

## REGIONAL DYNAMICS IN CANADA-UNITED STATES RELATIONS

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Paper prepared for the 2004 Conference of the Canadian Political Science Association  
University of Manitoba, Winnipeg, June 3<sup>rd</sup>, 2004

### SUMMARY

*The purpose of this paper is to explore the regional dimension of Canada-United States relations by analysing the rationale, the channels, the drivers and the mechanisms of interactions between Canadian and US subnational governments. Growing interchange between US states and Canadian provincial and territorial governments create distinct but significant channels for transboundary relations. The study of Canada-US relations usually focuses on the formal bilateral interaction at federal level, thus overlooking the other channels and forums of interaction occurring at regional and territorial levels. These contacts embrace a wide range of stakeholders from government and non-government sectors that interact within a dense network of formal and informal relations, institutions or mechanisms. This paper aims to capture these relations often referred to as paradiplomacy, in opposition to formal intergovernmental relations at nation-state level. A typology of subnational linkages is made from both constitutional law and globalization perspectives, with the objective to demonstrate their impact on North American integration. As a conclusion, Canadian subnational governments increasing transborder interchange is part of local responses to a globalized and highly competitive but also US-dominated World.*

*KEY WORDS: Canada/United States relations; subnational governments; North American economic integration; province/state relations; regional dynamics; paradiplomacy; Canada School of Public Service.*

## **Regional dynamics in Canada-US Relations**

### **Introduction**

The purpose of this paper is to explore the regional and provincial dimensions of Canada/United States relations. Increased relations between US states and Canadian provincial and territorial governments create a distinct but significant track for transboundary relations usually neglected in analysis or unknown by the public.

The study of Canada/US relations usually focuses on the formal bilateral interaction at nation state level. This approach overlooks or underestimates the other channels and fora of interaction occurring at regional, provincial and territorial levels. These contacts generally embrace a wide range of stakeholders from government and non-government sectors including business and NGOs, thus creating dense networks of transnational relations. This paper aims to describe the motivation and also the mechanisms of cross-border activities by subnational governments so as to demonstrate their impact on North American integration, which is part of the globalization process.

The first section discusses theoretical framework of international activities by subnational governments by arguing that globalization has amplified the phenomenon, often referred to as paradiplomacy (Aldecoa and Keating, 1999). From theoretical point of view this study is at crossroads between international relations and governance; public policy and constitutional law. The paper emphasizes the distinction between transgovernmental relations occurring between government officials, and transnational relations involving various actors from both public and private sectors and also the civil society. The second section analyzes the impact of the highly integrated North American space on cross-border subnational linkages by showing the vulnerability of Canadian provinces and territories as its adverse effects. The next section describes the scope of Canadian subnational governments' international relations, their strategies and the main vehicles and contact modes in cross-border interchange by showing the variety of processes and light coordination by provincial and territorial governments. The fourth section draws a typology of these relations based on the main drivers behind regional clusters. The fifth section analyzes the involvement by local legislatures in transborder relationships, and the sixth section deals with federal-provincial interaction on US issues.

These efforts include for instance local initiatives on cross-border policy issues, coalition building strategies and a better knowledge and use by Canadian governments of the division of powers in the US political system<sup>1</sup>.

### **Some methodological considerations: Conceptual and theoretical framework**

Local governments or subnational political entities' engaging in activities abroad is not new. This phenomenon goes back to the beginning of trade, which has always been its major driver, from Phoenician cities to modern principalities operating within nation states such as Monaco or Andorra to German Länders. However what has changed is the context. Globalization has brought a new deal by creating a global business and marketplace and also by providing local actors tools to act

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<sup>1</sup> Adrienne T. Edisis 2003: *Global Activities by US States: findings of a Survey of State Government International Activities*. Washington DC. The Elliot School of International Affairs. George Washington University, July 2003;

on a global stage, i.e., beyond national borders. Thanks to information technologies, Telecommunications and other connection tools, local social groups such as activists, artists, unions, etc. but also subnational governments have access to instruments that were traditionally the privilege of nation states. The term *paradiplomacy* is used in political science to describe the linkage between globalization and territorial politics, regional governments becoming international actors (Kincaid, 1999)<sup>2</sup>. Based on Canada/US relations and the North American integration, one of the purposes of this paper is to find out whether trade is still the main driver to global activities of subnational governments or other factors and motivations such as nationalism and regional identity also play a determinant role in shaping these new processes (Lecours, 2002)<sup>3</sup>. In this regard the paper identifies the multiplicity of actors involved on both sides of the borders, and the resulting dense networks of interactions occurring through formal (institutional) and informal channels - those occurring below the radar screen of policy analysts. By grouping the main actors of cross-border interchange, i.e., US states and Canadian provinces and territories into a few clusters, the study tries to find out what the nature of these networks and cross-border collaborative mechanisms, how they are managed and how they impact the policy-making process within the North American space.

Nevertheless a recent review of the academic literature pertaining to the study of the public dimension of Canada/US relations reveals the scarcity of theoretical and empirical work, and significant research gaps between the literatures in the various academic sub-disciplines. These range from political science to law, including international relations and governance, public policy and public administration, and constitutional law and federalism.<sup>4</sup> The main areas of study and issues concerned are regional integration, transgovernmental and transnational relations, bilateral organizations, globalization and public policy, horizontal management and policy networks, and international relations in federal states.

### **Globalization, subnational governments and paradiplomacy**

From constitutional law perspective (federalism) the paper looks to highlight the transnational nature of Canada/US relations developed at subnational level and the distinction between transgovernmentalism and transnationalism. Transgovernmentalism embraces transgovernmental relations, which refer to the role of international networks of government officials, and transnationalism that refers to international activities involving both state and nonstate actors. The former studies transgovernmental regulation conducted by (state) regulators, whose actions aim to enhance the enforcement of national law, whereas transnationalism involved international activities of nonstate actors such as NGOs and the private companies (Slaughter, 1997).<sup>5</sup>

While the study of Canada-US relations unveils networks of government officials based on both formal and informal one-to-one relationship, it also reveals dense networks of interactions involving actors inside and outside of government, much of which occur behind the radar because of their

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<sup>2</sup> Aldecoa, Francisco and Keating, Michael (eds) 1999: *Paradiplomacy in Action. The Foreign Relations of Subnational Governments*. London, Frank Cass.

<sup>3</sup> André Lecours 2002: "When Regions Go Abroad: Globalization, Nationalism and Federalism". Paper to the conference "Globalization, Multilevel Governance and Democracy: Continental, Comparative and Global Perspectives". May 3-4, 2002, Queen's University.

