



Government
of Canada

Gouvernement
du Canada

Policy Research
Initiative

Projet de recherche
sur les politiques

CANADA-US RELATIONS BRIEFING NOTE

THE EMERGENCE OF CROSS-BORDER REGIONS BETWEEN CANADA AND THE UNITED STATES

Highlights

The rising importance of regional cross-border relationships and networks heralds an important new dynamic taking place in Canada-US relations – one that includes the greater engagement of sub-national players in Canada-US relations at the regional level.

This may require new ways of looking at policies and policy development through a cross-border regional lens. This, in turn, may require the Government of Canada to increasingly consider ways to contribute to these networks, and look for opportunities to better co-ordinate its own efforts with those of the provinces and states, private and civil stakeholders, as well as the US government and agencies.

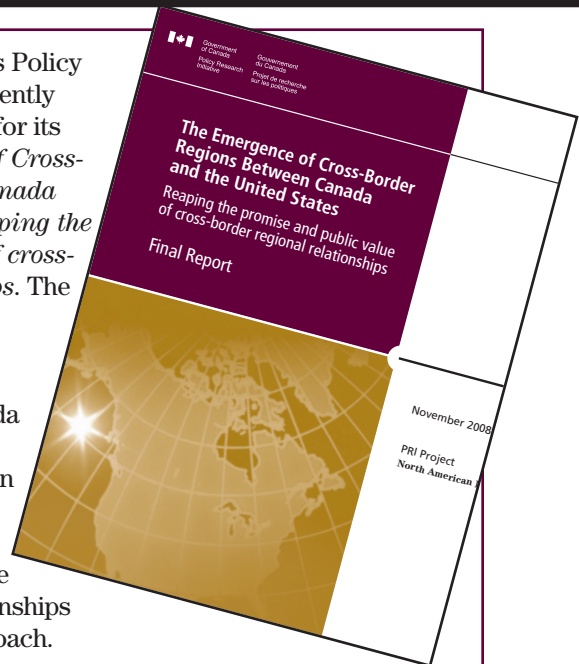
This is especially appropriate for those issues arising from increased North American integration (e.g. pandemic flu preparation and animal tracking technology) and those policies aimed at regional development, where future policy development frameworks at the cross-border regional level could benefit from the active participation of the other stakeholders. Indeed, participants at the Regional Roundtables and the Washington Workshop pointed out that it becomes easier and more practical to address bi-national challenges through the participation and co-operation of cross-border regional stakeholders.

Especially today, when global challenges can provoke protectionist sentiment, local stakeholders can be instrumental in overcoming obstacles and finding solutions to common problems with the United States.

The Government of Canada's Policy Research Initiative (PRI) recently completed the Final Report for its project on *The Emergence of Cross-Border Regions Between Canada and the United States – Reaping the promise and public value of cross-border regional relationships*. The project was a collaborative endeavour in which the PRI joined the Atlantic Canada Opportunities Agency, Canada Economic Development for Quebec Regions, and Western Economic Diversification Canada, and outside experts and stakeholders, to examine cross-border regional relationships through a multifaceted approach.

The project substantiated the growing significance, scope, and nature of these regional cross-border relationships and considered their policy implications for the Government of Canada. This was achieved through new research, plus a first-of-its-kind, cross-border region *Leader Survey* with follow-up Executive Interviews, Regional Roundtables, and the Washington Workshop involving active participants in regional cross-border relationships.

This briefing note presents the *Final Report's* key findings. To receive a copy of the *Final Report* or any of the publications listed on the back page, please visit the PRI web site at www.policyresearch.gc.ca or contact questions@prs-srp.gc.ca.



Key Findings

Canada and the United States are becoming increasingly intertwined, but it is in the cross-border regions where Canada-US relationships are the most intense and dynamic. Too little attention has been paid to the regional and sub-national dimensions of Canada-US relations despite the fact that the myriad regional cross-border relationships are now a key feature of Canada-US linkages, which can raise some new policy considerations for the Government of Canada.

