



**HOUSE OF COMMONS  
CANADA**

**CANADA-U.S. RELATIONS:  
OLD CHALLENGES, NEW OPPORTUNITIES**

**Report of the Standing Committee on  
Foreign Affairs and International Development**

**Kevin Sorenson, MP  
Chair**

**JUNE 2009**

**40th PARLIAMENT, 2nd SESSION**



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# **THE STANDING COMMITTEE ON FOREIGN AFFAIRS AND INTERNATIONAL DEVELOPMENT**

has the honour to present its

## **SIXTH REPORT**

Pursuant to its mandate under Standing Order 108(2), the Committee has studied the key elements of Canadian foreign policy in regards to Canada-U.S. relations and has agreed to report the following:

# RECOMMENDATIONS

## RECOMMENDATION 1

**Given the need to address urgent global challenges while also strengthening relations between Canada and the United States, the Committee recommends that the Government of Canada reinforce engagement with United States in order to achieve common foreign policy objectives. Specifically, this would include more intensive work on bilateral issues, economic and commercial relationships, as well as making diplomacy a keystone of its foreign policy in pursuit of common objectives.**

## RECOMMENDATION 2

**The Committee recommends that the Government of Canada propose the re-introduction of the practice of regular, scheduled meetings between Canada's Minister of Foreign Affairs and the U.S. Secretary of State, at a minimum of twice a year.**

## RECOMMENDATION 3

**Notwithstanding current economic challenges, the Committee recommends that the Government of Canada urgently develop a plan to significantly increase the capabilities of Canadian diplomacy, and commit to the necessary funding for the Department of Foreign Affairs and International Trade.**

# CANADA-U.S. RELATIONS: OLD CHALLENGES, NEW OPPORTUNITIES

## Introduction

In February 2009 the House of Commons Standing Committee on Foreign Affairs and International Development undertook an overview of key elements of Canadian foreign policy. Fall 2008 had seen the election of a new U.S. administration after eight years, and U.S. President Barack Obama's decision to make his first foreign visit to Canada in February provided the Committee with a context in which to hold hearings on Canada-U.S. relations. While in Ottawa, President Obama said, in a joint press conference with Prime Minister Stephen Harper, that:

I came to Canada on my first trip as President to underscore the closeness and importance of the relationship between our two nations, and to reaffirm the commitment of the United States to work with friends and partners to meet the common challenges of our time. As neighbors, we are so closely linked that sometimes we may have a tendency to take our relationship for granted, but the very success of our friendship throughout history demands that we renew and deepen our cooperation here in the 21st century.<sup>1</sup>

Similarly, Prime Minister Harper said:

We are deeply honoured that he has chosen Canada for his first foreign visit since taking office. His election to the presidency launches a new chapter in the rich history of Canada-U.S. relations. It is a relationship between allies, partners, neighbours, and the closest of friends; a relationship built on our shared values -- freedom, democracy, and equality of opportunity epitomized by the President himself.<sup>2</sup>

The Committee's goal was to evaluate the challenges in the relationship and to consider new opportunities and avenues for cooperation rather than conduct an exhaustive review of all aspects of Canada-U.S. relations. Since February, the Committee has met with academics, officials, retired senior diplomats and business people who were able to share their expertise on the United States and their experience with the bilateral

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<sup>1</sup>“ Joint Press Conference with U.S. President Barack Obama and Canadian Prime Minister Stephen Harper,” Ottawa, February 19, 2009, [http://www.canadainternational.gc.ca/washington/offices-bureaux/media\\_room-salle\\_de\\_presse/transcript-transcription-20090219.aspx?lang=eng](http://www.canadainternational.gc.ca/washington/offices-bureaux/media_room-salle_de_presse/transcript-transcription-20090219.aspx?lang=eng) .

<sup>2</sup> Ibid.



relationship. The Committee heard testimony that touched on a wide range of areas, and while it plans to pursue some -- such as sovereignty and cooperation in the Arctic -- in the months ahead, it chose to focus on *how* Canada conducts its relations with the United States, and how this can be improved. In April, Committee members travelled to Washington and met with more than a dozen American legislators from the House of Representatives and the Senate, administration officials in the Department of State and the U.S. Agency for International Development (USAID) as well as with outside experts.

Analyzing and reporting on the Canada-U.S. relationship is a time-honoured tradition in studies of Canadian foreign policy. There are, however, fundamental reasons for this repetition. Since the Second World War, Canada's bilateral relationship with the U.S. has evolved into its most significant one. Indeed, in his first appearance before the Committee, Minister of Foreign Affairs Lawrence Cannon reflected on these longstanding and vital relations in underlining that "We all know that Canada's prosperity and security are inseparable from that of the United States. I believe that the arrival of a new administration in Washington will be an opportunity to re-energize Canada's engagement and partnership with the U.S. on many issues of shared concern."<sup>3</sup> While there are different points of view, all members of the Committee agree that this relationship is uniquely important to Canada and must be treated as such by the Canadian government. Continuing efforts must be made to improve and strengthen it. The latter point is all the more pressing because relationships are dynamic interactions subject to ebb and flow.

