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Canadian Section



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**Report of the Canadian Parliamentary Delegation
to the Pacific NorthWest Economic Region (PNWER): 17th
Annual Summit**

Canada-United States Inter-Parliamentary Group

**Anchorage, Alaska, United States of America
July 22 - 26, 2007**

Report

From 22-26 July 2007, members of the Canada-United States Inter-Parliamentary Group participated in the 17th Annual Summit of the Pacific NorthWest Economic Region in Anchorage, Alaska. This report summarizes the main points made at the Summit's plenary and selected concurrent sessions.

KEYNOTE BREAKFAST ADDRESS

Anil Mathus, Alaska Tanker Company

- environmental consequences must be considered when decisions are being made in respect of energy
- people with seemingly different interests should come together to solve problems; there is a need to look for the common good as a group
- businesses should look ten to twenty years into the future
- a well-functioning moral compass is needed in order to ensure that social needs and economic needs are balanced

TRADE AND ECONOMIC DEVELOPMENT

How Solid Is Your Supply Chain?

Paul Godfrey, Alberta Economic Development

- Canada is second only to Saudi Arabia in terms of world oil reserves; in Alberta, 90% of the resource can only be recovered using *in situ* technologies
- Alberta is in the midst of the strongest period of economic growth ever recorded by a province
- a booming economy has labour demand and labour supply implications; in Alberta, labour shortages have resulted in upward pressure on wages and housing
- oil and gas prices are volatile
- a national buyer/seller forum to generate business solutions as well as increased opportunities and profits is valuable; businesses should be assisted in acquiring contacts and tools to thrive in the global economy, as well as in forming strategic alliances
- when doing business in Alberta, it is important to:
 - know the rules of the game

- assess your capabilities
- identify opportunities in Alberta that match your capabilities

Economic Snapshot of the Region

Jock Finlayson, Business Council of British Columbia

- states and provinces in the Pacific Northwest region are generally growing faster than the Canadian national average, although demographic realities will be a constraint on growth going forward
- in Canada, economic leadership has shifted to the West
- construction is an important driver of economic expansion
- Asia is an increasingly important part of the world's economic dynamic, and is increasingly important to the Pacific Northwest regional economy
- China is poised to overtake Canada as the top merchandise supplier to the United States, and is reshaping trade patterns and supply chains
- future challenges include:
 - skilled labour shortages and the consequences for rising compensation costs
 - efficient movement of goods and people through entry points and across the shared border without congestion or delays
 - relatively strong relative value of the Canadian dollar
 - the transportation and energy infrastructure needs

Trade and Economic Development Panel

Wayne Stevens, Alaska Chamber of Commerce

- Alaska has huge opportunities as well as huge challenges
- a significant number of Alaskan communities lack basic infrastructure
- the Pacific Northwest region is hugely rich in resources, which should be extracted in an environmentally conscious manner
- the world's supply of capital is declining while demand is rising
- the education system was built more than 100 years ago for an agrarian society; the system is broken and needs to be fixed

Jay Clemens, Associated Oregon Industries

- labour issues are significant

- Oregon is not sufficiently outward-looking, and needs to become so in order to compete globally
- Oregon's economy is based on natural resources, although the state is very dependent on Canada for energy
- investments should occur in the infrastructure that drives commerce
- the United States is an important investor in research and development; jobs and investment in capital follow research and development
- to excel at research and development, investments should be made in labour and in higher education

Ken Kolby, Alberta Chamber of Commerce

- Alberta has no net debt and, in fact, has ongoing operating surpluses
- in Alberta, personal incomes are 25% higher than the Canadian national average
- challenges in Alberta include:
 - skilled and unskilled labour shortages
 - labour costs
 - a greying population
- at times, it is easier to trade north-south than east-west
- a key challenge to rural sustainability is the supply of health care professionals
- post-secondary educational opportunities are needed throughout Alberta
- there is a need to:
 - change immigration policy
 - invest more in transportation
 - expand border-crossing operations to 24 hours per day, 7 days per week, when needed

