

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 79th Annual Meeting of the
Southern Governors' Association**

Canada-United States Inter-Parliamentary Group

**Louisville, Kentucky, United States of America
September 6-9, 2013**

Report

DELEGATION MEMBERS AND STAFF

From September 6-9, 2013, Mr. Gord Brown, M.P., Co-Chair of the Canada-United States Inter-Parliamentary Group (IPG), led a delegation to the annual meeting of the Southern Governors' Association (SGA) in Louisville, Kentucky. The other delegate was Mr. Brad Trost, M.P., and the delegation was accompanied by Ms. June Dewetering, the Canadian Section's Senior Advisor.

THE EVENT

Founded in 1934, the SGA is the oldest of the regional governors' associations and has a long history of promoting the common interests of the governors of the 16 U.S. southern states, as well as the U.S. Virgin Islands and Puerto Rico (see the Appendix). The SGA provides a bipartisan forum in which to help shape and implement national policy, as well as to solve regional problems, improve the quality of life of residents of the U.S. South, and secure an economically vibrant and prosperous American South.

Each year, the SGA holds an annual meeting. The 2013 annual meeting was focused on the theme of "Advanced Manufacturing in the American South," and was chaired by Kentucky Governor Steven Beshear. In addition to Governor Beshear, the annual meeting was attended by Governors Mike Beebe (Arkansas), Bill Haslam (Tennessee), Pat McCrory (North Carolina), Jay Nixon (Missouri), Martin O'Malley (Maryland) and Earl Ray Tomblin (West Virginia),

The 2014 annual meeting, which will be focused on "Southern R&D: Turning Great Ideas into Great Products," will be chaired by Governor Beebe.

DELEGATION OBJECTIVES FOR THE EVENT

Canada and the 16 SGA states have a relationship that is mutually beneficial. According to recent figures, more than 75% of the U.S. states included in the SGA have Canada as their primary foreign export market.

The Canada-United States IPG 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. In addition to regular meetings with their federal counterparts, members of the Canadian Section of the IPG attend national and regional meetings of governors. At these events, Canadian delegates take the opportunity to engage in the conversations that will help achieve the Canadian Section's objectives, and to communicate the nature and scope of the bilateral relationship. The Canadian Section anticipates that its participation at the annual meeting will continue.

ACTIVITIES DURING THE EVENT

During the 2013 annual meeting, the SGA held the following sessions:

- Understanding the Manufacturing Resurgence
- Energy Policies Impacting Manufacturing
- Impacts of International Trade and Investment on Manufacturing in the U.S.
- Achieving Economic Growth Through Exports, Supply Chains and Innovation Ecosystems
- A Private Sector Perspective on Innovation
- Building the Talent Pipeline
- Addressing the Diabetes Epidemic
- A Private Sector Perspective on Health and Wellness
- Maintaining the Competitiveness of the Region's Infrastructure Assets
- Creating a Regional Manufacturing Action Plan.

This report summarizes the presentations that were made at the 2013 annual meeting.

UNDERSTANDING THE MANUFACTURING RESURGENCE

Chip Blankenship, *GE Home & Business Solutions*

- Manufacturing is returning to the United States; key questions are:
 - Is the return sustainable?
 - What will it take to “stay on the journey”?
- Global competition “raises the bar” every day.
- Companies cannot “do it alone”; in the same way that governments of competitors are assisting their businesses, so too must state and federal governments in the United States help to create an environment for success.
- Sustained effort and sustained will over time are required, and the focus should be a “level playing field.”
- It is important to:
 - encourage research and development and support innovation;
 - develop “talent,” including in the areas of science, technology, engineering and mathematics; and
 - ensure system competitiveness, including through fiscal certainty, and regulatory reform and certainty.
- With intense global competition, where competitors are not “standing still” and are “moving targets,” continuous – including daily – improvement is key.