The new element in this relationship is the election in Washington of an administration that is committed to a "smart power" approach to international relations which recognizes the importance of diplomacy and development as well as military power. This new administration is also being looked to by the international community for renewed leadership on a range of issues from Afghanistan to nuclear weapons to the environment. The policy environment that the new administration confronts, however, is also constrained by a worldwide economic crisis. This situation therefore presents both challenges and opportunities for Canada. The challenges of attracting and holding attention in Washington -- particularly when advocating Canada's position on bilateral issues -- are made all the more difficult in this time of monumental change and financial upheaval. The opportunity is one of engaging with an administration which has committed itself to working more closely with allies, and which shares many Canadian policy priorities, both at the bilateral and multilateral levels. Achieving our foreign policy objectives requires a fully resourced and creative Canadian foreign service that is supported by the Canadian government. Canada depends on its highly-professional foreign service to deliver its messages clearly on bilateral concerns and policies, as well as to receive and interpret American ones. A more robust foreign service built upon our present well-respected one of today is also critical in ensuring that Canada's foreign policy is strong enough at the global level to attract American interest and attention. As former senior diplomat Paul Heinbecker told the Committee, "... the more effective we are in the world, the more we're going to be listened to in Washington; and the more we're listened to in Washington, the more effective we are going to be in the world. So an

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<sup>3</sup> *Evidence*, Meeting No. 2, February 10, 2009

effective independent foreign policy both serves our purposes more broadly in the world and it helps us to get along on our bilateral agenda with Washington.”<sup>4</sup>

## A New Global Context

In a 1961 address to the Canadian Parliament, President John F. Kennedy said that: “Geography has made us neighbors. History has made us friends. Economics has made us partners, and necessity has made us allies. Those whom nature has so joined together, let no man put asunder. What unites us is far greater than what divides us.” Yet while the basic elements of the Canada-U.S. relationship remain constant, important global changes have impacted both countries and, therefore, our bilateral relationship.

A number of the Committee’s witnesses referred to the significant long-term shifts in economic and demographic power that have taken and will continue to take place in the global system. Several noted that, by 2045, the so-called BRIC countries – Brazil, China, India and Russia – will have a projected collective gross domestic product that is greater than the G7.<sup>5</sup> The rise of these emerging global actors, which is expected to continue despite the current global economic crisis, means that in the future both the Canadian and U.S. economies will be relatively less important. While this development will also pose challenges for both countries, it will provide possibilities for Canada if it is willing to seize them and strengthen its international capabilities. The Right Honourable Joe Clark told the Committee that “... power in the world is changing ...” He added:

As Fareed Zakaria is careful to note in his book *The Post-American World*, this shift in power is not about anybody's decline. It is rather about the rise and assertion of new forces.

... Canada can have relatively more influence in politics and diplomacy than we do in trade and economics. Economic power reflects size. Diplomacy depends more on imagination, agility, and reputation. Canada's political and diplomatic strengths have more currency... if we choose to use them. Yet we are eroding those strengths when we should be building them up.<sup>6</sup>

Former senior diplomat James Taylor told Committee members that “Power is undoubtedly shifting in the world ... but I would think for all that, when we get past the present turmoil-- as we all hope to -- it will still appear that the United States is the most powerful country in the world. And whether it's relatively less powerful five years from

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<sup>4</sup> Evidence, Meeting No. 7, March 4, 2009

<sup>5</sup> Evidence, Meeting No. 6, March 2, 2009.

<sup>6</sup> Evidence, Meeting No. 8, March 9, 2009.

now than it was five years in the past, nothing is going to change the fact that we will still be living next door to it.”<sup>7</sup>

Professor Stephen Clarkson of the University of Toronto told Committee members that, as far as the United States is concerned, over the past several decades Canada has lost importance in some dimensions and gained in others. He argued that Canada became less important to the United States in terms of military strategic considerations with the end of the Cold War, and relatively less important to the global economy as others have grown. At the same time, Canada has become more important to American homeland security in an age of international terrorism, and more recently to its energy and environmental security as well.<sup>8</sup> While the Committee has not examined them in detail, it agrees that trade, energy and environmental issues -- which fall under the jurisdiction of other parliamentary committees -- will be critical to Canada’s relations with the United States.

One witness suggested that Canada’s influence in the United States has been impacted by a shift in political, economic and demographic power to the south and west of the U.S., away from the states bordering Canada.<sup>9</sup> Another factor highlighted by Clarkson and others is that Canada is rarely considered in US policy debates, simply because it rarely poses a “problem” for the United States. According to Clarkson: “we’ve lost politically in the sense that we don’t cause trouble -- and I don’t mean it sarcastically - - so we’re not on the horizon and not on the radar in Washington.”<sup>10</sup>

Another challenge stems from some of the underlying assumptions about the key characteristics of the bilateral relationship, which inform policy debates and responses, but which are no longer valid. As one example, it is often still argued that Canada and the United States enjoy the largest bilateral trading relationship in the world. Yet when Michael Hart of Carleton University described the “very intense” Canada-U.S. economic relationship, he said that “it is really not accurate to speak of it as a trade relationship or an investment relationship; we have gone beyond that. Canada and the United States make things together. We are deeply integrated into the U.S. economy, and the U.S. economy in turn is deeply dependent on what we contribute to it.”<sup>11</sup> As a result of this economic integration and transformation, traditional dialogue and negotiations to address issues involved in bilateral merchandise trade have had to make way for discussions needed to tackle issues associated with integrated global value chains, of which our bilateral economic relationship forms an important part. Howard Mains of the Canadian American Business Council underlined that this economic integration means that Canada and the United States will continue to depend on each other for their “economic security.”<sup>12</sup> While few witnesses discussed the trilateral relationship among Canada, the United States and Mexico based on the North American Free Trade Agreement (NAFTA)

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<sup>7</sup> Evidence, Meeting No. 6, March 2, 2009.

<sup>8</sup> Evidence, Meeting No. 8, March 9, 2009.

<sup>9</sup> Evidence, Meeting No. 6, March 2, 2009.

<sup>10</sup> Evidence, Meeting No. 8, March 9, 2009.

<sup>11</sup> Evidence, Meeting No.4, February 23, 2009.

<sup>12</sup> Evidence, Meeting No. 4, February 23, 2009 and Evidence, Meeting No. 9, March 11 2009,

in any depth, Stephen Clarkson in particular argued that it was impossible to understand these and related issues without including Mexico.

