

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 Pacific NorthWest Economic Region
(PNWER) 28th Annual Summit**

Canada-United States Inter-Parliamentary Group

**Spokane, Washington, United States of America
23–26 July 2018**

Report

DELEGATION MEMBERS AND STAFF

23–26 July 2018, Senator Yuen Pau Woo, Vice-Chair of the Canadian Section of the Canada–United States Inter-Parliamentary Group (IPG), led a delegation to the 28th annual summit of the Pacific NorthWest Economic Region (PNWER), which was held in Spokane, Washington. The other delegates were Senator Jane Cordy, the Honourable Hedy Fry, P.C., M.P., Mr. Gord Johns, M.P. and Mr. Len Webber, M.P. The delegation was accompanied by Ms. Miriam Burke, the Canadian Section’s Executive Secretary, and Mr. Brett Capstick, Advisor to the Canadian Section

THE EVENT

Established in 1991, PNWER is a statutory, bi-national, regional, private–public partnership that includes five U.S. states – Alaska, Idaho, Montana, Oregon and Washington – and, in Canada, three provinces and two territories – Alberta, British Columbia, Saskatchewan, Yukon and the Northwest Territories. It has two meetings each year: its annual summit in the summer; and its economic leadership forum in the fall.

PNWER’s goals are the following:

- coordinate provincial and state policies throughout the region;
- identify and promote "models of success";
- serve as a conduit to exchange information;
- promote greater regional collaboration;
- enhance the competitiveness of the region in both domestic and international markets;
- leverage regional influence in Ottawa, Ontario and Washington, D.C.; and
- achieve continued economic growth while maintaining the region’s natural environment.

DELEGATION OBJECTIVES FOR THE EVENT

At PNWER’s 2018 annual summit, a range of Canada–U.S. topics were discussed, including issues relating to the shared border, innovation, the environment, transportation, water, disaster resilience, invasive species, trade and regulatory cooperation.

Attendance at the annual summit provides members of the IPG’s Canadian Section with an opportunity to meet with U.S. state and Canadian provincial/territorial legislators, and private-sector representatives. In particular, the discussions at PNWER’s 2018 annual summit enabled the delegates to enhance Canada–U.S. relations and to identify topics where increased collaboration could be mutually beneficial, including in relation to renegotiation of the *North American Free Trade Agreement* (NAFTA) and of the *Columbia River Treaty*, as well as the United States’ imposition of tariffs on certain steel and aluminum products.

ACTIVITIES DURING THE EVENT

PNWER’s 2018 annual summit involved policy tours, keynote addresses and policy sessions in a number of areas, including the following:

- agriculture
- the Arctic
- the Canada–U.S. border
- cross-border livestock health
- disaster resilience
- economic development
- energy
- the environment
- forestry
- the financing of infrastructure
- innovation
- invasive species
- mining
- the renegotiation of NAFTA
- transportation
- tourism
- water
- workforce development.

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

KEYNOTE BREAKFAST

Chris Sands, *Johns Hopkins Center School of Advanced International Studies and Center for Canadian Studies*

- During past international trade negotiations, the United States’ president has traditionally attempted to “calm” media “sensationalism”; the opposite is true today.
- Nations perceive the economic relationship that Canada has with the United States to be among the latter country’s strongest bilateral relationships; if the current efforts to renegotiate NAFTA are not successful, they question whether any new trade agreements are possible during the Trump presidency.
- The U.S. president’s current trade promotion authority was gained under the Obama administration.
- For President Donald Trump, the United States’ trade relationship with China may be a higher priority than the North American trading relationship.
- President Trump appears to favour two bilateral trade agreements – a U.S.–Canada agreement and a U.S.–Mexico agreement – to an agreement among the United States, Canada and Mexico.
- If the United States were to impose 20%-25% tariffs on automotive goods, non-U.S. automakers would be “forced” to relocate production to the United States in order to sell in that country.

- Both Canada and Mexico are beginning to experience the negative impacts of the economic uncertainty that is being created by the Trump presidency, and the U.S. economy will soon be similarly affected.
- Increasingly, Americans are aware of the importance of trade to their country's economy.

