



**Western
Governors'
Association**

Western Premiers and Western Governors

Annual Meeting

2002 Progress Report:

Follow-up to the 2001 Meeting of Western Premiers and Western Governors

Dawson City, Yukon

June 6, 2002



To Western Premiers and Western Governors

On behalf of the Western Premiers' Conference and the Western Governors' Association, it is our pleasure to submit the Progress Report on follow-up to the 2001 meeting of Western Premiers and Western Governors in Coeur d'Alene, Idaho.

This Progress Report provides a summary of the actions that have been taken to address the issues that Premiers and Governors discussed last year. The Report provides information on the following: border issues, including security, emergency preparedness, crime prevention and enforcement, and trade corridors; trade issues; agriculture, including animal health and safety regulations; transportation; and energy.

We look forward to our continuing discussions on these and other matters at our meeting on June 6, 2002 in Dawson City, Yukon.

*Premier Lorne Calvert
Province of Saskatchewan*

*Governor Jane Dee Hull
State of Arizona*

Introduction

On August 13, 2001, the Western Premiers' Conference (WPC) and the Western Governors' Association (WGA) met in Coeur d'Alene Idaho to discuss trans-border and other priority issues of mutual interest. This meeting built on the WPC-WGA framework established at the May 2000 meeting of Western Premiers and Governors at the International Peace Garden straddling the border between Manitoba and North Dakota.

At their 2001 meeting, Western Premiers and Western Governors had substantive discussions on energy and electricity; transportation; border issues; trade; and, agricultural issues, including animal health and safety regulations. Premiers and Governors requested that they receive a status report on progress made on these matters for their next meeting, scheduled for June 2002, in Dawson City, Yukon, in conjunction with the annual meeting of the Western Premiers' Conference.

This Progress Report provides a summary of activities since the August 2001 meeting.

Border Issues

Direction from the 2001 Meeting

At the August 13, 2001 meeting of Western Premiers and Western Governors, it was agreed that border issues continued to be an important area for ongoing co-operation. Specifically, there was a discussion regarding the degree to which the Canadian and U.S. federal governments share information to help monitor the border.

Manitoba and South Dakota were asked to co-lead a follow-up review of border issues. Alberta agreed that it would feed information on bilateral security co-operation into this review.

Status

A Border Issues Working Group, comprised of representatives from Manitoba and South Dakota (co-chairs), Alaska, Alberta, British Columbia, Idaho, Minnesota, Montana, North Dakota, Saskatchewan, Washington, and Yukon, was established to undertake the review of border issues and to prepare a report for consideration by Western Premiers and Western Governors at their June 2002 meeting in Dawson City.

The ***Report on Border Issues*** summarizes the border-related activities that have been undertaken since August 2001 in the United States and Canada. An Appendix to the report includes specific details on actions taken by the two federal governments and the activities of individual Western states, provinces and territories.

The Report focuses on four key border issues: border security, emergency preparedness, crime prevention/enforcement, and transportation/trade corridor and border crossing improvements. The Report includes specific recommendations in each of these areas that will be brought forward for discussion at the 2002 meeting of Western Premiers and Western Governors.

Highlights of the *Report on Border Issues* include the following:

1. Border Security

Canadian and American government officials have been working together for many years to ensure that the US-Canada border is secure and efficient. Following the events of September 11, 2001, the federal governments of both countries, as well as individual states, provinces and territories, have taken steps to improve border security while improving the efficiency and effectiveness of border crossings.

The key action taken by the federal governments has been the signing of the **Smart Border Accord** in December 2001, which included a thirty-point action plan aimed at strengthening the security and efficiency of movement of people, goods and services and border infrastructure.

While recognizing that the security of the border is primarily the responsibility of the two federal governments, it should be noted that the governments of individual states, provinces and territories play a critical role. It is therefore imperative that federal agencies involved with border security communicate and co-ordinate, not only with their federal agency counterparts across the border, but also with state, provincial and territorial governments.

In addition, many of the new federal initiatives related to border security have implications for state, provincial and territorial budgets that ought to be recognized and addressed.

2. Emergency Preparedness/Response

The protection of critical infrastructure and emergency management are shared responsibilities. Successful efforts depend on sound planning, a complete understanding of the roles and accountabilities of all involved, and sophisticated coordination.

