

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 summer meeting of the National
Governors Association (NGA)**

Canada–United States Inter-Parliamentary Group

**Santa Fe, New Mexico, United States of America
19–21 July 2018**

Report

DELEGATION MEMBERS AND STAFF

From 19–21 July 2018, Mr. Brian Masse, M.P., Vice-Chair of the Canadian Section of the Canada–United States Inter-Parliamentary Group (IPG), led a delegation to the annual summer meeting of the National Governors Association (NGA) in Santa Fe, New Mexico. The other members of the delegation were Mr. Colin Carrie, M.P. and Mr. Randeep Sarai, M.P. The delegation was accompanied by Ms. June Dewetering, Senior Advisor to the Canadian Section.

THE EVENT

Founded more than a century ago when President Theodore Roosevelt gathered state governors in order to discuss the nation's resources, the NGA is the collective voice of U.S. governors from the 50 states, three territories and two commonwealths. It is also a public policy organization that represents the governors on Capitol Hill and before the U.S. Administration on federal issues that affect them, and that develops and implements solutions to public policy challenges.

The NGA meets in the winter and summer each year. NGA Chair Nevada Governor Brian Sandoval has selected “Ahead of the Curve: Innovation Governors” as the theme for the NGA's activities in 2018. At the conclusion of the meeting, Montana Governor Steve Bullock became NGA Chair, and chose “Good Jobs for All Americans” as his theme for the NGA's 2019 activities.

DELEGATION OBJECTIVES FOR THE EVENT

Members of the IPG's Canadian Section have been attending the winter and summer meetings of the NGA for several years. At this meeting, delegates spoke with a number of governors about a range of issues, including the nature and value of the trade and investment relationship between Canada and their states. In particular, among others, they spoke with Governors Matt Bevin (Kentucky), Doug Burgum (North Dakota), John Hickenlooper (Colorado), Brian Sandoval (Nevada) and Rick Snyder (Michigan).

Their interactions with governors and others enable Canadian members of the IPG to achieve better the aims of finding points of convergence in respective national policies, initiating dialogue on points of divergence, encouraging exchanges of information and promoting better understanding on shared issues of concern. Moreover, the NGA meetings provide the IPG's Canadian Section with an important means by which to provide input to, and gather information about, state-level issues that affect Canada.

ACTIVITIES DURING THE EVENT

The following sessions were held at the NGA's 2018 summer meeting:

- Rebuilding a Silk Road to Economic Development
- U.S.–China Economic Ties, Growth, Strategies and Investment Opportunities
- Joining with Japan: Strengthening Partnerships from an Ocean Away

- Ahead of the Curve: Innovation Governors
- Racial Equity in the Workplace
- Women in Leadership: A View from the Top
- Economic Opportunity in the Great Outdoors
- An Evolving Crisis: Combatting the Next Wave of Addiction
- Best Practices: Infrastructure Funding
- International Keynote
- The Intersection Between the Arts and Commerce in the States
- Robots, Education and Workforce: Transformers and Transformation
- Good Jobs for All Americans.

This report summarizes some of the points that were made at selected sessions.

REBUILDING A SILK ROAD TO ECONOMIC DEVELOPMENT

Following presentations by Zhang Ping, of the Consulate General of the People's Republic of China, and Qi Bin, of the China Investment Corporation, CGTN America's Mike Walter posed questions to Mr. Bin and Raymond Qiao, of the Bank of China USA.

Zhang Ping, *Consulate General of the People's Republic of China*

- The relationship between China and the United States is 40 years old and some progress has been made; the achievements have not come easily, and they should be cherished.
- China and the United States should deal with each other in a mutually respectful manner, where issues are addressed promptly, opportunities are seized and economic cooperation is deepened.
- Chinese and American interests are interconnected, and cooperation occurs at the national and subnational levels; efforts should be directed at keeping subnational cooperation "alive."
- China is increasing access to its market, creating a more favourable investment environment and enhancing intellectual property rights; in sum, the Chinese market is open to U.S. businesses.
- China and the United States need to encourage people-to-people relationships, as well as exchange programs in such areas as culture, education, tourism and sports.

- The China–U.S. relationship is currently experiencing some “bumps” and unprecedented challenges, including because of U.S. tariffs, and the trade war that may be escalating could affect non-trade areas of the bilateral relationship; trade wars bring mutual destruction and are in no one’s best interests.
- Chinese companies have invested in virtually all U.S. states, and have created many thousands of jobs.
- China is a partner – not a threat – to the United States.

