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Chair

Mr. Dean Allison

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● (1100)

[*English*]

The Chair (Mr. Dean Allison (Niagara West—Glanbrook, CPC)): Pursuant to Standing Order 108(2), we are beginning our study towards the next North American leaders' summit.

Before we begin, I want to say a few words about the study and just thank my colleagues for engaging me—how does that sound?

Voices: Oh, oh!

The Chair: I appreciate that.

I do think that one of the most important works a committee can do is to be proactive when we're addressing issues, important policy issues, that certainly merit some increased attention and care and consideration. I think North America is certainly one of these issues with the whole issue of competitiveness and integration—I really do believe that—and being next to such a large neighbour.

I just think it's of paramount importance, given the fact that we have this yearly summit. As we continue, it will be one of the priorities of the North American region as it continues to grow and change. I think as a key contribution here as a committee, we can examine the importance of the cooperation and enhanced integration between Canada and our two neighbours in the economic, energy, security, environmental, and societal sectors. It's a privilege to have a very knowledgeable panel here over the next week or so, an intellectually nuanced panel of experts, on the issue.

I now want to introduce the individuals we have here today.

Maryscott Greenwood, senior adviser at the Canadian American Business Council, welcome. It's nice to have you here today.

Colin Robertson, vice-president and fellow at the Canadian Defence and Foreign Affairs Institute, welcome back to committee.

Carlo Dade, director of the centre for trade and investment policy within the Canada West Foundation, welcome. I know I saw you at the trade committee, on which I've sat. I'm not sure if I've seen you at this committee, but I could be mistaken. I've definitely seen you at both committees, for sure, but I'm not sure which one I've seen you at more.

The Honourable Michael Wilson, chairman of Barclays Capital bank, will be joining us at 12 o'clock.

I have a couple of things I want to mention before we get started. Maryscott Greenwood has to leave for a 1 p.m. flight, so she'll be leaving just before noon. If you want to interrogate her hard, it needs to happen in the first hour. How does that sound? We'll break very quickly at noon so that we can get hooked up for a video conference with Mr. Wilson.

We look forward to hearing from all our panellists. Then we'll go back and forth for questions, as we normally do.

Ms. Greenwood, the floor is yours.

Ms. Maryscott Greenwood (Senior Adviser, Canadian American Business Council, As an Individual): Thank you so much, Mr. Chairman and members of the committee. Thank you for having me. It's an honour to be back in Ottawa.

I congratulate the chairman and the committee for taking on a really important topic. I'm really pleased to be here with you today. I'm going to read from my notes. I know we have seven minutes, so I'm going to fly.

I want to talk to you about a subject that covers nearly every aspect of modern life, everything we build and use each day, yet it's virtually never discussed in policy circles—standards.

What do I mean by standards? It’s the set of voluntary guidelines that everyone uses to create, manufacturer, buy, and sell everything from electrical outlets to shower valves to water heaters or zippers on blue jeans. These are things we take for granted in our daily lives that work perfectly well, and we have no idea how it all comes together. It's through an amazing web of voluntary standards set by public and private collaboration, which are set in every sector in every region, and which provide the map for how things get made.

Standards help ensure that a light bulb fits in the socket, that you can take money out of an ATM anywhere in the world, and that plugs for electrical appliances fit outlets.

In the U.S. alone, there are more than 100,000 standards at work across all industry sectors. These include standards for products, things like washing machines and banking cards; standards for performance, as in toy safety and greenhouse gas emissions; standards for certification of personnel, such as food handlers and crane operators; standards for construction of buildings and systems —for example, building, electrical, and plumbing codes.

Why am I raising the issue? Here in North America we have so many conflicting standards in so many areas that it is becoming incredibly expensive and inefficient to make things, and we are getting outsmarted by our competitors around the world.

I should just pause to say that these are the kinds of things we raise at the Canadian American Business Council. These are the issues we raise to the policy-makers attention so that you can look at them and shine a spotlight on them, because you have the power to do that and the ability to convene.

It's a sleeper issue. People aren't really talking about it, but they should because it will impact our economic success in a major way in the years to come. I know that's important to this committee.

In the face of near economic collapse in 2008, along with a resurgent Europe and a growing Asia, it's imperative that Canada and the U.S. get our acts together when it comes to things that make us less competitive in the global marketplace. I know that's the subject of this committee. Canada and the U.S. have to become much more efficient in the way we build things together. In simple terms, we need to find better ways to build it here and sell it there.

How do we do that? What role can you as policy-makers play in enhancing the platform on which we in business conduct our business?

As you know, NAFTA was a cutting-edge idea at the time it was launched 20 years ago, but it is now outmoded. Our continent is at a competitive disadvantage with others in the world because of the way we don't collaborate on key issues, such as regulatory misalignment and the patchwork of standards-setting and conformity-assessment programs.

I should just pause and say Canada has really led the way on the U.S.-Canada Regulatory Cooperation Council. We can talk about that, but your own Bob Carberry, who's an official here in Canada, is the person who has driven both the U.S. and the Canadian regulatory alignment. That covers only government-to-government federal issues and isn't as comprehensive as what we in the U.S. would like to see.

The Standards Council of Canada, in its report last week on enhancing North American competitiveness, stated that standards and conformity assessment underpin economic growth and free trade, and that similarly duplicative standards, testing, and certification act as a barrier to trade and hinder productivity and competitiveness. It went on to note that differences in standards and regulations within Canada and between Canada and its trading partners can cost the Canadian economy billions of dollars per year, and exacerbates the price gap on consumer products between Canada and the U.S.

On the U.S. side of the border, according to standardsboostbusiness.org, the U.S. Department of Commerce estimates that standards and conformity assessment impact more than 80% of all global commodity trade—80%. From design and manufacturing to distribution and marketing, all the aspects of an industry's products and services are affected at some point by standardization.

Let me give you a specific sense of what I'm talking about, the impact of it. The U.S. Department of Defense projected a $789-million savings, cost avoidance, in just one program by focusing on parts and process standardization. Another example is the fire safety industry, where the U.S. electrical manufacturers, the underwriters lab, and the fire safety associations worked to prevent more than 40,000 home fires, 350 deaths, and more than 1,400 injuries each year by collaborating on standards.

What's the current state of play between Canada and the United States? Only about 10% of standards are harmonized between Canada and the U.S.

Manufacturers of water heaters are another example. Seventy-seven per cent of their certification costs come from inspection for their products, as they must use 19 different testing bodies to comply with the requirements of the North American markets they sell to. As another example, the total cost of product testing and certification for the North American plumbing and heating industry is $3.2 billion to $4.5 billion per year. At least 10% of this cost is the result of duplicative requirements.

● (1105)

According to Michel Girard of the Standards Council of Canada—I was talking to him about this in detail in preparation for today—in Europe, by contrast, the standards system is more streamlined and better coordinated than in North America.

In Europe, if there is a need for a new standard, jurisdictions make the request through the European Commission. There's a presumption of conformity. All 28 member states must adopt the same standard. Competing or duplicative standards must be removed from the regulations of all member states. Therefore in Europe, there is one standard, one test, and access to a common market of more than 600 million consumers.

Here in North America we have different technical standards in Canada, the U.S., and Mexico for electrical, plumbing, gas, buildings, fires, bridges, etc., and most of them are in fact not harmonized. I would also say that in China standardization is now seen as a key to achieving national priorities. They are projecting a single market of 1.3 billion customers, following the EU model.

I have three recommendations for your consideration, and then I'll pause for your interrogation.

The first recommendation we'd like to make is that you as policy-makers and as leaders would decide that it is in our mutual national interest for Canada and the U.S. to work together to ensure that North American interests are advanced in international platforms such as the International Organization for Standardization and the International Electrotechnical Commission. That's the first recommendation.

The second recommendation we would like to introduce today is that you would consider creating a North American standards strategy. It would build on the first-ever national standards strategy for the United States that was created 15 years ago through a collaboration among many federal agencies, including the Departments of State, Commerce, Defense, and Energy, as well as regulators and standards-setting organizations.

This strategy would confirm Canadian and U.S.—and perhaps Mexican, if you want to make it trilateral—commitments to internationally accepted principles of standardization endorsed by the World Trade Organization. They are something that I think everybody can agree on: transparency, openness, impartiality, effectiveness, relevance, consensus, performance-based, coherent, due process, and technical assistance.

It is important for you as policy-makers to recognize that standards developers are experts who work cooperatively to enhance quality of life and improve the competitiveness of businesses that function in a globalized marketplace. I had the honour of meeting last week in Toronto with the Standards Council of Canada and its American counterparts to discuss North American alignment. The Canadian American Business Council is embarking on an effort to raise the profile of these issues. We believe they are extremely important yet little understood, and thus my testimony today.

Let me conclude with a statement from the American National Standards Institute, which I've modified a little bit to take into account the Canada-U.S. approach. Here it goes. It reads:

> The decentralized, flexible, sector-based, and market-driven standards system is extremely responsive to changing market demands. It guides the energy of [North American] innovation and enhances the global competitiveness of business while at the same time improving [our] quality of life. It is an outstanding example of how a strong, dynamic partnership between the private sector and government can help the nation achieve its economic and societal goals.

Thank you very much.

● (1110)

The Chair: Thank you very much.

Mr. Robertson, I'm going to turn it over to you, sir, for seven minutes.

Mr. Colin Robertson (Vice-President and Fellow, Canadian Defence and Foreign Affairs Institute, As an Individual): Mr. Chair, thank you.

I applaud the work you're doing because I think this is really important as we prepare for North American leaders' summit this fall. Having the committee make recommendations that can help the leaders will certainly be invaluable.

By way of background I spent most of my professional life working on North American integration. I worked as a Canadian foreign service officer with the team that negotiated the Canada-U.S. Free Trade Agreement, and later the North American Free Trade Agreement. My foreign postings in New York and as consul general in Los Angeles, and then as head of the advocacy secretariat at our embassy in Washington gave me direct experience in advancing our interests in North American integration. I built on this experience through my work with McKenna Long and Aldridge, the Canadian Council of Chief Executives, my research with the school of public policy, and the Canadian Defence and Foreign Affairs Institute.