Dan Ujzco, *Dickinson Wright LLP*

- The Trump administration has told the U.S. Congress that it will not withdraw from NAFTA before the 2018 midterm elections.
- In renegotiating NAFTA, the United States is not interested in a win-win-win scenario; instead, it is interested in deriving as much benefit as possible for itself.
- The tariffs that China is imposing on U.S. goods will exist for the foreseeable future, and this situation is continuing to create trade uncertainty in North American markets; Canada, the United States and Mexico should prioritize a renegotiated NAFTA as a means of regaining some certainty and stability in the region.
- Completing the renegotiation of NAFTA will become increasingly complicated if the negotiations extend beyond October 2018.
- Because the U.S. Congress is determined to have a renegotiated NAFTA, maintaining the current agreement is politically unpalatable in the United States.
- Regarding the renegotiation of NAFTA, the number of disputes between Canada and the United States is greater than that between the United States and Mexico.
- President Trump is likely to seek an informal "hand-shake" trade agreement with Mexico prior to reaching an agreement with Canada, thereby gaining leverage over Canada during the renegotiation of NAFTA.

Colin Robertson, *Canadian Global Affairs Institute*

- Trade agreements like NAFTA are extremely complicated, and the initial assessments of the time required to complete the renegotiation of NAFTA were unrealistically short.
- Despite media and Trump administration rhetoric, the personal relationships between Canadian and U.S. legislators remain very strong.
- Canadians are upset about the insinuation that they are a security threat to the United States.
- The Canada–U.S. relationship is Prime Minister Justin Trudeau's top priority, and every memo to Cabinet includes a section detailing the subject matter's impact on this relationship.

- The premier of every Canadian province is involved with Canada–U.S. trade promotion activities.
- The trade uncertainty that President Trump is creating is – at least in part – working in the interests of the United States; investment in Canada and in Mexico is slowing.
- Canada should focus on trade diversification to reduce its reliance on the North American trading relationship.
- President Trump’s threat that he will impose tariffs on automotive goods should be taken seriously.
- While North America is the world’s most productive economic region, it is “held back” by “wounds” that are primarily “self-inflicted.”

NAFTA MODERNIZATION: UPDATE ON NEGOTIATIONS AND WHERE THINGS CURRENTLY STAND RELATED TO US-CANADA TRADE

Chris Sands, *Johns Hopkins Center School of Advanced International Studies and Center for Canadian Studies*

- North American co-operation is institutionalized in various forms; these efforts are coming to the forefront of the renegotiation of NAFTA, which is making the public more aware of North American ties.
- NAFTA is a production platform for a number of sectors.
- Public discourse in the United States should focus on what North America could be under ideal trade and co-operative conditions.
- When compared to the initial negotiations for NAFTA, which occurred entirely behind “closed doors,” social media have brought an unprecedented amount of attention to the renegotiation of NAFTA.

Colin Robertson, *Canadian Global Affairs Institute*

- The Canada–U.S. relationship is resilient, and is capable of withstanding President Trump’s “disruptions.”
- Prime Minister John Diefenbaker and President John Kennedy had a strained relationship; the current tension between Prime Minister Trudeau and President Trump is not the first between the two countries’ leaders.
- NAFTA’s existing dispute-resolution mechanisms are working properly, and the United States’ current proposal for resolving disputes is unacceptable.
- A sunset clause in a renegotiated NAFTA is unacceptable because it would lead to uncertainty for businesses operating in North America.

- Sub-national solutions to trade-related issues should be pursued more actively because they are often executed more efficiently than are solutions at the national level.
- It is unlikely that there will be an agreement – in principle or otherwise – about a renegotiated NAFTA within the next six to eight weeks.

Dan Ujzco, *Dickinson Wright LLP*

- It would be easier for U.S. legislators to promote a renegotiated NAFTA in the presence of some perceived adversary to U.S. economic success, such as China or Russia.
- Canada's geographic placement beside the country with the world's largest economy is envied by a number of other countries.
- The chapters in NAFTA that are the easiest to renegotiate have been completed; disagreements among Canada, the United States and Mexico exist regarding automotive goods, dairy products, dispute resolution and government procurement, among others.
- If Canada intends to conclude the renegotiation of NAFTA, it cannot take the position that some issues are non-negotiable; prolonging the renegotiation can cause such issues to appear disproportionately problematic.
- Many of the contentious issues that have arisen during the renegotiation of NAFTA may have sub-national solutions.
- Certain North American businesses will soon face bankruptcy because their costs are continuing to increase as a result of ongoing trade disputes; in particular, small suppliers located in rural communities are the first to be affected by such disputes, and are the least resilient to rising operational costs.