Qi Bin, *China Investment Corporation*

- With 1.3 billion consumers, China has one of the world’s fastest-growing consumer markets.
- China and the United States are “engines” of global growth, and a great deal can be achieved by working together; Chinese investments in the United States’ “rust belt” are possible, and the countries should look for areas of cooperation and complementarities.
- There are many similarities between China and the United States, including in relation to the development of capital markets.
- At present, there are 61 daily flights between China and the United States; this number is expected to rise.

Question by Mike Walter: What comments are relevant about the changing investment landscape, the tensions at the federal level and the role of subnational governments in helping to build relationships?

Raymond Qiao, *Bank of China USA*

- It is important to promote China–U.S. trade and investment, and to build bridges.

Question by Mike Walter: What comments are relevant about building bridges, ensuring that China and the United States create a better understanding of each other, and increasing the number of Chinese students undertaking studies in the United States?

Qi Bin, *China Investment Corporation*

- In the past, there have been difficulties in the China–U.S. relationship.
- It is important to communicate with each other and to travel to each other’s country.
- China and the United States should identify complementarities and bring together relevant parties to focus on enhancing revenue and profitability; they should increase efficiencies and reduce transaction costs in the world’s two largest economies.

Question by Mike Walter: What comments are relevant about foreign investment in the context of the China–U.S. relationship.

Raymond Qiao, *Bank of China USA*

- Significant technological advances are changing everything.
- Countries can no longer isolate themselves from the world, and protectionism no longer works.

Question by Mike Walter: What comments are relevant about the misconceptions that people hold about China?

Qi Bin, *China Investment Corporation*

- China and the United States are separate nations, and they have different histories, languages, cultures, etc., although their economic activity is the same and there are probably no two nations that are more alike; going forward, the two countries should both cooperate and compete with each other.
- No country has a “100% free market economy.”

Raymond Qiao, *Bank of China USA*

- Although there are differences between China and the United States, the two countries are able to find things in common.

Question by Mike Walter: What comments are relevant about the barriers to entry experienced by U.S. firms seeking to do business in China and measures that could be taken to reduce those barriers?

Qi Bin, *China Investment Corporation*

- There is scope for both China and the United States to reduce barriers.
- China is working on enhancements to intellectual property rights.
- The United States should be more flexible regarding foreign direct investment.

U.S.–CHINA ECONOMIC TIES, GROWTH, STRATEGIES AND INVESTMENT OPPORTUNITIES

Following a presentation by Xu Chen, of the China General Chamber of Commerce USA and the Bank of China USA, The Rockefeller Foundation’s Michael Myers posed questions to Governors Gary Herbert and John Hickenlooper, as well as William Woo of Jushi USA and Steven Dai of International Vitamin Corporation.

Xu Chen, *China General Chamber of Commerce USA and Bank of China USA*

- China and the United States are at a critical time in their relationship.

- Trade between China and the United States dates to George Washington, and the two countries are each other's most important trading partner.
- Chinese companies have made significant investments in the United States, thereby creating jobs and paying taxes.
- China and the United States would benefit from a "matchmaking program" for small and medium-sized businesses that would facilitate their ability to connect with each other and to become integrated into value chains.
- The U.S. tariffs on certain steel and aluminum products are a "step backward," and hurt U.S. multinational firms.

Question by Michael Myers: What have U.S. states done to make themselves a desirable destination for Chinese investment?

Governor Gary Herbert, *State of Utah*

- Utah believes in free and fair trade, as well as the opportunities available in the global marketplace; isolationism is not beneficial.
- Many problems result from a lack of communication.
- Entities need to find ways in which to work together.

Governor John Hickenlooper, *State of Colorado*

- Trade makes the world a safer place.
- Trade is complex, and is not always fair.

Question by Michael Myers: What factors attract businesses?

Governor Gary Herbert,, *State of Utah*

- Tension and uncertainty affect the ability to do business.
- About 70% of the world's purchasing power is outside of the United States.

Governor John Hickenlooper, *State of Colorado*

- Certainty and trust are critically important for businesses.

Steven Dai, *International Vitamin Corporation*

- Investors need certainty.
- Employees are often sent from one country to another for purposes of training.

William Woo, *Jushi USA*

- Businesses “go global” in an effort to avoid protectionism.

Question by Michael Myers: With the potential for 39 of 50 U.S. states to have a new governor next year, what advice should be given to him/her about trade?