Don Brunell, Association of Washington Business

- Washington State has a solid fiscal situation, and is the fifth best place in the United States in which to invest
- Washington State wants to promote tourism
- in Washington State, transportation corridors must be improved; the port of Seattle is struggling because of problems related to rail and highways
- in Washington State, the siting and financing of transportation infrastructure are challenges
- mathematics and science education are important, and there should be high standards for education and vocational training
- regarding health care, the focus should be prevention and people should be provided with incentives to remain healthy
- “NIMBYism” – not in my back yard – should be eliminated

KEYNOTE LUNCHEON ADDRESS

His Excellency David Wilkins, U.S. Ambassador to Canada

- leadership at the top matters
- the bilateral dialogue occurs one meeting, conversation and relationship at a time
- the United States and Canada are two great democracies that implement democratic principles differently; consider the following differences:
 - 36 days for an election in Canada versus 18 months in the United States
 - Question Period in Canada versus no such initiative in the United States
 - the appointment of Senators, judges and Cabinet Ministers without confirmation hearings in Canada versus confirmation hearings for certain positions in the United States
 - unknown election dates and known candidates in Canada versus known election dates and unknown candidates in the United States
- citizens in both countries should get a passport, which is probably the best document and will be acceptable for purposes of the Western Hemisphere Travel Initiative (WHTI)
- according to U.S. Secretary of Homeland Security, Chertoff, it is likely that the land and sea aspects of the WHTI will be implemented in summer

2008; it is unlikely that the U.S. Administration will leave office without full implementation of the Initiative

- President Bush has said that he will veto the appropriations bill in respect of the Department of Homeland Security, which is likely to include provisions that would effectively delay implementation of the land and sea aspects of the WHTI until no earlier than June 2009
- the PASS card, NEXUS, etc. will enhance trade and travel, and will result in a more modern, quicker, secure border
- the Security and Prosperity Partnership is a North American strategy to compete in the global economy; it includes measures to:
 - reduce threats to security
 - deal with threats that occur
 - reduce the cost of doing business
 - harmonize regulations
 - enhance labour mobility
- Americans would like to thank Canada for the “heavy lifting” that is being done by Canadians in Afghanistan
- energy is the next big bilateral issue: Canada has lots of it and the United States needs it
- the bilateral relationship is important to both countries as well as to the rest of the world

TRANSPORTATION

Transportation Infrastructure

Jeane Wong, Transport Canada

- transportation systems are the backbone of our economies and are critical for our economic growth
- infrastructure needs a long time horizon
- the vibrant Asian communities in Vancouver and Toronto bode well for Canada’s relationship with the Asia-Pacific region
- marketplace integration is driving the distribution of economic activity
- China is emerging as a manufacturing centre that is shipping goods all over the world; imports to Canada from China grew almost 550% between 1995 and 2005

- much of Canada's physical infrastructure is nearing the end of its useful life
- infrastructure should be improved in order to facilitate the seamless, secure movement of goods and people
- the Canadian federal government is in discussions with the provinces/territories regarding the development of a cohesive approach to all types of infrastructure

Pat Jones, Washington Ports Association

- Washington State is the most trade-dependent state in the U.S.
- ports enable direct access to global merchandise trade
- there has been tremendous growth in container volume over the last 20 years, and this growth is expected to continue on the west coast of Canada and the United States
- a better job must be done of mitigating the environmental, traffic and other effects on a community before terminal and/or corridor capacity are/is expanded
- an integrated transportation network is needed
- an important issue is the relative responsibilities of transportation providers and taxpayers in funding transportation infrastructure

John Parrott, Totem Ocean Trailer Express

- Alaska has a variety of transportation challenges, including:
 - wind
 - water
 - climate, specifically ice
 - distance
- speed, flexibility and reliability are needed
- new technology, infrastructure, etc. lead to fuel, labour, maintenance and other savings

Mike Jacob, Pacific Merchant Shipping Association

- port infrastructure is in demand and there is competition for infrastructure
- worldwide twenty-foot equivalent unit (TEU) growth trends are up
- the Alameda Corridor has:
 - a strong mix of intermodal cargo
 - strong and consistent rail demand
 - ancillary infrastructure that is growing to meet demand
 - a “first mile” position on the network
- the Alameda Corridor is not necessarily a good model, since it has several unique characteristics
- a key question concerns how best to finance major freight infrastructure projects, which are highly capital-intensive and have both public and private benefits
- fees should be competitive and should be indicative of the magnitude of private benefit

