Foreword: Common Sense and the SPP

Carlo Dade

Lately there has been far too much hype and hyperbole about the Security and Prosperity Partnership (SPP) and far too little credible information. In this special edition of FOCALPoint, we have assembled a group of critical, but serious and informed, voices from the countries of North America to move the SPP debate away from alarmist rhetoric and towards a more reasoned analysis.

Considering that your author is both an applicant to the NEXUS program and recipient of NAFTA visas, this point of view on the Security and Prosperity Partnership of North America (SPP) should not surprise our readers. Yet, such benefits from the North American partnership have provided less a sense of gratitude than a fundamental insight that coming together to talk about our common “North American” issues is simply a matter of common sense.

This opinion is shared by a large and growing number of Canadians who benefit daily from being able to move themselves, their goods, and their ideas across the border with the U.S., and increasingly, across that border to Mexico.

Each year, 32 million cars cross the U.S.-Canada border while more than one million people make the trip on foot. U.S.-Canada trade is well over US$1 billion per day and trade between the U.S. and Mexico is just under US$750 million a day. Since NAFTA, two-way trade between Canada and Mexico has tripled from US$4.1 billion to US$12.6 billion.

The SPP has been one of the most efficient and effective means to address a host of emerging North American issues including common security concerns. That discussions are conducted on our behalf by our elected representatives through relevant government agencies is not controversial; it is common sense and common practice. Given the volume of trade and its importance, it also seems logical that the business community be asked to contribute its expertise and relevant first-hand experience.

Informal but regularly scheduled and well-planned exchanges between leaders have proven to be an effective tool in international relations and advancing difficult agendas. Unless we in North America decide to travel and trade less, we will need more discussions, more exchanges, and more information sharing. Having the leaders of each country sit together once a year to focus on our common issues is beneficial to us all.
Op-Ed

North American Leaders Reinforce the Benefits of Cooperation

Ambassador David H. Wilkins

This week, the three leaders of North America will be meeting in Montebello, Québec. While elections in Canada and Mexico have brought new names to office, this is the third such leaders’ meeting in as many years, making for an annual event for the discussion of issues and progress on those topics exclusive to this region.

While we do not know the exact agenda for discussion, I can be certain that no one will be talking about a North American Union, or a North American Super Highway, or a North American currency, except maybe in jest.

It is a testament to the strength and at times the recklessness of the Internet that these ideas still have currency. Those who continue to insist that our leaders are promoting these proposals know better.

Here is what the leaders of our three countries will be saying by their presence. First, ours is a region that works and that works for the benefit of people in all three countries.

Second, it is not a region which works perfectly, but it does require the attention of leaders to address current challenges.

Third, this is a region of three sovereign countries, proud of their heritage, protective of their identities, but aware of the benefits which we have accrued by people making individual choices over the past decades to move, live, travel, study, purchase, invest and work in the other countries.

Those who worry about the integration of our countries should open their eyes. It is happening, and it is not being directed by the governments. It is happening from the bottom up, at the ground level. It is de facto integration and people continue to make these individual choices because they know that it works.

Take the case of Leamington, Ontario, the tomato capital of Canada. This small town claims to have more vegetable greenhouses than the entire United States. It employs about 4000 Mexican seasonal workers at above minimum wage. Farms sell their produce for processing to a Heinz factory in Leamington or send their fresh crops across the border to U.S. consumers. Who benefits? Employers, employees and consumers. Communities in all three countries.

The Leamington, Ontarios are happening all across our region and have been for the past decade. And the macro numbers are there for any to see: from 1993 to 2006, trade among the NAFTA nations climbed 198 percent, from $293 billion to $875 billion.
Each day the NAFTA countries conduct nearly $2.2 billion in trilateral trade. Since 1993, U.S. merchandise exports to Canada and Mexico grew more rapidly – at 158 percent – than our exports to the rest of the world combined (108 percent). U.S. employment, manufacturing output, and compensation have all risen more in the period since NAFTA entered into force than in the decade preceding entry into force. And all of this occurred despite the competition from Asia.

Canada's merchandise trade with its NAFTA partners has increased 122% since 1993, reaching $598.7 billion in 2005. Trade in services has also increased under NAFTA. Canada's trade in services with the United States and Mexico reached $82.7 billion in 2004, up from $46.4 billion in 1994.

All this is taking place without government direction, unlike Europe. What is happening at the government level is cooperation. In fact, governments are catching up to the realities and challenges posed by all this activity across our borders.

Some of those realities are the security threats which could do irreversible harm to our prosperity and the benefits we have accrued over the years of the intertwined relationships.

Another of those realities is the competition we are facing in a globalized economy. And yet another of those realities has to do with expanding the benefits of free trade to all, especially to those who have been left behind in the face of rapid adjustments.

These are the realities which the three leaders will be discussing. When they discuss security threats, they will be discussing not only preventing the next terror attack on North American soil, but they will also be addressing how best to coordinate our responses to outbreaks of pandemic disease or natural disasters.

These are the topics the leaders will be talking about. Furthermore, it is what they said they would talk about, and it is all out in the open and accessible on the www.spp.gov and www.spp-psp.gc.ca websites.

Talk about hidden agendas and conspiracies cloud over the success story of our own region. By any measure, our region is working and is moving forward. We will address the challenges ahead but we should not be ashamed to take pride in what we have accomplished in our own neighbourhood.

David H. Wilkins is the U.S. Ambassador to Canada
Achieving True Security and Prosperity for North Americans: The Leaders’ Summit in Montebello

Ambassador Emilio Goicoechea

Since its creation in March 2005, the Security and Prosperity Partnership of North America (SPP) has sparked intense public debate. I have personally collected a range of opinions, some better documented than others, yet all important. This special edition of FOCUSPoint is an excellent opportunity to refocus the debate, look at what the SPP is and is not for Mexico, and especially, examine what it may represent for the more than 437 million inhabitants of our North American region.

