

**President Obama and Canada:  
The Final Two Years**  
Tuesday November 25<sup>th</sup>, 2014  
River Building, Carleton University

**Panelists:**

The Honourable Jean Charest – Partner, McCarthy Tétrault  
Scotty Greenwood – Senior Advisor, Canadian American Business Council  
The Honourable John Manley – President and CEO, Canadian Council of Chief Executives

**Moderator:**

Colin Robertson – Vice-President of the Canadian Defence and Foreign Affairs Institute

**Opening Remarks:**

Maureen Boyd - Director, Carleton Initiative for Parliamentary and Diplomatic Engagement

*Notes by Kevin Macdonald for session from 5 to 5:30 p.m.*

**Presentation:**

Colin Robertson – see power point presentation

- November 4<sup>th</sup> 2014, Republicans took over majority control of both the Congress and Senate
- State legislatures are even more so Republican-controlled
- Currently dealing with an American government at the national level that's controlled by Republicans (save for the President)
- Canada is in good standing with the Americans
- Big players in American politics: Nancy Pelosi, Harry Reid, Mitch McConnell, and John Boehner
- The relationship between premiers and governors is very important
- The people form the real cement of the Canadian-American relationship
- 38 American states identify Canada as their principal market
- The vast majority of our trade is with the U.S.
- Canada is the first, second, or third largest export destination in 49 of 50 states
- The Prime Minister and President speak mostly on international issues rather than bilateral issues

**Moderated Questions and Answer Session**

**Colin Robertson:** What is the political environment? What should we know about the American political environment?

**Scotty Greenwood:**

- The election did not 'fix' Washington
- Republicans feel an obligation to show they can govern

- They have a very short window to show that, i.e. before 2016 presidential election
- Republicans want to deliver on Keystone XL
- President inclined to veto
- Do Republicans want to see the project completed, or is it just a weapon to use against the President?
- Republicans trying to reach some extensions on tax breaks
- Thing that hasn't been talked about: Will the Republicans in Senate get along with the Republicans in Congress?
- Recent poll asked how Canadians feel about further economic integration with China: Canadians worried about China, more enthusiastic about American cooperation
- Good news for Canada: when Republicans take control of either body, more "free-traders" pop up

**Colin Robertson's observation:** Relationship between Canada and the U.S. is very political

**Scotty Greenwood:** Governors are sometimes elected President, but the same cannot be said of Canadian politics

**Moderator:** Why advice would you, Jean Charest, as a former premier give to Premier Couillard and the other premiers and to Prime Minister Harper?

**Jean Charest:**

- Canada knows more about the U.S. than the U.S. knows about Canada
- In our own self-interest, very dependent on them
- We're not offended by this fact
- Our political climate is not static
- How do we access a political system deliberately designed to disperse power (the U.S.)?
- Legislation is done slowly and deliberately to prevent mistakes
- Anecdotally, Governors will tell Premiers that they can't get through to Congress
- Republicans have been more steady and consistent on trade and economy. Democrats are more easily swayed by lobbyists
- Obama had to deal with devastating economic crisis and is still dealing with after-effects
- Provinces did not sign on to NAFTA, mandate given to them to negotiate with Americans on behalf of Canada
- Obama/Harper relationship: Professional
- 2008 campaign: Supply of energy was a concern for the U.S.
- Obama wanted to reopen NAFTA to deal with this, Canada didn't want to
- Currently, new Congress/Senate – Wait and see.
- Recollection of Clinton mid-term
- Obama cannot be blamed for everything that doesn't work anymore
- Republicans cannot let it look like tea party is in control, bad news for 2016
- Grand vision lacking for inter-country relations for North America
- What's at stake for us in Japanese election: supply management
- Inter-provincial relationships are non-partisan
- Good work for energy/acid rain, etc. happened on the state/provincial level

**Scotty Greenwood:**

- Certain Canadian hydro companies serve U.S. states
- President wants to prove he is not a lame duck, taking executive action
- Some states are saying that clean-green energy is not worth it if they have to rely on foreign countries (Canada)
- President/Prime Minister relationship: Clinton was a dog (implied meaning: he was very agreeable), Obama is a cat (inconsistent, depends on his mood)

*Notes by Nichole Ekkert-Vine for session from 5:30 p.m. to 6 p.m.*

**Colin Robertson:**

The big agenda, what should it be?

