

**Remarks before the Eastern Border Transportation Coalition Panel**

**Tuesday, September 16**

**11:00 am**

**Ontario Investment and Trade Center, Toronto**

- Thank you for the invitation Kris. It is indeed my pleasure to meet you and your members today and a privilege to join Consul General Dickmeyer on the panel.
- Your organization is an important one. The days of taking the border for granted are long gone. Last week's anniversary of 9/11 reminds us, most importantly, of the shared freedom that our countries enjoy, and the impact of the border on our economies and the jobs that depend on it.
- Canada – US trade in goods was valued at \$632 billion in 2013. 8 million jobs in the U.S. depend on trade with Canada and Canadian investment in the United States.
- The numbers are certainly impressive for states directly on the border, like Michigan which enjoys a \$75 billion trade relationship with Canada. But the relationship is also critical for states far away from the border - like Kentucky, (which is also part of the territory I cover) that enjoys a robust trade with Canada valued at \$12 billion.
- Over 96,000 jobs in Kentucky depend on trade with Canada.
- Moving farther away, let's look at Georgia where almost 327,000 jobs depend on trade with Canada or to any of the 34 states where Canada is the number one trading partner.
- 2014 marks the 20<sup>th</sup> anniversary of NAFTA – an agreement built on the success of the Canada-US Free Trade Agreement. With the signing of NAFTA, the world's largest free trade area was formed. The Agreement brought economic growth and rising standards of living for people in all three countries.
- By any measure NAFTA has been a success by serving as a basis to grow both trilateral and bilateral North American relationships. The results speak for themselves. In 1993, trilateral trade within the North American region was US\$289 billion. In 2013, our total trilateral merchandise trade reached \$1.2 trillion - almost a four-fold increase.

- Reflecting the prosperity and development of the region, the North American economy has more than doubled in size since 1994. The combined gross domestic product for Canada, the US and Mexico was \$19.9 trillion in 2013, up from nearly \$8 trillion in 1993.
- For Canada, NAFTA has had an overwhelmingly positive effect. It has opened up new export opportunities, acted as a stimulus to build internationally competitive businesses, and helped attract foreign investment.
- But more to the point, from a Canadian perspective, the NAFTA success story is not simply about increased exports. NAFTA has led to more fundamental changes in how firms produce and trade.
- As market access improved, and competition intensified, firms have rationalized their production and have become more specialized. Now, over half of Canadian manufactured exports to the US are intermediate inputs feeding into complex supply chains.
- NAFTA facilitated a more integrated North American economy, letting producers obtain and produce goods and continentally and compete globally.
- While in the past Canadian, US and Mexican companies made and sold things to each other, now, Canadian, US and Mexican facilities increasingly make things together, through highly efficient cross-border value chains, for eventual consumption within and beyond NAFTA.
- Forty percent of Canada's, Mexico's and the United States' combined worldwide trade occurs within the NAFTA partnership.
- As Canadian Consul General, my primary job is to focus on the United States, so let me turn back to the bilateral relationship. The United States and Canada are close neighbors, economic partners and mutual defense allies. We share a 5500 mile border, share joint stewardship of the Great Lakes, compete in the same professional sports leagues and enjoy cultural connections.
- Our economic relationship is the envy of the world. At \$632 billion in merchandise trade, we enjoy the single largest trading relationship on the planet. That means \$1.7 billion of goods crosses the border each and every day. Add in services trade of \$100 billion, and bilateral trade is around \$2 billion a day.
- The territory in which I work includes the states of Michigan, Ohio, Indiana and Kentucky. Combined, the population of these states is about 34 million, similar to Canada's population.
- Our trade with these four states is \$144 billion or 23 % of Canada's trade with the United States. 18 percent of Canada's exports to the world are to these four states.
- Canada buys nearly 3 times more from the United States than China does - in fact more than China, Japan and the United Kingdom combined, and more than all 28 countries of the European Union.

- For Americans, eight million jobs depend on trade with Canada and Canadian companies directly employ half a million more across your country in Canadian-owned enterprises.
- The Canadian government is working hand in hand with the US government to create an environment for business that makes it easier to trade and add even more jobs. One of these initiatives is:

#### The Regulatory Cooperation Council

- One of the functions of government is to put in place regulations to protect our health, safety and environment, while at the same time ensuring those regulations support growth, investment, innovation and market accessibility.
- The Regulatory Cooperation Council was launched in December 2011 by Prime Minister Harper and President Obama.
- The initial RCC Joint Action Plan focused on several initiatives that reduced unnecessary regulatory differences, fostered new approaches and served as a template for future efforts between Canada and the United States.
- At the end of August, the Regulatory Cooperation Council Joint Forward Plan was released. It sets the stage for fundamental changes in the way regulatory departments and agencies in both countries work together, making it easier for businesses to operate in both countries.
- The Joint Forward Plan also includes specific commitments to align 24 areas of regulatory business. Work will continue in areas such as:
  - marine safety and security,
  - pharmaceuticals,
  - food safety,
  - plant and animal health, and
  - crop protection products.
- The RCC Forward Plan also expands work into new areas such as
  - energy efficiency,
  - toy safety,
  - medical devices,
  - chemical management, and
  - the use of natural gas in transportation.
- Specific transportation initiatives will address:
  - new and existing motor vehicle safety standards;
  - rail safety standards;
  - intelligent transportation systems, along with;
  - regulations and oversight for marine transportation.