Bruce Burrows, The Railway Association of Canada

- the rail sector is evolving to meet changing infrastructure demands and is a sustainable mode of surface transportation
- the rail sector is an important part of the intermodal network, is an economic enabler and has environmental benefits
- railways have coast-to-coast continental reach, and are partnering with Canadian ports
- the rail sector is facing capacity challenges because of unprecedented growth; while capital investments are occurring, they are expensive and the capacity constraint is also being addressed through greater cooperation among transportation modes and between Canadian Pacific and Canadian National
- intermodal cooperation is key to sustainable transportation future
- railways are keen supporters of the Asia-Pacific Gateway
- Canadian railways face a relatively greater tax burden than U.S. railways, and the U.S. advantage is growing

- enhanced security and trade go hand-in-hand, and the Security and Prosperity Partnership provides an opportunity to address issues

James Titsworth, BNSF Railway

- the growth in rail transportation is a result of such factors as truck driver shortages, growth in agricultural trade, highway congestion and enhanced trans-Pacific trade, among other considerations
- “megapolitans” drive demand; they are centres of growth that are also centres of bottlenecks
- capacity can be increased through acquiring new capacity and through maximizing the use of current capacity; maximization could occur through new procedures as well as through better utilization, coordination, cooperation and processes
- railways are exceptionally capital-intensive
- the return on investment is closely linked to investments in capital; higher returns will attract more investment
- with many projects, the public benefits exceed the private benefits
- freight rail demand continues to rise, since it is competitive, clean, safe and efficient

Honourable Jim Kenyon, Minister of Economic Development, Yukon Legislative Assembly

- an Alaska-Yukon Territory rail study, which was launched in 2005 and contemplates a 50-year lifecycle in the business case, undertook analysis in four areas:
 - market – traffic and revenue
 - technical/engineering – routing and cost
 - financial – full and phased investments
 - public interest – United States and Canada
- Anchorage, Alaska is five sailing days closer to China than is California
- moving trucks off highways results in reduced greenhouse gas emissions and less road damage, among other benefits
- an Alaska-Yukon Territory rail link would have both private and public benefits; in addition to reducing road reconstruction costs and greenhouse gas emissions, other public benefits would include improved public highway safety and an enhanced tourism experience

- an Alaska-Yukon Territory rail link would improve the economic security of Alaska and the continental United States through a broader range of supply routes

Bruce Carr, Alaska Railroad Corporation

- the Alaska Railroad Corporation (ARRC) is charged with being profitable and with fostering the development of Alaska's economy by integrating railroad and railbelt community development plans
- railroads are a tool for economic development
- the ARRC supports an Alaska-Yukon Territory rail link
- public-private partnerships and cooperative efforts are needed, since the ARRC and Canadian National cannot do it by themselves

KEYNOTE BREAKFAST ADDRESS

Ben Erulkar, U.S. Department of Commerce

- Canada and the United States have an immense bilateral relationship as well as the largest bilateral trade relationship and longest border in the world
- Canada is the primary supplier of energy to the United States
- there are five new realities in the global economy of the 21st century:
 - the economy is truly global, and countries are economically stronger when they participate fully in the global economy
 - competition is intense and the pace of change will continue to accelerate
 - the world becomes more complicated each day, and it must be acknowledged that we are stronger when we stand together than when we act alone
 - private-public partnerships are becoming more critical every day and are more critical than ever before
 - the ability to innovate is the only possible sustainable competitive advantage in the 21st century
- there is a need to advance continually the art and the science of innovation and competitiveness