**John Manley:**

- Not Keystone, let's start there.
- Keystone is going to happen or not happen, events will determine that over time. But so much of our discourse, when we look at the US, starts and ends with "will they approve one pipeline?"
- We have a complex but healthy relationship between people and the economy, and we don't want to get tangled up on one pipeline. We need a broader agenda going forward.
- Despite it all, it is not in our DNA to understand the way the US works. Every minister knows that his or her job depends on the will of the Prime Minister. His views are very influential.
- We tend to look at the president as the most powerful human being in the world, and when that individual isn't able to deliver to us what we think is due, it is confusing.
- The pipeline is not about us. We do not make the radar very often in the US, therefore we have to be clever about how we get on their agenda in ways that are meaningful to us and that advance our objectives.
- We also need to realize how the US system works. Last year we did this by:
  1. We sent Colin Robertson to Washington, to build relationships with congress.
  2. We increased the number of representative offices in the US outside of Washington specifically. Those are the cities where really important decisions are made by voters.
  3. We actually engage on the ground with people who have quick access to congressmen and senators in order to build the agenda.
- Home Depot does more trade with Canada than they do with France. We need to think carefully about what the agenda is that we can build. We need to build one by one before we address it as a grand vision.
- For US to make decisions without incorporating the relations with Canada is concerning. Take the auto sector for example. Our supply chains are highly integrated, but the US is only talking to Japan about the impact changes could make, and not including Canada.

**Colin Robertson:**

- You talked to Europe without asking US. Can't we talk to Japan?

**John Manley:**

- Some things should be resolved together, but when agriculture is involved, it is very challenging. We should unilaterally dismantle supply management before it dismantles us. Not everyone agrees however.

- Demographic is against Japanese rice farmers, they need a method to monetize their private affairs. This would be impossible to resolve however if including the United States. -

- We would have to revise NAFTA into a state-of-the-art agreement for the year of 2015. There is an opportunity there, but it will require political leadership and understanding between Canada, US and Mexico.

***Notes by Anaïs Voski for session from 6 to 6:30 p.m.\****

***\* duplicate notes by Nichole Ekkert-Vine for the session from 6 to 6:30 p.m. follow***

**Colin Robertson:**

-Can leadership come from the federation level?

**Jean Charest:**

-It will vary

- On the trade side, it was in the Europeans' interest that they first negotiate a deal with Canada before they do so with the US, so that they can learn from that
- Now with the EU-US deal, EU will say they want the same level of depth and penetration as they have with Canada
- Keep in mind that Canada-EU trade deal (CETA) has not been ratified yet, a lot can happen in 2 years
- If we get our deal done, it will help both Canadians and Americans

**Colin Robertson:**

- Where do you think Ontario and Quebec dairy farmers are at this point?

**Jean Charest:**

- If we eventually get to that point, question rather is who should pay, who is going to reimburse the farmers

- The quotas themselves are more valuable than the land and equipment

**John Manley:**

- (about quota system) I think it will collapse in its own way, when we fight to protect it we give something up in return, but we can't save this particular methodology
- Procurement was number one on the list, not TTP negotiation
- Trade deal gets us more European cheese for less money but it doesn't give Canadian processors the ability to compete with others because the supply-demand system here costs double of what it is elsewhere
- Dairy production rapidly increasing in Asia, and New Zealand is massively supplying that market, even though they are the size of Toronto. Wouldn't it be our interest to build on our farmers' and processors' expertise and supply those markets?

**Colin Robertson:**

- What about Mexico-US immigration reform? There are now more Hispanics in the US than there are Canadians in Canada. North American integration, our relationship with Mexico?

