

Report of the Canadian Parliamentary Delegation respecting its participation at the National Conference of the Council of State Governments

Canada-United States Inter-Parliamentary Group Bellevue, Washington, United States of America October 19-23, 2011

Report

DELEGATION MEMBERS AND STAFF

From October 19-23, 2011, the Honourable Wayne Easter, P.C., M.P. led a delegation from the Canadian Section of the Canada-United States Inter-Parliamentary Group (IPG) to the national conference of the Council of State Governments (CSG) in Bellevue, Washington. The other delegate was Phil McColeman, M.P. They were accompanied by Ms. June Dewetering, Senior Advisor to the Canadian Section.

THE EVENT

The CSG serves all three branches of state government and provides regional fora – the western, midwestern, southern and eastern regional conferences – through which ideas and insights are exchanged with a view to shaping public policy. Each year, the CSG convenes a national conference, which is attended by selected governors and state legislators from throughout the United States. In addition to this annual conference, the CSG's various regions hold an annual meeting.

At the CSG's 2011 national conference, a North American Summit was concurrently held. Historically, this Summit has often been an element of the Council of State Governments-WEST annual meeting.

DELEGATION OBJECTIVES FOR THE EVENT

The interaction with governors and state legislators enables members of the Canadian Section of the IPG to achieve the aim of finding points of convergence in respective policies, initiating dialogue on points of divergence, encouraging exchanges of information and promoting better understanding among legislators on shared issues of concern. Moreover, the meetings provide members with an opportunity to give input to, and gather information about, state-level issues that affect Canada. In light of the nature, scope and importance of the Canada-US relationship, it is anticipated that the Canadian Section of the IPG will continue its participation at the CSG's annual national and regional meetings.

In particular, delegates found the 2011 national conference of the CSG to be an important occasion on which to speak with state legislators from throughout the United States as well as with Governor Schweitzer (Montana), Canada's Ambassador to the United States, Gary Doer, and the United States' Ambassador to Canada, David Jacobson. Delegates informed conference participants that Canada is the primary foreign export market for 35 US states and that 8 million US jobs depend on bilateral trade with Canada. These meetings are invaluable in gaining insights about American

views of Canada and about Canada's activities, through Canadian diplomats, in the United States.

ACTIVITIES DURING THE EVENT

During the CSG's 2011 National Conference and North American Summit, the CSG held two keynote sessions:

- The Moment of Truth: Confronting Issues in America; and
- Biography of the New American Continent.

As well, a number of plenary, policy, task force and breakout sessions were held:

- Global Competitiveness: How Do We Create a College-Going Culture?
- Thinking Globally, Acting Locally
- Looking for Medicaid Relief in All the Right Places
- Governing in North America: Strengthening Global Relations Through Intergovernmental Engagement
- If You Build It, Will They Come? A North American Perspective on Electrical Transmission Line Siting
- Lessons Learned from Japan's Earthquake and Tsunami
- Neighbors, Friends & Allies: North American Cooperation and the Roles of States
- Maximizing Oil Partnerships in North America
- Managing Western Water in Evolving Climate Conditions
- Jobs & Commerce: Revitalizing the North American Economy
- Future of North American Infrastructure
- Tapping the Future of American Oil & Gas
- Beyond NAFTA: Protecting Legitimate Trade & Travel
- North American Cooperation in Public Safety and Law Enforcement.

This report summarizes the discussions that occurred at the keynote and plenary as well as selected policy, task force and breakout sessions.

THE MOMENT OF TRUTH: CONFRONTING ISSUES IN AMERICA

Alan Simpson, Former Member of the US Senate and Co-Chair, National Commission on Fiscal Responsibility and Reform

- things are critically important at the state level
- in politics, it is not possible to compromise without compromising yourself
- in 6.5 years, former President George W. Bush did not veto a spending bill, despite two wars, etc.

