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MASTER OF DEFENCE STUDIES THESIS

Canada and the United States: Has the change from a minority Liberal to a minority Conservative government in 2006 affected our relationship, including that on military matters?

By /par

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## ABSTRACT

Canada-US relations are a topic that influences the lives of Canadians a great deal. As the two countries share the largest economic relationship that has ever existed between two nations, it is a subject that requires a fair bit of the Canadian government's attention and time. In this light, the paper explores whether or not the change in government from a minority Liberal government to a minority Conservative government has modified Canada-US relations. In doing so, it runs through the Canada-US relationship over the past forty years, concentrating on the Martin and Harper eras. The range of issues discussed includes security and foreign policy, economic and trade, and environmental issues. The paper argues that, since the election of Stephen Harper and the Conservatives, Canada-US relations have considerably improved. The change has had a positive impact in implementing foreign policy, improving relations over border security measures, participating in the war on terror, resolving the highly emotional softwood lumber dispute, and improving the beef and cattle trade problems. It further argues that the relationship has also improved in parallel areas, mainly the tone vis-à-vis the U.S. from the highest levels of Canadian government and vice versa. Finally, while this paper explores the changes in Canada-US relations and has determined that those relations had generally improved, it has not attempted to determine whether having better relations with the United States is good for Canadians, or not.

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## CHAPTER 1 - INTRODUCTION

On 23 January 2006, a small article entitled “Winds of political change bode well for U.S.” appeared in the *Chicago Sun-Times*. It stated that: “Canadians head to the polls today...the results will be immensely important.”<sup>1</sup> The article alluded to, of course, the lack of interest this event would raise in the United States. At the same time, stating a number of good reasons for Americans to be interested, it was hoping for Canadians to make the right choice and vote for the Conservatives. The Liberal government was not overly popular in the United States. Several disputes separated the two countries, perhaps the most important of which was Canada’s decision not to support the United States’ invasion of Iraq. As it were, the *Chicago Sun-Times* did get its wish as Stephen Harper’s Conservatives were elected to a minority government.

Canada-US relations are a topic that influences the lives of Canadians a great deal. To give the reader an idea, Canada and the United States share the largest economic relationship that has ever existed between two nations.<sup>2</sup> Every day, almost C\$2.0 billion in goods and services are traded between Canada and the United States. In 2000, 74% of Canada's imports came from the United States and the latter represented 86% of Canada’s exports.<sup>3</sup> So, like it or not, it is a subject that requires a fair bit of the Canadian government’s attention and time.

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<sup>1</sup> Look Smart, “Winds of political change in Canada bode well for U.S.,” [http://www.findarticles.com/p/articles/mi\\_qn4155/is\\_20060123/ai\\_n16016462](http://www.findarticles.com/p/articles/mi_qn4155/is_20060123/ai_n16016462); Internet; accessed 24 January 2007.

<sup>2</sup> US Commercial Service, “Canada-U.S. Trade Relationship,” <http://www.buyusa.gov/canada/en/traderelationsusacanada.html>; Internet; accessed 5 February 2007.

<sup>3</sup> US Commercial Service, “Canada-U.S. Trade Relationship,” <http://www.buyusa.gov/canada/en/traderelationsusacanada.html>; Internet; accessed 5 February 2007.

Notwithstanding the newspaper's wishes, it behoves Canadians to ask the question: Has the change in government from a minority Liberal government to a minority Conservative government modified Canada-US relations in any way? And if it has, has it been positive or negative? The question should be asked, if only to better understand the Canadian situation.

This paper will argue that the change in government has indeed influenced Canada's relationship with the United States. It intends to highlight the differences between Canada-US Relations during Paul Martin's and Stephen Harper's tenures. If nothing else, most people reasonably au fait with the relationship as described by political scientists would have already observed the changes in tone between our government and the American Administration. But this paper has observed differences in results and consequences as well. That is equally true for military affairs.

Setting the scene, the paper will first outline the Canada-US relationship over the past forty years, including Chrétien's tenure. It will then depict the relationship immediately prior to the 2006 election, with an emphasis on Prime Minister Paul Martin's tenure, through various issues. The range of issues discussed has been selected due to their predominance in the available research material, as well as a recent Congressional Research Service report on Canada-US relations. They include security and foreign policy issues, economic and trade issues and environmental issues.<sup>4</sup> In the

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<sup>4</sup> Carl Ek, *et al*, *CRS Report for Congress: Canada-US Relations*, Report Prepared for Congress, (Washington: Congressional Research Service, 1 May 2006).

next chapter, the same will be done for the relationship today, under Prime Minister Harper's leadership.

## CHAPTER 2 – STATE OF CANADA-US RELATIONSHIP PRIOR TO THE 2006 FEDERAL ELECTIONS – AN OVERVIEW

Our relationship with the United States has been a complicated issue for Canadians since the American Revolution, and the challenges of managing it effectively only continue to become more complex.<sup>5</sup>

The Honourable Bill Graham.  
10 February 2004.

It is somewhat ironic that this paper should begin with a quotation from the former Liberal Minister of Foreign Affairs and International Trade, in a government that would soon fall from power partly as a result of mismanaging its relationships. Whether these relationships were with provinces, or with individuals close to the party (I refer here to the various scandals that have shaken the Liberal Party), or with its neighbours, they were definitely an issue for the Liberal Government on the eve of 23 January 2006.

It is true that Canada's relationship with its southern neighbour is complicated. In the past 40 years, it has been an issue with which all prime ministers, to a certain extent, have had difficulty. One by one, they have had to manage repeated important trade disputes, from agriculture, to metallurgy to fisheries; environmental concerns, from acid rain to greenhouse gas emissions; foreign and security debates over nuclear weapons on Canadian soil; the Vietnam war; Cuba; the Iraq war and the War on Terror; immigration

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<sup>5</sup> Affaires Étrangères et Commerce International Canada, "Notes for an address by the Honourable Bill Graham, Minister of Foreign Affairs, at the Kroeger Leadership Forum, Ottawa, Ontario, February 10, 2004," [http://w01.international.gc.ca/minpub/Publication.aspx?isRedirect=True&publication\\_id=380778&Language=E](http://w01.international.gc.ca/minpub/Publication.aspx?isRedirect=True&publication_id=380778&Language=E); Internet; accessed 25 January 2007



policy and border security. It is true to say that, for the most part, both neighbours have been in agreement, but that has not always been the case.

During a forum on Canada-US relations held at the University of Western Ontario, two days after the election, former Canadian Ambassador to the United States (1981-1989) Allan Gotlieb gave a short address that captures some of the essence of Canada-US relations. He stated that Paul Martin's defeat marked the "third time in a half-century that a Canadian government has fallen after mismanaging Canada-US relations."<sup>6</sup> According to Gotlieb, John Diefenbaker's Conservatives mismanaged relations in defence matters; Trudeau's Liberals had done the same thing with economics; and now Martin's Liberals had mismanaged just about everything.<sup>7</sup>

While Diefenbaker and Eisenhower did get along, such was not the case between Diefenbaker and John F. Kennedy. For example, Diefenbaker publicly stated that Kennedy was "too young and brash for the job." Later, during the Cuban crisis, Kennedy informed his allies only hours after taking action. The Prime Minister was offended that he was not consulted. Diefenbaker then addressed the House of Commons and cautioned the President on his actions, while calling for a United Nations inquiry in the matter.

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<sup>6</sup> Royal Society of Canada, "Canada-US Relations: the view from here," [http://www.rsc.ca/print.php?page=canada-us-relations&lang\\_id=1&page\\_id=217](http://www.rsc.ca/print.php?page=canada-us-relations&lang_id=1&page_id=217); Internet; accessed 25 January 2007.

<sup>7</sup> Royal Society of Canada, "Canada-US Relations: the view from here," [http://www.rsc.ca/print.php?page=canada-us-relations&lang\\_id=1&page\\_id=217](http://www.rsc.ca/print.php?page=canada-us-relations&lang_id=1&page_id=217); Internet; accessed 25 January 2007.

Kennedy was furious and things only got worse from there. When Kennedy called for NORAD troops to go on high readiness alert, Diefenbaker refused to do it.<sup>8</sup>

Pierre Elliott Trudeau was Prime Minister during five US presidencies and was disliked by all but President Carter. Throughout his tenure, he disagreed with presidents on a number of issues, starting with the Vietnam War. He intended to wean Canada off of its economic dependency on the United States, and to protect Canada from cultural assimilation, but his efforts were largely unsuccessful. His attempts to reduce oil exports to the United States, his cuts to the defence budget and other initiatives did nothing to foster good relationship. By the end of his mandate, Canada had made no noticeable advances in investment in Latin America and oil exports were still going mostly to the US. Trudeau did allow Cruise Missile tests on Canadian soil, but Canada had become largely irrelevant in international settings. As it were, the Canadian government, despite good ideas, lacked the power to effect any changes, whether in the East or in the West.<sup>9</sup>

Brian Mulroney fared better. A few days after his September 1984 election, he announced that “good relations, super relations with the United States will be the cornerstone of our foreign policy...”<sup>10</sup> President Reagan and Prime Minister Mulroney met regularly.<sup>11</sup> So did the Secretary of State and Joe Clark.<sup>12</sup> Some of the successes

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<sup>8</sup> Jonathan Hammell, “Diefenbaker: A Victim of Nuclear Fallout” University of Calgary, CPSC, 31 March 2005, <http://pages.cpsc.ucalgary.ca/~jhammell/hammell05diefenbaker.pdf>; Internet; accessed 7 March 2007.

<sup>9</sup> John Herd Thompson & Stephen J. Randall, *Canada and the United States: Ambivalent allies*, 3<sup>rd</sup> Ed, (Athens and London, The University of Georgia Press, 2002): 244-273.

<sup>10</sup> John Herd Thompson & Stephen J. Randall, *Canada and the United States: Ambivalent allies*, 3<sup>rd</sup> Ed, (Athens and London, The University of Georgia Press, 2002): 276.

<sup>11</sup> Carl Ek, *et al*, *CRS Report for Congress: Canada-US Relations*, Report Prepared for Congress, (Washington: Congressional Research Service, 1 May 2006).

included the 1988 signing of the U.S.-Canada Free Trade agreement and the 1993 North American Free Trade Agreement (NAFTA). Of course, that does not mean there were no struggles. Several environmental issues, such the lack of progress on acid rain fallout from American factories in eastern Canada, were never resolved properly, despite Mulroney's efforts. Mulroney was described as "a good friend of the US, a close ally on global issues and a strong partner in demolishing trade barriers."<sup>13</sup> But in the end, to many Canadians, it appeared that the Canadian government under Conservative rule "had been drawn too close to Washington, with Canada casting itself too willingly in a secondary role."<sup>14</sup>

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<sup>12</sup> John Herd Thompson & Stephen J. Randall, *Canada and the United States: Ambivalent allies*, 3<sup>rd</sup> Ed, (Athens and London, The University of Georgia Press, 2002): 274-293.

<sup>13</sup> John Herd Thompson & Stephen J. Randall, *Canada and the United States: Ambivalent allies*, 3<sup>rd</sup> Ed, (Athens and London, The University of Georgia Press, 2002): 274-293.

<sup>14</sup> Carl Ek, *et al*, *CRS Report for Congress: Canada-US Relations*, Report Prepared for Congress, (Washington: Congressional Research Service, 1 May 2006).

CHAPTER 3 - STATE OF CANADA-US RELATIONSHIP PRIOR TO THE 2006  
FEDERAL ELECTIONS – THE CHRETIEN YEARS

“Business is business and friendship is friendship, and the two cannot be confused”<sup>15</sup>

When he came to power in 1993, although Jean Chrétien had once been the secretary of state for external affairs, he was seen as having limited experience in that domain. As he gained experience and confidence in his role as Prime Minister, he became more and more involved in foreign policy. Graham Fraser, a respected journalist and current Commissioner of Official Languages, suggests that, in his early years, Chrétien appointed very senior and experienced politicians as he was not comfortable with international policy. Having gained a lot of confidence and experience through his tenure, in his last few years, he appointed fairly junior politicians to this post, as he liked to control foreign policy.<sup>16</sup> His foreign policy was based on two priorities: trade and national unity.<sup>17</sup>

Chrétien quickly set the tone of future Canada-US relations by suggesting that, although both countries were friends, he did not wish for Canada to be perceived as

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<sup>15</sup> John Herd Thompson & Stephen J. Randall, *Canada and the United States: Ambivalent allies*, 3<sup>rd</sup> Ed, (Athens and London, The University of Georgia Press, 2002): 297.

<sup>16</sup> Graham Fraser, “Liberal Continuities: Jean Chrétien’s Foreign Policy, 1993-2003,” in *Canada among Nations 2004: Setting Priorities Straight*, ed. David Carment, Fen Osler Hampson, and Norman Hillmer, (McGill-Queen’s University Press, 2004), 171.

<sup>17</sup> Graham Fraser, “Liberal Continuities: Jean Chrétien’s Foreign Policy, 1993-2003,” in *Canada among Nations 2004: Setting Priorities Straight*, ed. David Carment, Fen Osler Hampson, and Norman Hillmer, (McGill-Queen’s University Press, 2004), 172.

America's 51<sup>st</sup> state.<sup>18</sup> Despite this initial cooling statement, Canada and the US did continue to enjoy excellent relations, as exemplified by the signing, in February 1995, of a long-discussed open skies agreement easing restrictions on air travel.<sup>19</sup> Seemingly, a good rapport existed between President Clinton and the Prime Minister, as they are said to have had friendly meetings, focusing on areas where agreement between the two countries was possible.<sup>20</sup> Unfortunately, both countries did not tackle areas of common concern.

The aftermath of the 1990 recession had affected both countries, although the U.S had fared better. Nonetheless, both Clinton and Chrétien responded to the effects of recession with massive budget cuts, through the whole array of discretionary spending envelopes (notably, the military).

Enter the events of 11 September 2001 (9/11). In addition to already existing American concerns over what they perceived to be laxity in Canadian administration of border security, 9/11 created an untenable situation. To casual observers, Chrétien seemed overwhelmed. Many will recall that it was John Manley, then Foreign Minister, as opposed to the Prime Minister, who rang the bell, declaring “inadequacies in intelligence gathering defence and foreign aid capability and [blaming] past governments

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<sup>18</sup> Carl Ek, *et al*, *CRS Report for Congress: Canada-US Relations*, Report Prepared for Congress, (Washington: Congressional Research Service, 1 May 2006).

<sup>19</sup> Carl Ek, *et al*, *CRS Report for Congress: Canada-US Relations*, Report Prepared for Congress, (Washington: Congressional Research Service, 1 May 2006).

<sup>20</sup> Carl Ek, *et al*, *CRS Report for Congress: Canada-US Relations*, Report Prepared for Congress, (Washington: Congressional Research Service, 1 May 2006).

(including his own) for failing to convince Canadians that spending in those areas was essential.”<sup>21</sup>

While both countries had exacted significant cuts in government spending during the 1990s, the United States had been able to recover better, assisted by the high-tech boom. It did not take long for this boom to spread quickly to the military. The United States soon became “so far advanced, technologically, that it dwarfed its counterparts in other countries.”<sup>22</sup> Meanwhile, Chrétien’s budget cuts of the mid 1990s had left the Canadian military “severely handicapped.”<sup>23</sup> And spending on the military was not something Chrétien liked. Nevertheless, Canada responded to the U.S.’s (and NATO’s) call in Afghanistan.

When it came to Iraq, it was another matter. Chrétien’s point of view was that the American administration was simply going too quickly, too soon.<sup>24</sup> Since Canadians in general prefer multilateralism, things did not bode well for the relationship, as the United States was moving more and more into unilateralism. Consequently, more and more, Canada and the United States were finding themselves on opposite sides of international

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<sup>21</sup> Graham Fraser, “Liberal Continuities: Jean Chrétien’s Foreign Policy, 1993-2003,” in *Canada among Nations 2004: Setting Priorities Straight*, ed. David Carment, Fen Osler Hampson, and Norman Hillmer, (McGill-Queen’s University Press, 2004), 177.

<sup>22</sup> Robert Bothwell, “Canadian-American Relations: Old Fire, New Ice?” in *Canada among Nations 2004: Setting Priorities Straight*, ed. David Carment, Fen Osler Hampson, and Norman Hillmer, (McGill-Queen’s University Press, 2004), 148.

<sup>23</sup> Robert Bothwell, “Canadian-American Relations: Old Fire, New Ice?” in *Canada among Nations 2004: Setting Priorities Straight*, ed. David Carment, Fen Osler Hampson, and Norman Hillmer, (McGill-Queen’s University Press, 2004), 148.

<sup>24</sup> Robert Bothwell, “Canadian-American Relations: Old Fire, New Ice?” in *Canada among Nations 2004: Setting Priorities Straight*, ed. David Carment, Fen Osler Hampson, and Norman Hillmer, (McGill-Queen’s University Press, 2004), 150.

issues.<sup>25</sup> As an example: Africa. Chrétien was determined to leave a mark on the international stage and “used his chairmanship of the G-8 summit in Kananaskis to put Africa on the agenda.”<sup>26</sup> He further used his last year in office to aggressively campaign at the international level. This resulted in a significant change in tone and mood. Having experienced warm exchanges with Clinton where concerns could be expressed intimately, both the Prime Minister and new President George W. Bush were resorting to public expressions of dissent. All this was occurring against an ever-increasing dependence on trade with the U.S.<sup>27</sup>

In the end, Chrétien was never able to establish good rapport with President Bush.

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<sup>25</sup> Carl Ek, *et al*, *CRS Report for Congress: Canada-US Relations*, Report Prepared for Congress, (Washington: Congressional Research Service, 1 May 2006).