Background: from Waco to Cancun to Montebello

In March 2005, Mexican President Vicente Fox, U.S. President George W. Bush, and Canadian Prime Minister Paul Martin created the SPP, agreeing to equip daily dialogue among the three countries with an institutional framework conducive to jointly addressing regional challenges in civil protection (security) and improving quality of life in the region (prosperity).

In March 2006 in Cancun, the leaders agreed to give priority to trilateral dialogue on the region’s competitiveness vis-à-vis other more integrated regions and emerging economies. Other priorities included regional regulatory cooperation without negatively affecting national standards; energy sustainability in the region; joint response to emergencies and natural disasters; control of pandemics such as human and avian flu; and development of modern, secure borders.

In June of that same year, the North American Competitiveness Council (NACC) was created to extend trilateral dialogue to other sectors of society. The 30 council members, 10 from each country, represent the most varied sectors of the three economies. The Mexican councillors, for example, are elected officials from chambers representing the industrial, commercial, manufacturing and services sectors. The councillors committed to work jointly to issue a series of non-binding recommendations that will allow us as governments to improve national and regional business environments, promote investment among the three countries, stimulate trade trilaterally and with other regions, and boost employment and social wellbeing.

In February 2007 in Ottawa, the ministers responsible for foreign policy, security and prosperity of the three nations met to review the recommendations made by 300 different working groups integrated by government officials and key stakeholders from the three countries, including business and civil society organizations. Additionally, the NACC councillors presented the ministers with 51 recommendations. All of these recommendations, which are as varied as the challenges facing our region, will be evaluated at the upcoming summit in Montebello.

As can be appreciated, the SPP has sought from the beginning to establish an institutional framework designed to deepen and develop new channels of trilateral dialogue and cooperation on a wide variety of topics, favouring security effectiveness and economic efficiency, while respecting our distinctive political legal frameworks and cultural identities. Under the SPP, both agendas (i.e., regional prosperity and security) are complementary and mutually dependent. Neither one, as such, can advance in detriment to the other, nor to the national interest of any of the three countries.

Secure, Prosperous…and Secret?

Since its creation, the SPP has been subjected to a wide array of value judgments. Those that are well documented, whether critical or constructive, have always been welcomed for the opportunity they provide to improve the mechanism. Poorly
documented judgments, rather than forming a tide of legitimate opinion, have merely served to misinform their public.

Critics have said, for example, that decisions are made “behind closed doors,” in the margin of each country’s legislative powers. This is untrue. In the case of Mexico, which I do indeed know and support, the executive has maintained constant, open dialogue with congress. The upper chamber evaluated and ratified the working program of the ambassadors appointed by the executive, and the participating secretaries of state have appeared regularly before the appropriate commissions. Additionally, the executive has operated at all times within the scope of its legal powers, and scrupulously followed procedure in requesting the required legislative approval to act when needed.

Some critics also talk of loss of regulatory sovereignty and independence, and a compromise of non-renewable resources and subordination of public to private interests. These are valid but unfounded fears. The SPP was conceived precisely as a public response to threats to our sovereignty such as terrorism and organized crime. It seeks to improve law enforcement through exchange of information, enhance maritime and air security, and agree upon best practices in biodiversity protection and emergency management.

The SPP was also designed to be an efficient mechanism for regulatory cooperation and energy sustainability with strict adherence to each country’s legislation. It was also created to achieve conciliation among private and public interests, where the former contribute intensively to achieving the latter, namely: more and better jobs; efficient emergency response; and secure, uninterrupted flows of goods and people across modern borders. Initiatives like the Sentri and Nexus programmes, for example, allow citizens from the three countries to travel freely within the region, which would be an enormous political, social and economic breakthrough.

**True Security and Prosperity**

One of the main challenges of the Montebello summit is building on the idea of the SPP as a natural reflection of what the three countries can and must accomplish together. While gathering the support of increasingly diverse sectors of our societies, there is still a sense of common destiny that has strengthened since the signing of NAFTA.

Each country has distinctive aspirations and social and economic qualities, but we share common democratic ideals and challenges. A region where threats to security do not impede socially oriented economic development is precisely the SPP’s greatest challenge, and at the same time, its greatest potential.

This is why, when someone asks whether the Security and Prosperity Partnership of North America is an innocent title, the answer is categorically no. In no way is this title innocent. It is intentional, because what is at play in the region’s prosperity and security is its viability as a space for social harmony and economic wellbeing for more than 437 million North Americans.

*Emilio Goicoechea is the Ambassador of Mexico in Canada. For further information, please visit: [http://www.sre.gob.mx/eventos/aspan/](http://www.sre.gob.mx/eventos/aspan/)*
Op-Ed

The North American Summit: More or Less than It Seems?

Robert A. Pastor

A thick layer of confusion surrounds the three leaders of North America – Canadian Prime Minister Stephen Harper, U.S. President George W. Bush, and Mexican President Felipe Calderón – as they meet at Montebello, Quebec on August 20-21.

The three countries are exceptionally important to each other, and the annual summit is a recognition of that fact. And yet, by their silence or defensiveness, they have allowed the relationship to be defined by an extremist fringe that fears any cooperative initiative is a slippery slope toward the dissolution of sovereignty.

One could expect that Canadians and Mexicans – the weaker partners – would be wary of a North American embrace. There are groups in both countries that express such fears, but the most vociferous have emerged in the United States, and they have attacked the Security and Prosperity Partnership (SPP), first enunciated by the three governments’ leaders in March 2005, as tantamount to treason.

The movement has emerged from the shards of a poisonous immigration debate and the fears of job loss due to globalization. Lou Dobbs of CNN and talk show radio hosts have spoken of SPP as a grand conspiracy for a “North American Union.” They view the Council on Foreign Relations (CFR) report, Building a North American Community, as the roadmap to perdition, and the so-called NAFTA super-highway as its main corridor. (In the interest of full disclosure, I was Vice Chair of the CFR study group and am often cited as the “Architect of the North American Union” though I have never proposed it.)