## Ongoing Bilateral Challenges

Notwithstanding President Obama's statement in February that "I love this country," Leslie Campbell, a veteran Canadian observer based in Washington, wrote in May 2009 that "there is no evidence of any new thinking toward Canada emanating from Washington." He went on to state that "Of course, there is no anti-Canadian movement within the Obama administration, but one would have to get out a magnifying glass to find evidence of a new era in Canada-U.S. relations. The border continues to thicken, trade irritants are piling up and even some of our energy supplies are being shunned."<sup>13</sup>

The Canadian government continues to be active on these and other issues. In May 2009, Foreign Minister Lawrence Cannon told the committee that "We continue to actively engage with our largest trading partner and one of our closest allies, the United States. We have begun an intensive dialogue -- a dialogue led by the Prime Minister and supported by active engagement of some 20 ministers, including myself -- with the Obama administration that engages the U.S. on a wide variety of issues."<sup>14</sup>

While the vast majority of bilateral trade continues without problems, high-profile irritants in areas that historically have seldom cumulatively accounted for more than 5% of our economic relationship remain on the agenda because they have implications for the US economy, and significant domestic interests lobbying. However, even if the U.S. administration agrees with Canada on a particular issue in principle, it has many other demands on its time and attention, as well as other areas in which to spend its political capital with Congress. With the exception of issues such as the auto sector, the scope and crucial importance of our bilateral relationship has remained relatively constant over the past several years. At the same time, the complexity and urgency of global issues -- whether Afghanistan and Pakistan, the global financial crisis or environmental challenges -- have increased dramatically.

The sheer size and complexity of the Canada-U.S. relationship means that there will undoubtedly continue to be a number of critical issues -- from a thickening border to protectionism to such perennials as softwood lumber and agriculture -- on which the Canadian government should and *must* continue to press its case forcefully. Historian Jack Granatstein told Committee members that, while in the final analysis Canada could never win an all-out "war" with the United States given the disparity of size and other factors, it can win many battles if it chooses them properly.<sup>15</sup> While by its nature each bilateral irritant is unique and will demand a specific strategy to resolve it, some basic

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<sup>13</sup> Leslie Campbell, "Where Did Obama's Love for Canada Go?", *Embassy*, May 6, 2009.

<sup>14</sup> *Evidence*, Meeting No. 20, May 25, 2009.

<sup>15</sup> *Evidence*, Meeting No. 9, March 11 2009.

lessons -- such as avoiding the temptation to link one dispute with another -- have been learned at high cost over the decades.

## **Making Canada's Case in Washington**

Witnesses highlighted the challenges involved in getting and then sustaining attention in Washington, which are partly the result of the multiple centers of power -- and significant domestic lobbying interests -- in the U.S. system, and also the fact that virtually every country in the world is seeking attention in Washington. Witnesses also made a number of suggestions for addressing these challenges, which included: the identification of, and cooperation with, American partners; increased public diplomacy programs; and continued attention to such areas as the U.S. Congress. Few of these suggestions are new, and the committee discussed and made recommendations on them in a comprehensive 2002 report on relations in North America.<sup>16</sup> Yet the fact that they were raised again in 2009 underlines that they remain fundamental issues. Garry Douglas of the Plattsburgh-North Country Chamber of Commerce, who spent more than a decade working on Capitol Hill before joining his current organization, made a number of suggestions to the Committee for more effective lobbying in Washington. These included: recognizing the role of grassroots partnerships, as well as provinces and cities; focusing on hot topics; acting bilaterally rather than trilaterally with Mexico; not forgetting the border and security concerns; and avoiding politically loaded words such as "trade" when discussing the Canada-U.S. economic relationship. He added:

It's not wilful, but I do think there has not been a concerted enough effort on Canada's part to identify -- and I don't think it's hard to identify them -- active stakeholder interests, groups, and effective advocates in the U.S. for Canada, across the continent, and to utilize them in a much more coordinated, consistent, and sustained way to help Canada with its messaging and its access.

If I leave here having imparted no other message, it would be that a much more concerted, sustained effort needs to be made in that area. There are well-meaning efforts now and then, here and there, but they're not sustained and they're not consistently coordinated.<sup>17</sup>

In the 1980s, the Canadian embassy in Washington made a point of broadening Canadian lobbying efforts beyond the White House to increase engagement with Congress. Peter Harder, who served as deputy minister in a number of departments including Foreign Affairs and International Trade, told Committee members that such efforts continued with the creation of an Advocacy Secretariat in the Washington

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<sup>16</sup> See Standing Committee on Foreign Affairs and International Trade, *Partners in North America: Advancing Canada's Relations with the United States and Mexico*, December 2002.

<sup>17</sup> *Evidence*, Meeting No. 9, March 11, 2009

embassy. The Secretariat “built on the congressional relations office that was set up when Mr. Gotlieb was our ambassador and the whole notion of engaging Congress more aggressively. But there was an evolution of thinking that said, well, we have provinces that have relationships in Washington that we should leverage, and we should be more active in advocacy programs using web-based or other advocacy tools.”<sup>18</sup> He added, however, that: “I would applaud the efforts of various governments of Canada to bring us out of simply working with the White House in the relationship. But we've been less successful than some other countries -- Australia, I would argue, has been very successful in Washington -- in building on perhaps the early successes that we had 20 years ago in dealing with Congress, dealing with sub-national levels.”<sup>19</sup>

Overall, the requirements for sustained bilateral engagement with the United States were well chronicled in a January 2009 Carleton University report of a project co-chaired by former ambassador to the United States Derek Burney and Professor Fen Osler Hampson.<sup>20</sup> Dr. Colin Robertson, a foreign service officer who headed the Washington Advocacy Secretariat and is currently on loan to Carleton University as Distinguished Senior Fellow to direct the Canada-U.S. project, told Committee members that “events only underline the need for national leadership, initiative, and a permanent campaign, with parliamentarians playing a key role.”<sup>21</sup> He argued that the time was right for increased engagement on bilateral issues, adding that Canadian diplomacy and other skills made us more attractive to Washington. Dr. Robertson continued:

The stars are in alignment: Canadians have a comfort level with Obama, and there is consensus among the provinces and on the part of business for engagement with the United States.