<sup>26</sup> Graham Fraser, “Liberal Continuities: Jean Chrétien’s Foreign Policy, 1993-2003,” in *Canada among Nations 2004: Setting Priorities Straight*, ed. David Carment, Fen Osler Hampson, and Norman Hillmer, (McGill-Queen’s University Press, 2004), 179-180.

<sup>27</sup> Graham Fraser, “Liberal Continuities: Jean Chrétien’s Foreign Policy, 1993-2003,” in *Canada among Nations 2004: Setting Priorities Straight*, ed. David Carment, Fen Osler Hampson, and Norman Hillmer, (McGill-Queen’s University Press, 2004), 180.

CHAPTER 4 - STATE OF CANADA-US RELATIONSHIP PRIOR TO THE 2006  
FEDERAL ELECTIONS – PRIME MINISTER MARTIN’S TENURE

Paul Martin – Prime Minister

When Paul Martin became Prime Minister on 12 December 2003, he already possessed impressive credentials, both as a corporate citizen and as a Minister of Finance, fully engaged in the reform of the international financial system.<sup>28</sup> In addition, James Laxer, a political science professor at York University, described Martin as a good listener, hungry for good new ideas and perspectives on the world.<sup>29</sup> All that made him quite comfortable in international settings.

Martin “carried with him massive expectations: his own, and those of a foreign policy community which had become convinced that the country had lost its international lustre.<sup>30</sup>” To that end, he put together diplomacy, defence and development (known these days as the 3Ds’) and “started to concentrate on the need of vulnerable states to build up their capacity for governing themselves in an effective and publicly accountable manner.<sup>31</sup>” Unfortunately, while Martin wanted to restore Canada’s standing in the world,

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<sup>28</sup> Norman Hillmer, Fen Osler Hampson and David Carment, “Smart Power in Canadian Foreign Policy,” in *Canada among Nations 2004: Setting Priorities Straight*, ed. David Carment, Fen Osler Hampson, and Norman Hillmer, (McGill-Queen’s University Press, 2004), 3.

<sup>29</sup> James Laxer, “Paul Martin’s Legacy,” [http://www.jameslaxer.com/2006/07/paul-martins-legacy\\_18.html](http://www.jameslaxer.com/2006/07/paul-martins-legacy_18.html); Internet; accessed 26 January 2007.

<sup>30</sup> Norman Hillmer, Fen Osler Hampson and David Carment, “Smart Power in Canadian Foreign Policy,” in *Canada among Nations 2004: Setting Priorities Straight*, ed. David Carment, Fen Osler Hampson, and Norman Hillmer, (McGill-Queen’s University Press, 2004), 4.

<sup>31</sup> Norman Hillmer, Fen Osler Hampson and David Carment, “Smart Power in Canadian Foreign Policy,” in *Canada among Nations 2004: Setting Priorities Straight*, ed. David Carment, Fen Osler Hampson, and Norman Hillmer, (McGill-Queen’s University Press, 2004), 4



his efforts were captured by what is now known as the Sponsorship scandal.<sup>32</sup> Support fell for his government. He called an election for 28 June 2004. The Liberals won a minority.

At the end of December 2005, Jean Bériault, a Canadian foreign policy and international affairs specialist at Radio-Canada International, provided a clear assessment of Canadian foreign policy. According to Bériault, Canada-US relations were at the top of Canadian government concerns. In 2003, just before becoming Prime Minister, Paul Martin intended to make Canada-US relations a top priority. On 29 April 2004 in Washington, D.C., the Prime Minister stated: “The Government has made very clear that we are committed to improving the management and coherence of our relations with the U.S.”<sup>33</sup> He had planned for a Canadian foreign policy that would strive to validate and reinforce the Canadian-American partnership in a consistent, systematic and coordinated

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<sup>32</sup> The “Sponsorship Program” had its origin in 1994-95 when the advertising section of Public Works and Government Services Canada (PWGSC), under its director, Joseph Charles Guité, disbursed about \$2 million from its normal operating budget for what were described as “special programs,” at which federal government advertisements were prominently displayed. In 1995-96, nearly \$22 million was disbursed by PWGSC for advertising rights at similar events and for expenses related to the promotion of national unity. The objective was to publicize certain federal programs and the federal presence in general. Following the very close result of the referendum in Quebec on October 30, 1995, the federal Cabinet, at a special meeting held on February 1 and 2, 1996, decided to counteract the sovereignty movement in Quebec by taking steps to make the federal presence more visible across Canada and particularly in Quebec, such as by advertising and displays at community, cultural and sporting events. The advertising group of PWGSC under Mr. Guité was assigned this task. Because Mr. Guité’s organization had insufficient in-house expertise, he chose to contract with advertising and communication agencies to manage and administer the sponsorships. In return, these agencies would receive commissions as well as fees paid for “production costs.” In a scathing report released in 2002, Auditor General Sheila Fraser concluded that bureaucrats running the Sponsorship program, program in the department of Public Works improperly awarded contracts worth \$1.5 million to Groupaction Marketing of Montreal. In her final report, she found that about \$100 million went to Liberal-friendly ad firms in Quebec for sponsorship programs of little or no documented value. In addition, she says some transactions appear to be designed to funnel fees to agencies while hiding the source of the money.

<sup>33</sup> Canadian Embassy in Washington, “Prime Minister announces details of secretariat at Washington embassy,” <http://geo.international.gc.ca/can-am/washington/secretariat/intro-en.asp>; Internet; accessed 20 March 2007.

fashion.<sup>34</sup> However, those good intentions were never realized, notably because of ongoing conflicts between the two nations.

Indeed, that December (2004), a litany of conflicts existed between the two countries. The most recent at the time was the Prime Minister's comments made against the United States during the climate change conference in Montreal. Following Martin's statement that "there is such a thing as a global conscience", the White House officially complained, through the office of Canadian Ambassador to the U.S., Frank McKenna, about the Prime Minister's comments. It was said at the time that Washington was furious.<sup>35</sup> As suggested by Brian Russell of the *Globe and Mail*, the Prime Minister had chosen to insert U.S. environmental policy head-on in a Canadian election. Given his predecessor's expressed preference for a Democratic administration in the White House, the expressions by one Member of Parliament calling Americans "those bastards," thinly veiled threats by some members of the government to discontinue or reduce oil supplies to the U.S., and almost daily badgering of U.S. policy in most of the Canadian media, the combination did nothing to foster a friendly disposition down south.<sup>36</sup>

The American side had its own share of mishaps. The U.S. refused to comply with NAFTA decisions, visits by the President and the Secretary of State were postponed as a means of expressing displeasure, and speeches from U.S. ambassadors regularly

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<sup>34</sup> Jean Bériault, "Chroniques: La politique étrangère du Canada en 2005: un bilan," <http://www.rcinet.ca/rci/fr/chroniques/16334.shtml>; Internet; accessed 27 January 2007.

<sup>35</sup> CBC News, "Washington furious over Martin's climate change comments," <http://www.cbc.ca/news/story/2005/12/09/katrina-global-warming-bush-martin.html>; Internet; accessed 9 March 2007.

<sup>36</sup> Brian Russell, "Canada-U.S. relations: Why can't we be friends?" <http://www.theglobeandmail.com/servlet/story/RTGAM.20051220.wcomm1220/BNStory/Front/>; Internet; accessed 27 January 2007.

decried Canadian government attitudes and policies while a Canadian ambassador was called in for "discussions."<sup>37</sup>

Canada-US relations during Martin's tenure as Prime Minister will now be discussed through the following themes: Security and Foreign Policy, Economics and Trade, and Environmental Issues.

## **SECURITY AND FOREIGN POLICY**

### **Canadian Foreign Policy and the US**

When Paul Martin took over, the Canada-US relationship had been on the decline for at least three years. It was an issue that needed to be dealt with somewhat urgently. For one thing, the relationship was important to ensure that, following the shift toward security as the top American priority, Canada did not become a factor contributing to insecurity for the United States. At the same time, according to Donneur, Legault and Roussel, Prime Minister Martin needed to keep some distance from Washington in order to preserve Canadian identity and sovereignty.<sup>38</sup> That is, Canada had to maintain the ability to respond positively or negatively to Washington's requests without annoying the Bush administration. Hence, a return to healthier relations with Washington required

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<sup>37</sup> Brian Russell, "Canada-U.S. relations: Why can't we be friends?" <http://www.theglobeandmail.com/servlet/story/RTGAM.20051220.wcomm1220/BNStory/Front/>; Internet; accessed 27 January 2007.

<sup>38</sup> André Donneur is a Political science professor at Université du Québec à Montréal, Albert Legault is director of la chaire de recherche du Canada en relations internationales de l'Université du Québec à Montréal and Stéphane Roussel is director of la chaire de recherche du Canada en politique étrangère et de défense canadiennes de l'Université du Québec à Montréal.

clear objectives and the capacity to see them through. That fact faced Paul Martin, throughout his tenure.

The 2004 Liberal election platform, a reflection of Martin's vision, cited that Canada's security and prosperity largely depended on international order and stability. That implied both the obligation and capacity for Canada to exercise leadership.<sup>39</sup>

Allan Gotlieb goes further. In his opinion, "Canadians do not seem to fully realize that the president is the most important player not only in the foreign arena, but in the domestic political arena as well."<sup>40</sup> Hence, Canadians must strive to understand that national security overtakes all other issues in the US and the defence relationship is "the pass key for opening doors in the White House."<sup>41</sup> Nothing outweighs having the president and his administration as an ally, including in matters of domestic policy.<sup>42</sup>

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<sup>39</sup> Le Devoir, "La politique étrangère du Canada - L'horizon Martin: choix, dilemmes et stratégies," <http://www.ledevoir.com/2003/10/29/39299.html>; Internet ; accessed 4 February 2007.

<sup>40</sup> Royal Society of Canada, "Canada-US Relations: the view from here," [http://www.rsc.ca/print.php?page=canada-us-relations&lang\\_id=1&page\\_id=217](http://www.rsc.ca/print.php?page=canada-us-relations&lang_id=1&page_id=217); Internet; accessed 25 January 2007.

<sup>41</sup> Royal Society of Canada, "Canada-US Relations: the view from here," [http://www.rsc.ca/print.php?page=canada-us-relations&lang\\_id=1&page\\_id=217](http://www.rsc.ca/print.php?page=canada-us-relations&lang_id=1&page_id=217); Internet; accessed 25 January 2007.

<sup>42</sup> Royal Society of Canada, "Canada-US Relations: the view from here," [http://www.rsc.ca/print.php?page=canada-us-relations&lang\\_id=1&page\\_id=217](http://www.rsc.ca/print.php?page=canada-us-relations&lang_id=1&page_id=217); Internet; accessed 25 January 2007.

## International Policy Statement

In April 2005, the Martin Government released a long-awaited policy statement called the International Policy statement.<sup>43</sup> According to Jocelyn Coulon, from the Centre d'Étude et de Recherche Internationale de l'Université de Montréal (CÉRIUM), this new statement was a significant step in the right direction. Namely, as opposed to previous statements, it only promised items that were within the reach of achieving. The statement was signed by the Prime Minister and the four involved heads of department.<sup>44</sup>

According to Thomas S. Axworthy, Chairman for the Centre of the Study of Democracy at Queen's University, in "Implementing the International Policy Statement," good public policy requires three key elements: intelligent priorities, capacity and "a sensible management structure and motivated employees to implement the priorities and use resources wisely."<sup>45</sup>

The International Policy Statement delivered on priorities: security and multilateralism. It respected what the true priorities were for Canada, in that, as the United States had made security its first priority, Canada, whether it wanted it or not, had no choice other than to oblige. However, following its own path, security for the Canadian government meant more than the war on terrorism. It required international

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<sup>43</sup> Carl Ek, *et al*, *CRS Report for Congress: Canada-US Relations*, Report Prepared for Congress, (Washington: Congressional Research Service, 1 May 2006), 9.

<sup>44</sup> Jocelyn Coulon, "La défense des intérêts canadiens," <http://cerium.ca/article906.html>; Internet; accessed 27 January 2007.

<sup>45</sup> Thomas S. Axworthy, "New Bottles for Old Wine: Implementing the International Policy Statement," in *Canada among Nations 2005: Split Images*, ed. Andrew F. Cooper and Dane Rowlands, (McGill-Queen's University Press, 2005), 272.

intervention in support of human security, non-proliferation of weapons of mass destruction, respect for human rights, and respect of the environment.<sup>46</sup>

Insofar as achieving the capacity to meet the objectives set, Martin and his government had started to attend to the commitments-capability gap in international policy with their 2005 budget.<sup>47</sup> The budget proposed increases of \$12.8B over five years in new defence spending. Development assistance in 2010 would have been twice the amount it was in 2001. The budget also proposed significant increases in funding for diplomatic staff, security needs for missions abroad and public diplomacy.<sup>48</sup>

The Martin government was failing in the third requirement, the machinery of government. The division of Foreign Affairs and International Trade into separate departments was not wise. Trade and foreign policy had been so intertwined for several decades that this fragmentation of the few real instruments of foreign policy influence was likely to diminish Canada's capability to play a significant role in the future.<sup>49</sup> It is important to realize that, for several small economies around the world, Canada did play a significant role. Cuba is one example.

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<sup>46</sup> Jocelyn Coulon, "La défense des intérêts canadiens," <http://cerium.ca/article906.html>; Internet; accessed 27 January 2007.

<sup>47</sup> Thomas S. Axworthy, "New Bottles for Old Wine: Implementing the International Policy Statement," in *Canada among Nations 2005: Split Images*, ed. Andrew F. Cooper and Dane Rowlands, (McGill-Queen's University Press, 2005), 272.

<sup>48</sup> Thomas S. Axworthy, "New Bottles for Old Wine: Implementing the International Policy Statement," in *Canada among Nations 2005: Split Images*, ed. Andrew F. Cooper and Dane Rowlands, (McGill-Queen's University Press, 2005), 272.

<sup>49</sup> Derek H. Burney, "The perennial Challenge: Managing Canada-US Relations," in *Canada among Nations 2005: Split Images*, ed. Andrew F. Cooper and Dane Rowlands, (McGill-Queen's University Press, 2005).

## Cuba

If there is an area that demonstrates how two friends can agree to disagree, then Cuba is the example for Canada-US relations. While the United States continues to disallow commercial relations with Cuba, Canada and Cuba, for decades, have continued to enjoy significant business. Canadian government officials have also publicly criticized (and continue to criticize) American policy in this matter.<sup>50</sup>

## International Criminal Court

The International Criminal Court is also an issue that divides Canada and the United States.

From its inception, Canada has been a strong proponent of the court, while the United States have been opposed to American participation. The United States government maintains that such participation could open the door for legal action by unfriendly regimes against U.S. military personnel. In 2002, when President Bush declared that the U.S. would not participate, Canada instantaneously expressed its extreme disappointment with the decision.<sup>51</sup>

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<sup>50</sup> Carl Ek, *et al*, *CRS Report for Congress: Canada-US Relations*, Report Prepared for Congress, (Washington: Congressional Research Service, 1 May 2006), 14.

<sup>51</sup> Carl Ek, *et al*, *CRS Report for Congress: Canada-US Relations*, Report Prepared for Congress, (Washington: Congressional Research Service, 1 May 2006), 14

As recently as 2005, in his article called “Protect U.S. Interests More Effectively by Supporting the International Criminal Court,” Stephen Rickard, Director of the Open Society Institute’s Washington Office, urged the United States to endorse the proposal that had been made by Paul Martin for the creation of an informal group of leaders, from the G-20 nations, who could, in a timely manner, coordinate diplomacy on urgent international issues and humanitarian crises. “The United States should work with the Canadian government to cosponsor the first meeting of this proposed group in tandem with the United Nations General Assembly meeting in September 2005.”<sup>52</sup> Rickard suggested.

He also praised Paul Martin for pushing for the creation of a so-called L-20. The L-20 would gather the presidents and prime ministers of the G-20 countries in a representative forum for diplomacy at the highest level and serve as a kind of informal economic and security council. Leaders could come to agreement on pressing issues in a forum that reflects 65 percent of the world’s population and 90 percent of its economic power. Rickard reported that China and France were favorable toward this idea and an initial meeting could take place during the autumn of 2005.<sup>53</sup>

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<sup>52</sup> Steven Rickard, “Protect U.S. Interests More Effectively by Supporting the International Criminal Court,” in *Restoring American Leadership* (Washington, D.C., Open Society Institute, 2005), 31-56, [http://www.soros.org/initiatives/washington/articles\\_publications/publications/leadership\\_20050401/c\\_promoting.pdf](http://www.soros.org/initiatives/washington/articles_publications/publications/leadership_20050401/c_promoting.pdf); Internet; accessed 4 February 2007.

<sup>53</sup> Steven Rickard, “Protect U.S. Interests More Effectively by Supporting the International Criminal Court,” in *Restoring American Leadership* (Washington, D.C. Open Society Institute, 2005), 31-56, [http://www.soros.org/initiatives/washington/articles\\_publications/publications/leadership\\_20050401/c\\_promoting.pdf](http://www.soros.org/initiatives/washington/articles_publications/publications/leadership_20050401/c_promoting.pdf); Internet; accessed 4 February 2007.



## Border Security

### Security Measures

As mentioned earlier, since 9/11, the top priority for the American government has shifted to security. Pamela Wallin, currently Canadian Consul in New York, expressed it clearly: “If Canadians don’t understand how critical security is to Americans, then Canada can’t have a relationship with the U.S. – period.” Further, she stated that failure to understand, whether through inability or disagreement, would have serious repercussions for Canadians and their economy, should there ever be another incident.<sup>54</sup>

Hence, Canada was forced, after 9/11, to significantly improve border security. Fortunately, there were some issues on which the two governments agreed. The Smart Border agreement represented an important commitment to improve border management and was one that Washington and Ottawa adopted quickly. Other organizations, such as the Can-Am Border Trade Alliance and border communities understood the complexity of the security and trade balancing act and attempted to improve delays at borders. But quick improvements were (and still are) difficult due to antiquated systems, complex requirement structures and inappropriate staff (both in quantity and quality).<sup>55</sup>

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<sup>54</sup> Pamela Wallin, “Security will always play lead role in Canada-U.S. relations: Wallin,” *Panorama*, Winter 2005, <http://www.pamorama.carleton.ca/2005-01/4.htm>; Internet; accessed 4 February 2007.