- former President Ronald Reagan raised taxes 11 times during his eight-year presidency
- in the United States, the federal defence budget "has a lot of fat in it"
- "deficit denial" is as dead as the dodo bird
- the conclusions reached by the National Commission on Fiscal Responsibility and Reform upset everyone; thus, it can be concluded that the Commission was a success
- it is relatively unimportant how the United States got to where it is; what is important is how the United States is going to move forward
- in the United States, big reductions and changes are needed to social security,
 Medicare, Medicaid and defence
- social security was envisioned as a supplement, not as a retirement plan or as disability insurance
- it is imprudent to spend more than is earned
- it is "stupid" to borrow \$0.42 for every \$1 that is spent
- there is no need to raise taxes; instead, the focus should be on existing tax expenditures
- in politics, there is no right answer; instead, there is only an ongoing series of compromises

BIOGRAPHY OF THE NEW AMERICAN CONTINENT

Anthony De Palma, Author

- the United States needs to refocus its energies on "putting its house in order"
- in the 10 years since the 11 September 2001 terrorist attacks, the United States could have made so much progress in its relationship with Canada and with Mexico; instead, the United States has let old animosities creep back into the relationships
- there is no question: the United States' borders with Canada and Mexico have thickened since the terrorist attacks of 11 September 2001
- in 2000, all three countries that are a party to the North American Free Trade Agreement (NAFTA) had national elections, which saw the election or reelection, as the case may be, of Vincente Fox, George W. Bush and Jean Chretien
- in response to the question "are we all in this together even if sometimes we would rather not be," the answer is "yes"
- in some ways, the 444 million people who live in the three NAFTA countries are reluctant partners who may not always like each other but increasingly cannot do without each other; while – at least to some extent – they share a history, a

- geography and an economic reality, there are three distinct deoxyribonucleic acids (DNAs)
- Canada is the United States' primary source of oil
- 35 of the 50 US states have Canada as their primary foreign export market, and 22 states have Mexico as either the primary or secondary foreign export market; that said, China has surpassed Mexico as the United States' second most important trading partner
- 8 million US jobs depend on bilateral trade with Canada; consequently, the US unemployment rate would exceed 15% over night if trade with Canada were to end
- while NAFTA did result in some job losses, it is important to assess its impact across all three nations; the bottom line is that NAFTA has created winners and losers, and not always in equal number
- it would not be surprising if, during the 2012 national election campaigns in the United States and Mexico, there was discussion about reopening NAFTA
- NAFTA helped Mexico to advance and, consequently, the United States and Canada as well; Mexico has become more transparent, spending is under control, finances are sound, and the nation's young democracy is becoming stronger each year
- regarding the proposed Keystone XL pipeline, some support the proposal and some do not; that said, if the United States does not support the proposal, Canada's oil sands will continue to exist, and Canada will sell oil to China
- at times, it is hard to find a "North American" identity; because of the asymmetry among the NAFTA countries, it has been hard to build the same sense of community that exists in Europe
- examples exist of both Canada-US cooperation, such as with the International Joint Commission and in respect of the Columbia River, and of US-Mexico cooperation, such as with the maquiladoras
- before NAFTA, Canada and Mexico had little to do with each other; in the years since NAFTA, Canada-Mexico relations have been variable and Canada has made it clear that it would prefer to deal with the United States alone
- the three NAFTA countries are converging in terms of their views regarding democracy, freedom, independence and respect for human rights
- the three NAFTA nations rarely meet and, when they do, relatively little gets done
- in the past, the idea of North American continental integration has happened when all three NAFTA leaders have shared the same political ideology

THINKING GLOBALLY, ACTING LOCALLY

Colin Robertson, McKenna, Long and Aldridge

- many positive arguments could be made for trilateralism among Canada, the United States and Mexico
- the North American Free Trade Agreement (NAFTA) is very much a sequel to the predecessor agreement between Canada and the United States
- the perimeter security and economic competitiveness agenda announced by Prime Minister Harper and President Obama in February 2011 will be as significant as NAFTA
- like it or not, we live in a global world
- while Canada has 0.5% of the world's population, it is responsible for 2.5% of global trade
- increasingly, trade barriers are regulatory in nature; in Canada, many of the regulatory barriers fall within provincial/territorial jurisdiction
- businesses have moved ahead of where governments are
- what really matters are relationships, including among legislators and between legislators and the private sector
- regional interests require regional cooperation and solutions
- follow-up is important in order to ensure that issues progress

Francois Ouimet, Member of the National Assembly of Quebec

- the province of Quebec has a broad network of foreign offices
- the United States is Quebec's most important foreign country
- Quebec is involved in a number of bilateral, multilateral and inter-parliamentary fora