Geographic propinquity and a global network reflecting our pluralism gives us a unique sensibility and perspective on international relations. This intelligence is valuable diplomatic currency, especially in Washington. Played adroitly, we can realize for Canada a unique place and standing in a world where the rest want to know what America is thinking and America really wants to know and cares about the rest of the world.

In doing so, we can realize a smart partnership with the United States that we can play to national advantage and benefit. In fact, we must. With over three-quarters of our trade going to the United States, and our prosperity dependent on trade, anything less than a successful partnership will quickly be felt across the country. That should provide us with a sense of focus and determination that easier times might not require.<sup>22</sup>

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<sup>18</sup> *Evidence*, Meeting No. 6, March 2, 2009

<sup>19</sup> *Evidence*, Meeting No. 6, March 2, 2009

<sup>20</sup> *From Correct to Inspired: A Blueprint for Canada-US Engagement*, Carleton University, January 2009.

<sup>21</sup> *Evidence*, Meeting No. 9, March 11, 2009.

<sup>22</sup> *Ibid.*

Drawing on his experience in Washington, Robertson also underlined the real value of personal contacts between Canadian parliamentarians and their American counterparts through such mechanisms as the Canada-U.S. Inter-Parliamentary Group, which in 2009 celebrated its fiftieth anniversary and also adopted a series of resolutions dealing with current issues.<sup>23</sup> He made the practical suggestion that current arrangements which allow Canadian parliamentarians to use travel points for visits to Washington should be expanded to encompass travel elsewhere in the United States.

## **Engaging on Foreign Policy**

In addition to continuing and even strengthening efforts on bilateral issues, a number of witnesses suggested that the Obama administration's adoption of a "Smart Power" approach to foreign policy -- which would mesh well with Canada's "whole of government" approach to foreign policy -- would present an opportunity for greater engagement in the pursuit of common foreign policy goals. Fen Osler Hampson wrote in January 2009:

As Ms. Clinton ... stressed, a key axiom of smart power is that 'America cannot solve the world's most pressing problems on (its) own.' It needs the help of its friends and allies.

As a key friend and ally of the United States, Canada should move quickly to accept Washington's invitation. With Mr. Obama scheduled to visit Ottawa next month, this is no time to be reticent or stand back. Canada's leaders must engage the new U.S. administration on a selective range of diplomatic fronts while stressing the mutual benefits from bilateral co-operation in addressing the world's pressing economic, security and environmental challenges. Partnering with the United States on global issues may also prove critical to get its attention on a narrower set of border issues ranging from regulatory reform to facilitating cross-border trade -- issues which matter more to us than they do to the United States.<sup>24</sup>

In testimony before the Committee, Hampson added that "there are many potential avenues of engagement on the global agenda, but we have to be selective and we also have to play to our strengths."<sup>25</sup> Professor Michael Byers of the University of British Columbia similarly argued that:

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<sup>23</sup> "Canada-US Inter-Parliamentary Group holds its 50<sup>th</sup> annual meeting, *News Release*, May 19, 2009, [http://www2.parl.gc.ca/IIAPublications/index-E.aspx?sectionpage=2316\\_1](http://www2.parl.gc.ca/IIAPublications/index-E.aspx?sectionpage=2316_1)

<sup>24</sup> Fen Osler Hampson, "What Smart Power Means For Canada: As A Key Friend of the US' We should Move Quickly to Accept Washington's Invitation to Work with Its Allies To Solve Global Problems," *Ottawa Citizen*, January 29, 2009.

<sup>25</sup> *Evidence*, Meeting No. 4, February 23, 2009

I believe there's nothing that would make Barack Obama happier than to see Canada stepping up to the diplomatic plate. He and his administration have an awful lot on their table. They can't deal with it all in a truly effective way. To have a trusted partner like Canada, which has serious diplomatic capability, taking on some of that load and showing leadership, and working together while exercising leadership, would be enormously appreciated.<sup>26</sup>

Among the global economic, security and environmental opportunities suggested by Hampson, Byers and other witnesses were: Afghanistan (and Pakistan) -- a Canadian priority for years that has now also become one for the United States -- nuclear non-proliferation and disarmament, and deepening cooperation with the countries of the Americas.

The Committee pursued a number of these suggestions during its meetings in Washington in April 2009, raising both the general prospect of increased engagement on foreign policy issues as well as specific suggestions in several of these areas. Many interlocutors began by acknowledging the sacrifices made by Canadians, and acknowledging Canada's contributions in Afghanistan. This is seen as a key example where engagement on a shared foreign policy goal has brought Canada attention in Washington. They also welcomed the prospect of further foreign policy engagement between the two countries, albeit with varying degrees of enthusiasm and knowledge. Once again, this result is not surprising given the range of interests among the American legislators the committee met, and the fact that, for many of the latter, "foreign affairs" issues may involve Iran or Afghanistan, but rarely Canada. Peter Harder added another element to the issue of foreign policy engagement when he told Committee members that greater engagement with Canada could be very useful to the United States in a number of areas and regions, with the proviso that sometimes this engagement will need to occur behind the scenes:

I actually think there is a role we can play as long as we don't talk about it. That's one of the real challenges of foreign policy. There is in Parliament and there is in the media and in the broad public a desire to articulate what you are doing. Cuba is a perfect example of where our experience -- our presence in Cuba over a long period of time -- and the kind of expertise that we have developed are very carefully sought after by the Americans, and it can have significant effect, I believe, but not if we talk about it .... I'll give you another example: Iran. The Americans aren't present; we have been. And that is a classic way in which Canada quietly can be another source of view on what's going on.<sup>27</sup>

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<sup>26</sup> *Evidence*, Meeting No. 7, March 4 2009

<sup>27</sup> *Evidence*, Meeting No. 6, March 2, 2009.



