

Trade and Economic Development Proceedings
PNWER Annual Summit – Whistler, British Columbia
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Co-chair Cristina Falcone, Vice President, Government Affairs, UPS Canada
Co-Chair Simon Gibson, MLA, B.C.

Speakers:

Hon. Rob Merrifield
Hon. Ron Cannan
Bob Carberry
Alexander Hunt
Dr. Chris Sands
Rep. Jeff Morris
Dennis Prouse
Bill Tam

Christina Falcone opened the discussion, saying that there was a great lineup of speakers here and hopefully some great dialogue and discussions with the stakeholders from both sides of the border will happen during the session. She mentioned that the discussion was about global supply chain, global trade and free trade agreement, adding that the North American chain is in good order.

Simon Gibson then took over the microphone, stating that it was great to be here with the entrepreneurs and the folks from the border and fantastic speakers. He said that one notable thing about business people is: we have passion.

Hon. Rob. Merrifield explained in broad perspective. He said that everyone knows Canada and the United States have the biggest two-country trade in the world. He next raised a threat that has more impact, which is the economy of America and particularly the United States. The national debt has gone from 3.3 to 17.6. He said that the world is headed for a tumble with such a high U.S. debt. Merrifield said that we cannot fix that on our own but we need to understand where we are. Next, he moved to the topic of population growth where he talked about the world population, which is currently at 7 billion. There will be a 3 billion population growth and 2 billion from poor to middle class. He asked a few questions: Where is this population growth going to be? Are the poor going to the middle class? Is it going to be in India, China, Vietnam, and why is it important here? If we cannot compete in the global market then we need to increase productivity to cope with that growing market. Anything that handicaps the Regulatory Cooperation Council (RCC) needs to be looked at. He said that since 2006 we gone from five trade agreements to the sum of 43. He told the audience that we have a great opportunity here in the region and it is a privilege to have these resources: agriculture, forestry, energy, and so on.

Hon. Ron. Cannan opened by saying that he wanted to focus on what free trade non-protectionism is for economic development. Minister Cannan talked about

looking “back to the future” and how it is important to look at where we came from and where we are going. He discussed the need to focus our economic policy on economic non-protectionism. He wanted to raise support for free trade by keeping markets open and free. The move towards free trade commitments is not accepted by some nations, but also the International Monetary Fund and WTO. He said that protectionism including steel must be avoided, since its long-term effect on economic growth is not good. He said that it is not only Canada but also many nations such as Britain and Japan that share the same concerns. Minister Cannan said that hopefully in November there would be less restrictions and more free trade happening. He then mentioned the need to work together as we enter this agreement with the EU. He raised the concern that Canadians cannot enjoy as much Canadian food as Britain until interprovincial trades open. From Canada, he said, we need a trade agreement amongst the provinces. He mentioned that the liberalization of the trade agreement; not just labor, but also businesses. Different provinces have different products but we need to have the unification and no protectionism in Canada, which equals economic growth.

Bob Carberry took over the stage and opened with a Canadian perspective. He said that he has done regulatory things for a long time and this is all about cooperation. He explained the new Regulatory Cooperation Council (RCC) plan, in which the work is finalized but not yet released. He said that the RCC initiative pronounced by Harper and Obama is not just a theory. It is recognizing that we have been working on supply chains but we did things independently and by doing so did things twice. This is costly and inefficient. The two regulatory systems do not recognize each other. He listed a few examples: medical devices, duplicate processes. He then mentioned the RCC action plan to solve this problem. He said that they came up with 29 initiatives and over the last year, the RCC action plan was focused and enhanced to look at cooperation and cooperation in regulatory system reliance. He said that if the U.S. says food is safe, then Canada should not say anything or do anything about it.

He brought up the topic of seatbelt use to address the differences of seatbelt production and processes in the United States and Canada. He said that the usage of seatbelts is 60% in U.S. while it is 95% in Canada. He said that we should have the regulators and producers to consider the range of 60 - 95% usage and come up with a plan for both the U.S. and Canada, instead of developing two individual plans. Mr. Carberry focused on cooperation in regulatory standard setting, product reviews, and approvals. He said that now they are intended to be the start of the cooperation. He wanted to get departments involved and get the motivation going. He said that we could do more together and need the stakeholders to help us. Mr. Carberry mentioned a \$6 million difference in just fridge labels even though it is exactly the same. He focused on getting our standards lined up with a few anecdotal examples of the differences.

