

Canada - United States  
Inter-Parliamentary Group  
Canadian Section



Groupe interparlementaire  
Canada - États-Unis  
Section canadienne

**Report of the Canadian Parliamentary Delegation  
to the Conference "Blueprint for Canada-US  
Engagement Under a New Administration"**

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

**Ottawa, Ontario, Canada  
December 8, 2008**

# Report

On 8 December 2008, Senator Jerry Grafstein, Co-Chair, as well as Mr. Brad Trost, M.P, Vice-Chair, represented the Canada-United States Inter-Parliamentary Group at the "Blueprint for Canada-US Engagement under a New Administration" Conference in Ottawa, Ontario. Senator Grafstein was a panellist at a session entitled "A Conversation on the New Administration and Congress."

The conference was informed by a discussion paper entitled *From Correct to Inspired Relations: A Blueprint for Productive Canada-US Engagement* and a series of papers prepared by participants for the conference. Following the conference, on 19 January 2009, *From Correct to Inspired: A Blueprint for Canada-US Engagement* was released, and included three summary recommendations:

- regarding the global financial crisis, early and sustained cooperation are needed.
- policies affecting energy and the environment need coherence and prudence in both Canada and the United States.
- common sense can be used to undo the thickening of the border as well as to ease the congestion that limits the success of key, highly integrated sectors of the Canadian and the US economies.

Other conclusions reached included:

- Canadians are prepared to support governmental efforts directed at gaining greater economic and security benefits.
- Canada must engage with the US on issues that the US views as strategic.
- Canada must move beyond incrementalism and the management of irritants in the bilateral relationship.
- success will require an agenda that addresses "the neighbourhood" and the US' wider global concerns given its role as a superpower
- Obstacles are chronic and leadership and mutual respect must occur, since personal relationships matter.

The conference included the following plenary and concurrent sessions:

- The Setting: What Surveys Tell Us
- Competitiveness
- The Border
- Energy & the Environment
- North American Free Trade Agreement (NAFTA) and the Americas

- A Conversation on the New Administration and Congress
- Arctic and Defence
- Institutions
- The Changing American and Global Situation and Implications for North America.

This report summarizes the presentations that were made during the plenary and selected concurrent sessions.

### **The Setting: What Surveys Tell Us**

**Frank Graves**, EKOS Research Associates

- many of the assumptions about how Canadians and Americans view each other are flawed
- while our attitudes and values are remarkably similar, and the trend is toward convergence rather than divergence, we are able to sustain strong national identities
- no two countries in the advanced western world have closer attitudes and values than Canada and the United States
- the future holds strengthened opportunities for shared progress
- a survey indicates that Canadians would like to be "more different from," rather than "more similar to," the United States; consider, for example, that the environmental issues seem to be relatively more important in Canada
- a survey indicates that Canadians continue to see the United States as this country's closest friend and ally; however, Americans see Great Britain as that nation's very good – and perhaps best – friend and ally
- it is expected that, with the change in the US Administration, the Canada-US relationship is likely to become warmer
- the strong opposition to free trade that existed in both countries in the early 1980s has abated; now, there is increasing support for free trade in all three North American Free Trade Agreement (NAFTA) countries
- the thickening of the border that Canada shares with the United States has had a negative impact on free trade
- there are a number of ways in which Canada and the US diverge, including immigration and our respective attitudes to multiculturalism and cosmopolitanism

- in Canada, there is strong support for cooperation with the US in respect of such issues as the environment, climate change, food safety, trade and national security
- in both countries, there is deep foreboding about the future