More detailed suggestions came from other meetings, in particular a briefing session on nuclear non-proliferation and disarmament issues organized for the Committee by experts at the Carnegie Endowment for International Peace. Both in Ottawa and Washington, witnesses underlined that nuclear issues had taken on a new importance for several reasons: despite the continued existence of large arsenals of nuclear weapons and instances of proliferation, international cooperation in this area has largely stalled for years; President Obama has committed himself and his administration to the goal of a nuclear weapons-free world; and there will likely be an increased global desire for civilian nuclear programs given concerns about carbon emissions, regardless of whether nuclear power is the most effective response. Witnesses in Ottawa told the Committee that Canada could make a real commitment to re-energizing international cooperation through its traditional policies supporting non-proliferation and disarmament. Experts at the Carnegie Endowment in Washington agreed, and also underlined that, as a major supplier of uranium, Canada can play a key “peaceful uses” leadership role among non-nuclear weapon states by helping ensure that civilian nuclear programs do not contribute to proliferation, including by strengthening the International Atomic Energy Agency. The need for progress on nuclear issues is made all the more urgent by developments in North Korea and Iran, as well as by the next review conference for the landmark Treaty on the Non-Proliferation of Nuclear Weapons (NPT) which will take place in 2010.

At the congressionally mandated Woodrow Wilson International Center for Scholars in Washington, the Committee was given a comprehensive overview of the Obama administration and American foreign policy by Director Lee Hamilton, who served for 34 years in the United States Congress, including as Chairman and Ranking Member of the House Committee on Foreign Affairs. Since his retirement from Congress, Hamilton has served as Co-Chair of the 9/11 Commission and Co-Chair of the Iraq Study Group. He is currently a member of the FBI Director’s Advisory Board, the Defense Secretary’s National Security Study Group and the US Department of Homeland Security Task Force on Preventing the Entry of Weapons of Mass Effect on American Soil. Mr. Hamilton told members that it was an exciting time in Washington for those interested in foreign policy. In his view, President Obama had both changed the tone and posture of U.S. foreign policy and launched initiatives in a variety of areas. The key question is whether the new approach will work. Hamilton argued that overall the U.S. has positioned itself well. President Obama understands that military power is important in international relations but not sufficient, and that the United States cannot solve all international problems by itself. When asked whether greater foreign policy engagement with Canada would be helpful to the United States, he responded that “there isn’t an issue on the agenda that Canada can *not* help on.” When a Committee member commented that legislators had varying views, Hamilton said not to wait for Congress: the White House leads on foreign affairs; by contrast, Congress is a “marginal” player. When asked about issues such as relations with Cuba, Hamilton said that Canada was already ahead of the United States in areas such as supporting the development of civil society in that country, and encouraged Canada to continue these efforts.

While Hamilton and other witnesses argued for greater Canadian foreign policy engagement *with* Washington, Paul Heinbecker added that this also required personnel

capable of engaging *in* Washington. Ambassador Michael Wilson told the Committee that the government recognized the value of pursuing a “common cause” approach with the United States. Heinbecker argued, however, that this approach should become more of a priority for the government, and must then be translated into a *modus operandi* by Canadian diplomats in Washington. He said:

If you're going to get the relationship right with Washington, we have to get the embassy right. One of the things we need is for the embassy to re-engage in American foreign policy. If you look at the way the Canadian embassy has conducted itself, in recent years particularly, it's been all bilateral. They really haven't played on the international agenda very much. And in doing that, you're basically disarming yourself, because the strongest card we have to play probably these days is Afghanistan...

If we have a foreign policy and we have people in the embassy whose job it is to deal with senior Americans at a foreign policy level ... I can tell you that the British do that, the French do that, the Germans do that, the Russians do that, the Chinese do that, and the Indians do that. Everybody I can think of tries to do that, because it's all part of taking your responsibility seriously and taking responsibility for what's going on in the world.<sup>28</sup>

## RECOMMENDATION 1

**Given the need to address urgent global challenges while also strengthening relations between Canada and the United States, the Committee recommends that the Government of Canada reinforce engagement with United States in order to achieve common foreign policy objectives. Specifically, this would include more intensive work on bilateral issues, economic and commercial relationships, as well as making diplomacy a keystone of its foreign policy in pursuit of common objectives.**

One specific high-level mechanism for foreign policy engagement with the United States that was raised in several Committee hearings was the practice of quarterly meetings between Canadian foreign ministers and their U.S. counterparts. Peter Harder told Committee members that, “When George Shultz was Secretary of State he met with the Canadian foreign minister on a quarterly basis. He called that tending the garden. Sure, the bilateral issues were undoubtedly raised, but they also talked about the hot spots in the world, where Canadian perspectives were not always the American perspectives,

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<sup>28</sup> *Evidence*, Meeting No. 7, March 4, 2009.

but they were informed; they could engage.”<sup>29</sup> When asked about this structure, Joe Clark, who attended many of these meetings as Secretary of State for External Affairs, replied as follows:

What was effective in the relationship between Secretary Shultz and me in fact was the structure that had been put in place, and to give credit where it is due, I inherited the structure ... It had the following advantage. A Canadian foreign minister can't avoid being preoccupied with events in the United States, but a United States Secretary of State has to work very hard to pay any attention to Canada. Those regular meetings every quarter meant that there was a period of time when the Secretary of State of the U.S. had to put everything else aside and focus on details, often very precise details, about Canada, and it meant we were constantly getting very high attention.

