



THE CANADIAN CHAMBER OF COMMERCE

LA CHAMBRE DE COMMERCE DU CANADA



September 11, 2009

The President  
The White House  
Washington, DC 20500

The Right Honourable Stephen Harper, P.C., M.P.  
Prime Minister of Canada  
Langevin Block  
80 Wellington Street  
Ottawa, ON K1A 0A2

Dear Mr. President and Mr. Prime Minister:

As you prepare to meet in Washington on September 16, 2009, the U.S. Chamber of Commerce and the Canadian Chamber of Commerce would like to commend you on the importance you are both placing on the bilateral relationship and share with you our views on the top economic issues that should be on the agenda.

As you know, the United States and Canada enjoy the largest bilateral trading relationship in the world, with \$1.6 billion in daily two-way trade and 300,000 travelers crossing the border every day. Our two-way trade is not defined simply by the sale of final goods and services to each other. Rather, we build things together, with one-third of our two-way trade being the intra-company delivery of input materials. We are each other's largest customers. In fact, Canada is the number one consumer for goods and services from 35 U.S. states. Over seven million jobs in the United States and three million in Canada rely on a strong and efficient U.S.-Canada partnership.

In the current recession it is especially important that the United States and Canada work together to strengthen our economies and create jobs. In addition to

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ongoing cooperation in public security, Afghanistan, and the Arctic, five important areas for discussion in your meeting include: achieving a secure, trade-efficient border; keeping markets open to trade and investment; cooperating on environmental and energy security policies; achieving further regulatory cooperation; and, protecting our intellectual property rights.

These issues have received ongoing trilateral attention under the umbrella of the Security and Prosperity Partnership (SPP). We regret the seeming decision to allow the SPP to lapse, and urge you to work together and with the Government of Mexico to ensure that these critical issues continue to benefit from your combined leadership and energies.

**Putting in place a secure and trade-efficient border** - Security concerns and layers of border procedures have led to growing and unpredictable border delays and costs that are hurting just-in-time manufacturing, cross-border travel, and the general movement of goods and people across the border. The ‘thickening’ of the border is a result of many factors, including direct fees for crossing the border, duplicative border programs, costs for participating in trusted shipper and traveler programs, growing inspection times, and infrastructure constraints.

In July 2009, our organizations released a joint report, *Finding the Balance: Shared Border of the Future*. That report contained practical recommendations that could be acted on over the next 18 months to make the U.S.-Canada border more secure and trade-efficient. Each recommendation may seem to represent a discrete undertaking, but collectively they refocus border resources on unknown trade and travel, allowing trusted shippers and travelers to move more seamlessly between our countries. They would allow both nations to increase resources devoted to the areas of highest risk.

With this letter, we have enclosed a copy of the joint report. We ask you, as leaders of our countries, to commit your governments to address the recommendations in this report within the next 18 months.

**Keeping markets open to trade and investment** - “Buy American” provisions in the U.S. stimulus package mean billions of dollars of state and municipal-level public procurement projects are slowed down and many are off limits

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to Canadian producers as well as U.S. firms that source globally. Other bills pending in Congress contain similar “Buy American” provisions that, if enacted into law, would further exacerbate the problem. Canadian municipalities are threatening to retaliate, which could create a tit-for-tat trade war between our two integrated economies. “Buy Local” provisions actually harm the country applying them, as projects get delayed, integrated supply chains are disrupted, prices increase, and competitive bids are excluded.

Restrictive provisions will harm the U.S., Canadian, and more broadly, the global economy and cause stimulus measures to be less effective. We urge the U.S. and Canadian governments to negotiate an agreement that covers sub-national governments in both countries, with the possibility of other countries joining the negotiations or acceding over time, to help alleviate some of the harm. Because these negotiations may take some time, we urge that a public interest waiver from the “Buy American” provisions be granted for products from Canada and other countries that may participate in the negotiations in exchange for secure access to sub-national procurement markets.

