

**27th Annual Conference of
New England Governors and Eastern Canadian Premiers
Québec, Québec
August 26-28, 2002**

SUMMARY OF DISCUSSIONS

The meeting was cochaired by Premier Bernard Landry of Québec and Governor Lincoln Almond of Rhode Island. A summary follows.

BORDER SECURITY AND COMMERCE

One year after the terrorist attacks of September 11th, the impact of terrorism on border security and trade between the states and provinces led the agenda.

The Conference by resolution expressed “its deepest sympathy to the American people and to all the families from New England, Eastern Canada and elsewhere, that have been affected by this tragedy, and reaffirms the solidarity and friendship which this organization has fostered among New Englanders and Eastern Canadians.”

In a second resolution, the Conference expressed its support for enhanced collaboration and information sharing to address all of the aspects of the border, including security, immigration, trade, movement of people, and infrastructure.

Governor Jeanne Shaheen discussed a New Hampshire-based pilot project called “Operation Safe Commerce” that suggests that one way to deal with border security is to push the borders out to the point of origin by focusing on the cargo in transit, from start to finish – not just at the border itself. “The significance” of this pilot, said Governor Shaheen, “is that here never had before been this kind of cargo that had been sealed at the point of origin and tracked successfully to a destination in the United States.”

Michael Gadbaw, Vice President and Senior Counsel, General Electric, noted that “over recent decades international companies and carriers have invested billions in streamlining and securing international supply chains both in terms of information partnerships and transportation security. These investments can be the foundation for cooperation between government and industry for improving international supply chain security.”

Governor Angus King suggested that both federal governments act “on the idea of continental security, security at the border of the continent with an eye toward elimination of border restrictions between our various jurisdictions.” Premier Bernard Landry added that “we must serve the population through fluidity of goods, services, capital and persons in the most sophisticated design like in Europe...It’s a concept that I would like us to explore together and convince our federal governments to explore together.”

The Conference also resolved to “expand their collaboration and capacity for mutual assistance in the area of emergency preparedness through its International Emergency Management Group.”

BILATERAL TRADE RELATIONS

Paul Cellucci, the U.S. Ambassador to Canada, and Bertin Côté, Minister, Economic Affairs, and Deputy Chief of Mission, Canadian Embassy in Washington, addressed the Governors and Premiers on bilateral relations.

Ambassador Cellucci said that “our top priorities are trade, energy and security.”

“The Free Trade Agreement with Canada as well as the North American Free Trade Agreement have worked well,” Ambassador Cellucci said. “We do occasionally have trade disputes. I would like to point out that most of those trade disputes involve items that were excluded from the Free Trade Agreements: softwood lumber, agriculture, cultural industries...The fact that they were excluded is one of the reasons why we have disputes...We are going to work very hard to resolve those few disputes to the benefit of both countries.”

On border security and the new joint initiative for “smart borders,” the Ambassador said: “We very much need to work with both federal governments, with the provinces, with the states, with the cities to make sure that as we put this smart border in place we focus on the infrastructure needs.”

Minister Côté stated that “this partnership we have between Canada and the United States is evidently the closest in the world.” He noted the “big disappointment” in Canada over the softwood lumber issue – “We are prepared to listen to any constructive proposal which the Administration can present to us.”

On energy, he noted the major – and often overlooked – role that Canadian supplies play in the U.S. “In the rest of the United States when we say to people that we sell more oil to the United States than Saudi Arabia, they almost laugh at you. It is almost unbelievable.” He added that “we are also going to be making sure that...when it comes to the treatment of Canadian energy that there is no difference of treatment with energy sources in the United States” – specifically regarding hydroelectricity as a renewable energy resource.

He concluded that “we will continue our work on the border, security, the security of our people, our economic security as well.”

TRANSPORTATION LINKS

The Conference addressed the need for improved transportation links from a variety of modes – air, rail, freight, ports.

Karen Oldfield, CEO, Halifax Port Authority, discussed the growth of the Port of Halifax, and the efforts to increase port security. “At this very minute,” she said, “the world’s shipping lines are transporting more than 15 million containers around the globe. The safety of that cargo is essential. All of us here understand that we have entered a new era in transportation, an era in which security is critical.”

Darryl Eisan, Director of Regional Relations and Intergovernmental Affairs for the Province of Nova Scotia, presented the report of the Conference's Committee on Trade & Globalization. That report addressed a number of areas of cooperation, notably transportation.

Gregory Nadeau, Senior Policy Advisor, Maine's Governor's Office, introduced the results of the Committee's collaborative effort to help produce the "NASTO Freight Service and Investment Study." The study was prepared by Cambridge Systematics, Inc. The "NASTO" region consists of 11 U.S. states in the U.S. Northeast, the District of Columbia, and the five Eastern Canadian provinces. The study looked at several key issues and constraints: infrastructure (physical condition of the transportation system); operational (capacity and level of service); regulatory/policy (government regulations/policies that affect freight movements); and institutional (mandate and resources).

Premier Patrick Binns of PEI addressed air travel – its high cost and the inconvenience of access. "The region has experienced a rapid increase in the past decade," he said, "but air access has not kept up... While surface transportation accounts for a significant portion of our commodity exports to the United States, as growth in the service sector continues there will be further need for increased air passenger access to the region."