<sup>55</sup> Stephen Blank, “Security Measures Not Only Source of Delays at the Border for the Integrated Auto Industry,” *Embassy Magazine*, November 1st, 2006, [http://www.embassymag.ca/html/index.php?display=story&full\\_path=/2006/november/1/auto/](http://www.embassymag.ca/html/index.php?display=story&full_path=/2006/november/1/auto/); Internet, accessed 9 April 2007.

At the highest organizational level is the Security and Prosperity Partnership (SPP), launched in March of 2005 at a trilateral meeting in March 2005 in Crawford, Texas between Presidents Bush and Fox (Mexico), and Prime Minister Martin. The SPP was as a “trilateral effort to increase security and enhance prosperity among the United States, Canada and Mexico through greater cooperation and information sharing.”<sup>56</sup> Later that year, a report from the new Security and Prosperity Partnership of North America highlighted more than 20 collaborative initiatives that have been completed to advance the prosperity and security in North America.<sup>57</sup> But all these measures have been costly and time-consuming.

Despite its efforts, Canada has been the recipient of much criticism over border security from its neighbour. This criticism has often been from the public rather than government itself. As an example, Ambassador McKenna sent a letter to the *New York Times* in which he stated that Canada took exception with the former’s statement that “suspected terrorists have long been entering the country from Canada.” In his letter, McKenna suggested that open societies such as Canada and United States cannot ensure full proof security measures, but the two countries’ cooperation had reduced the threat of terrorism.<sup>58</sup>

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<sup>56</sup> Security and Prosperity Partnership of North America, <http://www.spp.gov/>; Internet; accessed 25 February 2007.

<sup>57</sup> Security and Prosperity Partnership, *Security and Prosperity Partnership of North America: Report to Leaders, June 2005*, [http://www.spp.gov/report\\_to\\_leaders/index.asp?dName=report\\_to\\_leaders](http://www.spp.gov/report_to_leaders/index.asp?dName=report_to_leaders); Internet; accessed 9 April 2007.

<sup>58</sup> Canadian Embassy in Washington, “Letter to the New York Times,” <http://geo.international.gc.ca/can-am/washington/ambassador/050326letter-en.asp>; Internet; accessed 25 February 2007.

Another concern to Canadians is the Western Hemisphere Travel Initiative, which will require Canadian nationals to present some form of approved travel document to enter the United States by 1 January 2008; this has fostered much debate in Canada (and the US), as only 23% of Americans and 40% of Canadians possess passports.<sup>59</sup>

### Trade and Commerce

“Before 2001, the border, even in wartime, was a revenue-collecting membrane with some minor protection qualities. After, it was a potentially lethal impediment to Canadian trade, 87 per cent of which or more went south to the United States.”<sup>60</sup> These events forced the Canadian government to significantly review the inadequate level of expenditure required for border control. Canadian and American industries, whether their respective governments and populations like it or not, are so highly integrated that any delays on border will have an impact on trade and commerce.

There have been several issues that have produced levels of tension between the two governments and especially between people and industries on both side of the border. There existed, for one, lack of progress on required improvements to the security infrastructure, from the Ambassador Bridge to the Arctic, from one ocean to the other. It was estimated at the time that for every four hour delay at the Windsor-Detroit crossing, there was an impact of \$7 million (CDN) on Ontario’s economy in lost production and

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<sup>59</sup> Carl Ek, *et al*, *CRS Report for Congress: Canada-US Relations*, Report Prepared for Congress, (Washington: Congressional Research Service, 1 May 2006), 22.

<sup>60</sup> Robert Bothwell, “Canadian-American Relations: Old Fire, New Ice?” in *Canada Among Nations 2004: Setting Priorities Straight*, ed. David Carment, Fen Osler Hampson, and Norman Hillmer, (McGill-Queen’s University Press, 2004), 149.

\$14.3 million (CDN) on Michigan's.<sup>61</sup> Several factors contributed to this lack of progress to put the infrastructure in place. According to Christopher Rudolph, from the Department of Political Science at UCLA, the logistical demands that the new security protocols had placed on the existing security infrastructure were significant. The investments required not only financial and personnel resources, but harmonization (refers to the standardization of infrastructure, such as acquiring compatible databases, or to synchronizing operations at ports of entry) and coordination of what already existed.<sup>62</sup>

### Immigration and Refugees

In December 2002, Canada and the United States signed the Safe Third Country Agreement, with an aim of allowing Canada and the United States to manage the flow of refugee claimants more effectively. Since both countries had to draft new regulations, the agreement took effect in December 2004.<sup>63</sup> Although an agreement existed, it did not mean that both countries agreed on matters of immigration.

As a whole, Canadian policy for asylum applicants is a far more contentious issue within the country than immigration, not so much for its negative effects within Canada,

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<sup>61</sup> House of Commons, Senate Committee on National Security and Defence, *Borderline Insecure: Canada's Land Border Crossings are Key to Canada's Security and Prosperity*, June 1985, <http://www.parl.gc.ca/38/1/parlbus/commbus/senate/com-e/defe-e/rep-e/repintjun05-e.htm>; Internet, accessed 3 March 2007.

<sup>62</sup> Christopher Rudolph, "Homeland Security and International Migration: Toward a North American Security Perimeter?" <http://www.irpp.org/events/archive/apr04/rudolph.pdf>; Internet; accessed 20 March 2007.

<sup>63</sup> Citizenship and Immigration Canada, "Safe Third Country Agreement" <http://www.cic.gc.ca/english/policy/safe-third.html>; Internet, accessed 3 March 2007.

but because it generally is believed to invite fraud and abuse.<sup>64</sup> As an example, in 2004, then-Immigration Minister Judy Sgro stated that Canada did not intend to adopt measures similar to those practiced by the United States with regards to immigrants. Those measures included a photograph and digital imprint upon arrival in the United States. The Minister had also denied that an immigration employee of Sri-Lankan origin had been fired because of a terrorist affiliation with Tamil Tigers.<sup>65</sup>

The persistent mention by public figures of Canadian laxity in matters of immigration and refugees was also a problem that plagued the Martin tenure. Frank McKenna had to voice his concerns on behalf of the Canadian government on numerous occasions. As an example, he wrote to Fox News in August 2005 about Representative J.D. Hayworth's appearance on Hannity & Colmes. During his appearance, the Representative stated that the Canadian government was letting anyone into the country. Obviously, the remarks had been seen as irresponsible, especially for an elected official. McKenna reminded his audience that Canada was on Al-Qaeda's hit list and the government had passed strong immigration and anti-terrorism legislation just for that purpose.

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<sup>64</sup> CBC News, "State of the nations: interview with Canada's Ambassador in Washington," [http://www.cbc.ca/news/reportsfromabroad/champblog/2007/02/state\\_of\\_the\\_nations\\_interview.html](http://www.cbc.ca/news/reportsfromabroad/champblog/2007/02/state_of_the_nations_interview.html); Internet; accessed 15 March 2007.

<sup>65</sup> Julie Auger, "Chronologie des relations canado-américaines de défense et de sécurité de l'Amérique du Nord" Chaire de Recherche du Canada en politiques étrangère et de défense canadiennes, <http://www.pcdc.uqam.ca/pdfs/Chronologie%20Can-US.pdf>; Internet, accessed 3 March 2007.

Perhaps making a point fairly strongly, McKenna cited estimates of 60,000 undocumented persons in Canada while the US had over 10 million for a population of ten times that of Canada. “It's the pot calling the kettle black.” McKenna said.<sup>66</sup>

### **Canada-US Security Issues**

Considering that security on the American side and commerce on the Canadian side were the dominating issues, Martin's government needed to demonstrate good faith in American areas of interest, so that Washington could make concessions on issues that mattered to Canadians.

#### Ballistic Missile Defence (BMD)

On 24 February 2005, the Canadian Government officially declared that it would not participate in missile defence. That statement appeared to contradict an earlier statement that Ambassador McKenna had made. In essence, McKenna had pointed out earlier that, by virtue of the two countries having agreed to allow NORAD to share information with U.S. MD commands, Canada was in fact participating in missile defence.<sup>67</sup>

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<sup>66</sup> Canadian Embassy in Washington, “Letter to Hannity & Colmes,” 26 August 2005, <http://geo.international.gc.ca/can-am/washington/ambassador/050826letter-en.asp>; Internet; accessed 15 March 2007.

<sup>67</sup> Carl Ek, *et al*, *CRS Report for Congress: Canada-US Relations*, Report Prepared for Congress, (Washington: Congressional Research Service, 1 May 2006), 10.

The decision not to take part in missile defence was obviously extremely unpopular with American authorities, but the manner in which the response was managed was also seen as distasteful. It came to the President third hand, through Ambassador McKenna. David T. Jones suggested that there was no doubt that the President recognized the Liberals were operating in a minority government, which restrained it from some of the normal flexibility. However, “for whatever combination of mismanagement and dithering, the Martin Liberals found themselves... The straightforward way to handle such a problem is to pick up the phone and speak with the president.”<sup>68</sup>

As Jones explained, “What leaves Americans puzzled is the relentlessly maladroit manner in which Prime Minister Martin and the Liberals address[ed] what [was] supposedly their most important foreign policy topic: the bilateral relationship with the United States.”<sup>69</sup> Throughout the process, “Martin has managed to look indecisive and confused about the details involved and to exasperate the Americans by his backtracking from an implied commitment.”<sup>70</sup>

As for Paul Celluci, the outspoken former United States ambassador to Canada, he stated that he could not understand “why Canada would in effect give up its

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<sup>68</sup> David T. Jones, “When Politics Trumps Security: a Washington Vantage Point,” *Policy Options*, May 2005, 45-50.

<sup>69</sup> David T. Jones, “When Politics Trumps Security: a Washington Vantage Point,” *Policy Options*, May 2005, 45-50.

<sup>70</sup> Joseph T. Jockel and Joel J. Sokolsky, “A New Continental Consensus? The Bush Doctrine, the War on Terrorism and the Future of US-Canada Security Relations,” in *Canada among Nations 2005: Split Images*, ed. Andrew F. Cooper and Dane Rowlands, (McGill-Queen’s University Press, 2005): 73.

sovereignty – its seat at the table – to decide what to do about a missile that might be coming towards Canada.”<sup>71</sup>

### Joint Strike Fighter

The Joint Strike Fighter was handled in a very different way. In this case, the Martin Liberals followed an approach based on economics, rather than defence. In February 2002, Canada agreed to participate in at least the development of the U.S.-led Joint Strike Fighter program, contributing \$150 million over a 10-year period.<sup>72</sup> It was reasonable to assume that the extent to which both the economies of Canada and the United States were integrated made it realistic that contracts might later on emanate from the sale of the JSF. In its issue of 26 May 2004, *Jane's Defence Weekly* noted that Canada “has been particularly successful in acquiring JSF contracts.” Although Canada, at the time, had not yet committed to procure JSF aircraft, the Congressional Research Service estimated at the time that Canada might eventually purchase the JSF to replace its own fleet of CF-118 fighters.<sup>73</sup>

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<sup>71</sup> CBC News. “Canada won't join missile defence plan,” <http://www.cbc.ca/canada/story/2005/02/24/missile-canada050224.html#skip300x250>; Internet; accessed 27 January 2007.

<sup>72</sup> Carl Ek, *et al*, *CRS Report for Congress: Canada-US Relations*, Report Prepared for Congress, (Washington: Congressional Research Service, 1 May 2006), 11.

<sup>73</sup> Carl Ek, *et al*, *CRS Report for Congress: Canada-US Relations*, Report Prepared for Congress, (Washington: Congressional Research Service, 1 May 2006), 11.



## War on Terrorism - Afghanistan and Iraq

The Iraq invasion was a thorn in both administrations' sides throughout the Liberals' mandate. Jean Chrétien had kept Canada out of the US-led coalition, and had also publicly criticized Bush's administration for its decision to invade Iraq without the endorsement of the UN Security Council. Partly as retaliation, the US had banned a number of countries, including Canada, from bidding on reconstruction contracts in Iraq.

In what was considered a surprising move, in early 2004, as a show of good faith toward Paul Martin, the Bush administration declared that Canadian companies would now be eligible to bid for contracts related to reconstruction in Iraq. The decision was seen as a gesture to ease tensions between Canada and the United States and had reportedly been taken in light of Canada's offer to assist in the rebuilding of Iraq.<sup>74</sup>

When President Bush visited Halifax, on 1 December 2004, early in his second term, he delivered a speech where he outlined the goals for his second term. During the address, he nonetheless made a somewhat subtle rebuke to Canada on its reasoning behind its decision not to support the United States' invasion of Iraq. "The objective of the U.N. and other institutions must be collective security, not endless debate," he said. "For the sake of peace, when those bodies promise serious consequences, serious consequences must follow."<sup>75</sup> In the same address, he suggested that Canada had

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<sup>74</sup> USA Today. "Bush: Canada eligible in Iraq reconstruction contracts," [http://www.usatoday.com/news/world/2004-01-13-bush-canada\\_x.htm](http://www.usatoday.com/news/world/2004-01-13-bush-canada_x.htm); Internet; accessed 3 February 2007.

<sup>75</sup> Washington Post. "President Outlines Foreign Policy," <http://www.washingtonpost.com/wp-dyn/articles/A25380-2004Dec1.html>; Internet; accessed 3 February 2007.

wandered away from the Mackenzie King philosophy of meeting its enemy before it reached Canada's shores. During the press conference, Prime Minister Martin, who fully intended to maintain the course set by his predecessor, carefully rebuked Bush's allusion.

In his address at a forum on Canada-US relations held at University of Western Ontario two days after the election of Stephen Harper (25 January 2006), U.S. Ambassador Wilkins admitted that the decisions taken by the Canada on Iraq and on Ballistic Missile Defence were evidently disappointing, but that the U.S. was moving on. Lately, however the U.S. Administration very much appreciated Canada's involvement in Afghanistan, where its 2300 troops would soon be stationed shortly. The provision of reconstruction funds and the training of police were equally appreciated.<sup>76</sup>

## **ECONOMICS AND TRADE**

### **Bilateral Trade**

#### CUSFTA/NAFTA

Canada and the United States enjoy the largest trade relationship in the world. Every day, an estimated \$US 1.2 billion worth of trade crosses the border. Although trade disputes have existed throughout both countries' trading history, a report produced for Congress estimated that the 1988 Canada-US Free Trade Agreement and the 1993 North

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<sup>76</sup> Royal Society of Canada, "Canada-US Relations: the view from here," [http://www.rsc.ca/print.php?page=canada-us-relations&lang\\_id=1&page\\_id=217](http://www.rsc.ca/print.php?page=canada-us-relations&lang_id=1&page_id=217); Internet; accessed 25 January 2007.

American Free Trade Agreement, along with the establishment of the World Trade Organization have largely improved and eased resolving those trade disputes.<sup>77</sup> It was clear that, during the Liberals' tenure, American interests were satisfied with the status quo, while Canadian authorities wanted some change. For example, when President Bush hosted Prime Minister Martin and President Vicente Fox (Mexico) at Baylor University in Texas in 2005, the President talked about friendship and trade in the context of mutual prosperity and mutual security. Martin, on the other hand, talked about reducing the red tape, eliminating unnecessary regulations and agreeing on approaches to eliminate hidden protectionism.<sup>78</sup>

Previously, in July 2004, PM Martin had already addressed US executives in Idaho, where he had proclaimed that NAFTA needed to be fixed. He had stated that this should not be a surprise to anyone, as the agreement, the most complex in the world at the time, was already ten years old and lessons had been learned since its inception. Of particular concern to Canadians, Martin had focused on the requirement for a more effective dispute settlement process. Because of the lack of effective dispute mechanisms, U.S protectionism for some of its markets had become very strong and disputes had been very difficult to settle.<sup>79</sup> As an example, the events surrounding the Mad Cow border closure were a reminder to Canadians that the current agreements were insufficient to

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<sup>77</sup> Carl Ek, *et al*, *CRS Report for Congress: Canada-US Relations*, Report Prepared for Congress, (Washington: Congressional Research Service, 1 May 2006), 18.

<sup>78</sup> The White House, "President Meets with President Fox and Prime Minister Martin," <http://www.whitehouse.gov/news/releases/2005/03/20050323-5.html>; Internet; accessed 24 February 2007.

<sup>79</sup> Howard Mann, "NAFTA Need Fixing? It Sure Does!- Prime Minister Martin market tests amending NAFTA before top U.S. media executives," *IISD Commentary*, July 2004, [http://www.iisd.org/pdf/2004/commentary\\_trade\\_7.pdf](http://www.iisd.org/pdf/2004/commentary_trade_7.pdf); Internet; accessed 24 February 2007. Howard Mann is an international lawyer in Ottawa and the Senior International Law Advisor to the International Institute for Sustainable Development, based in Winnipeg.

protect Canadian interests from the capacity of some of the US industries and the associations to seek protection measures.<sup>80</sup>

According to Higginbotham and Heynen, the strength of the Canada-US relationship relies, in no small measure, on trustful person-to-person linkages.<sup>81</sup> While Martin may have intended to improve relationship and trust with the Bush Administration, the litany of disputes, described earlier by the *Globe & Mail's* Brian Russell, impeded the establishment of that trust. Hence, little was done during Martin's tenure to resolve these issues.