Last year, working with my colleagues at the Canadian Council of Chief Executives, Eric Miller and John Dillon, we drafted “Made in North America”. I recommend the paper to you. It's 44 specific policy recommendations to help achieve closer North American integration that cover supply chain and border management, trade-related infrastructure, manufacturing, energy and the environment, regulatory cooperation and alignment, trade rules and practices, skills and jobs, and North America in the world.

Based on this experience let me make some observations and recommendations. First, in terms of Canada's vital relationships, it is the United States and then the rest. We can't change geography, nor would we want to. The United States remains the preponderant power in preserving the international order that makes possible the globalization of trade and investment on which our prosperity depends. The United States is also the world's biggest market and we need to do all we can to preserve our preferred economic access.

Our relationship is asymmetrical. ln relative terms, the United States represents about 30% of our gross domestic product while Canada represents about 3% of the U.S. GDP. In trade terms the United States represents about 75% of our trade while Canada represents about 20% of U.S. trade.

Second, while 9/11 is now a decade away, security of the perimeter continues to preoccupy the United States. The Americans have to know that we have their back. The more our law enforcement agencies are able to share information about potential threats, the greater the mutual confidence that allows us to let legitimate movements of people and goods flow as fast as possible in both directions.

Our preferred economic access depends on doing our part to sustain the perimeter. ln practice this means careful scrutiny of the people and goods that enter our shared space. “Inspected once, twice cleared” is the principle behind Beyond the Border, that most important Canadian initiative now in its fourth year. When the U.S. asks us to inspect for counterfeit goods, respecting our shared commitment to the perimeter, we should accommodate them while reminding them that their secondary inspections of goods at the border does not conform with “inspected once, twice cleared”.

Otherwise, we give the foot-draggers, closet protectionists, and the security obsessed who stop our shipments at the U.S. borders another reason not to expedite the passage of people and goods across the border. This removes the advantages we have, especially for our west coast ports—Vancouver and Prince Rupert—because it is a faster route across the Pacific and then by truck or rail into the United States, quickly down to Chicago.

Third, it's still about the border and clearing away the barriers. Even though, as last week's report of the Beyond the Border implementation team illustrates, we have made good progress in easing many of the barriers to better border access for people and goods, we still have a long way to go. As parliamentarians, you can help by moving on the implementation legislation that will give effect to the recent landmark pre-clearance agreement. Congress will be introducing their legislation required for implementation next week. Let's not have U.S. carriers waiting for us to expand business and tourism opportunities into Canada.

Fourth, the regulatory cooperation council is another valuable initiative that needs to be made permanent.

Originally focusing on 29 initiatives the regulatory cooperation council should be given a more ambitious mandate. With its counterpart Office of Information and Regulatory Affairs in the White House, the two agencies should continue to converge standards on autos, agrifood, environment, and drug approval. The RCC should be made permanent, situated within the Privy Council Office, and work in tandem with the ongoing Beyond the Border initiative.

To further its work and give Canadian-made goods easier access to the United States we should emulate President Obama's executive order obliging U.S. regulators to work with free trade partners like Canada to reduce red tape and the tyranny of small differences that plague freer trade.

● (1115)

Fifth, we need a portrait of the North American transportation infrastructure, including our growing cybertrade in financial services, to identify our shortcomings and to help prioritize future investment. Our investment in our roads, rail, and ports both air and sea needs to be integrated into a commercial plan for competitiveness.

NASCO, the trilateral North American Strategy for Competitiveness organization, which is visiting Ottawa this week, focuses on supply chain, workforce, and energy. It has done excellent work with business and various levels of government in identifying the problems and practical solutions that now require attention and action by our leaders.

Sixth, we should build on North America's diverse base of energy resources and make it a true comparative and competitive advantage. I applaud the work of the energy ministers who met in December and who in fact just put out a report yesterday, having met in Mexico, to map our energy needs and establish best practices on North American fracking standards, and now on methane. Greater collaboration on energy technology and standards, strengthening energy infrastructure, and realizing the potential of lower-carbon energy resources will help us move towards North American energy self-sufficiency and provide our citizens and businesses with reliable, cost-competitive, and environmentally sustainable energy.

Seventh, to protect our trade and investment from protectionist forces, we should have a Canadian representative in every U.S. state and keep an ongoing inventory of Canadian business and investment in each congressional district and of the jobs it supports. In recent years, austerity measures reduced our diplomatic presence in the United States. Reversing this trend doesn't mean following the traditional model of sending Canada-based diplomats. Rather, let's use the honorary consul route to recruit resident Canadians—there are well over a million living and working in the United States—and mandate our consuls to stimulate state-focused Canadian-American business councils, the work that CABC does nationally, to drive business-to-business trade and investment. To assist them, the Export Development Corporation should deploy a more strategic vision of assisting Canadian SMEs to integrate into U.S.-led supply chains.

We could model the consuls after our honorary consul in Arizona, Glenn Williamson, and the Canada Arizona Business Council. As an early objective, they set out to increase direct weekly flights from Canada from 10 to 100, recognizing trade and investment as a contact sport. Within a decade, it had achieved its goal, and trade and investment between Canada and Arizona has dramatically increased.

Eighth, we need to devote more time and attention to Mexico. It's not just a growth investment market for mining, banking, and manufacturing, and our third biggest trading partner, but an increasingly integral part of continental supply chains, especially in the production of cars and planes. We need to ensure convergence with work done in the parallel border and regulatory commissions between the U.S. and Mexico. Some issues are specific to one of the borders, but for others there's common work and we should be looking to common standards.

Security continues to be a preoccupation. Our ships and submarines help rid Mexico's Caribbean and Pacific waters of drug traffickers, whose product eventually winds up on our own streets. Our seasonal workers program with Mexico has served Canadian agricultural needs for more than 40 years.

We should be marketing Canadian universities and schools to Mexico's youth, because the ties generated through education serve us long into the future. But if we want Mexicans to visit Canada, we have to make it easier for them to get here. The visa imposition in 2009 was badly handled. It's a lesson in how not to deal with a friend and important partner. The inclusion of Mexico among countries eligible for the new electronic travel authorization starts the process anew. It should include all Mexicans, and we need a North American frequent travellers program.

Ninth, provinces and states are incubators and innovators, and we should encourage regional cooperation. Innovation at the provincial level, starting with Saskatchewan, was how we got our health care system. We are moving towards a national energy policy, addressing climate change and carbon pricing through cap-and-trade in Ontario and Quebec, through pricing in Alberta, or through tax in British Columbia.

The best-developed regional cooperation on issues including transportation, labour mobility, and invasive species is in the Pacific northwest economic region. Regional associations, especially those involving premiers and governors, solve problems, such as ensuring that Americans could visit our 2010 Olympics when then-premier Gordon Campbell and Washington's Governor Christine Gregoire came up with the smart driver's licence, which has since been rolled out on both sides of the 49th parallel.

In October, Canadian premiers and governors from the United States and Mexico will meet in Colorado Springs for the first-ever summit promoting economic development and trade through improvements and innovations in infrastructure, supply chain management, education, and energy technology.

● (1120)

Tenth—finally—parliamentarians must get to know members of the U.S. Congress in both the House and the Senate. Nothing is better than peer-to-peer relationships. I spent part of my diplomatic career working Capitol Hill, the source of protectionism and other legislation that, even if it's not aimed at Canada, often sideswipes us in application. Many of the issues that have the most significant impact on us come directly from Congress, because they are U.S. domestic issues and are driven by Congress, not the administration.

You can help prevent this by reaching out to your American counterparts early and often. These relationships need to be sustained and reinforced by regular contact, both directly and through forums such as the Canada-United States Inter-Parliamentary Group.

Like our national sport, Canada-US relations is about contact, being nimble and quick, taking the initiative, and knowing how to put the puck in the net.

Thank you, Chair.

The Chair: Thank you very much.

Now we'll turn it over to you, Mr. Dade, for seven minutes. The floor is yours.

Mr. Carlo Dade (Director, Centre for Trade and Investment Policy, Canada West Foundation): Thank you very much, Mr. Chair.

Members of the committee, it's indeed a pleasure to be back in Ottawa and back in front of this committee and to see so many familiar faces and to see some new faces on the committee as well. I would like to join my colleagues in commending you for undertaking the study.

I imagine that every time you hold hearings, a witness says, this is the most important issue facing Canada today. Well, this is one of those cases, I think, in which the empirical data—the trade data, the numbers, our common history, the number of people we have back and forth, the sheer data—actually confirms the importance of the subject at which you're looking, yet it's one often overlooked in Canada. That which is closest to us, that which is easiest to us is often overlooked, and that bit of complacency has been one of the underlying themes, I think, of the Canada-North America, Canada-U.S., Canada-Mexico relationship.

That's not a criticism of the men and women in Foreign Affairs or the people on the committees and groups that work hard on the relationship. It's a commentary about the broader context of the relationship and the dangers of our success, enuring us to the work that must be done to maintain the advantages we have in North America.

So I commend the committee. With that I will start my testimony.

You will notice that I have remembered the most important lesson about testifying in front of parliamentary committees: bring your own coffee. I'm never sure whether the coffee here is free trade or not; that's the issue.

What I'd like to do today is offer a bit of a fill-in for what you've heard from my two distinguished colleagues.

My background in working on Canada-US, Canada-Mexico, Canada-North American relations goes back more than a decade, but the unique perspective I can add to this conversation is grounding it in the regional perspective and also talking about the importance of the forgotten third leg of the stool in North America: Mexico and the Canada-Mexico relationship.

I ran a Canada-Mexico binational working group with the Canadian Foundation for the Americas and the Mexican Council on Foreign Relations. Some of the recommendations—not recommendations, I would not be so bold—but some of the suggestions and ideas I have at the end of the presentation come from that earlier work.