Diputado Ramiro Flores Morales, Member of the Coahuila State Legislature

- the globalized world provides opportunities to raise the standard of living of citizens worldwide
- in a globalized world, what affects one affects the others
- the border between nations should work well for commerce
- legislators should work together in order to help their constituents

GOVERNING IN NORTH AMERICA: STRENGTHENING GLOBAL RELATIONS THROUGH INTERGOVERNMENTAL ENGAGEMENT

Marcus Conklin, Member of the Nevada Legislature

- it is important that legislators travel to other jurisdictions, since doing so enables them to "start the conversation"
- speaking with other legislators enables the sharing of best practices

Wayne Easter, Member of the Canadian House of Commons

- the United States' focus on security since the terrorist attacks of 11 September 2001 has affected North America's economic potential
- 8 million US jobs depend on trade with Canada, and Canada is the United States' largest supplier of oil and gas
- moving ahead, the key question is how our nations should build understanding and grow together in the North American context
- on a regional basis, states and provinces need to speak with a common voice to the federal governments in Washington and Ottawa respectively
- Canada is very concerned about the United States becoming increasingly protectionist

Russ Jones, Member of the Arizona House of Representatives

- trade will always follow the path of least resistance
- infrastructure, and not just at the border, is needed in order to support trade
- the world is global; this reality must be recognized, and measures should be put in place to take advantage of it

Gary Stevens, Member of the Alaska Senate

- Alaska has a long border with Canada
- the seafood sector is the largest employer in Alaska
- relationships are primary, and everything else is derivative
- in countries like Argentina, corruption is a "huge" problem
- it is important to create a level playing field and to ensure that everyone "plays by the rules"

Bob Godfrey, Member of the Connecticut General Assembly

- all politics are definitely local
- although state legislators do not campaign on foreign policy issues, it is important to recognize that the world is global
- the economies in Canada and the United States are interdependent, and \$1.7
 billion in trade crosses the shared border each day, with implications for jobs
- North America is comprised of three great nations
- it is important to develop personal relationships and to engage in discussions with each other

David Wilson, Member of the Nova Scotia Legislature

regional cooperation is very important

- it is important that legislators worth together regardless of their political affiliation
- on the North American east coast, the economies are intertwined
- when the United States does not do well, Canada does not do well; similarly, when the United States does not do well, nor does Mexico
- it is important to build relationships, particularly as work is required on common issues, such as security and transportation

Richard Perkins, Member of the Nevada Legislature

- when legislators travel to other jurisdictions, they are exposed to different cultures, issues, solutions, best practices, etc.
- it is not possible to keep the United States safe without a dialogue with other nations

LESSONS LEARNED FROM JAPAN'S EARTHQUAKE AND TSUNAMI

John Madden, Alaska Division of Homeland Security and Emergency Management

- critical emergency-response infrastructure that will be needed should be identified before a disaster occurs
- the order in which infrastructure will come back online should be determined in advance of a disaster
- advance planning helps with recovery
- the needs of communities should be known
- people are at risk regardless of where they live
- the effects of a disaster can extend far beyond the rubble
- leadership before a disaster is as important as leadership after the disaster

Jim Mullen, Washington Division of Emergency Management

- it is important to consider what the "post-disaster landscape" will look like; after a disaster, what will be the "new normal" and how will people deal with it?
- community leaders should take stock of what they have and determine how ready the community is for the risks that it faces
- everyone should be "taught" about preparedness and a preparedness culture should be instilled in people; everyone has a role to play
- people should determine their own capabilities and assess how they would survive a disaster until external help arrives
- the key thing in a disaster is to save lives

NEIGHBORS, FRIENDS AND ALLIES: NORTH AMERICAN COOPERATION AND THE ROLE OF STATES

Gary Doer, Canadian Ambassador to the United States

- trade among the three North American Free Trade Agreement (NAFTA) countries should continue to the extent possible
- risks should be managed away from the border between countries
- regarding NAFTA, it is not possible to "turn back the clock," and nor would Canada wish to do so; although there are gaps in NAFTA, it has long-term value for businesses
- North America is characterized by integrated supply chains
- technology should be used more effectively
- 45 of the last 50 threats in the United States were domestic in origin
- risks should be managed before they arrive at the border
- it is crucial that information be shared
- President Obama promised to wean the United States off oil from the Middle East; the proposed Keystone XL pipeline would help with this goal and with US energy security
- the US states through which the proposed Keystone XL pipeline would pass are tremendously supportive of the pipeline
- water should not be diverted from one watershed to another; also, foreign invasive species should not be introduced from one watershed to another
- a "can do" attitude can get things done

