



Government
of Canada

Policy Research
Initiative

Gouvernement
du Canada

Projet de recherche
sur les politiques

The Emergence *of* Cross-Border Regions *Between* Canada and the U.S.



www.policyresearch.gc.ca

*The Canada Institute at the Woodrow Wilson Center
and The CSIS Smart Border North Working Group*

Washington, D.C., May 23, 2006

Canada

Focus of presentation

1 Methodology

2 Research Findings

3 Key Characteristics of CBRs

4 Common Opportunities and Challenges

5 Considerations for Public Policies

Why this Project?

- Little attention paid to regional/sub-national dimensions of Canada-U.S. relationship
- Broadening and deepening of regional linkages make research essential
- How can the Government of Canada maximize opportunities from NA regional integration?

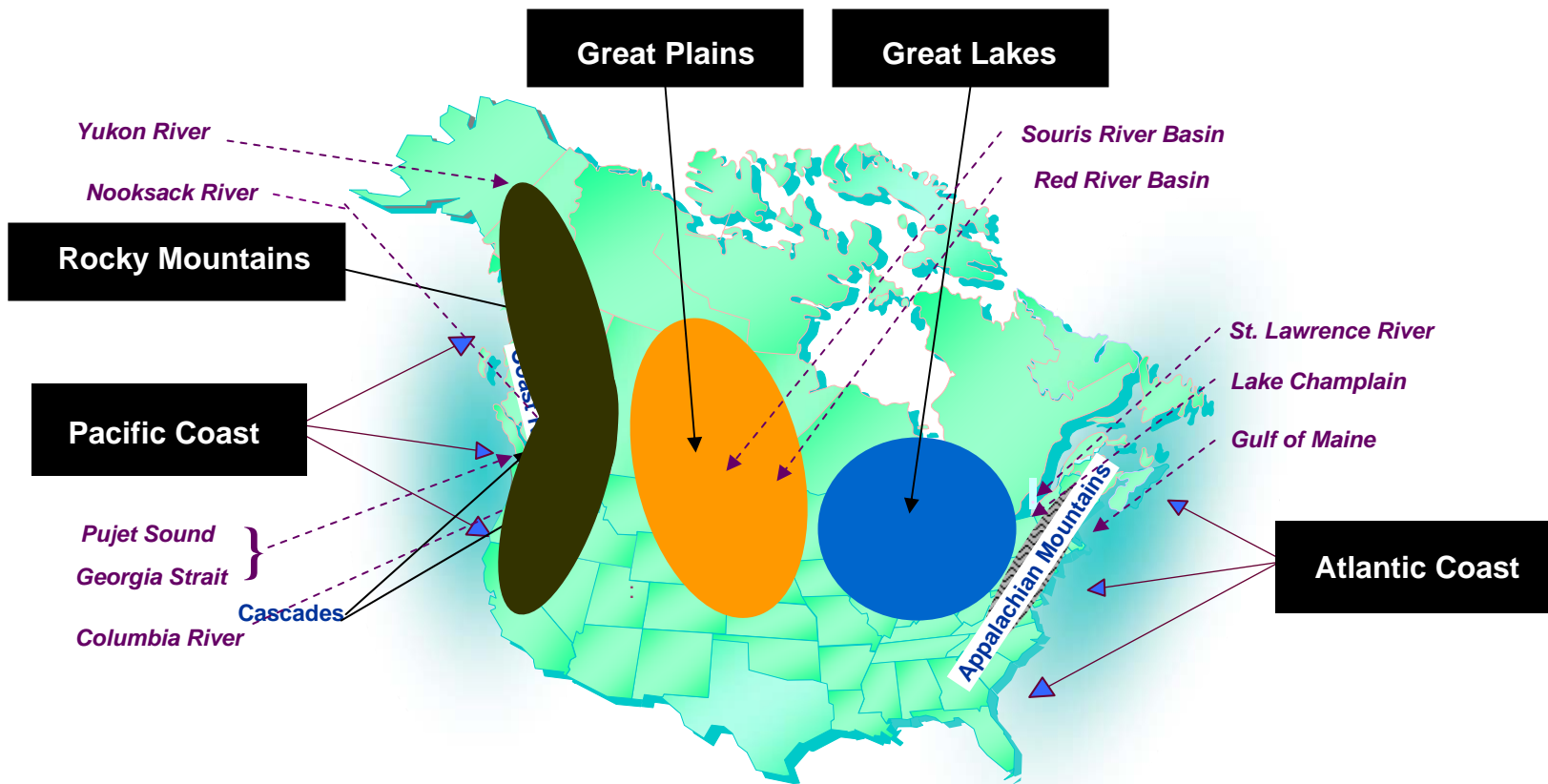
Background

At the outset, we must note:

- Geography, history and demography have played an instrumental role in helping to shape and set the stage for the cross-border regional linkages we see today.

Background

Shared Geography



Background

Shared Historical Contexts



Definition

So, what is a Cross-border Region?

- A Cross-Border Region:
 - Group of province(s)/states
 - Straddle the border
 - Critical mass of economic and organizational linkages, and cultural similarities
- Boundaries can vary depending on the criteria or indicator used

Methodology

Three Lines of Research

The Economy

Socio-Cultural Values

Cross-Border
Organizations

Methodology

Three Instruments

Research and Analysis

- *Measure economic linkages*
- *Evaluate socio-cultural similarities*
- *Document cross-border organizations*

Leader Survey and Executive Interviews (110 leaders)

- *Identify Canadian and American stakeholders*
- *Enhance understanding of linkages*
- *Assess opportunities and challenges*

Six Regional Roundtables (~ 200 leaders)

- *Review research findings*
- *Discuss regional initiatives and lessons learned*
- *Examine implications and roles for the Government of Canada*

Leader Survey

Participating Organizations

- Government ●
- Associations ○
- Research ●
- Business ●

Executive Council – Gov't of AB.
Alberta Economic Development.
Calgary Economic Development

Western Centre for Economic Research
Canada West Foundation

BC/Washington Environmental
Cooperation Council
City of Seattle

International Mobility
and Trade Corridor

Pacific NorthWest Economic Region

Idaho Department of Commerce
Western Governors' Association

Regina Chamber of Commerce

Saskatchewan Trade and Export Partnership
Manitoba Ministry of Intergovernmental
Affairs and Trade
North Dakota Economic
Development and Finance

Food and Agricultural Policy Research Institute

Council of Great Lakes Industries

Institute for Competitiveness
and Prosperity
Centre on North American
Politics and Society

I-94 International Trade Alliance

Quebec -New York
Corridor Coalition

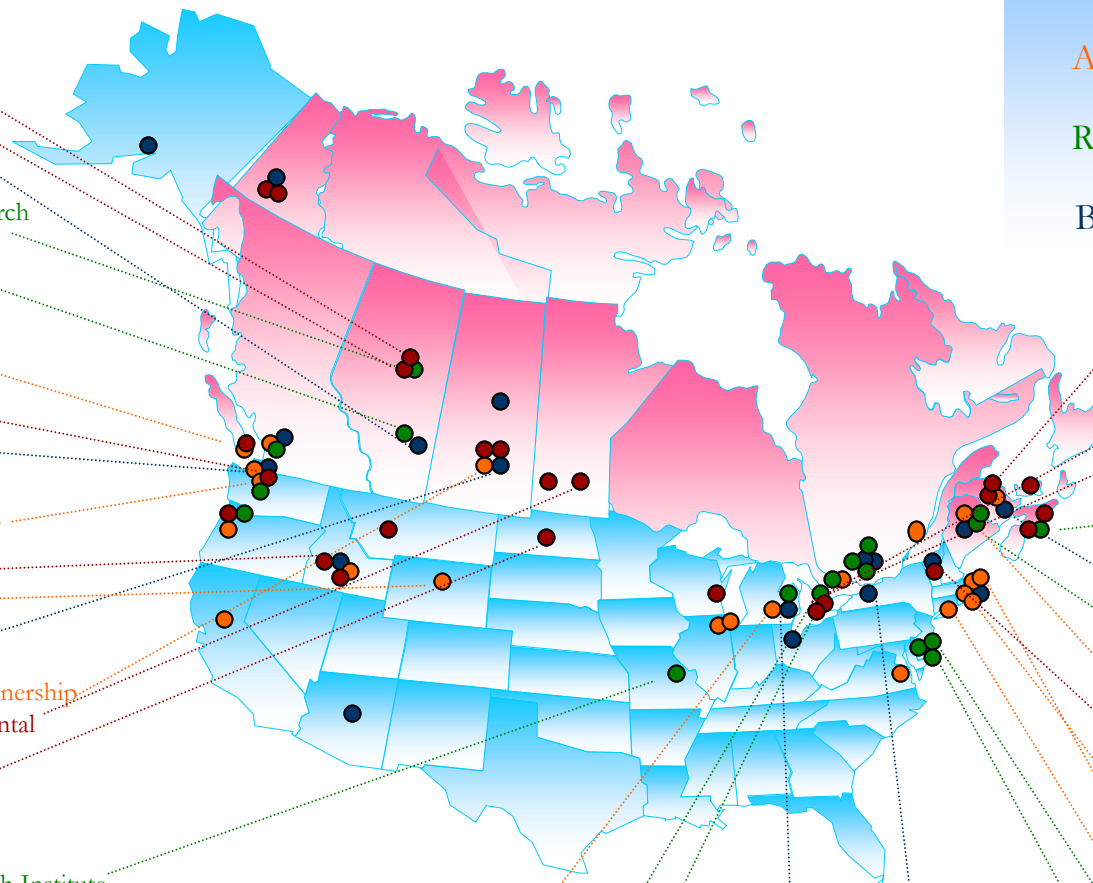
New Brunswick Ministry of
Intergovernmental and
International Relations

US Consulate in Toronto
Ontario Ministry of Economic
Development and Trade

Atlantic Institute
for Market Studies
Atlantic Provinces
Chamber of Commerce
Canadian-American Center

Gulf of Maine Council for
the Marine Environment
Vermont Agency of Commerce
and Community Development
New England Governors' Conf.
New England – Canada
Business Council
CSG – Eastern Trade Council
Institute for International
Economics