- Companies need to ensure an ongoing focus on costs, quality and the efficiency of their distribution networks, among other considerations.
- While productivity gains are essential, the result may be fewer employees.
- Employers want a stable workforce, employees want a stable job, and it is important that employees be focused on re-skilling and improving their productivity.
- The state has a role to play in creating the environment for success, and should focus on the following:
 - training and development;
 - regulatory certainty;
 - research and development; and
 - tax reform.
- The United States needs to be first in the world at graduating “thought leaders”; some of this “space” has been lost to China and Germany.

ENERGY POLICIES IMPACTING MANUFACTURING

Karen Alderman Herbert, *U.S. Chamber of Commerce*

- In order to realize advanced manufacturing, companies must be in a position to take advantage of abundant U.S. energy resources, which are a fundamental production input; energy is a comparative competitive advantage for the United States.
- German manufacturers have moved to the United States because of affordable energy.
- All energy sources must be “part of the mix.”
- The United States must become more energy self-sufficient, and it needs to have an energy plan; as part of the move to self-sufficiency, less energy should be imported from countries that do not “like” the United States, with jobs created and tax revenue generated domestically.
- The United States has oil and natural gas throughout the country, as well as hundreds of years of coal and endless renewable energy sources.
- Although the United States is an energy “superpower,” it does not act as though it is; policies and regulations that support the “unleashing” of the United States’ energy potential are required.
- The private sector goes to where opportunities exist, and a predictable regulatory environment, a fair and competitive fiscal policy, and a competitive corporate tax system are needed in order for growth to occur.
- For every engineer graduating in the United States, four are graduating in Europe and nine are graduating in China.

- In the past, the United States used to have to worry about importing oil; now, it has to worry about importing intellect.

Michael Levi, *Council on Foreign Relations*

- There have been “extraordinary” changes in U.S. energy over the last few years; for example, shale oil and gas have been identified, renewable energy sources are being used and oil production is rising.
- Abundance creates opportunities.
- In the United States, there has been a substantial increase in employment because of oil and gas production.
- Manufacturing in the United States is growing, partly because of the oil and gas industry and its supply chain; job growth has occurred because of inexpensive energy and feedstock.
- While over-regulation leads to something being “off limits,” the same is true with under-regulation, as public backlash then occurs; it is important to strike the right balance regarding regulation.

James Slutz, *Global Energy Strategies, LLC*

- Manufacturing fuel is one of the most energy-intensive businesses.
- U.S. refineries operate at high capacity.
- In 2011, for the first time since 1949, the United States became a net refined energy exporter.
- While energy is important, the significance of tax rates must also be recognized.
- Regulations should be examined to see if the costs and benefits are consistent with what was contemplated when the regulations were brought in.
- Innovation provides exciting opportunities.
- A variety of factors are catalysts for the growth of manufacturing sector, including the following:
 - energy;
 - regulations;
 - taxes;
 - trade;
 - labour force; and
 - research.
- Catalysts work only when they are in the right environment.

IMPACTS OF INTERNATIONAL TRADE AND INVESTMENT ON MANUFACTURING IN THE U.S.

Leslie Griffin, *UPS*

- If a manufacturing business is not exporting, it is falling behind; people around the world want the goods and services that the United States produces.
- About 95% of the world's consumers reside outside the United States.
- E-commerce has facilitated an increase in the number of customers that can be accessed.
- Obstacles faced by U.S. manufacturers doing business abroad include the following:
 - tariffs;
 - customs and other border processes; and
 - regulations.
- The United States should focus on "levelling the playing field" through free trade agreements (FTAs).
- At present, the United States has FTAs with 20 countries, and is involved in the Trans-Pacific Partnership negotiations and in negotiations with the European Union.
- As manufacturers import parts and components, imports are an essential part of exports.
- Trade is not a zero-sum game; it can "grow the size of the pie."
- Exporting and attracting foreign investment go "hand in hand."
- The U.S. Congress will be considering trade promotion authority for the president.