Sadly, the Bush Administration and many Republicans have been intimidated by the criticism. Republican Senator John Cornyn sponsored a bill for a “North American Investment Fund” as the best long-term strategy to narrow the income gap with Mexico, and thus, in the long-term, stop illegal migration. But under assault from the right, Cornyn abandoned his proposal.

Even the U.S. government website on North America (spp.gov) displays an acute defensiveness, denying right-wing charges without bothering to make the case for North American cooperation. Under pressure from the labour unions, the Democratic Presidential candidates are no better, stuck in the NAFTA debate of a decade ago and apparently blind to the new North American agenda.

The Summit in Montebello should be very important. The agenda for North American cooperation is overflowing with issues that have been neglected or mishandled for a decade. This includes border and continental security; narrowing the income gap with Mexico; facilitating legitimate
travel and immigration and stopping illegal traffic; eliminating rules-of-origin with a customs union; promoting education on North American issues; preventing cartel-like behaviour in the enlarged North American market while reducing the unnecessary discrepancy on regulations; developing a plan for North American infrastructure and transportation; and establishing better procedures and institutions to facilitate cooperation on environment and labour.

Instead of tackling this agenda, the three leaders have identified a few issues – Avian flu, emergency management, and a new regulatory framework – and practically the only ones invited to the meeting are the CEOs of some of the largest corporations.

While it is important for the bureaucracies of the three countries to work together, and while the CEOs are probably doing some good work, the SPP process is fundamentally flawed.

As a quiet, if not secretive process involving CEOs, the SPP has provoked suspicions and deep-seated fears not just from fringe groups, but also from mainstream labour, environmentalists and consumers.

By trying to keep the issues “below the radar screen” of public debate, they have left a message that the U.S. Congress has no role, which is both absurd and counter-productive, as illustrated by the recent passage by overwhelming majorities of Congressional amendments aimed to stop the SPP and prevent Mexican trucks from entering the United States.

The three leaders need to use the Summit to speak to their people – not just to their bureaucrats and CEOs – and explain why North America already represents the most formidable regional trading area in the world with a gross product larger than the 27-member European Union.

They need to help the public understand why all will benefit from increased cooperation and integration. President Bush especially needs to explain to the American people that Canada and Mexico are our most important trading partners, sources of energy, and our closest friends. Ironically, despite the criticism, public opinion surveys taken by Ekos in 2003 show that a plurality of the public in all three countries believe free trade benefits all the countries; a strong majority believe in a common security perimeter and want the three governments to coordinate policy on the environment, transportation, and defence.

A majority in all three countries favoured an economic union if they felt it would improve their standard of living and not harm their culture or the environment. In brief, the leaders could tap into this quieter majority if they chose to lead.

Whatever the three leaders actually do in Montebello, there will be protests that they are doing too much, but the real problem is that they are doing too little.

It is commendable to have an agreement on Avian Flu, but this is inadequate to the task of making North America more secure, prosperous, competitive and cooperative. What the leaders should do is articulate a vision of a North American Community and sketch a blueprint for accomplishing it.

SPP Operational Structure

Security Agenda
- Traveler Security
- Border Facilitation
- Maritime Security
- Aviation Security
- Bio Protection
- Science and Technology
- Cargo Security
- Intelligence Cooperation
- Law Enforcement
- Protection, Preparedness and Response

Prosperity Agenda
- E-Commerce and Information Communications Technology
- Environment
- Financial Services
- Manufactured Goods and Sectoral and Regional Competition
- Movement of Goods
- Business Facilitation
- Energy
- Food and Agriculture Regulatory Systems
- Health
- Transportation
Op-Ed

NAFTA All Over Again?
Promoting a Better Understanding of the SPP

Thomas d’Aquino

By any measure, the North American Free Trade Agreement (NAFTA) has been an extraordinary success. Since it went into effect in 1994, trade between Canada, the United States and Mexico has flourished, employment across the continent has risen and family incomes have marched steadily upward.

Contrast those results with the alarmist predictions made by Canada’s nationalist left during the run-up to NAFTA’s ratification. Critics claimed that more liberalized trade with our southern neighbours would ravage Canada’s economy, destroy cherished social programs and sound the death knell for Canadian sovereignty.

The reality could not be more different, yet the doomsayers have not given up. Their new target of choice is the Security and Prosperity Partnership of North America (SPP), which was launched by the leaders of Canada, the United States and Mexico in 2005. Once again, activists are attempting to sow fear by insisting that Canada’s sovereignty, social programs and quality of life are in imminent danger. Indeed, the charges now being levelled against the SPP bear an uncanny resemblance to the rhetoric they used during the great free trade battles of the 1980s and early 1990s.

In the United States, too, there is an element of “déjà vu all over again” in the debate about the SPP. In 1992, presidential candidate Ross Perot tried to frighten voters into opposing NAFTA by warning about the “giant sucking sound” of jobs heading to Mexico should the agreement be ratified. It did not happen, but today another group of isolationists, of whom the best known is television journalist Lou Dobbs, is working hard to discredit the SPP by claiming that it represents an “unprecedented attack” on the economy and sovereignty of the United States.

Mr. Dobbs regularly warns his viewers of a secret conspiracy to erase national boundaries and merge the United States, Mexico and Canada into a “North American Union” similar to the European Union.

Anyone who is even remotely familiar with the SPP knows that such claims are patently false. Still, history teaches that a lie, repeated often enough, can sometimes be mistaken for the truth.

That is why, on the eve of this month’s Leaders’ Summit in Montebello, Quebec, involving Prime Minister Stephen Harper, President George W. Bush and President Felipe Calderón, it is vital that supporters of the SPP speak up and dispel the myths being propagated by extremists on both the left and right of the political spectrum.