There is a need to build partnerships to enable government agencies to protect critical infrastructure and public health and safety and to provide effective responses to threats. Information sharing is key, yet there is a host of logistical, legal, jurisdictional, sovereignty and other obstacles to open sharing. While co-operation has improved significantly in recent months, there are further measures that should be undertaken to ensure proper information sharing, co-ordination and capacity development.

3. Crime Prevention and Law Enforcement

The United States and Canada have a history of co-operating on cross-border crime prevention and enforcement. In 1996, they developed Canada/U.S. Integrated Border Enforcement Teams (IBET), which are multi-agency law enforcement teams that emphasize a harmonized approach to Canadian and United States efforts to target cross-border criminal activity. In addition, Canada and the U.S. created, in 1997, a bilateral consultative mechanism called the Cross-Border Crime Forum, which continues to address cross-border crime issues.

More work remains to be done to enhance cross-border law enforcement and crime prevention capability in both countries.

4. Transportation/Trade Corridors and Border Crossing Improvements

Since the Canada-U.S. Free Trade Agreement and NAFTA there have been dramatic changes in the volume/value, structure and geographic orientation of cross-border trade flows between Canada, the U.S. and Mexico, especially in the West. These changes have confronted western provinces/territories and states with similar transportation challenges with respect to trade-related strategic infrastructure development, modal integration and regulatory co-ordination and/or harmonization.

The U.S. Transportation Efficiency Act (TEA-21) provides significant U.S. federal funding for infrastructure and trade corridor development. TEA-21 has allocated US \$700 million (CDN \$1 billion) for national corridor planning and border infrastructure initiatives. Canada, under the new **Smart Border Accord** initiative, has allocated more than CDN \$1.25 billion (US \$810 million) over five years for new border-related measures, of which about half is targeted at border infrastructure improvement. Canada also announced a new domestic Strategic Infrastructure Fund of at least CDN \$2 billion (US \$1.3 billion) in federal funds.

National funding and co-ordination mechanisms for trade corridor developments that both facilitate cross-border trade and enhance security are now in place on both sides of the Canada-U.S. border. In this context, western Premiers and Governors have an excellent opportunity to collaborate on regional transportation and trade corridor/border infrastructure development.

Trade

Direction from the 2001 Meeting

There was general agreement among Premiers and Governors on the objectives of (a) transparency (b) open communication at the regional level (c) working on North American solutions and (d) finding an effective regional information forum to routinely engage the two federal governments, especially Trade Minister Pettigrew and USTR Zoellick, and the Canadian and U.S. Ambassadors.

Premier Calvert (Saskatchewan) and Governor Hoeven (North Dakota) agreed to address modalities for advancing these trade-related objectives, especially in agriculture.

Premier Campbell (BC) and Governor Kempthorne (Idaho) agreed to examine these objectives with respect to softwood lumber; this work to be co-ordinated with Jim Souby of the WGA.

Status

Over this period, developments between the federal governments in Canada and the U.S. on the two most pressing bilateral trade issues of concern to western Premiers and Governors - softwood lumber and agriculture - largely overtook plans by province/territorial and state governments to renew their work together on these files.

On softwood lumber, the U.S. government decided in May, 2002 to levy countervailing and anti-dumping duties of over 27% on imports of Canadian softwood lumber, a decision which the Canadian government has chosen to challenge formally using the dispute settlement mechanisms in both the World Trade Organization (WTO) and NAFTA. However, both federal governments continue to express an interest in negotiating a durable, non-litigated, or policy-based, solution to this long-standing trade irritant. Western provinces/territories and states are actively interested in working with their respective federal governments, and with each other where possible, to expedite the development of such a durable solution.

In agriculture, western provinces/territories and states remain active within the Provinces-States Advisory Group to the Canada-U.S. Consultative Committee on Agriculture, which continues to make solid progress in addressing specific bilateral trade issues of mutual interest to the West. However, the recent passage of the new U.S. Farm Bill into law in May 2002, is now raising broader and deeper concerns in Canada, especially in the West, about its potential impact on future farm production, trade and incomes.

