Honorable Marlene Jennings, P.C., M.P., The Session 12: The Future of the Evolving Special Canada-U.S. Relationship: New Dimensions and Possible Future Progress and Concerns - Differing Approaches to Our Common Values and Experiences (I.E., the Law, the D

Marlene Jennings, P.C. M.P Hon.

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Thank you very much, Henry, and thank you for inviting me to be part of this event.

I had an opportunity to sit in on one of the panels this afternoon on pharmaceuticals, and I was fascinated, fascinated by the diversity of participants here, both Canadian and American, and by the depth of discussion. It is something that I don’t often have an opportunity to participate in: where not just the presenters, but the participants have just as much knowledge as the ones sitting behind the desk, and I am sure that’s the case again this evening.

So I have been asked to talk about Canada-U.S. relations and the future, where are we going. Before I do that, I would like to talk a little bit about what’s happening right now, give a bit of context to that. So I am going to be using a slide show, and I am going to ask your forbearance. It is the first time I’ve done a PowerPoint presentation. I am very adept at a blackberry, e-mail, internet, surfing the net, surfing the web, the whole bit, but I never really worked with Word and produced documents. I write in longhand or dictate, so I know you are going to be kind to me this evening. So let’s first begin about an important link between Canada and the United States, and that is our people-to-people links. We have networks of families. Our societies are interwoven by ties of family and friendships. I am an example. My father was an American from Alabama. I have uncles and aunts and sisters – a sister living here. I have cousins living across the states. I am typical of most Canadians. I am also typical of most Americans.

† The Hon. Marlene Jennings, P.C., M.P. was first elected to the House of Commons as the MP for NDG-Lachine in June 1997. She was re-elected in November 2000 and in June 2004. She is Parliamentary Secretary (Canada-U.S.) to the Prime Minister and a member of Privy Council. Ms. Jennings has been Parliamentary Secretary to the Solicitor General of Canada and to the Minister for International Cooperation. She has been a member of numerous parliamentary committees. She was most recently Vice-Chair of the Standing Committee on Industry, Science and Technology and Vice-Chair of the Standing Committee on Public Accounts. Ms. Jennings was sworn to the Québec Bar Association in 1988. Between 1988 and 1997 she earned almost ten years experience in the area of policing, first as a member of the Quebec Police Commission and then as Deputy Commissioner for Police Ethics for the Province of Quebec. Professionally she has been active at the trade union level and in the areas of employment equity and communications for women, aboriginal peoples, and ethnic and racial minorities. With expertise in public accountability and civilian oversight of law enforcement, Ms. Jennings has been the recipient of the Jackie Robinson Award for Professionals, awarded by the Montreal Association of Black Business Persons and Professionals. Ms. Jennings is the first Black woman from Quebec to be elected to Parliament in the history of Confederation.

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There are 250,000 people living in Canada who are Americans, or were born in the United States, and in the United States, we have a whopping 630,000 people with Canadian ancestry. That’s a people-to-people link. We also have cross-border contact. For instance, as you can see from the slide, 2.4 billion phone calls took place between our two countries in 2002. Imagine what it is today.

We have air passenger trips between Canada and the United States, over fifteen million trips in 2001. I don’t have the more recent statistics, but you can imagine that has increased, and we have professional networks of all kinds. I just met the President of the Canada-U.S. Border Trade Alliance. That’s one of the examples of the kind of networks that we have. We have a Steel Sector Trade Committee. That’s an example. We have connections between our professional corporations, our bar associations, our journalists, our doctors, and our engineers. We have those professional contacts and networks that intertwine and interconnect. Those are the kind of people-to-people links that exist between Canada and the United States, and that we are continuing to develop and enhance.

We also have our economic links, and some of you know better than I do some of the economic links, but let me just give you a little bit of information on the trade side. Canada is the largest export market for U.S. goods. In 2004, U.S. goods exports were $190.2 billion U.S. dollars, up 11.9% from the previous year. In fact, the U.S. exports more to Canada, than it does to Britain, France, Germany, Japan, and China, combined. We are the number one export destination to thirty-seven of fifty U.S. states, and a full 80% of Canadian exports go to your country. The total value of two-way trade has nearly tripled over the life span of the Canada-U.S. Free Trade Agreement,
from $235 billion Canadian in 1989, to $679 billion Canadian in 2004. That translates into approximately $1.8 billion in goods and services crossing our common border every single day. That's a lot of money. Those are a lot of goods, and those are a lot of services.