Canadian Institute – Woodrow
Wilson International Center
for Scholars



The Economy

Evidence on Cross-Border Links

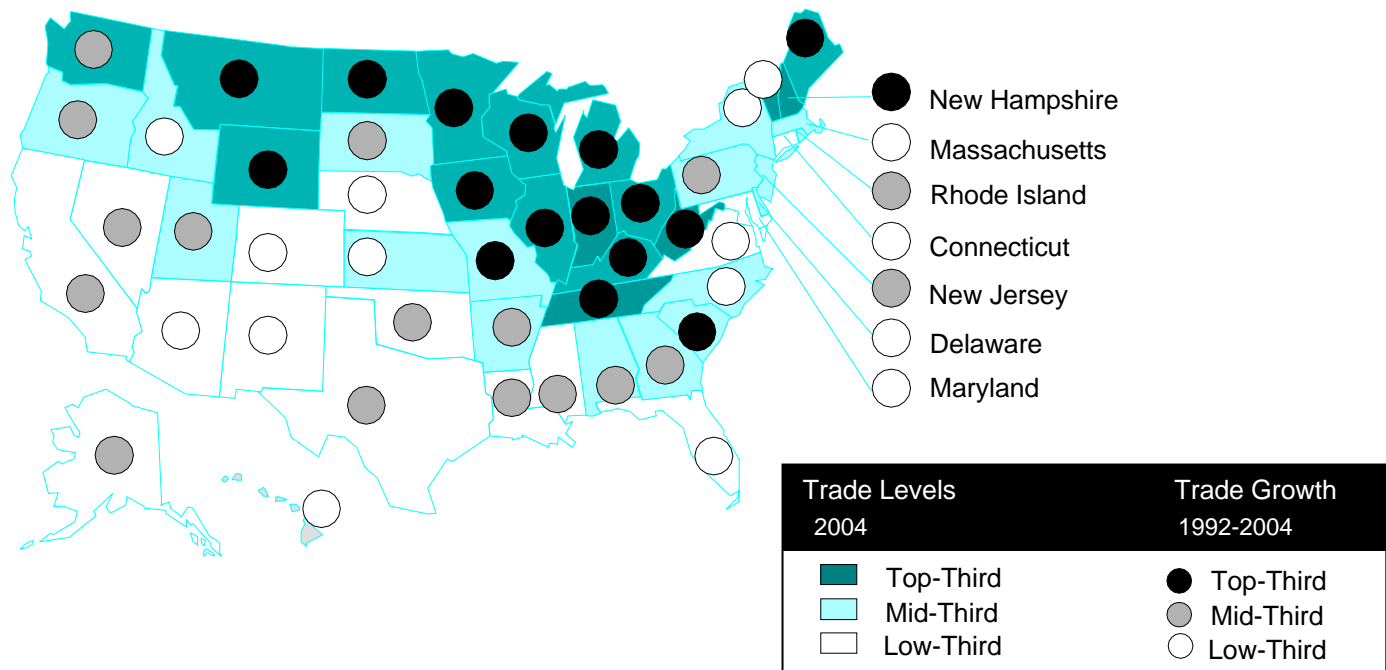
In border areas, Canada-U.S.
economic activities are
stronger and more involved

The Economy

Evidence on Cross-Border Links

Canadian Trade Flows

Adjusted for Size of State (GSP)

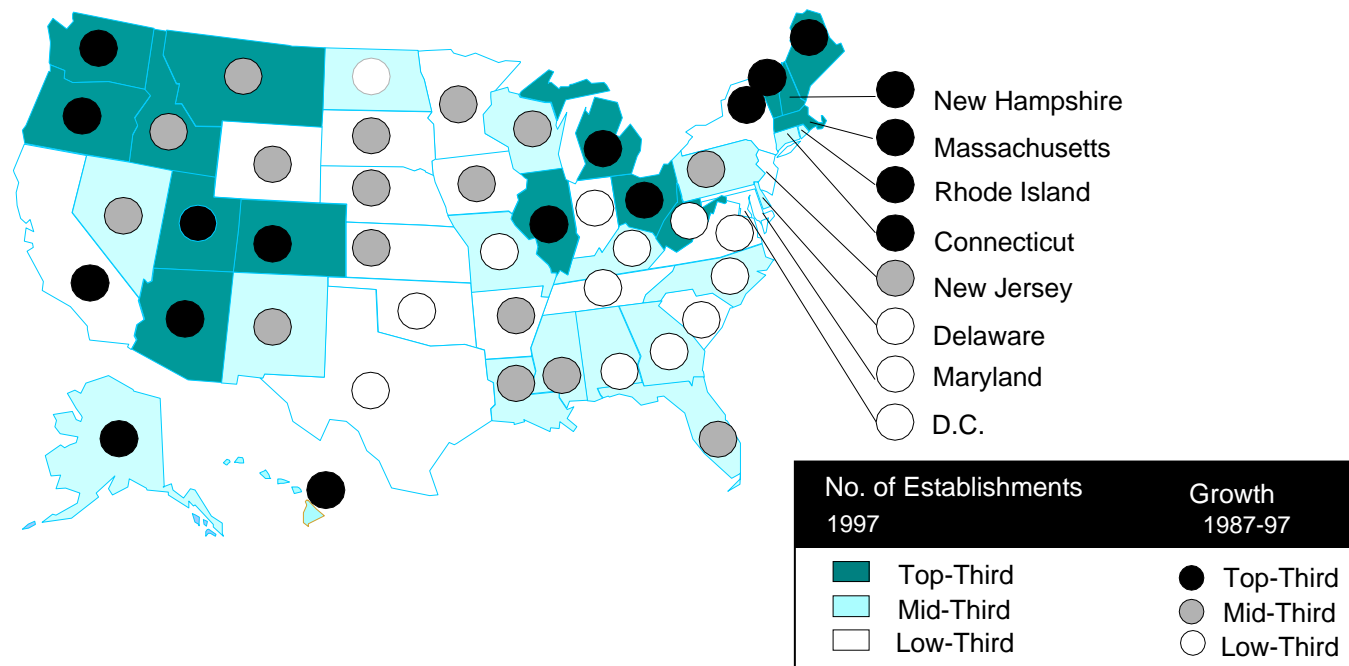


The Economy

Evidence on Cross-Border Links

Canadian-owned Establishments

Adjusted for Size of State (GSP)



The Economy

Evidence on Cross-Border Links

- We focus on four economic factors:

1 Bilateral
Trade
Intensity

2 Trade
Volume

3 Trade
Growth

4 Breadth
Provincial
Exports

- We find provincial-state groups:
 - fairly distinct
 - increasingly important
 - quite dynamic

The Economy

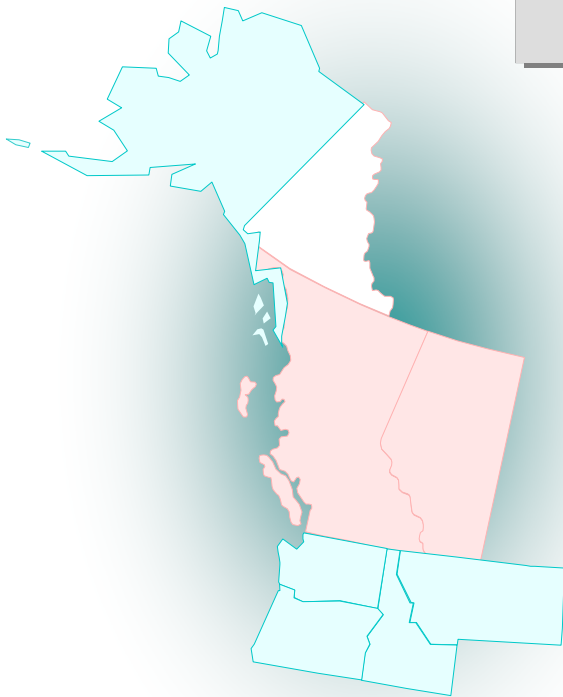
The West

1 Bilateral Trade Intensity


2 Trade Volume

3 Trade Growth

4 Breadth Provincial Exports



BC				
	1	2	3	4
Alaska	■	■	■	■
Washington	■	■	■	
Oregon	■	■	■	
Idaho	■	■		■
North Dakota		■	■	■
Montana		■		■
Arizona	■	■	■	
Vermont		■	■	■
Hawaii	■			■
Nevada	■	■	■	

Alberta				
	1	2	3	4
Wyoming	■	■	■	■
Montana	■	■	■	■
Washington	■	■	■	
North Dakota		■	■	■
Minnesota	■	■	■	
Illinois	■	■	■	
Iowa	■	■	■	
Vermont		■		■
Tennessee	■	■	■	
Idaho	■			■

Top 5



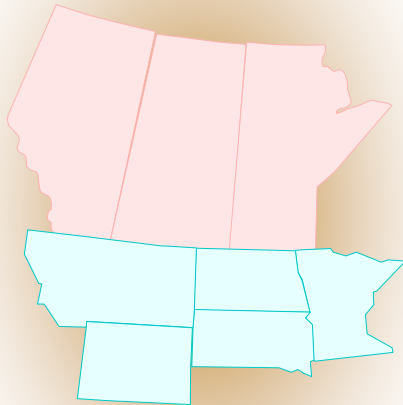
Top 10



The Economy

Alberta also part of Prairies-Great Plains

- 1** Bilateral Trade Intensity
- 2** Trade Volume
- 3** Trade Growth
- 4** Breadth Provincial Exports



Alberta		1	2	3	4
Wyoming		■	■	■	■
Montana		■	■	■	■
Washington		■	■	■	
North Dakota			■	■	■
Minnesota		■	■	■	
Illinois		■	■	■	
Iowa		■	■	■	
Vermont			■		■
Tennessee		■	■	■	
Idaho		■			■

Top 5 ■ Top 10 ■

The Economy

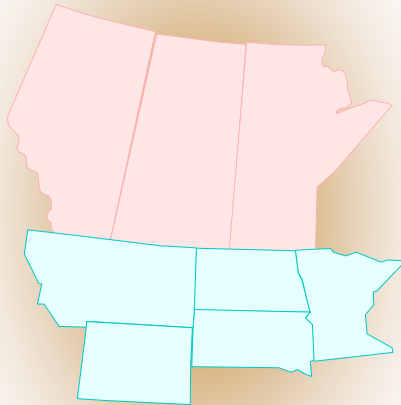
Prairies-Great Plains


1 Bilateral Trade Intensity


2 Trade Volume

3 Trade Growth

4 Breadth Provincial Exports



Saskatchewan				
	1	2	3	4
Montana	■	■	■	■
Wyoming	■	■	■	■
North Dakota	■	■	■	■
South Dakota	■	■	■	■
Wisconsin	■	■	■	
Oregon	■	■	■	
Illinois	■	■		
Iowa	■	■	■	
Minnesota	■	■	■	
Idaho				■

Manitoba				
	1	2	3	4
South Dakota	■	■	■	■
North Dakota	■	■	■	■
Minnesota	■	■	■	
Iowa	■	■	■	
Montana		■	■	■
Wyoming		■	■	■
Nebraska	■	■		■
Wisconsin	■	■	■	
Vermont				■
Illinois	■	■		

Top 5



Top 10



The Economy

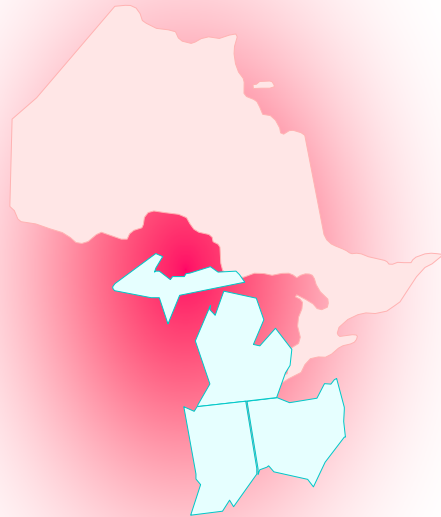
Great Lakes-Heartland


1 Bilateral Trade Intensity

2 Trade Volume

3 Trade Growth

4 Breadth Provincial Exports



Ontario					
		1	2	3	4
Michigan	Yellow	Red	Red	Red	
Indiana	Yellow	Red	Red	Red	
Missouri	Yellow	Red	Red	Yellow	
Kentucky	Yellow	Yellow	Red	Red	
Ohio		Yellow	Red	Red	
South Carolina	Yellow	Yellow	Yellow		
West Virginia			Yellow	Red	
California		Red			
Delaware		Red			
Georgia		Red			