- The Plan will help regulators address a greater number of specific issues and make the broad changes necessary to prevent misalignments from happening in the future.
- Following the launch of the Plan, Canadian and American regulatory departments will establish formal partnerships as well as annual work plans and joint planning processes for each of the initial 24 areas of business.
- The second initiative is:

#### The Beyond the Border Action Plan

- In 2011, Canada and the United States agreed to implement the Beyond the Border Action Plan designed to speed up trade and travel and improve security in North America. The goal is to enhance our shared security while reducing barriers to trade and accelerating the legitimate flow of people, goods and services across our border.
- Benefits of the Action Plan include:
  - A competitive advantage for trusted traders – Goods shipped by low-risk traders flow more quickly across the border thanks to expedited clearance.
  - Reduced costs for importers through “single windows” in both countries.
  - Relief from border congestion – Investments in border infrastructure at key crossings
  - Faster and simplified border processes for low-value shipments – commercial courier shipments valued at less than \$2,500 each (over one million each year into Canada alone) are now moving across the border more quickly
  - Less time in airport and border screening lines – NEXUS and Global Entry trusted traveler kiosks facilitate the border clearance process and saves valuable time
- Recent accomplishments under Beyond the Border include:
  - Phase II of the truck cargo pre-inspection pilot at the Peace Bridge crossing to test the concept of conducting US CBP primary inspection of US-bound cargo in Canada. Phase I of the pilot was conducted at the Pacific Highway crossing.
  - USCG and RCMP signed the Eastern Region International Cross-Border Maritime Law Enforcement Operations (also known as Shiprider) regional standard operating procedures. As you know, Shiprider removes the international boundary from maritime law enforcement.
    - Reaching out to stakeholders, a Shiprider roundtable was convened earlier this year in Charleston, SC to brief members of Congress on the benefits of co-operative law enforcement. Charleston is home to the Shiprider training center.

- Canada and the US have signed an arrangement to implement the first phase of the Immigration Information Sharing Treaty.
- As of this past July, NEXUS enrollment exceeds one million.

### NITC

- Of course our shared success in expanded trade capabilities and improved market access challenges our current infrastructure.
- Both countries have seen the need to maintain and upgrade border infrastructure. Canada has spent \$388.5 million since the fall of 2011, to modernize and expand capacity at priority border crossings. A further \$127 million is committed through 2017.
- We also have big plans that can bring real advantages to the entire Midwest region and beyond. This is the plan to build a new bridge between Detroit, Michigan and Windsor, Ontario.
- For more than a decade, seeing an additional bridge built in the Detroit-Windsor corridor has been Canada's #1 national infrastructure priority. Getting an agreement to build it was a colossal challenge – due to the efforts and influence of the private sector owners of the Ambassador Bridge.
- Why is this project so important?
- Seven thousand (7000) trucks cross the Windsor-Detroit border every day - the vast majority of these via the 85-year old Ambassador Bridge. The Public Border Operators Association projects that truck traffic will more than double over the next 30 years.
- What are those trucks transporting? One quarter of all Canada-US trade, or roughly \$150 billion. In perspective, there is more trade crossing the Ambassador Bridge than the value of US trade with the United Kingdom.
- This bridge will benefit the 34 US states, like Ohio, for whom Canada is their number one trading partner, but will also benefit the other 16 states for which Canada is their second or third largest trading partner.
- There is broad support in Canada for the project and Canada has agreed to cover the bulk of its costs. Support is equally wide-spread in the United States.
- Just this past July, a letter, signed by the Presidents of 17 state Chambers of Commerce, including Ohio and states as far away as Texas, North Dakota and Kansas, was sent to President Obama, urging the financial support of his administration towards the US Customs plaza.
- Similarly, the Council of State Governments, that represents the 50 state governments across the country, passed a resolution in 2013 urging federal government support for the customs plaza.

- While those funds are not yet forthcoming, Canada continues to forge ahead. This past summer, Canadian Transport Minister Raitt and Michigan Governor Snyder announced appointments to the International Authority that will oversee the construction and approve key steps in the procurement process for the new bridge.
- At the same time, Minister Raitt announced the appointments to the Board of the Windsor-Detroit Bridge Authority that will manage the procurement process for the design, construction, operation and maintenance of the new bridge through a public – private partnership or P3. It will also oversee the work of the P3, manage the concession agreement and payments, and set and collect tolls.

### Conclusion

- Canada and the U.S. recognize that a trade and economic relationship is not simply based on engagement of high level officials, but the meeting of peoples – built by business, investors, entrepreneurs, consumers, academic institutions and societies in daily cross-border exchanges between our countries.
- Governments can create policies and pass laws, but these have to make sense for all stakeholders.
- The Canadian government is dedicated to working with our American colleagues and stakeholders from both countries to ensure that continued continental prosperity and security are assured.
- Thank-you, merci beaucoup