Interestingly enough, we also invest in each other's economies. Ten percent, approximately, of all U.S. Foreign Direct Investment abroad, is in Canada, and in the other direction, if you include our investment portfolio, Canadian companies own over $435 billion in assets in the United States and employ — those investments employ close to 700,000 Americans. So that's a significant amount of Americans whose jobs depend on Canadian investments in the United States, but there is more yet. We don't simply have trade and investment in common with each other. We also share a common continental economic space. Forty percent of our bilateral trade is intra-firm. That points to a growing integration and cohesion within the private sector where companies are — they have affiliates, they have brother-sister companies, and they are trading in between; amongst each other.

We are also witnessing the slow but steady emergence of a North American economy as companies have adopted continental strategies and supply chains. Underpinning this economy is an extensive continental infrastructure, which I will illustrate with the next few slides. The bulk of cross-border commerce is still carried by trucks over the highway, and you can see some of these highways, north, south, and land-of-port entries. Over thirteen million trucks cross the U.S.-Canada border every year. That's approximately 37,000 trucks every day. And most of the shipments are of intermediate products in North American supply chains.

So let me give you an example. A North American car crosses the border approximately four times before it hits the dealer's lot. That's an example

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10 Id.
12 U.S. Dept. of State, Bureau of Western Hemisphere Affairs, August 2005, http://www.state.gov/r/pa/ei/bgn/2089.htm (stating that Canada is the sixth-largest foreign investor in the United States and at the end of 2004, Canadian investment in the United States, including investments from Canadian holding companies in the Netherlands, was $134 billion at historical cost basis).
14 See id. (stating that 37,000 trucks cross the border between the U.S. and Canada every day).
15 Id.
16 Id.
17 Scott Brison, Parliamentary Secretary, Notes for an Address to the Prime Minister at the
of how an economic sector in our trade is actually integrated. And, every vehicle assembled in North America now contains an average of more than $1500 in Canadian-made parts. If we look at border crossings between Canada and the lower forty-eight states, there are 127 highways, and twenty-five railway crossings.

The north-south roadways form the backbone of economic regional economies, or trade corridors; for example, the Pacific corridor linking the BC, British Columbia, with Washington State, Oregon, and California; the Central Western corridor that links Alberta with Interstate 25, the Rocky Mountain states, and beyond; the Central Eastern corridor, which links the economies of the Great Lakes, the Great Lakes states, and the provinces; and the Atlantic Corridor, which links the economic centers of the Eastern Seaboard, and almost a half-million people cross the border every day.

Now, some of them are tourists; some are service providers. Many work in North American companies, and some actually commute to jobs in the other country. I mean, there are people who live in Detroit who commute to Windsor for jobs. There are more Canadians who live in Windsor, or in that area, who commute over to the American side and work in the Detroit area. We have a lot of nurses, for instance, Canadian nurses who cross that border every day and work in hospitals in Detroit, Michigan.

We also have our railway networks. That is highly integrated. CPR, Canadian Pacific Railway, owns approximately 14,000 tracks, miles of tracks in the U.S., while the Canadian National Railway earned well over half or 50% of its revenues in 2004 from cross-border trade and from domestic U.S. business. Operating revenue for Canadian-based railways hit a record high of $8.2 billion in 2003. Over the past decade, the industry revenue has increased by approximately $1 billion, or 13.6%.


See The World’s Largest Trading Relationship, supra note 7 (stating that every vehicle assembled in North America now contains nearly $1250 of Canadian-made parts).