#### World Trade Organization (and Doha)

According to a report for Congress prepared by Ian F. Ferguson, an analyst for the Foreign Affairs, Defence and Trade Division of CRS, Canada's interest in organizations such as the GATT, the WTO and the Doha Development Round is mostly due to Canada's export driven economy. That being said, the CRS estimated that Canada's growing economy is largely due to bilateral and trilateral agreements such as CUSFTA and NAFTA, rather than cumbersome multilateral agreements.<sup>82</sup>

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<sup>80</sup> Michael J. Broadway, "Mad Cow and the neighbours: Canada's Beef with the US Border Closure," *Canadian Foreign Policy*, Vol. 12, no. 3 (Fall 2005): 112.

<sup>81</sup> John Higginbotham and Jeff Heynen, "Managing through networks: the state of Canada-US relations." in *Canada among Nations 2004: Setting Priorities Straight*, ed. David Carment, Fen Osler Hampson, and Norman Hillmer, 123-140 (McGill-Queen's University Press, 2004).

<sup>82</sup> Carl Ek, *et al*, *CRS Report for Congress: Canada-US Relations*, Report Prepared for Congress, (Washington: Congressional Research Service, 1 May 2006), 30.

When trading disputes cannot be resolved through mechanisms included in bilateral agreements such as NAFTA, Canada and the US normally refer them to the World Trade Organization, the only international organization dealing with the global trading rules between nations. The WTO's main function is to ensure that trade flows as smoothly, predictably and as freely as possible.<sup>83</sup>

Unfortunately for Canada, the US has resisted some of the WTO's judgments. Such has been the case with the disputes over Mad Cow disease and Softwood Lumber. During a Washington visit, in April 2004, Martin reminded Americans that although everyone agreed that the failure of the Doha round would not be in anyone's interest, the possibility was very real. And if it failed, many countries would feel that even if the international systems that have been built over the decades might work for some, they did not work for them.<sup>84</sup>

### Softwood Lumber

During the Liberals' tenure, the dispute over softwood lumber was probably the most visible trade dispute that both countries entertained. Softwood lumber is one of

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<sup>83</sup> World Trade Organization, "In brief," [http://www.wto.org/english/res\\_e/doload\\_e/inbr\\_e.pdf](http://www.wto.org/english/res_e/doload_e/inbr_e.pdf); Internet, accessed 24 February 2007.

<sup>84</sup> University of Alberta, "Address by Prime Minister Paul Martin on the occasion of his visit to Washington, D.C.-April 29,2004," <http://www.uofaweb.ualberta.ca/govrel//pdfs/MartinApril29Washington.pdf>; Internet, accessed 13 April 2007.

Canada's largest exports to the United States. In 2003, over 19 billion board feet of lumber were shipped south.<sup>85</sup>

The 1996 U.S.-Canada Softwood Lumber Agreement had expired on March 31, 2001. The American position was the following: the bilateral agreement had been established to mitigate the effects of Canadian federal and provincial government subsidies to Canadian lumber producers. Once the 1996 Agreement expired, U.S. industry filed antidumping and countervailing duty petitions vis-à-vis imports of Canadian softwood lumber. The U.S. International Trade Commission (ITC) subsequently found that the U.S. industry was endangered by reason of dumped and subsidized imports of Canadian lumber. The U.S. Department of Commerce found antidumping rates ranging from 2.18 percent to 12.44 percent and a countervailing duty rate of 18.79 percent from Quebec to British Columbia. On 14 December 2004, the Department of Commerce announced the results of the first administrative review of the antidumping/countervailing (AD/CVD) orders, in which it assessed antidumping rates ranging from 0.92 to 10.59 percent, and a countervailing duty rate of 17.18 percent.<sup>86</sup> Canada did challenge, or had announced its intent to challenge, the underlying Department of Commerce and ITC findings in the original investigation in ten separate proceedings under the WTO and NAFTA. On 24 November 2004, the United States Trade Representative requested the creation of an Extraordinary Challenge Committee

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<sup>85</sup> Centre for Research and Information on Canada, "The softwood lumber dispute," [http://www.cric.ca/en\\_html/guide/softwood/wood.html#dispute](http://www.cric.ca/en_html/guide/softwood/wood.html#dispute); Internet, accessed 24 February 2007.

<sup>86</sup> The Embassy of the United States of America, "Softwood Lumber," [http://canada.usembassy.gov/content/content.asp?section=can\\_usa&subsection1=trade&document=softwood\\_lumber](http://canada.usembassy.gov/content/content.asp?section=can_usa&subsection1=trade&document=softwood_lumber); Internet; accessed 16 March 2007.

(ECC) to address deficiencies in the decisions of the NAFTA panel regarding the ITC's threat determination.<sup>87</sup>

According to Ross W. Gorte and Jeanne J. Grimmer, both of the CRS, trading disputes over lumber between the two countries are inevitable, given the largely different situations and policies. Indeed, while Canada still possessed large expanse of untouched forests, the United States had fewer pristine areas.<sup>88</sup> At the end of 2005, despite the fact that Canada had addressed the softwood lumber issue through litigation and negotiation, the government had not yet achieved positive result. And the US was showing no sign of modifying its position.<sup>89</sup>

#### Beef and Cattle Trade (including Mad Cow)

In May 2003, after Alberta authorities confirmed that they had discovered a case of Bovine Spongiform Encephalopathy (commonly known as Mad Cow disease), the United States closed its doors to Canadian cattle. As a result, the Canadian cattle industry

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<sup>87</sup> The Embassy of the United States of America, "Softwood Lumber," [http://canada.usembassy.gov/content/content.asp?section=can\\_usa&subsection1=trade&document=softwood\\_lumber](http://canada.usembassy.gov/content/content.asp?section=can_usa&subsection1=trade&document=softwood_lumber); Internet; accessed 16 March 2007.

<sup>88</sup> Carl Ek, *et al*, *CRS Report for Congress: Canada-US Relations*, Report Prepared for Congress, (Washington: Congressional Research Service, 1 May 2006), 36.

<sup>89</sup> Carl Grenier, "Getting religion on softwood lumber: a biblical test of the rule of law," *Policy Options*, December 2005, <http://www.irpp.org/po/archive/dec05/grenier.pdf>; Internet; accessed 9 April 2007.

suffered significantly. The border remained mostly closed until July 2005.<sup>90</sup> That single case of mad cow disease was enough to create a crisis in Canada (mostly Alberta).<sup>91</sup>

In a February 2005 report, the United States Department of Agriculture's (USDA) Inspector General (IG) concluded that the actions taken by the Department on Canada were sometimes subjective and undocumented. In addition, the policy decisions were poorly communicated to the public and between Animal and Plant Health Inspection Service (APHIS) and Food Safety and Inspection Service (FSIS), and controls over the regulatory process were inadequate. As American producers used a lot of Canadian cattle in their process, resuming cross-border trade was critical for the United States to convince other countries that beef was safe. North American cattle and beef markets had become integrated to the extent that adding lingering import restrictions was putting U.S. producers and processors at a competitive disadvantage by making it more difficult and expensive for them to obtain enough cattle.<sup>92</sup>

Michael J. Broadway, Head of Department of Geography at Northern Michigan University, agrees. The border closure was intended to protect American interests and was essentially reopened not because of Canadian intervention of safety, but rather pressure from American services industry, as processors were paying their American

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<sup>90</sup> Michael J. Broadway, "Mad Cow and the neighbours: Canada's Beef with the US Border Closure," *Canadian Foreign Policy*, Vol. 12, No. 3, (Fall 2005): 105.

<sup>91</sup> Norman Hillmer, Fen Osler Hampson and David Carment, "Smart Power in Canadian Foreign Policy," in *Canada among Nations 2004: Setting Priorities Straight*, ed. David Carment, Fen Osler Hampson, and Norman Hillmer, (McGill-Queen's University Press, 2004): 5.

<sup>92</sup> Geoffrey S. Becker, "BSE ("Mad Cow Disease"): A Brief Overview," *CRS Report for Congress*, (Washington: Congressional Research Service, 21 March 2006), [http://canada.usembassy.gov/content/can\\_usa/madcow\\_crs\\_033106.pdf](http://canada.usembassy.gov/content/can_usa/madcow_crs_033106.pdf); Internet; accessed 16 March 2007. Mr. Becker is a Specialist in Agricultural Policy Resources, Science, and Industry Division at CRS.



producers extravagant prices.<sup>93</sup> For Canada, it was a reminder of its increasing dependence on the United States for its exports.<sup>94</sup>

### Agriculture (Wheat and Corn)

*Wheat.* U.S trade officials, along with other northern hemisphere wheat producers, have long complained that Canada's wheat export practices have been inconsistent with its international trade obligations.<sup>95</sup> According to the CRS, Canada, as the fourth largest agricultural exporter in the world, has been attempting to maximize reductions or the complete elimination of domestic support by other countries, as it distorts trade patterns. At the same time, somewhat paradoxically, Canadian negotiators have continued to attempt to include state trading enterprises (such as the Canadian Wheat Board) in similar discussions. Organizations such as the Canadian Wheat Board have often been accused of practicing trade distorting export practices.<sup>96</sup>

Canada's position has been that the Canadian Wheat Board is a valid state trading enterprise under WTO ruling.<sup>97</sup> As well, Canada has long complained about American dumping of wheat, and other products. Essentially, Europe and the United States have been selling wheat at price sometimes 40 % lower than production. This way, farmers

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<sup>93</sup> Michael J. Broadway, "Mad Cow and the neighbours: Canada's Beef with the US Border Closure," *Canadian Foreign Policy*, Vol. 12, No. 3, (Fall 2005): 109.

<sup>94</sup> Michael J. Broadway, "Mad Cow and the neighbours: Canada's Beef with the US Border Closure," *Canadian Foreign Policy*, Vol. 12, No. 3, (Fall 2005): 110.

<sup>95</sup> Randy Schnepf, "*CRS Report for Congress: Canada-US Relations*," Congressional Research Service Washington, DC: 1 May 2006, 30.

<sup>96</sup> Ian F. Ferguson, "*CRS Report for Congress: Canada-US Relations*," Congressional Research Service Washington, DC: 1 May 2006, 30.

<sup>97</sup> Randy Schnepf, "*CRS Report for Congress: Canada-US Relations*," Congressional Research Service Washington, DC: 1 May 2006, 37.

across the world, Canada included, have been experienced substantial losses when world prices drop inequitably.

According to the Council on Hemispheric Affairs, as of August 2005, while Martin had had some success in solving a few disputes, U.S.-Canadian trade disputes over wheat were still souring relations between the two nations, highlighting what could be perceived as a duel between U.S. protectionism and Canadian belligerence.<sup>98</sup>

*Corn.* U.S. exports of corn to Canada have risen dramatically since 2000. Canadian corn producers have blamed the increase in US corn program payments. Canadian producers consider the U.S. program payments highly subsidized American corn producers, with the result that US corn was being sold in Canada below production cost. In early 2005, Canada's International Trade Tribunal judged that reasonable evidence existed to determine that the U.S. was subsidizing and dumping corn exports on the Canadian market.<sup>99</sup>

To counter it, in August 2005, Canada initiated antidumping and countervailing duty investigations of U.S. grain corn producers. Provisional countervailing duties of US\$1.07/bushel and provisional antidumping duties of US\$0.58/bushel were imposed on December 15, 2005. This was nothing new. In 1992, a dispute settlement panel

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<sup>98</sup> Council on Hemispheric Affairs, "Rocky Road: U.S.-Canadian Relations in Need of Further Repair, Now that Both Sides Make Concessions on Devils Lake Dispute," <http://www.coha.org/2005/08/08/rocky-road-us-canadian-relations-in-need-of-further-repair-now-that-both-sides-make-concessions-on-devils-lake-dispute/>; Internet; accessed 13 April 2007.

<sup>99</sup> Randy Schnepf, "CRS Report for Congress: Canada-US Relations," Congressional Research Service Washington, DC: 1 May 2006, 42-43.

established under the General Agreement on Tariffs and Trade (GATT) found that a Canadian countervailing duty on U.S. corn was inconsistent with GATT rules. The WTO rules are almost identical to those of the GATT and the earlier case was along the same line as the 2005 corn issue. Based on the analysis used by the CITT in its preliminary findings, it appeared that the WTO would prohibit the imposition of duties. The matter had not yet been settled, when Martin was defeated.<sup>100</sup>

## **ENVIRONMENTAL ISSUES**

President Bush's Republican Administration and Martin's Liberal Government did not get along on environmental issues either. Perhaps indicative of the whole relationship in this domain was the exchange during a UN Conference on Climate Change in December 2005 in Montreal. Washington was livid over Prime Minister Martin's climate change comments about the United States, when he stated that "There is such a thing as a global conscience."<sup>101</sup> The PM had alluded to the fact that there were nations that still resisted taking actions against climate change. Some nations attempted to lessen the urgency, dismiss the scientific knowledge, or simply figured that it was not their problem to solve. The PM was including the United States amongst those nations.<sup>102</sup>

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<sup>100</sup> Embassy of the United States of America, "U.S. Requests WTO Consultations with Canada on Grain Corn Duties," [http://canada.usembassy.gov/content/textonly.asp?section=can\\_usa&subsection1=trade&document=trade\\_corn\\_031706](http://canada.usembassy.gov/content/textonly.asp?section=can_usa&subsection1=trade&document=trade_corn_031706); Internet; accessed 15 March 2007.

<sup>101</sup> CBC News, "Washington Furious over Martin's Climate Change comments," <http://www.cbc.ca/news/story/2005/12/09/katrina-global-warming-bush-martin.html>; Internet; accessed 16 March 2006.

<sup>102</sup> Laurentian University, "Climate Change – Home : Quotes," <http://www.laurentian.ca/Laurentian/Home/Research/Special+Projects/Climate+Change+Case+Study/Quotes/>; Internet; accessed 16 March 2007.

The White House officially complained about Martin's comments, through Jim Connaughton, chairman of the Council on Environmental Quality. He informed Canadian Ambassador to the United States, Frank McKenna, that Martin's comments had been the worst slander against the Bush Administration since Germany's chancellor, Gerhard Schroeder, had suggested that the White House's posture against the Kyoto Protocol was responsible for Hurricane Katrina. Ambassador McKenna was quick to ask for a meeting with Connaughton, but the damage had been done.<sup>103</sup>

## **Kyoto**

As indicated above, following Prime Minister Martin's public slight against the United States on the issue of greenhouse gases, Ambassador Wilkins informed Martin that he risked damaging the most profitable relationship in the world. "It may be smart election-year politics to thump your chest and criticize your friend and your No. 1 trading partner constantly," Wilkins said in a speech to the Canadian Club at the Chateau Laurier Hotel in Ottawa. "But it is a slippery slope, and all of us should hope that it doesn't have a long-term impact on the relationship."<sup>104</sup> Although the *New York Times* had commended Martin on his stance, it carried no favour in the White House.<sup>105</sup>

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<sup>103</sup> CBC News, "Washington Furious over Martin's Climate Change comments," <http://www.cbc.ca/news/story/2005/12/09/katrina-global-warming-bush-martin.html>; Internet; accessed 16 March 2006.

<sup>104</sup> Scott Deveau, "U.S. ambassador rips Martin over Kyoto," *Globe & Mail*, 13 Dec 2005, [http://www.theglobeandmail.com/servlet/Page/document/v5/content/subscribe?user\\_URL=http://www.theglobeandmail.com%2Fservlet%2Fstory%2FRTGAM.20051213.wbush1213%2FBNStory%2FInternational%2F&ord=1172343540786&brand=theglobeandmail&force\\_login=true](http://www.theglobeandmail.com/servlet/Page/document/v5/content/subscribe?user_URL=http://www.theglobeandmail.com%2Fservlet%2Fstory%2FRTGAM.20051213.wbush1213%2FBNStory%2FInternational%2F&ord=1172343540786&brand=theglobeandmail&force_login=true); Internet, accessed 24 February 2007.

<sup>105</sup> Scott Deveau, "U.S. ambassador rips Martin over Kyoto," *Globe & Mail*, 13 Dec 2005, [http://www.theglobeandmail.com/servlet/Page/document/v5/content/subscribe?user\\_URL=http://www.theglobeandmail.com%2Fservlet%2Fstory%2FRTGAM.20051213.wbush1213%2FBNStory%2FInternational](http://www.theglobeandmail.com/servlet/Page/document/v5/content/subscribe?user_URL=http://www.theglobeandmail.com%2Fservlet%2Fstory%2FRTGAM.20051213.wbush1213%2FBNStory%2FInternational)

## Devils Lake

Devils Lake is a small, closed water system in North Dakota. In itself, it also is a sub-basin within the Hudson Bay drainage basin. However, it is not connected to it. In the past, record high water levels have significantly damaged the small town of Devils Lake. North Dakota lobbied for construction of an emergency outlet that would pump water from Devils Lake into the Sheyenne River, which is connected and flows into the Red River and into Manitoba. Meanwhile, in periods of drought, North Dakota has also lobbied for an inlet, which would draw water from the Missouri River, send it into the Hudson Bay basin via the Sheyenne and Red rivers. Canada and Manitoba have long argued that inter-basin diversions represent great danger to Canadian ecosystems. Potential harmful effects cited include but are not restricted to transfer of foreign fish, their diseases and other biota into Canadian waters and the presence of pollutants like salt, phosphorous and mercury. Considering that Manitoba's fishery is a multi-million dollar enterprise, it was very much a concern for Manitobans.<sup>106</sup> The Canadian government has requested that the case be referred to the International Joint Commission.<sup>107</sup>

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[%2F&ord=1172343540786&brand=theglobeandmail&force\\_login=true](#); Internet, accessed 24 February 2007.

<sup>106</sup> Canadian Embassy in Washington, "Garrison Diversion and the Devils Lake Outlet: The Canadian Position," [http://geo.international.gc.ca/can-am/washington/shared\\_env/garrison-en.asp](http://geo.international.gc.ca/can-am/washington/shared_env/garrison-en.asp); Internet; accessed 13 March 2007.