Key Findings from New Research

New research on the economic, socio-cultural, and organizational dimensions of Canada-US cross-border relationships underscored their growing importance:

- Stronger and more diversified trade linkages, higher correlation in economic activity, and lower border effects (resistance to trade due to the presence of the border) within cross-border regions emphasize the great extent to which the economies of neighbouring provinces and states depend on each other.
- Analysis using socio-cultural values shows that the northeast and northwest coastal regions are especially characterized by shared values. The socio-cultural values of Atlantic Canada are closer to those of the US east coast, while Alberta and British Columbia have socio-cultural values that are closer to those of the western parts of the United States.
- Regional cross-border networks and organizations have proliferated since NAFTA, and provide a useful vehicle for bi-national business and community groups to work together on issues of mutual interest, often with the ultimate aim of problem solving or creating local competitive advantages in the larger North American and global economies.

Figure 1. Canada-US Cross-Border Region

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



In the West: British Columbia, Alberta, and Yukon with Alaska, Washington, Oregon, Idaho, and Montana.

In the Prairies-Great Plains area: Alberta, Saskatchewan, and Manitoba with Montana, Wyoming, North Dakota, South Dakota, and Minnesota.

In the Great Lakes-Heartland area: Ontario with Michigan, Indiana, and Ohio.

In the East: Quebec with New York, Vermont, Maine and New Hampshire; Atlantic Canada with Maine, New Hampshire, Massachusetts, Connecticut and Rhode Island.

●	Relatively Strong
●	Significant
●	Weak

Based on these economic, socio-cultural, and organizational considerations, fairly distinct groupings of neighbouring and nearby provinces and states were identified.

- In the West: British Columbia, Alberta, and Yukon with Alaska, Washington, Idaho, Oregon, and Montana. Overall, the “thickness and intensity” of links appear greatest out west, where cross-border networks and organizations are most advanced, economic ties are significant, and socio-cultural values are quite similar.
- In the Prairies-Great Plains area: Alberta, Saskatchewan, and Manitoba with Montana and Wyoming. Formal cross-border organizational links are perhaps not as plentiful as in other cross-border regions, but informal networks and the Prairie Provinces’ economic links with their cross-border state partners and trade dependencies are strong compared with those between other Canadian provinces and states.
- In the Great Lakes-Heartland area: Ontario with Michigan, Indiana, and Ohio. Ontario has important links with its neighbouring states in the Great Lakes-Heartland in all three main dimensions of linkages: economic, socio-cultural, and organizational.

- In the East: Quebec with Vermont, Maine, New Hampshire, and New York; Atlantic Canada with Maine, New Hampshire, Massachusetts, Rhode Island, and Connecticut. Atlantic Canada has quite active networks and organizational links and fairly significant economic and socio-cultural links with its cross-border state partners. This is a cross-border region bound together by a common history, culture, economy, and set of challenges.

Key Leader Survey and Follow-up Interview Findings

The *Leader Survey* and follow-up interviews highlighted several resultant benefits of regional cross-border relationships, including:

- more focused assessment of the costs and benefits of bi-national initiatives
- stronger bi-national regional forums
- greater involvement of regional stakeholders in Canada-US issues
- practical bi-national problem solving in a broad range of fields
- improved access by regional stakeholders, through regional cross-border alliances, to national government decision making in Canada and the United States

The findings also underscored the widespread view among stakeholders that although regional cross-border relationships are beneficial, they frequently are underappreciated for their influence on Canada-US relations.

Key Regional Roundtables/Washington Workshop Findings

The six Regional Roundtables held throughout Canada and the Washington Workshop helped document that regional cross-border relationships are a “bottom-up” phenomenon. Innumerable practical and functional cross-border networks have sprung up in recent years between provinces, states, municipalities, business groups, and other non-government organizations, and civil society.

There was considerable agreement expressed at the events on the public value of regional cross-border relationships. However, cross-border regions have their own identities and unique characteristics, which oblige the Government of Canada to try to take cross-border regional specifications into account in its policy-making process.

Key Lessons Learned Elsewhere

Lessons for Canada from the study of the emergence of cross-border regions along the Mexico-US border and in Europe reveal that the rise in regional cross-border relationships is an international phenomenon. Europe’s Euroregions provide a contrast with the Canada-US experiences because these often smaller-scale strips of cross-border regions reflect top-down, program-driven initiatives.