REGULATORY COOPERATION: WHAT IS THE POTENTIAL IMPACT OF EXPANDING REGULATORY ALIGNMENT? WHAT OPPORTUNITIES EXIST FOR EXPANDING COOPERATION AT BOTH THE FEDERAL AND STATE/PROVINCIAL/TERRITORIAL LEVELS?

Bob Carberry, *Carberry Insights and Associates Inc.*

- The cost of regulatory compliance is linked to the number of jurisdictions in which a business sells its goods or services; the regulatory burden can be unreasonable.
- An estimated 40% of the goods that cross the Canada–U.S. border are “intra-firm,” with transfers occurring between associated companies, such as a parent company and its subsidiaries.
- Regulatory co-operation in North America would significantly lower businesses' regulatory burden.

- Regulatory co-operation measures were included in the Trans-Pacific Partnership (TPP) agreement, although President Trump withdrew the United States from the TPP.
- Methods of promoting regulatory co-operation could include the following:
 - Rebrand “regulatory co-operation” as “deregulation.”
 - Facilitate industry-to-government consultations.
 - Educate legislators about the importance of regulatory co-operation.
- Government policies and practices regarding public consultations should not preclude private, informal and frank discussions among interested parties.
- North America’s agricultural, livestock and pharmaceutical sectors are particularly negatively affected by inadequate regulatory co-operation.

PRIVATE SECTOR PERSPECTIVE ON NAFTA, TRADE, AND REGULATORY ALIGNMENT

Bill Lane, *Trade For America*

- In order to be “heard” by the U.S. Congress, businesses in the United States have started to organize pro-trade associations.
- International trade supports 36 million jobs in the United States.
- Since the implementation of NAFTA, the combined value of U.S. merchandise exported to Canada and Mexico has increased by 400%.
- The volume of the United States’ goods exports to Mexico exceeds the volume of its exports to the eight most populated countries in the world combined, and the value of its goods exports to Canada exceeds the value of its exports to Mexico.
- No U.S. political party supports the imposition of tariffs, and – in advance of the 2018 mid-term elections – no U.S. politicians are campaigning on the increased use of tariffs.
- The U.S. administration can impose tariffs without a vote in the U.S. Congress, and – in an open letter to the administration – 88 Senators have denounced President Trump’s imposition of tariffs pursuant to section 232 of the U.S. Trade Expansion Act of 1962 without Congressional approval.
- According to estimates, the termination of NAFTA would result in a loss of 1.8 million U.S. jobs, and a \$118 billion reduction in U.S. economic output.
- In response to the United States’ imposition of tariffs on certain steel and aluminum products, and in addition to the implementation of retaliatory tariffs, certain nations are reducing their trade barriers for non-U.S. trading partners; for example, China increased the tariff rate that it applies on American soy beans and decreased them on soy beans from all other trading partners.
- A trade war with China is the least effective method for addressing China’s trade practices; instead, the United States should focus on limiting China’s undesirable trade practices through a bilateral trade agreement, co-operating with allies on effective strategies to impose obligations to trade fairly, making proper use of the World Trade Organization and/or investing in U.S. competitiveness.

- The winners of a trade war are the parties that are not involved in it.
- At least one trade association is launching ad campaigns on Fox News because it feels that President Trump watches this programming.
- Mexicans are beginning to care less about the economic impact of a modernized NAFTA and to care more about the lack of respect that President Trump appears to show for their country.
- Pro-trade legislators should:
 - compile data on the regional impacts of tariffs on businesses and jobs;
 - seek sub-national procurement agreements; and
 - encourage businesses to educate their workers about the importance of trade to their operations.