<sup>107</sup> Carl Ek, *et al*, *CRS Report for Congress: Canada-US Relations*, Report Prepared for Congress, (Washington: Congressional Research Service, 1 May 2006).

The dispute continued to cause significant political turmoil at the highest levels, Martin having repeatedly raised Canada's concerns with President Bush. However, as of July 2005, the diversion project was still scheduled to go ahead, despite Canadian objections.<sup>108</sup>

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<sup>108</sup> CBC News, "In-depth: Devils Lake dilemma," <http://www.cbc.ca/news/background/water/devilslake.html>; Internet; accessed 13 April 2007.

## CHAPTER 5 - STATE OF CANADA-US RELATIONSHIP FOLLOWING THE ELECTION OF PRIME MINISTER STEPHEN HARPER

At first glance, the election of Stephen Harper appeared to have an instantaneous impact on Canada-US relations. As noted by Paul Jackson, an award-winning political journalist currently Editor Emeritus of the *Calgary Sun*, Harper made it clear that strong Canada-US relations were a priority with his two first appointments. First, he appointed Michael Wilson, a pro-American business executive and former Finance Minister in a previous Mulroney government, as Canadian Ambassador to the United States. According to John Kirton, Wilson is well known and respected in Washington.<sup>109</sup> The other and as significant appointment was that of Derek Burney, former Canadian Ambassador to the U.S., as chief advisor on his government transition team.<sup>110</sup> Burney had also been a chief of staff during a Brian Mulroney government, and had guided the latter through the 1990 and 1991 G7 summits.<sup>111</sup>

As well, the first visit Prime Minister Harper made was to the troops in Afghanistan, an important gesture both for the Canadian military, the local government and the apparent commitment of Canada to the fight against global terrorism. He also withdrew the funding for the Hamas government in Lebanon and designated the Tamil

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<sup>109</sup> John Kirton, "Harper's Made in Canada Global Leadership," in *Canada among Nations 2006: Minorities and Priorities*, ed. Andrew F. Cooper and Dane Rowlands, 35-57 (McGill-Queen's University Press, 2006), 39.

<sup>110</sup> Paul Jackson, "Canada's Foreign Policy Turning Pro-American," *American Thinker*, February 17, 2006, [http://www.americanthinker.com/2006/02/canadas\\_foreign\\_policy\\_turning.html](http://www.americanthinker.com/2006/02/canadas_foreign_policy_turning.html); Internet, accessed 9 April 2007.

<sup>111</sup> John Kirton, "Harper's Made in Canada Global Leadership," in *Canada among Nations 2006: Minorities and Priorities*, ed. Andrew F. Cooper and Dane Rowlands, 35-57 (McGill-Queen's University Press, 2006), 39.

Tigers as a terrorist organization, something that the United States had done already and that the previous Canadian government had been reluctant to do. More recently, Harper's government reached a deal with the Americans on softwood lumber, perhaps the best indication that the White House is listening again.

All in all, it is clear that the Conservative government was focused on action.

## **SECURITY AND FOREIGN POLICY**

### **Canadian Foreign Policy and the U.S.**

Following Prime Minister Harper's election, policy advisors were quick to react. As advice to the new government, Gotlieb encouraged an immediate return to dialogue at the highest level of government.

With regards to predicting how the future would hold, Andrew Cohen suggested that the Conservatives would bring "greater emphasis on interests and resources, less emphasis on rhetorical values and more focus on diplomacy."<sup>112</sup>

Canada's Conservative government made clear its belief that Canada's influence world-wide would be impacted by the apparent success of its relationship with the United States. The management of this relationship, from trade to defence to the environment,

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<sup>112</sup> Royal Society of Canada, "Canada-US Relations: the view from here," [http://www.rsc.ca/print.php?page=canada-us-relations&lang\\_id=1&page\\_id=217](http://www.rsc.ca/print.php?page=canada-us-relations&lang_id=1&page_id=217); Internet; accessed 25 January 2007.



would have to be a core Canadian priority. Canada could not afford to let anti-American feelings affect this relationship. Based on the most recent Liberal rhetoric, Canada's foreign policy has already shifted.

Alexander Moens, from the Fraser Institute, has recently noted that the higher levels of governmental relationships, including the ministerial and ambassadorial levels, had improved markedly. Citing Ambassador David Wilkins, "There's now a feeling of shared responsibility as we tackle problems and more of a, 'let's fix the problem' rather than trying to fix the blame."<sup>113</sup>

#### International Policy Statement

The International Policy Statement came and went. It came as no surprise to anyone that such a document would be largely discarded, at least in name, by a new government. In summer 2006, Foreign Affairs Minister Peter MacKay indicated that the Conservative Government would indeed put the International Policy Statement aside. It had been removed from the Foreign Affairs website. Meanwhile, the government was doing similar things on one hand while contradicting it in others. The bottom line was that the Conservatives had their own agenda for foreign policy and the headlines were a far better place to find it than a five-volume document. According to John Ibbitson, of the *Globe & Mail*, while the Martin government had taken painstaking steps to give birth to the International Policy Statement, it had been largely ignored. The Conservatives

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<sup>113</sup> Alexander Moens, "Canadian-American Security and Defence Relations," <http://www.cda-cdai.ca/seminars/2007/moens.pdf>; Internet, accessed 29 March 2007.

seemed intent on acting, rather than writing rhetoric.<sup>114</sup> Having already quickly set the tone with Michael Wilson's appointment in Washington, less than two months after his election, Harper announced that he would meet with his North American counterparts in Cancun in late March 2006, to discuss matters of common interest.

During his campaign, Stephen Harper had issued 23 news releases devoted to international affairs.<sup>115</sup> According to Kirton, the Harper government chose to articulate only a few core principles, repeat them constantly, and demonstrate how they decisively applied in key cases. These decisions then served to let everyone know what the "policy" and approach would be when similar cases appeared. If nothing else, this was at least a sharp contrast in style from Martin's government, with its many list of priorities and its International Policy Statement which lacked the clarity to deliver anything concrete.<sup>116</sup>

## Cuba

Ambassador Michael Wilson reported recently that Prime Minister Harper intended for Canada to become more active in the world diplomatically. One area where Canada could play a role and improve relations between countries was with Cuba and the United States. Both Canada and the United States are expecting Fidel Castro to pass away in the next foreseeable future. As a matter of fact, American authorities, expecting a flood

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<sup>114</sup> John Ibbitson, "Tories file foreign policy statement in Blue box," <http://canadiancoalition.com/forum/messages/18534.shtml>; Internet; accessed 27 February 2007.

<sup>115</sup> John Kirton, "Harper's Made in Canada Global Leadership," in *Canada among Nations 2006: Minorities and Priorities*, ed. Andrew F. Cooper and Dane Rowlands, 35-57 (McGill-Queen's University Press, 2006).

<sup>116</sup> John Kirton, "The Rule of Law from the Gray Lecture to Global Leadership," [http://www.g7.utoronto.ca/scholar/kirton2007/kirton\\_rule-of-law\\_070121.pdf](http://www.g7.utoronto.ca/scholar/kirton2007/kirton_rule-of-law_070121.pdf); Internet, accessed 12 March 2007, 10.

of migrants after the death of Fidel Castro, have been building new holding compounds in Guantanamo Bay. Although the Bush administration is hoping for a collapse of Cuban communism, in the event it does not, it is still expected that, with Raul Castro at the helm, an opportunity exists for some flexibility.<sup>117</sup>

In this light, it appears that Canada is posturing to act as a bridge between the United States and Cuba, using its long-term relationship with the Caribbean island. Canada has extensive business investments in Cuba and has established a dialogue with different segments of society. As well, Canada, having established relations not only with Castro's entourage but also with members of the fragmented opposition and having pressured for the government to release its political prisoners and open its economy, is well positioned to act as a bridge. As a dialogue between Cuba and Canada already exists, Wilson has explained to Americans that Canada understands Cuba and how it thinks.<sup>118</sup>

Canada-US relationships may not have changed with regards to Cuba, but between the American administration's possible openness to Cuba and the Harper government's intent for Canada to play an increased role in its relations between Cuba and the U.S., it is possible that they may in the future.

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<sup>117</sup> Toronto Star, "Wilson pushes Cuba connection: Canada's prepared to help broker Havana-U.S. ties after Castro dies, ambassador says," February 17, 2007, <http://www.thestar.com/printArticle/182747>; Internet; accessed 29 March 2007.

<sup>118</sup> Toronto Star, "Wilson pushes Cuba connection: Canada's prepared to help broker Havana-U.S. ties after Castro dies, ambassador says," February 17, 2007, <http://www.thestar.com/printArticle/182747>; Internet; accessed 29 March 2007.

## International Criminal Court

Since the election of Prime Minister Harper, the United States has continued to oppose the International Criminal Court. In fact, this opposition has taken form in concrete measures. Since withdrawing its signature from the Rome Statute (the founding document for the International Criminal Court), the Bush Administration has been approaching countries to sign Bilateral Immunity Agreements, aiming at excluding its citizens and military personnel from Court's jurisdiction. These agreements prohibit surrendering persons such as current or former government officials, military personnel, and US employees (including contractors) and nationals to the ICC. Those countries that have refused to sign a BIA have seen reprisal from the United States.<sup>119</sup>

Many governmental, legal and non-governmental experts have maintained that these bilateral agreements are contrary to international law. They also suggest that by suspending military assistance to those States Parties which do not sign these agreements, the Bush Administration is guilty of arm-twisting and bullying economically vulnerable states that support the ICC.<sup>120</sup>

Fortunately, there appears to be a shift in the firm opposition of the US government apparatus with regards to the ICC. This is due in part to its Chief Prosecutor,

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<sup>119</sup> Coalition for the International Criminal Court, "Overview of the United States' Opposition to the International Criminal Court," [http://www.iccnw.org/documents/CICCFS\\_US\\_Opposition\\_to\\_ICC\\_11Dec06\\_final.pdf](http://www.iccnw.org/documents/CICCFS_US_Opposition_to_ICC_11Dec06_final.pdf); Internet; accessed 12 March 2007.

<sup>120</sup> Coalition for the International Criminal Court, "Overview of the United States' Opposition to the International Criminal Court," [http://www.iccnw.org/documents/CICCFS\\_US\\_Opposition\\_to\\_ICC\\_11Dec06\\_final.pdf](http://www.iccnw.org/documents/CICCFS_US_Opposition_to_ICC_11Dec06_final.pdf); Internet; accessed 12 March 2007.

Luis Moreno-Ocampo, an Argentine, who has dismissed hundreds of petitions for cases against the United States. Victoria K. Holt, a senior associate at the Henry L. Stimson Center, has suggested that the absence of the United States from the Court has undermined the Administration's argument to the rest of the world that the United States supports the standards it preaches.<sup>121</sup>

The potential exists for a modification of the United States' position on ICC, but this possible change has very little to do with Canada's change of government in 2006. Hence, the change in government has not had any affect on Canada-US relations over the issue of ICC, as of yet.

### **Border Security**

According to Pierre Martin, director of the Chair in American Political and Economic Studies at Université de Montréal, Canadian officials and politicians have had different positions on the issue of border security. In 2006, Prime Minister Harper and his government did not make this a priority. By contrast, the Canadian Embassy and business communities, especially close to border states, have lobbied to Congress for less intrusive security measures, which would better consider the importance of efficient flow of goods and travelers on both economies.<sup>122</sup> As Colin Robertson, head of the Canadian Embassy's

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<sup>121</sup> Nora Boustany, "A Shift in the Debate On International Court," *Washington Post Foreign Service*, 7 November 2006, A16, <http://www.washingtonpost.com/wp-dyn/content/article/2006/11/06/AR2006110601269.html?referrer=emailarticlepg>; Internet, accessed 12 March 2007.

<sup>122</sup> Pierre Martin, "The Mounting Costs of Securing the Undefended Border," *Policy Options* (July-August 2006): 18.

Washington advocacy secretariat said during an interview with *The Hill* in early March 2006, trade depends on easy border transit. If that does not occur, there can be damage to the joint economy.<sup>123</sup> Early in Harper's mandate, it was still expected that these security measures would continue to have a negative impact on North American economic integration. The American point of view is simply that, although trade is important, security is the primary concern.<sup>124</sup>

### Security Measures

In April 2006, the United States announced it had no intention of delaying its plan to introduce tougher security checks at border crossings.<sup>125</sup> In June 2006 in Toronto, Prime Minister Harper announced new security measures aimed to improve Canada's ability to detect and react to potential terrorist attacks. The PM reminded Canadians that terrorists had recently targeted transport systems in the United Kingdom and Spain. Harper also reminded Canadians that they could choose to ignore potential terrorists, but it would not mean that terrorists would do the same. In this light, Canada needed to do everything in its power to prevent attacks on Canadian soil. The announcement came two

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<sup>123</sup> Roxanna Tiron, "Canadian Embassy ramps up lobbying," *The Hill*, 1 March 2006, <http://thehill.com/business--lobby/canadian-embassy-ramps-up-lobbying-2006-03-01.html>; Internet; accessed 31 March 2006.

<sup>124</sup> Pierre Martin, "The Mounting Costs of Securing the Undefended Border," *Policy Options* (July-August 2006): 18.

<sup>125</sup> CBC News, "U.S. won't delay new border security measures," 18 April 2006, <http://www.cbc.ca/canada/story/2006/04/18/border060418.html>; Internet, accessed 31 March 2007.

weeks after a coordinated effort between police, security and information services collaborated to apprehend potential Canadian terrorists.<sup>126</sup>

During a North American Summit in March 2006, Presidents Bush and Fox and Prime Minister Harper had agreed that border security within North America should not impede the flow of trade and tourism. Border security should also ease rightful travel and commerce while ensuring that terrorists and criminals are caught and/or denied entry. They had also agreed that the way to achieve this was through advanced technologies and close cooperation.<sup>127</sup> That being said, during the same meeting, Harper requested that the President intervene to insert some leniency in the scope and pace at which security measures were adopted. Part of this was the upcoming requirement for obtaining a passport for traveling between both countries.<sup>128</sup> Although, the Prime Minister was very reassuring during the meeting, President Bush advised the Prime Minister that Congress had passed a law and, as the President, he intended to enforce it. Although Minister Day and Secretary Chertoff had been requested to continue working the issue, it appeared at the time that these changes were inevitable and will have an economic impact on Canadians.<sup>129</sup>

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<sup>126</sup> Office of the Prime Minister, "Le Premier ministre annonce de nouvelles mesures pour renforcer la sécurité des Canadiennes et des Canadiens," <http://www.pm.gc.ca/fra/media.asp?id=1207>; Internet; accessed 13 mars 2007.

<sup>127</sup> U.S. Department of State, "Bush, Fox, Harper Stress North American Unity, Cooperation," <http://usinfo.state.gov/gi/Archive/2006/Apr/01-373531.html>; Internet; accessed 14 mars 2007.

<sup>128</sup> Université de Montréal, "Sécurité à la frontière canado-américaine : l'escalade des coûts," *Chronique du CERIU*, <http://www.cerium.ca/article2829.html>; Internet; accessed 13 mars 2007.

<sup>129</sup> Weekly Compilation of Presidential Documents, "The President's News Conference with President Vicente Fox of Mexico and Prime Minister Stephen Harper of Canada in Cancun," 31 March 2006, Web site; Internet; accessed 13 April 2007, 616.

In January 2007, Public Safety Minister Stockwell Day announced that Canada would spend more than \$368 million over the next five years to increase protection at its borders from terrorist, economic and environmental threats. Since 9/11, experts have long recommended that Canada should tighten its borders.<sup>130</sup>

While this may not have been a priority for the Harper government, it appears that the combination of a parade of provincial premiers and Ambassador Wilson's efforts have succeeded in bringing some flexibility into the process.<sup>131</sup> In February 2007, the Bush administration announced, through Homeland Security Secretary Michael Chertoff, that it had agreed to exempt children from the incoming passport requirements at the Canada-U.S crossings. Shortly after that, Premiers McGuinty, of Ontario, Gary Doer of Manitoba and Shawn Graham of New Brunswick traveled to Washington to meet with members of Congress and state governors to discuss similar arrangements for seniors.

Despite the fact that Ottawa and the provinces believe that the Department of Homeland Security is rushing implementation of the land-border rules, the Premiers and

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<sup>130</sup> Beth Duff-Brown "Canada unveils Border Security Plan," *Washington Post*, 13 January 2007, <http://www.washingtonpost.com/wp-dyn/content/article/2007/01/13/AR2007011300207.html>; Internet; accessed 9 April 2007.

<sup>131</sup> Wilson is known in the States to have access to the Prime Minister, something that American authorities appreciate.



Ambassador Wilson were encouraged by the progress made and were hopeful that the improved relationship with Congress might help bring enhanced flexibility.<sup>132</sup>

### Trade and Commerce

While security measures may appear frivolous to some, Perrin Beatty, president of the Canadian Manufacturers & Exporters Association and former Minister of National Defence, has declared that if terrorists can damage Canada's economy, they will have won. He feels that it would be foolish for Canadians to assume that further incidents along the border will not occur. That is why his association and others are willing to work with governments and emergency response teams on both sides of the border to stage exercises and develop protocols that would get trade moving within hours of an emergency.<sup>133</sup>

The announcement made by Stockwell Day in early 2007 was comprised of different projects aimed at increasing border security with the minimum disruption to trade. The greater part (\$337 million) of the funding has been designated for the electronic-Manifest (e-Manifest) program. This program will allow computer-automated risk assessments of cargo shipments before they reach Canada, for the 18,000 trucks that

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<sup>132</sup> Sheldon Alberts, "Premiers lobby U.S. lawmakers for border-control concessions," *CanWest News Service*, 26 February 2007, <http://www.canada.com/topics/news/national/story.html?id=784ac9a3-4d4e-4b61-92d8-94d6c3283992&k=10354>; Internet; accessed 31 March 2007.