Work on resolving Canadian and American trade differences on these and other trade issues is on going, both by the two federal governments and by western provincial, territorial and state governments. In Dawson City, Yukon in 2002, both the Ambassadors of Canada and the United States have been invited to speak to Premiers and Governors on their perspectives on the current state of Canada-U.S. relations, including trade, and they will also likely speak to the trade-related aspects of the meeting's other two formal agenda items, namely border issues and energy. Premiers and Governors will have an opportunity to share their perspectives on trade with the two Ambassadors and with each other.

Finally, with regard to the modalities for advancing trade-related objectives, Saskatchewan and North Dakota are proposing the establishment of an ***Ad Hoc Trade Issues Forum*** with the following characteristics:

- topical international and/or bilateral trade issues, including disputes, would be identified during the WPC-WGA agenda-setting process for the meeting each year;
- WPC and WGA officials would prepare common descriptive briefing notes to prepare Premiers and Governors for the trade discussion;
- the Canadian Minister of International Trade and the U.S. Trade Representative, or their senior officials, could be invited to brief Premiers and Governors at the meeting on the trade issues identified;
- on bilateral Canada-U.S. trade issues, the two Ambassadors could also be invited to share their views with Premiers and Governors;
- if no topical trade issues of mutual interest/concern were identified in any given year, the Forum would not be convened in that year.

Agriculture - Animal Health and Safety

Direction from the 2001 Meeting

Premiers and Governors directed Ministers/Directors responsible for agriculture to: (a) work towards a common western regional strategy/contingency plan to deal with foreign animal diseases using the best available model; and (b) jointly press the two federal governments to accelerate their recognition of regional zones of equivalent animal health status so as to maintain strong western cross-border trade in livestock.

Premiers and Governors agreed that the South Dakota plan addressing animal health and safety would be circulated to WPC and WGA jurisdictions as an example of the strongest existing policy.

Status

Collective Initiatives

Since the WPC/WGA meeting in Coeur d'Alene, Idaho, the **Provinces-States Advisory Group (PSAG)** to the Canada-U.S. Consultative Committee on Agriculture has met on two occasions (coinciding with meetings of the states/provinces Tri-National Agricultural Accord which includes Mexican states) in Colima, Mexico in September, 2001 and in Arizona the week of May 13th 2002.

During the PSAG portion of these Trilateral Accord meetings, federal officials from the Canada-U.S. Consultative Committee on Agriculture provided presentations on ongoing federal activities aimed at facilitating cross-border trade and addressing trade irritants under the Canada-U.S. Record of Understanding on Agricultural Trade Issues.

At that time, state and provincial/territorial members of the PSAG reported on activities that they have been undertaking, including ongoing work plan activities such as animal health issues, pesticide harmonization efforts, certification of seed laboratories, and information sharing pertaining to agricultural biotechnology.

PSAG's ongoing animal health work plan item has mainly dealt with extending the Canadian restricted feeder cattle import program to a year round basis. However, risk assessments conducted by Alberta and the Canadian Food Inspection Agency indicate that the risk to Canada's animal health status is still too great to facilitate year round imports under this program.

Other issues added to the PSAG work plan this year in Arizona include facilitating cross border industry meetings of horticulture producers, co-operative efforts on apple production and marketing, and addressing concerns about country of origin labelling requirements.

Western Regional Initiatives

Several of the plans addressing animal health and safety, including the South Dakota plan, have now been circulated to Ministers/Directors responsible for agriculture in WPC/WGA jurisdictions.

The four western provinces have been working with the Canadian Food Inspection Agency to develop an MOU on co-operation in the event of a foreign animal disease incursion, the Foreign Animal Disease Eradication Support (FADES) plan. Western cross-border dialogue on this plan is occurring within the work plan of the above-mentioned PSAG, as well as in sub-regional forums such as the Pacific Northwest Economic Region (PNWER).

This year, Manitoba also organised a consultative/collaborative teleconference meeting with North Dakota, South Dakota, Minnesota, and the other western provinces. Provincial and state veterinarians have shared their Foreign Animal Disease contingency plans with each other. Further, western provinces are discussing the possibility of staging a tabletop exercise to demonstrate their plans on a regional basis.

North Dakota, South Dakota, Minnesota, and Manitoba are developing a consistent regional animal health emergency plan. The FAD plans for the four jurisdictions have been analyzed, with strengths and weaknesses being identified. These jurisdictions plan to move towards an equivalent plan that will allow a regional response to a FAD/animal health/food safety emergency.