<sup>4</sup> Gattinger, Monica 2003: "Literature Review produced in support of the Canadian Centre for Management Development's Action Research Roundtable on Managing Canada-United States Relations". Ottawa, October 2003 (Unpublished Draft).

<sup>5</sup> Anne-Marie Slaughter, "The Real New World Order," *Foreign Affairs* (Vol. 76, No. 5), 1997, pp. 183-97.

informal nature. Therefore, the originality of this research work lies in this unique description of how these networks are coordinated at the federal and provincial/territorial orders of government.

The present paper specifically focuses on constitutional law and federalism by examining to what degree and in what form Canadian subnational levels of government - provinces, territories, states or municipalities - engage in international activities. Analysis also extends to international activities of some non-governmental actors such as Aboriginal and Inuit organizations<sup>6</sup>. Recent studies in this area tend to suggest that with respect to international obligations and governance, the US federal Government has more constitutional authority to engage sub-federal governments than the Canadian federal Government does, especially on implementation of /and compliance to trade agreements. As a result Canadian sub-national governments have larger margin of manoeuvre to enter into international agreements.<sup>7</sup>

### **North American integration and cross-border subnational interchange: Opportunities or vulnerability?**

Year after year trade figures confirm the extent and scope of the Canadian and US economic integration, boosted by the Free Trade Agreement and the North America Free Trade Agreement (NAFTA) Canadian goods and services exports to the United States have expanded at an average annual rate of 8.3% between 1989 and 2003, more than tripling in that period and amounting to C\$645 billion in 2003. In 2002, the United States accounted for more than 87% of Canada's exports, up from 71% in 1989. Canadian imports from the US (62.61% in 2002) have increased almost at the same pace, at an average annual rate of 6.5 percent in 2003<sup>8</sup>. As a result, the two countries are by far, each other's largest trading partners, customers, and suppliers<sup>9</sup>. Canada is largest export market for 39 of the 50 US states. Every single Canadian province or territory exchanges with the US than with any other Canadian counterpart.

This picture easily applies to Canadian provinces and territories as summarised in the table below. These trade records show how important the US market is for most Canadian provinces and territories. Most importantly, the data suggest their dependency upon US trade and consequently, their potential vulnerability in case of conflict leading to disruptions or closures along the 8,900-kilometre (5,500-mile) common border, the longest "undefended" border in the World<sup>10</sup>.

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<sup>6</sup> For the purpose of this study a distinction is made based on the major land claims agreements achieved between Aboriginals (Indians) and Inuit people who are majority located in Canada Northern territories including Nunavut, the Northwest Territories, the Northern part of Quebec and Labrador. Usually Canadian Aboriginal groups as defined by both Indian & Northern Affairs Canada and Statistics Canada include Inuit, Indian, and Métis people. The expression First Nations generally applies, but not exclusively, to Indians, most of who signed treaties with the Crown.

<sup>7</sup> Cf. Stephen de Boer: "Canadian Provinces, US States and North American Integration: Bench Warmers or Keys Players?" Institute for Research on Public Policy/IRPP Choices. Vol. 8/5, Nov 2002. IRPP Special Issue on Canada's Options in North America; Anderson, George: "Canadian Federalism and Foreign Policy". *Canada-United States Law Journal*. Vol. 27/2001b: 45-53.

<sup>8</sup> Canadian Council of Chief Executives (CCCE): *New Frontiers: Building a 21st Century Canada-United States Partnership in North America*. Ottawa, April 2004, 43 p.

<sup>9</sup> According to the same CCCE figures, the US trades more with Canada than with all of the countries of the European Union combined and more than Japan and Mexico combined. Canada accounts for almost 25 percent of United States exports of goods - more than Japan, Germany, Britain, Italy, China and Hong Kong combined.

<sup>10</sup> Mark Salter 2000: "Good Neighbors, No Fences: The Longest Undefended Border in the World". Nijmegen Centre for Border Research. Lynne Rienner Pub. The author's work investigates the border-crossing dynamics at the Canada-US boundary.

Table 1: Canadian provinces and territories trade with the US (2002)

Province/Territory	Exports		Imports	
	\$ M	%	\$M	%
Alberta	43 billion	88.50	9.3 billion	72.48
British Columbia	20,712	68.44	11,823	37.50
Manitoba	7,715	80.62	8,387	74.00
New Brunswick	7,376,966	89.26	2,269	39.67
Newfoundland and Labrador	4,154	74.19	201,723	10.97
Nova Scotia	4,355	81.48	413,139	8.04
Northwest Territories	41,601	4.64	1,867,434	93.05
Nunavut	694,988	0.46	576,770	96.89
Ontario	192,806	93.35	162,923	72.52
Prince Edward Island	626,178	90.27	14,682	63.84
Quebec	57,202	83.56	19,208	37.35
Saskatchewan	7,007	62.10	3,718,361	89.96
Yukon	5,566,403	94.82	56,133	89.45
Atlantic Canada	16,512	82.97	2,898	22.78
Central Canada	250,007	90.91	182,130	65.97
Prairies	58,088	82.79	21,421	75.64
BC and Territories	20,759	66.28	11,881	37.61
Total Canada	345,366	87.13	218,332	62.61

Source: Strategis (Industry Canada Trade Data Online, compiled from Statistics Canada and the US Census Bureau data)

Eight of the 13 Canadian provinces or territories share a border with 15 US states. However Ontario, Quebec and Prince Edward Island would be the most affected provinces in case of disruptions or closures along the Canada-US border according to recent studies<sup>11</sup>. Actually this statement is only partially true. To a certain extent, any Canadian province or territory is potentially vulnerable to the adverse effects of disruptions along the border, all depending on the issue, the sector involved and the structure of the local economy: British Columbia, Quebec and Ontario are on the front line of provinces affected by the softwood lumber dispute; Alberta and Saskatchewan have been badly hit by the closure of US borders to Canadian beef following the BSE – mad cow crisis but Quebec dairy industry is also affected. Even Nunavut whose exports to the US accounts for less than 0.5%, was also hit by the BSE crisis. In 2003 Nunavut Premier Paul Okalik lobbied the US Ambassador Paul Celluci to lift the US ban on Nunavut wild game meat and the reopening of the US border to musk ox and caribou meat. Dispute over the fisheries would impact British Columbia but also the Maritimes whose main exports to the US are seafood. Temporary closure of the major border-crossing bridges between Ontario and the US would not only lead to the paralysis of entire industrial regions from Windsor to Mississauga to Toronto, but would also affect Quebec trade<sup>12</sup>.