<sup>133</sup> Beth Duff-Brown "Canada unveils Border Security Plan," *Washington Post*, 13 January 2007, <http://www.washingtonpost.com/wp-dyn/content/article/2007/01/13/AR2007011300207.html>; Internet; accessed 9 April 2007.

cross the U.S.-Canada border each day, as well as all railroad, air and marine cargo carriers. The measure should allow border service agents to determine in advance whether the cargo, or those who deliver it, should be further screened.<sup>134</sup>

The Security and Prosperity Partnership (SPP) continues to develop for new initiatives to increase security without impeding the flow of commerce.<sup>135</sup> In March 2006, Presidents Bush and Fox and Prime Minister Harper issued a joint statement in which they highlighted the progress that had been made and that was to come, through the continued collaboration between the three countries.<sup>136</sup>

At the highest departmental and ambassadorial levels, both American and Canadian actors are stating that Canada-US relations are improving in matters of securing Trade and Commerce. Speeches and addresses by Ambassador Wilkins, Minister MacKay, Mme Marie-Lucie Morin, Deputy Minister of International Trade have all been highlighting similar trends: the Security and Prosperity Partnership making progress, both countries' highest levels of government are cooperating and additional funding is being made available to improve the necessary infrastructure.

However, at the working level, much work remains to be done. For example, some transporters have noted that the initiatives have contributed to better flow of

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<sup>134</sup> Beth Duff-Brown "Canada unveils Border Security Plan," *Washington Post*, 13 January 2007, <http://www.washingtonpost.com/wp-dyn/content/article/2007/01/13/AR2007011300207.html>; Internet; accessed 9 April 2007.

<sup>135</sup> Carl Ek, *et al*, *CRS Report for Congress: Canada-US Relations*, Report Prepared for Congress, (Washington: Congressional Research Service, 1 May 2006), 24.

<sup>136</sup> Weekly Compilation of Presidential Documents, "The President's News Conference with President Vincente Fox of Mexico and Prime Minister Stephen Harper of Canada in Cancun," 31 March 2006, 619.

merchandise, but the initiatives on both sides of the borders are not well matched. That creates other problems for transporters, who are incurring additional expenses.<sup>137</sup>

### Immigration and Refugees

Since the election of Stephen Harper, little has changed on matters of individual entry into the country. The Smart Border Agreement concluded in December 2001 continues in its attempts to harmonize the requirements for security, notably passports and visas. According to the action plan, the management of the Canada-U.S. border will be achieved through the introduction of smart technologies, which should improve the process. Still, it forces foreign nationals of 175 countries to obtain one for work and one for student status.<sup>138</sup>

The matter of Immigration and Refugee policy is a much more contentious issue. Many Americans believe that Canada's refugee policy is lax, considering that the majority of Canada's refugee claimants arrive in Canada without any documentation and are nonetheless permitted free entry into the country even when it is evident that many disposed of the documents they had before coming to Canada. The American media has felt that this practice encourages fraud and abuse. This is contrasted by the fact that international economic and trade policies remain, at this time, a secondary preoccupation

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<sup>137</sup> Tom Stundza, "Security snarls U.S.-Canada trade," *Purchasing.com*, 7 March 2007, <http://www.purchasing.com/article/CA6422379.html?industryid=2150>; Internet; accessed 31 March 2007.

<sup>138</sup> François Crépeau, Delphine Nakache, and Idil Atak, "Sécurité et droits de la personne au Canada et en Europe : un déséquilibre à corriger," *Policy Options*, (July-August 2006) : 31, <http://www.irpp.org/po/archive/jul06/crepeau.pdf>; Internet; accessed 13 March 2007.

of the US government, and the current political environment is dominated by the war in Iraq and internal disputes over its immigration policy.<sup>139</sup>

This can be illustrated in two ways. As explained by Jean Bériault, from RCI, the arrest of 18 alleged or potential terrorists in Toronto in the spring of 2006 had a generally positive impact in some areas of the government in the United States. The Bush Administration was quick to congratulate Canadian authorities for their vigilance. Congratulations came from Condoleeza Rice, Secretary of State, directly to Peter MacKay, Minister of Foreign Affairs.

But that was not the case everywhere. Some members of the Congress used the incident to voice their concern that Canada represented the easy way in for terrorists. On the other hand, Representative Peter King (Rep - NY), United States House Committee on Homeland Security president declared that Canada has an important Al-Qaeda presence on its soil. This is caused by Canada's lax immigration laws and the ease with which one can obtain refugee status. Representative John Hostettler (Rep – Ind), Chairman of the Judiciary Committee's Subcommittee on Immigration, Border Security, and Claims, argued that the arrest proved that security on the northern border is lax and must be tightened urgently. In addition, he declared that Canadians do not seem to realize that the terrorist threat could also come from their own citizens.<sup>140</sup>

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<sup>139</sup> Geoffrey Hale, "Facing up to the NAFTA paradox," Policy Options, (July-August 2006): 40-46, <http://www.irpp.org/po/archive/jul06/hale.pdf>; Internet; accessed 13 March 2007.

<sup>140</sup> Jean Bériault, "Les relations Ottawa-Washington après le coup de filet anti-terroriste au Canada," *Radio-Canada International*, 12 juin 2006, <http://www.rcinet.ca/rci/fr/chroniques/22523.shtml>; Internet; accessed 13 March 2006.

Canada and the United States also disagree when it comes to single individuals, even with the new government, especially in matters of immigration, refugees and potential terrorists. The case of Maher Arar is such an example. Maher Arar is a Syrian-born Canadian citizen who was detained in 2002 by U.S. authorities. At the time, the U.S. authorities suspected him of harbouring terrorist links. They deported him to Syria where he was jailed and tortured. In a subsequent very public inquiry, Arar was cleared. The Canadian judicial inquiry blamed the RCMP for his deportation.

On 26 January 2007, Prime Minister Harper issued an announcement that the mediation process with Maher Arar and his family was complete. The Canadian government officially apologized to Arar, and offered \$10.5 million as a compensation package. However, the American Administration chose not to lift the restrictions imposed on him. Nor have they apologized. Instead, the U.S. State Department intends to keep Arar on its security watch list, despite the Canadian Government's efforts to get his name removed. Ambassador Wilkins even went public in warning Ottawa to stop insisting in its demand for Maher Arar to be taken off the list.

The Arar case is a matter in which the two sovereign nations will continue to disagree. At the same time that he was apologizing to Arar, Prime Minister Stephen Harper also issued his strongest reprimand yet to Wilkins. Harper stated that Canada has every right to defend one of its citizens when the government believes he or she is not

being treated fairly. Public Security Minister Stockwell Day intends to continue working the Arar case with the United States and figures that this issue will be raised again.<sup>141</sup>

### **Canada-US Security Issues**

According to Andrew Coyne, national affairs columnist for *The National Post* (as reported by John Kirton), an assessment of Prime Minister Harper's first 100 days revealed that foreign policy may well have been the most significant departure from what had been the normal cautious Canadian ambivalence. One of the means by which this was achieved was his early appointment of Burney and Wilson.<sup>142</sup> As has been mentioned earlier, Wilson has the Prime Minister's ear and this manifestation of access is considered important in the United States. In addition, Harper's decision to firmly support Israel during the 2006 Lebanon-Israel conflict was viewed as bold.<sup>143</sup> The decision placed Canada closer to the U.S. position than usual. Withdrawing the funding for the Hamas government in Lebanon before any of its allies and designating the Tamil Tigers as a terrorist organization were equally decisive, uncharacteristic of a Canadian government.

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<sup>141</sup> CBC News, "U.S. refuses to take Arar off watch list,"

<http://www.cbc.ca/canada/story/2007/01/26/arar-us.html#skip300x250>; Internet, accessed 13 March 2007.

<sup>142</sup> John Kirton, "The Rule of Law from the Gray Lecture to Global Leadership," [http://www.g7.utoronto.ca/scholar/kirton2007/kirton\\_rule-of-law\\_070121.pdf](http://www.g7.utoronto.ca/scholar/kirton2007/kirton_rule-of-law_070121.pdf); Internet, accessed 12 March 2007.

<sup>143</sup> Bruce Cheadle, "Harper sides firmly with Israel," *Canadian Press*, 14 July 2006, <http://www.canada.com/story.html?id=45238981-841e-4029-930f-1a82d84f4bf7>; Internet; accessed 1 April 2007.

At the same time, Prime Minister Harper announced a major military acquisition programme, aimed at enhancing Canada's forces in humanitarian and combat roles, as a means of reshaping Canada's global presence.<sup>144</sup> Although the Martin government had also announced military spending, it had been seen as short of repairing the damages created by Liberal neglect under Chrétien's tenure.

### Ballistic Missile Defence and NORAD

After the Second World War, Canada was the rising star of the British Empire and U.S. leaders were eager to have Canada participate in alliances. Although Canada was well positioned then, it cannot take future involvement for granted. In the future, if Canada does not participate in such alliances, whether from a lack of interest or a lack of capability, it will indicate a downgrading of Canada-US relations and make it more difficult to engage the United States on other priorities.<sup>145</sup>

In May 2006, Washington and Canada renewed the NORAD agreement, this time, without an expiration date. Canada also created its own equivalent homeland defence headquarters to the U.S. Northern Command, Canada Command.<sup>146</sup> Ann Denholm Crosby, professor at York University, has suggested that, through the renewal of the NORAD Agreement, Canada was *de facto* participating in BMD, because of NORAD's

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<sup>144</sup> Hugh Segal, "Compassion, Realism, Engagement and Focus," in *Canada among Nations 2006: Minorities and Priorities*, ed. Andrew F. Cooper and Dane Rowlands, 27-33, (McGill-Queen's University Press, 2006).

<sup>145</sup> Christopher Sands, "Third-Country Issues and the United States," in *Canada among Nations 2006: Minorities and Priorities*, ed. Andrew F. Cooper and Dane Rowlands, 125-144, (McGill-Queen's University Press, 2006), 132.

<sup>146</sup> Joseph T. Jockel and Joel J. Sokolsky, "Renewing NORAD – Now if not forever," *Policy Options*, (July-August 2006): 53.

second mission, aerospace control for North America. The latter involves operational control, through which missile interception can be conducted.<sup>147</sup> There are currently approximately 600 Canadian Forces personnel serving in the United States. Most are assigned to NORAD-related positions.<sup>148</sup>

Since the election, Prime Minister Harper has not stated what Canada's role, if any, would be in the U.S. missile defence program. In March 2006, when Harper met with U.S. President George W. Bush in Mexico, they declared not having talked about missile defence.<sup>149</sup> In July 2006, they met again. President Bush was asked by a reporter whether or not he anticipated Canada would eventually participate in Ballistic Missile Defence. The President responded that he had not approached this question with the Prime Minister as he understood that BMD was a very delicate subject for Canadian public opinion.<sup>150</sup> The President's tone had changed dramatically and its regard for public opinion was apparent. This represented a clear move from the frustration demonstrated vis-à-vis the Martin government previously. What may help the cause is the recent Senate Committee on Defence that recommended that Canada participate in the Ballistic Missile Defence programme.<sup>151</sup>

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<sup>147</sup> Ann Denholm Crosby, "The New Conservative Government and Missile Defence," in *Canada among Nations 2006: Minorities and Priorities*, ed. Andrew F. Cooper and Dane Rowlands, 170-171 (McGill-Queen's University Press, 2006).

<sup>148</sup> Department of National Defence, *Canada – United States Defence Relations Backgrounder*, 27 July 2006, [http://www.forces.gc.ca/site/Newsroom/view\\_news\\_e.asp?id=1922](http://www.forces.gc.ca/site/Newsroom/view_news_e.asp?id=1922); Internet; accessed 10 April 2007.

<sup>149</sup> CBC News, "In-depth: Ballistic Missile Defence: Canada's Role," [http://www.cbc.ca/news/background/us\\_missiledefence/canadasrole.html](http://www.cbc.ca/news/background/us_missiledefence/canadasrole.html); Internet; accessed, 12 March 2007.

<sup>150</sup> Radio-Canada.ca, "Bush louange Harper," 5 July 2006, <http://www.radio-canada.ca/nouvelles/International/2006/07/06/004-harper-bush.shtml>; Internet; accessed 1 April 2007.

<sup>151</sup> CBC News, "In-depth: Ballistic Missile Defence: Canada's Role," [http://www.cbc.ca/news/background/us\\_missiledefence/canadasrole.html](http://www.cbc.ca/news/background/us_missiledefence/canadasrole.html); Internet; accessed, 12 March 2007.



## Joint Strike Fighter

In December 2006, the Canadian Aerospace Industry applauded the Conservative government's decision to extend its participation in the Joint Strike Fighter project. The Board President of the Aerospace Industries Association of Canada (AIAC), Don Campbell, declared that the programme represented an important opportunity for Canadian aerospace industries, as it had the potential for lucrative contracts. Through its involvement in the production and sustainment phases of the project, the government contributed to the growth and competitiveness of technology and leadership of Canadian aerospace marketplace.<sup>152</sup>

According to the President and Director-General of AIAC, the government's leadership in matters related to sustainment of Canadian Aerospace industries has deserved great praise. The Association has maintained for a number of years that involvement in developing the JSF would provide important durable industrial kickbacks everywhere in Canada. The real value of the JSF resides in access for Canadian manufacturers to next generation industrial advances that could be used for other projects in commercial aviation, defence and space. All this could better posture Canadian R&D and will increase exports.

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<sup>152</sup> Aerospace Industries Association of Canada, "L'industrie aérospatiale applaudit le fédéral pour sa participation à la recherche et au développement du nouvel avion de combat," [http://www.aiac.ca/pop\\_win/content.asp?id=1524](http://www.aiac.ca/pop_win/content.asp?id=1524); Internet; accessed 10 April 2007.

Up to now, the JSF has directly affected 54 companies, many of which are small and medium size. These companies have found niches of world calibre that have resulted in contracts worth \$157M. Mr. Boag suggested that this was a direct result of this industry and government partnership.

The Air Force is currently exploring the different options to replace the CF-18s, which are scheduled for retirement in the 2017-2020 timeframe. According to the Directorate of Air Requirements in National Defence Headquarters, "An initial analysis completed in 2006 indicates that the JSF family would provide the best operational capability and the longest service life at the lowest cost." It is assessed that Canada's involvement in the JSF programme will ensure the Canadian Forces relevance in the air for the next 30 years or more, in addition to the Canadian industry access as mentioned above.<sup>153</sup> While the Harper government has not committed to buy a replacement for the CF-18 yet, its participation in this next phase will contribute to improved interoperability between Canadian, American and allied forces.<sup>154</sup>

Despite the Canadian (and to a certain extent the American) aerospace industry's extremely positive reaction, it is unlikely that, in itself, Canada's participation to the JSF would drastically improve Canada-US relations. The decision is a continuation of what the Liberals had started when the JSF programme began.

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<sup>153</sup> Department of National Defence, "Canada Commits to Phase Three of Joint Strike Fighter," *Crew Brief*, February 2007, Vol. 5, No. 1, [http://www.airforce.forces.gc.ca/newsroom/crew/02-07/03\\_e.asp](http://www.airforce.forces.gc.ca/newsroom/crew/02-07/03_e.asp); Internet; accessed 13 March 2007.

<sup>154</sup> Defence Industry Daily, "Canada Signs F-35 Production Phase MoU," <http://www.defenseindustrydaily.com/2006/12/canada-signs-f35-production-phase-mou/index.php>; Internet, accessed 3 April 2007.

## War on Terrorism - Afghanistan and Iraq

Canada's military mission in Afghanistan was granted a two-year extension by the House of Commons on 17 May 2007. Various analysts have argued that the extension was as much (if not more) a cynical political move by the Conservatives, designed to split the Liberals. Still, it was a departure from a somewhat normal procedure in that it was neither the UN nor NATO that made Canada do it. According to the Prime Minister, the added aid and support to Afghanistan was a strategy aimed at changing expectations on the ground, to convince Afghans that Canada, unlike all other foreigners who had entered in their history, would be there to help for the long haul. In February 2007, Harper announced additional funding for aid to Afghanistan. As he stated, the aid to Afghanistan was not just to fulfill Canada's duty within its participation in the United Nations Organization or NATO. Nor was it just out of beliefs in freedom, democracy human rights and the rule of law. Rather, Harper stated, because if the international community fails in Afghanistan, terrorists and extremists will return and the world will become a more dangerous place.<sup>155</sup> John Kirton maintains that the Harper government's decision to commit \$1 billion in development assistance over ten years had the same purpose. It is aimed at bringing the law as well as order to Afghans at home.<sup>156</sup> In

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<sup>155</sup> Office of the Prime Minister, "Prime Minister Stephen Harper announces additional funding for aid in Afghanistan," <http://www.pm.gc.ca/eng/media.asp?category=1&id=1552>; Internet; accessed 10 April 2007. Received via email 27 February 2007.