What I'd like to do today is talk a little bit about the importance of the Canada-Mexico relationship from the regional perspective and about where we are, why we've gotten to where we are, and how this has resulted in the need for a new framework to think about what's possible in North America, and then offer some specific ideas for improving the relationship, for this NALS or North American leaders' summit in particular, and then for the 2017 North American leaders' summit. I think we really have to begin work now to prepare for the next opening we have to work on North America, and that will come in 2017.

Speaking first on the regional perspective, from travelling around western Canada I can safely tell you that there is a growing awareness or re-awareness of the importance of North America. This stems partially from our outreach across the Pacific to Asia. There is no doubt in anyone's mind in western Canada that Asia—China, India, Japan, Korea—has hugely important markets. Japan's has been for some time, but as we deal more with these markets that are more distant and more difficult, we're reminded of what we have right here on this side of the Pacific.

We have privileged access to the fattest, richest, and easiest market in the world in the United States. In Mexico we have a market that is now majority middle class, in which that middle class is growing, and an economy that is slated to be the world's ninth largest by 2030 and sixth largest by 2050. We have huge advantages that we really need to look after on this side of the Pacific.

The feeling in the west is that we need to give serious attention and consideration and apply resources to defending market share in the United States and to looking to gain market share in Mexico as opportunities in that country grow. For the west, for wheat, pulses, canola, even companies such as Palliser Furniture, there are opportunities for us in Mexico, and we in the west feel that we can grow as Mexico grows.

The motto of the Canada West Foundation is a strong west in a strong Canada, and I think we've reached the point nowadays at which we can add a strong Canada in a strong North America as key to our future prosperity.

● (1125)

Again, I would just note that for every western province, more than one-half of our exports go into North America, obviously for Alberta, Manitoba, but that's also the case today even in British Columbia, which we think of as more heavily dependent on trade with China. Still one-half of the exports from British Columbia are going into North America, so the market is hugely important.

There is also the growing worry about North America and where we are right now with America in the west. There is no doubt, if you pick up the newspaper, there is almost unanimous consensus among all the analysts working in North America that the relationship is not well, and even though that hasn't started to have an impact on our relationship with Mexico, it has in the relationship with the U.S. There are irritants for products crossing the border, in terms of the hit of $1 billion a year to our beef industry, which really has western ranchers worried about the ability to access this market that is so important as we struggle to get into markets that are, again, so much more difficult, like Korea and other markets in Asia. We really need to make sure we have access to North America, a market that has done so well for our prosperity in the past.

Again, there is too much to talk about here, but I would just note that the issues with North America and the problems with North America, I would say, actually started about seven years ago with the new administration in Washington, D.C. Several of us were concerned about the lack of attention and concern of the Obama administration to North America, particularly the dismissiveness toward the special relationship with Canada. This would need to be the subject of another committee hearing to go into details, but from personal experience, having been in Washington and talked with foreign policy advisers in rooms in which there were no Americans, no press, only Latin American business leaders, time and time again we heard the same sentiments you see on YouTube nowadays expressed about North America, about the relationships in North America, and about NAFTA, by the Obama administration.

I would say this administration has effectively killed the idea of a larger vision for North America. It is not just this administration but the continued opposition to NAFTA. If you want to try to kill a trade agreement with the U.S. like the transatlantic trade and investment partnership, the U.S. agreement with the European Union, the best way to do it is not just to associate it with NAFTA but to rhyme it with NAFTA, so instead of TTIP, the agreement is being called, by its critics in Washington, “TAFTA”.

That one anecdote tells you what you need to know about the status of larger ambitions for North America. Instead, we've arrived at an era of what I would call “small ball”. We need work on North America that goes beyond the day-to-day management of the relationship, on which the folks at DFATD do an admirable job, to the issue of the day, the issue of the week, of keeping the Canada-United States Regulatory Cooperation Council alive, which is, I would note, probably the single biggest issue for western Canada after, obviously, pipelines.

The RCC would rank, I would argue, as the most important issue in western Canada. In talking to provincial governments before coming out I was asked to stress that to the committee.

In an era of small ball, what can we do? Well, there are several ideas.

The first is an issue that concerns me particularly is our capacity in North America. Colin mentioned this briefly with the honorary consuls, but the truth is the last time I testified at the Mexican Congress, the joint session of the senate and the chamber, they brought in one Canadian, yet they were able to produce three Mexicans who specialize on Canada, who work in institutions—not universities but public policy institutions—where they are resourced and funded to work on Canada.

In the United States there are centres that have experts on Canada. But in Canada, if you want to find an expert on Canada-U.S. policy or on Canada-Mexico policy, someone who is not a retired diplomat but someone who is full time and funded, as Colin is, to work on Canada-U.S. policy, or if you want to find someone equivalent to work on Mexico, you should pick up the phone and dial area code 202 for Washington, D.C. Most of our capacity to work on Mexico is in Washington, D.C.

The U.S. is undergoing the largest demographic change in its history. We've completely almost missed this in Canada. We don't understand the current U.S. The majority in Mexico are now middle class. This happened without our really being fully aware of what this means. So number one is capacity in North America. It is critical that we get to not the same level as the United States, but please, the same level as Mexico is not asking too much.

The second is the Trans-Pacific Partnership. It's a well-known secret in Washington, D.C. that the Americans intend to have the TPP replace NAFTA. If this indeed is going to happen, we need to prepare for this. We need to think about this, think about the implications, start having conversations, and start looking ahead at what to do about this.

● (1130)

This is going to be the single largest issue, I think, to face Canada. We've complained of North America being a table for three. What happens when that becomes a table for 13? I toss Korea in because for all intents and purposes Korea has privileged access to both markets. We need to wrap our minds around this. Mexico would welcome that conversation. It's something with which they are equally concerned and there really is no other country on the planet with whom we can have this conversation other than Mexico. At this meeting I'm thinking we probably need to look at working with Mexico. This meeting of the NALS is a great time for the Prime Minister to pull the Mexican president aside and start having those conversations to look to repair our relationship.

For this NALS in particular, there are four things.

One is the trilateral trusted traveller initiative. It's absolutely crucial that we do sign the MOU at this upcoming meeting. The department needs to make sure that MOU is ready. This is a signal to Mexico that we are serious about North America, that we are back at the table. My sense, from my last trip to Mexico, was that Mexico has essentially given up on Canada. That is not in the sense of giving up on Canada forever but giving up on taking the initiative, trying to get Canada to be proactive, trying to get Canada to engage. We need to change that perception in Mexico. Things like working on the trusted traveller initiative can be a step in the right direction, but this can't be the end. This has to be the start. We can't wash our hands of it and say, “Good, we've done this. We're done.” This has to be the beginning of a broader conversation and movement.

Just as a side note, we've actually seen some research recently quantifying the cost of visas to trade and investment. We've always had information in the academic literature on the cost to tourism, but we've never really seen information on the impact on trade and investment. The journal *Applied Geography* has done a study recently showing that there's a 25% hit on trade and investment when visas are imposed in a bilateral relationship and a 19% hit when visas are unilaterally imposed in a trading relationship. We haven't been able to run the numbers in Canada, but you can imagine they're just as high.

The second idea is the North American Development Bank. This is something we had back with the Canada-Mexico initiative, years ago. But this is an idea that, again, would be welcome in Mexico, giving the bank a new mandate to work beyond the Mexico-U.S. border and to deal with issues that we have with the U.S.—bribing the Americans to complete the Detroit-Windsor bridge, getting them to complete the agreements in Beyond the Border. A North American infrastructure bank could leverage private sector money and give us another lever with the Americans to move them on the critical infrastructure issues that we face, and it would be a hugely important signal to Mexico.

I mentioned the RCC. Disaster response is another area where we should be able to work with our North American colleagues. Expand bilateral agreements; make them trilateral. After Hurricane Katrina, we sent a ship down to New Orleans. The Mexicans had troops massed on the border—and this time they were massed to actually come across to help, not to take back lost territory. But the Americans weren't prepared to take either one. If we want to re-energize the idea of North America, that we are something special, that we are distinct from the TPP, working on disaster relief should be an easy slam dunk. Each country has specialization and expertise, and it only makes sense to share that.

Finally, for the next NALS, look at the idea of broader energy cooperation. Here I'll toss out a truly crazy idea. Venezuela and Petrocaribe have fallen in the Americas. The countries of Carribean Central America are going to the U.S. for help to replace what they've lost in Venezuela. This could actually be a North American initiative. We can provide expertise in regulation, in energy efficiency. We can take the place in these countries to help secure markets for petroleum services countries, which are extremely interested.

Finally, North America is not just a job for the government. You will have many witnesses saying the government should do this, the government should set up a committee, and the government should fund. North America is a responsibility for all segments of Canadian society. The provinces have to be at the meeting in Colorado. The private sector has to step up and do more, in the case of Mexico.

This is being noticed in Mexico. It's being noticed in the United States, the lack of support by the Canadian private sector for the relationship with Mexico, and the silence on visas and other issues. It's not just the government that has to step up. It's all of Canada. We don't want Mexico giving up on us, and we certainly don't want the United States to do so either.

● (1135)

Thank you.

The Chair: Thank you.

We'll start our first round with Mr. Dewar, for seven minutes, please.

Mr. Paul Dewar (Ottawa Centre, NDP): First of all, thank you to all our witnesses for excellent presentations. I think we've gotten some very clear, concise ideas that we can deliberate on for our report.

I grew up as the son of a public servant. My father was actually involved in nomenclature in the GATT. He used to have what I thought were really pedestrian conversations about what an egg is and about standards, saying an egg isn't always an egg, that it depends how you define it, when you're exporting or importing. But the standards piece is really important.

Ms. Greenwood, I think your message is solid. We find it interesting here in Canada, when we quite rightly talk about the challenges we face with our friends south of the border and farther south of the border, that sometimes we have problems just doing this here in Canada. One thing I'd like to know from you is, on standards, what your understanding is of how we can do a better job. I mean not just of working with our friends south of the border and what you've pointed out; we have some challenges here in Canada that we have to face.