<sup>11</sup> Goldfarb and Robson: "Risky Business: US Border Security and Threat to Canadian Exports". *C.D. Howe Institute Border Paper series*, No 177, March 2003. On the impact of 11 September 2001 terrorist attacks on border closing, read also: Michael Hart and William Dymond (2002): "Common Borders, Shared Destinies: Canada, the United States and Deepening Integration". Ottawa, Centre for Trade Policy and Law. Carleton University. Website: <http://www.carleton.ca/ctpl/borders/hartdymondweb.htm>

<sup>12</sup> The Ambassador Bridge connecting Detroit, Michigan with Windsor, Canada is North America's #1 international border crossing, and the Detroit - Windsor Tunnel is the second busiest crossing between the US and Canada. This Michigan area bridges account for more than 50% of the road traffic between the two countries. Trucks carry about 80 percent of Canada's trade with the US. One truck crosses the Canada-United States border every 2.5 seconds (CCCE, 2004).

Basically, dependency upon US trade and economic exchange varies from one province/territory to another and from one Canadian region to another: Yukon relies on US markets for almost 95% of its exports (mainly diamonds) thus contrasting with the other Canadian Northern territories, whereas Central Canada (mainly Ontario and Alberta) depends most on exports to the US, with 90%. Two-third of Alberta's foreign investment and 60% of foreign tourists originate from the US; 80% of annual international travellers to Manitoba come from the US. In the Maritimes 20% of Newfoundland and Labrador's exports to the US go to New England and Nova Scotia alone provides 25% of New England oil supply.

These facts and figures provide the rationale, the motivations and also the drivers of increasing engagement by Canadian provincial and territorial governments in relation with US state governments and organizations. The next section examines the channels, mechanisms/processes, the instruments and the characteristics of cross-border collaboration between Canadian and US subnational governments in the light of intergovernmental relations in federal systems.

### **Canadian subnational international relations: A US-oriented paradiplomacy**

Compared to other federations (Australia, Switzerland, Germany, Belgium or even the US to a certain extent) the Canadian federalism allows greater flexibility to subnational governments to engage in international activities, thus paving the way to a very dynamic paradiplomacy (Aldecoa and Keating, 1999; De Boer, 2002). As a result, Canadian provinces and territories are among the most active subnational governments on the international scene though at variable degree of involvement. However the overwhelming majority of their actions and strategies are oriented toward the US, which is by far their most important market (the overall volume of provincial/territorial trade with the US surpasses interprovincial exchange).

- Ontario alone the most populated province in Canada (12.3 million people) has 125 arrangements (agreements/MOUs) with the USA in 2003, including one agreement signed with the US government in 2002, out of the 231 world-wide. Ontario operated up to 19 delegations abroad in the 1990s. However Ontario currently has only one office in the US, which is co-located in the Canadian Consulate General in New York. Ontario's Premier, on average, makes 2-3 visits per year to the US, disproportionately to New York and Michigan to meet his counterparts. Ontario Ministers and legislators also travel periodically to the US to meet counterparts.

- Quebec, the second largest Canadian province in population (7.5 million) has over 200 agreements and arrangements with US states governments, cities or public organizations covering a wide range of issues. Quebec also has the largest Canadian provincial representation in the US with 7 missions including a General Delegation in New York; 3 Delegations in Boston, Chicago, and Los Angeles; 2 Offices in Atlanta and Miami; and a Tourism Office in Washington DC, for a total 70 staff in 2003. Quebec operates 29 missions abroad. Quebec Premiers conduct frequent trade missions to the US including New England, and also non-border states. Quebec expansion of international activities in the last decades also coincided with the rise of the sovereigntist movement as the pic in the opening of missions abroad occurred in the late 90s under the Government of the Parti Quebecois (Bernier, 1996; Lecours, 2002)<sup>13</sup>.

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<sup>13</sup> In this regard some analysts suggest that *paradiplomacy*, i.e., the process by which the regional governments become international actors in the context of globalization, is principally motivated by nationalism (Lecours, 2002).

- Alberta is however one of the only province to having set up a comprehensive strategy for managing relations with the US based on a three-pronged approach: 1) strengthen bilateral relations with key states by agreements with states such as Montana, Idaho and Alaska; 2) participation with partner states in multilateral organizations such as the Council of State Governments and 3) being active in transboundary sectoral bodies such as the Energy Council. Alberta is also trying to influence US policy development at the federal by working closely with the Canadian Embassy in Washington DC, Canada's US Consulates, and the US Consulate in Calgary. Finally, Alberta is preparing to open a first mission in Washington DC as a decisive step to develop personal relationships with key decision makers and senior officials in state capitols and Washington DC.

- British Columbia (BC) is very active on the US side but its strategy is oriented toward regional issues, with a focus on its neighbours and partners within the Pacific Northwest region. BC preferred channel of interaction with the US are regional institutions and mechanisms such as PNWER, WGA/WPC, the Columbia River Treaty, the Pacific Salmon Commission, etc.).

- The other provinces and territories have a similar collective approach to US relations favouring the use of regional institutions and mechanisms to interact with US counterparts, eventually completed with bilateral arrangements with the most significant neighbouring state when it matters: Alaska-Yukon Agreement and Saskatchewan-Montana Intergovernmental Accord are examples of such bilateral agreements. Atlantic Provinces are using the New England Governors' and Eastern Premiers Conference as their preferred channel of interaction with the US. For small provinces and territories are relying on regional mechanisms is a way to remain efficient and to develop a coherent approach to US relations by putting together their limited resources.

Despite involvement of non-state and non-governmental actors in Canada/US subnational interchange, informality seems to be the dominant feature of these relations. At the subnational level most interaction with US officials and jurisdictions takes place outside the context of legal agreements. This is partly because of the international legal context that normally allows only national governments to sign international binding agreements. However the flexibility of the Canadian federalism, which allows the overlapping of jurisdictions in certain areas of responsibility, enables provinces and territories to engage in international activities mainly to support job creation, to attract foreign investment and to foster the development of the local economy<sup>14</sup>. There is a wide range of informal instruments and processes used to manage intergovernmental relations. The Memorandum of Understanding (MOU) is the most elaborated and commonly used instrument in bilateral Canada/US arrangements at both binational and subnational levels. At the other end of the spectrum informal processes include non written instruments such as working groups, seminars, workshops, conferences, trade missions and exhibitions, cultural event, communication through e-mails and phone calls, and personal contacts. A sample of these vehicles is shown in table 1. In Canada Ministers and other senior officials from provinces and territories are authorized to enter into international agreements on behalf of their governments, and also to pursue any other international initiatives or relationships, pursuant to their respective mandates. A treaty for instance is a good example of formal arrangement in the international context. Because it is a legally binding agreement between two or more states, its signatures are usually sealed and it normally requires

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<sup>14</sup> In Canada the federal government has exclusive jurisdiction over areas such as trade, foreign policy, defence and transportation, communications and Indian Affairs. The Parliament and the provincial legislatures both have power over agriculture and immigration, and over certain aspects of natural resources; but if their laws conflict, the national law prevails. In this regard the Canadian Federalism differs from the US system which with the *supremacy clause*, the *treaty clause* and the *commerce clause*, is more stringent about prevalence of federal over state power in foreign relations (Conlan et al., 1997; De Boer, 2002).

ratification to come into force. That is why only national governments have the authority to bind their countries in treaties<sup>15</sup>.