To begin with, the SPP is not a treaty or an agreement. Nothing in it infringes upon the sovereignty of any nation. The SPP simply provides a framework to enhance collaboration among the United States, Mexico and Canada in practical ways that will make our people more secure and our enterprises more competitive globally.

In launching the SPP, the leaders of our three nations were responding to two fundamental realities. First, September 11, 2001, marked the beginning of a new era in which economics and security are closely intertwined. Second, the transformation of global trade and investment by new economic powers such as China and India has made it vital for the North American partners to work together more effectively and efficiently.
Enterprises in all three countries need markets within North America to work seamlessly and securely if they are to survive and compete against increasingly aggressive global competitors and mounting security threats.

At their 2006 Summit, the three North American leaders recognized that to accelerate progress under the SPP, they would benefit from direct advice from the front lines of the private sector.

This led to the creation of the North American Competitiveness Council (NACC), a trilateral group made up of senior representatives of the business community from each country. NACC members were asked to draw up a list of priority recommendations that, if implemented, would alleviate trade bottlenecks, enhance productivity and lower costs for companies throughout the continent, thereby enhancing North America’s competitive position in global markets.

Those who oppose the SPP have asserted that, by encouraging business leaders to form the NACC, the three North American leaders have handed over control of the continent to the private sector. Some have even accused the business community of staging a “silent coup d’état,” making the NACC the de facto North American government.

The absurdity of such statements is plain to anyone who examines the NACC’s initial report to security and prosperity ministers in February 2007. Following extensive consultations across the business communities of all three countries, the report offered 51 concrete recommendations for the SPP in three areas: improving the secure flow of goods and people within North America; strengthening regulatory cooperation; and enhancing the security of energy supply.

NACC members were pleased with the positive reception of their report by the ministers at their February meeting, and they are encouraged that all three governments have committed themselves to taking action on many NACC recommendations. For instance, in the area of border-crossing facilitation, the governments of Canada and the United States have taken important steps toward a new crossing at Detroit-Windsor to help alleviate chronic transportation bottlenecks.

In standards and regulatory cooperation, governments are close to completion of a trilateral Regulatory Cooperation Framework, an essential tool for ensuring the compatibility of new regulations to the greatest extent possible. And on the energy front, ministers are working together to promote the development of specialized skilled labour, at a time when labour shortages threaten to impede economic growth.

As these examples show, the approach of the SPP is to achieve progress through practical, common-sense solutions, and by building on existing systems and processes wherever feasible.

At this month’s summit in Montebello, we will be asking leaders to ensure that the SPP remains what it has already shown itself to be: a powerful vehicle for improving trilateral and bilateral cooperation.

Working through the NACC, North America’s private sector is committed to doing its part in shaping a more competitive and secure North America – and in promoting a better understanding of how the SPP serves the interests of people in all three countries.

Thomas d’Aquino is Chief Executive and President of the Canadian Council of Chief Executives, and chairs the Secretariat advising Canadian members of the NACC.
Op-Ed

The 2007 Leader’s Summit: What’s in it for Us?

Perrin Beatty

On August 20-21, Prime Minister Stephen Harper will host the next “three amigos” Leaders’ Summit. Some are questioning whether a Canadian visit by Presidents George W. Bush and Felipe de Jesús Calderón can deliver anything tangible.

In March 2005, the Security and Prosperity Partnership (SPP) initiative was launched, and within three short months the bureaucracies in all three countries had delivered a report listing over 275 concrete areas where greater cooperation between NAFTA partners would be beneficial.

There was no grand scheme in this list; rather, it contained practical, tangible and achievable opportunities for enhancing both the competitiveness and security of our three nations.

If there is no grand plan, should anybody care? Yes – for two fundamental new realities. First, the days of economic dominance by North America are under challenge. The rise of stiff global competition from the emerging nations of China and India and the integration of Europe demands that we get a lot smarter about costs and drive inefficiencies out of our systems.

Second, as we all know, terrorism has brought the realities of war to North America. We no longer have the luxury of watching others struggle to contain small groups of ideologues who believe violence can move their agendas forward.

We must walk the fine line of strengthening our North American defences while ensuring our equally important economic security, and hunt down the hundreds – potentially thousands – of large and small irritants that add up to a giant ball and chain holding back North American job creators.

Although others have suggested differently, there is nothing in the SPP that will undermine the sovereignty of Canada, the United States or Mexico and nothing that would undercut the existing due process for making regulatory or legislative changes. Included on the list, however, are things that the average Canadian would question because they should have been done already.

For example, the development of a joint plan on how to deal with a border disruption created by a pandemic, natural disaster or terrorist attack – a contingency plan. Given that the Canada-U.S. border represents the largest bilateral trade flow in the world, one wonders why this was not done decades ago.

Other items include enhancing intelligence cooperation for screening terrorists, eliminating human trafficking and combating organized crime; developing a North American plan to address a pandemic influenza; mapping West Nile virus activity; reducing sulphur in fuels; and continuing to work cooperatively to enhance the security at the Canada-U.S. border without undermining the high level of integration and the hundreds of thousands of jobs from every region of Canada and the U.S.

Has the SPP delivered? The answer to this is both yes and no. While the SPP wish list was launched with some fanfare, there was no funding attached. It takes time to redirect budgets and scrounge for new dollars.

Has the SPP delivered? The answer to this is both yes and no.
Proposals must go through the normal consultation process, and cross-border negotiations are inherently slow, so we should not expect to see over 275 checkboxes in three short years. Unfortunately, this is what is really needed given the reality of what is happening in other countries.

We only have to look at India and see the significant difference in improved legislative and regulatory environment that has occurred since 1992 to understand that our pace of change simply is not enough for us to compete on a global scale.

On the positive side, we have seen, for example, a good start to the border contingency plan, greater cooperation on border measures (including expansion of the unfortunately low profile NEXUS card), cooperation that led to the disruption of organized crime activities and the seizure of laundered money, and a stronger Canada-U.S. Open Skies agreement.