Top 5



Top 10



The Economy

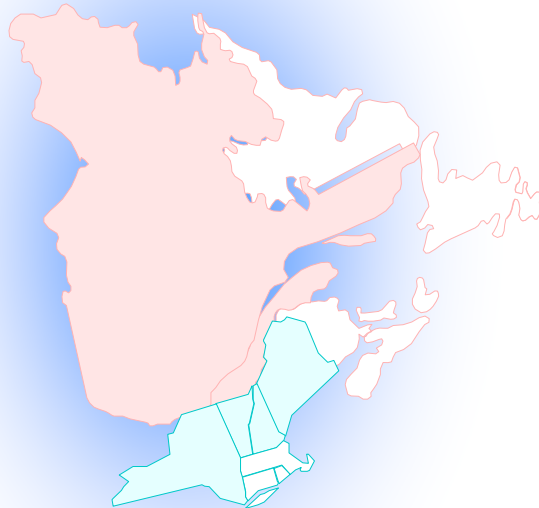
East — Quebec-New England


1 Bilateral Trade Intensity

2 Trade Volume

3 Trade Growth

4 Breadth Provincial Exports



Quebec					
	1	2	3	4	
Vermont	■	■		■	
West Virginia	■	■	■		
Utah	■	■	■		
New Hampshire	■	■	■	■	
Maine		■	■	■	
New York	■	■			
Connecticut	■	■			
Rhode Island		■	■	■	
South Dakota				■	
North Dakota				■	

Top 5



Top 10



The Economy

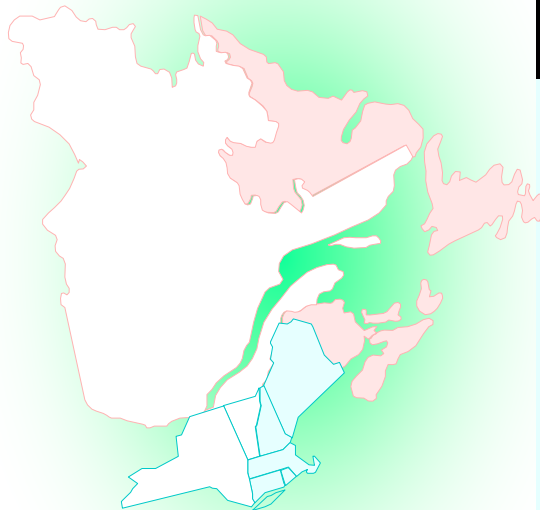
East — Atlantica


1 Bilateral Trade Intensity


2 Trade Volume

3 Trade Growth

4 Breadth Provincial Exports



New Brunswick 					
		1	2	3	4
Maine		■	■	■	■
New Hampshire		■	■	■	■
Connecticut		■	■	■	
Rhode Island		■	■		■
Massachusetts		■	■		
Vermont			■	■	■
Texas		■		■	
Pennsylvania		■	■	■	
Arkansas			■	■	
Alaska				■	

Nova Scotia 					
		1	2	3	4
New Hampshire			■	■	■
Massachusetts		■	■	■	
South Carolina			■	■	
Rhode Island			■		■
Maine			■		■
Connecticut		■	■	■	
Ohio		■		■	
Oklahoma			■	■	
Wisconsin		■	■	■	
Texas		■			

Top 5



Top 10



The Economy

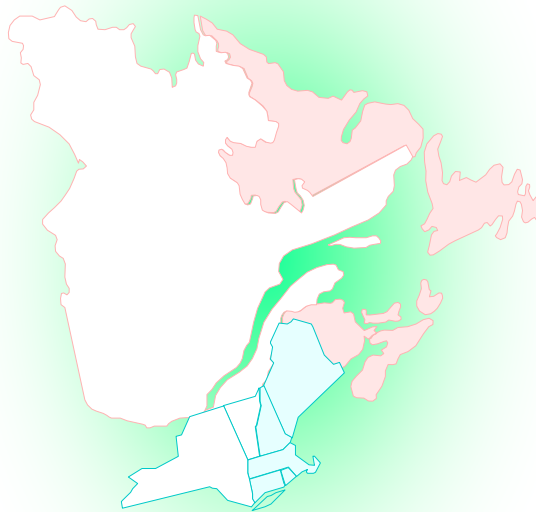
East — Atlantica


1 Bilateral Trade Intensity


2 Trade Volume

3 Trade Growth

4 Breadth Provincial Exports



PEI				
	1	2	3	4
Maine		■	■	■
New Hampshire		■	■	■
Rhode Island		■	■	■
Massachusetts		■	■	■
Idaho	■	■	■	■
Vermont		■		■
New York	■	■	■	
Connecticut		■	■	■
Florida	■			
Hawaii	■			

NL				
	1	2	3	4
New Jersey	■	■	■	
Rhode Island		■	■	■
New Hampshire		■	■	■
Massachusetts	■	■	■	
Maine		■	■	■
Louisiana	■	■	■	■
Texas	■	■	■	
Connecticut	■	■	■	
New York	■			
California	■			

Top 5



Top 10



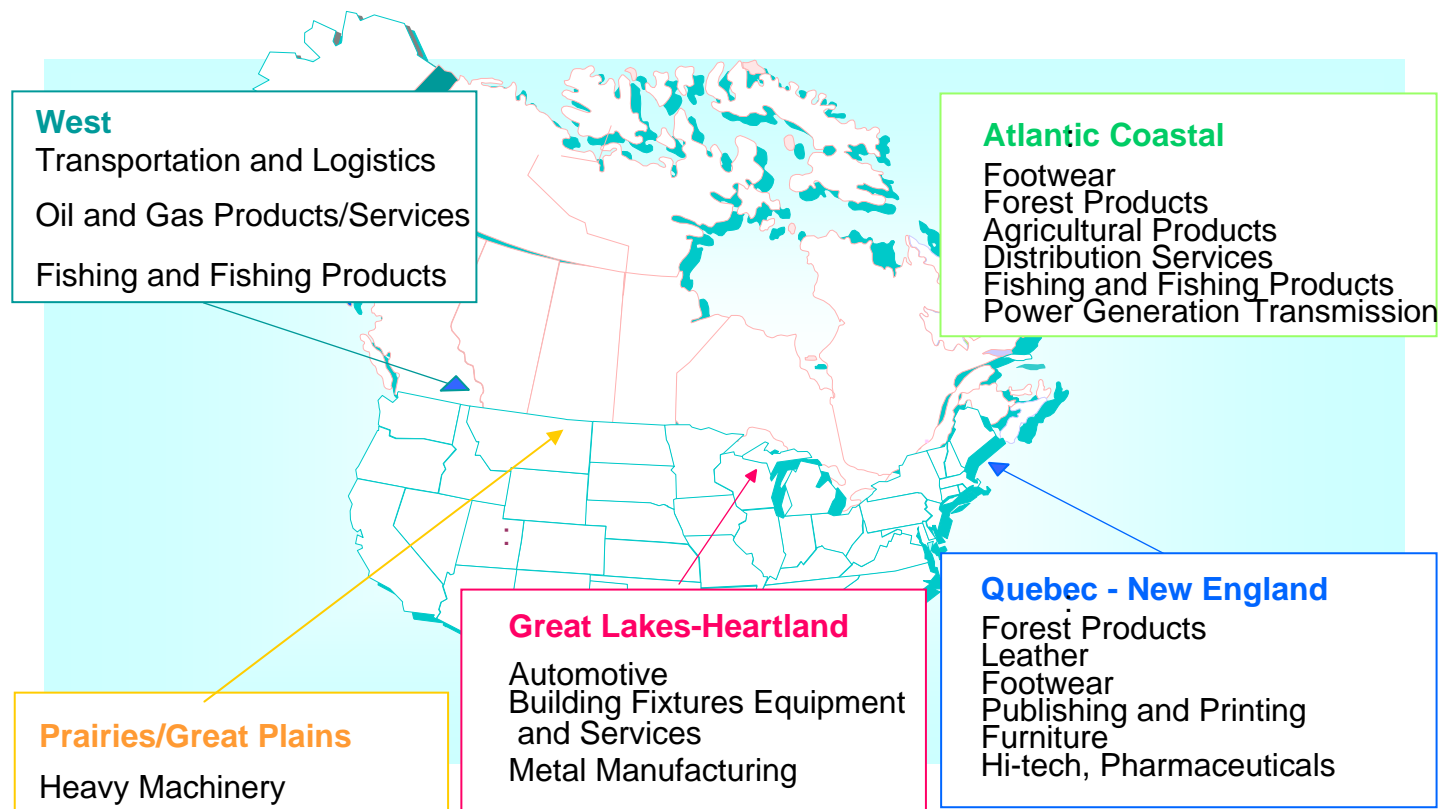
The Economy

Further Evidence on Cross-Border Links

- Correlations in economic activity
 - Key clusters straddling the border
 - Regional gateways for value-added activities
-