Nancy McLernon, *Organization for International Investment*

- Companies often "stretch" across borders and continents.
- Foreign investment "fuels" U.S. trade and job creation.
- A high concentration of foreign-based companies is involved in manufacturing; these manufacturers are often involved in advanced manufacturing, and have highly skilled jobs with compensation that exceeds \$85,000 annually.
- Manufacturing investment "spurs" a chain reaction; according to one estimate, one manufacturing job at a U.S. subsidiary of a foreign company leads to the creation of five additional jobs.

- Each state in the U.S. South has been positively affected by foreign investment.
- There is “lots of room” for the United States to attract foreign direct investment, and – globally – there is \$5 trillion “trying to decide where to invest.”
- The United States can increase its share of foreign direct investment by focusing on:
 - market entry – remove barriers to entry, and realize that almost 85% of foreign investment comes through acquisitions; and
 - providing “after care” – give the greatest opportunities to succeed once in the United States, “level the playing field” when foreign companies are competing with domestic companies, allow foreign companies the opportunity to participate on industry advisory committees, ensure that states adhere to agreements signed at the federal level even when there is no legal obligation to do so, and ask foreign company executives what a state should do to “set itself apart.”

ACHIEVING ECONOMIC GROWTH THROUGH EXPORTS, SUPPLY CHAINS AND INNOVATION ECOSYSTEMS

Phillip Singerman, *National Institute of Standards and Technology*

- The “centre of gravity” for U.S. manufacturing is located in the U.S. South.
- Public-private partnerships should be considered, where appropriate.
- For the past five years, the federal government has realized the importance of supporting 21st century manufacturing.
- The United States needs to “invent it here” and “build it here.”
- There are four Ts to consider for the success of the manufacturing sector:
 - trade, especially trade facilitation;
 - training, especially skills development;
 - taxes; and
 - technology acceleration.
- The globalization of economic activity has had significant domestic consequences.
- The rise of competitor nations that have command economies has resulted in an “unlevel playing field.”
- To leverage federal investments in research and development, there is a need to connect to the innovation ecosystem.

- When determining where to locate or relocate, companies are interested in:
 - the workforce; and
 - the existing supplier network.

Suzanne Berger, *Massachusetts Institute of Technology*

- Innovation in the United States is strong; key questions include the following:
 - What type of manufacturing is needed to get value from this innovation?
 - Does the United States have the skills and productive capabilities for the industries of the future?
 - What is the source of needed capital?
 - How long is it taking to fill job vacancies?
 - Why did the U.S. manufacturing sector decline, and why did it decline so rapidly?
- The answer to the questions of why the U.S. manufacturing sector declined and declined so rapidly could include four elements:
 - productivity, since fewer people are needed to produce more;
 - the “inexorable march” to the service economy;
 - globalization and China; and
 - transformation of U.S. corporate structures in the 1980s as financial markets “forced” companies to have fewer assets and “splits” occurred in an effort to put upward pressure on the price of stocks.
- Historically, larger employers provided skills training; now, they are less likely to do so.
- The United States needs to build new pathways from innovation to the market, and to make new industrial ecosystems.

Page Siplon, *Georgia Center of Innovation for Logistics*

- Logistics and supply chains are critical in getting goods to customers; without supply chains, companies are “collectors.”
- Every supply chain is unique as goods are moved from point A to point B, and the priority is low-cost movement in a timely manner.
- On average, 10% of the total sales revenue for any company is allocated to logistics.
- Regarding logistics, there are policy, tax incentive and infrastructure issues.

- Strategic investments in infrastructure support economic development
- The priorities for supply chains include the following:
 - faster;
 - better;
 - less expensive; and
 - reliable.
- The priorities for infrastructure include the following:
 - capacity;
 - capability; and
 - connectivity.
- From the perspective of industries, the priorities include the following:
 - volume, as increased volume may mean higher profits;
 - velocity, which involves getting the right quantity to the right place at the right time; and
 - visibility, which is directed to identifying potential problems before they arise.
- It is important to align the three Vs – volume, velocity and visibility – with the three Cs – capacity, capability and connectivity.