Mr. Robinson, you may want to touch on this as well.

How can we consolidate and get our house in order here, while obviously also wanting to reach out and work with our partners south of the border?

Ms. Maryscott Greenwood: Thank you very much for the question and the comments.

It's true, the Standards Council of Canada will tell you that interprovincial differences are really difficult in terms of making things. There is a lot of voluntary effort that goes into self-regulating industries. For example, if you're a tire maker, whether of auto tires or tractor tires, you're completely self-regulated, and the differences between.... The governments never get involved in that. The industry and the markets drive it, but there are a lot of political responses when something occurs, whether it's a train crash or some other tragedy.

I think what political officials need to do is resist the urge to have a political response to essentially a more complicated question of standards. If there's an airbag recall or something like that, I think it's important to gather together everybody involved so that you don't have these differences. I think the federal government has to try, in whatever way it can, to force a conversation of alignment among the provinces. I realize that with the charter there are certain restrictions, but I think leadership and forcing out a coherent conversation, just in the interest of efficiency, would be useful.

● (1140)

Mr. Paul Dewar: Thank you. I quite agree with the idea of cooperative federalism or whatever you want to call it, but we need at least leadership to say that we have to get our house in order in Canada as we go forward on the challenge that you put in front of us.

Mr. Dade, I'm curious, from your presentation.... On the visa question, I agree with you. I've certainly heard it not just from our Mexican friends but from Latin American ambassadors, when we talk about some of the challenges we face in relationships. Some of us were concerned that we didn't go forward in the meeting that was supposed to happen this spring, but we note that there are opportunities ahead. One of the issues you circled around Mexico is that they have, to quote you, given up. Putting forward a concise agenda, as you've mentioned, is not just about politicians. It's everyone's job.

Mr. Robinson gave us some very smart things to do, I think, and I like some of the innovations, particularly involving EDC and also the innovations on the consular approach. But in terms of our direct relationship with the Government of Mexico, beyond visas, what do we need to do to gain trust and to rebuild the relationship? Is it just coming forward at the summit meeting with an agenda that incorporates them?

Obviously, there's the visa issue, but at a leader level, bilaterally—notwithstanding that this is a trilateral concern—I think you're suggesting that we need to re-establish and gain more respect with our Mexican friends. What can we do bilaterally at the very highest level?

Mr. Carlo Dade: Well, let me note that, given the shortness of the presentation, I obviously honed in on the larger issues.

Among smaller issues, there has been a positive sign with the new ambassador to Mexico, Pierre Alarie. In talking with senior officials in the government and in the private sector, I sense that this may be an opening, so I would say that the government has already made a move in that direction and that there already has been an opening, a chance that maybe Canada is back.

At this meeting it is important to have something on the table. Among issues that are important to Mexico, there is obviously movement of people, the continued work on energy regulatory reform—and we've seen this especially at the provincial level with the Alberta energy regulator.... There are things the Prime Minister and the government can point to as signals.

But specifically, there is the idea of disasters, of moving on disasters and responding to disaster relief. This speaks to a strength that Mexico has: earthquake response, disaster response. These are areas in which they're regarded in the hemisphere as having a lot to offer. Acknowledging their expertise and looking to leverage it for work in North America with Canada would be one issue.

The North American Development Bank is something the Mexicans have been talking about for years. They would like to see the mandate expanded. It's in their interest; it's in our interest. It's a signal again that we're back and that we're looking at issues.

But on movement of people, the electronic travel authorisation has only gone so far. This idea has been on the table for four or five years. We presented it at FOCAL, at the Canada-Mexico Partnership meeting. We're only going to get so much credit for that. We need to come up with new ideas, and those two I think are hugely important.

● (1145)

The Chair: Thank you.

Mr. Paul Dewar: I just want to acknowledge Mr. Robertson.

You gave a very concise overview, so I didn't have any questions to pose to you. It was very well done.

The Chair: Thanks.

Mr. Hawn, you may have seven minutes, please.

Hon. Laurie Hawn (Edmonton Centre, CPC): Thank you, Chair, and thank you to everyone for being here.

Ms. Greenwood, I want to talk about standards and the difference between the U.S. and Canada. Are there interstate challenges similar to those that we have interprovincially? What's the receptiveness in the U.S., in your view, to having better coordination of standards with Canada? I know it's hard, but speculate what a new administration might bring to it.

Ms. Maryscott Greenwood: Do you mean what's Hillary going to do about it?

Voices: Oh, oh!

Hon. Laurie Hawn: Yes, or Jeb, or whoever.

Ms. Maryscott Greenwood: There are many different standards in the U.S., so yes, there are challenges between states. As I mentioned, 100,000 different standards is what is talked about. Are people aware of it? Not at all. People just assume that things work, and they don't really have a sense for how much work goes on behind the scenes with standard-setting organizations.

I think there is little awareness. The first national strategy on standards ever in the history of the United States was in 2000. It was updated in 2005. It was a huge effort, with lots of different departments and agencies. Since then, technology has changed quite a bit. To think about how inefficient it is, just think about how many devices you have in your own house. They all plug into the wall, but they all have different chargers. Think of how expensive that is. Well, multiply that across the entire economy. When you don't have standardization, it's expensive.

Would there be openness to harmonizing with Canada? Yes, there would be, if people had any awareness at all, but I think that except for the people who write standards, people don't realize that there is a challenge. But there is one. I think there would be an openness to aligning. Americans really like Canada and trust Canada quite a bit.

In terms of a new administration, this really doesn't strike me as something that sits in the Oval Office. I think it's more that, if there were a champion in industry who wanted to raise awareness about the issue and bring people together, that would probably have more of a coalescing force—or if Canada leads.

The thing about the United States is that the U.S. tends to be attention-challenged at times, focusing on lots of different things all the time. To the extent that Canada brings leadership, as it has done on Beyond the Border and regulatory cooperation, that leadership serves as a major catalyst. If Canada were to speak, the U.S. would listen, in my judgment, but I don't think there is general awareness otherwise.

Hon. Laurie Hawn: Thanks.

Mr. Robertson, I want to switch gears a little bit. One of my secondary duties is that of Canadian co-chair of the Canada-U.S. Permanent Joint Board on Defence. I know you're familiar with that. We deal with a lot of issues: human trafficking, cybersecurity, transnational crime, maritime domain awareness, Caribbean issues, NORAD, and the defence of North America writ large. One of the areas is cross-border assistance, including disaster relief and so on. We've facilitated a number of agreements that have been signed under the Beyond the Border agreement and so on. There are various agencies involved: DOD, DND, Homeland Security, Public Safety here, the State department, and Foreign Affairs and Trade here.

The key to all this stuff, though, is information sharing, and there's a lot of paranoia around information sharing in Canada, like Bill C-51 but also broader issues internationally. Can you comment on breaking down that paranoia or on the difficulty and challenges of information sharing that would go to some of the things we're talking about in terms of building the North American picture and things we can do to break down some of that paranoia?

Mr. Colin Robertson: Sir, I think the best way to deal with the paranoia is doing what in fact you are doing, which is the personal contact with your counterparts in the United States.

My belief is that the two institutions that are probably best integrated in the positive sense, while maintaining our sovereignty, are the Canadian military and the American military, where there's a tremendous amount of sharing going on because we often have common adversaries when we're abroad, or at home dealing with things such as floods, as you described, where the military is often called in. That works extremely well. For example, there's the interoperability of the Canadian navy with the American navy. You, sir, are very familiar with this, I think.

But that comes down to a personal contact, and that builds trust. When you have trust, then information sharing is not such a problem.

● (1150)

Hon. Laurie Hawn: I'm not sure how familiar you are with the intricacies, if you will, of the PJBD, but could we use bodies like that to build the kind of trust that might expand into other areas, into the bigger North American issues that we're talking about?

Mr. Colin Robertson: My view is that institutes like the Permanent Joint Board on Defence and the International Joint Commission, which are based on the binational principle, where we attend in the same numbers and are seen as equals, work best for a country such as Canada in dealing with the United States, where, as I pointed out, the relationship is asymmetrical.

For the binational approach, probably the pinnacle of that is what we have at NORAD, where the only way, as you know from when you've gone to Cheyenne Mountain, is the patch on the shoulder, the flag patch.... Otherwise, you're just seamlessly integrated for a common effort and common goals.

Hon. Laurie Hawn: Just for information, we are bringing in Mexico as part of.... They're not a member of the PJBD but we're reaching out to Mexico. They're involved in a lot of trilaterals between defence ministers and so on. We can do things with the Mexicans that the Americans can't, because of 1850 and the Mexican-American war that people haven't gotten over yet. We are trying to bring in Mexico, which might be helpful in other areas.

Mr. Colin Robertson: Things have to change structurally in Mexico as well, but I think that in the long term we should be looking in terms of the North American perimeter at the integration in the longer term of Mexico into NORAD, for example, because NORAD now extends on water as well. That would be a real step forward, but that's going to take some time.

Hon. Laurie Hawn: There's a big study called "NORAD Next"—what does NORAD evolve to and how do we integrate Mexico, and so on? That is happening.

Mr. Colin Robertson: Yes.

Hon. Laurie Hawn: On energy issues, Mr. Dade, how do we get a North American energy policy or cooperation going forward? Do we have to wait for a new administration to do that?

Mr. Carlo Dade: There are things we can do now. The announcement—I think yesterday—of the energy ministers and the secretary agreeing is part of the idea of incrementalism. The incremental approach is key. We have to keep this under the radar screen for those people who talk in terms like TAFTA.

The small approach of looking at issues as they arise, as we did, is the way to go in the shorter term. In 2017, though, we need to be prepared, if there is an opening, to have a new conversation, but that work has to begin now. We can't wait until December 2016 or January 2017 to start this.