As a result Canadian provinces and territories have developed a dense informal network of sectoral collaboration with US states over time, principally at working level. The level of informality varies depending on the issue, parties involved, the scope of the arrangement, and of course, their legal implications. The same actors may develop formal or informal processes depending on circumstances: for instance attendance by a provincial Premier of a bilateral statutory summit under a formal agreement such as the Great Lakes Council of Governors is part of transgovernmental formal relationship. Casual initiatives undertaken by the same Premier to lobby US policy-makers, or to solve a crisis, fall under informal transnational or transgovernmental relationships depending on players involved in the process<sup>16</sup>. So is the case for example when Alberta Premier travels to Washington DC to lobby US politicians about the mad cow disease crisis, and so is the case for Team Canada trade missions to the US<sup>17</sup>. At the local level non governmental actors including the business community, industry, professional associations, unions, corporations and activists groups, are major players in informal transnational processes for being directly concerned with issues and crisis. Example of Ontario below provides a good indication of the characteristics of informal arrangements:

Of the 231 Ontario's Agreements/MOUs world-wide in 2003, 125 were with the US. Forty-seven (47) of those were with Great Lakes jurisdictions; 40 were *Reciprocal Enforcement of Support Order* agreements with individual US states. Those were superceded in 2002 by one formal agreement with the US government; 41 were reciprocal agreements with individual US states on *Commercial Vehicle Registration*. Also, those were superceded in 2001 by a formal agreement when Ontario became a member in the International Registration Plan. Ontario has a *Driver's License Reciprocity Agreement* with New York State. Sectoral distribution of the other major agreements/MOUs is as follows: Environment – 10 (primarily with New York and Michigan); Natural Resources – 11; Finance/Investment – 3. Hundreds of meetings, joint working groups' sessions, conferences, expert panels, fire fighting or drilling exercises, phone calls, emails, etc. and cross-border visits organized under those agreements occur throughout the year. MEOI staff only makes approximately 120 visits per year to the US, accounting for one-third of all annual travels by Ontario civil servants.

Source: Ontario Ministry of Enterprise, Opportunity and Innovation (MEOI)

The major informal channels for collaboration and the instruments frequently used in Canada/US intergovernmental relationships at both federal and sub-federal levels are listed below.

#### CHANNELS

- Summit
- Missions
- Working Groups
- Joint Task Forces
- Commissions Protocols

#### INSTRUMENTS

- Cooperation Agreement
- Working arrangement
- Memorandum of Understanding (MOU)
- Memorandum of Cooperation
- Exchange of Letters/Notes

<sup>15</sup> For further explanation on international treaties you may refer to the *American Society of International Law* website at <http://www.asil.org/resource/treaty1.htm>

<sup>16</sup> A typical example of informal bilateral co-operation mechanism is the Maine-New Brunswick Border Summit that brings together legislators and business leaders from Maine and New Brunswick since the 1980s, in an effort to build stronger intergovernmental relations and to address shared cross-border issues. Premier Bernard Lord and Maine Governor John E. Baldacci attended the 2004 Summit held in the bordering communities of Saint-Léonard and Edmundston, NB, and Madawaska, Me.

<sup>17</sup> Team Canada missions are a unique federal/provincial partnership launched in 1994 to support Canada's business community in their effort to access international marketplaces and develop trade opportunities. Team Canada delegations bring together high-level officials including Canada and provincial/territorial Premiers and key economic decision-makers for Canadian firms.



- Panels
  - Advisory Groups
  - Symposiums
  - Conferences
  - Exchange of Personnel
- Conventions/Accord
  - Mutual Recognition Agreement (MRA)
  - Letter of Intent
  - Framework Agreement
  - Joint Declaration

Management of US relations is generally decentralized within local governments. Because of the issue-driven approach to province/state or territory/state relations contacts are usually initiated and managed through line departments. Officials from provinces and territories interact with their US counterparts either directly on bilateral basis or within regional organizations or collaborative mechanisms which are described in a subsequent section.

With globalization a general trend toward increased central coordination of Canada subnational governments' international relations has emerged in recent years. In most cases the process is directly supervised by the Executive Council or the Premier's office. The pattern looks slightly different in the US where a recent survey revealed that in many states, international matters are not managed at the highest levels in state government (Edisis, 2003). Several Canadian provinces/territories have established a coordinating body that regroups under the same portfolio intergovernmental affairs, international relations and trade. In Alberta, Manitoba<sup>18</sup>, New Brunswick, Quebec, Saskatchewan and British Columbia, coordination of US relations is done by designated departments for Intergovernmental Affairs and/or International Relations. In Ontario the Ministry of Enterprise, Opportunity and Innovation (MEOI) exercises light coordination role of government's international activities, in contrast and maybe also because of the density of Ontario-US interactions<sup>19</sup>.

In the territories, but also in Nova Scotia, Prince Edward Island and Newfoundland & Labrador, this function is fulfilled by the Executive Council, the Premier also holding the portfolio of Intergovernmental and International Relations<sup>20</sup>. In Yukon responsibility for bilateral relations (such as the Yukon-Alaska Accord) is shared by both the Executive Council (Government Relations) and the Yukon Legislative Assembly. This description is an indication of the strategic importance of US relations for most Canadian subnational governments and the key role they want to play in the North America economic integration. Moreover, a close look at the dominant mechanisms and forums within which Canadian subnational governments interact with the US provides an even more interesting picture and understanding of the logics and drivers of their cross-border relations. This is the purpose of the next section.

Interactions between Canadian provincial and territorial governments and their US interlocutors at both state and federal levels are a reflection of the complexity and also the variety of issues, actors and processes that are involved. The nature of transboundary interaction may differ a great deal

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<sup>18</sup> Manitoba is among the latest province to operate this reform. In November 2003 the department of Intergovernmental Affairs and Trade was created by bringing together international functions previously housed in several departments.