Transport Canada, Transportation in Canada: 2004 Annual Report 44 (2004),
Now, let's look at our energy grid. Those of you may remember the power shortage in the Northeastern United States and Eastern Canada. That is an example of how integrated our electricity grid has already become. But this is a map that shows the major transmission lines in the North American electricity grid, and you can see just how integrated it is. Canada is America's major supplier of electricity, providing almost all of the electricity that the U.S. imports from foreign countries, but we also get electricity from Canada. We engage in mutual burden sharing, and two Canadian provinces, Alberta and Saskatchewan, are actual net importers of electricity from the United States. And as I mentioned the blackout of August fourteenth, as a result of that, both governments put together a joint task force, and we are looking at how to build in safeguards and coordinated response so that that kind of electricity grid problem or power shortage doesn't happen again, or if it does happen again, the response is better coordinated.

Now, let's look at our natural gas pipelines. We supply 94% of America's gas imports, and the continental system for moving this gas is also highly integrated. These pipelines are just physical manifestations of what is less visible, namely, that the natural gas industry in North America has become highly integrated as well, and producers are treating the entire continent as a single economic space. If we look at our oil pipelines, while many Americans—and I am not talking about you because I know that you have had a panel, I believe, on the natural gas and oil—but many Americans don't seem to know that Canada is also the largest foreign supplier of oil, refined oil products, to the United States. We supply your country with 17% of your

global imports.31 We also supply the United States with more than a third of the uranium that you use for your energy production.32

Air, water, and migratory birds don't recognize borders, and I know that you had a session on that particular piece. Well, then you know that the Canada-U.S. Air Quality Agreement of 1999, which addressed acid rain and scientific and technical cooperation,33 that amendment — that agreement was amended in 2000 to address ground-level ozone.34 Under the Air Quality Border Strategy, which was announced in January 2003, our governments are developing new cooperative projects to reduce trans-border air pollution.35

We are also cooperating and responding to environmental threats, such as toxins. As you may well know, approximately 900,000 tons of hazardous waste cross our mutual border annually on their way to the nearest environmentally sound recycling disposable or treatment site.36 Under a 1986 agreement, our countries pledged that the trans-boundary movement of hazardous waste would be handled safely, and that such waste would be shipped to facilities that are preauthorized by the importing jurisdiction.37

We are also hoping to move into a deeper cooperation with your government on the protection against invasive species. We already cooperated quite extensively in the protection of migratory birds and animals. At the lateral level, we participate in the Commission on Environmental Cooperation, which is a NAFTA anchor.38 We have major drainage basins that cross the international boundaries, the Columbia basin, the Nelson-Saskatchewan basin, and the Great Lakes-St. Lawrence basin.39 In fact, 53% of the Great Lakes-St. Lawrence drainage basin is in Canada, leaving 47% in the United

34 Id. at annex 3.
The management of this watershed is vitally important to both countries as a source of drinking water for commercial and private transportation, and for recreational use. You've heard from Mr. Herb Gray, who is the Co-Chair of the International Joint Commission, and that, you know, its mandate is to assure the quality of our shared water resources.

Now, let's look at continental security and defense. Our countries cooperate extensively in joint security and defense of the North American continent. Even before 9/11, our security was already recognized by the United States and by Canada as being inseparable because of our geography. Whether we look at the Ogdensburg Agreement of 1940, the permanent Joint Board of Defense, the Hyde Park Declaration of 1941, and the subsequent defense production-sharing agreements, these have yielded a fully integrated North American defense industry.

But new conditions - As you know, international terrorism and the proliferation of weapons of mass destruction have called on new initiatives, new efforts, and one of that is the Bi-national Planning Group, which focuses - that Canada and the U.S. created -- and focuses on unconventional threats and on joint responses to natural and human induced disasters. We have the Smart Border Declaration. That improves the efficiency and security of the border under the auspices of several programs. One of the keys has been to distinguish between high-risk and low-risk cargo and travelers.
So we have the Fast and the Nexus programs that dedicated lanes for pre-screened travelers and shippers. We have the Integrated Border Enforcement Teams, or the IBETs. We have joint customs targeting at five ports: Montreal, Halifax, Vancouver, Newark, and Washington-Tacoma – Seattle-Tacoma, excuse me.