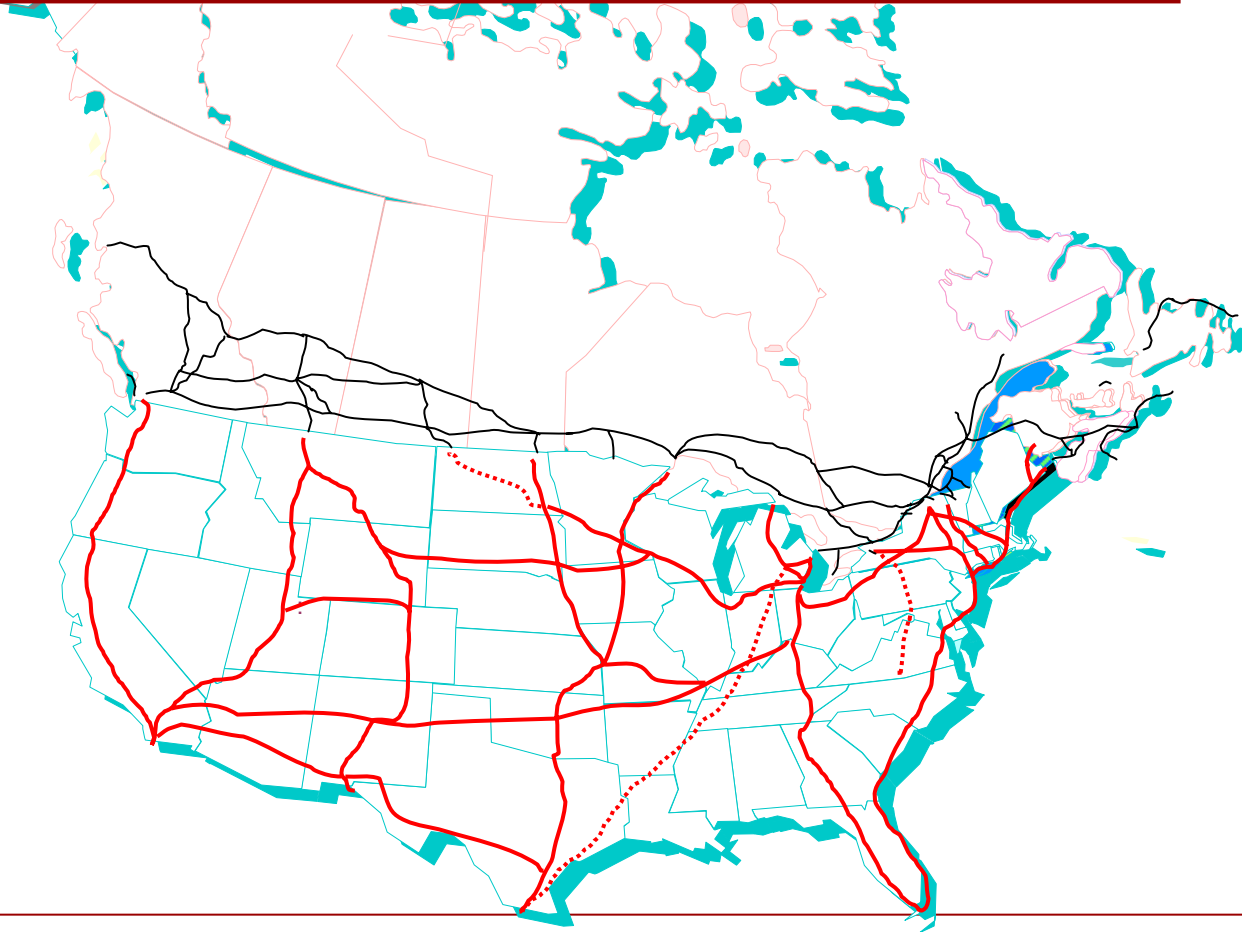
The Economy

Key Clusters Straddling the Border



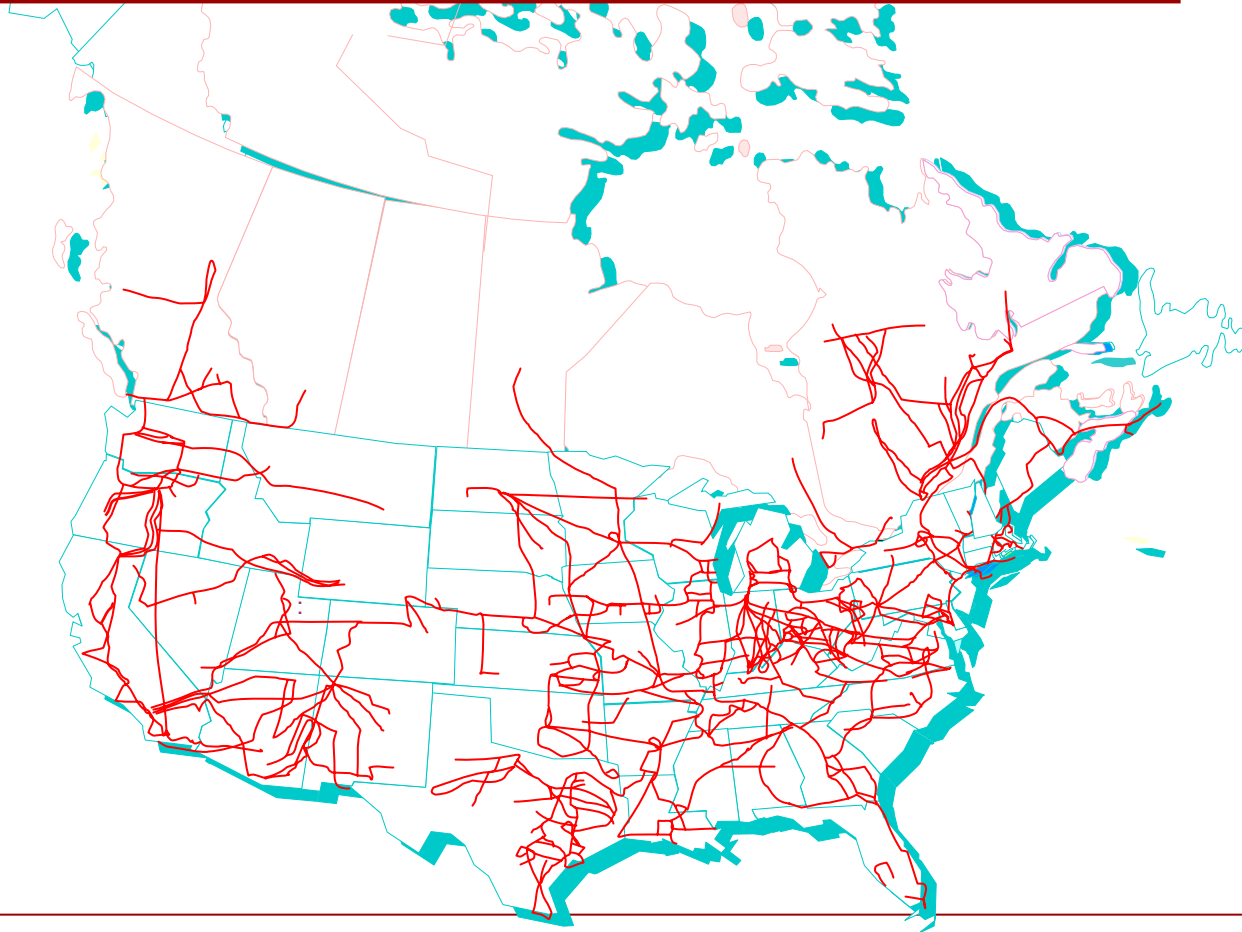
The Economy

Major Highway Corridors



The Economy

Major North American Electricity Grids



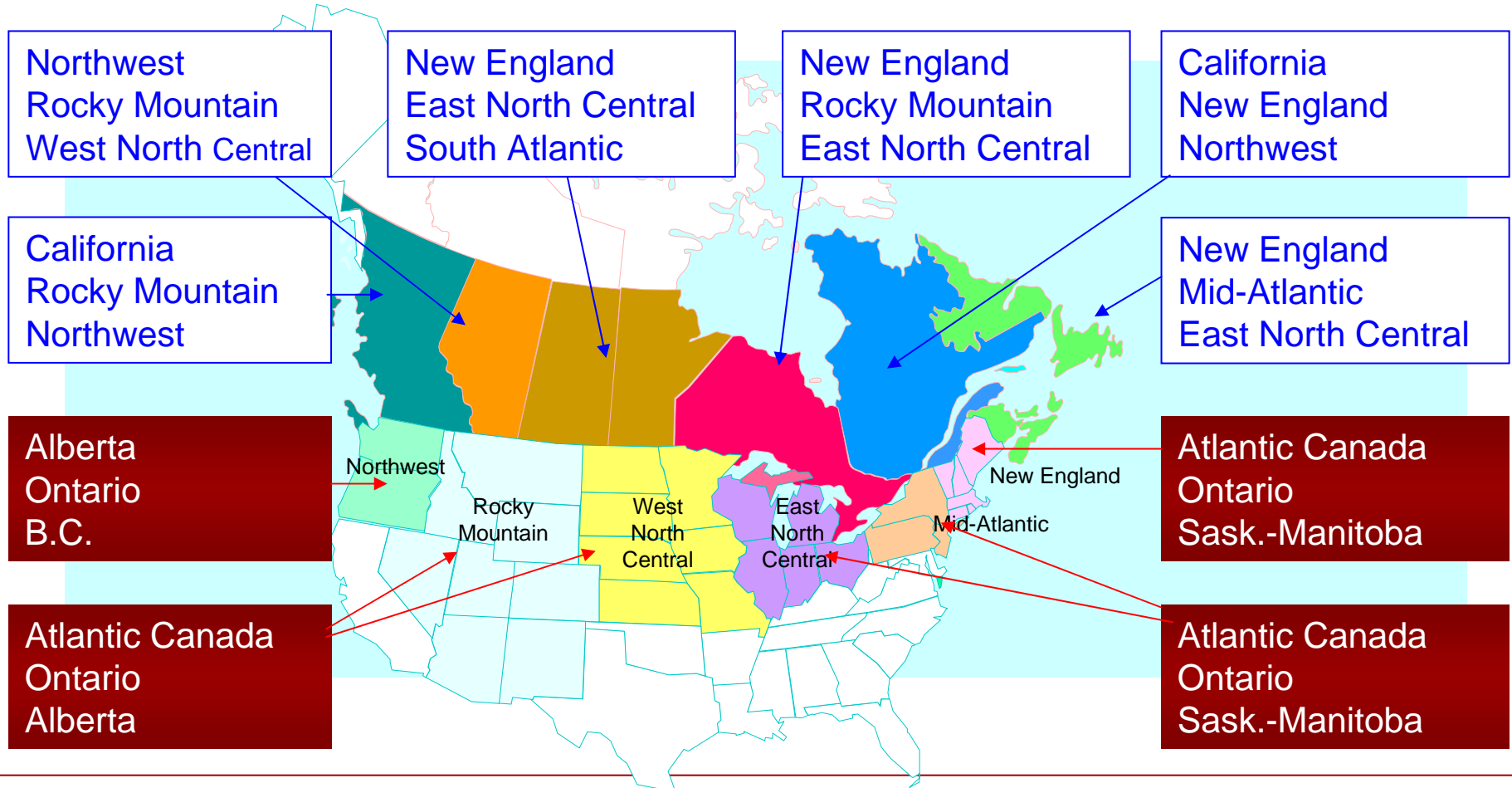
Socio-Cultural Values

Importance of Similar Values, Beliefs, Ideology

- Similar values, beliefs and ideology facilitate emergence of cross-border regions
- PRI research reveals socio-cultural values often more similar at cross-border level
- **Key issue:** Is there a regional sense of identity within cross-border regions?






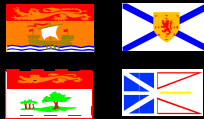
Socio-Cultural Values

Closest Top Three Regions



Socio-Cultural Values

Gap analysis based on index of 32 values

	BC 	Alberta 	Sask-Man 	Ontario 	Quebec 	Atlantic Canada 
U.S. Regions						
Western	6.3	4.6	7.3	5.3	7.6	6.3
Southern	13.0	9.6	7.6	9.3	12.0	6.7
Mid-West	8.5	7.0	7.0	5.5	9.5	4.5
Northeast	8.0	7.5	6.0	5.5	8.0	4.0

Socio-Cultural Values

Public Discourse



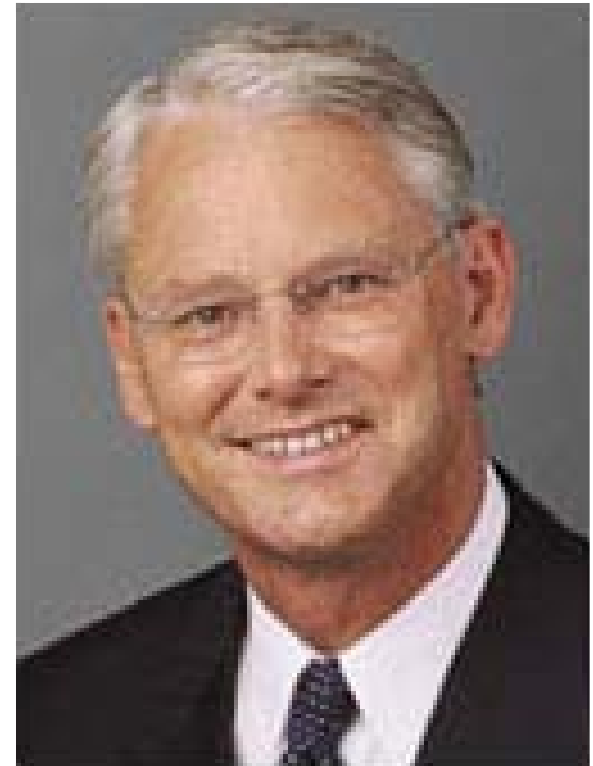
Pacific North West
Economic Region

"If it were a *nation*,
PNWER...".