Would some of this happen anyway? Perhaps, but the reality is that there is nothing like a leaders’ summit to drive the push for concrete outcomes inside of government. In the big scheme of things, is it enough? No, but it is the only game in town, and given the complexity of the North American trade, security and regulatory environment, tackling the issues one by one is sorely needed.

So what practical, tangible and achievable deliverables do we expect out of Montebello? The Canadian Chamber of Commerce has called for further progress on the border contingency work – to date there is no cross-border discussion on the needed framework for determining who gets to cross first – a highly sensitive but essential component of managing a border disruption.

Hopefully, we can all agree that getting to the front of the line should not be determined by who has their MP on speed dial, but rather by who is transporting critical goods such as medical treatments and emergency management personnel.

Attaining critical mass in NEXUS cards is also essential if we are to manage the implementation of the Western Hemisphere Travel Initiative or WHTI (the U.S. “passport” requirement).

For WHTI, there is significant confusion on what documentation is needed to cross into the U.S. now and in the future.

Both the U.S. and Canada must mount a significant communications campaign to eliminate this confusion while working diligently on expanding alternative documentation options such as enhanced drivers’ licenses.

Next, we expect to see the promised regulatory cooperation framework that ensures government officials work cooperatively on strong North American regulations.

The screams in the dark about this leading to a race to the bottom and a threat to national sovereignty are nonsense. For example, safety belts in cars work well in both Canada and the U.S.; there is no reason for the standard to be different. And such a
framework would always allow for any of the three partners to not participate as they see fit.

Finally, we need to see real progress on the commitment for a “Fake-Free Americas.” This is one where most of the heavy lifting must be done by Canada, since our intellectual property regime is clearly lagging.

A commitment is needed to make legislative changes – including the ability to do random search and seizure and confiscate proceeds from these crimes – and increase resources for enforcement to prevent the reproduction, manufacturing or importing of counterfeit and pirated goods.

This is sorely needed if we are to stop the flood of illegal and all too often dangerous goods into Canada. Our government officials must wake up to the reality that this is not an American agenda but a real need to protect the health and safety of our citizens. The 2010 Olympics hold the potential to be an economic windfall for offshore counterfeiters – at significant cost to Canadians and Canadian jobs – if we do not get our act together.

None of these things are grand. All of them are needed. And if it takes a leaders’ summit to achieve such steps, then let’s have more of them.

The Hon. Perrin Beatty is President and CEO of the Canadian Chamber of Commerce.

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<th>Program</th>
<th>Countries</th>
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<tr>
<td>Customs NEXUS</td>
<td>🇺🇸 USA, 🇨🇦 Canada</td>
<td>✔️ Program operated by US Customs and Border Protection (CBP) and Canada Border Services Agency (CBSA) allowing pre-approved low risk travelers shorter processing time when traveling between the two countries by land, air or sea.</td>
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<td>Secure Electronic Network for Travelers Rapid Inspection (SENTRI)</td>
<td>🇺🇸 USA, 🇲🇽 Mexico</td>
<td>✔️ Program provides expedited US-CBP processing for pre-approved, low-risk travelers. They are given a Radio Frequency Identification Card (RFID) issued upon approval which simplifies the border crossing.</td>
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<td>FAST Free And Secure Trade</td>
<td>🇺🇸 USA, 🇨🇦 Canada, 🇲🇽 Mexico</td>
<td>✔️ Border Accord Initiative between US-CAN-MX to ensure security and safety. It allows low risk participants to receive expedite border processing. ✔️ Agreement to coordinate to the maximum extent possible their commercial processes for clearance of commercial shipments at the border.</td>
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Source: U.S. Department of Homeland Security and Canada Border Services Agency
The energy ministers of Canada, the United States, and Mexico do not usually try to nudge their bosses into action publicly. Yet a reference to the upcoming North American Leaders’ Summit in the July announcement of the Science and Technology (S&T) Agreement seemed to do just that: “Energy” they said, “will continue to be one of the important issues for the leaders at their meeting.”

Let’s hope that Prime Minister Harper, President Bush, and President Calderón (plus the “sherpas” who design summit agendas) authorized that advance statement and will follow through.

Energy cooperation has been the “jewel in the crown” of the trilateral Security and Prosperity Partnership (SPP), but the three leaders have never clearly acknowledged (jointly or individually) how far continental interdependence in energy has progressed or how fuller implementation is possible and needed.

The S&T Agreement is important legally, because – unlike the leaders’ communiqués and “memoranda of understanding” that framed earlier joint energy efforts – this has the force of an international treaty in all three countries. That is why Canada’s full cabinet had to approve it in advance. The new agreement protects intellectual property rights and proprietary information.

Its structure helps the three countries jointly to face several energy dilemmas, ranging from environmentally acceptable utilization of Canada’s oil sands and abundant U.S. reserves of coal (which climate change apprehensions make a problematic fuel) to deepwater offshore hopes for Mexico to reverse the declining output of old oil-and-gas fields that might otherwise reconvert that country into a net hydrocarbon importer (rather than an adequately fast-growing economy and a secure North American energy source). Biofuels and energy efficiency are also near the top of the S&T agenda.

These three countries will retain distinct national energy policies reflecting their different national interests. Through such executive mechanisms as the North American Energy Working Group (NAEWG) and the subsequent SPP, however, successive top leaders in the three countries have fostered “continental thinking” and effective public-private partnerships without subverting national sovereignty.

During this delicate operation, though, the leaders have been overly reticent about the success story; this makes the mid-level bureaucrats who implement NAEWG and SPP hyper-cautious too. To change that, the Montebello Summit should highlight past accomplishments and future needs in trilateral energy cooperation. The leaders can give a much-needed signal by even a modest pledge to support the S&T Agreement with a decent infusion of dollars, pesos, and people.