KEYNOTE LUNCH

Alan Bersin, Formerly with the *U.S. Department of Homeland Security*

- The Canada–U.S. relationship can be characterized by the flow of people, goods and information; borders are the “connecting points” for these flows.
- Border operations should evolve with changes in traffic and trade; in particular, it will soon be ineffective to administer all border processing requirements at the time and place of crossing, and pre-clearance measures should be developed to address this “bottlenecking” problem.
- Borders should not be treated as the first line – but rather as the last line – of defence against those seeking to enter the country to engage in criminal or terrorism-related activities.
- Governments should leverage the “sharing” that is inherent to borders through co-operative management of borders; governments should move away from a “go it alone at the border” mentality toward a bi-national approach to border security that does not jeopardize their sovereignty.
- As the distinctions between domestic and international security continue to be “dismantled,” a “North American Aerospace Defense Command (NORAD)-style border” will soon become the future of the U.S.–Canada border relationship.
- National security and trade facilitation are not mutually exclusive; because about 98% of goods travelling across the U.S.–Canada border comply with all import/export requirements; the best tactic to address the remaining 2% is not to increase the scrutiny of all goods, but rather to adopt a risk-based approach for goods that is similar to Nexus for travellers.
- The North American trading block can be described as “intermestic” – denoting the interconnectedness between domestic and international trade policy – and the governments of the three countries should take greater steps to involve border communities and businesses when developing border-related policies.

BORDER ISSUES

Alan Bersin, Formerly with the *U.S. Department of Homeland Security*

- A NORAD-like approach to U.S.–Canada border security would entail joint operations between the Canada Border Services Agency and the U.S. Customs and Border Protection (CBP) using common border infrastructure to replace the current duplication of infrastructure at each land crossing.

- With a NORAD-like approach to the U.S.–Canada border, low-risk trade could be jointly identified and expedited through border crossings, thereby allowing border resources to focus on situations where trade is higher risk or where there is insufficient information to determine the level of risk.
- Border security is not exclusively a government “problem”; because the private sector has an interest in the safe and efficient flow of goods and people, public–private partnerships can be leveraged to fund efficient border operations
- Policies regarding cyber security should have a NORAD-like approach because attacks could be a danger to the continent.

Jennifer Fox, *North American Strategy for Competitiveness*

- The greatest challenges regarding the movement of goods at North American borders are inconsistency and unpredictability; cross-border procedures should be harmonized, and new technological developments should be implemented to increase the efficiency with which borders can be crossed.
- A border should facilitate, not harm, international trade.
- Examples of Canada–U.S. border harmonization “failures” include the following:
 - Canada not making full use of radio-frequency identification readers at border crossings;
 - different definitions of “trusted trader” between the two countries;
 - different e-manifest transmission requirements between the two countries; and
 - different weight and dimension requirements for load sizes and tire sizes between the two countries.
- In the medium term, governments should explore stronger regulatory co-operation, investments in cross-border projects, improvements to the “check once, accept twice” concept, and the removal of cash and paper records from transactions at the border.
- In the long term, governments should reconsider the Free and Secure Trade commercial clearance program, which is not being used as intended.
- At the Canada–U.S. border, particular lanes could be designated for autonomous vehicles; for example, a pilot project could be implemented whereby these vehicles would move only between two small shipping yards directly adjacent to either side of the border, where traditional trucking operations could drop off and pick up the imported/exported goods.

Amgad Shehata, *UPS*

- Some trucks have telemetric instruments that are capable of measuring 1,800 factors each day, such as the vehicle’s rate of acceleration, weight load, etc
- Humanity is currently in a technologically disruptive era, and needs to take advantage of new innovations, including drones; for example, in Rwanda, drones are being tested for use in delivering blood to hospitals.
- Airport-to-airport transportation of goods is seen as a closed-loop chain, while ground shipping is not; ground shipping involves a hub-and-spoke design, and border officers could be placed at each hub to certify shipments and enable easier movement of goods across jurisdictions.

- China is working on its “Belt Road Initiative” – overland interconnecting infrastructure corridors – that will provide it with a competitive advantage in shipping and transportation.
- International and domestic e-commerce should be regulated in the same way; Australia has implemented an effective model that could be adopted in North America.
- Blockchain technology has the ability to revolutionize the transportation sector.

Rose Marie Davis, *U.S. Department of Homeland Security*

- The CBP is working on facial recognition technology in order to decrease both the processing time for trusted passengers and the administrative burden on airport security agents; the goal of the facial recognition software is to identify a passenger within two seconds.
- The CBP’s facial recognition software can limit a database search to travellers who are known to be travelling that day because either they have checked in or their data have been provided by the airline on which they travelled.
- Facial recognition technology may one day be used when air passengers check and retrieve their baggage.
- At land border crossings, the CBP plans to undertake pilot projects using facial recognition of drivers sitting in their vehicles.
- The use of biometric technology is increasingly useful at sea ports because cruise lines are beginning to use such technology.
- Advances in border technologies include the following:
 - non-intrusive inspection initiatives;
 - pre-arrival readiness evaluations;
 - online toll pre-payments;
 - licence plate readers;
 - scanning of small packages; and
 - blockchain shipping manifests.