<sup>19</sup> Ontario contact with US state or federal governments takes place at the level of Premier/Ministers, Legislators and Public Servants, the latter being involved in numerous bi-national working groups and committees. Ontario Ministry of Intergovernmental Affairs shares this responsibility as an advisory body for the Premier. For the survey Ontario officials confessed that no one office of their government is reliably informed of all interactions between the province's officials and their US counterparts.

<sup>20</sup> Appellations vary from Intergovernmental Affairs to International Relations and Trade. In the NWT, Saskatchewan Nunavut and Yukon Aboriginal Affairs is also part of the portfolio. In New Brunswick and Quebec Francophone Affairs is part of the portfolio. The Quebec Ministry of International Relations (MRI) is structured in the same model as the federal department of Foreign Affairs.

from one Canadian region to another even though key drivers and ultimate goals of cross-border initiatives remain the same for all Canadian subnational governments: trade promotion, the development of sound investment policies to attract US capital, companies and tourists so as to generate jobs. Preference for specific mechanisms and forums for interaction with US states and organizations is suggested by geography, local strategic considerations and the particular situation of each region, province or territory. From this perspective interests may vary in a significant way from one region to another as illustrated in the table below.

Table 2: Regional clusters in Canada/US subnational interactions

Region	Canadian Provinces/Territories	US states involved	Main cross-border issues	Examples of institutions/agreements
New England / Gulf of Maine	New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland & Labrador	Maine; Massachusetts; Vermont; Connecticut; Rhode Island; New Hampshire	energy (oil); marine conservation; fisheries; tourism; border security; cultural outreach; marine navigation safety	New England Governors/Eastern Canadian Premiers Conference Gulf of Maine Council on the Marine Environment (GOMC) Interstate Oil and Gas Compact Commission Eastern Border Transportation Coalition Council of States Governments-East
Great Lakes	Ontario, Quebec	Ohio; Michigan; New York; Illinois; Indiana; Wisconsin; Pennsylvania; Minnesota;	conservation and ecosystem protection; water quality; Pollution; transportation; tourism; forestry; border protection	Great Lakes Water Quality Agreement; Great Lakes Fisheries Commission; Council of Great Lakes' Governors Great Lakes Commission Northeast Regional Homeland Security Directors Meeting
Beaufort Sea / Arctic	Northwest Territories, Yukon; Nunavut	Alaska	Energy (oil); environment/climate change; mining; conservation, Aboriginal issues	Arctic Institute of North America Arctic Council Inuit Circumpolar Conference (ICC) Alaska-Yukon Intergovernmental Relations Accord The Northern Forum
Pacific/ West Coast	British Columbia, Alberta (Yukon)	Washington; Oregon; Alaska; Idaho The Pacific Northwest (US) has a population of 10.2 million, representing 3.9% of the US consumer base	border security; fisheries; forestry; transboundary waters; energy	Western Governors Association/Western Premiers Conference Pacific Northwest Economic Region (PNWER) Pacific Salmon Commission; The Northwest Wildland Fire Compact Council of States Governments-West Council of Western Attorneys General
The Prairies/ Midwest	Manitoba, Saskatchewan (Alberta)	Montana; North Dakota; North Dakota; Illinois; Idaho; Iowa; Minnesota; Wyoming	food safety; agriculture trade; water resources management; energy	Prairie Region Emergency Management Advisory Committee (PREMAC) Sask-Montana Intergov. Accord (2000) Midwest Legislative Conference Bilateral twinning – North Dakota Mutual Aid Resource Sharing Agreement Council of States Governments-Midwest

### A four-model approach to Canada/US subnational interchange

This splitting of the North American space into five cross-border clusters was made by using as the main drivers geography, cultural and economic affinities and common involvement in specific cross-border consulting mechanisms, organizations and institutions. Although somewhat arbitrary

the overall purpose of this partition is to identify the major trends, processes and regional dynamics of province/state or territory/state relationship. Contacts operate at bilateral (province-territory/state) or multi-state/multi-province levels, whether these are sector-specific or multipurpose.

### 1. Binational or multinational institutions and mechanisms

These organizations or consultation mechanisms are intergovernmental in nature when regrouping subnational jurisdictions (states, provinces or territories) with federal involvement. They become transnational when nonstate organizations such as NGOs or the private sector are also involved. Scope and importance of issues justify their creation. These include issues of national importance or to complex to handle by single local government such as environment, multi-jurisdictional issues such as border security and trade that have implications at national level, or compliance to formal bilateral or international agreements: The Gulf of Maine Council on the Marine Environment (GOMC); the Pacific Salmon Commission; the Cross-Border Crime Forum; the Province/State Advisory Group on Agriculture (PSAG) and working groups created under NAFTA or the International Joint Commission fall under that category. Binational institutions are either multipurpose or sector-specific and formal in most cases.

### 2. Multi-state and multi-sector institutions

This model regroups multipurpose clusters established around common regional interests or concerns. They usually engage high-level officials on both sides. The vehicle for this are Premiers/Governors meetings, of which the major ones are: the New England Governors' Association and Eastern Canadian Premiers Conference (NEG/ECP), the Western Governors' Association/Western Premiers Conference (WGA/WCP); the Council of Great Lakes Governors (CGLG); the Council of State Governments divided into three regional offices (CSG/Eastern, CSG/Midwest and CSG /Western), the Arctic Council and the Pacific Northwest Economic Region (PNWER)<sup>21</sup>. Smaller provinces and states participate in such clusters to leverage resources and cultivate strong personal relationships so as to influence higher US policy-making spheres by building coalitions and consensuses on policy positions<sup>22</sup>. The main drivers are geographic, economic and also longstanding cooperation in various sectors: environment, trade, transportation, energy, law enforcement, etc. These institutions are often strengthened by historical and cultural linkages, thus creating a strong sense of regional identity. For example Quebec and the Atlantic Provinces participation to the NEG/ECP translate into facts longstanding relationship built around Francophone roots<sup>23</sup>. This model involves both formal and informal mechanisms.

### 3. Multi-state and sector-specific institutions

Unlike the previous model, multi-state sector-specific institutions and mechanisms are usually established at working level. However federal agencies are involved in mechanisms dealing with transgovernmental issues such as energy, transportation and trade. This is the case for working groups, committees and experts panels established as part of implementation of formal

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<sup>21</sup> PNWER is an example of transnational institution. It is a public/private partnership that brings together legislators, governments, and businesses in Northwest US states and Alaska and the Canadian provinces of British Columbia, Alberta, and Yukon.

<sup>22</sup> Unlike national or multilateral channels Premiers/Governors meetings provide a forum within which local leaders can make their voice be heard, build alliances and also develop strong personal relationships that might prove useful as a channel of influence into the US political arena, or for dispute resolution.