Socio-Cultural Values

Public Discourse

“The legislature in Washington State actually passed a motion that supported Vancouver’s 2010 bid because they understood that 2010 is great for BC, it’s great for Vancouver, but it’s great for Washington State.”



Premier Campbell
October 2003

Socio-Cultural Values

Public Discourse

“Alberta shares many ties with the U.S. — both in politics and in business. But our two jurisdictions are more than neighbours and business partners— we’re friends in the truest sense of the word.”



Premier Klein
March 2005

Socio-Cultural Values

Public Discourse

“Our region is separated by an international border, but united by a shared industrial past.

And that past clearly demonstrates our regional interdependence – that what is good for one, is good for all.”



Premier Dalton McGuinty
Ontario, March 2005

Socio-Cultural Values

Public Discourse

“We should certainly build on the vitality of our continent’s natural regions ...

North American economic relations are based on regional economies that cross ... our border”



Premier Charest, February 2005

Socio-Cultural Values

Public Discourse

“There are so many areas of common interest between the New England states and Atlantic Canada and Quebec ...

We have many natural synergies and several areas of common interest...”

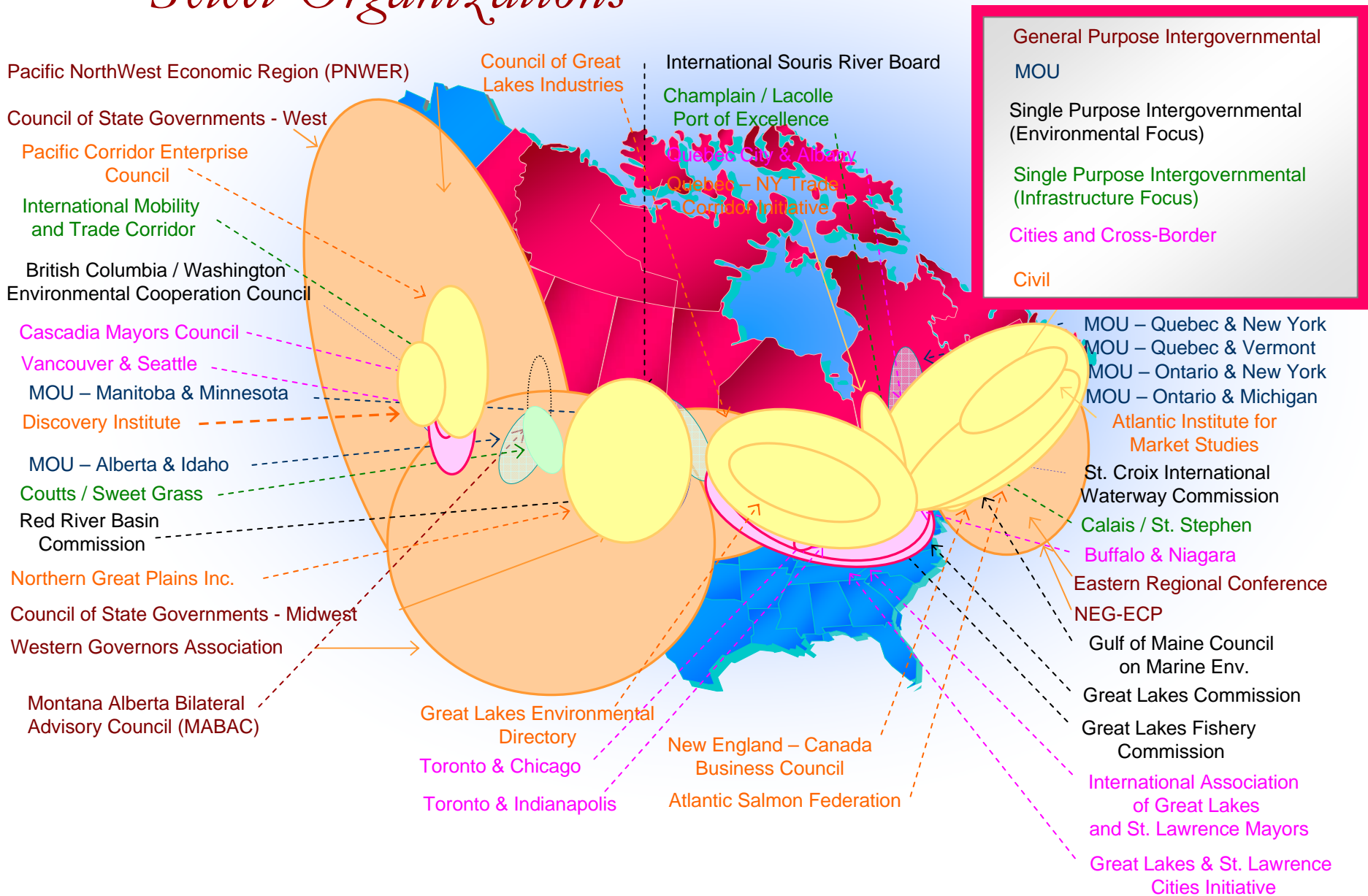


Premier Williams
Newfoundland and Labrador, June 2005

Cross-Border Organizations

- Huge number of cross-border organizations
- Two main types:
 - Multi-partners
 - Bilateral
- Regional differences:
 - Ontario and Quebec act independently in cross-border partnership
 - West acts more as cross-border region

Select Organizations



Cross-Border Organizations

Main Domains of Organizations

	Multilateral		MOU			
	PNWER	NEG-ECP	QC-NY	ON-NY	ON-MI	MABAC
Agriculture	•	•				•
Border	•	•	•	•	•	
Energy	•	•				
Environment	•	•		•	•	•
Forestry	•	•				•
Culture				•		
High Tech	•	•	•	•		
Infrastructure	•	•	•	•		
Sust. Dev.	•	•		•		
Tourism	•	•	•	•	•	
Trade and Eco. Dev	•	•	•		•	
Transportation	•	•	•		•	•
Workforce	•	•	•	•		•

Cross-Border Organizations

Key Findings

- Often linked to economic activity
 - Essentially provincial/shared jurisdictions
 - Organizations often act as facilitators
 - Some initiatives toward third parties
(Winter games, Manitoba mission in Europe, regional promotion of tourism).
 - Cities active in developing linkages
-

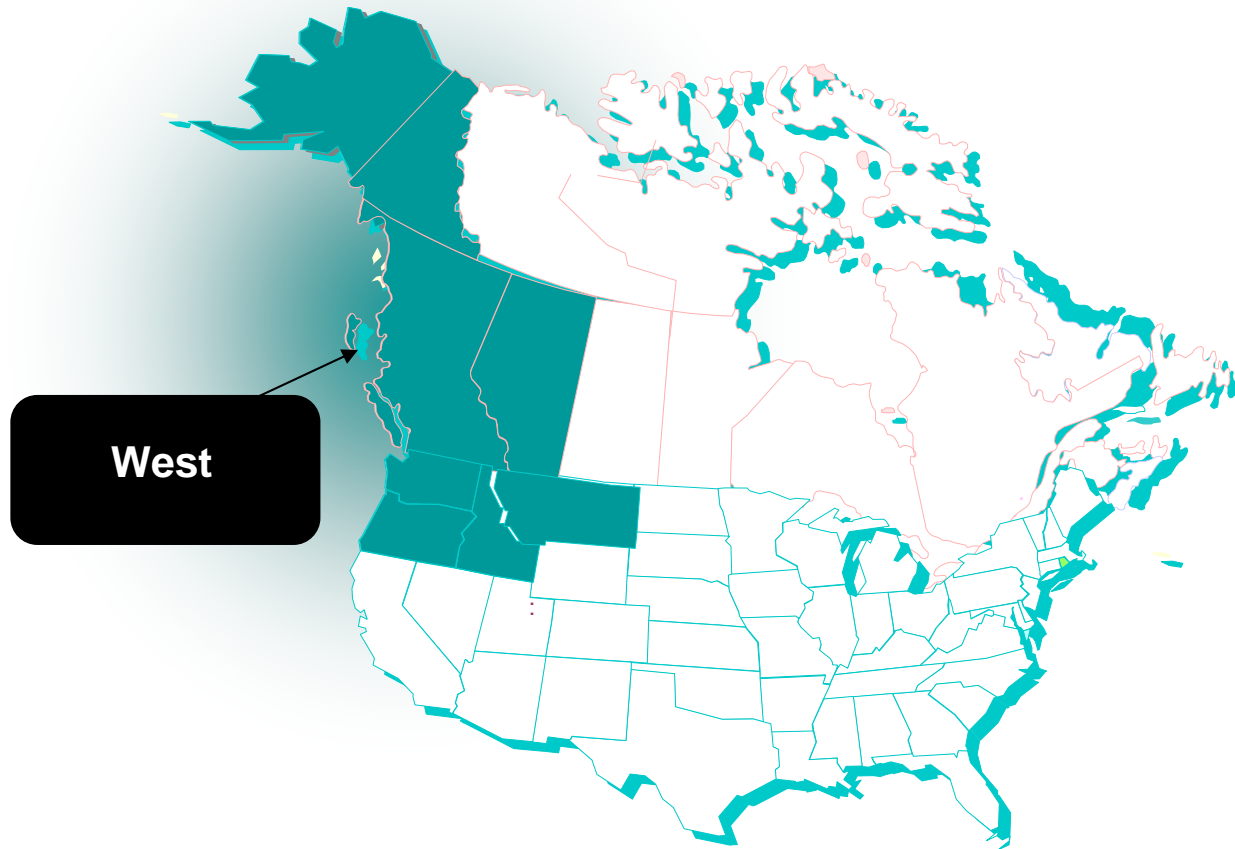
Putting It All Together

What are Major Cross-Border Regions?