Governor Gary Herbert, *State of Utah*

- Governors should fully understand the important role that international trade plays in a state’s prosperity.
- Governors should focus on actions that they can take to expand opportunities in their state.
- Governors should understand that trade can contribute to economic growth, which leads to an improved quality of life.
- Trade “problems” can be solved by having all relevant individuals and entities “at the table” with an open mind.

Governor John Hickenlooper, *State of Colorado*

- Governors should visit countries where their state’s companies are engaged in trade and where there may be the potential for trade.

Steven Dai, *International Vitamin Corporation*

- Governors should develop relationships, including with Chinese organizations.

William Woo, *Jushi USA*

- Governors should ensure that policies are consistent.

JOINING WITH JAPAN: STRENGTHENING PARTNERSHIPS FROM AN OCEAN AWAY

Issei Hatakeyama, *JETRO New York*

- Japan is committed to its relationship with the United States.
- There is room for growth in the Japan–U.S. relationship.

Kentaro Sonoura, *Advisor to Japanese Prime Minister Abe*

- Japanese companies are “enthusiastic” about making investments in the United States.
- Japanese autos should continue to be part of the U.S. economy.

- The Comprehensive and Progressive Agreement for Trans-Pacific Partnership is good for Japan, and for all of the other countries in the partnership; it would be good for the United States too.

Shinji Hirai, *Governor of Tottori Prefecture*

- The global community is changing.
- Japan is a “faithful” friend and partner to the United States, especially at the sub-national level.

Shinsuke Sugiyama, *Ambassador Extraordinary and Plenipotentiary of Japan to the USA*

- Japanese investment in the United States leads to job creation and higher tax revenue, as well as exposure to another culture and different management techniques.
- Japan and the United States should work together on building supply and value chains, enhancing people-to-people exchanges and increasing business-to-business linkages.

AHEAD OF THE CURVE: INNOVATION GOVERNORS

John Krafcik, *Waymo*

- Driving and transportation have “social losses”; globally, there are 1.25 million traffic fatalities annually, of which an estimated 40,000 occur in the United States.
- Regarding technological considerations and self-driving cars, some questions are the following:
 - where are you in the world, which can be tracked with radar and sensors;
 - what things are around you that are not on the map, such as pedestrians and other cars;
 - are you able to predict what will move, at what speed and in which direction, such as pedestrians and other cars; and
 - what is the safe and secure path forward.
- With self-driving cars, sensing capabilities and security are key.
- Engineers of self-driving cars focus on safety; volunteers who test such cars provide different insights.
- Self-driving cars have the potential to save lives and reduce suffering, increase output because “commute time” can be used for productive purposes, and help certain populations, such as those who are blind.
- “Personal use” cars are idle 95% of the time.

- One of the “headwinds” for the technology associated with self-driving cars is consumer acceptance; adoption cycles for other technologies can be instructive, such as cell phones, in respect of which 25% of Americans initially surveyed said that they would never use such a device.

RACIAL EQUITY IN THE WORKPLACE

La June Montgomery Tabron, *W.K. Kellogg Foundation*

- It is important to focus on the root causes of disparities, and to remove barriers that enable inequalities to persist.
- A “racial equity lens” should be applied so that biases can be addressed before they become a reality.
- Children thrive in stable families and working families, while families thrive in equitable communities.
- Technology should be used as a tool to promote equity; there is a need to ensure that artificial intelligence and automation do not perpetuate inequitable practices.
- Because not every capable person is being “prepared” for the business environment, “money is being left on the table.”
- U.S. states should quantify the lost potential associated with the “underutilization” of people; for example, productivity and tax revenue losses should be quantified.
- All potential capacity should be used if the United States is going to be competitive.
- Training opportunities should exist for workers who are mid-career.
- Transportation is needed to connect rural communities to urban communities, and thereby to facilitate racial equity for rural residents.
- Every American should be able to participate in the new economy.
- In building a workforce for the future, both “soft skills” and “hard skills” should be developed.
- Quality, access and cost are important issues regarding early childhood education and care; workers are more attentive and productive when their children are receiving proper care.
- Partnerships are key in achieving goals.

WOMEN IN LEADERSHIP: A VIEW FROM THE TOP

Pat Vincent-Collawn, *PNM Resources, Inc.*

- Upbringing matters, and parents can make their daughters feel that they are capable of doing anything.
- Employees should give their employers their best possible efforts, and thereby maximize the investments that have been made in them.
- People should have a passion for what they do.