Arturo Sarukhan, Mexican Ambassador to the United States

- data indicate that the North American Free Trade Agreement (NAFTA) is an unmitigated success story
- 25 US states have Mexico as their primary or secondary foreign export market
- Canada and Mexico are the primary and secondary suppliers respectively of oil to the United States
- on any given day, there are 1 million legal crossings of the US-Mexico border
- each day, \$1 billion in trade crosses the US-Mexico border
- competitiveness can be enhanced through trade facilitation
- in North America, supply chains are integrated in a north-south direction
- the three NAFTA countries should focus on energy security and efficiency
- pre-inspection should occur at inland customs facilities so that borders can be "unclogged"
- the building of 20-foot walls would lead to sales of 25-foot ladders

- risk management should occur, and "smart technology" should be used to enhance border security
- if there is another attack on the United States, Canada and Mexico would suffer
- Mexico is responsible for stemming the flow of drugs destined for the United States; the United States is the largest market for illicit drugs
- transnational organized crime is a real threat to the rule of law
- Mexico has stringent gun control laws

David Jacobson, US Ambassador to Canada

- Canada is the United States' largest trading partner, followed by Mexico, which is the second-largest trading partner for the United States
- attempts are under way to eliminate regulatory differences among the three North American Free Trade Agreement (NAFTA) countries
- 1% of US businesses export, and about 80% of those businesses export only one product
- the average car crosses the Canada-US border seven times before it is purchased
- NAFTA should be liberalized, for example through including sub-national procurement
- building fences at the borders that the United States shares with Canada and Mexico does not make sense; the countries should be breaking down, rather than building, barriers
- to increase security and efficiency, as much security as possible should be moved away from the border
- for the United States, Canada is the safest, most secure source of foreign oil, followed by Mexico
- regarding the proposed Keystone XL pipeline, it should be noted that any piece
 of infrastructure that crosses a US border requires a presidential permit; the
 Keystone XL pipeline has become the premier environmental issue in the United
 States because there is no environmental legislation under consideration in the
 US Congress
- people on both sides of the Canada-US border have enormous respect for one another; the two nations have an extraordinary relationship
- in 2010, Canadians spent 44 million nights in Florida

INCREASING ECONOMIC OPPORTUNITIES AND CIVIC ENGAGEMENT BY EDUCATING STUDENTS TO SUCCEED IN A CHANGING WORLD

David Conley, University of Oregon, Center for Educational Policy Research and Educational Policy Improvement Center

- the current educational system is based on assumptions about the world that students will be entering; the world has changed, but the educational system has not changed with it
- retraining does not work unless the person being retrained has sound underlying educational skills
- people now change jobs and careers regularly
- at some companies, employees earn more through increasing value for the company, rather than through more seniority
- today's young people believe that they are entitled to a good standard of living
- too many students are in remedial education, and most students do not recover from being at a remedial level
- the policy environment is focused on college and careers, rather than on the acquisition of basic skills
- there are four levels of readiness:
 - work meets basic expectations about workplace behaviour and demeanour
 - job possesses specific knowledge needed to begin an entry-level position
 - career possesses sufficient foundational knowledge and skills as well as general learning strategies relevant to a career pathway
 - college is prepared in the four dimensions of college readiness needed to succeed in entry-level general education courses
- there are four keys to college- and career-readiness that, when mastered, indicate success:
 - key content knowledge key terms and terminology, factual information, linking ideas, organizing concepts
 - key cognitive strategies problem formulation, research, interpretation and communication, all of which demonstrate an ability to hypothesize, strategize, identify, collect, analyze, evaluate, organize and construct
 - key learning skills and techniques time management, study skills, retention of factual information, goal setting, self-awareness, persistence, collaborative learning and "ownership" of learning
 - ➤ key transition knowledge and skills admissions requirements, college types and missions, career pathways, college affordability, college culture, relations with professors and social/identity issues in transitioning
- at present, schools do not teach students how to be learners
- most of what is taught gets forgotten
- accountability measures should focus on success after high school and not on awarding diplomas

