadian Section of the IPG meet regularly with their federal counterparts and, in recent years, have attended meetings of governors and state legislators. At these events, Canadian delegates take the opportunity to engage in the conversations that will help achieve the Group's objectives, and to communicate the nature and scope of the bilateral relationship.

Delegates found the 2010 annual meeting of the MLC to be a valuable opportunity to discuss the numerous opportunities for Canada and the US Midwest to collaborate on improving regional trade links, especially agricultural trade. Furthermore, the delegates benefited from discussions focused on a variety of policy areas, including healthcare and water policy in the Great Lakes region. Feeling that members of the Canadian Section of the Group were able to achieve their objectives for the event, the IPG intends to attend future annual meetings of the MLC to continue its work in advocating Canadian interests in the US Midwest.

ACTIVITIES DURING THE EVENT

During the 2010 annual meeting, the MLC dealt with a number of topics, including trade, agriculture, water policy and healthcare. The Canadian delegation was pleased to discuss a variety of regional issues of national importance for Canada and the United States. The delegation especially benefited from discussions on the numerous opportunities for Canada and the US Midwest to collaborate on improving regional trade links, creating a stronger policy framework for water management in the Great Lakes region, and transitioning the region's economy with a view to establishing a more competitive presence in a changing global economic environment. The delegation was also pleased to share some of Canada's health care experiences with representatives from the US, and hopes to continue to play an advisory role as the US health care reform advances.

This report summarizes the plenary and selected concurrent discussions that occurred at the meeting.

CANADA-US TRADE RELATIONS

Discussions on Canada-US relations highlighted the importance of trade between Canada and the United States. Some speakers pointed out that the two countries are "production partners" rather than just "trade partners." During the production process, some products cross the Canada-US border numerous times at different production stages, making it impossible, in some cases, to determine whether a product is "Canadian" or "American". Furthermore, it was pointed out that the value of Canada-US trade may be underestimated due to the involvement of other countries in the production of many American and Canadian products (e.g., an American product manufactured in China and sold in Canada). These products are not always reflected in Canada-US trade statistics, which suggests a possible underestimation of the trade between the two countries.

Participants identified a number of impediments to Canada-US trade, including:

- the absence of a North American Free Trade Agreement (NAFTA) institution to protect trade gains;
- regulatory differences, which result in duplicate administrative processes and reduce the efficiency of bilateral production and trade;
- border thickening, primarily resulting from security concerns, which increases the administrative costs of bilateral trade;
- the asymmetrical trade between the two countries since approximately 30% of Canadian gross domestic product (GDP) is linked to US markets, while about 2.6% of US GDP is linked to Canadian markets; and
- protectionist sentiments on both sides of the border.

It was pointed out that regulatory differences between Canada and the US can sometimes lead to higher prices for consumers resulting from higher costs for producers. For example, since the American market is relatively larger, the automotive industry first manufactures products to meet US specifications and then, in order to sell to Canadian markets, retrofits the same products to Canadian standards. The cost of

the retrofit is typically borne by Canadian consumers in the form of relatively higher prices. Participants outlined the importance of further cooperation between Canada and the US in order to harmonize monitoring and trading regulations between the two countries. It was pointed out that all new policies need to be broad enough to embrace progress and scientific advancement; they must also allow enough flexibility to account for the complex nature of a changing global economic environment.

AGRICULTURE AND FOOD

A number of speakers emphasized the mutual dependency of Canada and the United States on their bilateral trade, particularly in the agricultural and food sector. It was pointed out that the volatility of the global food industry and the emergence of new competitors in the global marketplace reinforce the benefits of collaboration between the two countries. Mr. Len Penner, President of Cargill Limited, argued that, considering that the majority of the world's population growth is outside North America, it would be beneficial for North America to emerge as an international trading block in agricultural and food products.

Participants discussed a number of trade barriers facing the agricultural and food sector. It was pointed out that the regulatory differences between both countries are becoming more pronounced due to the increasing demand for regulation in response to societal concerns about safety, health and the environment. For example, the local-versus-global (or 100-mile) debate, the organic movement, and concerns over animal welfare and sustainable farming practices have contributed to a growing demand for regulation in the agricultural and food sector. Furthermore, non-compliance with trade agreement rules was identified as a disruptive factor that can cause domestic political forces to interfere with obligations in international trade agreements.