Gail Boudreaux, *Anthem, Inc.*

- The focus should be performance, rather than gender or someone's appearance; people should always think about ways in which they can improve their performance and that of those who are around them.
- People should have confidence that they can develop needed skills, look for rotational experiences, have passion, put themselves "out there" and "get outside of" their comfort zone."
- Being a role model and a mentor is both a responsibility and a privilege.
- Our children are the workforce of the future.

Barbara Humpton, *Siemens USA*

- An organization's chief executive officer defines its culture.
- It is important to "tap into" talent, which exists everywhere; the focus should be on every possible employee, since it does not make sense to "discount" 50% of the population.
- The "right" people for job vacancies should be found, and they can exist anywhere; for example, the focus should not be limited to "up and down" in the organization, but also from "side to side."
- People should be clear about what they "bring to the table."

ECONOMIC OPPORTUNITY IN THE GREAT OUTDOORS

Butch Whiting, *Kryptek Outdoor Group*

- Outdoor recreation is a "huge" sector in terms of wages and salaries, taxes paid, tourism spending, amounts spent on licences and tags, firearm and other equipment purchases, etc.
- Considerations and recommendations regarding growth in the United States' outdoor recreation sector include the following
 - Foster relationships.
 - Attract new brands.

- Generate a culture of support.
- Attend trade shows and conservation conventions
- Develop creative cross-marketing initiatives and promotions.
- Internalize a North American wildlife conservation model.

Jerry Stritzke, *REI*

- The “outdoors” is uniquely American and inherently local, and Americans are deeply connected to the outdoors.
- In the United States, the outdoor recreation sector is growing and the number of visits to national parks is “exploding.”
- The economic impact of the outdoor recreation sector is widely dispersed.
- The rising popularity of the outdoor recreation sector is leading to enhanced prosperity in rural and remote areas.
- In the United States, the “backbone” of the recreation economy is public lands, which should be set aside now to preserve them for 100 years from now, and should be made available for recreational purposes.
- On average, U.S. children are spending between four and seven minutes outside daily.
- Being outside has health and wellness benefits.

AN EVOLVING CRISIS: COMBATting THE NEXT WAVE OF ADDICTION

James Carroll Jr., *U.S. Office of National Drug Control Policy*

- Fentanyl and carfentanyl are more potent than opioids, and are causing more deaths with each passing year.
- Opioids are not the only threat; cocaine, methamphetamine and other drugs are also threats.
- Addiction needs to be addressed with evidence-based solutions, including treatment programs; evidence should also be used to stop the supply of drugs and to charge those who traffic in them.
- Drugs are smuggled across the United States’ borders, are purchased on the dark web and are shipped through the mail.

Robert Raines Jr., *U.S. Postal Service*

- The United States is working with foreign postal entities to halt the entry of illicit drugs into the country; China is a significant shipper of such drugs.

- It is important to focus on increasing the seizure of opioids that are in the mail system.

Andrew Kolodny, *Brandeis University*

- Each year, the United States is setting a new record for drug overdoses, and there has been a sudden increase in deaths because of fentanyl.
- Heroin is now available in more regions of the United States.
- Opioids continue to be “massively” overprescribed and this practice is leading to addiction.
- In the United States, the opioid epidemic is the most urgent public health crisis, and the country should respond as it would with any disease epidemic: contain it, including through prescribing practices; and provide access to effective lifesaving treatments.

First Lady Kathryn Helgaas Burgum, *State of North Dakota*

- The chronic disease of addiction – to opioids, alcohol or other substances – is one of the greatest challenges facing the United States.
- Efforts should be directed to ending the stigma, shame and discrimination associated with addiction, which is a powerful disease; it is a health problem, not a choice, character flaw or moral failing.
- The United States should embrace ending addiction in the same way that it would in addressing any other disease.
- The disease of addiction can be treated, and recovery is possible.

BEST PRACTICES: INFRASTRUCTURE FUNDING

Graeme Conway, *Macquarie Infrastructure and Real Assets*

- There is “huge” private-sector investor interest in infrastructure, but political and other constraints should be overcome; global investors want to invest in U.S. infrastructure.
- U.S. infrastructure differs from that in some other countries; in particular, infrastructure is “more local” in the United States.
- There is a need to “change the narrative” in the United States, including at the local level, so that private-sector investment in infrastructure is seen as beneficial.
- Private-sector investment in infrastructure is not the perfect solution in all cases, but nor is public-sector investment; the priority should be identifying instances in which private-sector investment would lead to better outcomes.