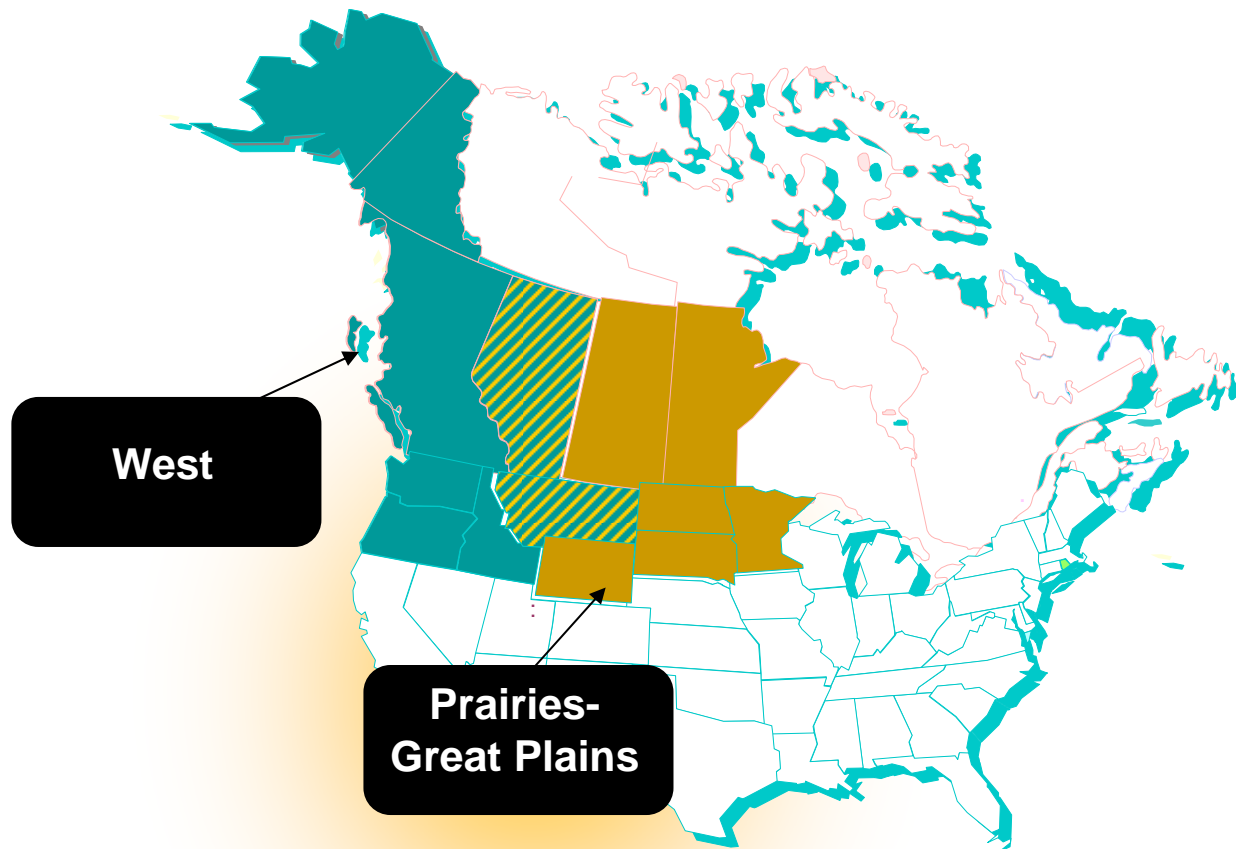
Putting It All Together

Two Overlapping Regions in Western Canada



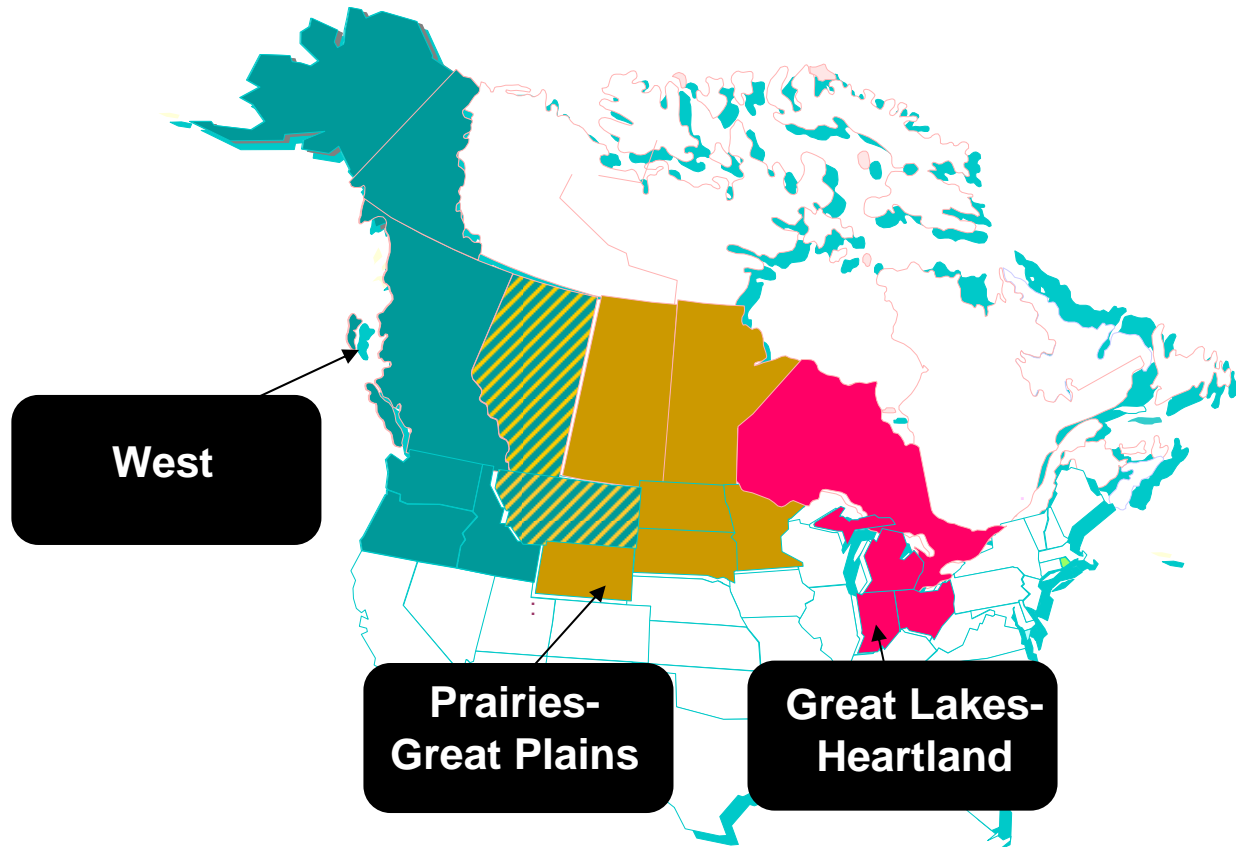
Putting It All Together

Two Overlapping Regions in Western Canada



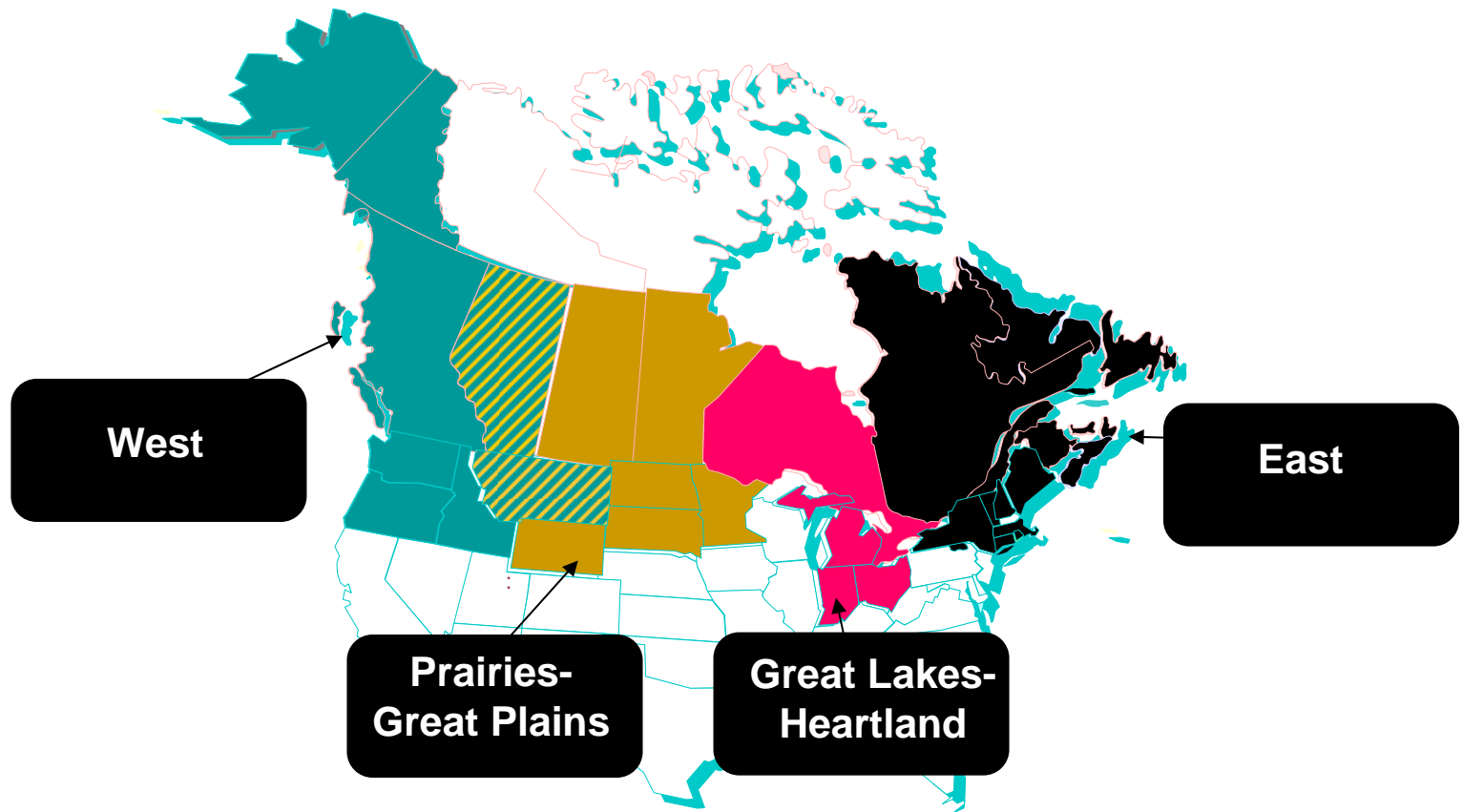
Putting It All Together

Great Lakes - Heartland



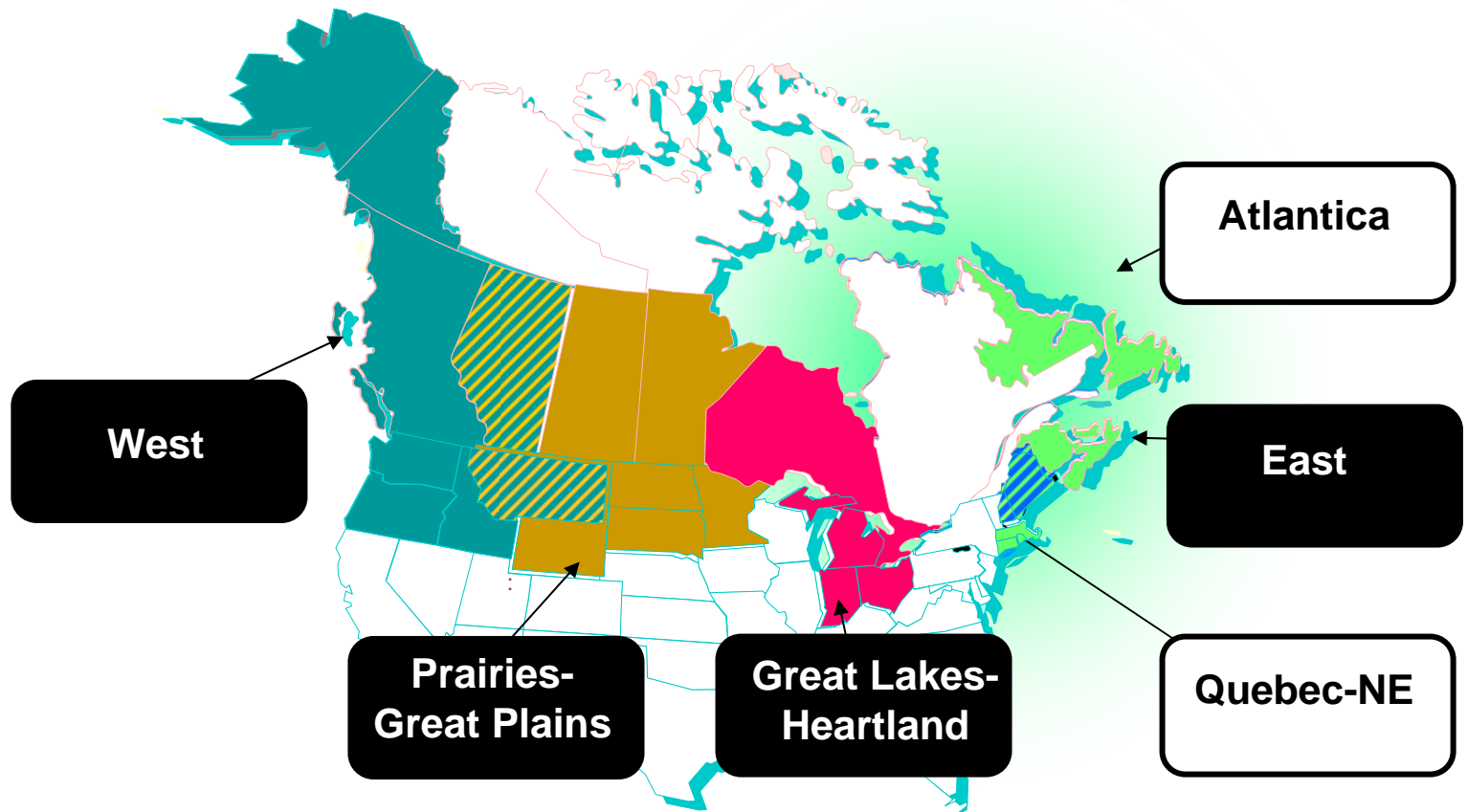
Putting It All Together

Two Overlapping Regions in the East



Putting It All Together

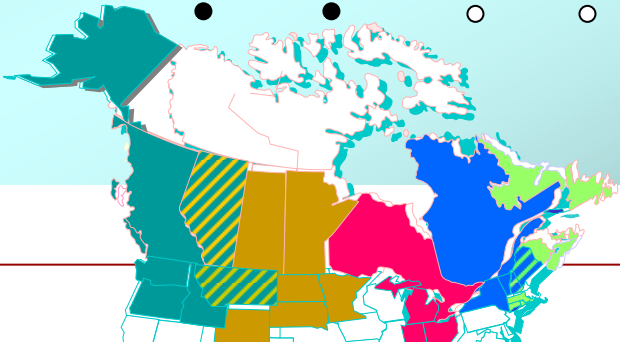
Two Overlapping Regions in the East



★Leader survey: more than 74% agree with this definition

Putting It All Together!

	West		Prairies - Great Plains			Great Lakes - Heartland	East				
	BC	AB	AB	SK	MB	ON	Quebec	Atlantica			
	BC	AB	AB	SK	MB	ON	QC	NB	NS	PE	NL
The Economy											
Trade level	●	○	●	●	●	●	●	●	●	●	●
Trade growth	○	○	●	●	●	●	○	○	○	●	●
Trade breadth	○	○	●	●	●	○	○	○	○	○	●
Trade dependency	●	○	○	●	○	○	○	●	○	○	○
Culture and Values											
	○	●	○	○	○	○	○	●	●	●	●
Organizations											
Intergovernmental											
Single-purpose	●	●	○	○	○	●	●	●	●	○	○
General-purpose	●	●	○	○	○	○	●	●	●	●	○
Civil	●	●	○	○	○	●	○	○	○	○	○
Cities	●	●	○	○	○	○	○	○	○	○	○



- Relatively Strong
- Significant
- Weak

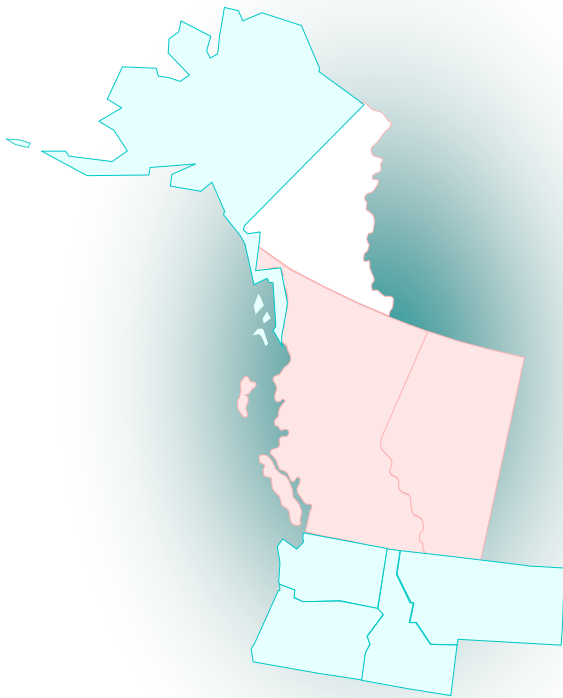
Common Characteristics of CBRs

Leaders Define Model of Integration

- Sub-national linkages
- Private-public partnership
- Networks as opposed to institutions
- Problem solving
- Sectoral/functional
- Low-cost engagements
- Distinct but complementary to federal gov't
- Bottom/top
- Widespread to most regions

Key Characteristics of CBRs

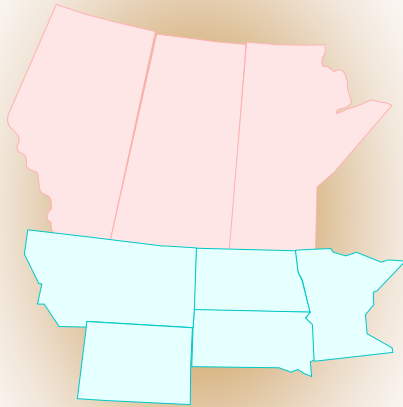
The West



- Sense of remoteness from national governments
- Strong cross-border institutions with engaged private sector
- Innovative approaches
- Strong sense of regional identity

Key Characteristics of CBRs

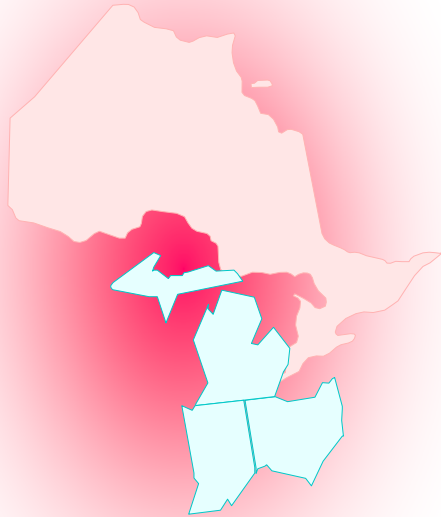
Prairies-Great Plains



- Broad geographical expanse removed from North American markets
- Informal and pragmatic networks
- Growing consciousness of shared interest
- Strong focus on trade corridors and transportation

Key Characteristics of CBRs

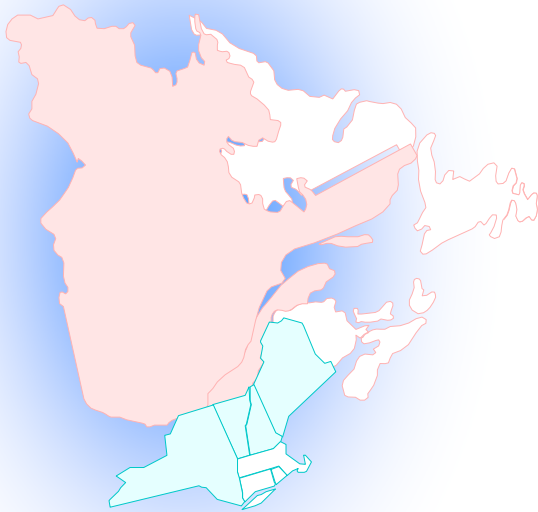
Great Lakes



- Maturity of economic linkages
- No overarching cross-border organizations
- Interregional market competition
- Common challenges
- Lack of regional identity

Key Characteristics of CBRs

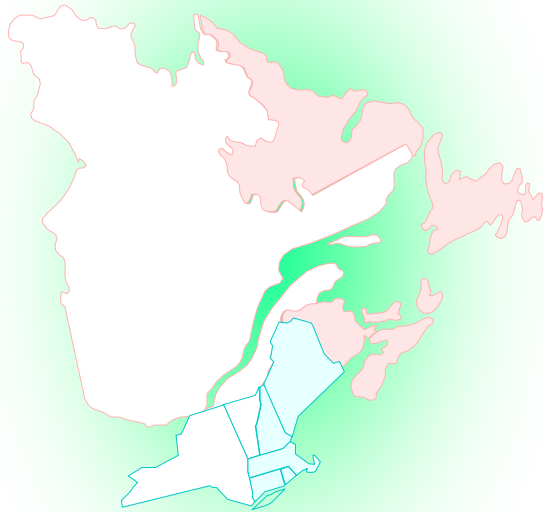
Quebec / New England



- Mature and emerging economic linkages
- Importance of trade corridor
- More emphasis on bilateral linkages
- Multi-level/multi-agency nature of networks
- Limited sense of regional identity

Key Characteristics of CBRs

Atlantica



- Economic prosperity a key goal
- Importance of history and geography
- Strong stakeholder engagement
- Need for infrastructure
- Importance of personal relationships