Gerry Bruno, *Vancouver Airport Authority*

- The private sector supports integrated Canada–U.S. biometric collection and processing, as well as drone video pre-inspection prior to reaching a border crossing.

Solomon Wong, *InterVISTAS*

- A “beyond pre-clearance” strategy should address such issues as North America’s declining share of the global market, the need for approximately 40,000 additional border officers in Canada and the United States, and the development of an automated vehicle strategy for border crossings.
- The “check once, accept twice” concept does not go far enough because there are 55 different Canadian and U.S. government agencies that may be involved with the importation of a particular good; to function well, it should be possible to “check once, accept 55 times.”
- As illustrated by Amazon’s and Lululemon Athletica’s cross-border operations, labour force mobility is increasingly important to the private sector.

- The risk associated with particular travellers can be assessed based on their past travel history in conjunction with facial recognition technology

KEYNOTE BREAKFAST

Evan Reis, *U.S. Resiliency Council*

- Exceptional leaders focus on issues that provide benefits over the long term and for which they may experience no personal or political benefit; disaster planning is one such issue.
- Santa Monica passed its first building retrofit ordinance in 1994 after an earthquake, and recently updated it to reflect the results of modern research regarding the ways in which buildings respond to earthquakes; the stated goal in the event of an earthquake is to reduce the loss of life and to recover more quickly.
- Disaster resilience can be measured by the time that it takes a system to recover from a shock of some kind.
- Cities cannot prevent large-scale natural disasters, like fires or earthquakes, but they can plan for them effectively.
- Cities cannot prevent large-scale natural disasters, like fires or earthquakes, but they can plan for them effectively.
- Shocks can be chronic, with constant effects on a city's operations, or they can be acute, which may happen once in a lifetime; because an acute shock may not occur during the time that a particular person is a decision maker, it can be difficult to garner the political will to address such a shock.
- Short-term thinking is the most significant "enemy" to building resilient infrastructure.
- Decision makers must understand the "worst case" scenarios and the ways in which more resilient infrastructure can mitigate many of the problems of such scenarios; for example, spending an additional 1% to 3% of a project's cost to use resilient construction methods and materials for a building being newly constructed can result in re-occupation within one or two days following an earthquake, which reduces both the lost revenue from "down time" and reconstruction costs.
- "All or nothing" thinking should be avoided; taking positive steps toward a imperfect solution is better than taking no steps in the right direction
- An estimated 90% of buildings in most major cities were constructed prior to modern building codes, which presents a considerable risk in the event of a large-scale disaster.

TARGETING EMERGING TECHNOLOGIES TO ACHIEVE MORE EFFICIENT DELIVERY OF GOVERNMENT SERVICES

Drummond Reed, *Evernym*

- The three models of digital identity are: siloed, where accounts are created with different service providers online and individuals do not "exist" outside of these accounts; third-party/federated identity, where an account with a third party is used to log individuals into their other online accounts; and self-sovereign identity, where individuals control their online identity through the use of a cryptographically secured identity on a blockchain ledger.

- With the self-sovereign identity model, identification credentials are stored in a digital wallet on individuals' phones, and these credentials are used in the same way as a traditional piece of identification; a centralized authority confirms that identification credentials are correct, allowing them to be presented online as proof of identity, and the blockchain provides a decentralized ledger to verify how those credentials are used.
- Identity theft is currently possible because relatively limited data about individuals can be collected and used to access various online accounts, which would not be possible with a self-sovereign identity model because identity is linked to digital wallets that are cryptographically secured.

Pamela Dingle, *Microsoft*

- The “digital identity problem” is the disconnect between how individuals see their identity and how other countries treat their identity; individuals provide data about their identity to corporations, which then own that information and use it in ways in which individuals are unaware.
- Individuals want greater control over their online identity, and therefore over their data.
- Microsoft is working on a decentralized – or self-sovereign – digital identity model to ensure that individuals' data are secure and verifiable.
- Challenges to adopting a decentralized digital identity model include the ease of its use and adoption, performance and its ability to work anywhere that an individual requires, and the need for an “ecosystem” of collaborative users.
- In a decentralized digital identity model, even if identity theft is attempted or successful, the use of that identity would be recorded and traceable on the blockchain ledger.

