

On The Cusp: Energy, Cross-border Action Plan and the Trans-Pacific Partnership

This series, written by Paul Frazer, the Canadian Chamber of Commerce's Washington, DC-based Special Advisor on Canada-U.S. Relations, provides briefs on issues and events that have implication for Canadian businesses. Mr. Frazer has over 15 years of experience in this area and is a well-known and influential player in Canada-U.S. issues.

Although 2012 began in Ottawa in a somewhat orderly fashion, in Washington, DC the pre-holiday acrimony and legislative bottleneck continued. The negative environment will worsen when the House and the Senate return to work this week and next. For the moment, the political oxygen has been absorbed more by the ongoing political infighting underway among the Republican Party candidates for president.

It is clear the Republican primary races will be a central political focus for the next few months. As the November 2012 presidential election date gets closer, legislative activity in Congress will recede and by the end of June (or sooner), there will be little appetite on Capitol Hill to propose and debate serious legislation. Politicians will more frequently be absent from Congress (especially the House) in order to be back in their districts to fight for re-election. The single digit approval ratings that members of Congress now experience means that few members, regardless of political party, can be complacent about the certainty of victory in November.

As mentioned in previous messages to you, the presidential campaign is very much underway and decisions by representatives, senators and the president are increasingly made through the prism of the political campaign. This is not unique to Washington of course, but for the Canadian government and public policymakers and business, it does mean that issues of importance to Canada will not be dealt with expeditiously nor necessarily with an outcome favourable to Canadian interests.

In the latter part of 2011 amid charges that he was engaging in "crass political politics," the president announced his decision to delay a permit request on the Keystone pipeline project.

Legislation passed on December 23, 2011 gave the president 60 days to determine whether the Keystone pipeline is in the national interest. As of this writing, the State Department has decided that it lacks sufficient time in which to obtain the information

necessary to make an appropriate assessment. Nonetheless the department said that it is open to subsequent permit applications “or applications for similar projects.”

Keystone became a ready and available political football. As such, it was at the centre of political noise made by both political parties to the detriment not only of a rational, transparent determination of the project but to a clear understanding of the true worth to the United States of the broad, secure, and reliable energy relationship with Canada.

I wrote some days ago that the greater the partisan effort to corner the President on this, the greater the possibility he might be forced by politics into a negative decision. Unfortunately this notion was confirmed by the State Department decision. This is not a decision about Canada; it is not about the bilateral relationship. It is domestic; Keystone will continue to be the football it has become for as long as it suits one set of partisan interests or another during the primary season and into the next phase of the presidential election period.

On another front, in early December Prime Minister Harper and President Obama announced a Canada-U.S. initiative, the Action Plan on Perimeter Security and Economic Competitiveness. The bilateral border action plan is just starting to find its footing; it too has some particular importance for Canadian economic (and political) interests. Here too, the evolving political climate may well endanger the success of this undertaking. Many are concerned that the present environment will not be conducive to implementing features of the Harper-Obama border action plan. It is essential that both governments ensure they appoint individuals to their respective working teams with the authority to negotiate where necessary and to implement where possible on a “fast track” basis.

In each capital, competent and sufficiently senior officials with appropriate authority are required to channel what needs to be done under this bilateral project. The role of Canadian and U.S. business is critical to the success of these efforts, especially in the area of regulatory change and development. It will not be sufficient to push for invitations to meetings and to show up only to listen to what officials bring to the table. Business must bring sector-specific insight and expertise to the discussion domestically and bilaterally; government has only part of the picture and confident, informed input by business will be essential to moving both governments and the private sector toward identified goals and objectives.

It is in the interests of governments and business that their deliberations and the outcomes of that work demonstrate to Canadians and Americans that the effort is worthwhile. The public has a right to see demonstrable progress that affects their daily lives in positive ways whether it be at a border crossing, an airport or in access to goods and services in a more timely and cost-effective fashion. The distractions of the presidential campaign will divert more and more energy from Canada-U.S. efforts and the onus for progress may increasingly be on the Canadians to help all parties “keep their

eye on the ball.” Neither Ottawa nor Washington can afford to regress on this very important set of bilateral activities; the long-term interests of each country are in play in a way that will be invisible to most citizens on a daily basis.

At the risk of clouding the bilateral priorities, there is another issue of both an important bilateral and multilateral mix. This is the Trans-Pacific Partnership (TPP) in which the prime minister has said Canada wishes to participate. Once again, governments can take the first steps in seeking “membership,” but business has a critical role to play in helping to make the case with the U.S. government and other member governments that this is an arrangement in which Canada can play a constructive and productive role. Any signs of Canadian reticence to play the game fully will not serve Canada’s cause nor the interests of business and Canadians generally.

At a time of greater scepticism about government and the private sector generally, this moment is a litmus test for those who propose that the public and private sectors can indeed work together to craft an environment in keeping with the national economic needs of Canada and the United States. Whether it be energy, a bilateral border security and economic initiative or the new efforts to join the TPP, if we fail on this occasion then many predict it will be some time before the bilateral political and economic climate will permit a second attempt of this magnitude.

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