Euroregions are leading the way in the recognition and development of cross-border community links and regions. It is noteworthy that 40 years ago, most European national governments still opposed local and regional attempts to engage peers across their borders. Now, government-like institutions in the forms of Euroregions are leading the way in the recognition and development of cross-border community links and regions.

Policy Considerations

The *Leader Survey* respondents and Roundtable participants put forward a number of suggestions to make the Government of Canada a more integral and effective participant and beneficiary of these new co-operative mechanisms (Figure 2).

Financial Assistance

Roundtable participants highlighted the need for targeted assistance to raise the capacity building of regional cross-border networks, in particular privately initiated networks. Support for special projects could also make a significant difference for successful collaboration.

Figure 2.

Integrating Regional Cross-Border Relationships into Government of Canada Policy Frameworks

Based on participant responses from the Leader Survey, Executive Interviews, Regional Roundtables, and Washington Workshop

Government of Canada could be more responsive to the new cross-border regional reality

This means recognizing cross-border networks as a key feature of North American integration, creating a new dynamic.

The new dynamic involves greater local participation (provinces, states, others) in the management of Canada-US issues, and the increasing interdependence of issues, jurisdictions and interests.

Suggestions for Government of Canada – Roles and Actions

Recognize and Support

Strengthen Network Capacity
Targeted Financial Assistance (Specific Activities/ Projects)

Facilitate Communication

(through events and engagements)
Information-sharing
Sharing of best practices
Research-sharing

Facilitate Working Together

Internal

Consistency among Federal initiatives

External

Briefing and consulting on new initiatives
Coherency of efforts with others

This lays the foundation and encourages more fruitful future relations with other participants engaged in cross-border regional relationships.

This facilitates collaboration with regional sub-national partners on common challenges. Government of Canada could take advantage of the transformational diplomatic role played by cross-border stakeholders.

Advantages – More Effective Cross-Border Regional Development and Issue Management

Regional Issues

Quicker, pragmatic, more effective problem solving.
Resolve regional bi-national disputes locally, respecting regional needs and priorities.

Regional Development

More effective integration of infrastructure and transportation systems. Co-ordinated programming and greater economies from integrated activities, cross-border supply chains and clusters.

Strong and Prosperous Canada

A strong Canada depends upon prosperous regions. Prosperous regions depend upon successful cross-border regional relationships.

Less a patchwork of unco-ordinated policies that reflect yesterday's challenges.

Working together (with regional partners) to constructively address common interests and prepare for tomorrow's opportunities.

Fostering Communication – Through Information Sharing

With the rising importance of a multiplicity of active sub-national players in Canada-US relations at the regional level, and the increasing cross-border interdependence of issues and jurisdictions, all would benefit from better, more co-ordinated monitoring of regional cross-border activities, both within individual cross-border regions, and in other regions.

The Government of Canada was viewed as best placed to play a special role in monitoring regional cross-border relationships and networks. For instance, the government could collect and provide basic contact information on individuals and stakeholders, as a reference source by interested parties. Disseminating knowledge about best practices could also be an important role because regional cross-border relationships are a bottom-up phenomenon for which there are no available blueprints for guidance.

Fostering Communication – Through Inter-regional Forums

The Leader Survey revealed that conferences and roundtables, and bi-national committees, working groups, and task forces were most effective in promoting cross-border co-operation as they permit face-to-face interaction. Examples include small technical gatherings for stakeholders to share insights concerning regional cross-border freight issues and the harmonization of regulations affecting cross-border shipments; and larger meetings involving various levels of government to identify and advance common priorities and perhaps share best practices in policy design and implementation, and policy co-ordination. The Government of Canada was seen as a key player ideally suited to facilitate these types of information-sharing sessions, and in particular for disseminating information among cross-border regions.