A PRIVATE SECTOR PERSPECTIVE ON INNOVATION

R.G. Conlee, *Xerox*

- There is a need “to be organized for innovation” and to do things differently in the future than they have been done in the past; the work of 2020 will not be the work of 2013.
- With innovation, there is a need to streamline, as time is “of the essence.”
- Research and innovation should be funded through profits and increased stock prices, and they should be connected to production; it is important to have something “into which innovation can be directed.”
- If a company is “late to the game,” it probably will not be competitive.
- Private enterprise is “a lot quicker” than public enterprise.

BUILDING THE TALENT PIPELINE

Mike Price, *Toyota Motor Manufacturing*

- The challenges for manufacturing include the following:

- the skills “pipeline,” which is particularly problematic regarding science, technology, engineering and mathematics, and the inability of the community college system to provide graduates who are fully prepared for work;
 - perceptions about manufacturing, which some see as not rewarding and which some do not see as a preferred career choice; and
 - the retirement of skilled workers as the baby boom generation continues to retire.
- Improvements in the education system are likely to take generations.
 - Perceptions about manufacturing should be changed, and people should be encouraged to pursue a career in manufacturing.

Gardner Carrick, *Manufacturing Institute*

- With reshoring and resurgence, it is exciting to be part of the manufacturing sector.
- The United States is in a better position than some countries worldwide because of factors such as the following:
 - rising costs overseas;
 - the need for a skilled workforce;
 - a lack of intellectual property protection in some countries; and
 - the energy “boom” in the United States.
- Growth in the manufacturing sector leads to job creation in other areas, including retail, education and health care.
- About 82% of manufacturers cannot find skilled workers; the perception of manufacturing as a career is negative, and manufacturing jobs are thought to be dangerous and poorly paid.
- Veterans and women are sources of skilled labour for manufacturers.
- There is a need to align education with the skilled labour needs of manufacturers, and to educate manufacturers about skills certification systems.
- In order to have a qualified workforce, the following are needed:
 - certified students;
 - certified instructors; and
 - certified schools.

Stefanie Sanford, *The College Board*

- A key question is: how can the workforce be prepared for a workplace that is changing so rapidly and on an ongoing basis?

- The kindergarten-grade 12 education system cannot be relied upon to change, as changing that system would take generations and the United States cannot wait for generations.
- Advanced placement (AP) courses in high schools teach students to have a work ethic; while an increasing number of students are taking AP courses, many who have the ability to succeed in such courses are not taking them.
- It is particularly important to offer AP courses in the topics of science, technology, engineering and mathematics.
- Students with the potential to succeed in AP courses should be “matched” with such courses.

Laura Greene Knapp, *RTI International*

- Students, educators and employers should be connected with each other; educators need to know the skills that employers need and they need to ensure that students are engaged.
- Student engagement and school-to-work transitions should be improved.
- Students need both technical and “soft” skills.
- As the perception of a factory and the reality of a factory are different, perceptions about the manufacturing sector and manufacturing jobs must be changed.
- Factories are laboratories for innovation.

ADDRESSING THE DIABETES EPIDEMIC

Marti Macchi, *National Association of Chronic Disease Directors*

- In the United States, there are 26 million people with diabetes and 79 million people with pre-diabetes; of this latter group, less than 10% is aware of the condition.
- In 2050, one in three U.S. adults will have diabetes.
- Solutions for containing the diabetes epidemic in the United States include the following:
 - the collection of data that indicate the cost and other impacts of diabetes;
 - efforts to address diabetes;
 - evidence-based recommendations for legislative action; and
 - a collaborative plan of action.
- There are three policy solution categories:
 - detection – screening is the entry point to prevention;

- prevention – prevention is the key to containing health care costs; and
- treatment – it is important to manage the impact on state health programs.