<sup>23</sup> According to the 1980 American census, 13.6 million Americans claimed to have French ancestors, a large proportion of whom would have ancestors who emigrated from French Canada or Acadia during the 19<sup>th</sup> and 20<sup>th</sup> centuries (Bélanger, 2000). An estimated 20 % of New England population has French-Acadian roots.

agreements. Several sector-specific federal/provincial/territorial mechanisms have been created within umbrella agreements such as NAFTA, the International Joint Commission (IJC) and the Asia-Pacific Economic Cooperation (APEC). The Climate Change working Group, the North American Energy Working Group (NAEWG), the Canada/US Reciprocal Forest Fire Fighting Arrangement (CANUS) are some examples. Other transjurisdictional institutions such as the Great Lakes Commission, the International Emergency Measures Group (IEMG), the National Conference of State Legislatures (NCSL) the Western Interstate Energy Board or the Prairie Region Emergency Management Advisory Committee (PREMAC) exist by their own. Some of those mechanisms are based on formal agreements (MOUs), but more tend to be working arrangements. Several of them are trade-related and have been created for regulation purpose or law enforcement/security at border-crossings (e.g., the Rocky Mountain Trade Corridor) or for trade dispute settlement.

#### 4. Bilateral province/state or territory/state mechanisms

Bilateral arrangements between Canadian provinces or territories and US state reflect provisions of the Canadian Federalism, which grants provinces constitutional powers to legislate and act internationally under their areas of jurisdictions<sup>24</sup>. Bilateral arrangements are driven in first place by trade and investment policy. The Canadian Constitution allows provinces to enter into private commercial contracts with foreign governments/institutions and pass non-binding bureaucratic arrangements even though they have no authority to conclude treaties, mainly to foster trade and attract foreign investments to create jobs locally. As a result such agreements are informal in nature. However geography, cultural and economic affinities are other factors: Yukon-Alaska Accord is driven by the sharing of the same Aboriginal group, the Gwich'in. Both parties also share a contiguous protected area, the Yukon-Charley Rivers National Preserve in Alaska. Several Canadian provinces or territories have close ties with contiguous US states, some of them finalized by formal cooperation agreements (Accords or MOUs): Alberta with Montana, Idaho and Alaska; Manitoba with eight US states including North Dakota; Quebec has bilateral treaties establishing economic summits with New York State and Vermont co-chaired by Premier and Governor; New Brunswick and Maine signed an agreement in May 2004 following the New Brunswick/Maine Border Summit. The sharing of a common economic infrastructure is also a key factor. These include transboundary waters (Red River Basin between Manitoba and North Dakota, Columbia and Fraser Basin River by BC and Washington State); border-crossing bridges (Ambassador Bridge between Detroit and Windsor). Personal leadership and one-to-one relationship are important factors in province/state linkages. Provincial Premiers and legislators do not hesitate to use their personality and network to engage in aggressive international positioning policy and promotion activities. Bilateral collaboration occurs on multisector or sector-specific basis involving government officials at all levels including Premiers, Ministers, legislators, but also nonstate actors such as cities, business organizations, unions, and chambers of commerce. In conclusion bilateral arrangements are transgovernmental or transnational depending on actors involved.

These four models of regional institutions are an indication of the variety and also complexity of subnational linkages in Canada/US relations. By highlighting economy, trade, regulation and the cross-border management of natural resources as their main drivers this description demonstrates

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<sup>24</sup> Its Section 92 grants provinces the power to open office abroad and to manage resources and affairs of local nature. Jurisdiction over areas such as immigration and agriculture is shared between the two levels of government. In Canadian Northern territories the federal government has jurisdiction over Foreign Policy but allows local governments to engage in international institutions under some provisions of treaty agreements (such as the *Nunavut Land Claim Agreement*).

the key role of transnational organizations in the North American economic integration. Still, analysis should also extend to legislators, another category of local actors in subnational transborder interchange not always taken into account by analysts. The next section analyzes interparliamentary relations as a channel of subnational linkages an economic integration.

### **Canadian subnational involvement in interparliamentary relations**

The Canadian Constitution differs from the US model by assigning substantive powers to provincial legislatures. The federal Parliament is awarded the residual power, i.e., jurisdiction over all areas not specifically assigned to the provincial legislatures. Jurisdiction over areas such as immigration and agriculture is shared between the two levels of government. To that regard the US Congress has more powers including the constitutional authority to set US trade policy and therefore, mandate to regulate the domestic economy (De Boer, 2002). US Congress power becomes even more significant with the North American economic integration created by NAFTA since bilateral issues fall under its domestic regulatory sphere (Manning, 1977; Fry, 2003)<sup>25</sup>. These include outstanding disputes such as the softwood lumber or the BSE - mad-cow disease<sup>26</sup>. With the separation of powers within Canadian federalism and in the light of political pluralism, local parliaments act independently in conducting their international relations. Canadian provinces and territories maintain a wide network of non-partisan contacts with foreign parliaments and with various interparliamentary organizations including in the US.

Created in 1933, the Council of State Governments (CSG) is a multijurisdictional/multistakeholder interparliamentary organization that serves the legislatures of the 50 American States and of the American territories. Québec and Ontario are associate international members but most Canadian provinces participate in CSG regional activities. As a transnational organization the CSG promotes state leadership, multi-state partnerships and regional problem solving mechanism with participation of the private sector in policy-making. The CSG has four regional offices created to address specific needs, and concerns of each region. However Canadian provinces participate in only three of the four CSG regional offices' activities through their executive committees, task forces, committees or joint programs. For instance the CSG/Eastern Regional Conference (CSG/ERC) current focus are Medicaid, intergovernmental fiscal relations, energy, agriculture, criminal justice, cross-border environmental cooperation, fiscal and economic development and international trade policy issues and key cross-border issues such as tourism, trade, transportation and security. CSG/Midwest Regional Office priority is information sharing on regional policy issues. The Midwestern Legislative Conference (MLC) is one of its main channels of intergovernmental cooperation. The CSG/West also focuses on regional cooperation and collaboration among the legislatures. The Western Legislative Conference is a forum to develop policy positions on common regional concerns and cross-border issues, such as water, energy, trade and transportation.

Quebec is probably one of the most active in cross-border parliamentary relations, of all Canadian provinces and territories. The bilateral agreement creating the Québec-California Parliamentary

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<sup>25</sup> Fry, H. Earl 2003: "The Role of Subnational Governments In North American Economic Integration". Paper to the IRPP Conference: Thinking North America: Prospects and Pathways. Quebec, Oct 16-18, 2003. Also, Manning, Bayless 1977: The Congress, the Executive and Intermestic Affairs: Three Proposals". *Foreign Affairs* 55, January 1977.