Fostering Communication – Through Sharing Research

Leader Survey respondents also saw a vital role for the Government of Canada in providing research and technical capacity to support regional cross-border initiatives. This could be through collaboration or as individual government initiatives. Participants of the Regional Roundtables recognized the Government of Canada as best placed to carry out and share research that could benefit the various Canadian stakeholders who are active in diverse regions along the border and in different types of regional cross-border relationships. Research topics could include the recognition of credentials and other labour mobility issues. For example, at a recent meeting of the Pacific NorthWest Economic Region (PNWER), a group expressed interest in PNWER possibly joining the Trade, Investment and Labour Mobility Agreement that was signed between the governments of British Columbia and Alberta and came into effect on April 1, 2007, and is scheduled to be fully implemented by April 1, 2009.

Policy Coherency of Efforts with Sub-National Cross-Border Partners

As Canada-US relations evolve into something much more sophisticated – involving not only the Canadian and US federal governments, but also provinces and states, private businesses, and civil organizations – co-operation and co-ordination among all stakeholders becomes absolutely essential. Better outcomes result from regional bi-national collaboration and co-ordinated solutions involving interested stakeholders working together according to regional priorities. The more co-ordinated and cohesive the effort, the more likely there will be an effective and successful solution.

This obliges the Government of Canada and others not only to identify common challenges, but also to take stock of each others' activities and their strengths, so that synergies of effort can be found, and planning undertaken that optimizes the contributions of participating partners through greater orchestrated effort. This will be crucial for those problems arising from increased North American integration and issues related to regional development. For example, inconsistent regulatory policies, deficient cross-border infrastructure, jurisdictional differences (including in such sensitive areas as the environment, energy, and water), and the movement of goods and people in a heightened security environment are of particular relevance. Nowhere is this perhaps more important than in the viability and development of cross-border supply chains and integrated economic activities.

Figure 3. Chronology

Research Activities	Milestones
Project Commencement SSHRC-PRI Roundtable on North American Integration, focusing on the growing phenomena of cross-border regional relationships	June 21–22, 2004
Research and Analysis PRI Interim Report and PRI Working Papers	Spring-summer of 2005
Leader Survey and Executive Interviews 100 respondents from Canada and the United States	Carried out by EKOS, July 28–Oct. 15, 2005
Regional Roundtables and Washington Workshop Vancouver, BC _____ Winnipeg, MB _____ Waterloo, ON _____ Montréal, QC _____ Sackville, NB _____ Ottawa, ON _____ Washington, DC _____	November 23, 2005 to May 3, 2006 February 16, 2006 February 14, 2006 February 28, 2006 November 23, 2005 March 3, 2006 March 6, 2006 May 3, 2006
Lessons from European and Mexican-US Experiences	Summer 2007
Discussions with Policy Community	Spring 2008
Final Report	Winter 2008

PRI PUBLICATIONS

The Emergence of Cross-Border Regions along the Mexican-US Border and in Europe: Lessons for Canada. 2008. PRI Working Paper 35.

Do Cross-Border Regions Matter for Trade? Canada-US Border Effects and Cross-Border Regions. 2006. PRI Working Paper No. 34.

Cross-Border Trade Linkages in the Natural Resources Sector. 2006. PRI Working Paper No. 32.

Canada-US Relations and the Emergence of Cross-Border Regions: Briefing Note. 2005.

The Emergence of Cross-Border Regions between Canada and the United States: Roundtables Synthesis Report. 2006.

Leader Survey on Canada-US Cross-Border Regions: An Analysis. 2006. PRI Working Paper No. 12.

The Emergence of Cross-Border Regions: Highlights from the Leadership Survey and Executive Interviews. 2006.

The Emergence of Cross-Border Regions: Interim Report. 2005.

A Survey of Major Cross-Border Organizations between Canada and the United States. 2005. PRI Working Paper No. 9.

Toward North American or Regional Cross-Border Communities: A Look at Economic Integration and Socio-Cultural Values in Canada and the United States. 2005. PRI Working Paper No. 2.

Economic Relations and Cross-Border Organizations along the 49th Parallel. 2005. PRI Working Paper No. 1.

North American Integration: The Emergence of Cross-Border Regions: Roundtable Report (PRI-SSHRC Policy Research Roundtable). 2004.