## **The Border**

**Perrin Beatty**, Canadian Chamber of Commerce

- Canada and the United States share the world's most important trade relationship, with \$1.6 billion in two-way trade daily and 300,000 travellers crossing the border each day
- Canada and the United States are – and are becoming – more deeply integrated than anyone realizes
- Canada and the US have two choices regarding integration; can be pursued by default or by design, and of these options, the latter is preferable in light of our shared interests
- Canada's interests are best served if we have a coherent view of how we would like North America to look; an *ad hoc*, reactive approach to what happens in the US serves Canada less well
- Canada has an opportunity to provide leadership on border issues and to have an influence at the front end before perspectives, institutions and views get "hardened;" the new US Administration will have to decide what border management philosophy it wants to follow
- Canada needs to suggest a "game changer," a game-changing proposal in order to avoid being reactive
- as a consequence of global competition, the North American industrial base is under siege as never before
- security and trade are different sides of the same coin and are inseparable; it is not possible to have one without the other
- Canada is the only country on the al Qaeda "list" that has not yet been "hit"
- Canada and the US have a history of working together, including in respect of the Canada-US Trade Agreement, the North American Free Trade Agreement, the North American Aerospace Defense Command, the St. Lawrence Seaway, the International Joint Commission and the Commission for Environmental Cooperation of North America; however, the gains associated with working together have been eroded somewhat because of border compliance costs

- for Americans, it is like the terrorist attacks of 11 September 2001 happened yesterday
- the shared border is a bilateral responsibility and management should be genuinely shared

**Patrick Grady**, Global Economics Ltd.

- the United States perceives Canada as a security risk and a terrorist haven, and as a relatively greater security risk than Mexico and the southern shared border; the National Commission on Terrorist Attacks Upon the United States (the 9-11 Commission) did not give Canada an entirely clean "bill of health"
- as was seen during the aftermath of the September 2001 terrorist attacks, bilateral trade is vulnerable to having the border shut down
- following the terrorist attacks, the bilateral Smart Border Action Plan was a quick response, and was important in terms of getting things moving again
- more border officers will mean higher fees, and more inspections will mean more delays
- some border-related infrastructure is aging and inadequate
- following significant growth in trade after the implementation of the Canada-US Trade Agreement and its successor agreement, NAFTA, trade fell off beginning about 2000 as a consequence of factors related to – among other things – the border, the change in the relative value of the Canadian dollar, and changes in income and gross domestic product
- since the terrorist attacks, the number of US travellers to Canada has declined while Canadians have, for the most part, continued to travel to the United States
- a comprehensive border initiative, including a joint contingency plan to deal with terrorist attacks, is needed

**Michael Kergin**, University of Ottawa

- border infrastructure is important in making the border more fluid, including at the Detroit-Windsor crossing
- in order to ensure that North America is a productive unit in the world economy, Canada and the US should engage in joint strategic transportation planning in order to ensure that we do not build bridges to nowhere
- with the change in Administration in the US, a major question that requires Canadian attention is how to engage the US in discussion

- much of the thickening of the border is related to regulatory and security differences between the United States and Canada
- a "game-changing" approach to dealing with the US is needed
- one option is to appoint two trusted officials, such as was done with the Smart Border Action Plan, who would look at the border in a completely new way; the political will for such an approach is needed
- the recommendations made by the National Commission on Terrorist Attacks Upon the United States (the 9-11 Commission) should be tested against current realities and approaches
- in dealing with the United States, appeal should be made to the US' self-interest; while the US does not care about the thickening of the border, it does care about North America as a productive unit in competition with other units worldwide

### **NAFTA and the Americas**

**John Graham**, Canadian Foundation for the Americas

- Canada and the United States should focus on common cause for mutual benefit
- President Obama and Prime Minister Harper can be helpful to each other; President Obama is likely to be more attentive if he is able to gain Canadian support in areas that are important to him
- at the next Summit of the Americas meeting in Trinidad in April 2009, there is an opportunity for productive collaboration; while the Miami and Quebec City summit meetings were successful, some others have been failures or, at best, neutral
- in some countries in the Americas, democracy is beginning to "come apart at the seams"

**Fen Hampson**, Norman Paterson School of International Affairs

(presented notes prepared by **Louis Belanger**, Université Laval, who was unable to attend)

- the current institutional architecture has limitations
- the North American Free Trade Agreement is "hamstrung" by certain challenges, including:
  - the agreement is hard to amend in response to global changes, and may become obsolete as a consequence
  - fixed agreements limit the benefits of free trade

- the trilateral Security and Prosperity Partnership could be used to pursue institutional and legal order that would be similar to the Organization for Security and Co-operation in Europe