HIGH TECH

Research and Development Panel

Ben Erulkar, U.S. Department of Commerce

- all stakeholders must work together toward common goals, and thereby benefit from synergies
- investment models are needed to maximize commercialization
- great research must be the starting point, and that great research must be transformed into product development
- there are three models:
 - pure applied research, with university-centred research and regional strategies in respect of commercialization
 - incubators
 - research labs
- with university-centred pure applied research, the key to success is ensuring that the research is available to the community at large
- there are four key characteristics of successful business incubators:
 - a shared theme, such as a focus on a particular sector, such as biotechnology
 - resources to leverage and synthesize for start-up organizations
 - integration and/or working relationships with – as well as support from – large institutions, such as community colleges
 - shared rules and practices in respect of leaving the incubator, including in such areas as timelines, measuring progress, etc.
- research labs should commercialize technology; leadership and talent – or vision and intellect – are need to commercialize technology

Lance Miller, Juneau Economic Development Council

- in order to have an innovation economy, there needs to be a passion for something
- there must be a willingness to take failures as well as successes, since “you miss 100% of the shots that you do not take;” that being said, the winners should be selected to the extent that they can be identified, since money and time should not be wasted
- education in science, technology, engineering and mathematics is important

- Alaska is experiencing a brain drain
- technology and science should be used in order to do things better, less expensively and in a cleaner manner
- resource-based economies should be leveraged for further economic development

Rollo Pool, Springboard

- since 1950, there has been a significant reduction in the amount of research and development conducted by the federal government
- businesses need to have the tools that will enable them to compete in today's changing markets
- China graduates ten times, and India graduates five times, the number of engineers graduated by the United States

Stan Torrie, Alberta Advanced Education and Technology

- a better job must be done of transforming research into start-up organizations and new products
- there is a need to connect local and international organizations, research organizations and researchers; a database would facilitate making the needed connections
- potential regional benefits of connections among research organizations and researchers include:
 - build a regional research team with common strategic areas
 - enable the sharing of research and development investment possibilities with partners
 - foster an environment of collaboration

Buck Sharpton, University of Alaska (Fairbanks)

- it is hard to engage universities in economic development
- university faculty should be rewarded for their intellectual property
- with climate change, the world is on the cusp of a major transformation; innovation will be required in order to move the world from where it is to where it needs to be in respect of climate change
- good protocols, partnerships and connectivity are needed

Mark Bussell, Western Washington University

- the Port of Bellingham is spearheading redevelopment of the waterfront
- the Consortium for Technological Innovation and Development (CTID) – which would include the Port of Bellingham, the private sector through the Technology Alliance Group and Western Washington University – would serve as the hub for innovation in northwest Washington State
- among other things, the CTID would:
 - foster research and development through university-industry partnerships
 - provide incubator and lab space
 - support the creation of technology-based jobs in the region
 - help Bellingham become a centre for high technology
 - provide opportunities for institutions of higher education to participate in solutions for real-world scientific and technological challenges through connections with industry
 - provide opportunities for start-up and growing organizations to explore and develop new technology as well as to improve existing technology
- it is important that stakeholders work together to realize gains despite the existence of different goals

David Anderson, Idaho National Laboratory

- intellectual property should be marketed to those who can use it
- partnerships should be formed in order to access technology and intellectual property
- businesses want a commercial technology or product that is “ready to go,” but there are/is a financing and/or business gap(s) during the incubation period
- state-private sector partnerships are key to the commercialization of technology

KEYNOTE LUNCHEON ADDRESS

Honourable Dennis Fentic, Premier of the Yukon Territory

- the Pacific NorthWest Economic Region is an important tool in promoting sustainable economic development
- Alaska and the Yukon Territory cooperate and work collaboratively in such areas as tourism, transportation, trade, commerce and resource development; a pan-Northern approach is taken in matters of mutual importance
- the development of natural resources continues to transform economies in the North
- infrastructure investments are needed in order to support economic development

OCEAN AND RIVER ENERGY

Regional Resource Picture

David Lockard, Alaska Energy Authority

- Cairn Point has been selected as a feasibility study site because of resource and depth considerations

Jessica Johnson, Ocean Renewable Energy Group

- the wave energy resource is spatially and temporally variable
- the tidal resource is highly predictable and reliable

Craig Collar, Snohomish Public Utilities District

- tidal energy is clean, emission-free, predictable, close to population centres and secure; it also contributes to economic development
- tidal energy is, and needs to be, part of the solution going forward