None of the three countries can afford delay. Recent studies by the International Energy Agency and the National Petroleum Council document the hard reality that neither the United States nor North America as a whole can become fully independent in oil or natural gas in the foreseeable future.
Increasing “interdependence” augments energy security for all, yet all three governments simultaneously need to consider steps to limit future emissions of potentially global-warming gases – a large portion of which originate from energy production and use.

To offer one example of how the S&T might help, some of the most ticklish technological efforts connected to such interlocked problems relate to capturing and sequestering the carbon dioxide released by coal-burning power plants. We are years away from a practical resolution of all the problems involved, but Canada and the United States have begun to address them meaningfully in a little-publicized project overlapping North Dakota and Saskatchewan.

Experimentally, carbon dioxide collected from a U.S. industrial site is being pumped into an old Canadian oil field to enhance production and ultimately reduce carbon releases. But this has been managed somewhat awkwardly as two distinct projects on either side of the border. Now the way is open to closer coordination in follow-on efforts, relating to four provinces and 40 states.

Trilateral energy cooperation, emanating from the private sector as well as the federal governments, has accomplished a lot. With inspiration from Montebello, much more can be done:

NAEWG got the three governments to begin using common units of energy measurement, publishing a “North American Energy Picture.” Within a few months, a unified computer model will be able to project supply and demand for the continent as a whole; a periodical “North American Energy Outlook” document should come next.

Trans-border electricity is increasingly significant. Staffs of the three federal energy regulatory bodies already meet regularly every few months to consider parallel approaches to problems with some commonality.

Electricity regulatory bodies (in their respective jurisdictions and via their own systems) are tooling up to enforce key reliability standards agreed upon by public and private generators. Harmonization of efficiency standards for appliances, already begun, should also be extended.

We are years away from a practical resolution of all the problems involved, but Canada and the United States have begun to address them meaningfully in a little-publicized project overlapping North Dakota and Saskatchewan.

Oil sands operators need market outlets for the peculiar set of products that now make up a large percentage of Canadian petroleum production, so pipeline patterns have been overhauled to let refineries as far south as the Gulf Coast process the new feed material for end-use. Additional research and development might address environmental problems in oil sands production itself.

Despite long continental cooperation regionally, in the private sector, and via the leaders, federal legislators from the three countries still only meet bilaterally.

During last year’s bilateral meetings, however, representatives from all three countries agreed that trinational inter-parliamentary meetings are also worth exploring. This is another good thing for the leaders to talk about and encourage, and Montebello might be able to speed up the process.

*Joseph M. Dukert is a leading independent energy consultant and welcomes your comments at dukert@verizon.net*
Op-Ed

Obstacles to North American Integration: The Rhetoric and Reality in Mexican Foreign Policy

Athanasios Hristoulas

Some six years after the terrorist attacks on the United States, the prospects for greater North American integration now depend heavily on what Mexico does. Since the Vicente Fox administration, the Mexican government has been a staunch supporter of North American integration.

Fox for example, stated in 2002 that Mexico “considers the struggle against terrorism to be part of the commitment of Mexico with Canada and the United States to build within the framework of the North American free trade agreement a shared space of development, well being and integral security.”

Later that year, Jorge Castañeda, the foreign minister at the time, said “Mexico would favour a continental approach to border security issues, extending a North American partnership that already operates at a trade level.”

This rhetoric, however, stands in sharp contrast to the reality of cooperation, especially along the Mexico-U.S. border. It has become clear that Mexico cannot keep up, neither politically nor operationally, with the changes that are occurring in North America in light of the terrorist attacks.

Taking the twin border agreements signed in late 2001 between Canada and the United States and in early 2002 between Mexico and the United States as an example, it goes without saying that the Canada-U.S. version is much more comprehensive in nature. Those areas of the Canada-U.S. border agreement which focus on harmonization and cooperation – such as pre-clearance, joint training and exercises, integrated intelligence, and the Integrated Border Enforcement Teams (IBETS) – simply do not appear in the Mexico-U.S. version of the agreement.

Second, even though the Mexico-U.S. accord is more modest in its objectives, there has been tremendous difficulty in implementing the various parts of the agreement. For example, whereas in the case of the Canada-U.S. agreement, almost all of the 32 points have been implemented or are in the process of being implemented, the Mexico-U.S. counterpart has stalled.

Of the 22 points in the Mexico-U.S. agreement, there has been no progress whatsoever in seven of the critical areas. These include secure railways, combating fraud, contraband interdiction, electronic exchange of information, screening of third country nationals, and visa policy consultations.

A further four interrelated factors combine to lead to the conclusion that, because of Mexico, North America faces a losing battle in its efforts to be considered a single political, social and economic unit. The first factor is a fragmented political system; the second, institutional corruption; the third is intense and counterproductive interagency competition; and the fourth is the political abuse of nationalism and sovereignty by Mexican officials and politicians for partisan and personal gain.

Taking political fragmentation first, the six years of President Fox’s administration were characterized by intense political infighting between different ministries. While one secretary, for example, Castañeda from Foreign Affairs, pushed for further integration, others, such as Santiago Creel from the Interior Ministry, actively campaigned against it.

The most evident example of fragmentation was the very public dispute between the Secretary of the Navy and Secretary of Defence. Both secretaries
took opposing views on the issue of North American integration (the navy was willing to support it, while the army vehemently opposed it). The problem became so serious that the secretaries refused to sit in the same room together and Fox had to hold separate meetings with each on matters of National Security.

Combined with the fact that the Mexican Congress was (and still is) deeply divided, led to a situation where the country’s leaders had great difficulty making and implementing decisions of a substantive nature (such as the one that would commit Mexico to greater North American integration).

Corruption is the second major problem. Corruption is particularly rampant in the nation’s National Migration Institute (the agency responsible for immigration control). A representative example of this is the anarchical situation in the country’s southern border. Undocumented migrants of all sorts trying to cross from the Guatemalan border face an unprotected and shallow river crossing.