Participants identified a number of ways to improve the trade provisions for the agricultural and food sector. Some speakers called for less prescriptive and more science-based policy as well as a stronger emphasis on research and development (R&D) in the sector. Mr. Penner emphasized the potential for North America to lead the way in science and R&D with a view to establishing new best practices (e.g., pathogen reduction/elimination, which is critical for food safety).

It was generally agreed that both countries have an interest in reducing the barriers facing trade in agricultural and food products. Participants agreed that there is a need for further collaboration between Canada and the US to promote a more compatible regulatory environment, including mutual recognition of the other country's regulations, further harmonization of monitoring and trading regulations and standards, and a common approach to future regulation. Mr. Don Butler, Director of Government Relations at Murphy-Brown, also called on industry to take the initiative in identifying the main challenges that need to be addressed to promote collaboration.

WATER POLICY AND THE GREAT LAKES

Discussions on water policy covered a wide range of issues, particularly in relation to water quality and conservation in the Great Lakes region. Most participants agreed that land-use is a critical factor in the allocation and management of water resources. Consequently, it was generally accepted that water management needs to become an

integral part of land-use planning. Furthermore, participants expressed concerns over groundwater extraction, pointing out that the current rate of extraction is unsustainable and is expected to threaten groundwater irrigation and food security in the future.

It was widely agreed that, for both Canada and the United States, the Great Lakes constitute valuable environmental and economic assets that must be protected. Mr. Ralph Pentland, Acting Chair of the Canadian Water Issues Council, pointed out a number of “new” concerns related to the Great Lakes, including:

- new toxic chemicals in fish and sediments, including fire retardants, plasticizers, pharmaceuticals and personal care products that likely pose a risk to human health, fish and wildlife;
- the increasing rate at which mercury is being released from coal-fired generating stations into water resources;
- non-native species, which are increasingly threatening to upset the balance in biological systems and water chemistry;
- continued airborne emissions of potentially carcinogenic chemicals, many of which end up in the Great Lakes; and
- new challenges facing the Great Lakes due to climate change (e.g., warmer waters are leading to longer periods of dead zones in bottom waters (or anoxic conditions), and more intense storms are leading to increased erosion and pollution from farmlands).

It was pointed out that Canada and the United States must cooperate further on increasing the resiliency of aquatic ecosystems in order to protect the environmental and economic value of the Great Lakes. Three basic principles to water management were identified:

1. keeping as much water as possible in its natural drainage basins;
2. minimizing the impact of water pollution; and
3. increasing the efficiency of water usage to the extent possible.

Furthermore, participants agreed that Canada-US negotiations on a revised Great Lakes Water Quality Agreement are critically important in such a complex, multi-jurisdictional policy area. It was pointed out that all levels of government (local, regional, state/provincial and federal) must play their role for the negotiations to succeed.

HEALTH CARE

Discussions on health care focused mainly on the general challenges facing US states in the implementation of the *Affordable Care Act* (ACA). In particular, speakers emphasized the extensive coordination efforts and policy changes required to advance health care reform across the United States. Canadian speakers discussed Canada’s health care experiences, and shared various lessons that may be useful to the United States in implementing health care reform.

Participants generally agreed that preventative practices (in addition to treatment) are critical to achieve high-quality health care for the long term. Dr. Howard Koh, Assistant Secretary for Health at the US Department of Health and Human Services, discussed

the importance of prevention for both individuals and communities, pointing out that individual health is a critical factor in the overall health of any community. He stated that the overall goal of health care providers is to help individuals attain their “highest attainable standard of health,” and emphasized the need for community-level programs on health issues (e.g., obesity and smoking) in addition to health care for individuals.