- Strong sense of regional identity

Tangible Benefits

Emerging Consensus

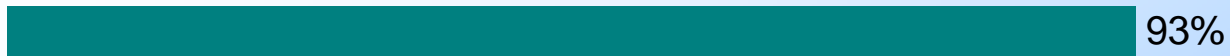
- Efficient networks
- Pragmatic policy solutions
- Competitiveness
- Lobbying
- Regional concerns
- Democratization
- Regional forums as a virtual infrastructure
- Complement federal actions

Tangible Benefits

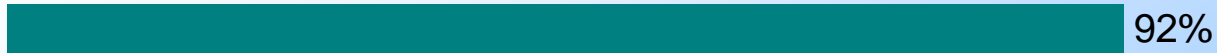
Some Examples: Leader Survey

(% Somewhat/Completely Agree)

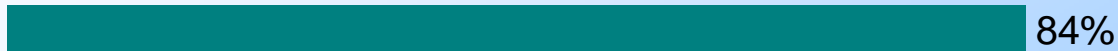
CBRs lead to the development of strong **networks**



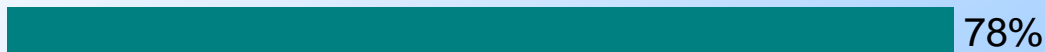
CBRs facilitate the involvement of **regional stakeholders** in Canada-U.S. issues



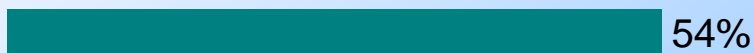
CBRs complement rather than **compete** with federal



CBR cooperation is primarily concerned with **practical problem-solving** in a broad range of fields



Cross-border organizations could serve as a model for North American **institutions**



CBRs could pose a serious challenge to **Canadian identity**



Tangible Benefits

What Some Senior Officials Said

*“Regional leaders played a **strong role** in the (Government of Canada) advocacy campaign (on **softwood** lumber) in the U.S.”*

Jeffrey Parker,
Canadian Consul General to Seattle

*“Cross-border regions create a mechanism to deal with issues at hand, **realistically** and **pragmatically.**”*

Todd Schwartz,
U.S. Consul in Winnipeg

*“... the importance of **transportation infrastructure** will grow in the future since it is a key element in the service-based economy and in manufacturing sectors with just-in-time industrial production processes.”*

Robert Noble,
Deputy Consul General of Canada

*“Cross-border regions are a **new economic nucleus...**”*

The HonHonourable. (Senator)
Jerahmiel S. Grafstein

*“None of us are a **model**, we’re all **examples.**”*

Garry Douglas,
Plattsburgh-North Country
Chamber of Commerce

*“It can only be in everyone’s interests that Washington and Ottawa integrate a **regional dimension** into their **national decision-making** process.”*

*“... a **bottom-up** process is required in the **SPP**”.*

John D. Dickson,
Deputy Chief of Mission
at the U.S. Embassy in Ottawa

*“Cross-border organizations can be very **effective lobbying** groups in both **Ottawa and Washington.**”*

Raymond Chrétien,
Former Ambassador of Canada
to the United States

Tangible Benefits

What Some Senior Officials Said

“We **successfully advocated** for a ‘**nexus plus**’ program”

Matt Morison, Executive Director, PNWER

(Cross-border cooperation) ‘have led to specific regions beginning to link up to **take issues** to a **deeper** and more **local level.**’

Agency of Commerce and Community Development

“The relationship with Minnesota on **Devils Lake** has produced **joint advocacy** and mutual positions in opposing the unilateral outlet.”