Audrey Tayse Haynes, *Secretary of Health and Family Services for the Commonwealth of Kentucky*

- People of all ages and backgrounds have diabetes; actions must be taken now in order to avoid disability and pre-mature death.
- Companies look at the health statistics of states in order to gain some sense of potential costs they might face.
- The prevalence of diabetes is rising; many people do not realize that they are at risk or have undiagnosed diabetes.
- Collaboration among relevant state agencies to address diabetes can yield positive results.
- People should be provided with incentives to engage in diabetes self-management.
- Pre-diabetes education is important.

Tara Dall, *Health Diagnostic Laboratory, Inc.*

- There is a need to empower patients and lower health care costs; health coaching is a possible solution.
- Evidence indicates that there is a link between obesity and diabetes.
- Glucose and traditional lipid testing are insufficient, as it is possible to get “normal” results but still be pre-diabetic.
- It is important to identify pre-diabetics who are at the greatest risk of developing diabetes.

A PRIVATE SECTOR PERSPECTIVE ON HEALTH AND WELLNESS

Deb Moessner, *Anthem Blue Cross and Blue Shield*

- A variety of factors contribute to chronic disease, including the following lifestyle choices:
 - poor nutrition;
 - excessive consumption of alcohol;
 - a lack of exercise; and
 - smoking.
- Lifestyle factors are amenable to change in an effort to improve health status.

- Chronic disease leads to lost productivity; back pain is the primary cause of lost productivity.
- Annually, about \$2.5 trillion is spent on health care in the United States; the country has a health problem and a health care financing problem.
- Health care is increasingly unaffordable for families, businesses and governments.
- A healthy workforce is needed in order to have a vibrant economy.
- Obesity and diabetes are linked, and diabetes is a leading cause of death.
- Retinal, kidney and cardiovascular disease are associated with diabetes.

MAINTAINING THE COMPETITIVENESS OF THE REGION'S INFRASTRUCTURE ASSETS

Michael Walsh, *U.S. Army Corps of Engineers*

- Water is essential to life.
- More than 95% of the United States' exports and imports move by water.
- The incidence of weather-related disasters is rising.
- Investments in infrastructure, in respect of both maintenance and capital expansion, are needed.
- It is estimated that, between now and 2020, \$4 trillion in infrastructure investments is needed in order for the United States to be globally competitive.
- The United States is a maritime nation, and between \$3 billion and \$5 billion should be invested in ports; port expansion is tied, in part, to population growth.
- Consistent with the principle that "you should make a friend before you need a friend," it is important to have a disaster plan in place before it is needed; the plan should set out the authorities of various entities.

Sean Connaughton, *Secretary of Transportation for the Commonwealth of Virginia*

- Transportation is essential to the economy, and for people and businesses.
- Transportation funding is an issue, and there are various options for funding transportation infrastructure, such as bonds, a gas tax and public-private partnerships.

Tom Ferree, *Connected Nation*

- Broadband capacity is important for the manufacturing sector; access, adoption and use are key issues.
- Engagement about broadband is needed at the local level.
- In the U.S. South, broadband is used by 83% of manufacturing businesses, a proportion that is higher than the national average of 75%.
- Governors can take a variety of actions in relation to broadband, including the following:
 - Support communities in forming technology planning teams.
 - Establish state broadband policy task forces and caucuses as ongoing resources.
 - Target vulnerable areas with public-private initiatives.

CREATING A REGIONAL MANUFACTURING ACTION PLAN

Stephen Gold, from the Manufacturers Alliance for Productivity and Innovation (MAPI), moderated a discussion with Cliff Waldman, from MAPI, and Matthew Murray, from the University of Tennessee at Knoxville. He then posed questions to private-sector and public-sector panelists.

The private-sector panelists were:

- Ronald Boles, Alabama Manufacturing Advocacy Council
- Randy Zook, Arkansas State Chamber of Commerce and Associated Industries of Arkansas
- Al Stimac, Manufacturers Association of Florida
- Greg Higdon, Kentucky Association of Manufacturers
- Jay Moon, Mississippi Manufacturers Association
- Ray McCarty, Associated Industries of Missouri
- Jaime Garcia, Puerto Rico Manufacturers Association
- Brett Vassey, Virginia Manufacturers Association.

