

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 Annual Meeting with
Members of the U.S. Senate**

Canada-United States Inter-Parliamentary Group

**Washington, D.C., United States of America
May 14-15, 2012**

Report

DELEGATION MEMBERS AND STAFF

From May 14-15, 2012, Senator Janis G. Johnson, Senate Co-Chair of the Canadian Section of the Canada-United States Inter-Parliamentary Group (IPG), led a delegation to Washington, D.C. for meetings with members of the U.S. Senate. The other members of the delegation were the Honourable Senators Daniel Lang, Paul Massicotte, Terry Mercer, Percy Mockler and Wilfred

P. Moore, Q.C. Mr. Gord Brown, M.P., House of Commons Co-Chair of the Canadian Section, was also a delegate. The delegation was accompanied by Angela Crandall, the Canadian Section's Executive Secretary, and June Dewetering, Senior Advisor to the Canadian Section.

THE EVENT

This meeting was the first occasion on which U.S. and Canadian Senators met in what the U.S. Senate has decided is a new format: meetings without the House of Commons and the House of Representatives, to be held in alternating capital cities on a biennial basis. It was also the first occasion on which all elements of the meeting occurred in plenary sessions, rather than opening and closing plenary sessions with – between the two – concurrent sessions traditionally focused on three areas: economic and trade issues, international issues and transborder resource issues.

The Canadian delegation met with Senator Amy Klobuchar, Chair of the U.S. Section of the IPG, and Senator Mike Crapo, Vice-Chair of the U.S. Section, as well as with U.S. Senators Mark Begich, Jeff Bingaman, Charles Grassley, John Hoeven, Daniel Inouye, Mary Landrieu, Patrick Leahy, Joe Manchin III, Lisa Murkowski, James Risch, Bernie Sanders, Jon Tester, Mark Udall and Mark Warner.

DELEGATION OBJECTIVES FOR THE EVENT

Interactions with their Congressional counterparts enable Canadian Senators to achieve better the aims of the Canadian Section of the IPG to find points of convergence in respective national policies, to initiate dialogue on points of divergence, to encourage exchanges of information and to promote better understanding on shared issues of concern.

ACTIVITIES DURING THE EVENT

During the meeting, U.S. and Canadian Senators discussed cooperation on bilateral economic and trade issues, North American energy security issues, Arctic issues and

international security issues. This report summarizes the main points that were made at the meeting on these issues. As well, Senators discussed the format of future meetings, including the possibility of joint meetings with the House of Representatives and the House of Commons, as was the case for the first half-century of the IPG's existence.

BILATERAL ECONOMIC AND TRADE ISSUES

A. Fiscal Reform

According to a U.S. Senator, there are strong institutional forces preventing needed fiscal reforms in the United States, although the 2010 National Commission on Fiscal Responsibility and Reform – commonly known as the Simpson-Bowles Commission – provided a good framework; in particular, there is a need for entitlement reform, measures to “grow” the economy, and changes on both sides of the balance sheet: spending must fall and tax revenue must rise. A colleague said that, in addition to the lack of institutional support, there is a lack of support from interest groups across the political spectrum, while another colleague commented that a number of U.S. Senators are continuing to meet with a view to reaching a bipartisan solution.

Another U.S. Senator noted that the U.S. federal debt is \$16 trillion and is increasing by \$4.5 billion each day; according to him, with the exception of 6 years, the United States' annual federal budget has been in deficit for 75 years. In his view, the United States has the world's largest economy and can phase in any fiscal changes that are needed. A colleague argued that reaching a long-term – perhaps 50-year – agreement in respect of entitlements should be a priority, indicated the need for some certainty in order to ensure investment and job creation, and said that expiration of the tax reductions enacted by President George W. Bush would have a negative impact on capital formation; another colleague said that expiration of these tax reductions would generate \$5 trillion in tax revenue that could be used to reduce the debt, and noted the Congressional Budget Office's expectation that expiration would have a detrimental impact on economic growth.

Canadian Senators spoke about the interdependent nature of the Canadian and American economies, and a Senator argued that another recession could occur if the United States acts too quickly, a potential outcome that was identified as disastrous. A Canadian member of the House of Commons noted that Canada is expected to have a federal budgetary surplus by 2014-2015, with this result achieved without the need to increase taxes; that said, changes to the Old Age Security program will occur. According to another Canadian Senator, demographic changes are “telling governments what needs to be done.”