THE GLOBAL VALUE OF COAL: CLEAN COAL TECHNOLOGIES OPEN THE DOOR

Frank Clemente, Penn State University

- energy is one of the biggest problems that will have to be faced by the next generation; key questions are: where will the energy come from to support the life that the next generation wants, and will the next generation be able to afford it?
- electricity is the lifeblood of society
- when electricity comes to an area, women and children are the largest beneficiaries; electricity can change lives
- global "electrical poverty" is real; some people have no access to electricity, while
 others have access that is limited to a certain number of hours per day or a
 certain number of days per week
- in terms of energy, everything is needed every where all the time: nuclear, oil, hydroelectricity, natural gas, coal, etc.
- the future of electricity is being formed at the global level
- in the United States, coal will be a leading source of incremental power generation through 2035
- the United States has 30% of the world's coal, and that coal will have to be used globally to meet the demand for power
- coal-based energy has propelled China forward
- the average person in China uses one third of the energy that is used by the average person in Europe and one fifth of the energy that is used by the average American
- Asian demand for electricity is growing, and coal will be a "leading actor" in that growth
- there are many "forces" arrayed against nuclear power
- cities cannot be built without steel, and steel cannot be manufactured without coal
- China and India are building clean coal technology plants, and the United States is lagging in this regard; these plants use less coal and produce more power
- carbon capture and storage is the "path" to reaching climate change goals
- carbon capture and storage principles need to be applied to natural gas

JOBS & COMMERCE: REVITALIZING THE NORTH AMERICAN ECONOMY

Jim Gehringer, ESRI

• jobs are uppermost in the mind of people and policymakers

- data need to be turned into information, and information is only valuable if it is acted upon
- data and information should be used to help make decisions that are informed by evidence rather than by anecdotes
- it is not possible to "manipulate" one part of the economy without considering the intended and unintended consequences
- protectionism can lead to reduced quality if there are efforts designed to protect a sector from competition
- protectionism will not keep any country competitive
- the world is moving toward service-based economies

Jayson Myers, Canadian Manufacturers & Exporters

- two thirds of what is manufactured in Canada is exported
- efforts should be directed to determining how to keep markets open and goods "flowing"
- wealth is not created by borrowing "round and round and round"; rather, wealth is created by providing the goods and services that people want to purchase
- it is not possible to borrow your way to prosperity
- there is a need to develop medium- and long-term competitiveness strategies
- Mexico and Canada have a strong stake in US prosperity
- supply chains are integrated in North America, and these supply chains need "competitive infrastructure"; in fact, supply chains are global
- it is not possible for Canada or the United States to compete on the basis of cost; consequently, competition needs to occur on the basis of specialization and differentiation from competitors
- governments and businesses do not create jobs; rather, it is customers that create jobs
- the shared border between Canada and the United States needs to be secure and efficient, and the countries need to focus on minimizing regulatory differences
- in Canada, the federal government cannot impose conditions on provincial/territorial or municipal governments regarding procurement without causing a constitutional crisis
- local procurement restrictions distort markets and investment decisions
- regarding the Buy American provisions in the American Recovery and Reinvestment Act of 2009 and the proposed American Jobs Act, it should be noted that possibilities are not created when options are closed off
- the agreement regarding procurement reached by the Canadian and US federal governments was inadequate because of its thresholds and time limit

Itzam de Gortari, TechBA

- countries benefit from the creation of innovation hubs
- it is important to create an environment of innovation for businesses
- most Mexican companies are horizontal, and there is a need to make them vertical
- companies need to understand barriers to entry, to test their market as soon as possible and to be ready to adapt
- Mexican companies want to compete on the basis of quality rather than on the basis of cost
- Mexico has a cultural affinity with the United States
- people, structure and operations are critical