**George Haynal**, Bombardier (speaking as an individual rather than as a representative of his organization)

- there are four relationships within North America, and each has a different history:
  - Canada and the US
  - Canada and Mexico
  - the US and Mexico
  - Canada, the US and Mexico
- the NAFTA has stultified discourse on other efforts as a result of a single-minded focus on exclusively a trilateral approach
- there are a variety of options to consider in respect of how to move ahead:
  - improve the NAFTA – this option would be a rallying call for US protectionists, and it could be dangerous to tinker with the NAFTA at this time
  - preserve the NAFTA and engage the new US Administration on the future of North America – small measures and appeals to "brotherly love" will not work
- there are a number of important axioms:
  - maximize the synergies of the North American region in the global economy
  - have everyone who matters at the table
  - allow a forum for cities
  - involve civil society
  - involve business
- there is no better way to hold the agenda than to hold the pen
- borders are not all alike, and a border is not a border; borders must be managed according to the purposes that they actually serve

- the most direct impact of the border and its management is on those who live the closest and understand it the best; local and regional communities should be involved in the bilateral relationship
- Canada should press for shared management of our external border, since the risks largely come from external flows
- the internal border is also susceptible to greater joint management, and the International Joint Commission may be a model for managing policy discourse about the internal border
- the NAFTA is indispensable but insufficient
- we must move forward or risk falling further behind
- two sets of agendas – bilateral and multilateral – as well as a multiplicity of instruments are needed
- in engaging the new US Administration and Congress, Canada must think opportunistically and selectively, and with self-interest

### **A Conversation on the New Administration and Congress**

**Ambassador David Wilkins**, United States Embassy

- in terms of advice to the incoming US Ambassador to Canada, important considerations are:
  - share experiences
  - get out from behind the desk in Ottawa
  - the Ambassador helps the US the best if he or she travels and meets Canadians as he or she learns issues, learns the regions, etc.
- in terms of how Canada should advance its interests with a Democratic Administration and a Democratic Congress, important considerations are:
  - awareness is Canada's biggest challenge
  - personal relationships are hugely important, and Canada should start at the top and then build relationships on down; these relationships should be built as soon as possible
  - the new US Administration has big international issues, and Canada should engage with the Administration on these issues before talking about such issues as the Peace Bridge
- in terms of how a minority government in Canada complicates the Canada-US relationship, important considerations are:



- a minority government in Canada should not be a handicap or used as an excuse
- mutual respect and "the tone at the top" are important

**James Blanchard**, DLA Piper LLP

- in terms of advice to the incoming US Ambassador to Canada, important considerations are:
  - the Ambassador should understand that little issues that are not managed properly can be blown all out of proportion
  - the Ambassador should travel the country
  - the Ambassador should meet with the US Cabinet in order to know understand the issues of each department
  - the Ambassador should have a close relationship with someone in the White House who is talking to the President
- in terms of how Canada should advance its interests with a Democratic Administration and a Democratic Congress, important considerations are:
  - Canada should engage early, build awareness and work with Congress
  - legislators who represent border states understand the thickening of the border
  - Canada should not assume that the US Cabinet fully understands the economic, social and political integration between Canada and the United States
  - a trilateral process, involving Canada, the US and Mexico, is both important domestically and politically, but there is a need to revitalize the bilateral relationship without disrespecting the trilateral relationship

**Gordon Giffin**, McKenna Long & Aldridge LLP

- in terms of advice to the incoming US Ambassador to Canada, important considerations are:
  - the US Ambassador should recognize and realize the enormous potential of the bilateral relationship
  - Canada and the US have great shared potential and we should challenge ourselves to "think big" going forward

- our nations must move beyond the North American Free Trade Agreement to the next "big step" we can take together; the focus should be on the future, rather than on the historic steps that we have already taken
- Canada and the US should redesign the way they work together
- in terms of how Canada should advance its interests with a Democratic Administration and a Democratic Congress, important considerations are:
  - Canada and the US should agree on a framework, and should integrate more effectively in an economic way
  - a perimeter policy would increase efficiency while respecting sovereignty
  - Canada and the US should revisit the upper-North America model rather than try to force everything into a trilateral prism
- in terms of how a minority government in Canada complicates the Canada-US relationship, important considerations are:
  - the fact that Canada has a minority government should not matter, provided the Prime Minister is willing to engage
  - it is inaccurate to say that Democrats work better with Liberals and Republicans work better with Conservatives; issues are not ideological