If I could really quickly add to this, on regulatory cooperation we have had some success in Canada with the New West Partnership. Being from the Canada West Foundation, I have to mention that as an example of places where we have had success. Also, the provincial differences are highly problematic with the Americans, things like truck tires, double-wides, our different regulations. The Americans are threatening to just abrogate some of the agreements and impose their own rules or to stop truck traffic going across, because they're tired of dealing with the different provinces. Sometimes the provincial works and sometimes it causes us problems.

The Chair: Thank you very much.

We'll finish off the first round with Mr. Garneau for seven minutes, please.

Mr. Marc Garneau (Westmount—Ville-Marie, Lib.): Thank you very much to both of you for your testimony. I'll apologize right up front if I put you on the spot with some of my questions. I'll direct my questions as well.

Mr. Robertson, you talked about your 10th recommendation, which had to do with peer-to-peer relationships, and I agree. I think the most important relationship, of course, is the one between the two heads of state of the two countries.

To be very honest with you, I think the relationship between our current Prime Minister and the President of the United States is a very frosty one. I don't think it's much better with Mexico, to be honest with you. Mr. Dade mentioned that it was in part because the current administration in the United States did not really put much importance on Canada, but it takes two to tango. I found it completely regrettable that the summit of the three amigos that was meant to occur in February was cancelled, and it was Canada that decided to do that with our most important trading partner and neighbour, and with a very important emerging partner, Mexico.

What is your feeling about the importance of the relationship between heads of state, specifically between Canada and the United States? There have been good examples of strong relationships between Mulroney and Reagan, and Clinton and Chrétien. How important is that, in your opinion, in terms of helping with issues such as trade and other things?

● (1155)

Mr. Colin Robertson: Sir, I think it is absolutely vital. Really, the tone at the top sets the stage for so much that follows.

I think former Prime Minister Brian Mulroney said it best when he said that of the relationships that matter for every prime minister, the one that is the most important, the one that prime ministers need to spend the most time at and that prime ministers have to take the initiative with, is that with the presidents of the United States.

Mr. Marc Garneau: Thank you.

Mr. Dade, on the relationship with Mexico, I lived in Houston for nine years, and there you were constantly bathed in the United States-Mexico relationship. It was very much part of your daily life and understandably is why the United States accords a great deal of importance to Mexico and its relationship with them. On the other hand, I have the feeling that it is almost totally absent here between Canada and Mexico. One very rarely hears about it, except for such things as irritants.

You've both mentioned the question of visas. What is it about Canada's position with respect to visas that they are not acting more rapidly to get rid of this significant irritant?

Mr. Carlo Dade: I can't speak for the government, or the ministry responsible, or the CBSA.

Mr. Marc Garneau: Okay. In that case—and I don't want to put you on the spot—is it having consequences?

Mr. Carlo Dade: Okay. That we can answer.

Yes, it is. The issue with the visas and Mexico has less to do now with the visas themselves and more with the perception in Mexico of the treatment by the Canadian government of the issue. There is a feeling in Mexico.... I am reporting this. I am not the source of this. I am just passing along what I am told and what I sense in meetings. There is a feeling in Mexico of frustration at the lack of movement, the lack of feeling that this is being taken seriously by the government. Had we just told the Mexicans that the visas are going to be here, we're not going to move them, and we're sorry, I think there would have been repercussions but that would have been one set of issues.

But on top of the visas themselves, we have the second issue of the perception—and let me stress “perception”—in Mexico of the handling of the visa situation, such as conversations with ministers where there is no follow-up or where the conversation is forgotten during the next meeting; the fact that the Mexicans perceive that they were not going to be originally included in the ETA, and the lack of comprehension as to why such an important relationship wouldn't be included; and the lack of comprehensibility as to the hit that Canada has taken in terms of tourism; the fall in terms of the perception of Canada and Mexico; and the opportunities for the Petroleum Services Association and other groups to go to Mexico to freely engage in opportunities arising from energy reform.

It's not just the visas themselves. It's the perception of the handling. I think that can be changed by concrete steps by the government. It's also.... The security issues vis-à-vis Mexico and travel with Mexico are—I can't think of a polite way to characterize those concerns—ridiculous. It's perhaps one issue.

Mr. Marc Garneau: Thank you.

I have one last quick question.

I was interested in your comment that it's not a well-kept secret that the United States may want to ultimately replace or get rid of NAFTA, if TPP comes online. From this side of the border, two of the issues I hear about that are major irritants are, obviously, supply management and intellectual property, which is perhaps the bigger one.

I'd like to hear from both of you, starting with Mr. Robertson, on whether you see other major obstacles standing in the way, apart from these two big ones.

Mr. Colin Robertson: Sir, do you mean from the American perspective?

Mr. Marc Garneau: Yes.

Mr. Colin Robertson: You've identified the two issues that Ambassador Heyman and his predecessor, Ambassador Jacobson, feel that we've gone some distance on but not far enough, namely, supply management and intellectual property, particularly as it relates to patent protection. They feel we're out of kilter with where they are and the Europeans are, for example.

But I would say, on supply management, the Americans have some distance to go as well. My own view on supply management is that we should look at this as an opportunity. I think we're looking at it through the wrong end of the telescope.

I was a member of the team that negotiated the Canada-U.S. Free Trade Agreement. We heard many of the same arguments at that time that we would not be able to compete, from our wine industry and, as I remember it, one particular manufacturer, Lee Valley Tools. Today Lee Valley Tools sells 80% of what they produce in the United States, and our wine industry is doing extremely well. I'm convinced that our artisanal cheeses, in particular the 300 varieties produced in Quebec, can be world beaters. But we need to look at it from the right end of the telescope.

● (1200)

The Chair: We'll have to get that in the second round.

We're going to suspend for a second, just to bring on our guest from Toronto, and then we'll come right back. After his presentation we'll continue with the rounds.

● (1200)

(Pause)

● (1200)

The Chair: Mr. Wilson, I'm glad to have you join us via video conference from Toronto. We've just spent the first hour talking about some of the competitive issues in North America. We've had some opening statements and one round of questions.

We're going to turn it over to you, sir, for your opening comments, and then we'll continue with our rounds of questions over the next hour.

Mr. Wilson, the floor is yours.

Hon. Michael Wilson (Chairman, Barclays Capital Canada Inc., As an Individual): Thank you very much, Mr. Chairman. It's nice to be back. I'm sorry I'm not there with you in person. I will withhold judgment on whether it is really nice to be back until after you finish with me, but I'm sure that we'll have a good session.

The key message that I want to leave with you today is to stress the importance of the NAFTA relationship and the broader economic region that we live and work in, to encourage a more proactive set of efforts from the three governments to identify obstacles to growth and opportunities to develop, and to raise awareness of the importance of collaborating among the three governments to strengthen the region.

I'm sure you've heard from the previous witnesses on the importance of trade, energy, transportation, and national security. I'm not going to elaborate on that. The only thing I would say in addition to what has probably already been said is that you might also want to refer to the Zoellick-Petraeus report that was done under the auspices of the Council on Foreign Relations.

I think the broad conclusion is that we have a very strong integrated relationship. It's peaceful. There's a growing convergence and economic performance among the three countries. There are minor political tensions that have been discussed by earlier witnesses, but it's probably the best three-way relationship in the world, and certainly one of the strongest economically.

There's been good progress over the past 20 years. I think NAFTA itself has been a great success with a major increase in trade, investment, and economic integration. That is best seen in the NAFTA supply chain, which has allowed a number of our small and medium-sized companies to get much more engaged in the North American economy. Between the U.S. and Canada, with border management, the Beyond the Border agreement, the regulatory work under the regulatory cooperation council, national security cooperation, and the recent agreement for pre-clearances, another good example, I think it's a good relationship. Mexico is certainly of growing importance in trade and investment, banking, and manufacturing. A number of our companies are operating in Mexico.

But we have to step back and look at where we fit in the world. We live in a very competitive world today. The EU is quite coordinated both economically and politically. Asia, less so, but it is certainly a strong competitor, as are the non-aligned countries, particularly the BRIC countries of China, Russia, Brazil, and India. But as we've heard from others, there are headwinds in each of our countries. We have to try to deal with that as effectively as we can, with the potential competition growing as the years progress.

Let me just comment on a couple of areas of concern and then come to my basic conclusion. I think you've had some discussion this morning on the TPP and the conclusion of the EU agreement. On energy, we have the issues with the Keystone pipeline, but also with the shifting market fundamentals with the shale revolution and the potential of greater production from Mexico. How are we going to manage all of this in the most effective way? Just as I was tuning in on your meeting, there was some discussion on the tone from the top. I'm not going to point fingers here but I think each of our countries has contributed to a weakening in the commitment from the top.

I think the overriding consideration here is that we live in a fast changing world and much more has to be done in collaboration, I believe, to take advantage of this.

● (1205)

My basic point here is that we enjoy a strong position. We have many advantages now. The obstacles we're currently facing are certainly ones that can be overcome. The private sector is doing a very good job, but to maintain and to build on this, I believe we should have a proactive effort of dialogue and collaboration among our three governments, not just with the three leaders but with the key ministerial-level actors in the key areas, the important areas. This should also entail in-depth consultations with our private sectors.

What I would envisage here is a well-planned and comprehensive meeting of the three leaders on an annual basis, with a reporting of the activities in the key areas and agreement on a set of objectives looking forward. I would see this to be complemented effectively by our embassies and the six ambassadors we have within our three countries who can do very effective work on the ground.

But I think the important thing here is that we must develop a greater sense of where we stand as three countries working together to strengthen the North American region. We have the trade relationship to build on, but there's much more to be done to expand on the cooperation to strengthen our position in the world.

Now, I'm not recommending a common market or any limits on our national sovereignty here, but I do envisage a higher degree of cooperative activity in the key areas. We do have irritants among the three countries. There are the visa requirements—that was commented on just now—and KXL, obviously, and immigration issues. They're I think the three most high-profile ones. I don't deny that these exist, but I feel that if we broaden the dialogue, if we raise our sights as to what is important and what can be achieved among our three countries and do so in a very visible way, we can elevate the importance of this strong position that we hold collectively and hopefully pave the way for agreements whose positive results can raise our game and overcome these difficulties.