<sup>26</sup> From this perspective American legislators are increasingly looking to Canada more as a competitor within the same domestic market than partner, therefore confirming the *intermesticity* of Canada-US relations.

Association (QCPA) was signed in Québec City in October 2002. The QCPA is a permanent working group composed of representatives of the Senate and the House of Representatives of California, as well as representatives of the National Assembly of Québec. Its mandate is to develop an interparliamentary dialogue and cooperation between the two legislatures. This is the first bilateral interparliamentary agreement between the National Assembly and the parliament of an American State. In 2000, the National Assembly of Quebec became an associate international member of the National Conference of State Legislatures (NCSL). Quebec NA is the only Canadian legislature affiliated with this US organization created assist policymakers and parliamentarians of the US states and territories. NCSL organizes meetings of working groups and committees, symposia and an Annual Meeting. The NCSL is considered as an important voice for the states in dealing with agencies of the US federal government, the White House and the Congress. In addition the NCSL Foundation for State Legislatures offers opportunities for businesses, national associations and unions seeking to improve the state legislative process and enhance NCSL's services to all legislatures.

In conclusion to this section, intense cross-border interparliamentarian relations observed in Canadian provinces and territories have no equivalent at federal Parliament level. In the absence of a formal framework agreement contacts between Canadian MPs and their US counterparts are more casual than systematic despite frequent visits by delegations of representatives on both sides, or by Canadian MPs embedded in Team Canada missions<sup>27</sup>. This observation brings us back to the management of subnational governments' international activities within the Canadian federation. This point is analyzed in the next section.

### **The Canadian "flexible federalism" the to the test of subnational cross-border relations**

In theory both US states and Canadian provinces have substantive constitutional powers. However different political cultures and practices have led to higher federal/provincial cooperation and a better sharing of power in international competence in Canada, especially in trade negotiations<sup>28</sup>. The combination in the Canadian Constitution of both exclusive and shared or even overlapping areas of jurisdiction between the federal and subnational governments has forced the two levels to work out consultation mechanisms and compromises in international relations. This is the foundation to the "flexible federalism".

Federal/provincial collaboration is a necessity with globalization as entire areas of provincial jurisdiction are raising issues transcending national borders (environment, agriculture, etc). Furthermore, the Canadian central government must rely on subnational governments for the implementation of such agreements including trade and commerce (De Boer, 2002). With the growing importance of trade & investment agreements and their reach beyond the jurisdictions of national governments, close working relationships within Canada have been established between responsible federal departments and provincial/territorial governments<sup>29</sup>. The Team Canada concept and other federal/provincial collaborative mechanisms such as the Canada-US Cross-

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<sup>27</sup> The Canada/US Interparliamentary Group has limited its activities to periodic visits mainly organized for touristic purpose.

<sup>28</sup> Based on court rulings authors observe that the US constitutional practice allows less flexibility by having a more stringent interpretation of the prevalence of federal power over state power in foreign relations –the supremacy clause– than in Canada (De Boer, 2002:4).

<sup>29</sup> Under the 1994 federal/provincial/territorial Agreement on Internal Trade each government designates a *Provincial Trade Representative* for ongoing intergovernmental consultations/contact on trade/investment negotiations, agreements, and disputes. This individual may also be the designated *Internal Trade Representative*

Border Crime Forum, Integrated Border Patrols (IBETs), and other numerous arrangements involving the provinces/territories under the International Joint Commission (IJC) and NAFTA are part of this collaborative approach to US issues.

The federal government of Canada concludes agreements with some provinces enabling them to maintain an institutional presence in various parts of the world. Under these agreements, Canada receives a representative of the province concerned in its diplomatic mission. Provincial involvement in La Francophonie is an example: in 1985 the Government of Canada granted the status of "participating government" in the Agence internationale de la Francophonie (AIF) to Quebec in 1971 and to New Brunswick in 1977 to enable the two provinces to participate in the activities of la Francophonie. Under agreements with the federal government, these two provinces are full participants in matters of co-operation. For a number of years, the Government of Canada has allowed Manitoba and Ontario to take part in the summits by appointing a representative to the Canadian delegation.

This provision is now applying to the US with Ottawa offering to host Quebec Office and upcoming Alberta Office in the Canadian Embassy in Washington DC. This announcement made by Paul Martin government prior to the Premier first official visit to the US (April 29, 2004) coincided with the decision to open a new secretariat at the Washington embassy in the fall of 2004. The new secretariat would improve the management and coherence of Canada/US relations by assisting the provinces, territories and Parliamentarians in their effort to lobby the US Congress and the White House. These measures which also include the opening of 10 new consulates in the US are the first package of the new multiplayer "sophisticated approach" to Canada/US relations announced by Martin government in the February 2004 Speech from the Throne<sup>30</sup>.

However this "flexible federalism" has shown some limits. The case study of Canadian Northern territories and the underlying issue of Aboriginal self-government is an illustration. Foreign policy for the circumpolar North is largely led by the federal government given the strategic importance of the Arctic in regard to national defence, national sovereignty, environmental protection and mineral and energy resources. In 2000 the federal government appointed a Canadian Ambassador for Circumpolar Affairs with the Department of Foreign Affairs in Ottawa, as part of the Northern Dimension Foreign Policy (NDFP), the new vision for Canada in the circumpolar world.

In this regard involvement by Canadian Inuit organizations in international forums or NGOs within the circumpolar world falls within the framework of *supranational entrepreneurs*, a concept that emerge from Moravcsik's analysis on transnationalism. In the light of this analysis *supranational entrepreneurs* appear not as drivers of the integration process, but as *facilitators of transnational coordination*, uniquely positioned to help mobilize domestic and transnational nonstate actors and to advance proposals blocked by national governments because of failures of coordination at the domestic level (Moravcsik, 1998)<sup>31</sup>. This argument seems to drive increasing engagement by Canadian Aboriginal people in supranational organizations. By developing strong linkages at international level they a wishing to build coalitions to advance their cause and to access forums

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<sup>30</sup> News releases from the Office of the Prime Minister, April 29 and April 30, 2004, at <http://www.new.gc.ca/cfmx/ccp/view/en/index.cfm?articleid=83969&>

<sup>31</sup> Moravcsik, Andrew 1998: "A New Statecraft? Supranational Entrepreneurs and International Cooperation", August 1998. <http://globetrotter.berkeley.edu/irforum/papers/moravtp.html>

within which their voice can be better heard<sup>32</sup>. This approach is also expanding in Europe where organizations and individuals are increasingly using the European Court of Human Rights as a last resort after failing to win their cause in national jurisdictions<sup>33</sup>.