**Honourable Rob Merrifield, P.C., M.P.,** Government of Canada

- in terms of the "rockiness" that may exist when governments in Canada and the United States are of different political persuasions, important considerations are:
  - while Canada and the United States have a complex relationship, the relationship is also simple in some ways, since our two nations are friends and allies
  - you cannot change the US Congress from Washington; issues need to resonate in Congressional districts and at the state level
  - the next US Administration will be driven by the economy, and an important question is what can be done together to survive the economic downturn
  - Canadian legislators have to educate and build understanding with elected officials in the US
- in terms of the most important issues for Canada and how to advance them, important considerations are:
  - Canada is not Mexico, and the relationship that Canada has with the US is not the same as the relationship that the US has with Mexico

- Canada is arm-in-arm with the US in Afghanistan
- personal relationships are important
- in terms of how a minority government in Canada complicates the Canada-US relationship, important considerations are:
  - tone matters
  - politics is a "relationship business" rather than an "issue business;" people will rally around ideas
  - the fact that Canada has a minority government should not matter, provided things are stable

**Senator Jerry Grafstein**, Canada-United States Inter-Parliamentary Group

- in terms of the "rockiness" that may exist when governments in Canada and the United States are of different political persuasions, important considerations are:
  - Canada and the US have the most complex relationship in the world
  - prosperity in Canada requires prosperity in the US
  - the "job" of the Canada-United States Inter-Parliamentary Group (IPG) is the development of personal relationships
  - the IPG is developing relationships not only with federal legislators in the US, but also with governors and state legislators since problems may start at the level of the grassroots rather than in Washington
  - the new US Administration and the Congress give Canada an opportunity to solve problems creatively
- in terms of the most important issues for Canada and how to advance them, important considerations are:
  - the shared border between Canada and the US is thickening at a time when it should be thinning
  - personal relationships are important

**Institutions**

**Robin Sears**, Navigator Ltd.

- it is not helpful to pretend and to "slather" issues with platitudes
- Canada receives very little attention in the US; in order to change this situation, Canada needs to spend money and make greater efforts

- Canada is not particularly relevant in the success or failure of American political life; Canada should choose issues about which it can be more relevant in American life and with respect to which it can add value
- because permanence matters, Canada should not have a revolving door of diplomats, officials, politicians and issues
- personal relationships are the core of any working partnership
- a focus should be the appropriate people for the appropriate discussions in the appropriate fora

***Matt Morrison***, Pacific NorthWest Economic Region

- a focus should be the development of a consensus on a regional basis; as one aspect of this focus, work should be undertaken in respect of regional economies that are highly integrated and interdependent
- the Pacific NorthWest Economic Region provides an institutional framework that brings legislators and the private sector together to work on issues of shared concern
- the United States sees Canada as a domestic partner
- regional border economies in the Pacific Northwest understand that the Canadian border differs from the Mexican border; together, stakeholders in these economies are able to identify what can work
- a "one size fits all" policy does not work
- now is the time to break down walls with Canada rather than to build the walls higher
- a coordinated, strategic approach should be taken to issues of shared regional economic significance

***Thomas d'Aquino***, Canadian Council of Chief Executives

- success can be realized if people who are close to the ground and the issues of importance are brought together
- investments in relationship-building are absolutely crucial
- Canada is a blip in the mindset of Americans
- Canada must become more relevant to the US by coming up with an agenda on which both countries have common interests that extend beyond trade irritants
- we should not ignore the advantages of engagement of Mexico, and bilateralism should not be pursued at the expense of Mexico

- Canada should explore bilateralism more intensively, but should remember the importance of Mexico to the US Administration
- the trilateral Security and Prosperity Partnership (SPP) is a "goner" under President Obama, and some in Mexico have some discomfort with the security aspect of the SPP
- Canada needs to advance a detailed, "smart" agenda

**Honourable Rob Stevens**, Government of Alberta

- Canada must ensure its relevance to the US
- regional cooperation can work well
- personal relationships are at the core of the province of Alberta's success in Washington, D.C.
- it is easier to leverage positions if there are commonality of interests
- our Canadian and American politicians need to spend a lot more time together getting to know one another