The uncontrolled nature of the border between Mexico and Guatemala has led to the evolution of professional (and of course illegal) river crossing entrepreneurs. If Mexican officials have a hard time dealing with one another, the situation along the Northern border is even worse. Few, if any, mechanisms for cooperation and communication exist between the authorities of both countries.

Extortion begins once the migrants have actually entered Mexican territory. It is at this point where they have to pay off not only common criminals, but also migration, army, local and state authorities in order to stay in the country.

The majority of migrants want to use Mexico as a transit point to the United States. Mexican public opinion and officials alike repeatedly criticize the treatment of Mexican migrants by U.S. officials along the northern border while being completely oblivious to the human tragedy occurring along the border with Mexico and Guatemala.

Interagency competition serves as the third impediment. The ongoing dispute between the Secretary of the Navy and the Secretary of the Army has already been noted. But the problems do not stop there.

There is, strangely enough, an inter-institutional debate between the various intelligence, police, and justice agencies over “possession” of the anti-terrorist agenda. Unable to cooperate among themselves, the “war” against terrorism in Mexico has degenerated into an interagency competition over who will deal with what part of the agenda.
focused on reducing cross border interagency irritants and misunderstandings rather than on coordinated operations, and while occasionally stronger at the local level of inter-agency cooperation – tends to vary from place to place and time to time.”

The final obstacle is the use of nationalism and sovereignty by Mexican political actors in order to pursue their own partisan and personal agendas. Examples of this are notorious, but this article will only mention one. In 2003, a gang of youths on the Mexican side of the border in Chihuahua were regularly robbing a train bound for the U.S. in the outskirts of Juarez. After multiple thefts, U.S. authorities requested the assistance of Mexican local and state authorities who were more than eager to participate in the joint operation.

However, after a number of weeks, members of the Mexican Federal Congress in Mexico City accused the participating Mexican officers of being traitors, claiming that they were assisting U.S. authorities in their attempts to violate the sovereignty and national integrity of Mexico.

The joint operation had to be halted, and it goes without saying that the governor of Chihuahua and the members of the Mexican congress that opposed each other were from different political parties. The problem of course, had nothing to do with sovereignty and territorial integrity, but rather was a blatant attempt to gain political capital.

In sum, all of this means that North America faces an upward battle in its efforts to be considered a single economic social and political region. As suggested by this short piece, the main obstacle here is Mexico and the disconnect between its rhetoric and the reality of what is actually happening.

The experience of the Fox administration serves as an important lesson for the new Felipe Calderón government: if Mexico does not pursue a more coherent North American strategy, it is likely that the country will be left out of the region in political, social and economic terms. This is even more the case given the fact that Canada and the U.S. have made unprecedented integrative progress in the last six years.

Athanasios Hristoulas is a professor at the Department of International Studies at the Instituto Tecnologico Autonimo de Mexico.

The Potential for Canada-Mexico-U.S. Cooperation

José Luis Valdés Ugalde

Since the creation of NAFTA, the overall North American integration process has advanced by randomly trying to follow an orthodox formula. This process has employed a combination of relatively attractive features of the European Union experience, the United States hegemonic leadership, the asymmetries between the member states, and the specific geopolitical circumstances that have shocked the region. After evaluating the degree of integration, it is clear that it has not been possible to go beyond the Free Trade Agreement in order to move forward.

The question that emerges at this point of the peculiar “trinational merger,” as coined by Miguel Pickard, is to what extent the North American project can actually be achieved in its most complete outcome, which implies the consolidation of a new economic and political entity and the affirmation of a North American identity.

The answer may not be very optimistic nor conclusive. However, this ambiguity is related to the uncertain direction of the integration efforts, the enormous potential of the partnerships, the weakness of both the State and consensus towards the steps carried out in the integration path, and an incipient consultation among elite sectors for the
Security turned out to be the higher concern of the U.S. domestic and international agenda. Securitization became a precondition for pursuing prosperity, despite the fact that prosperity was initially the goal of the regional block consolidation.

The amalgamation of the interests that once polarized the region – prosperity and security – was the only way out for rescuing the North American community project. This was a product of the work of academics and entrepreneurs, especially those in Canada, and not exactly that of the U.S. government.

Even though, in its conception, this view called only for deeper integration of Canada with the United States, including a North American customs union, a common market, a resource sharing pact, and full participation in the U.S. “War on Terror,” it has adapted to the needs of the new North American space.

This concept encompasses the breakthrough idea of erasing the border between Canada and the U.S., as well as policy harmonization in areas such as military and homeland security, social and global security, and the protection of water and energy.

There is still an ongoing tendency towards “bilateralizing” the trilateral merger, even in the need of sharing the defence and security burden, in front of the de facto enlargement of the national borders of the U.S. Indeed, the trilateral relation has been traditionally translated into two bilateral dialogues (U.S.-Canada and U.S.-Mexico), which are generally uneven and regulated by the same policies and institutions.

The common denominator is the United States, for whom the integration process commonly overlaps that of assimilation. Neither Mexico nor Canada has consolidated their intention to commit as full partners.
Trade statistics speak volumes, since Mexican exports to Canada represent only 2% of the total share and Canadian exports to Mexico are just 0.7%. It is only recently that compromise materialized in the Canada-Mexico Partnership, which was launched in 2004 and appears to be a sound effort to curve the established bilateral approach of the North American paradigm.

In this regard, both Canada and Mexico converge in their request for more porous borders, which will boost, on the Canadian side, cooperation on security and better operation of the trade traffic, and on the Mexican side, greater integration of the labour market.

The latter of these is not as feasible as the Canadian goals, since the migration phenomenon entails mutually exclusive interests and exposes the core reticence of the stakeholders to sponsor the reduction of the development gap.

The SPP remains behind in its performance. There are plenty of concepts to harmonize and ideas to neutralize, especially in those referring to the development asymmetries and delicate issues such as energy integration, strategic natural resources, the migration phenomenon, and security policies.