Finally, a Canadian Senator characterized the *Dodd-Frank Wall Street Reform and Consumer Protection Act* (Dodd-Frank Act) as “good,” but suggested that the regulations are onerous; a U.S. Senator commented that there has been a “regulatory explosion,” and argued that while the Dodd-Frank Act was “marketed” as a “control” for Wall Street, the result has been “suffocation” of Wall Street and more business for the larger banks as the smaller tier of financial institutions is being “hammered.” A U.S. colleague noted the healthy state of Canada’s financial institutions and housing market.

B. Shared Canada-U.S. Border

A U.S. Senator said that bilateral border issues have improved, including in respect of baggage screening, while a colleague noted that the wait time in relation to visas is falling and that travellers are choosing the airport that they use based on the adequacy of U.S. Customs and Border Protection (CBP) officials to “process” them. In her view, bipartisan efforts should occur with a view to improving tourism.

A Canadian Senator noted the February 2011 announcement by Prime Minister Harper and President Obama about the perimeter security and economic competitiveness agenda, and the December 2011 announcement about the Beyond the Border Action Plan. A colleague said that the “thickening” of the shared border is impeding the flow of goods and services; according to him, there are negative implications in light of the extremely interdependent economies in the two countries, and talk is not enough: action is needed. Another Canadian Senator shared his view that CBP officials are often disrespectful and authoritarian at the border, and argued for a complaint mechanism, while a colleague said that such problems are greater at the Toronto airport than is the case at either the Halifax or Montreal airports.

C. Trans-Pacific Partnership

A number of Canadian Senators highlighted Canada’s desire to participate in the Trans-Pacific Partnership (TPP) negotiations. One Senator argued that Canada is both keen and ready to join the negotiations, while another noted that U.S. Senator Baucus is using softwood lumber trade with Canada as “leverage” as each of the nine TPP countries consider whether Canada, among other nations, should be permitted to participate in the negotiations.

A U.S. Senator responded that the U.S. State Department is considering Canada’s request to join the TPP negotiations, specifically through feedback received during a comment period, and noted the United States’ desire to conclude the TPP negotiations. A colleague said that he is unaware of resistance in the U.S. Senate to Canada’s participation in the negotiations, while another Senator identified concerns in certain U.S. agricultural sectors – including dairy, pork and poultry – about Canada’s

involvement and a colleague mentioned that Canada's supply management system for some commodities is an irritant. A Canadian Senator argued that Canada is not willing to solve agricultural "problems" other than at the TPP bargaining table.

A U.S. Senator commented on New Zealand's concern about Canada's intellectual property rights regime and the role it is playing when Canada's participation in the TPP negotiations is being considered. A Canadian Senator responded by noting that a bill amending Canada's *Copyright Act* is currently being considered by Parliament; a member of Canada's House of Commons indicated that the bill will likely be enacted before Christmas.

D. Agricultural Issues

A Canadian Senator began the discussion of agricultural issues by noting the United States' country-of-origin labelling (COOL) requirements. A U.S. Senator indicated that the United States has appealed the World Trade Organization's ruling in relation to these requirements; a colleague said that not all agricultural groups in the United States support COOL requirements, noting – for example – the different views held by processors on one hand and R-CALF on the other hand.

A U.S. Senator noted that a bipartisan U.S. Farm Bill was passed by the Senate Agriculture, Nutrition, and Forestry Committee, with the proposed legislation expected to be considered by the Senate in June 2012. According to her, the proposed legislation would implement significant reductions in direct payments.

Intellectual Property Issues

A Canadian member of the House of Commons initiated the discussion of intellectual property issues by identifying recently proposed changes to Canada's *Copyright Act*; according to him, the United States has been pressing Canada to make changes to its intellectual property rights regime for some time. A Canadian Senator noted that Canada has been on the U.S. Trade Representative's Special 301 priority watch list for the last couple of years, and a U.S. Senator spoke about the need to stop piracy and counterfeiting at their source.

E. Other Issues

Such other issues as food security and diversity, lead in toys from China, the significant degree to which known rare earth minerals are Chinese-owned, the extent of Canada's arable land, agricultural research in Canada, the price premium for organic products that are labelled as such, the Wild Horse port of entry, and the United States' recently enacted trade agreements with Panama, Colombia and South Korea were identified by Canadian and U.S. Senators, but they were not the subject of substantive discussion.