**Cooperating to increase North American energy security and environmental stewardship** - The United States and Canada benefit from a long-standing shared approach to environmentally sustainable energy development and trade. Our energy futures are and will remain interconnected. Canada is the largest source of imported natural gas and oil to the United States and our electricity grids are directly interlinked providing security and reliability benefits to both countries. Our countries have acknowledged the continued need to improve energy efficiency and to continue to develop new technologies to develop our energy resources in an environmentally-responsible manner. In doing so we realize that economic growth and innovation are fundamental to meeting the dual challenges of rising energy demand and climate change concerns.

Our countries’ collective energy security depends on a strong partnership and continued action within our alliance. As such, we urge the U.S. and Canadian governments to build on the recent North American Leaders’ Summit by working together on a bilateral energy vision that reflects a market-based approach to energy that is fundamental for economic growth while continuing to preserve the

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environment. To achieve this our countries must streamline the permitting processes in order to build essential cross-border energy infrastructure; harmonize energy efficiency standards; continue to invest jointly in the technologies that will allow us to use the abundant energy from the oil sands and oil shale in an environmentally responsible way; and work together to develop and deploy carbon capture and sequestration technologies.

Moreover, the U.S.-Canadian energy vision should encompass affordable, reliable, clean supplies of energy that produce economic growth, generate jobs and keep North America competitive in a global marketplace.

Regarding climate change, it is important to recognize that climate change is a global issue and as such needs a global approach. Given the integration of the U.S. and Canadian economies, the federal governments in both countries should strive for a greenhouse gas emission mitigation program developed in either country to be compatible with the regulatory systems in the other. The United States and Canada should work together at international environmental forums to ensure that any global compact involves all major economies and will not leave our countries at a disadvantage to our trading partners.

**Achieving further regulatory cooperation** - While the U.S. and Canadian regulators share many of the same desired regulatory outcomes, compliance by business with two overlapping, but often slightly different regulatory frameworks can be a significant burden. This tyranny of small differences imposes additional costs on U.S. and Canadian manufacturers, exporters, transportation services providers, and consumers – negating the benefits of tariff reduction. According to the OECD, such differences add between two and 10 percent to operating costs. When a U.S. or Canadian company competes against low-cost developing countries, two percent could make a real difference and 10 percent could easily put it out of business.

We urge both governments to support greater regulatory cooperation with the goal of mutual recognition wherever possible. Priority areas for further cooperation include the auto industry, the agri-food sector, financial services, transborder flow of data, and transportation.

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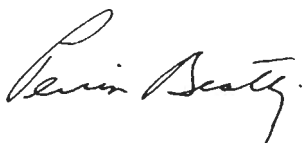
**Protecting intellectual property rights** - Intellectual property rights are vital to promoting investments in research and innovation, international trade and investment, consumer protection, and overall economic growth. In the rapidly changing global economy, protecting intellectual property is critical to U.S. and Canadian competitiveness. Counterfeit and pirated goods are a drain on our economies and are responsible for lost jobs, a reduction in tax revenues, and pose serious consumer and health and safety risks. It is estimated that counterfeiting and piracy costs the United States \$250 billion and Canada \$22 billion annually.

We urge both governments to take the actions recommended by the ongoing intellectual property working group created under the Security and Prosperity Partnership and reiterate our call to governments to address transnational IPR theft that threatens U.S. and Canadian IP-based industries.

We also urge both governments to press for the successful negotiation of a strong Anti-Counterfeiting Trade Agreement.

We believe that your meeting can make an important contribution to the economic health of both the United States and Canada. On behalf of the business communities of our two countries, we offer you our support and would be pleased to assist in any way to move this important agenda ahead.

Respectfully,



Perrin Beatty  
President and CEO  
Canadian Chamber of Commerce



Thomas J. Donohue  
President and CEO  
U.S. Chamber of Commerce