...I think if there were some opportunity to rebuild that kind of structure, it should be seized upon, and I would think it's the sort of thing one would want to act on early to cause the American administration to pick it up as a good idea ... If that's not the mechanism--and it might not fit current times -- something like it should be found.<sup>30</sup>

The Committee agrees that such a mechanism would be valuable.

## **RECOMMENDATION 2**

**The Committee recommends that the Government of Canada propose the re-introduction of the practice of regular, scheduled meetings between Canada's Minister of Foreign Affairs and the US Secretary of State, at a minimum of twice a year.**

### **Re-investing in Canadian Diplomacy**

While there is no single answer to respond to the ongoing challenges described above, neither is there a key to unlock the new opportunities. The unifying factor is the need for a well-resourced and creative professional foreign service, able to execute Canadian foreign policy in a variety of ways:

- practicing traditional diplomacy in the United States and elsewhere;

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<sup>29</sup> *Evidence*, Meeting No. 6, March 2, 2009

<sup>30</sup> *Evidence*, Meeting No. 8, March 9, 2009

- bringing a diplomatic discipline and perspective as well as a coordinating and integrative function to diverse issues which traditionally would have been seen as “domestic,” but which have important global dimensions, such as energy and the environment; and
- generating and executing ideas in cooperation with other countries as well as with non-governmental organizations.

This view was shared by a number of the Committee’s witnesses – in particular those with hands-on foreign policy experience – who strongly advocated the need for Canada to strengthen its foreign service. Peter Harder, who served as Deputy Minister of Foreign Affairs under both the previous and the current governments, put it this way:

I'm afraid our infrastructure of foreign policy has atrophied and remains inadequate to the ambitions I would see in a world that I've painted for you, in terms of where power, economic and political, is shifting to. The infrastructure, the mechanism of engaging the foreign policy, is just as important as the policy itself. If you're not present, you don't understand the country. We have less of our foreign service abroad than the OECD average, certainly, and we're actually at the chintzy end of the OECD. We spend less on third-language training than New Zealand. We have 80% of our missions based on three Canadians or less.

My point here isn't to speak for my old department but to remind this committee that just as 10 years ago I would have urged the defence committee to reinvest in Canada's defence capacity, I'm asking this committee to reinvest in Canada's foreign policy and development capacity through our representation abroad. I'm asking this committee to reinvest not in the old places but in the new places, in the countries of the future, and not just in the capitals, and to have the language skills and the understanding necessary to bring Canada's interests both to government and to Canadian players, be they business or civil society. So when you take a look at foreign policy issues, I would ask that you ask yourselves: are we best equipped and best organized to deal with these?<sup>31</sup>

In his testimony before the committee, the Right Honourable Joe Clark argued that funding for the Department of Foreign Affairs and International Trade was inadequate, which, in his view, had important implications for morale and creativity:

... there are three departments in the Government of Canada with explicit international vocations. They are ranked here according to the government's published spending reports for the year 2008-09.

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<sup>31</sup> *Evidence*, Meeting No. 6, March 2, 2009

They are National Defence, which accounts for 8.29% of federal program spending; CIDA, which accounts for 1.39%; and Foreign Affairs and International Trade, which currently accounts for 1.0% of federal program spending. Compared with 2007-08, the Department of National Defence budget increased by close to 8.4%. CIDA's increased by 0.68%. The Department of Foreign Affairs and International Trade dropped by 17.96%. DFAIT estimates that this decline will continue for at least the next two years and that by 2010-11, its budget will decrease by another 13.38%. In real terms, that would mean a loss of \$700 million in just over three years from a budget that is now approximately \$2.4 billion.<sup>32</sup>

While Canadian diplomats posted in the United States can never convey Canadian messages entirely by themselves, witnesses told the committee that re-investing in the Canadian Foreign Service will also serve to expand Canada's ability to interact with the United States. To quote Harder:

... it is absolutely imperative for our foreign policy well-being and our relevance in Washington that we have a deep and contributing role in international affairs outside of the North American economic space. When things have gone well, the Americans have wanted to talk to Canadians, because we had ideas and presence globally that helped inform American decision-makers about issues they were dealing with.

...

... we have to bring to bear our capacity to engage, inform, and participate in the debate globally to have influence in Washington. My concern is that we not simply think of the U.S. relationship as an economic bilateral relationship, or we won't have mind-share or time-share in the administration. It will be detailed work for officials who are managing a commercial enterprise. We need to have the ideas, the articulated global perspectives, and the assets that make those judgments valuable to the Americans.<sup>33</sup>

In fact, those same ideas, articulated global perspectives and assets that make those judgements valuable would also assist Canada in its current campaign for a non-permanent seat on the UN Security Council.

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<sup>32</sup> *Evidence*, Meeting No. 8, March 9, 2009.

<sup>33</sup> *Evidence*, Meeting No. 6, March 2, 2009.

Likewise, Michael Byers argued that Canada should re-invest in diplomacy and development:

... in conjunction with what's happening in Washington, we should be making a very strong case in Ottawa to step up the financial support for the Department of Foreign Affairs so we can play that partnership role in a truly effective way. That doesn't mean we should necessarily take money away from another department like the Department of National Defence, but we've been under-supporting Foreign Affairs and it will cost us severely as our chief partner moves into the smart power framework in the years ahead.<sup>34</sup>