Dr. Raisa Deber, Professor at the Department of Health Policy, Management and Evaluation at the University of Toronto, discussed some of the challenges facing health care in Canada, particularly the tendency to provide too much health care in an effort to improve access to health services, which has contributed to long wait times and other service difficulties for patients. She pointed out that many of these issues could be avoided by focusing more on improving the efficiency of the health care system rather than providing more funding to deal with the various problems. Ms. Cathy Schoen, Senior Vice President of the Commonwealth Fund, pointed out that the efficiency of the health care systems in both Canada and the US could be improved by considering the approaches that are taken in other countries. For example, she mentioned Denmark, which has introduced after-hour care arrangements as well as email visits and consultations to reduce unnecessary visits to emergency rooms and to increase the overall efficiency of the Danish health care system. According to Ms. Schoen, the result has been more timely access to doctors as well as reduced administrative burdens and paper work for health care providers.

It was pointed out that health care is a policy area where US states could benefit from stronger partnerships with those with knowledge of other health care systems worldwide. Furthermore, innovation and R&D were identified as key areas of cooperation between Canada and the United States as the countries work to establish a more competitive North American presence in global markets for health products and technologies.

TRANSFORMING THE REGIONAL ECONOMY

Looking forward, participants discussed ways to transform the regional economy of Midwestern US states and Canadian provinces in order to have a more competitive presence in the global economy. Mr. Jim Milway, Executive Director of the Institute for Competitiveness and Prosperity, emphasized the importance of understanding the basis of the region’s strengths and of being well-positioned to benefit from emerging economies, such as China and India. Mr. Milway pointed out that, in the present technological age, advanced education and skills are highly valued assets and are areas in which North America can excel. It was generally agreed that North America is relatively well-positioned to compete as a knowledge-based economy. However, it was also pointed out that there needs to be greater focus on foundational skills and technical training in order to balance the increasing emphasis on “higher-level” education.

Participants generally agreed that the North American Midwest has created a competitive business climate. However, a number of areas were identified as key challenges for future growth, including the need:

- to reduce friction in Canada-US trade and to work towards accessing new markets as a “North American trading block;”

- for better transportation systems and infrastructure to equip the region with the necessary tools to excel in a 21st-century economy; and
- for more entrepreneurship and technological innovation in order to stimulate growth.

Demographic changes and future labour shortages were also identified as potential challenges facing the region. Most participants agreed that there is a need to make better use of the existing labour force by facilitating employment opportunities for well-educated immigrant populations, and by considering changes to the mandatory retirement age to encourage longer workforce contributions. It was pointed out that the latter would also promote “active aging,” which would improve the overall health of society.

It was generally agreed that the new technological culture (or “technological revolution”) presents both opportunities and challenges for the region’s economy. In order to maximize the benefits of new technologies, it was pointed out that it is important to understand better the nature and limitations of the new technological era and to adjust policies accordingly.

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

Appendix A

STATES IN THE MIDWESTERN LEGISLATIVE CONFERENCE

Illinois

Indiana

Iowa

Kansas

Michigan

Minnesota

Nebraska

North Dakota

Ohio

South Dakota

Wisconsin

AFFILIATE CANADIAN PROVINCES IN THE MIDWESTERN LEGISLATIVE CONFERENCE

Manitoba

Ontario

Saskatchewan

Travel Costs

ASSOCIATION	Canada-United States Inter-Parliamentary Group
ACTIVITY	65th Annual Meeting of the Midwestern Legislative Conference - Council of States Governments
DESTINATION	Toronto, Ontario, Canada
DATES	August 8-11, 2010
DELEGATION	
SENATE	Hon. Art Eggleton, P.C., Senator
HOUSE OF COMMONS	Hon. Judy Sgro, P.C., M.P., Vice-Chair Mr. Jeff Watson, M.P., Vice-Chair Mr. Jim Maloway, M.P.,
STAFF	Mr. Chad Mariage, Executive Secretary Mr. Mohamed Zakzouk, Advisor
TRANSPORTATION	\$710.58
ACCOMMODATION	\$2,856.00
HOSPITALITY	\$Ø
PER DIEMS	\$1,057.10
OFFICIAL GIFTS	\$Ø
MISCELLANEOUS/REGISTRATION FEES	\$2,410.05
TOTAL	\$7,033.73