BEYOND NAFTA: PROTECTING LEGITIMATE TRADE & TRAVEL

Brian Lee Crowley, Macdonald-Laurier Institute

- the three North American Free Trade Agreement (NAFTA) countries are not a trading block and NAFTA is not about trade; NAFTA is about production
- the three NAFTA countries are not three countries and three economies; rather, the three countries share a single economy
- NAFTA is a production block, with the three countries making things together and then trading them to each other and to other nations
- since the three NAFTA countries make things together, harm to one of the countries causes harm to the other two countries
- the future of North American integration is being impeded by politics
- border barriers are harmful, and can be viewed as a penalty imposed on businesses on each side of the border that are not imposed on other imports to the same extent
- NAFTA creates a relationship that is without precedent in the modern world in terms and its breadth and depth
- a continental security perimeter is needed
- Washington, D.C. is "schizophrenic" about who can and should "run" the border that the United States shares with Canada
- "controls" need to be moved away from the border
- Canada and the United States are "in this together" from both an economic and a security perspective

Erik Lee, North American Center for Transborder Studies

- the relationships created by the North American Free Trade Agreement (NAFTA)
 are absolutely critical; one third of the United States' interaction with the world
 occurs with Canada and Mexico
- Canada is the United States' first joint production partner, while Mexico is its third
- with NAFTA, the benefits are broad and the pains are felt by relatively few
- Canada is generally quite good with its "ground game" in the United States through its consulates; Mexico is just getting into this type of diplomacy
- US-Mexican trade is at a relatively interesting point in its history
- the US Administration's National Export Initiative provides an excellent goal

Paul Storer, Western Washington University

- the North American Free Trade Agreement (NAFTA) is hitting its adolescence;
 adolescence is not always an easy time
- Canada's Sir John A. MacDonald campaigned against free trade with the United States
- NAFTA both increased and transformed trade; following implemention of the agreement, trade grew more quickly than did gross domestic product and more quickly in the areas where the largest barriers were reduced
- imported goods are often a key ingredient when manufacturing goods that will be exported
- at the beginning of this century, growth in trade among the NAFTA countries began to slow for reasons that include:
 - ➤ the thickening of the United States' border with Canada and with Mexico following the terrorist attacks of 11 September 2001
 - competition from China, which joined the World Trade Organization in December 2001
 - regulatory impediments to integration, such as proving rules of origin
- there have been a variety of policy responses in response to slowed growth in trade among the NAFTA countries, including the perimeter security and economic competitiveness agenda announced by Prime Minister Harper and President Obama in February 2011, and enhanced border infrastructure
- "one size fits all" is not the right solution in respect of borders; different ports of entry have different problems, and different problems require different solutions
- in the future, efforts should be directed to common entry documents and to tariff systems that are more harmonized, such as through similar classification systems

NORTH AMERICAN COOPERATION IN PUBLIC SAFETY & LAW ENFORCEMENT

Gary King, Attorney General for the State of New Mexico

- communication and cooperation are important
- organized crime operates without borders, and those engaged in such activities cooperate and communicate with each other very well; law enforcement must work together across borders in the same way, otherwise they are at a "huge" disadvantage
- Mexican law enforcement officials are brave, and they continue to do their job as their friends and colleagues are assassinated
- the fight against international crime cannot be won in only a year or two
- the fight against crime is assisted by efforts to stop the flow of money across borders

Rommel Moreno Manjarrez, Attorney General for the State of Baja California

- some challenges are global
- citizens do not distinguish among federal, state and municipal governments when it comes to assigning responsibility
- reforms are under way regarding the war against crime:
 - best practices are being "borrowed"
 - training is occurring
 - > crime scene investigation is improving
 - information is being exchanged

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

ASSOCIATION Canada-United States

Inter-Parliamentary Group

ACTIVITY National Conference of the Council of

State Governments

DESTINATION Bellevue, Washington, United States of

America

DATES October 19-23, 2011

DELEGATION

SENATE

HOUSE OF COMMONS Hon. Wayne Easter, P.C., M.P., Vice-Chair

Mr. Phil McColeman, M.P.

STAFF Ms. June Dewetering, Senior Advisor

TRANSPORTATION \$1,455.64

ACCOMMODATION \$2,120.54

HOSPITALITY \$Ø

PER DIEMS \$800.89

OFFICIAL GIFTS \$Ø

MISCELLANEOUS/REGISTRATION \$1,357.87

FEES

TOTAL \$5,734.94