<sup>156</sup> John Kirton, "The Rule of Law from the Gray Lecture to Global Leadership," [http://www.g7.utoronto.ca/scholar/kirton2007/kirton\\_rule-of-law\\_070121.pdf](http://www.g7.utoronto.ca/scholar/kirton2007/kirton_rule-of-law_070121.pdf); Internet, accessed 12 March 2007, 14.

addition, Harper's heavy military investment in Afghanistan could potentially free up America and its allies from deadly terrorism of global reach.<sup>157</sup>

James Laxer, who has pleaded for the government to bring back Canadian troops from Afghanistan, argues that the extension was much more a means to show Canadian support to the Bush Administration than anything else. He maintains that Prime Minister Harper, being ardently pro-American, has used the Canadian Mission in Afghanistan as a means to signal his neo-conservative allegiances to the Bush Administration.<sup>158</sup>

The Canadian support would come at an opportune time. According to Christopher Sands, even the United States, despite its abundant resources, has limits in taking on the challenges of the world. Accordingly, it has exhorted its allies to help share the burden and has welcomed any contribution that could be made. The Conservative government under Harper seems to have understood this fact. Harper's first significant visit was to the Canadian troops involved in providing security and reconstruction in Afghanistan. Canada's efforts in Afghanistan have demonstrated that it shares common values and dedication in the war on terrorism on the side of the United States. This effort has become pivotal to Canadian interests in a larger sense. As the White House took notice, the Prime Minister was able, later on, to leverage Canada's commitment to

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<sup>157</sup> John Kirton, "The Rule of Law from the Gray Lecture to Global Leadership," [http://www.g7.utoronto.ca/scholar/kirton2007/kirton\\_rule-of-law\\_070121.pdf](http://www.g7.utoronto.ca/scholar/kirton2007/kirton_rule-of-law_070121.pdf); Internet, accessed 12 March 2007, 14.

<sup>158</sup> James Laxer, "Mission of Folly: Chapter 9: Bringing Canadian Troops Home from Afghanistan," <http://www.jameslaxer.com/2007/03/mission-of-folly-chapter-9-bringing.html>; Internet; accessed 4 April 2007.

Afghanistan for discussions on other bilateral issues.<sup>159</sup> For example, it may have helped in the resolution of the softwood lumber dispute, but that cannot be verified.

Rightly or wrongly, the commitment to Afghanistan has improved Canada-US relations. Already in April 2006, during an interview on CTV's *Question Period*, Ambassador Wilkins stated that the president was very appreciative of Canada's military commitment to Afghanistan, and that it was not taken for granted.<sup>160</sup> One year later, a BDO Dunwoody Weekly CEO/Business Leader Poll conducted by COMPAS in the *Financial Post* for publication 13 March 2007 concluded that Canada-US relations had noticeably improved since December 2005 due, in part, by Canada's continued role in Afghanistan.<sup>161</sup>

On 3 April 2007, Minister of National Defence, Gordon O'Connor, stated, during a press conference in Montreal, that Canada would be in Afghanistan until it is no longer required.<sup>162</sup>

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<sup>159</sup> Christopher Sands, "Third-Country Issues and the United States," in *Canada among Nations 2006: Minorities and Priorities*, ed. Andrew F. Cooper and Dane Rowlands, 125-144, (McGill-Queen's University Press, 2006), 132.

<sup>160</sup> CTV News Staff, "Wilkins expects softwood resolution by end of year," *Question Period*, 2 April 2006, [http://www.ctv.ca/servlet/ArticleNews/story/CTVNews/20060402/wilkins\\_softwood\\_060402/20060402?hub=QPeriod](http://www.ctv.ca/servlet/ArticleNews/story/CTVNews/20060402/wilkins_softwood_060402/20060402?hub=QPeriod); Internet; accessed 4 April 2007.

<sup>161</sup> BDO Dunwoody Weekly CEO/Business Leader Poll, "Dramatic Improvements in Can-Am Relations under Harper," *Financial Post*, 13 March 2007.

<sup>162</sup> RDI en direct, "Un échéancier ferme, mais flexible," Television, 3 April 2007.

## ECONOMICS AND TRADE

In an interview with *Canadian Business Magazine*, in March 2006, Colin Powell, former U.S. Secretary of State (2000-2005), stated that the Canada-US relationship was one of the U.S.'s most important and that the integration of the U.S. and Canadian economies had benefited both peoples, especially since the inception of NAFTA. Although the relationship had had its up and downs, the Iraq issue for example, it was still a healthy relationship. He felt that there was an upswing at the time, with Prime Minister Harper committed to improving relations between the two countries. There was no doubt in his mind that two sovereign democratic nations would have differences from time to time. But it was important that both peoples reminded themselves of what kept them together, and of the values they shared. Thinking of those shared values would get them through the disappointments that would arise.<sup>163</sup> This sentiment certainly was shared by Canadian CEOs and business leaders, as demonstrated by a BDO Dunwoody Weekly CEO/Business Leader Poll conducted by COMPAS. The poll, conducted for a publication on 13 March 2007 in the *Financial Post*, concluded that people felt that Canada-US relations had noticeably improved since December 2005 due, in part, to Stephen Harper's election, Canada's continued efforts in Afghanistan and Canada's commitment to protect US access to energy in case of a crisis.<sup>164</sup>

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<sup>163</sup> Zena Olijnyk, "Q&A: Colin Powell: on the Upswing" *Canadian Business Magazine*, March 13-26, 2006, [http://www.canadianbusiness.com/after\\_hours/opinions/article.jsp?content=20060313\\_75174\\_75174](http://www.canadianbusiness.com/after_hours/opinions/article.jsp?content=20060313_75174_75174); Internet; accessed January 2007.

<sup>164</sup> BDO Dunwoody Weekly CEO/Business Leader Poll, "Dramatic Improvements in Can-Am Relations under Harper," *Financial Post*, 13 March 2007.

## Bilateral Trade

### CUSFTA/NAFTA

At Harper's first North American Summit in Cancun in March 2006, President Bush saluted the success of the North American Free Trade Agreement (NAFTA), which he credited with improving the economies of Canada, Mexico and the United States since its implementation in 1994. He stated that the NAFTA parties should work to ensure the maintenance of free and fair trade under the agreement.<sup>165</sup> Colin Powell suggested that few people could contradict that NAFTA has not benefited all three countries. He believed that NAFTA had raised living standards, allowed both Canadian and American economies to grow and demonstrated to the world that North America remains the engine of international economic commerce. As well, Powell maintained that NAFTA had displayed the necessary flexibility for Canada and the United States to take advantage of the growth of new industries and adjust to the death of old industries. The real challenge was not between the U.S. and Canada. Instead, it was between the U.S. and Canada and the emerging world, whether India and China or the integration of more countries into the European Union.<sup>166</sup>

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<sup>165</sup> U.S. Department of State, "Bush, Fox, Harper Stress North American Unity, Cooperation," <http://usinfo.state.gov/gi/Archive/2006/Apr/01-373531.html>; Internet; accessed 14 mars 2007.

<sup>166</sup> Zena Olijnyk, "Q&A: Colin Powell: on the Upswing," *Canadian Business Magazine*, March 13-26, 2006, [http://www.canadianbusiness.com/after\\_hours/opinions/article.jsp?content=20060313\\_75174\\_75174](http://www.canadianbusiness.com/after_hours/opinions/article.jsp?content=20060313_75174_75174); Internet; accessed January 2007.

The Harper government is facing several challenges with NAFTA. NAFTA requires amendments to address issues such as the lack of institutional arrangements to manage changing policy conditions, the interaction between regional trading arrangements within North America and each country's broader trade and international economic programmes, and the asymmetries between the US-Canada and US-Mexico relationships. More problematic, however, is the fact that as much as Canadians wish for amendments in NAFTA, the United States has nothing but asymmetrical relationships and as long as there are no crises, it is not going to be a priority.<sup>167</sup>

As well, according to Michael Hart and Bill Dymond, both from Carleton University, the Conservatives must fix the trade relationship, undone by the Liberals. During the years of the Liberal government, a long-standing and reasonably effective consultative mechanism with the business community was abandoned in favour of a politically correct but fairly ineffective similar mechanism with civil society groups. No replacement was been created to effect dialogue with the business community. This resulted in a trade policy that was (and still is) short-term and responsive only to specific interests.<sup>168</sup>

And changing arrangements with the American government is difficult. As noted by Frank McKenna before he left Washington, when dealing with the American government, a foreign government has to deal with two administrations: the White House and Congress. Fortunately, given the change in substance and style during the Bush

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<sup>167</sup> Geoffrey Hale, "Facing up to the NAFTA Paradox," *Policy Options*, (July-August 2006), 40.

<sup>168</sup> Michael Hart and Bill Dymond, "Waiting for Conservative Trade Policy," *Policy Options*, (October 2006), 65.



Administration's second term, the election of Stephen Harper may bring a more cooperative relationship on both sides.<sup>169</sup> Hart and Dymond agree. They maintain that the Harper government has discarded distance and animosity as the default position in managing Canada's relationship with the United States. Instead, it has chosen to inject maturity and perspective. Hart and Dymond see this as a good sign.<sup>170</sup>

### World Trade Organization (and Doha)

Right after Stephen Harper's election, Stephen Johnson, Senior Policy Analyst at *The Heritage Foundation* had noted that Canada was an industrial and agricultural power, very much like the United States. This statement is supported by Statistics Canada (2006), which situates one quarter of all Canadian jobs as linked in part to international trade. For decades, both Canada and the United States have maintained similar protectionist policies, through trade barriers, on various agricultural products. It was hoped at the time that President Bush and Prime Minister Harper would be able to work together to reduce these remaining bilateral constraints. It was equally hoped that they could push other national leaders to do the same through the World Trade Organization.<sup>171</sup>

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<sup>169</sup> Geoffrey Hale, "Facing up to the NAFTA Paradox," *Policy Options*, (July-August 2006), 44.

<sup>170</sup> Michael Hart and Bill Dymond, "Waiting for Conservative Trade Policy," *Policy Options*, (October 2006), 69.

<sup>171</sup> Stephen Johnson, "Despite Conservative Win, Don't Take Canada for Granted," *The Heritage Foundation*, <http://www.heritage.org/Research/TradeandForeignAid/wm967.cfm>; Internet; accessed 14 March 2007.

The Canadian government expressed regret with the suspension of WTO (Doha) development round negotiations. On 24 July 2006, Ministers David Emerson and Chuck Strahl conveyed the government's disappointment following WTO's Director-General Pascal Lamy's announcement that the latest round of WTO negotiations—the Doha Development Agenda—had been suspended until further notice. Emerson added that significant economic benefits could have been achieved through the outcome of these negotiations. It was expected that Canadian agricultural producers and processors, manufacturers and service providers, would have benefited from the enlarged market access that the Doha Round was intended to achieve. Nonetheless, Canada remains deeply committed to the WTO, as it remains the only international organization dedicated to promoting the rules of fair trade between countries.<sup>172</sup> That mere fact is important for Canada when it comes to resolving trade disputes with the United States. Resolution then relies even more on the direct relations between the Canadian and the American governments.

In the *Economist* 3 February 2007 edition, it was noted that President Bush had recently stressed the importance of resuming and concluding the Doha round of trade talks. He has requested that Congress extend the necessary authority (called Trade Promotion Authority) for the President to conclude trade deals. While urging lawmakers to avoid protectionism, he paradoxically cautioned Capitol Hill that global competition could bring hardship to the nation. Although a breakthrough in the Doha round is hard to

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<sup>172</sup> Foreign Affairs and International Trade Canada, "Government of Canada expresses disappointment at the suspension of WTO Doha development round negotiations," [http://w01.international.gc.ca/MinPub/Publication.aspx?isRedirect=True&Language=E&publication\\_id=384243&docnumber=84](http://w01.international.gc.ca/MinPub/Publication.aspx?isRedirect=True&Language=E&publication_id=384243&docnumber=84); Internet; accessed 14 March 2007.

pin down at this time, for proponents of free trade including Canada, this was fairly good news, as, at least, the President was engaged.<sup>173</sup> Meanwhile, Canada intends to continue pursuing regional and bilateral trade initiatives that serve its future commercial interests.<sup>174</sup>

Since the election of the Harper government, some aspects of the Canada-US trade relationship have improved. Some trade disputes have been resolved, such as softwood lumber. But several others remain, such as the disputes over imports of U.S. corn, live swine, cigarettes, oysters and certain specialty fish. Both countries still maintain that the other subsidizes, albeit in different ways, its agricultural sector. As the only international organization dealing with the global rules of trade between nations, the World Trade Organization is very important for Canada. For Canada and many other nations, the Bush Administration's recent openness is encouraging.<sup>175</sup> But there is no indication at this time that the stalling of the Doha Round of negotiations has had any impact on the Canada-US relationship. Canada must rely on its own relationships with other countries to effect change (particularly with the U.S.)

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<sup>173</sup> Economic Policy, "Raring to go: George Bush revs up his economic agenda," *The Economist*, 3 February 2007.

<sup>174</sup> Foreign Affairs and International Trade Canada, "Government of Canada expresses disappointment at the suspension of WTO Doha development round negotiations," [http://w01.international.gc.ca/MinPub/Publication.aspx?isRedirect=True&Language=E&publication\\_id=384243&docnumber=84](http://w01.international.gc.ca/MinPub/Publication.aspx?isRedirect=True&Language=E&publication_id=384243&docnumber=84); Internet; accessed 14 March 2007.

<sup>175</sup> According to several reports from the Institute for Agriculture and Trade Policy's Trade Observatory.

## Softwood Lumber

At the UWO-RSC forum, Wilkins cited that “the Bush administration remains committed to resolving the softwood lumber issue...and the only way to bring finality to the softwood lumber issue is a negotiated settlement.”<sup>176</sup> Prior to the Cancun trilateral meetings between Presidents Bush and Fox and Prime Minister Stephen Harper, it had been reported that President Bush wanted to demonstrate to Canadians that the United States “genuinely cared” by bringing about solutions to issues such as softwood lumber and U.S. plans to require new security cards at the border. Analysts were arguing that this display of goodwill could very well improve the chances of breakthroughs down the road. According to Charles Doran, a political analyst at John Hopkins University who specializes in bilateral issues, Bush only needed an opposite number he could trust, as before Harper, there was little common ground.<sup>177</sup>

In March 2006, at a press conference following one of the Cancun meetings, the PM said that he had obtained a commitment from U.S. President George W. Bush to start discussing the softwood lumber dispute. President Bush had expressed his wish to see a resolution. Bush praised Harper's stance on the lumber issue, saying he made an emphatic

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<sup>176</sup> Royal Society of Canada, “Canada-US Relations: the view from here,” [http://www.rsc.ca/print.php?page=canada-us-relations&lang\\_id=1&page\\_id=217](http://www.rsc.ca/print.php?page=canada-us-relations&lang_id=1&page_id=217); Internet; accessed 25 January 2007.

<sup>177</sup> Beth Gorham, “Bush extends olive branch to Canada as he prepares to meet Harper,” *Canadian Press*, 29 March 2006, <http://www.tradeobservatory.org/headlines.cfm?refID=80440>; Internet; accessed 6 April 2006.

case. The president appreciated the Prime Minister's steely resolve to get something done.<sup>178</sup>

On 27 April 2006, after years of disputes with the United States on softwood lumber, Prime Minister Stephen Harper announced that Canada and the United States had reached a long-term agreement that resolved the longstanding dispute.<sup>179</sup> Under the new agreement, the U.S. has agreed to refund 80 per cent of the \$5 billion U.S. in import duties that it had levied on Canadian softwood lumber during the dispute. Meanwhile, Canada has agreed to adhere to a complex formula that intended to restrict the market share of Canadian softwood lumber in the U.S. at about one-third, which is roughly the current level. Many critics argue that the deal was unacceptable, but British Columbia and Ontario welcomed it. As expressed by B.C.'s Premier Gordon Campbell, "We can wait another five years for litigation... You never get everything you want."<sup>180</sup>

The Angus Reid Global Monitor also brought another perspective, which was rather important for Canadians. Whereas the Liberal government's management of the dispute could be depicted as firm, it was also stubborn. And more than a few observers had noted that the party had used this to maximize domestic political advantage. After all,

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<sup>178</sup> CBC News, "Bush praises Harper's 'steely resolve' on softwood," 30 March 2006, <http://www.cbc.ca/world/story/2006/03/30/newsummit-cancun060330.html>; Internet; accessed 6 April 2007.

<sup>179</sup> Office of the Prime Minister, "Prime Minister announces Canada and U.S. reach softwood deal," <http://www.pm.gc.ca/eng/media.asp?category=1&id=1136>; Internet; accessed 10 April 2007.

<sup>180</sup> Angus Reid Global Monitor, "A look at the softwood lumber resolution," <http://www.angus-reid.com/analysis/index.cfm/fuseaction/viewItem/itemID/11797>; Internet; accessed 6 April 2007.

the softwood lumber sales only represent 3 per cent of trade relationship between Canada and the U.S. In comparison, the newly-elected Harper government considered its realistic options and was able to strike a realistic agreement soon after its election. The deal has looked, up to now, like a reasonable peace.<sup>181</sup>

### Beef and Cattle Trade (including Mad Cow)

A native of Toronto who lived most of his life in Alberta, Stephen Harper had indicated that he intended to resolve the Mad Cow issue as well. In this particular case, progress was not made as quickly as in softwood lumber. Still, progress has been made. In July 2006, Agriculture Secretary Mike Johanns announced that the U.S. Agriculture Department had decided to move forward with a plan to reduce the number of tests for Mad Cow disease. Johanns also indicated that that there remained insignificant justification for the current conduct of 1,000 tests a day.<sup>182</sup>

Since early 2007, the U.S. government's original 2006 proposal to lift some of the last remaining import bans in place since the 2003 mad cow outbreak is about to go through. It appears that Washington's position on the issue of Canadian cattle and beef is softening. Beef and cattle imports have been restricted to animals 30 months or younger,

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<sup>181</sup> Angus Reid Global Monitor, "A look at the softwood lumber resolution," <http://www.angus-reid.com/analysis/index.cfm/fuseaction/viewItem/itemID/11797>; Internet; accessed 6 April 2007.