The public-sector panelists were:

- Grant Tennille, Arkansas Economic Development Commission
- Larry Hayes, Kentucky Cabinet for Economic Development
- Alberto Bacó Bagué, Puerto Rico Department of Economic Development and Commerce
- Bill Hagerty, Tennessee Economic and Community Development
- Christopher Masingill, Delta Regional Authority

- Ted Abernathy, Southern Growth Policies Board.

Cliff Waldman, *Manufacturers Alliance for Productivity and Innovation*

- The cluster model is a team concept that has existed for about 20 years; clusters sometimes cross state lines.
- National policies affect state policies, and state and local policies affect regions.
- Entrepreneurship, especially manufacturing entrepreneurship, is important for the success of advanced manufacturing.
- Entrepreneurship creates new suppliers and competitors.
- The quality of the workforce is important.
- The U.S. South's strengths include the following:
 - low costs; and
 - reasonably competitive productivity.
- There is a need to improve educational attainment in the U.S. South as a support to advanced manufacturing.

Matthew Murray, *University of Tennessee at Knoxville*

- States have a role to play in promoting economic development, as they help to create an environment that supports business.
- Foundational investments in people and infrastructure are key to success; states are leaders in providing such investments to assist in economic development.
- An entrepreneurship program focused on advanced manufacturing would be beneficial, as would small business innovation research grants.
- The regional nature of clusters is key, as clusters cross state borders.
- While "low cost" has been critical to the development of the U.S. South in the past, "low cost" can be translated into low value.
- Investments should be made where they can yield the greatest return.
- As it is not possible to compete on the basis of low cost alone, economic development resources should be used as an investment; a strategic approach to economic development is needed, and it should be based on well-defined industry clusters.
- Decision makers should be accountable to taxpayers for the use of their monies.
- Investments are needed in kindergarten-grade 12 education, adult education, education in the areas of science, technology, engineering and

mathematics, entrepreneurship, research and development, and innovation.

- Advanced manufacturing jobs are not the dirty, back-breaking manufacturing jobs of the past; instead, they are the jobs of the future.

Mr. Gold posed a question about workforce challenges, and Ted Abernathy made the following comments:

- There is a need to improve educational attainment in the U.S. South, and to train workers for middle-skilled jobs.
- The U.S. South has historically been “strong” regarding worker training.
- Training throughout the duration of one’s work life must become the new normal.

Mr. Gold posed a question about state branding strategies in relation to advanced manufacturing, and Ronald Boles made the following comments:

- The states in the U.S. South are “marching in the same direction.”
- Manufacturing Day will be held on 4 October 2013.

Mr. Gold posed a question about actions that are needed to improve education and skills training; Greg Higdon, Ray McCarty, Grant Tennille, Al Stimac and Jay Moon made the following comments:

- Greg Higdon said:
 - People must believe that it is possible to have a career – not just a job – in the manufacturing sector, and they must change the way that they view manufacturing workplaces.
 - It is important for states to maintain a capable workforce.
 - Consideration should be given to raising the high school drop-out age.
- Ray McCarty said:
 - Credentials should be “stackable” in order to increase the extent to which states have a qualified workforce.
 - People should be encouraged to acquire credentials.
 - Skills should be viewed as an economic development tool.
- Grant Tennille said:
 - The U.S. South has a reputation for being able to train workers.
 - It is important to improve the ability to ensure that, at any given point in time, people have the skills that are needed.
 - The U.S. South and the United States need a workforce that the world recognizes as first-rate.

- Al Stimac said:
 - The acquisition of certifications is crucial.
- Jay Moon said:
 - Dual accreditation and dual enrolment would lead to increased graduation rates.