Premier John Hamm of Nova Scotia said that the province is designing a study to look at "rail infrastructure between Halifax and New England and looking at the investment that would be required to provide double-stacked high speed service from Halifax into New England."

Governor Lincoln Almond noted the project work underway in Rhode Island regarding freight rail and double-stacking.

The Conference resolution addressed a number of transportation issues:

- Directed its Committee to participate in the I-95 Corridor Coalition;
- Directed the Committee to build on the "NASTO Study," considering in particular border efficiency and security issues, regulatory harmonization, Intelligent Transportation Systems (ITS), and trade corridor developments;
- Review the policies and regulations surrounding commercial vehicles including trucks;
- Directs the Committee to enter into discussions with both federal governments with the objective of improving air service within the region.

AGRICULTURE

Premier Binns introduced agriculture as an item for discussion. In a resolution, the Conference directed that the state commissioners and provincial ministers of agriculture meet in Prince Edward Island in the fall to identify impediments to cross-border trade of agricultural products and recommend mutually acceptable solutions; as well as to share information and experiences on best practices in such areas as food safety, pest management and environmentally sound farming methods.

STUDENT EXCHANGES

Student exchange programs among universities in the region were addressed by three presenters: Pierre Lucier, President, Conference of Rectors and Principals of Québec Universities; Dr. Tom Traves, President, Association of Atlantic Universities; and Robert Weygand, President, New England Board of Higher Education. All agreed on the value of these programs, and reaffirmed efforts to increase awareness of the program among students, and information access.

ENERGY

Premier Bernard Lord reported on the successful NEG/ECP regional energy forum held in Fredericton, N.B. in May. Governor King added that “we really need to keep pushing on the regionalization of energy.”

Québec’s Minister for Energy, Rita Dionne-Marsolais, provided remarks on the changing Northeast energy market. “With the restructuring of regional energy markets in America, this capacity for working together is becoming a necessity.” She noted that recent agreements between the Government of Québec and the Cree and Inuit people of Northern Québec “have paved the way for a new era in hydroelectric generation in Québec...The projects currently underway represent a potential of 12,000 megawatts.”

A discussion of the regional electricity market and the proposal for a Northeast RTO was held with Gordon van Welie, President and CEO, ISO New England. André Caillé, President and CEO, Hydro-Québec, observed that: “Transmission networks have not keep pace with the change and are holding back progress.”

The Conference adopted two resolutions related to energy. One directed its Energy Committee – NICE – to “form a working group to address the synchronization of energy-related regulations designed to foster growth while protecting the environment.” The other directed NICE to continue to share information on regional energy trends, to work with the Environment Committee on implementation of the “Climate Change Action Plan”; and to investigate new and renewable energy technologies and market opportunities.

KNOWLEDGE ECONOMY

Governor King reported on Maine’s Learning Technology Initiative – an initiative beginning this school year in which every seventh grade student in the state is being provided an Apple laptop. “We are living in a period of the fastest change in human history,” he said. “Adaptability to change is going to be the key to success of any of our societies. I think that’s part of the heart of this message.”

Brenda Cisco of Connecticut reported on the “Information Technology Workforce Initiative” and the major conference held in Connecticut in early June.

The Conference adopted Resolution 27-8 recognizing “the need for regional action to strengthen and achieve synergy among these individual state and provincial efforts in information technology.”

ENVIRONMENT

Regional cooperation on environmental issues is one of the major action areas of the NEG/ECP Conference. Updates were provided on cooperative efforts to reduce emissions of acid rain, mercury, and greenhouse gases.

Byron James, Deputy Minister, New Brunswick Dept. of the Environment, reported on the acid rain initiative. A major symposium on the relationship between air pollution and public health

was held in Montréal in late May. Among areas of concern are fine particulates and diesel emissions. Water quality and forest mapping are some of the key action areas.

Scott Johnstone, Secretary, Vermont Agency of Natural Resources, reported on the progress in reducing mercury emissions. “We committed to reach a 50% reduction in emissions by 2003,” he said. “The great news today is that we will meet that goal...We can build on the success of the 2003 goal and in 2010 or hopefully sooner we will be able to continue with the success” by achieving the next milestone – a 75% reduction. Added Governor King: “I think every now and then we should stop and celebrate our successes because this is a big one.”

Sonia Hamel of the Massachusetts Executive Office of Environmental Affairs reported on the follow-up to the “Climate Change Action Plan” signed by the NEG/ECP in August 2001. “This project,” she said, “has received widespread respect as a model for constructive international action in an area that has had some conflict in it in this past year.” Five work groups are in process – addressing energy, transportation, inventory and registration, adaptation, and “leading by example.”

The Committee has identified four initial proposals for regional implementation – LED traffic light project; college & university partnerships in emissions reductions; state/provincial purchasing programs for high efficiency-low emission office equipment; and use of cleaner, more energy-efficient vehicles in state/provincial fleets.

In conclusion, the Conference adopted two resolutions on these issues. Resolution 27-6, on the environment, endorsed the acid rain and mercury reports and urged the Committee and its Task Forces to implement recommendations for further reductions, as well as information gathering and public outreach. Resolution 27-7, on climate change, accepted the report and directed its Committees to work over the next year to follow through on the report’s recommendations. A symposium will be held in the spring of 2003 to explore the current state of understanding of climate change impacts on the natural resource base of New England and Eastern Canada.