While the need to increase the effectiveness of the Department of Foreign Affairs and International Trade is made all the more urgent by the challenges and opportunities outlined in this report -- including the fact that the United States is finally beginning to re-invest in diplomacy and development itself -- the Committee has made similar recommendations to past governments. In its 2002 report on relations in North America, for example, it recommended that: "The Government should address Canada's diminished international policy capabilities in the next and future budgets, ensuring that sufficient resources are provided to allow the Department of Foreign Affairs and International Trade to provide leadership in developing and implementing a strong, credible, strategic framework for Canada's relations with its North American partners."<sup>35</sup> Similarly, in its 2003 contribution to the Foreign Policy Dialogue, it said that "**In order to achieve the goals of Canadian foreign policy, the Committee reiterates the need to further increase and sustain the amount spent on all the major elements of Canadian foreign policy programs, including diplomacy, defence and development assistance.**"<sup>36</sup>

### RECOMMENDATION 3

**Notwithstanding current economic challenges, the Committee recommends that the Government of Canada urgently develop a plan to significantly increase the capabilities of Canadian diplomacy, and commit to the necessary funding for the Department of Foreign Affairs and International Trade.**

Members of the Conservative Party of Canada added the following:

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<sup>34</sup> *Evidence*, Meeting No. 7, March 4, 2009

<sup>35</sup> See House of Commons Standing Committee on Foreign Affairs and International Trade, *Partners in North America: Advancing Canada's Relations with the United States and Mexico*, December 2002, Recommendation 2.

<sup>36</sup> House of Commons Standing Committee on Foreign Affairs and International Trade, *A Contribution to the Foreign Policy Dialogue*, May 2003, <http://www2.parl.gc.ca/HousePublications/Publication.aspx?DocId=1032318&Language=E&Mode=1&Parl=37&Ses=2&File=5>

The Government of Canada has been engaged in a systematic review of the resource allocations of all departments, including DFAIT, to ensure the effective use of government resources. This has of course resulted in resources being shifted to areas in line with Government of Canada priorities and where these resources will have a maximum impact. The recommendations contained within this report should be considered within the context of this ongoing process.

## Recognizing Our U.S. Advantage

In 2004, Allan Gotlieb, who had previously been both deputy minister of External Affairs and one of Canada's longest-serving ambassadors in Washington, reflected on the value of Canada's relationship with Washington to Canadian foreign policy. He said that "... an effective internationalist foreign policy, one that would enable Canada to make a difference on the major issues of our time, be they political, economic, social or institutional, must be based on the reality that the U.S. is the indispensable power and our ability to influence it is potentially our greatest asset."<sup>37</sup>

Professor Joseph Nye of Harvard University -- who helped introduce the concept of "Smart Power" as the co-chair of a bipartisan 2007 Smart Power Commission<sup>38</sup> -- also spoke to the issue of influencing the United States when he testified before the committee during its last review of relations in North America. He argued that while Canada had successfully leveraged its "soft power" -- a term Nye had coined -- in a number of areas, an even closer engagement with the United States might have produced more positive results. He told members that "... the important thing is how Canada's voice gets heard. ... You can have good ideas, but you need to figure out how you aim them so they're most effective."<sup>39</sup>

Canadians can legitimately debate the extent to which greater engagement with the United States in the past on foreign policy issues might have led to better results than the ones achieved. However, what they would likely not disagree on is the need for a strong Canadian foreign policy that challenges the United States when necessary, that focuses on engagement when and where possible, and that provides direction for ideas generated by an adequately funded Department of Foreign Affairs and International Trade. In the words of the Right Honourable Joe Clark, who both served as Prime Minister and as one of Canada's longest-serving Secretaries of State for External Affairs:

... when Canada has been most effective internationally — and I say this as someone who served as Secretary of State during a

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<sup>37</sup> Allan Gotlieb, *Romanticism and Realism in Canada's Foreign Policy*, C.D. Howe Institute Benefactor's Lecture, November 3, 2004., p. 32.

<sup>38</sup> See Center for Strategic and International Studies, Commission on Smart Power, *A Smarter, More Secure America*, Richard L. Armitage & Joseph S. Nye, Jr. (November 2007), [http://www.csis.org/component/option,com\\_csis\\_pubs/task,view/id,4156/type,1/](http://www.csis.org/component/option,com_csis_pubs/task,view/id,4156/type,1/)

<sup>39</sup> *Evidence*, House of Commons Standing Committee on Foreign Affairs and International Trade, 37<sup>th</sup> Parliament First Session, Meeting No. 74, May 2, 2002

period when we simultaneously said no to President Reagan on the strategic defence initiative and persuaded the Americans to enter into a free trade agreement and an acid rain treaty — it has been because we pursued two priorities at the same time. We worked hard on our friendship with the United States and we worked hard on an independent and innovative role in the wider world. Those ... are not opposite positions. They are the two sides of the Canadian coin.<sup>40</sup>

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<sup>40</sup> *Evidence*, Meeting No. 8, March 9, 2009.



# APPENDIX A LIST OF WITNESSES

Organizations and Individuals	Date	Meeting
<b>Ekos Research Associates Inc.</b> Frank Graves, President	2009/02/11	3
<b>Department of Foreign Affairs and International Trade</b> Kim Butler, Director General, North America General Relations Elaine Feldman, Assistant Deputy Minister, North America Deborah Lyons, Director General, North America Commercial Affairs	2009/02/23	4
<b>Norman Paterson School of International Affairs</b> Fen Osler Hampson, Chancellor's Professor and Director Michael Hart, Simon Reisman Chair in Trade Policy		
<b>Canadian Council of Chief Executives</b> Sam Boutziouvis, Vice-President, Economics and International Trade Thomas d'Aquino, Chief Executive and President David Stewart-Patterson, Executive Vice-President	2009/02/25	5
<b>University of Alberta</b> André Plourde, Professor, Department of Economics		
<b>Fraser Milner Casgrain LLP</b> Peter Harder, Senior Policy Advisor	2009/03/02	6
<b>As an individual</b> James H. Taylor		
<b>Centre for International Governance Innovation (CIGI)</b> Paul Heinbecker, Director, International Relations and Communications Program	2009/03/04	7
<b>University of British Columbia</b> Michael Byers, Professor and Canada Research Chair, Department of Political Science		
<b>Canadian Association of Former Parliamentarians</b> Joe Clark, Former Prime Minister	2009/03/09	8
<b>State of South Carolina - Canada Office</b> André J. LeBlanc, Managing Director		