**John Manley:**

- Visa issue related problems are manageable right now, they're ultimately fixable and forgotten over time. It's become the elephant in the room
- Mexican President is having a rough moment. He came into office with a reform agenda that focuses on the energy sector as well as the education sector
- If you look at North America as a whole with demographics, two countries have an aging population and the third has a very young one. Therefore education reform important there, they can supply some of our labour as our population ages
- Mexican middle-class is bigger than the population of Canada, so it's an important market for Canada. The more we embrace them, the more we can build a larger North America together that is not centered only on the US

**Scotty Greenwood:**

- When you think of the three countries, US is often described as elephants and Mexico and Canada are the mice, to which the joke goes that Mexicans say to Canadians that "at least you're on top"
- Our relationship with the US isn't only all about the Keystone XL Pipeline
- I'd describe the relationship as "binocular syndrome", which means Americans look bigger and closer than they really are, and when they look at us we look smaller and more far away than we really are
- Canadian media has covered the pipeline obsessively but that does not put it into perspective
- For example, Obama's first Canadian visit (which lasted 28 minutes) after being elected was a big deal in Canada and in our media, but not so much in the US

**Audience Questions -**

**John Noble**, Retired Canadian Ambassador and former chair of the Canadian International Council: How is the relationship between leaders, isn't it the matter of current government if we're not going to get along? Is it not time we go back into a systematic method of dealing with them? It's a problem on both sides.

**Laura Dawson**, Dawson Strategic: The role of the US President and the Canadian Prime Minister is different in terms of responsibility. What differences does a different President and Congress make?

**Jean Charest:**

- We underestimate how many things are decided based on human nature. Two individuals are sometimes not warm and fuzzy and it just happens that way
- A mistake on the American side is to assume they are small issues if they're Canadian issues
- We need to be conscious of how things are changing and how to get support for what we want

- We need to take initiative. It's how the world operates.
- As for visas in Mexico, I think as a country we get along well, we should deal with that issue right away and work much more closely with Mexicans. It would be easy: we'll accept valid US visa on any Mexican passport

**Scotty Greenwood:**

- There's the friendship question: Canadians want our PM to be close to the US President, but not too close. But the "just right" is hard to coin. So PMs have a hard time figuring out what's "just right" for the Canadian public
- The way to deal with issues: figure out why beef makers in the US don't want their meat labeled. Go out into the real world, figure out the American angle / issue and bring an American with you
- Being neighbours and friends is not enough today

**Audience question number 3:**

What is the prospect of increasing integration with the US?

**John Manley:**

- We live in a different environment today (compared to Trudeau times). We need to recognize that nobody looks after our interests for us, so forget about reminding Americans about us being reliable friends.
- We have to know our own interests pursue them aggressively for ourselves and expect that everyone else will do the same thing
- We want a world in which trading systems are rule-based and in which we have vehicles for having rules enforced. That is all our interest.
- The multilateral system with the EU, such as CETA, as well as NAFTA needs to be enhanced. If TTP happens to work, that's great.
- We need as many opportunities as possible. We need a strategy to broaden our horizon, to build companies that have a global reach so that our products end up all over the world.
- We need an industrial and trade strategy that is focused on our strength capabilities

**Closing Remarks:**

**Dr. André Plourde, Dean, Faculty of Public Affairs, Carleton University**

- This was a very enlightening conversation. Also a breath of fresh air to hear that the Canada-US energy relationship is more than just a pipeline.
- Canada is stuck in thinking that the US is our biggest customer, but if we think the US will defend our interest we are wrong. The Golden Age in North America has come and gone. Americans are looking much further than Canada.
- In fact, is our choosing to be on the side-lines yet another affect of supply-management?

*Notes by Nichole Ekkert-Vine\**

*\* duplicate notes covering from 6 p.m. to 6:30 p.m.*

**Colin Robertson:**

Do the provinces and premiers get this? Can it come from the federation?

**Jean Charest:**

- Provinces are different, premiers are different. It will vary a great deal
- On culture, the Europeans have staked out specific decisions on procurement. They were looking at the provincial level. They knew Canada is one of the most decentralized countries.
- Do we together try to set the terms of trade? Or do we follow what is dictated to us? Things will go step by step, and then we can look at NAFTA.

**Colin Robertson:**

- If the Japanese start to move, how will dairy farmers be affected?

**Jean Charest:**

- If we move to this place, the real question will be who will pay? These quotas have taken on a huge value, much larger than equipment. If we dismantle supply management, who will subsidize the \$30 million to farmers?