He mentioned that the next effort needed to transition to a “business as usual” approach rather than an add-on approach. He wanted to have deeper partnership between the departments because they control the regulatory system. He said that we are just not doing it together. The cross-cutting issues

need to be explored, as well as the information sharing and the funding collaboration. The Stakeholder role, as Mr. Carberry mentioned, is critical to complete this work, both the planning and the implementation. He wanted to move away from an issue and irritant mindset to an opportunity and benefit mindset. Mr. Carberry offered three major things for the planning of the next phase: to formalize the department-to-department partnerships; to broaden scope and not just look at individual issues; exploring the cross-cutting issues; and encouraging information sharing cooperation. He discussed the long-term trend, broad changes, policy changes, and medium term-forecast upcoming opportunities and for the short-term the rolling work plans updated. He wanted the role of stakeholders to be beneficial priorities, industry trends, and qualifications of cost. He mentioned that he wants this to become a regular fixator and not just a project between the two countries. His next step is the RCC release and move towards new partnerships.

Alex Hunt shared his views via telephone connection.

Dr. Chris Sands opened his presentation with the chicken and pig collaboration. He said it is significant and revolutionary that the two governments have covered the spaces between sovereignty between the U.S. and Canada efficiently. He said that here in North America we need things to be done with cooperation. He would like to see more plans and he said that he is a fan of the New Zealand and Australian approach to cooperation. He mentioned that President Obama asked stakeholders to cope with the RCC. Dr. Sands said that there are a few challengers: other trade groups, for example. He suspects that competition and Canada-U.S. set the pace to make sure one effort does not attract another. He was less worried about Canada and Europe because there is less alignment in the first place. The role of Congress was another challenger. Congress wants to play a bigger role in granting authority. The last problem was that there is always more to be done. He posed a final question: how can we share info and what can we do on provincial levels to work with the RCC and work together?

Rep. Jeff Morris then led a discussion regarding efficiency in the field of energy and appliances. He said that the best thing was to engage with each other, because doing so allows us to see more benefits.

Dennis Prouse opened his talk by introducing himself and his work with Croplife Canada, working with companies that operate on both sides of the border. He mentioned that there is no need for a “super agency” for coordination and the existing ones can be empowered to work with their counterparts directly. He said that electronic submissions of regulatory info by both agencies would be less of a budget burden, with stakeholders and leadership within agencies. He mentioned that Reciprocal Max. Reside Limits reduces trade barriers. He said that there is alignment on emerging technologies. He raised the issue of such an alignment particularly in the field of Biotech, which he hoped to see included in RCC in Round 2. Since 2002 he showed that Biotech roles increased by more than 350%, and globally 29 countries are growing biotech crops on 395 million acres, and it is increasing every year. He said that Biotech was not purely a North American phenomenon. He said if one wants to know what a company is doing,

do not listen to the CEO, but see where the company is spending their money. He said that in the past, genomes cost \$1 million and now is \$1000 to \$4000. There were challenges as he mentioned: same information but two different regulatory strategies; slow approaches; more cost; and gaps hurts farmers with no tools. Trade barriers are the problem. He said problems needed to be solved to reduce inefficiencies, improve sync and forge a coalition of the willing on biotech exports.

Bill Tam talked about making B.C. as the best place for technology and the ties to opportunity and collaboration. He talked about the fact that Canada is the largest trading partner with the U.S., in which we have culture similarities leading to our fertile relationship. His company, as he mentioned, aims at the mobility of individuals and new cutting edge technology for market standards alignment. He wanted to encourage dialogues upfront.

Patrick Kole then mentioned that the producers on both sides don't trust the agencies. The solution is to unify it by harmonizing standards, since the tests are the same across the borders.

Larry Delver mentioned the export and trade development and that an external market is vital. He questioned about how to cope with each other and there are trade irritants and how do we confront them? There are different approval standards in Canada and the U.S., leading to many products that do not make sense. He mentioned the attribution theory where there are obstacles and we don't really know what they are.

There was time for some questions and answers.

One participant asked how the speakers envisioned quoting stakeholders in this?

Rob Merrifield answered that bi-annual discussions and updating of the plan with the stakeholders is necessary. In the meantime, we need to win the hearts and minds of more people and have interactions and talk about the RCC down to the lower level of organizations. This is changing; we need to build new institutions to change behaviors, cultures, and countries.

Merrifield continued to discuss hold-ups and Carberry added to the discussion by addressing department operating. The regulations have been in place like that for a long time, and therefore we need to do everything together and sync things up to fix issues.

Merrifield said that in his past experience, unless the message is strong enough, nothing will change. The U.S. is not seeing this as a Canada / U.S. trade issue but rather a U.S. trade issue. They are pressing hard on this. We can't fail this since 1/3 of world GDP is from America.

Min. Cannan said that we are spending so much time here talking about solving these problems. But people are oblivious of the problem and what has been

going on. We need to find a way to do this together and this would not happen unless everyone does it together and are informed about this.

Merrifield said that very few know about our problem, and some are really serious about this. The government can't do it all by itself, it can facilitate it.

Cristina Falcone asked the simple question to the participants: Does your MLA know your problem? If not, inform them.

Carberry noted that, if we work together, we can increase effectiveness with immediate tangible results.