- Private-sector investment in roads, bridges and wastewater systems may be better than such investments in hospitals and schools.
- Adherence to the rule of law – which is desired by the private sector – provides certainty, which will result in the “cheapest” cost of capital; as well, the private sector responds well when “deliverables” – including in relation to labour and environmental requirements, and expectations about the level of quality and of service – are clear.
- Asset recycling, whereby some infrastructure is sold and the resulting funds are invested in other desired infrastructure, “makes sense”; in some cases, asset recycling occurs in such a way that urban assets are sold in order to make investments in rural infrastructure.
- In identifying suitable infrastructure investments, the private sector prefers the following:
 - the rule of law, which provides confidence that contracts will be respected;
 - steady and stable cash flows;
 - appropriate sharing of risks; and
 - investments that will be there for as long as the community exists.

INTERNATIONAL KEYNOTE

H.E. Joshat Nanok, *Governor of Turkana and Kenya Council of Governors*

- Countries should partner for a mutually beneficial future, and Kenya has a long history of engagement with the United States, including in the World Trade Organization.
- The Government of Kenya is focused on a number of priority areas where there are synergies with the United States, including economic opportunities, health, education, the environment, the transportation of energy and homeland security.
- Kenya could learn from the United States regarding improved delivery of public goods.

Annegret Kramp-Karrenbauer, *General Secretary of the Christian Democratic Union of Germany*

- It is possible for countries to have different interests but common values, including in such areas as national security, employment, health care and education.
- Countries should discuss their differences in an honest way, while being aware of their shared values and the benefits of partnerships.
- For an estimated 45 of the 50 U.S. states, the value of their exports to the European Union exceeds the value of their exports to China.

- Efforts should be devoted to strengthening the trans-Atlantic partnership that exists between the European Union and the United States; one benefit would be an enhanced ability to address common challenges regarding artificial intelligence, workforce development, youth employment and health care, among others.

THE INTERSECTION BETWEEN THE ARTS AND COMMERCE IN THE STATES

Veronica Gonzales, *New Mexico Secretary of Cultural Affairs*

- Arts and culture are prerequisites for a U.S. state's economic growth and success.
- U.S. states can "market" their distinctive music, dance styles, arts, crafts, architecture, sites, etc.

Sarah Trahern, *Country Music Association*

- Musical education in schools is important to the future of the United States.
- Music is part of a well-rounded education, and should be provided in schools at an early age.
- Students with more than one year of musical education are 52% more likely to graduate from high school on time than are their non-musical peers, and are 7% more likely to attend school each day.

Edward Ayers, *University of Richmond*

- Over the last two decades, American history has been disappearing as a subject in U.S. schools; children are not being taught to think historically, and history is being integrated into such subjects as language arts.
- Science and math education should be the model for teaching history.
- Museums are trusted institutions that contribute to economies and safeguard history; unfortunately, students may lack the funds and time needed to access museums.

ROBOTS, EDUCATION AND WORKFORCE: TRANSFORMERS AND TRANSFORMATION

Rich Davey Jr., *Boston Consulting Group*

- There is a growing skills gap in the United States.
- In the United States, the unemployment rate is low but the growth in wages is barely keeping pace with inflation; as well, the labour force participation rate is too low.
- The United States' future is unlikely to look significantly different from its present.

- Technology is changing the nature of the relationship between employers and employees.
- U.S. workers need help to transition to the new economy, the impacts of artificial intelligence, the “quality” of jobs of the future, technological displacement, etc.
- In the United States, the nature of jobs is always changing, and the new jobs that are being created typically have higher compensation; that said, it is mostly low-skilled jobs that are at the greatest risk because of automation.
- The transition to the jobs of the future will be sufficiently slow that it will be manageable.

Respectfully submitted,

Hon. Michael L. MacDonald,
Senator, Co-Chair
Canada–United States
Inter-Parliamentary Group

Hon. Wayne Easter, P.C., M.P.
Co-Chair
Canada–United States
Inter-Parliamentary Group

Travel Costs

ASSOCIATION	Canada-United States Inter-Parliamentary Group
ACTIVITY	National Governors Association (NGA) Summer Meeting
DESTINATION	Santa Fe, New Mexico, United States of America
DATES	19–21 July 2018
DELEGATION	
SENATE	
HOUSE OF COMMONS	Dr. Colin Carrie, M.P. Mr. Brian Masse, M.P. Mr. Randeep Sarai, M.P.
STAFF	Ms. June Dewetering, Senior Advisor
TRANSPORTATION	\$ 2,439.36
ACCOMMODATION	\$ 5,165.03
PER DIEMS	\$ 1,603.50
MISCELLANEOUS	\$ 4,696.08
TOTAL	\$ 13,903.97