Mr. Gold posed a question about evolving economic development strategies, and Larry Hayes, Alberto Bacó Bagué and Bill Hagerty made the following comments:

- Larry Hayes said:
 - A state must be prepared to “walk away” if a deal with a potential employer does not make sense in terms of the incentives it needs to locate there.
 - While it is important to focus on bringing new businesses to a state, it is also important to pay attention to helping existing businesses expand.
 - States, educational institutions and business groups must collaborate.
 - Each opportunity should be assessed on its own merits.
- Alberto Bacó Bagué said:
 - Universities should be involved in the economic development process.
- Bill Hagerty said:
 - Regarding incentives, the return on the investment should be considered.
 - Entrepreneurism accelerators are particularly important for early-stage companies.

Mr. Gold posed a question about the creation of new clusters in the U.S. South; Jay Moon, Bill Hagerty, Jaime Garcia and Ted Abernathy made the following comments:

- Jay Moon said:
 - The focus should be broad-based skills that are needed by a range of industries.
 - Incentives and tax reform are attractive to both existing and potentially new businesses.
- Bill Hagerty said:
 - International opportunities should be examined.
- Jaime Garcia said:
 - The manufacturing sector is an important provider of direct and indirect jobs.
- Ted Abernathy said:
 - Clusters are “a way forward” in the U.S. South.

Mr. Gold posed a question about regional solutions in the U.S. South, and Christopher Masingill made the following comments:

- Entrepreneurship is key.
- The U.S. South needs to do a better job of collaborating within the region.
- Workforce training and education are key, and a systems approach to certifications is needed.

Mr. Gold posed a question about the potential value of regional approaches to areas other than manufacturing, such as education. In response, Randy Zook, Grant Tennille and Brett Vassey made the following comments:

- Randy Zook said:
 - Common core educational standards are a major initiative, and are important for long-term workforce development.
 - Immigration reform is needed, and the U.S. South needs more and better workers.
- Grant Tennille said:
 - There are opportunities for collaboration regarding jobs training.
- Brett Vassey said:
 - There should be regional initiatives regarding science, technology, engineering and mathematics education.
 - Middle skills are essential.
 - It is important to have a work-ready workforce.
 - Experiential learning and applied instruction are important.

Mr. Gold posed a question about the creation of a broader base of investment in research and development, and Brett Vassey, Al Stimac and Grant Tennille made the following comments:

- Brett Vassey said:
 - Today, all manufacturing is advanced manufacturing; it exists along a continuum.
 - Limited resources must be allocated wisely.
 - At times, “the cart” is before “the horse” in terms of funding research and development.
 - Intellectual property considerations may be the primary barrier to companies engaging with universities regarding research and development.
- Al Stimac said:
 - Consideration should be given to creating centres of excellence in research and development.

- Grant Tennille said:
 - It is important to be able to protect patent rights and the “output” of research and development efforts.
 - A key question is: how do you build a “pipeline” from research and development to commercialization?
 - As “things” may take longer than venture capitalists want, the states should be prepared to “step up.”

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

U.S. STATES IN THE SOUTHERN GOVERNORS' ASSOCIATION

Alabama
Arkansas
Florida
Georgia
Kentucky
Louisiana
Maryland
Mississippi
Missouri
North Carolina
South Carolina
Oklahoma
Tennessee
Texas
Virginia
West Virginia

The U.S. Virgin Islands and Puerto Rico are also members of the Southern Governors' Association.

Travel Costs

ASSOCIATION	Canada-United States Inter-Parliamentary Group
ACTIVITY	79th Annual Meeting of the Southern Governors' Association
DESTINATION	Louisville, Kentucky, United States of America
DATES	September 6-9, 2013
DELEGATION	
SENATE	
HOUSE OF COMMONS	Mr. Gord Brown, M.P. Mr. Brad Trost, M.P.
STAFF	Ms. June Dewetering, Senior Advisor
TRANSPORTATION	\$ 4,473.77
ACCOMMODATION	\$ 1,599.64
HOSPITALITY	
PER DIEMS	\$ 490.60
OFFICIAL GIFTS	
MISCELLANEOUS / REGISTRATION FEES	\$ 2,050.11
TOTAL	\$ 8,614.12