However, a deeper integration approach tries to turn these subjects of impasse into opportunities to embrace the potential of the North American space, whose projected future for 2010 is to become a North American political and economic community.

José Luis Valdés Ugalde is the Director of the Center for Research on North America at the National Autonomous University of Mexico and thanks Bernadette Vega for her assistance in this piece.

Op-Ed

A North American Approach to Energy Security: The Case of Two G8 Countries and an Emerging Economy

Lourdes Melgar

On August 20, 2007, Prime Minister Stephen Harper and Presidents Felipe Calderón and George W. Bush will meet in Montebello, Québec, Canada, to assess progress on the region’s Security and Prosperity Partnership agreed upon last year in Cancun. North American energy security is one of the five priority areas established at the time. The news will be good on this front.

Even so, the outcomes of trilateral cooperation on energy issues are not likely to make the front-page of newspapers. There will not be the sort of grand announcement expected by the private sector or visible signs of further integration easily grasped by the general public. But what the Secretaries of Energy of Mexico and the United States and the Minister of Natural Resources Canada will present to their leaders is the seed of ground-breaking cooperation on energy security and climate change mitigation.

Indeed, the Trilateral Agreement for Cooperation in Energy Science and Technology, signed on July 23, 2007, opens the possibility for advancing on two top priorities of public policy and international commitments of the three countries: energy security and climate change mitigation. In order to fully grasp the potential reach of this agreement, it is necessary to take a look at it from a more global perspective.

Over the past couple of years, an international consensus has been building regarding the need to condition energy policy to greenhouse gas emissions mitigation. The negative impact of climate change on energy markets and
infrastructure has been larger than imagined. Devastating events such as hurricanes Rita and Katrina have heightened consciousness on the urgency to act. Increasingly, science and everyday reality provide greater proofs of the vulnerability of the world economy, energy security and environmental balance due to their interrelationship.

Today, energy security is bound to international cooperation, to the search of agreements that promote the adoption of policies aimed at ensuring a reliable and secure energy supply, at competitive prices, without further increasing carbon emissions.

This is the political consensus emerging as a response to growing natural disasters, disruptions in energy supply and high oil prices of the past five years. At their summits of 2005, 2006 and 2007, the leaders of the G8, of which Canada and the United States are members, agreed to address energy security and climate change jointly as top priority, and invited the five leading emerging economies, including Mexico, to take part in a dialogue on the search of solutions.

Since the Gleneagles Summit of 2005, there have been significant steps to move beyond words to action. At the request of the G8, the International Energy Agency (IEA) has been playing a major role in the implementation of the Plan of Action on energy security, climate change and sustainable development. It has presented a study on Energy Technology Perspectives: Scenarios and Strategies to 2050, which analyzes alternative scenarios to ensure energy security without increasing current levels of emissions by 2050.

Technology is central to move towards a more sustainable energy future. The approach includes a further diversification of energy sources, a heightened emphasis on energy efficiency, a greater use of renewable and nuclear energies as well as clean coal technologies for power generation, and the capture and storage of CO₂ in energy production.

According to the scenarios advanced by the IEA, the efficient production and use of energy is the main contributor to the mitigation of emissions. A policy of reduced demand of hydrocarbons and greater energy efficiency in power generation, industry, transport and buildings could result in energy savings of 10% by 2030 as compared to the levels of consumption if present trends are maintained. These savings are equivalent to China’s current energy demand and would bring about a reduction of emissions by 16% as compared to the reference scenario.

Adopting alternative strategies requires significant investments and the firm commitment of governments to promote and facilitate the implementation of options. The “Heiligendamm Process,” which was agreed upon by the G8 countries and the leading five emerging economies at the G8 Summit of 2007, takes into account the IEA’s conclusions and defines as its main objectives reducing greenhouse gas emissions and improving energy efficiency.

Looking at the recently signed Trilateral Agreement for Cooperation in Energy Science and Technology from the standpoint of the global political agenda, it could be argued that the Agreement is a step towards implementing at the national and regional level commitments adopted by Canada, Mexico and the United States in the framework of the G8+5 dialogue.
The Agreement promotes conducting North American research, development and deployment of technologies in the areas of energy efficiency, renewable nuclear power, fossil fuels and power generation with the aim of advancing technologically and scientifically in the production and use of energy with low or zero emissions. It devotes eight of its 15 articles to facilitating cooperation by addressing a wide range of issues, including financial arrangements and the protection of intellectual property rights.

This Trilateral Agreement has the potential to promote ground-breaking cooperation for a more sustainable energy future in North America. The Agreement could become a significant achievement of the North American Energy Working Group (NAEWG) in a similar vein as the work done on energy efficiency standards. Our governments ought to grant it the political support and financial resources needed to turn words into concrete action.

Lourdes Melgar, PhD, is an independent energy analyst.

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Note that letters may be edited for length and clarity.

Upcoming Events

On Thursday, September 6, 2007, FOCAL’s Afro-Latino Program and the Centre for Developing Area Studies (CDAS) at McGill University will convene two panels of prominent experts on Cuba to assess the economic, political, social and civic ramifications of the evidence of racially-based inequality in the Cuban society.

Participants in this roundtable discussion will represent a diversity of views from academia, civil society, government, and donor and development agencies.

The experts, who come from Cuba, Canada, the United States and Australia, will not only share insight into the situation of Afro-Cubans but will advance fresh thinking on the processes of change in Cuba to inform strategic and effective development and foreign policy.

 Participation in this event is by invitation only. Please direct inquiries to Racquel Smith, project manager for Civil Society and Afro-Latino Programming, at 613-652-0005 x227 or rsmith@focal.ca.
Evaluation Form

Your opinion of this Special Edition is very important to us. Therefore, we kindly ask you to take five minutes to respond to this questionnaire and to send it by fax to Rachel Schmidt at 613-562-2525 or via e-mail at rschmidt@focal.ca.

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