In this regard, they have prepared progress reports for a Legislators' meeting in Fargo on March 15, 2002, and for a Legislators' Forum in St. Paul, Minnesota, in May 2002.

The reports address the progress that has been made so far in foreign animal disease preparedness and in preparedness for food safety/animal health emergencies, as well as such issues as information dissemination and communication strategies that would put factual information into the hands of the public when faced with food safety/animal health emergencies. The reports also show that the two countries face similar concerns regarding co-ordinating state/provincial plans with federal emergency disease management strategies and the need to clarify and co-ordinate the respective roles of federal and state/provincial authorities in this respect.

Transportation

Direction from the 2001 Meeting

Premiers and Governors agreed on the importance of (a) trade corridor improvement; (b) greater border facilitation; (c) regulatory harmonization and (d) improved and co-ordinated infrastructure development. It was noted that WPC/WGA jurisdictions must maintain good transportation infrastructure in the region in order to capitalize on the many opportunities to work together across the Canada-U.S. border.

Status

There was general agreement that these issues were of ongoing importance to the WGA and WPC but no specific follow-up was directed by Premiers and Governors at the Idaho meeting. Western transportation Ministers/Directors are expected to bring issues forward on an as-needed basis.

A new initiative this year was the signing of a Letter of Intent, on May 14, 2002 in Minneapolis, under the Northern Great Plains (NGP) project, which involves Manitoba, Saskatchewan, North Dakota, South Dakota, Iowa, Nebraska, and Minnesota. The signing of the Letter of Intent, which occurred following a review of the findings of a three-year project entitled, *The Trade and Transportation Infrastructure Investment Strategy Project*, authorizes action on the review's recommendations and confirms commitment to further regional committee work and studies.

The NGP project has continued to be an important cross-border transportation planning and economic development initiative. The NGP project examines economic development and infrastructure investment options from a regional perspective and promotes regional collaboration that has been beneficial in developing a framework for regional trade and transportation activities that enhance the economic activities of the region.

Energy

Direction from the 2001 Meeting

Premiers and Governors agreed to co-operate regionally to better understand each other's challenges/opportunities in the context of an evolving North American energy market, specifically on topics such as: (a) streamlining state-province and US-Canada regulatory processes related to electricity transmission; (b) exchanging information on gas and oil supply/demand, and development plans (including northern gas pipelines); (c) new energy technologies (e.g. clean coal, methane) and conservation/greenhouse gas emissions issues (including emissions trading systems); and (d) effective mechanisms for state-province input into federal discussions/activities in these areas.

Status

In Coeur d'Alene, Premiers and Governors provided no specific direction on the preferred modalities of future WPC-WGA co-operation in these areas. Ministers and Directors/Commissioners responsible for energy are expected to bring issues forward on an as-needed basis.

WPC and WGA officials, with co-ordination from Alberta and Wyoming, have prepared a report on **Energy Issues** for consideration by Western Premiers and Western Governors at the 2002 WPC-WGA meeting.

The report reviews key energy issues and federal initiatives, and highlights several areas for potential co-operation between states and provinces/territories, including:

- sharing information on supply-demand, infrastructure and emerging resources and technologies;
- approvals and permitting of new projects; and,
- greenhouse gas co-operation.

A significant recent development was the hosting of a workshop on 'North American Energy Trade' by the Western Interstate Energy Board (WEIB) on April 29 to May 2, 2002, in San Diego. The purpose of the workshop was to identify the key cross-border energy trade issues between the western U.S., western Canada, and Mexico.

The WIEB workshop featured three panel discussions on:

- the challenges and opportunities of a developing a North American Energy Market, and how best to develop a vision statement on meeting the common energy needs of western North America;
- the energy regulatory processes in western North America across the three nations, highlighting key commonalities and differences; and,
- case studies of cross-border energy projects, illustrating how things can be accomplished and highlighting lessons learned and key issues to be addressed in the future.

A key recommendation discussed was the need for a common energy resource and regulatory process database across the three nations to facilitate greater understanding by energy officials of needs and potential solutions.

It is expected that that western U.S. Governors and attending Mexican Governors and Canadian Premiers will discuss a report from this workshop, focusing particularly on U.S.-Mexico energy issues, on June 22, 2002 at the WGA's annual summer meeting in Phoenix.