Carol Prest, *Government of British Columbia*

- In 2016, the Government of British Columbia began to consider using blockchain technology to share information; paper documents are cumbersome and have inherent verification issues.
- An individual who wishes to start a bakery may need to incorporate, acquire a health permit and secure a business licence from three different government entities; the use of digital documentation on the blockchain could lead to more timely and easier completion of these processes.
- Government services that use blockchain technology will likely involve data belonging to businesses before data belonging to individuals.

- Identity registrars, verifiers and issuers can be linked electronically to facilitate more efficient government services.

John Jordan, *Office of the Chief Information Officer of British Columbia*

- Credential issuers could one day publish credentials to a searchable public database of business information instead of providing them exclusively to the businesses themselves, thereby enhancing the ease with which business would be able to keep track of certain records; additionally, other government services and the private sector could ensure that proper credentials are available for the business operations.
- A central operator is a single point of failure; with blockchain technology, the network of users verifies each transfer of information and the network is not susceptible to failure at any single location.

DEALING WITH PRIVACY CONCERNS: HOW DO GOVERNMENT AND BUSINESS ENSURE PRIVACY WHILE DELIVERING GOVERNMENT SERVICES

Mark Masongsong, *UrbanLogiq*

- Data are becoming increasingly available, such as that derived from traffic and cell phone use; for example, the movement of vehicles can be tracked through the connected technology in those vehicles even when there are no traffic sensors monitoring the flow of traffic.
- Certain kinds of data can be used to make accurate models of where individuals travel within their community, and therefore aid in determining where traffic lights are needed or where a business should locate to be along a high-traffic corridor.
- The use of data gives rise to privacy concerns; businesses that collect data are being required to make ethical decisions about the data that they should provide to their clients, and feel that governments should control the extent of such disclosures.
- The European Union has adopted General Data Protection Regulations (GDPRs) that regulate data use and storage; however, these rules do not sufficiently protect citizens' privacy.
- Blockchain and GDPRs are mutually exclusive arrangements in some respects; GDPRs allows individuals to request that their personal data be removed from corporate and government databases or may be removed automatically after a defined period, known as the "right to be forgotten," while the blockchain is a permanent and immutable ledger that cannot accommodate such a request or automatic removal.

- Because significant amounts of data are available online, society may move away from attempting to control the access to data and move towards punishing the misuse of data.

Bill Tam, *Canada's Digital Technology Supercluster*

- Data is the “prized resource” of the 21st century, and more data have been created in the last two years than in the previous history of mankind. • Canada’s Digital Technology Supercluster has produced innovative technology and fostered labour force development. • Large projects that Canada’s Digital Technology Supercluster is currently undertaking include a healthcare data sharing initiative, and an environmental data recording and transmission initiative.
- Canada’s Digital Technology Supercluster has produced innovative technology and fostered labour force development.
- Large projects that Canada’s Digital Technology Supercluster is currently undertaking include a healthcare data sharing initiative, and an environmental data recording and transmission initiative.
- The world is in the midst of the 4th industrial revolution; 2 million jobs have become obsolete, but 3 million new jobs have been created.

Michael Farber, *Ratio Innovation Management*

- Individuals are seeking control over their data, which is creating the need for greater governance of data usage.
- The meaning of “privacy” is changing, and the way in which that word is interpreted may soon be vastly different from its current interpretation.

KEYNOTE LUNCHEON

Vicki Christiansen, *U.S. Forest Service*

- Technological and construction advancements have made large-scale “mass timber” construction possible, and timber is a sustainable construction material.
- Most of the forests owned by the United States’ federal government are used for recreational purposes; 15 million people visited one of these forests in 2016, contributing \$816 million to tourism revenue.
- Forests and parks that are used for recreational purposes can attract more users by offering new activities, such as guided hikes and rafting experiences; the government should remove regulatory hurdles to these activities.
- As hydro-electric power is produced from the United States’ national forests, sustainable forest management is also a key component to sustainable water management.

Fritz Wolff, *Katerra*

- The United States lacks between 15 million and 20 million housing units that would be affordable for average-income Americans; these individuals are being “priced out of the market” as developers build more expensive units.
- The United States’ construction sector has had negative productivity gains for several years, leading to the production of inferior – but more costly – housing units.
- The construction sector contributes \$1.3 billion to the United States’ gross domestic product
- The trades involved in the construction sector often operate independently of each other, which creates inefficiencies in the sector.
- Construction techniques have remained constant for several decades, with the result that there have been limited – if any – improvements in the efficiency of the construction sector.