Government of Manitoba

“...if the Great Lakes (region) did half of what PNWER did, the **nation** would be **much better off** (economically)”

Jim Phillips,
President,
The Canadian/American
Border Trade Alliance

“... particularly valuable in shifting **legislators’ discussions** into (...)

facts **away** from campaign-style **rhetoric**”

Government of Manitoba

“We’re moving **back** to the **natural lines** that existed before **confederation**”

Brian Dick,
Vice-President, ACOA

Key Challenges

Emerging Consensus

- Open border
- Effective border management
- Transportation infrastructure
- Regulatory differences
- Jurisdictional interdependence
- Different federal arrangements

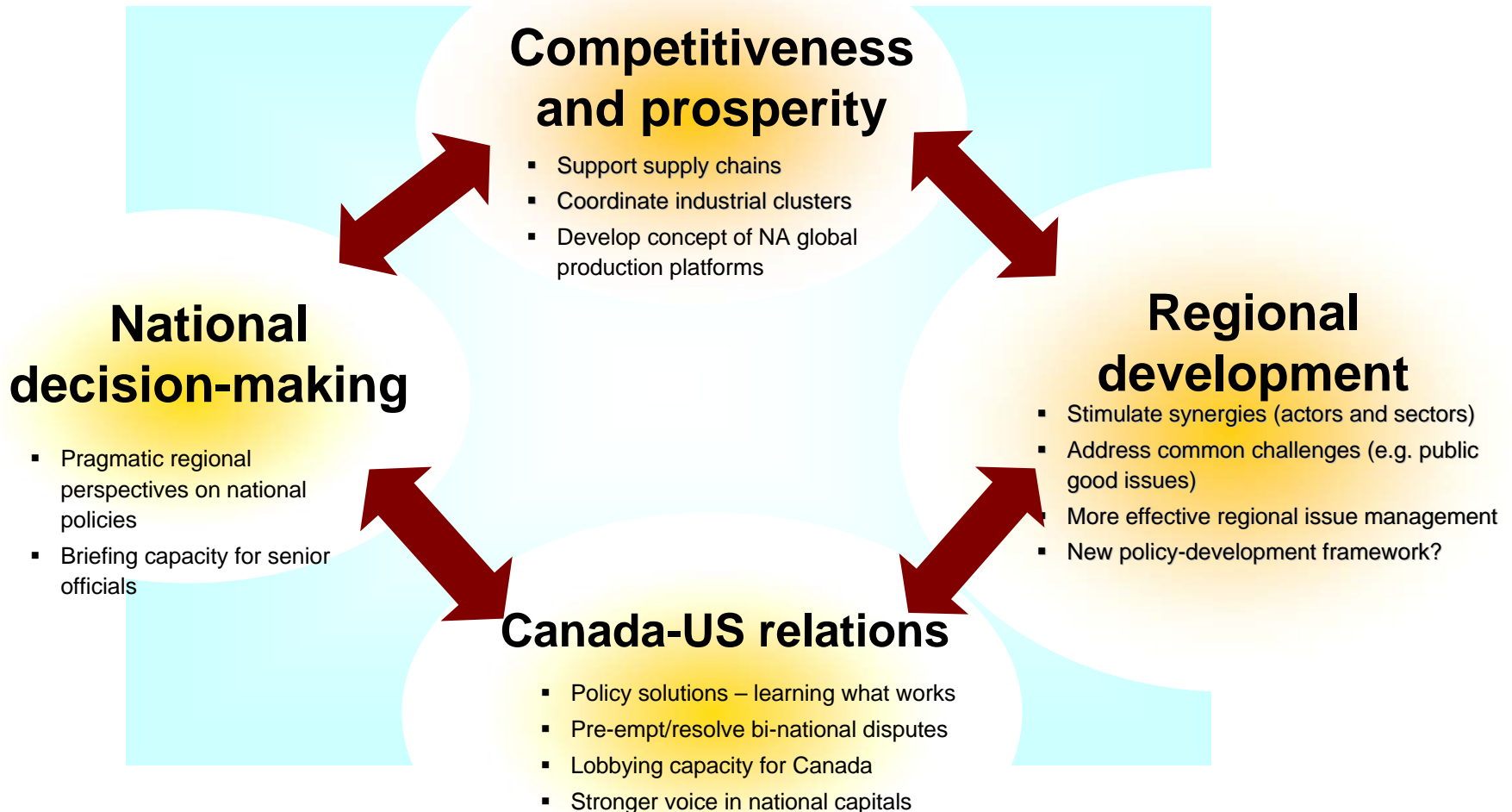
Critical Success Factors

Emerging Consensus

- Yield tangible benefits
- Be non-partisan
- Ensure continuity/interaction
- Have sufficient capacity
- Involve both public and private sectors

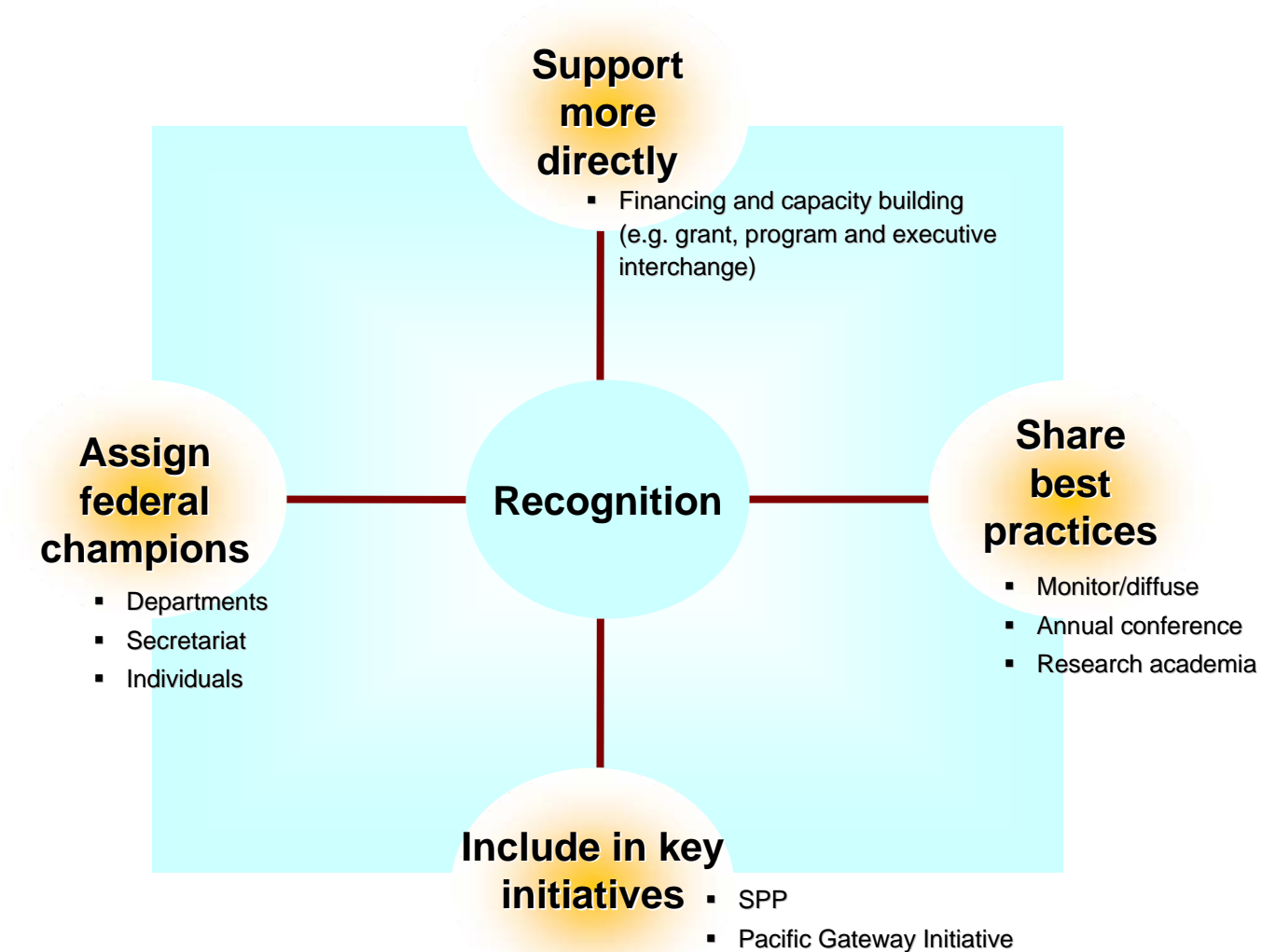
Policy Implications

Integrating CBRs Concept into Policy Framework



Policy Implications

Potential Actions for the GofC



Policy Implications

Potential Federal Champions

- **Regional Development Agencies**
 - Regional economic development and prosperity
- **Foreign Affairs Canada and International Trade Canada**
 - Canada-U.S. relations
- **Industry Canada**
 - Competitiveness of cross-border regional industries in global markets
- **Federal Regional Councils**
 - Cross-border regional perspectives on national issues
- **IGA (PCO)**
 - Intergovernmental relations

Policy Implications

The Challenges Ahead

- If CBRs beneficial, why little federal attention?
 - Recent phenomenon
 - Regional differences
 - Fuzzy entities
 - Informal nature of networks
 - Bottom-up phenomenon

- Next step – practical policy framework to guide the role of the GofC

Publications

- Horizons
(June 2004)
- Expert symposium
(June 2004)
- Working papers
- Interim report
(November 2005)
- Leader survey
(December 2005)
- Roundtable report (Montreal)
(February 2006)
- Roundtables synthesis report
(May 2006)



Publications

Coming in 2006

- Thematic papers *(June 2006)*

- Final Report *(Autumn 2006)*

Research Partners

Federal Partners



Government
of Canada

Policy Research
Initiative

Gouvernement
du Canada

Projet de recherche sur
les politiques



Western Economic
Diversification Canada

Diversification de l'économie
de l'Ouest Canada



Développement
économique Canada
pour les régions du Québec

Canada Economic
Development
for Quebec Regions



Atlantic Canada
Opportunities
Agency

Agence de
promotion économique
du Canada atlantique

Research Partners

Other Partners

Emmanuel Brunet-Jailly
University of Victoria

Susan E. Clarke
University of Colorado

Debora L. VanNijnatten
Wilfrid Laurier University



Canada-US
Inter-Parliamentary Group
(Parliament of Canada)