Organizations and Individuals	Date	Meeting
<p><b>University of Ottawa</b> Donald McRae, Hyman Soloway Professor of Business and Trade law</p>		
<p><b>University of Toronto</b> Stephen Clarkson, Professor, Political Science</p>		
<p><b>As an individual</b> Carl Grenier, Associate Professor, Department of Political Science, Laval University</p>		
<p><b>Canadian American Business Council</b> Howard Mains, Member of the Board of Directors</p>	2009/03/11	9
<p><b>Norman Paterson School of International Affairs</b> Colin Robertson, Distinguished Senior Fellow and Director, Canada-U.S. Project, Centre for Trade Policy and Law</p>		
<p><b>Plattsburgh-North Country Chamber of Commerce</b> Garry Douglas, President and Chief Executive Officer</p>		
<p><b>Rideau Institute on International Affairs</b> Steven Staples, Chair</p>		
<p><b>Université du Québec à Montréal</b> Stéphane Roussel, Professor, Canada Research Chair in Canadian Foreign and Defence Policy, Canada-U.S. Relations in the Arctic</p>		
<p><b>As an individual</b> Jack Granatstein, Historian and Professor</p>		
<p><b>Department of Foreign Affairs and International Trade</b> Honourable Lawrence Cannon, Minister</p>	2009/05/25	20

# APPENDIX B LIST OF BRIEFS

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## Organizations and Individuals

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University of Alberta

André Plourde

**APPENDIX C**

**LIST OF INDIVIDUALS WHO MET WITH THE COMMITTEE  
(Between April 20 and 22, 2009)**

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<b>Organizations and Individuals</b>	<b>Date</b>
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<b>Canadian Embassy</b>	<b>April 20</b>
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Michael Wilson, Canadian Ambassador to the United States

Guy Saint-Jacques, Deputy Head of Mission

Roy Norton, Minister (Congressional, Public & Intergovernmental Affairs)

Kevin O'Shea, Minister (Political Affairs)

Bruce Levy, Minister-Counsellor (Political Affairs)

Vera Nicholas-Gervais, Counsellor (Provincial, Territorial & Parliamentary Affairs)

Bernard Li, First Secretary (Congressional & Legal Affairs)

**United States Agency for International Development (USAID)**

Alonzo Fulgham, Acting Administrator and Chief Operating Officer

Lisa Chiles, USAID Counselor

Franklin C. Moore, Deputy Assistant Administrator, Bureau for Africa

Norman K. Nicholson, Ph.D., Coordinator, Bilateral & Multilateral Affairs Division

Office of Development Partners

Karen D. Turner, Director, Office of Development Partners

Susan Fine, Director of the Office of Strategic Planning and Operations, Asia and Near East Bureau

Deborah Kennedy-Iraheta, Acting Assistant Administrator for the Bureau for Latin America and the Caribbean

Wade Warren, Deputy Chief Operating Officer of the State Department's Office of the Director of U.S. Foreign Assistance (F)

**United States Department of State**

Stephen Mull, Acting Under Secretary of State for Arms Control and International Security

Craig Kelly, Principal Deputy Assistant Secretary, Western Hemisphere Affairs

Ambassador Karen Stewart, Deputy Secretary of State on Democracy, Human Rights and Labour issues

**Carnegie Endowment for International Peace**

**April 21**

George Perkovich, Vice President for Studies and Director

Deepti Choubey, Deputy Director, Nonproliferation Program

James Acton, Associate, Nonproliferation Program

**Nonproliferation Policy Education Center**

Henry Sokolski, Executive Director

**United States Senate**

Richard Lugar, Senator

**Woodrow Wilson International Center for Scholars**

Lee Hamilton, President and Director

David Biette, Director, Canada Institute

**Open Society Institute**

Jarret Blanc, Scholar

**National Democratic Institute**

Leslie Campbell, Regional Director, Middle East

**The Heritage Foundation**

Eric Heis, Deputy Director of House Relations

**International Foundation for Electoral Systems (IFES)**

Jean-Pierre Kingsley, President /CEO

**National Endowment for Democracy**

David Lowe, Vice President for Government and External Affairs

**The American Enterprise Institute**

Gary Schmitz, Resident Scholar and Director of Program on Advanced Strategic Studies

**Editor-in-Chief of the Cato Supreme Court Review**

Ilya Shapiro, Senior Fellow in Constitutional Studies

**Québec Government**

Jean- Stéphane Bernard, Director

**Alberta Government**

Gary Mar, Minister-Counselor

Justin Meyers

**Senate of Canada**

Hon. Elaine McCoy, Senator

**United States Senate**

**April 22**

Johnny Isakson, Senator

**Carana Corporation**

Eduardo Tugendhat, President & CEO

Robert Otto, Director

**United States House of Representatives**

Eliot Engel, Congressman

John Tanner, Congressman

Brad Sherman, Congressman

Diane Watson, Congresswoman

Jim Costa, Congressman

Dan Burton, Congressman

Ed Royce, Congressman

Connie Mack, Congressman

Don Manzullo, Congressman

**United States Senate**

Jim Risch, Senator

# REQUEST FOR GOVERNMENT RESPONSE

Pursuant to Standing Order 109, the Committee requests that the government table a comprehensive response to this Report.

A copy of the relevant Minutes of Proceedings ([Meetings Nos.3, 4, 5, 6, 7, 8, 9, 20, 21, 24, 25, 26, 27 and 28](#)) is tabled.

Respectfully submitted,

Kevin Sorenson, MP

Chair