IS THE PUBLIC READY FOR AN AUTONOMOUS, CONNECTED, ELECTRIC AND SHARED (ACES) WORLD?

Representative Jake Fey, *Washington State Legislature*

- As the prevalence of electric vehicles continues to increase, new partnerships will be needed among politicians, governmental entities and the private sector.
- Washington State has established emissions targets, is focusing on the production of “clean hydro,” and is providing tax incentives for the purchase of electric vehicles for both personal and commercial use.
- In Washington State, \$50 from every sale of an electric vehicle is allocated to the development of related infrastructure in the state.

Reema Griffith, *Washington State Transportation Commission*

- In Washington State, public- and private-sector input is being sought about autonomous vehicle safety, licencing, infrastructure, technology, data security and liability.

Jeff Marker, *Idaho Transportation Department*

- In Idaho, efforts are being directed to the potential need for fog lighting in autonomous vehicles because the guidance systems in these vehicles may require such lighting in order to perform adequately under certain environmental conditions.
- In Idaho, the wifi requirements of autonomous vehicles in rural areas are being examined.

Joel Fisher, *Verizon Smart Communities*

- Fifth-generation (5G) mobile networks may be required in order for significant cost savings to be realized in relation to autonomous vehicles; the alternative to 5G connectivity is installing a large server inside each vehicle.
- Fourth-generation connectivity occurs in 200 milliseconds, while 5G takes less than 1 millisecond; this difference is significant when an autonomous vehicle is travelling at high speed.

TRANSPORTATION ELECTRIFICATION CAN BOOST OUR ECONOMIES WHILE ENHANCING OUR ENVIRONMENT

Jeff Allen, *Forth*

- Consumer engagement regarding electric vehicles cannot rely solely on market forces; government intervention is required.
- In surveys conducted in California and England, 50% of Californian respondents were able to name only one brand of electric vehicles, and 40% of respondents in England believed that they would be electrocuted if they drove their electric vehicle into a carwash.
- Electric vehicle–related tax incentives should recognize that a flat tax credit disproportionately advantages higher-income earners because of the purchase price of these vehicles, and these incentives should aim for social equality; such incentives should be income-tested, and the government should consider financing programs to increase the affordability of electric vehicles

Matthew Hepner, *Certified Electrical Workers of Washington*

- An electric vehicle charging station training program has been developed for electricians.
- Governments should regulate the standardization of electric vehicle charging station outlets.
- Electric vehicle–related tax incentives and infrastructure funding would be the most effective government initiatives to promote the purchase of electric vehicles.

Rendall Farley, *Avista*

- The full adoption of electric vehicles in North America would result in an 80% reduction in greenhouse gas emissions.
- Because 80% of electric vehicle charging occurs at the vehicle owner’s home or workplace, the requirement for public electric vehicle infrastructure is lower than most legislators believe.
- If electric vehicle owners’ charging patterns remain constant and electric vehicle ownership increases, the government and the private sector must develop solutions to the problem of peak demands on the electrical grid.

Jeffrey Phillips, *Dawson Strategic*

- Because certain commercial vehicles are built for highly specialized uses, such as street sweeping or power line repair, they often are not mass-produced.
- Certain government initiatives are not necessarily aimed at the electrification of commercial vehicles, but they provide consumers with an incentive to “move in that direction”; these initiatives include carbon pricing, emissions standards for heavy duty vehicles and clean fuel standards.
- The electrification of all commercial vehicles may not be feasible, but such a change would have many benefits.

KEYNOTE BREAKFAST

Premier Bob McLeod, *Government of the Northwest Territories*

- The Northwest Territories is the world’s third-largest producer of diamonds.
- The Northwest Territories lacks interconnected infrastructure, partially because of the territory’s harsh climate; it requires capital investments to enable the development of new infrastructure for its benefit and for the benefit of Canada.
- Investments in the development of the Mackenzie Valley Highway and the Slave Geological Corridor would provide Canada’s resource sector with a competitive advantage.
- Canada’s north is evolving rapidly, which is leading to both challenges and opportunities; the private sector and governments should work together to address this evolution.