Let me close with some comments on this as it relates to the role of members of Parliament here.

I would encourage all of you individually to build relationships with your counterparts in the other two countries. Take advantage of the Canada-United States Inter-Parliamentary Group. I was involved in it when I was a member of Parliament, and I found it to be particularly useful both in the discussions we had at the IPG meetings and in my time as a minister, when I carried through with some of the relationships that I had there.

I'll mention just one. Bill Frenzel, a very prominent trade expert, was very helpful during the course of the free trade agreements between the U.S. and Canada and helped me in dealings with others such as Sam Gibbons, who was the chair of the subcommittee on trade.

These relationships I think can be very positive for you. I would encourage you to consider expanding the U.S.-Canada IPG to include Mexico, and if that's not possible, to develop an IPG as it relates to Mexico and Canada working together.

With that, Mr. Chairman, thank you very much for the opportunity. I look forward to any questions you have.

● (1210)

The Chair: Thank you very much, Mr. Wilson. It's good to have you here today.

We're going to start our second round of questions.

We'll turn it over to you, Mr. Trottier, for five minutes, please.

Mr. Bernard Trottier (Etobicoke—Lakeshore, CPC): Thank you, Mr. Chair.

Thank you to our guests for being here today and for providing testimony. I think this is valuable input for the upcoming North American leaders' summit.

Your points are well taken, that we often take our relationships with the United States and Mexico for granted just because they're so present and so near and maybe less exotic than some of our other relationships. I'd describe our relationships with both countries as strong and very mature. I know we often focus on the irritants, but we do need to recognize that we have some tremendous strengths in terms of our relationships with these countries.

I'd like to comment on the Canada-Mexico relationship, for one. I happen to be chair of our Canada-Mexico Parliamentary Friendship Group. I've had recommendations similar to Mr. Wilson's, that a North American parliamentary group might be useful. Mexico is our third-largest trading partner—I think a lot of Canadians are unaware of that—and it doesn't happen by accident. It's because of that maturity, that relationship, things that Mexicans buy from us, things that we buy from Mexicans, and strong person-to-person ties between the two countries.

On the visas in particular, though, I've had frequent discussions with the Mexicans about that. In 2009 there were 10,000 refugee claims in Canada, which resulted in a tremendous cost to Canada. Some estimates put each claim at about $50,000 in terms of social services, health care, consular services, and ultimately some deportation costs. It ended up costing Canada about half a billion dollars in one year alone. In terms of the offset for tourism, it's hard to see where there would be much of an offset. We just need to understand the Canadian point of view. I know a lot of the Canadian media took the Mexican side in those discussions, and I think the Canadian side needs to be understood.

I do appreciate the recommendations about moving forward, accelerating the progress on the electronic travel authorization and the trilateral trusted traveller program, because that's really critical. Right now our embassies in Mexico can process a visa in less than a week, and it's $100. People, especially higher-end tourists who really want to come to Canada to ski at Whistler, let's say, will pay the $100 and continue to come. Ultimately, I think our goal is for the visa relationship to be similar to that of Chile, where we've removed the visa, but it's based on some very fundamental changes in Mexico around crime rates and socio-economic factors. That doesn't happen overnight.

I do have a question. I think NAFTA is stronger because it's a three-way relationship as opposed to two-way. I think a good example of that is country-of-origin labelling. I think Canada and Mexico had a very common cause, and we made our case very forcefully at the World Trade Organization. Even though that wasn't a NAFTA tribunal—it was the World Trade Organization—I think with our common cause we were able to have a certain influence over U.S. policy-making.

To all of our panellists, is NAFTA stronger because it's a three-way relationship rather than a two-way relationship? In other words, is it less asymmetrical? Can we get more things done in a three-way relationship than we could in the previous two-way relationship we had with the United States?

Perhaps I would start with you, Mr. Wilson. I know you were very involved in Canada-U.S. free trade. Can you talk about how things are perhaps stronger now that it's a three-way relationship?

● (1215)

Hon. Michael Wilson: I think there's no question that they're stronger as part of a three-way relationship. First of all, with NAFTA, Mexico becoming involved in the agreement that we'd previously had with the U.S. certainly was very important to the development of the Mexican economy. The Mexican economy has grown. Of the three counterparts, the U.S. is clearly number one; there's no doubt about that. But I had frequent opportunities for discussions with my counterpart, the Mexican ambassador to the United States, while I was in Washington. I think we were able to discuss common problems to the benefit of all three countries, no question.

Let me make a brief comment on the visa question you raised in your earlier comments. I think it's important to remember why this came in, and you put your finger on that. It happened when I was in Washington. We didn't do that in a way to disadvantage Mexico or anything like that. It was to address the problem that you've just described. Unfortunately, it's harder to change things once they're established rather than in the earlier decision to bring it in.

I guess the only point I'd make is that at that time, there was significant net immigration into the United States and Canada. Now that this has settled down—in fact, probably net immigration is at zero—people are moving back, from the United States in particular, to Mexico. In fact, I read somewhere that it's causing problems with some of the cities in Mexico on the northern border.

I think now is an opportunity to remove something without having a significant reaction comparable to what we had when we brought it in in the first place.

The Chair: Mr. Dade, did you want a quick comment on that?

Mr. Carlo Dade: Just very quickly on the visas, you'll have the Mexican ambassador here, I think, and that's the type of conversation that really needs to occur with the government and the population in Mexico.

I would note that the issues are larger than just Mexico. Canada is the last APEC economy to adopt the APEC business travel card. We have issues that go beyond Mexico in terms of moving people. Whatever the reason, it will impact our competitiveness. These are things that we have to address too.

With regard to a three-way North America, it depends on the issue. You know that I'm a huge advocate for the relationship with Mexico, but I'll be the first to admit there are some issues where it would be easier just to work with the United States. Take security cooperation; eventually we'll get to the point where we can incorporate Mexico more, but I would have serious issues and give strong counsel about moving too quickly, moving with the Mexican army—the navy, yes, but with the army I would have some issues.

More broadly, we benefit from opportunities in Mexico, just as Europe benefits from the range of countries in Europe. Economically, if you talk to companies like Bombardier, Palliser Furniture.... Heck, if you're in the pipeline business, you thank God that we have the relationship with Mexico, because the Mexicans are building pipelines and we're not.

I think on the whole we do better, but you can always find a specific issue where you can make the case that we're better off bilaterally.

The Chair: Thank you.

Madame Laverdière, you have five minutes.

[*Translation*]

Ms. Hélène Laverdière (Laurier—Sainte-Marie, NDP): Thank you, Mr. Chair.

My thanks to the witnesses for their very interesting presentations.

We have talked a lot about maintaining links at the highest level and the way in which that influences the relationship as a whole.

Did the fact that the summit did not take place this spring as scheduled have any particular impact, any effect, in Mexico or the United States? My question goes to Mr. Robertson and Mr. Dade.

Mr. Colin Robertson: In my view, the impact was minor because we decided to hold a conference this winter. It is preferable to hold a conference. As you know, a few years ago, we cancelled the conference and that did have an impact. At the end of February, given the visa controversy and the Keystone XL project, the conditions for holding a conference and adopting good resolutions were not favourable. We feel that it is better to hold a conference that will end up producing good resolutions and positive results. With that in mind, we are here in order to better prepare for the conference that will take place in Canada next November or December.

● (1220)

Mr. Carlo Dade: In my opinion, there was no great impact. It is well known in each country's political circles that the Prime Minister of Canada had no other choice but to cancel the conference, given the political situation at the time in Canada, with the possibility of an election and everything else. It is not the first time that the summit has been cancelled. It was the third time. It was not a great surprise for the people around the President of the United States and the President of Mexico.

[*English*]

As for the management of the relationship, the relationship will work fine at a certain level,

[*Translation*]

On the technical level,

[*English*]

Every day the trilateral commission on environmental standards for widget production meets, so those things are not going to go away. What we've lost is the head,

[*Translation*]

the overall vision and the ability to move the relationship forward.

[*English*]

We're managing to tread water and stay in place.

[*Translation*]

At the same time, other integration groups, like the Pacific Alliance

[*English*]

are advancing quickly, because they have great leadership. In this case, staying in place actually means falling behind.

Ms. Hélène Laverdière: Or maybe it's like what Einstein, I think, said, that life is like riding a bicycle—if you're not moving, you're falling.

Thank you.

[*Translation*]

I was also struck by your comments about Mexico.

[*English*]

I'm sorry. Go ahead, Mr. Wilson.

Hon. Michael Wilson: Thank you very much.

I think the fact that this trilateral meeting was cancelled makes my point for me.

The agenda, in the eyes of everybody, was far too narrow and was focused just on the irritants among the three countries. I am proposing that we have a much broader agenda to discuss the positive issues as well as some of the irritants. We're always going to have irritants, but we have far more positive things happening among our three countries, and the more we can have a broad discussion of those and of how we can improve those to the benefit of all three of us, the better off we're going to be as three countries and as a broader NAFTA-North America region.

The other point I'd make very briefly, which I think Mr. Dade already made, is that I think it is really important to have that face-to-face discussion. The President of the United States has a huge agenda of matters that he has to deal with. The leaders of Mexico and Canada have narrower but still very broad agendas. It is very important to grab some time so that we have their attention on these NAFTA issues. Otherwise, they're going to be dealt with, as Mr. Dade said, by lower-level people. My point is let's use our leaders to raise our awareness and get activity on these things that can improve the three countries in a much more effective way.

Ms. Hélène Laverdière: If I still have time, I have a short question.

Speaking of areas of potential cooperation, what more could the three countries do together to address the threats of climate change? Here again my question would be for the three of you, though I don't know if we'll have enough time.