Jay Stern, Finavera Renewables

- advantages of wave energy include:
 - density
 - availability
 - predictability
- the wave energy resource potential in the Pacific Northwest is tremendous

Mark Kendall, Oregon Department of Energy

- ocean energy does not care where the border is located
- Oregon has relatively rich ocean wave energy

Uday Mathur, Pacific Gas & Electric Company

- seasonal load patterns imply possible joint benefits associated with resource and grid management between California and British Columbia
- California has great wave power potential, which could make a significant contribution to post-2010 renewable portfolio standard goals
- the San Francisco Bay area has perhaps the greatest tidal power potential in North America
- British Columbia currently has such renewable energy resources as wind, hydroelectricity and biomass; in future, tidal and wave power should also be available

Jim Strandberg, Alaska Energy Authority

- transmission capacity is the “backbone” in terms of connecting communities to renewable energy projects
- transmission must be sited in Canada in order for export power to flow

Strategic Investments to Secure an Ocean Energy Opportunity

State Representative Jeff Morris, Washington State House of Representatives (presenting on behalf of Chris Campbell, Ocean Renewable Energy Group)

- because electricity has been relatively inexpensive, diversification has not been encouraged
- “failure points” in the commercialization system include:
 - a lack of clarity regarding of the path-to-market stifles investment
 - market and capital risk must be reduced
 - long-term support is required
 - a bridge into the long-term renewable energy market must be provided
- venture capital has become so risk-averse that it no longer makes pre-seed investments
- infrastructure support would reduce capital exposure and enable projects at lower power prices; options include facilitated permitting as well as shared interconnection and integration costs

Enabling the Ocean Energy Opportunities

Craig Collar, Snohomish Public Utilities District

- the Federal Energy Regulatory Commission permitting process is evolving
- preliminary studies investigate such issues as:
 - tidal current characteristics
 - environmental and multi-use issues
 - grid interconnection considerations

Jessica Johnson, Ocean Renewable Energy Group

- shared infrastructure has a number of benefits, including:
 - a reduced burden on early project developers
 - accelerated technology development
 - a greater ability to localize and control impacts and power integration

- an ability to learn by doing and to learn from each other
 - an ability to accumulate data and information
- hard infrastructure and soft infrastructure should be combined in order to share costs, risks and data

Mark Kendall, Oregon Department of Energy

- Oregon has at least seven wave energy sites
- inter-organizational collaboration and the involvement of all relevant stakeholders are important

Doug Johnson, Ocean Renewable Power Company

- a template for successful development of tidal energy projects include the following implements:
 - early and frequent collaboration among key stakeholders
 - full and early cooperation of state and federal permitting and regulatory agencies
 - development funding provided by state and federal agencies

Burt Hammer, Puget Sound Tidal Power, LLC

- since tidal flows vary significantly in small areas, it is important to know precisely where turbines should be sited
- there is a significant number of existing and potential designs in turbines; some designs are relatively more effective in slower currents, and some have potentially lower impacts for fish and in terms of debris
- the technology must be matched to the site

Respectfully submitted,

Hon. Jerahmiel Grafstein, Senator
Co-Chair, Canada-United States
Inter-Parliamentary Group

Rob Merrifield, M.P.
Co-Chair, Canada-United States
Inter-Parliamentary Group

Travel Costs

ASSOCIATION	Canada-United States Inter-Parliamentary Group
ACTIVITY	Pacific NorthWest Economic Region (PNWER): 17th Annual Summit
DESTINATION	Anchorage, Alaska United States of America
DATES	July 22-26, 2007
DELEGATION	
SENATE	Hon. Wilfred Moore, Senator
HOUSE OF COMMONS	Rob Merrifield, M.P., Co-Chair Hon. Judy Sgro, P.C., M.P. Paul Crête, M.P.
STAFF	Daniel Charbonneau Executive Secretary June Dewetering Analyst
TRANSPORTATION	\$17,403.57
ACCOMMODATION	\$9,226.01
HOSPITALITY	\$1,693.93
PER DIEMS	\$2,566.52
OFFICIAL GIFTS	\$ Ø
MISCELLANEOUS/REGISTRATION FEES	\$2,815.16
TOTAL	\$33,705.19