**John Manley:**

- We fight to protect, but then we give something else up. The politics are the one thing we can get a unanimous opinion from the House of Commons.
- On the TPP negotiation, it is number one on the hit list. As an industrial policy, it doesn't give industries in Canada the ability to compete with processors. When 85% of costs are raw materials, you can't just make cheese for what everyone else can.
- Where is dairy consumption going up in the world? Not in Canada, but Asia. We are supplying 0% to them, while New Zealand is providing it all. Imagine if we could supply to those markets.

**Colin Robertson:**

- There are more Americans who have Hispanic roots than Canadians in Canada. This bases the relationship between Mexico and Canada. Are we handling the relationship appropriately?

**John Manley:**

- We have an issue regarding visa requirements for Mexicans traveling to Canada - it has become the elephant in the room for every conversation.
- In the bigger picture, the president came into office with a reformed agenda that is keeping with what we are urging, particularly in energy and education. North America as a whole, we have this aging population in 2 countries and younger in 1. Learning in Mexico could equip them to help us with labour demands later on when the population of the US ages.

- The Mexican middle class is larger than the population of Canada. The more we embrace Mexico the more we can build a broader agenda not so focused on the US.

**Scotty Greenwood:**

- When you think of the 3 countries, you remember “elephant and the mouse” (US being the elephant, Canada being the mouse). This analogy is not a good one anymore. For Canada and the US, the relationship is not all about the Keystone Pipeline.
- The relationship is defined by the “binocular system.” When you look at something through binoculars, it looks much bigger than it is. The Canadian media looks through those binoculars backwards, and sees everything further away. The media covers the pipeline constantly, and this does not put things into perspective.
- President Obama did his first foreign trip to Canada February 17th, and this was announced by a junior staffer from the White House and not well promoted.
- On that day, the US didn’t cover the trip. But every Canadian network was going live, even hours before. The meeting was 28 minutes long, and this is what Greenwood calls the binocular system.

**Questions from the audience:**

**Question:**

- The role of the President is different than that of the Prime Minister in terms of policy. What difference does a President make and a Prime Minister make in dealing with our current issues?

**Jean Charest:**

- We under-estimate how many things are decided based on relationships. In this case, we have two individuals who are not as warm and fuzzy. Sometimes this happens, and there are other ways of supplementing that through regular meetings.
- If you are on the Canadian side dealing with issues on the US side, it is difficult to convince the US of the list of issues they may have. The mistake of the US side is to assume that the issues are just small ones.
- When we deal with these issues, our expectation is that the White House will use their resources to help guide us to make things happen. In the Obama administration, we have seen a lacking in this.
- We need to take the initiative and we need to understand that this is how our American counterpart is.
- In regards to visa requirements for Mexicans - it doesn’t make sense. They have done courageous things and we have a good relationship with them. We should deal with this issue right away and work more closely with our Mexican leaders.

**Scotty Greenwood:**

- On the friendship question, Canadians want the Prime Minister to be close to the president, but it has to be “just right”. The definition of this however is different no matter where you are. The Prime Minister has a very hard time figuring out what is just right.
- Colin Robertson helped look at US angles and see what everyone needs to get done. Being good friends and close neighbours however is never enough.



**Question:**

- Does the panel want to see up 80% or down 60% for trade? What would be the prospects for another try and their opinion to the increase and integration of the US?

**Jean Charest:**

- The split of trade is only significant when one group does a tailspin. What's happening in the world is that the third option caused a gap, with no regional European union. We live in a very different environment now and the things that have remained the same is that no one looks after our interests for us, that is out job. We have to know what our interests are and we have to pursue them, and everyone else should do the same.

- All of this is in our best interest, and if we can find arrangements with other countries we need as many of these as possible. We need to broaden our horizons and build companies that can reach into those countries.

**Closing Remarks:**

**Dr. André Plourde, Dean, Faculty of Public Affairs, Carleton University**

- As an energy economist, it was breath of fresh air to hear that the relationship between the US and Canada can be about something other than the Keystone Pipeline.
- The discussion drifted between Canada/US trade to multilateral discussions about Canada depending on the US over the years.
- 40 years ago, you bought a US based economics textbook and there would be no word about trade. The US went from not interested, to very interested in trade.
- We cannot sit on the sidelines with TPP. The US will not defend our interests for us. The Americans are looking much further, so over the next while we will have to adjust as Canadians. Is the fact that we are choosing to be on the sidelines of TPP yet another cost of supply management?