

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 50th Annual Meeting of the
Council of State Governments - Eastern Regional Conference
and Regional Policy Forum**

Canada-United States Inter-Parliamentary Group

**Portland, Maine, United States of America
August 15-18, 2010**

Report

DELEGATION MEMBERS AND STAFF

From August 15-18, 2010, the Honourable Senator Dennis Dawson led a delegation of members of the Canadian Section of the Canada-United States Inter-Parliamentary Group (IPG) to the 50th Annual Meeting and Regional Policy Forum of the Eastern Regional Conference (ERC) in Portland, Maine. The other members of the delegation were the Honourable Senator Robert Runciman, Mr. Christian Ouellet, M.P., and Mr. Phil McColeman, M.P.

THE EVENT

The ERC, which holds a meeting annually, is a regional association of state and provincial legislators from 19 member jurisdictions from the United States and Canada (see Appendix A). By facilitating cooperation among its member jurisdictions, the ERC promotes multi-state and/or region-wide solutions to the problems and challenges facing state and provincial legislators.

DELEGATION OBJECTIVES FOR THE EVENT

Canada and the 11 ERC states share a mutually beneficial relationship. According to recent figures, nearly 1.5 million jobs in ERC states rely on Canada-US trade, which was recently valued at \$121.7 billion for the region: more than \$37.2 billion was exported from the 11 states to Canada, while imports from Canada to the ERC states exceeded \$84 billion. Furthermore, recent data suggest that Canadians made more than 7.3 million visits to the ERC states in a 12-month period and spent almost \$2.1 billion, while residents of the ERC states made about 4.1 million visits to Canada and spent more than \$1.7 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.

Canadian delegates found the 2010 Annual Meeting of the ERC to be a valuable occasion to discuss the numerous opportunities for Canada and the eastern US states to collaborate on improving the economic status of the region. The Canadian delegation was particularly pleased to discuss the potential for expanding eastern transportation corridors in order to enhance the region's economy and cultural vitality. 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 ERC to continue its work in advocating Canadian interests in the eastern United States.

ACTIVITIES DURING THE EVENT

During the 2010 Annual Meeting, the ERC dealt with a number of topics including trade, clean energy, and transportation. 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 eastern US states to collaborate on improving the region's transportation and clean energy infrastructure, as well as trade links between the eastern US states and Canadian provinces. The delegation looks forward to future discussions with US officials on the region's promising economic future.

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

CANADA-US RELATIONS

Discussions on Canada-US relations highlighted the importance of bilateral trade for the two countries. Participants emphasized the fact that Canada and the United States have the largest trading relationship in the world, with a number of individuals pointing out that both countries are "production partners," with highly integrated economies and commercial relations that encompass all major industries. According to Ms. Linda Menghetti, Vice President of the Emergency Committee for American Trade, in 2009, Canada received approximately 19.4% of US exports (more than any other country) and the US received about 77.6% of Canada's exports. Oil and energy products made up about 30 per cent of US imports from Canada. Furthermore, it was mentioned that cross-border trade and investment enhance the international competitiveness of businesses in both countries. In 2008, bilateral investment totalled nearly \$450 billion.

A number of points were raised regarding the challenges facing trade between Canada and the United States, including:

- security challenges and "border thickening;"
- protectionist sentiments on both sides of the border;
- the *American Recovery and Reinvestment Act of 2009*;
- various political and bureaucratic difficulties associated with harmonizing regulations between different jurisdictions; and
- expenses associated with regulatory changes.

Security was a major concern for a number of participants. Ms. Maryscott "Scotty" Greenwood, Executive Director of the Canadian American Business Council, emphasized the US public interest in tighter security and stronger borders. However, she expressed the need for "smart" measures that raise security standards without disrupting trade. Many participants agreed that some of the protectionist sentiments in the US against bilateral free trade could be overcome by raising awareness about Canada-US relations. New Hampshire Senator Jacalyn Cilley stated that the average American citizen does not understand the importance of the economic relations between Canada and the United States, which may be one reason for some of the protectionist sentiments in the US.

Participants agreed that working on bilateral trade facilitation is a priority for the economic wellbeing of both countries. Mr. Leo Galvine, Member of the Nova Scotia Legislative Assembly, pointed out that, in Europe and Asia, different countries are establishing deeper economic relations, which – in turn – are contributing to the rise of stronger regional economic blocks around the world. To ensure North America’s continued competitiveness in the global economy, Mr. Galvine argued that Canada and the United States must also work towards further integration of their economic relations.

“BUY AMERICA”

The *American Recovery and Reinvestment Act of 2009* (“Buy America” or the Act) was an area of concern raised by a number of participants during Canada-US trade discussions. Some speakers argued that Buy America is a major threat to economic relations between Canada and the United States. For example, Mr. Donald Stephenson, Assistant Deputy Minister on Trade Policy and Negotiations at Foreign Affairs and International Trade Canada, stated that the Act has already upset the “balance and psychology” of the North American market and is affecting relations between Canadian and American businesses that have taken many years to develop.

Ms. Linda Menghetti, Vice President of the Emergency Committee for American Trade, pointed out a number of drawbacks for the United States associated with expanding Buy America provisions, including:

- slower, more complicated and more costly procurements;
- fewer projects and infrastructure improvements; and
- international retaliation against some American companies (e.g., by adopting similar or more protectionist policies or denying US companies access to certain foreign markets).

According to Ms. Menghetti, some estimates indicate that government-wide procurement of goods and services typically accounts for 10% to 15% of a country’s gross domestic product (GDP). Furthermore, it is estimated that the global procurement markets could potentially equal “some \$12.8 trillion in total procurements and \$4.8 trillion in contestable procurements.”