We also have international participation. We participated in Afghanistan, commanded under the NATO Mission. We participated in Iraq. Our “Elections Canada” was part of the group ensuring that the election took place, that they were democratic, and were peaceful and valid. We have a container security initiative, and we have anti-weapons-of-mass-destruction proliferation efforts. We also have sub-national cooperation, but I’m looking at the clock, and I am seeing that I have been talking for close to twenty minutes, so I am going to try and wind it up in about five minutes to try to give you guys a chance to ask questions. We will skip over the sub-national cooperation. That’s basically the different regions across Canada and the United States that have their individual links and ties, like premiers and governors, the different organizations, and that. If we go to the private sector cooperation, I mentioned the kind of networks that cooperate: Chambers of Commerce, the Canadian-American Border Trade Alliance, the Canadian-U.S. Business Association, and sectoral groups like the North American...
Steel Trade Committee, which I mentioned earlier. Those are just some examples of how we also find that integration and cooperation in the private sector.

Now let’s talk about Canada’s new machinery. What has been the Canadian Government’s response to Canada-U.S. relations, and basically Prime Minister Martin, when he was sworn in in December 2003, stated that continued cooperation with the United States was a priority for Canada, continuing to work with the United States to ensure that the security and prosperity of both Canada and the United States was a priority. And as a result of that, there was created a Canada-U.S. Cabinet Committee, which created the position of parliamentary secretary to the prime minister, with special emphasis on Canada-U.S., and set up a Washington advocacy secretariat in our embassy in Washington, and we’ve opened new missions across the United States. If we have not already, we will have twenty-two mission representatives and consulates across the United States. This is a major investment for Canada. That kind of investment on the foreign affairs scene has not been seen by our government and by our foreign affairs and international trade. It would easily be, I’d say, in about twenty, twenty-five years. It is major. That’s an example of how for the Canadian Government, and for this Prime Minister, Canada-U.S. relations are very important.

Finally, some of the challenges that we have; you’ve talked about some of them. On the economic side, our trade has grown since NAFTA. We make progress on air and water quality. We have — and we work together on increasing security of our shared border, but we have challenges. On the economic side, we have softwood lumber. We have wheat. We have swine. Those are three areas that are very contentious. On the environmental side,
we need to do more work together on cleaning the air and the water. We have the Great Lakes issue, and we have another issue, which is Devil’s Lake, which is the diversion of water to solve flooding in North Dakota, and that’s going to wreak havoc on the Great Lakes. It is going to allow, we are convinced, invasive species, and we want it to go to the International Joint Commission, which has, normally, the authority and the jurisdiction.

On the health side, we have the issues of infectious diseases, pandemics, and food safety. And on security, we have the challenge of ensuring that new security measures do not negatively affect and impact the legitimate flow of goods and peoples across our borders, which is why it was very helpful to learn that President Bush has asked Secretary of State Condoleezza Rice to review the decision that passports would be required by 2008.

That would have a major impact, and I will conclude with the meeting that President Bush, Prime Minister Martin, and Vicente Fox had in Texas on March 23, 2005, which resulted in the Security and Prosperity Partnership of North America. And this Partnership, as was stated, recognizes that the objectives of prosperity, security, and enhanced quality of life, have never been more integrated and have never been more the business of each of the countries together. I am going to take three minutes, and then I am going to take questions. In terms of advancing our common security, it is implementing common border security and bio-protection strategies. It is enhancing our infrastructure protection. It is implementing a common approach to emergency situations. It is improving our aviation and maritime security, combating transnational threats, and enhancing our intelligence partner-

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76 Id. at 32.
77 Id. at 10.
It is developing a border facilitation strategy, which will help us build capacity along the border, because one of the problems now is that we don’t have enough capacity for that flow of goods and people. It is also smart regulation. It is reviewing, for instance, NAFTA’s Rules of Origin to try and reduce costs on goods traded, increase competitiveness, identify measures to facilitate movements of business persons, and ways to reduce taxes on both sides for residents who are moving back and forth. And finally, it is the joint stewardship of our environment. It means clean air and clean water. It means protecting against invasive species and migrating species. It means we have a safer food supply, and finally, it means working cooperatively and collaboratively on public health.

Thank you.

(Applause.)

78 Id. at 30.
79 Id. at 35.
80 Id.
81 Id. at 24.
82 Id. at 26.