**The Changing American and Global Situation and Implications for North America**

**Gary Hufbauer**, Peterson Institute for International Economics

- abundant fiscal and monetary stimulus, in the order of 15% of gross domestic product, is needed to truncate the recession and end the financial crisis
- the rising powers of the BRICK countries – Brazil, Russia, India, China and Korea – will overtake North America
- "smart" people want to come to North America, and we need to let them into North America in larger numbers
- although Canada did not cause the financial crisis, it is part of the global community
- to move through the global economic and financial crisis, countries should spend "smart and fast" with fiscal and monetary policies, and then curb back dramatically later
- Canada's immigration policy is relatively focused on skilled labour
- North American caps on greenhouse gas emissions are needed

**Bruce Jentleson**, Duke University

- there is a growing sense that the US is becoming more protectionist, although there is not a broader sense of isolationism

- there is a need to take care of the long-term future and not just address short-term gain
- the "three e's" are the economy, energy and the environment
- there are many issues on which Canadian and US interests intersect, including:
  - Afghanistan
  - the North Atlantic Treaty Organization
  - the prevention of genocide
- there are a number of problems that cannot be solved alone, which gives rise to multilateralism

**James (Si) Taylor**, McMaster University

- there should be regular meetings between the American President and the Canadian Prime Minister, between American Secretaries and Canadian Ministers, etc.
- at high-level executive meetings, such issues as the International Joint Commission, dispute-settlement panels, etc. should be discussed, rather than such topics as the differences between shakes and shingles

**Don Campbell**, Davis LLP

- with the change in Administration in the US, there is likely to be a flurry of activity on the domestic, bilateral and multilateral fronts; these activities are likely to occur from the perspective of the US as an economic, military and political superpower
- Canada should focus on where it fits and should determine where it can add value; then, Canada must move fast and take a very North American approach, including in respect of energy, the environment, the Arctic and North American defence

**Concluding Remarks**

**Derek Burney**, Ogilvy Renault LLP

- a number of conclusions flow from the discussions at the conference:
  - the time is opportune for re-engagement and re-calibration of the relationship between Canada and the US, which will be facilitated if Canada proposes an agenda that serves the interests of both countries
  - Canadians, who understand that the shared border with the US has become dysfunctional, are ready for re-engagement with the United States and are prepared to support governmental efforts in this regard

- the Canada-US relationship must move beyond incrementalism and the management of irritants, and from a correct, cautious relationship to an inspired relationship
- leadership from the top is key, and relationships are crucial
- Canada's bilateral and global issues with the United States are different from those between the US and Mexico, and we need to "get over" our obsession with trilateralism
- we must re-imagine the border, which has become an instrument to address yesterday's problems rather than the problems of today
- the equation between security and the smooth movement of goods and people needs to be rebalanced
- trusted traveller and shipper programs need to be expanded and improved
- efforts at regulatory harmonization should occur
- incremental "ad hocery" is not good enough

**Fen Hampson**, Norman Paterson School of International Affairs

- a couple of major themes emerged during the conference:
  - many of the issues in the Canada-US relationship are not new, but the context of the bilateral relationship has changed dramatically over the last several months; consequently, the approach to border management must change and the approach must be more coherent and driven by strong leadership at the top and from the bottom
  - engaging the US leadership will require adroit management as well as ideas and the ability to "think big;" as well Canada must be seen as a credible contributor to global solutions'

Respectfully submitted,

Hon. Jerahmiel Grafstein, 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>	Blueprint for Canada-US Engagement Under a New Administration
<b>DESTINATION</b>	Ottawa, Ontario, Canada
<b>DATES</b>	December 8, 2008
<b>DELEGATION</b>	
SENATE	Hon. Jerry Grafstein, Co-Chair
HOUSE OF COMMONS	Mr. Brad Trost, M.P, Vice-Chair
STAFF	June Dewetering, Analyst
<b>TRANSPORTATION</b>	\$ Ø
<b>ACCOMMODATION</b>	\$ Ø
<b>HOSPITALITY</b>	\$ Ø
<b>PER DIEMS</b>	\$ Ø
<b>OFFICIAL GIFTS</b>	\$ Ø
<b>MISCELLANEOUS/REGISTRATION FEES</b>	<b>\$1,430.00</b>
<b>TOTAL</b>	<b>\$1,430.00</b>