Ms. Scotty Greenwood emphasized the need for better communication between Canada and the United States regarding Buy America. It was pointed out that further communication on areas of divergence is necessary to ensure the continued strength of Canada-US relations. Mr. Stephenson indicated that Canada is ready to negotiate deeper agreements on government procurement with the US.

CLEAN ENERGY

Discussions on clean energy emphasized the widespread interest in the Eastern US to develop more sustainable energy infrastructure. Many participants pointed out that New England states are highly dedicated to the development of cleaner energy in the region. It was mentioned that, in 2002, investments in clean energy totalled \$4 billion, and that \$5 billion in investments are anticipated in the near future.

It was generally agreed that developing a mix of clean energy technologies would have many regional benefits, including:

- protecting the region against rising energy prices and future energy shortages;
- equipping the region with sustainable energy infrastructure to support a growing population;
- reducing the region's greenhouse gas emissions and facilitating action on climate change; and
- orienting the region's economy towards a more sustainable model for the 21st century.

On the other hand, it was agreed that clean energy development still faces a number of challenges, particularly related to economies of scale, since many clean energy technologies cannot compete with traditional technologies at this time. There are also a number of technological and infrastructure-related concerns, including, for example, challenges associated with the funding and development of the necessary transmission infrastructure to allow the integration of new renewable technologies on a wide scale.

Many participants also emphasized the benefits of energy efficiency as a possible “engine for economic growth.” It was mentioned that investing in energy efficiency provides a large range of environmental and economic benefits, including energy conservation and savings. Participants agreed that energy efficiency should be advocated simultaneously with the development of new, clean energy sources in order to make the best use of current and future resources and investments.

TRANSPORTATION

During discussions on transportation, a number of speakers and participants highlighted the benefits of improving Canada-US transportation corridors in the eastern US region, particularly the Montreal-Boston-New York corridor. It was widely agreed that equipping the eastern region with more advanced, 21st-century transportation infrastructure is critical for enhancing the region's economic competitiveness and cultural vitality. In particular, delegates emphasized the need for better highway networks, “higher-speed” rail and more accessible borders. It was pointed out that transit corridors in North America's eastern region are lagging other regions, particularly Europe, where borders are open and transportation infrastructure is superior.

There was general agreement among participants that the advantages of investments in transportation infrastructure are widespread and long-term. The following benefits were emphasized:

- improved trade between Canada and the United States due to the ease of transportation of goods across the border;
- more vibrant bilateral tourism in the North America's eastern region;
- the creation of short- and long-term employment opportunities as a result of increased economic activity and tourism in the region; and
- a stronger presence of the eastern US states and Canadian provinces in the global economy.

On the other hand, a number of major challenges to large-scale investments in cross-border transportation projects (namely, high-speed rail) were also expressed, including the high cost of most projects, the uncertain viability of securing long-term funding sources and cross-border security concerns. Most participants agreed that high border security, which is important for both Canada and the United States, can be integrated in future transportation plans and does not have to impede the region's economic development. For example, it was mentioned that US border preclearance facilities could be established in Canadian train stations to facilitate the crossing of the border in the case of cross-border high-speed trains.

There was also some discussion of the economic viability of improving transportation infrastructure in the transit corridors in North America's eastern region. Mr. Joung H. Lee, Associate Director for Finance and Business Development at the American Association of State Highway and Transportation Officials, explained that, in the United States, passenger-vehicle demand for highway investments parallels population growth, at about 1% per year, while truck-freight demand parallels economic growth, at approximately 2% to 3% per year. He estimated the cost of improving highways for a growth rate of 1% to 1.4 % of vehicle miles travelled (VMT) per year to be between \$132 billion and \$166 billion. Taking other transportation infrastructure into account, Mr. Lee estimated that \$225 to \$340 billion is needed annually for highways, bridges, public transit, freight rail and intercity passenger rail.

Potential mechanisms to fund new transportation infrastructure were discussed, including tolls, public-private partnerships and taxation (e.g., a fuel tax). However, it was pointed out that each mechanism has advantages and disadvantages that must be evaluated on a case-by-case basis. It was generally agreed that all jurisdictions need to be involved both politically and financially in order to establish a long-term transportation vision for the region.

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

MEMBER US JURISDICTIONS OF THE EASTERN REGIONAL CONFERENCE

Connecticut
Delaware
Maine
Maryland
Massachusetts
New Hampshire
New Jersey
New York
Pennsylvania
Puerto Rico
Rhode Island
US Virgin Islands
Vermont

MEMBER CANADIAN PROVINCES OF THE EASTERN REGIONAL CONFERENCE

New Brunswick
Newfoundland and Labrador
Nova Scotia
Ontario
Prince Edward Island
Quebec

Travel Costs

ASSOCIATION	Canada-United States Inter-Parliamentary Group
ACTIVITY	50th Annual Meeting of the Council of State Governments - Eastern Regional Conference and Regional Policy Forum
DESTINATION	Portland, Maine, United States of America
DATES	August 15-18, 2010
DELEGATION	
SENATE	Hon. Dennis Dawson, Senator Hon. Robert Runciman, Senator
HOUSE OF COMMONS	Mr. Phil McColeman, M.P. Mr. Christian Ouellet, M.P.
STAFF	Mr. Chad Mariage, Executive Secretary Mr. Mohamed Zakzouk, Advisor
TRANSPORTATION	\$3,870.29
ACCOMMODATION	\$4,809.73
HOSPITALITY	\$Ø
PER DIEMS	\$1,614.29
OFFICIAL GIFTS	\$Ø
MISCELLANEOUS/REGISTRATION FEES	\$1,955.43
TOTAL	\$12,249.74