Minister Deron Bilous, *Government of Alberta*

- The Canada–U.S. trading relationship is strong, and Canada was reluctant to retaliate when the United States imposed tariffs on certain Canadian steel and aluminum products.
- The United States’ imposition of tariffs on certain Canadian steel and aluminum products has started to have negative effects on the economies in both countries; Canada should be exempted from these tariffs.
- An estimated 1 million Americans have been “priced out of the housing market” due to the increased cost of lumber that has resulted from the most recent softwood lumber dispute between Canada and the United States.
- Compared to other Canadian provinces/territories, Alberta has a higher economic growth rate and the lowest small business tax rate.
- Access to the U.S. market remains a challenge for Alberta.

- A pipeline to a Canadian coast has not been built in the last 70 years, and construction of the Trans Mountain Pipeline would be positive for Canada's economic success.
- Iran continues to disrupt 20% of global oil production by blocking the Strait of Hormuz, and energy independence would help North America to avoid these types of disruptions.
- Both Alberta and Canada want to ensure that petroleum products are able to reach global markets, with resulting profits invested in transitioning to an economy that operates primarily using renewable energy sources

COLUMBIA RIVER TREATY

Jill Smail, *U.S. Department of State*

- The *Columbia River Treaty*, which was enacted 54 years ago, deals with such shared U.S.–Canada concerns as flood risks, water management, navigation, and recreational and industrial water uses.
- Renegotiation of the *Columbia River Treaty* began on 29 May 2018; the renegotiation will focus on modernizing the treaty and building a common understanding of water uses.
- During renegotiation of the *Columbia River Treaty*, the United States' objectives are flood risk mitigation, stable power supply and ecosystem management.

Sylvain Fabi, *Global Affairs Canada*

- Renegotiating the *Columbia River Treaty* is complex and, because there are many competing interests to consider, the negotiations are unlikely to end soon.
- Canada's objectives during renegotiation of the *Columbia River Treaty* mirror those of the United States: flood risk mitigation; stable power generation; and adaptive ecosystem management.
- Canada is examining reintroduction of salmon into the Columbia River's water system.
- The Government of British Columbia recently conducted consultations with Indigenous groups throughout the Columbia River's drainage basin, and is consulting with local governments and regional advisory committees regarding renegotiation of the *Columbia River Treaty*.

KEYNOTE LUNCH: GROWING GLOBAL COMPETITIVENESS THROUGH EXPANDING MARKETS AND INFRASTRUCTURE

Stephen Metruck, *Port of Seattle*

- Combined, the Port of Seattle and the Port of Tacoma comprise the fourth-largest container gateway in North America.
- An estimated 60% of the volume of goods that arrive at the Port of Seattle originate from Asia and are bound for other destinations in North America.
- The cruise sector's presence in the Port of Seattle continues to grow, with close to 1 million passengers in 2017.
- Alaska is the world's most popular cruise destination.
- Cruise Seattle, which is operated by the Port of Seattle, generates monthly revenue of \$100 million during the cruise season.
- Seattle–Tacoma International Airport is investing \$2 billion to address disaster resilience, passenger growth and new international routes.

Victor Thomas, *Asia Pacific Foundation*

- By 2020, Asia is expected to have a population of 4.6 billion people and to consume 42% of all goods produced globally.
- Within the next 30 years, Indonesia is expected to have the world's fourth-largest economy; at present, it has the ninth-largest economy.
- Although there is global demand for Canadian goods, it is sometimes difficult to move those goods to foreign markets; for example, because Canada's pipelines are operating at full capacity, oil is being transported by rail, which is creating transportation challenges for other goods.
- To remain globally competitive, Canada needs safe and reliable infrastructure to move goods.

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	Pacific NorthWest Economic Region (PNWER) 28th Annual Summit
DESTINATION	Spokane, Washington, United States
DATES	23-26 July 2018
DELEGATION	
SENATE	Hon. Jane Cordy, Senator Hon. Yuen Pau Woo, Senator
HOUSE OF COMMONS	Hon. Hedy Fry, C.P. M.P. Mr. Gord Johns, M.P. Mr. Len Webber, M.P.
STAFF	Ms. Miriam Burke, Executive Secretary Mr. Brett Capstick, Advisor
TRANSPORTATION	\$ 7,313.73
ACCOMMODATION	\$ 5,919.27
PER DIEMS	\$ 3,059.39
MISCELLANEOUS	\$ 5,965.91
TOTAL	\$ 22,258.30