● (1225)

Mr. Colin Robertson: I'll just briefly say that I think the work that the three ministers are doing and the fact that, coming out of yesterday's meeting in Mexico, they've agreed to create a kind of climate change group are very positive things.

With regard to setting standards in North America on fracking, we're the leaders in the technological advances we're making in terms of energy. It's not just the United States; it's Canada and it's Mexico. If we get that right then we set the standards for the rest of the world. We take those to Paris and those become the standards that the rest of the world will adopt.

As Carlo and Michael Wilson said, the danger if we don't move ahead is that we become standard takers. Here within North America we have an opportunity. We have a highly innovative culture, and pluralism is something that makes North America work extremely well to set the standards that basically set the international order for how we live.

That's the really important issue here: setting the broad standards in energy. As you say, that's an area in which we are the leaders and we can set these standards and take them to Paris.

[*Translation*]

Mr. Carlo Dade: I am going to swim against the current and state that we have to follow the lead of the premiers.

[*English*]

We're seeing leadership at the provincial level and I think also with the governors in the U.S., so follow the lead of the premiers.

The Chair: Thank you.

We'll finish off this round with Ms. Brown, please, for five minutes.

Ms. Lois Brown (Newmarket—Aurora, CPC): Thank you very much, Chair.

Thank you so much for being here.

Carlo, it's very nice to see you again at this committee. It's been a long time, but welcome back.

I was really pleased to hear you say, Mr. Wilson, that we can find the positive things we've worked on and start building on those. We recently had our Minister of Transport in Washington making an announcement with the administration down there on issues related to railway safety. That's been a long time coming. It's taken some disasters in North America that have really pushed us to this point. I think we're seeing some very positive movement on that—no pun intended—and it's really great to see that we have some agreement going on. The minister came back really buoyed with a positive attitude about the things we can work on. I think those are the kinds of things we need to focus on to say, “Look, we got this done as a North American continent; what's the next project?”

I'll make a comment on your own comments, Mr. Robertson, and then I'll ask for Carlo's commentary. Perhaps the other gentlemen can jump in afterwards.

Mr. Robertson, you spoke about how the United States needs to know from a security perspective that “we've got their back”—I think that was the phrase you used. The United States is exceedingly cautious now, even nearly a decade and a half after 9/11. Even Canadians now need a passport to get into the United States, something that we never had to do. It was almost a free border.

Carlo, I wonder if you could comment on this. Are there areas of expertise that Canada has that we could work with the Mexicans on in terms of the issues relating to security, which would perhaps move the dial on removing the visa requirement? What are the things we do really well that would be of assistance there?

Perhaps, gentlemen, you could both comment afterwards.

Mr. Carlo Dade: Thank you, Ms. Brown. Thank you for the welcome back, too.

On the security issue, I would note that we have to delink security from the visa issue. As your colleague Mr. Trottier pointed out, it's tied to refugees and false refugee claimants or disputed refugee claimants. Mexico is a security challenge for the United States—it's not a security challenge for Canada—just as the United States is a security challenge for Canada. If you've been along the Detroit-Windsor border, the homicide rate is 44 per 100,000 in Detroit and zero per 100,000 in Windsor. You have visa-free travel and no going through an airport security line to get into Windsor. For us, that's the real issue tied to travel and entry to Canada around security.

What we can do to help Mexico with security, though, is an interesting question. I lectured at the navy war college in Mexico a few years ago. The issues that they were concerned about were management and organization. I don't know that there's much we can do on the security front. The Mexican military wants help from Canada in dealing with issues on counter-narcotics and dealing with drug gangs in Mexico, so the Canadian Armed Forces and DND send them to talk to the RCMP. We have a bit of an asymmetry

We also don't have the history of Plan Colombia and the counter-narcotics, counter-insurgency strategies that the Americans have. Our help in Mexico is on things that will require the presence of the Canadian International Development Agency, things like rule of law and justice strengthening. Our contribution to security in the Americas complements what the Americans do in the Caribbean and elsewhere by working on having CIDA fund rule of law programs and justice strengthening programs. We took CIDA out of Mexico. The U.S. left USAID in Mexico. They have the ability to help in what is, oddly enough, an area that would really be our specialization to help with in Mexico, to move them money and resources.

The last thing I would note on security is that, it's interesting; public opinion polling by Bob Pastor right before he passed showed greater support in Mexico for a common North American security perimeter than in the United States or in Canada. There are areas where being involved with Mexico could be helpful on that front, but in terms of contributions, we'd have to get CIDA back into Mexico.

● (1230)

Ms. Lois Brown: That's interesting.

Do I have more time?

The Chair: Does anyone else have a comment on that? Either one?

Mr. Carlo Dade: I would note that I would actually agree with Mr. Wilson's agenda for a broader vision with the United States, but I would nuance this by saying that the agenda has to come out of a response to the Trans-Pacific Partnership. Again, when we go from a table of three to a table of 13, it is going to have profound impacts on our access, our privileged and unique access that we've had for 20 years to the U.S. It's about to, for all intents and purposes, disappear. We really need to think about how to respond to this. I think that guides the agenda for sitting down with the United States. It gets their attention. It assures that they participate. It has us on the same page as Mexico. Mexico is worried about this and we are not yet, and that really has me concerned.

Mr. Colin Robertson: I would just say that I think that the current government shift with the integration of CIDA into the Department of Foreign Affairs and International Trade was a very sound one. As we link our development objectives to our business objectives, keep in mind that Mexico is the third-largest trading partner, and there are things that we can do that would support our business objectives but also help the development in Mexico, principally along the lines that Carlo Dade has described, whether we're talking police training or judicial training. There are things that we're very good at and do around the rest of the world and have done with success in eastern Europe, in the Middle East, in Afghanistan, and in parts of Africa. Haiti is a good example. There are things there that we could probably share with good effect if the Mexicans were interested.

The Chair: Thank you.

That's all the time we have.

We're going to start the next round with Mr. Wilks for five minutes.

Mr. David Wilks (Kootenay—Columbia, CPC): Thank you very much, Chair.

I thank the witnesses for being here today.

Carrying on with that conversation, Mr. Dade, as a retired member of the RCMP, I'm always interested in and fascinated by shared intelligence, which you mentioned with regard to the trilateral agreements. I'm wondering where the weak link is, or whether there is a weak link with regard to shared intelligence. How much more can we improve upon that?

Mr. Carlo Dade: I would say that there are several weak links on the Mexican side. There are issues with security of information and personnel. We've had some success with the RCMP going down. Colin's actually in a better place to talk about military cooperation, assistance, and training.

Again, we also just don't have the experience with things like Plan Colombia in knowing how they work, but the crucial element is just having people down. We need the connections. We need to know whom we can trust. We need to know who's who on the ground, and you only get that by having people down.

We recently, I think, cut back our security money to Mexico. We're losing someone at the embassy who was working on security issues, and that's something that has to be—not has to be, but I would strongly suggest that it would be beneficial for us to look at reversing it and not cutting back on the money that goes for security in Mexico but increasing it.

But personal ties are the best way to get around the security leakage issues.

● (1235)

Mr. David Wilks: Mr. Robertson.

Mr. Colin Robertson: Just to say that, as you're aware, as Mr. Dade described, there are issues with the Mexican police that the Mexican authorities are well aware of about the cooperation that we would have between, say, the RCMP, the FBI, CSIS, the CIA, and other intelligence agencies in Canada and the United States that work seamlessly. That cooperation is not in the same state between Canada and Mexico, or between the United States and Mexico, but they are working on that.

On the military side, there has been some pick up. Remember, the Mexicans themselves didn't attend a number of the defence ministers of the Americas meetings for a number of years. That is changing of late, and I think that's a positive sign with the Peña Nieto administration, but they have still a long way to go in terms of structural reform. Their defence minister is a uniformed officer and that's different from us with civilian control in Canada and the United States, so there are still things that Mexico has to do before we can perhaps assist them the way we would like to.

Mr. David Wilks: Thank you.

Mr. Wilson, do you have anything to add?

Hon. Michael Wilson: I just want to pick up on a point Mr. Dade made, which was that if we're going to have a leaders meeting, we should be focusing on the TPP, and as I understood him to say, the TPP alone, because of the significance. I don't deny the significance of the TPP leading to a move away from NAFTA or the elimination of NAFTA.

My basic point here is that if we have that broader discussion with the United States, they don't just say, “Okay, this is Canada's day. It's KXL. This is Canada's day. They're worried about country-of-origin labelling”. If we have this broader discussion, then people will be able to see that if we start to weaken NAFTA, it will have negative impacts on other areas of the relationship and put the discussion of TPP in a much broader, more understandable context, in which people will understand that it could be very damaging to the broader relationship.

I had some comments on the security. I don't disagree with what Colin has just said. I'll just say this. If we're going to have these discussions—and I think we should have discussions on security with Mexico—we should identify those areas that are important for us to have the dialogue on, and through these discussions, understand more about the drug trade that unfortunately Mexico is drawn into because it's the only land access from South America into the United States, a great area of demand. It's going to weaken our capacity to deal with that issue, and you can be sure—I heard this when I was in Washington—that there are members of Congress who see that if they can get control of the flow of drugs from Mexico and further south into the United States, then they're going to be looking very carefully at what goes on along the northern border.

It's in our interests now to get a better understanding of that and of how we can work cooperatively among the three countries to deal with that as a potential issue.

Mr. David Wilks: Thank you.

The Chair: We'll go to Mr. Dewar for five minutes.

Mr. Paul Dewar: Thank you, Mr. Chair.

Again, thank you to our witnesses and our most recent witness, Mr. Wilson.

I want to pick up on the conversation around the TPP and hear from Mr. Wilson and then maybe from Mr. Dade and Mr. Robertson after that.