NORTH AMERICAN ENERGY ISSUES

In beginning the discussion of energy issues, a U.S. Senator spoke about the “great” energy relationship between Canada and the United States, and about the Keystone XL pipeline proposal; he indicated that the proposed pipeline’s new route through Nebraska is likely to be approved, and will be important for the future of both the United States and North Dakota. A number of U.S. Senators expressed support for the Keystone XL proposal; one Senator made particular mention of the positive implications for road safety, while a colleague commented that – with thousands of miles of pipelines already in existence – the debate is really about whether the United States is going to get its oil from the Canadian “tar” sands. According to another colleague, the United States can do business with Canada, or it can do business with Saudi Arabia: the choice is clear. A U.S. Senator said that some environmentalists do not support the Keystone XL pipeline and are “using Nebraska as an excuse.” Regarding North Dakota, a colleague commented on the state’s “incredible” oil resources, with billions of barrels in recoverable oil.

Comments were also made about energy in Alaska, with a U.S. Senator suggesting that Alaska will have to identify a non-domestic market for its energy – including natural gas – because the “lower 48” states are now saturated with shale gas. She also noted that North Dakota has surpassed Alaska in terms of oil production, identified the tax structure in Alaska as a “problem,” and said that there are a number of proposals regarding liquefied natural gas “on the table.” Finally, according to her, there is a difference between offshore drilling in Alaska and offshore drilling in the Gulf of Mexico, including because of differences in water depth and pressure, and Coast Guard access in the event of an emergency.

Several Canadian Senators noted the investments made by China in Canada’s natural resources, including energy. A U.S. Senator responded by noting that Chinese investment in the United States is relatively high too.

Senators in both countries agreed about the goal of North American energy self-sufficiency, identified the need to work together on energy issues, discussed mechanisms for pricing carbon, and commented on renewable energy sources, including hydroelectricity and wind.

Finally, in speaking in the context of energy, a Canadian Senator noted that Canada cannot depend on only one customer: it is a good business practice to have more than one customer.

ARCTIC ISSUES

A U.S. Senator spoke about the “intersection” between energy and the Arctic, and expressed the need for the United States to participate in Arctic policy. She identified ways in which the United States and Canada are working together on Arctic issues, including in respect of mapping, research, ice-breaking and fish resources, and said that the two countries must also work together regarding tourism. She and a colleague noted the need for the United States to ratify the United Nations Convention on the Law of the Sea, which requires 67 votes in the U.S. Senate.

A Canadian Senator similarly noted joint activities in the Arctic, including in relation to weather reporting, while a colleague identified the importance of knowing who is “coming and going” in the Arctic.

INTERNATIONAL SECURITY ISSUES

In beginning the discussion about international security issues, a U.S. Senator noted the training role that Canada’s military troops are performing in Afghanistan, while a colleague identified the “great” bilateral military relationship shared by the United States and Canada; he and a Canadian Senator mentioned the cooperation of the two countries in the North American Aerospace Defense Command (NORAD), and the Canadian Senator also spoke about Canada’s transition to a non-combat role in Afghanistan and highlighted that a new form of engagement does not mean disengagement.

In speaking about security, Pakistan and Iran were also mentioned by Senators.

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	Annual Meeting with Members of the U.S. Senate
DESTINATION	Washington, D.C., United States of America
DATES	May 14-15, 2013
DELEGATION	
SENATE	Hon. Janis G. Johnson, Senator, Co- Chair Hon. Daniel Lang, Senator Hon. Paul Massicotte, Senator Hon. Terry Mercer, Senator Hon. Percy Mockler, Senator Hon. Wilfred P. Moore, Q.C., Senator
HOUSE OF COMMONS	Mr. Gord Brown, M.P., Co-Chair
STAFF	Angela Crandall, Executive Secretary June Dewetering, Senior Advisor
TRANSPORTATION	\$4,246.78
ACCOMMODATION	\$2,336.04
HOSPITALITY	\$Ø
PER DIEMS	\$1,320.24
OFFICIAL GIFTS	\$45.50
MISCELLANEOUS/REGISTRATION FEES	\$835.34
TOTAL	\$8,783.90