Since the late 70s the event of Aboriginal self-government in Canada's northern territories has created new instruments and processes to address regional issues more effectively<sup>34</sup>. Non governmental organizations such as the International Work Group for Indigenous Affairs (IWGIA)<sup>35</sup> and the Inuit Circumpolar Conference (ICC-Canada Branch) have developed strong international linkages and work closely with their Alaska counterparts. Canadian territorial governments rely on such networks of Aboriginal and Inuit organizations with strong international connections partly to compensate their lack of resources and expertise, and most importantly, to address issues that transcend national boundaries such as pollution in the Arctic, climate change and Aboriginal/Inuit Rights.

By its motivations this new collective approach to regional concerns is also a local response to globalization since several related issues are increasingly regulated at international forums and organizations. Local governments and interest groups worldwide are now relying on such mechanisms as a way to confront what they believe to be a lack of political will by national governments. In response to the non-ratification by the US and Russia governments of the Kyoto Protocol, and the difficulties of the Canadian federal government to fulfil its Kyoto Protocol commitments, the Inuit Circumpolar Conference (ICC) has decided in 2003 to petition the Inter-American Human Rights Commission on impacts in the Arctic, of human-induced climate change, and to bring Arctic/Inuit perspectives on climate change to the attention of decision-makers of the international community. International forums and organizations targeted in this campaign include the United Nations agencies and governments that participate in the Conferences of Parties to the UN Framework Convention on Climate Change). In this move ICC is generally backed by local governments (such as the Inuit-dominated Government of Nunavut) and international NGOs<sup>36</sup>.

## Conclusions

Important increase in recent years and still growing of cross-border interchange between Canada and US subnational governments is a result of growing pressure for global economic competition. Basically, trade and investment policy are the main drivers of these cross-border relations in the light of collaboration mechanisms achieved under major trade agreements such as the North

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<sup>32</sup> An opinion widely shared among Canadian Aboriginal organizations is that both the federal and local governments pay little attention to Aboriginal issues because of a lack of political will. In support to their argument of unfair treatment Aboriginal leaders often evoke to the lack of implementation of recommendations of the 1996 Royal Commission on Aboriginal Peoples and numerous endless land claims pending in courts. Cf. Royal Commission on Aboriginal Peoples (1993): *Partners in Confederation: Aboriginal Peoples, Self-Government, and the Constitution*. Ottawa, Minister of Supply and Service Canada.

<sup>33</sup> For details on this institution and its rulings consult their website at <http://www.hri.ca/forthecord2000/euro2000/vol2/ukechr.htm>

<sup>34</sup> The process started in 1970 with the Northwest Territories. The *Nunavut Land Claims Agreement* granting self-government for the Nunavut Inuit, and the *Yukon Umbrella Final Agreement* between the Council for Yukon Indians, the Government of Yukon and the Government of Canada, were both signed in 1993. In January 2002 Indian Affairs and Northern Development and the Council of Yukon First Nations (CYFN) signed an agreement for the establishment of a Yukon self-government secretariat. Finally in Premiers of Nunavut, the NWT and Yukon signed the Northern Cooperation Accord in 2003 establishing an annual Northern Premiers' Forum to collectively address issues of regional interest.

<sup>35</sup> IWGIA holds consultative status with the United Nations Economic and Social Council (ECOSOC) and is an observer to the Arctic Council. The Arctic Council is an intergovernmental organization and an open forum for all 8 Arctic governments and the Arctic's indigenous peoples' organizations.

<sup>36</sup> ICC Executive Council Resolution 2003-01 on Climate Change and Inuit Human Rights (<http://www.inuit.org/index.asp>).



America Free Trade Agreement (NAFTA). The intensity, the density and the variety of cross-border networks of contacts have generated transnational relations involving multiple actors from inside and outside government. Informal interaction is the dominant feature of Canada/US relations at subnational level but provinces and territorial governments are taking advantage of constitutional provisions on shared jurisdictions, and the flexibility of the Canadian federalism to engage into international activities.

People linkages are critical in cross-border initiatives by subnational governments. To get influence into the crowded US political arena it is important to cultivate personal relationships. Even social interaction can be a very important tool given the multiplicity of US interlocutors. This is achieved in the margins of forums such as Governors/Premiers meetings. Some Premiers are more proactive than others in their effort to lobby US politicians to advance their agenda. This is illustrated by frequent visits on both sides (Ontario/New York cooperation; Quebec/New York Economic Summit, Quebec/Vermont Summit, New Brunswick/Maine Border Summit, etc.).

Subnational governments are definitely key players in the globalization process. Whereas Canada and the US central governments retain prerogative to conduct international trade negotiations and to conclude treaties, they must rely on subnational entities for compliance to, or implementation of agreements. This is the case for North American integration. Umbrella agreements or institutions such as NAFTA, the Arctic Council and the International Joint Commission provide the legal framework and authority for Canada/US transnational organizations. However the actual level and mechanisms enabling the implementation of these agreements lie within working groups, committees, task forces, or MOUs or parent-agreements usually involving the provinces and territories, or local actors such as NGOs, unions and the business community. The Province/State Advisory Groups on Agriculture (Tri-National Agriculture Accord), the North American Energy Working Group (NAFTA) and the Northern Forum (Arctic Council) are examples of transnational organizations created under larger binational or multilateral agreements and within which local governments play a significant role. Therefore, the two levels of government need each other.

Based on examples drawn from provinces the Federal Government should pay attention to stronger involvement of legislators in its effort to lobby US policy-makers. Parliaments can play an important role in the implementation of the regional economic integration processes through legislation and budget allocation and by developing dialogue with the executive authorities. Developing cross-border linkages with US state legislatures may even pay-off as a channel of influence given powers of US state legislatures on budgetary decisions.

Finally, a key to achieving really *sophisticated Canada-US relationship* is to unveil the processes and mechanisms occurring between Canadian subnational governments and their US counterparts. Getting to know them is part of the effort to understand the nature of cross-border relations and related regional dynamics. Bringing back this largely unknown territory to the radar screen of the policy analysts is also the first step in bringing back the actual scope and issues to the attention of the policy-makers, especially in the context of a fast changing World driven by globalization. However to be more successful federal/provincial collaboration on US issues should have a two-pronged approach: 1) working out national consensus on major issues such as regulation and trade negotiations and 2) conducting separate or parallel consultation processes with the more concerned stakeholders to accommodate local or regional interests.

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## Acknowledgments:

The author is grateful to Jeff Heynen and Monica Gattering for having accepted to review the original draft of this paper.