It seems to me what you're saying here—and I think it's complemented by Mr. Dade—is that when three countries are looking at how to cooperate with regard to markets and standards, that's doable, and it's been done, and improvements are needed. But as we've talked about recently, when you have a table that's much bigger, then it's a bigger challenge. I guess what I'm hearing from both of our witnesses on this is that we need to consolidate a North American agenda for TPP. If that's the case, when would that be done? I assume that would have to have been started yesterday. Also, what are some of the areas in which you can see us working towards a similar approach? Finally, is it possible? This sounds good, but we are also competing with each other as much as we want to cooperate.

I guess my question to our witnesses is whether they see it as being possible and in what areas they would see having a collective North American agenda going into the TPP or as part of the TPP. I'm asking Mr. Wilson, certainly as a former finance minister and a diplomat, and then Mr. Dade and Mr. Robertson.

● (1240)

Hon. Michael Wilson: Let me just change the focus of the question for a brief comment.

What if it were the European community dealing with TPP? It wouldn't just be the interests of Germany or the interests of Germany and France; it would take into account the broader interests of the community.

All I'm saying is that in recognizing that it is more complicated than just having a U.S.-Japan negotiation, this trade relationship among our three countries is far broader than Japan and the U.S. We have to be able to make that point. If the United States is going to shift the focus of the negotiation today from a U.S.-Japan to a broader one, a Japan-NAFTA, they have to get that direction from the leaders, particularly from the president.

We have to make this point. It's easier for a trade negotiator to have one person, just his or her country, on the other side of the table. We have to make sure they understand and are taking into account the depth and breadth and remarkable impact that NAFTA has on all three of our economies.

I think that can only come out of a North American leaders' meeting with that broader agenda. That's the basic point I'm making.

Mr. Carlo Dade: Ambassador Wilson and I are in sync on this.

Your question, Mr. Dewar, is a very good one. It's helping to refine the thinking about this issue in response to the TPP.

Here's the issue. A broader agenda for North America can be put together by things we want to talk about, things we need, and things we think we can get away with with the Americans—things to which they'll agree.

But an issue that will bring this all together is how to respond to the TPP. The focus isn't the TPP itself; it's all of the issues that are occasioned by us entering into a broad Pacific agreement that instead of just two other partners has, again for all intents and purposes—including Korea—12 other partners. It's going to have profound changes on 20 years of how we've structured businesses.

We've built businesses and integrated supply chains with the idea of North America, with the idea of having not just access to the United States and Mexico but privileged and somewhat unique access to the United States and Mexico. What happens for Mexican businesses, Bimbo, and others, which have built a model on taking advantage of this privileged access? What happens to Canadian companies that have built models taking advantage of this privileged access? What about automobiles? We don't build automobiles in Canada; we build them in North America. What about beef? Our beef industry is largely North American.

If you start to actually think about responding to the TPP and which industries are going to be impacted, which working groups, and which initiatives are going to need to be changed, you have an agenda that's broad and that speaks to the immediate challenge. Some would say it's a threat, and some would say it's a huge opportunity coming up in the next couple of years that we're going to miss.

If you start to do the work of talking about the TPP, to think about it, to work through all of the impacts, then you see the agenda before the impacts appear after the TPP shows up and we're scrambling to try to figure out what hit us.

The Chair: Mr. Robertson.

Mr. Colin Robertson: Sir, I'll give you a good example.

In terms of autos, the Americans and the Japanese are negotiating auto standards. As Michael Wilson has stated, and as Carlo Dade states, autos are a North American product. There's no such thing as a U.S.-made car or a Canada-made car or a Mexican car, because the parts that go into cars made in North America come from all three parts and can be assembled in all three nations. It doesn't make much sense for us to be negotiating separately, as is the U.S. and Japan to the exclusion of Canada and Mexico. This is where we should be working together. This is where these leaders' meetings can set the agenda and have their officials working together.

When Michael Wilson was the international trade minister, I worked in a group that was negotiating the North American Free Trade Agreement. We had something called international trade advisory committees and sectoral advisory groups that fed in. There's no reason why we can't do that on a North American model, and then take that not just to the Trans-Pacific Partnership but to help us, all three of us, as we are going to be basically negotiating with the Europeans.

The Mexicans already have a free trade agreement. We're on the cusp, I hope, of getting a free trade agreement, and the United States is negotiating as well. We should be looking at North America in the way that the business community looks at it, in a sense of a single entity where frontiers are a hindrance to our competitiveness. That is really what this committee is all about today.

● (1245)

The Chair: We're going to finish with Mr. Goldring.

Mr. Peter Goldring (Edmonton East, CPC): Thank you, Mr. Chairman.

I was hoping to have a few questions on standards with Ms. Greenwood before she left. After 32 years of my being involved in manufacturing, 25 in my own company manufacturing electrical systems, dealing with safety equipment, and even the myriad of standards that you have to apply there—even UL is different than ULC. There are factory mutuals, CSA, and any number of other ones too. It's very limiting. Sometimes I had the feeling that these standards were really protectionist, protecting some industries over others because it meant that, for example, I could not bring UL into Canada and sell it as ULC. That was illegal.

I'll switch here and go to some of the security aspects.

Mr. Dade, welcome. It's good to see you again.

As far as crime goes, of the 13 to 15 visits that I've had to Mexico, I've never had a problem. But during two visits to Detroit, I was robbed once, so there you go. But my question is on NAFTA and its success. In your group, have you done any studies on it to indicate how we have been making out? My brother who worked at the truck plant at General Motors in Oshawa bought a truck, and it was from Mexico. He was a little disappointed. How has Canada been making out on balance over the last 10 years on the progress of the auto pact? How are they doing beneficially or has there been any degrading?

Mr. Carlo Dade: I can't comment on all of them. In western Canada we buy cars. We don't do much in the production of trucks but the vehicle business in terms of selling trucks and transportation equipment to Mexico has been good for us, as it has been for other countries with whom we signed free trade agreements. Where we have done well is as Mexico has become middle class. Remember, per capita GDP in Mexico is higher than it is in China now, and it will be out to 2050. As the size of that group, the middle class in Mexico, grows, we see great opportunities for western Canada.

I mentioned wheat, pulses, canola. Mexico is a major producer of packaged food goods. The canola business to Mexico gets lost in shipment to the U.S. but we see this growth of the middle class for commodity producers and for the services we have in western Canada as a huge opportunity.

The energy reform, the guys in the oil patch, not the Suncors but the service companies, the guys who do mats and then fracking fluids are looking on this as a great opportunity. We've done well in western Canada. There are opportunities and we've been able to take advantage of them.

Mr. Peter Goldring: What about the border areas in the eastern part? Restrictions at some of the border crossings here in the west are holding things up. Are there similar types of restrictions at the borders and has there been more movement to shipping through our ports like Vancouver to reach into Mexico rather than shipping directly by land straight through the border areas? Is there any benefit there?

Mr. Carlo Dade: CentrePort's doing quite well. They're looking at investments from Mexico in CentrePort and businesses into CentrePort. The Mexicans are looking to open a consulate in Winnipeg, which would give them the same coverage in Canada as in the United States. They would be the only country to have that significant coverage in Canada, and it's because business is booming. It's not to keep track of temporary foreign workers or seasonal agricultural workers. It's for business and investments. That corridor is hugely powerful.

Where we have the problem is Port Metro Vancouver. Because the port's financed its own rehabilitation and upgrading, ships can come into the port more cheaply than they can come into Seattle, so people landing ships in Vancouver go across the border. The Americans attempted to slap a surcharge on trucks from Canada to finance rehabilitation of the port of Seattle, which they refused to pay for by raising taxes or fees at the port. These are the sorts of issues that we.... God love the Americans.

We've managed to survive these sorts of issues with them. Luckily they backed down on that fee, but the North American Development Bank would help with these sorts of issues. It would give us a third ally beyond just Mexico to talk about trade infrastructure in a rational and comprehensive way. It would be a third voice at the table like the role the Inter-American Development Bank, the African Development Bank, the World Bank, play for the trade blocs.

● (1250)

The Chair: Do the witnesses have any final comments for us before we wrap up today? Are there any final thoughts?

Mr. Wilson.

Hon. Michael Wilson: I just had one thought. The relationship between Canada and the other two countries in the whole field of technology is extraordinarily important. I think we should be using these broader medians that I talked about as ways to draw out how we can collaborate among the three countries. Clearly the United States is the leader among the three of us in the world, probably, in the whole field of technology, but the more we can be engaged in that, integrate with the work going on in that country, and be a part of that, the better off we're going to be as we look into the future when we're going to be relying proportionately less and less on the natural resource benefits or advantages that we have.

The Chair: Thank you.

Mr. Robertson.

Mr. Colin Robertson: I'm just going to underline something that Mike Wilson underlined, which I also mentioned in my remarks, and that is the importance of contact, peer-to-peer relations between members of Parliament, members of Congress, and members of the Mexican Congress, the work that you can do individually, and the relationships you can build by going down to Washington and to Mexico City and by participating in the Canada-U.S. Inter-Parliamentary Group.

I praise Mr. Trottier for his work with the Canada-Mexico group. That is really important. These relationships, such as the one Michael Wilson described, from when he was trade minister, with Bill Frenzel, are absolutely vital. That's what prevents so much of the distrust and builds the trust that we have to have to make the thing work. That's how we'll compete better.

Mr. Carlo Dade: I would underline the importance of contacts that would go beyond Parliament, but they absolutely have to start with Parliament. You have to have more contacts throughout Canada, so this has to be a whole-of-Canada exercise.

Leadership can come from the government, but both the private sector in Canada and the provinces really have to step up to the table. We have visits from only Quebec and Ontario, so I would call on the premiers out west and the New West Partnership to start going down to Mexico.

With regard to the TPP, I think it sets the agenda for how we think about the future of North America. The fact that I don't have an answer about what we should do and about what's most important actually really troubles me. I don't think anyone does. The fact that we're so close and no one has an answer and no one has done the thinking on this worries me.

The Chair: Thank you.

Gentlemen, thank you all very much. We appreciate your taking the time.

The meeting is adjourned.