<sup>182</sup> Canadian Press, "U.S. Agriculture Department reduces testing for Mad Cow disease," <http://www.canada.com/topics/news/agriculture/story.html?id=53caa214-7672-40ae-9cdf-2428c59a199f&k=81640>; Internet; accessed 14 March 2007.

because older animals were at greater risk of carrying the disease. The announced change would allow Canada to ship cattle born after March 1999. At the time of this paper, the plan was going through 60 days of public comment (12 March 2007). It is expected that the lessened restrictions would come into effect during summer 2007, if accepted.<sup>183</sup>

### Agriculture (Wheat and Corn)

*Wheat.* The Canadian Wheat Board possesses a monopoly on marketing wheat and barley in Western Canada. Lately, it has been facing questions, both in Canada and abroad, about its relevance in an increasingly globalized environment. The 2004 WTO plan to reduce or cut subsidies and for state agencies to stop the practices that distort trade are putting organizations such as the Canadian Wheat Board in jeopardy.<sup>184</sup> In December 2006, Federal Agriculture Minister Chuck Strahl fired the president of the Canadian Wheat Board, who had been critical of the Conservative government over the plan to disassemble the board's monopoly on marketing wheat and barley. It was the Conservative's plan to let farmers choose whether to sell the grains through the board or independently, a position closer to WTO rulings.<sup>185</sup>

Meanwhile, wheat remains a sore area in Canada-US relations, according to Sukumar Periwal, Canada-US Fulbright Visiting Chair at the University of Washington.

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<sup>183</sup> The Nicholson Files, "Mad Cow," <http://www.wednesday-night.com/mad-cow.asp>; Internet; accessed 14 March 2007.

<sup>184</sup> CBC News, "In-depth: Agriculture - Canadian Wheat Board," <http://www.cbc.ca/news/background/agriculture/cwb.html>; Internet; accessed 14 March 2004.

<sup>185</sup> CBC News, "Strahl fires wheat board president," <http://www.cbc.ca/canada/manitoba/story/2006/12/19/measner-fired.html>; Internet; accessed 14 March 2007.

He argued that the dispute over wheat had highlighted somewhat of a contradiction, in that the WTO and the U.S. challenged the existence and purpose of the Wheat Board, while the U.S. increased its agricultural subsidies.<sup>186</sup>

*Corn.* Corn is also a sore point. In fact, a few months after the softwood lumber dispute had been settled, Canada requested consultations with the United States at the World Trade Organization. The issue was subsidies that the U.S. Government provides to its corn growers, in addition to the level of U.S. agricultural support. According to International Trade Minister David Emerson, the level of subsidies provided to agricultural producers by the U.S. Government creates unfair market conditions that advantage American producers.<sup>187</sup>

In March 2006, the U.S Trade Representative requested WTO consultations with Canada over duties on corn. The U.S considered that in establishing the duty after its original ruling, the Canadian International Trade Tribunal (CITT) appeared not to have considered a series of factors required by WTO rules. The Trade Representative also maintained that the CITT had declined to review additional relevant evidence that other factors, and not U.S. imports, were injuring Canadian corn growers, such as exchange-rate movements and unusually large world corn harvests. That approach was not considered consistent with WTO rules requiring that such evidence be taken into account and the CITT held hearings from 20 March to 25 March 2006. Findings were provided

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<sup>186</sup> Sukumar Periwal, "Canada-US Relations: The bad, the good and the ugly," November 2006, <http://jsis.washington.edu/canada/Canada-US.ppt>; Internet; accessed 13 January 2006.

<sup>187</sup> CBC News, "Canada goes to WTO over U.S. Corn subsidies," <http://cbc.ca/money/story/2007/01/08/cornfight.html>; Internet; accessed 9 January 2007.



shortly after and it was found that the duties had to be lifted and importers refunded.<sup>188</sup>

Corn is now entering Canada freely.<sup>189</sup>

On 8 January 2007, Canada filed a complaint with the World Trade Organization and immediately called for consultations with the U.S. As of January 2007, the European Union, Argentina, Brazil, Australia, Guatemala, Nicaragua, Thailand and Uruguay had joined Canada in challenging U.S. corn-industry subsidies. Mexico added its support in February and more were expected. Unfortunately, there has been little indication that U.S. politicians will be willing to reduce the high subsidies<sup>190</sup>

Hence, at this time and despite overwhelming support from third party nations, there is no indication that there the 2006 change in Canadian government has had any effect, either negative or positive, in the area of corn trade. Canada and the U.S are still disagreeing on aspects of the corn trade.

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<sup>188</sup> Embassy of the United States of America, "U.S. Requests WTO Consultations with Canada on Grain Corn Duties," [http://canada.usembassy.gov/content/textonly.asp?section=can\\_usa&subsection1=trade&document=trade\\_corn\\_031706](http://canada.usembassy.gov/content/textonly.asp?section=can_usa&subsection1=trade&document=trade_corn_031706); Internet; accessed 15 March 2007.

<sup>189</sup> Carl Ek, *et al*, *CRS Report for Congress: Canada-US Relations*, Report Prepared for Congress, (Washington: Congressional Research Service, 1 May 2006), 43.

<sup>190</sup> Jim Romahn, "Canada's corn subsidy challenge finds plenty of support," *IATP Trade Observatory*, 30 January 2007, <http://www.tradeobservatory.org/headlines.cfm?refID=97216>; Internet; accessed 6 April 2007.

## ENVIRONMENTAL ISSUES

### Kyoto

Canada's commitment to the Kyoto Protocol pretty much ended with the election of a minority Conservative government. In fact, abandoning Kyoto was part of the Conservatives' election platform. Instead of Kyoto, the Conservatives wanted to bring in a national approach for reducing gas emissions. When the budget came, in May 2006, there was no provision for the Kyoto Protocol.<sup>191</sup> This gesture shocked many average Canadians, most of whom ignored that the previous governments (Chretien's and Martin's) had inflated their attempts at taking care of the environment and had been largely incompetent at it. As a matter of fact, historically, Canada's record on environmental issues, using several indicators, is fairly poor.<sup>192</sup>

This decision surely pleased the Bush Administration as it would certainly prevent further ulceration over gas emissions, but that also represented a danger for the Harper government.<sup>193</sup> Domestically and internationally, the decision to blatantly disregard an official international commitment made under the auspices of the United Nations was sure to bring the government strong criticism and be seen as unacceptable.<sup>194</sup>

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<sup>191</sup> CBC News, "IN DEPTH: Kyoto and beyond - Canada-Kyoto timeline," <http://www.cbc.ca/news/background/kyoto/timeline.html>; Internet; accessed 15 March 2007.

<sup>192</sup> Robin V. Sears, "The politics of Climate Change: from one government to the next," *Policy Options*, (October 2006), 6.

<sup>193</sup> Robin V. Sears, "The politics of Climate Change: from one government to the next," *Policy Options*, (October 2006), 9.

<sup>194</sup> Adam Chapnick, "Caught In-between Traditions: A minority Conservative government and Canadian Foreign Policy," in *Canada among Nations 2006: Minorities and Priorities*, ed. Andrew F. Cooper and Dane Rowlands, 58-75, (McGill-Queen's University Press, 2006).

Ironically, both governments must now face climate change directly. Probably swayed by repeated CNN messages tying Katrina and other environmental disasters to climate change, public pressure has been mounting in Canada and, in particular, in the U.S. over the environment, especially climate change.<sup>195</sup> Considering this pressure, the Harper government will require more and stronger protective measures throughout the Canadian regulatory system.

On the American side, a recent State-of-the-Union address spoke of reducing America's gasoline consumption by 20% in ten years, increasing ethanol production and increasing fuel efficiency in vehicles. It also talked about increasing solar and wind power methods. This is more and more a result of state initiatives. Although Congress may be thinking about doing something for the environment, states such as California, Oregon and others have started taking concrete actions.<sup>196</sup>

Harper's government has also been forced to move aggressively since December. As part of the turnaround, former Minister of Environment Rona Ambrose was demoted in favour of John Baird, who had no experience on environmental issues but possessed

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<sup>195</sup> Robin V. Sears, "The politics of Climate Change: from one government to the next," *Policy Options*, (October 2006), 9.

<sup>196</sup> "Briefing Green America: Waking up and catching up," *The Economist*, 27 January 2007, 22-24.

some knowledge and experience in energy management.<sup>197</sup> He also had a reputation for getting things done. On the provincial side, things started moving with an approach similar to that of the United States. Stephen Harper has been seen in provinces announcing Canadian-made solutions to fight climate change. The Ecotrust in Quebec is aimed at supporting provincial projects that are intended to really reduce greenhouse gases and air pollutants.<sup>198</sup> That was after the federal government announced that it had allowed the potential Hydro project on the Eastmain-Rupert system to go forward.<sup>199</sup> In Toronto, Harper announced a significant investment to reduce commuting times and clean up the air.<sup>200</sup> In British-Columbia, Harper announced a \$1.5B increase in funding for renewable energy supplies, targeting the areas of wind and solar energies, and small hydro projects.<sup>201</sup>

The change in government, especially during its first year of tenure, did improve the Canada-US relationship, as it brought Canada's position fully in line with that of the U.S. However, as both countries' populations demand changes, it is interesting to note that both governments are now forced to address climate change aggressively. Speaking as the Honourary President of the Americana 2007 International Trade Show in Montreal in March 2007, Prime Minister Harper stated that "inaction on the environment heralds

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<sup>197</sup> Carole Beaulieu, "Verte campagne," *L'Actualité*, février 2007.

<sup>198</sup> Office of the Prime Minister, "Prime Minister unveils New Canada Ecotrust," <http://www.pm.gc.ca/eng/media.asp?category=1&id=1532>; Internet; accessed 10 April 10, 2007.

<sup>199</sup> Office of the Prime Minister, "Prime Minister announces Eastmain-Rupert River Hydro project advances," <http://www.pm.gc.ca/eng/media.asp?category=1&id=1471>; Internet; accessed 10 April 2007.

<sup>200</sup> Office of the Prime Minister, "Canada's New government announces investment to cut commute times, clear the air and drive the economy in the greater Toronto area," <http://www.pm.gc.ca/eng/media.asp?category=1&id=1557>; Internet; accessed 10 April 2007.

<sup>201</sup> Office of the Prime Minister, "Prime Minister Harper unveils Ecoenergy renewable initiative," <http://www.pm.gc.ca/eng/media.asp?category=1&id=1499>; Internet; accessed 10 April 2007.

consequences that are beyond contemplation, but action on the environment promises opportunities of limitless potential.”<sup>202</sup>

## **Devils Lake**

During the March 2006 meeting between President Bush and Prime Minister Harper, the issue of Devils Lake and other problematic areas between the two countries were discussed.<sup>203</sup> Since Canada's Statement to the International Joint Commission has been made in April 2005, little progress has been made on this issue. In April 2006, after meetings between senior environmental officials of the two governments, the United States did agree to install a permanent filtration system at the Devils Lake outlet. Authorities have begun draining the lake, but the construction of the filtration system will take longer.<sup>204</sup>

The following table summarizes this paper's assessment of whether or not the change in government in 2006 has had an impact on Canada-US relationships. In addition to the issues discussed, it summarizes the issues discussed in parallel, namely, *tone vis-à-*

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<sup>202</sup> Office of the Prime Minister, “Prime Minister Harper calls on Parliament to pass the government's environmental initiatives.” <http://www.pm.gc.ca/eng/media.asp?category=1&id=1592>; Internet; accessed 10 April 2007.

<sup>203</sup> The White house, “President Bush and Prime Minister Harper of Canada Deliver Remarks in Mexico,” <http://www.whitehouse.gov/news/releases/2006/03/20060330-8.html>; Internet; accessed January 2007.

<sup>204</sup> Carl Ek, *et al*, *CRS Report for Congress: Canada-US Relations*, Report Prepared for Congress, (Washington: Congressional Research Service, 1 May 2006).

vis the U.S. from the highest levels of Canadian government and tone vis-à-vis Canada from the highest levels of U.S. government.

TABLE 1 – Summary of Assessments

Issue	Positive	Neutral	Negative	Comment
International Policy Statement (or its application)	X			Style and tone rather than substance
Cuba		X		
International Criminal Court		X		
Border Security Measures	X			Slight improvement over I.D. Card
Border Trade and Commerce	X			Improved at highest levels of governments
Immigration and Refugees		X		
Ballistic Missile Defence		X		
Joint Strike Fighter		X		
War on Terrorism (Afghanistan)	X			
CUSFTA/NAFTA		X		Slight improvement in tone and approach
WTO		X		
Softwood Lumber	X			
Beef and Cattle Trade	X			
Wheat		X		
Corn		X		
Kyoto	X	X		Improved during the first year and neutral since then
Devils Lake		X		
Issues discussed in parallel				
Tone vis-à-vis the U.S. from the highest levels of government	X			
Tone vis-à-vis Canada from the highest levels of U.S. government	X			

## CHAPTER 6 - CONCLUSION

As this paper has alleged, Canada-US relations remain more than ever a topic that influences the lives of Canadians. Considering that over 80% of Canadian exports go to the United States, it is only reasonable that this relationship should capture a fair bit of the Canadian government's attention and time. And, of course, it does. According to Derek Burney, former Canadian Ambassador to the U.S., managing the Canada-US relationship is no easy task for any Canadian government. In doing so, the government must find the right balance between a level of trust and engagement sufficient for Washington not to jeopardize our economic security interests and the aspirations of Canadians.<sup>205</sup>

In this light, this paper has explored whether or not the change in government from a minority Liberal government to a minority Conservative government has modified Canada-US relations. It has highlighted the differences between the Canada-US relations during Paul Martin's and Stephen Harper's tenures, observing differences in tone, results and consequences, both in general and as it relates to military affairs.

When President George W. Bush became president of the U.S., he stated that Mexico was the United States' most important foreign relationship.<sup>206</sup> When Prime

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<sup>205</sup> Derek H. Burney, "The Perennial Challenge: Managing Canada-US Relations," in *Canada among Nations 2005: Split Images*, ed. Andrew F. Cooper and Dane Rowlands, (McGill-Queen's University Press, 2005), 46.

<sup>206</sup> Robert Bothwell, "Canadian-American Relations: Old Fire, New Ice?" in *Canada among Nations 2004: Setting Priorities Straight*, ed. David Carment, Fen Osler Hampson, and Norman Hillmer, (McGill-Queen's University Press, 2004): 150.

Minister Martin came to power, he fully intended to change the President's position. Unfortunately, while Martin may have come to power with some determination to improve Canada's relations with the United States, his attempts to project a more positive tone from Ottawa were greatly diminished by his government's consistent inelegance in managing its relationship with the Bush Administration, including the sudden decision not to participate in the Ballistic Missile Defence programme.<sup>207</sup>

Stephen Harper and the Conservatives have been in power since 23 January 2006. Since then, the Canada-US relations have considerably improved. It would be difficult, at this time, to find substantiation to the contrary. A number of important disputes that separated the two countries during the Liberals' tenure have been resolved, including the Softwood Lumber dispute.

The change to a minority Conservative government has had a positive impact on Canada-US relations in the areas of implementing foreign policy (the International Policy Statement or its practical equivalency), improving relations over border security measures, participating in the war on terror, resolving the highly emotional softwood lumber, and improving the beef and cattle trade problems. As well, the Canada-US relations have definitely improved in parallel areas such as the tone vis-à-vis the U.S. from the highest levels of Canadian government and the tone vis-à-vis Canada from the highest levels of U.S. government.

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<sup>207</sup> Derek H. Burney, "The Perennial Challenge: Managing Canada-US Relations," in *Canada among Nations 2005: Split Images*, ed. Andrew F. Cooper and Dane Rowlands, (McGill-Queen's University Press, 2005), 58.



In areas related to securing trade and commerce, relations between the highest levels of government have also improved, but significant uneasiness remains at the lowest levels because of the costs imposed on small businesses and workforce (truck drivers, etc). And, while the issue of immigration and refugees seemed to improve, the Maher Arar case reminded both countries that their positions differ significantly.

The change of government does not seem to have had any significant impact on Canada-US relations with regards to Cuba, the International Criminal Court, Ballistic Missile Defence, the Joint Strike Fighter programme, desired improvement to NAFTA and issues related to fair trade such as WTO and the Doha Round of negotiations. The same goes for the corn and wheat trades. Finally, although the decision of the new government to disregard the Kyoto Protocol originally aligned Canada closer to the American position, both governments have now been forced to revisit their respective positions.

With regards to military matters, it is difficult to gauge whether the change of government has improved Canada-US relations in military affairs, or whether Canada's recent efforts in military affairs, through commitments such as the one in Afghanistan, has improved Canada-US relations. Perhaps a bit on both sides?

Finally, while this paper has explored the possible changes in Canada-US relations and determined that those relations had generally improved, it has not attempted

to determine whether having better relations with the United States is good for Canadians, or not.

As both countries' economies become increasingly integrated, it behoves Canadians to carefully consider their relative position. As expressed by Geoffrey Hale, visiting chair in Canadian Studies at Fulbright-Duke University, economic integration of the United States and its neighbours no longer means that they sell things and services to one another as much as they make things and services together.<sup>208</sup> Acknowledging this, the matter of relative economic performance appears to be a concern that will demand Canadians' attention.

Since 1982, Canada's economic performance relative to that of the United States has decreased. According to Roger Martin, chairman of the Ontario-based Institute for Competitiveness & Prosperity, if this negative trend continues, Canada could be marginalized as the U.S. slowly but irrevocably increases its dominance and wealth. Canada can very well be a fabulous place to live, but Roger Martin is convinced that the situation is not as stable as Canadians might like to think. Because of its higher productivity, the U.S. can afford more education, health care, investment and scientific research than Canada can. Such differences have consequences on long-term economy.<sup>209</sup> Damned if we get closer, damned if we don't...

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<sup>208</sup> Geoffrey Hale, "Facing up to the NAFTA Paradox", *Policy Options*, (July-August 2006), 40.  
<sup>209</sup> IATP Trade Observatory, "In pursuit of prosperity: Agenda for Canada's Prosperity," <http://www.tradeobservatory.org/headlines.cfm?refid=97755>; Internet; accessed 6 April 2007.

One thing is certain, whether Canadians like it or not, Canada-US relations will continue to demand much of their government's attention.

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