



Opening the Door:

Three Steps towards a Brighter Future

**Speaking Notes for
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The Canadian Chamber of Commerce**

**Canadian-American Border Trade Alliance
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Introduction

I'd like to start by thanking Jim Phillips for organizing this event and for the invitation to join you. The Canadian-American Border Trade Alliance does excellent work at improving the efficiency of the Canada-U.S. border and Jim himself has provided important leadership over the past decade as we have worked to stop the border from becoming an impenetrable barrier between our two peoples.

And Jim, I know that the timing of today's conference has presented some logistical challenges for you. But there certainly couldn't be a more interesting day to be in Ottawa, and the fact that Canadians will be making important choices about our future today underscores the importance of making the right decisions about our bilateral relationship, no matter who wins when the votes are counted tonight.

It is also particularly appropriate that we meet today, only a few hours after President Obama's announcement that the United States has brought Osama Bin Laden to justice, because it reminds us both

that the world remains a dangerous place and that the terrorists seek to kill and weaken our citizens precisely because of the values that our two countries each hold dearest and share with one another. Today, as in the days following 9/11, we stand in solidarity with one another.

I want to talk about that relationship and about some of the choices our two countries need to make. Canada and the United States enjoy one of the closest partnerships in the world. However, we've become very good at taking our unique relationship for granted. Today, the voices urging different directions are growing louder and more insistent in both of our countries. It's time for us to take stock of where we are and where we want to go.

We are talking about two neighbors who have enjoyed peaceful relations for almost two hundred years. Canada is the largest trading partner America has – not China, not Britain. In fact, Americans sell more to Canadians than they do to the Germans, the Japanese and the British ... combined.

Three million jobs in Canada and eight million jobs in the U.S. depend upon the success of our trade relationship. And that success is built upon the free flow of goods and services across the Canada-U.S. border.

I was recently in Michigan talking to a group much like this one, on the need to improve the efficiency of our border. The strong connection between Detroit and Windsor epitomizes the partnership between our two countries. Our economies are so interconnected that we literally **build things together**. And the flow of goods, services and people that crosses our border benefits not only gateway cities like Detroit and Windsor but also their surrounding communities and our two countries as a whole. Over 237,000 jobs across the state of Michigan depend on trade with Canada. The story is similar in other communities like Buffalo, Cornwall, Sarnia, Fort Erie, Niagara Falls and Surrey.

Across Canada and the U.S., people and businesses are struggling to recover from the effects of the recession. If we are to succeed, the relationship between Canada and the U.S. will be part of the solution.

Harry Truman once characterized our relations as, “one part proximity and nine parts good will.” But our relationship is much more than that.

On the other side of the world, today, Canadian soldiers are patrolling in Afghanistan side-by-side with their American allies. When they engage the enemy, they often call for American aircraft to give aerial support. And when they are wounded, it’s an American hospital they are airlifted to. We salute the courage and commitment these men and women, like the thousands of North Americans who have served in that theatre over the last ten years, and we pray that they will return safely.

Our joint mission in Afghanistan and our combined efforts in Libya are just the latest demonstrations of our shared beliefs and our close ties – the strongest alliance – military, economic, social – in the world.

Unfortunately, this relationship, like every one we have, needs attention. We are beginning to see some cracks.

This year, I will be travelling more in the U.S. and I will ask Americans to make important choices to repair some of these cracks and to leverage the advantages that can come from our close partnership. Today I would like to talk about the choices that need to be made now.

Let me, once again, turn to the Windsor-Detroit region as an example. When Canadians think of Detroit, they probably think first of Gordie Howe – because we have hockey on the brain – or the automobile makers, or maybe Berry Gordy and Motown Records.

They might not see Detroit for what it really is – an international gateway. But with half of all trade between Canada and the U.S. going through the Michigan-Ontario border, that’s exactly what it is.

That’s why the choices that are made in a place like Michigan are so important to the future prosperity of our two countries. Canadians noted with interest President Obama’s call to Americans to double global exports in the next five years – a target that would create some two million jobs. If America is going to achieve this ambitious goal, Canada will be one of the main reasons.

NITC

The Ambassador Bridge, all by itself, is the busiest trade crossing in North America. This 82-year-old bridge links highly integrated sectors like the automotive industry. But these same supply lines are extremely vulnerable to delays, especially at the border. These delays add costs that decrease productivity and kill jobs.

If our economies are going to grow – it will be thanks to trade. If our border infrastructure remains deficient, trade will suffer and the first place to feel those effects will be in border communities like Windsor and Detroit.

It's estimated that a New International Trade Crossing will bring \$1.8 billion worth of investment to the Windsor-Detroit area and create 40,000 jobs. If we can finally move ahead with this long-overdue project, it will provide a major stimulus to the economies on both sides of the border that have endured major shocks over in the last decade.

Opponents of a new crossing argue that it is not needed – that traffic between our two countries is down and will not recover. They would have us believe that the damage done by 9/11 and the recession is irreversible.

Yet figures show that traffic in that region is already recovering from the recession. Volumes were up significantly last year and they are

expected to grow again in 2011. Indeed, traffic volumes are expected to increase substantially over the next decade. We need a new bridge to accommodate increasing demand, and the crossing itself will provide a powerful incentive for business to consider investing in Michigan and in southwestern Ontario.

This is also a matter of national security. A successful attack on that single bridge, with that crucial waterway beneath it, would be an economic catastrophe for both countries. And it need not be the result of terrorism. A natural disaster or a serious accident could have the same effect.

The new crossing's opponents are spending millions of dollars to claim that the choice is between free enterprise and big government. And yet the bridge will be built and operated as a public/private partnership, and it is the private sector that is pressing for a new bridge. A long list of companies – companies like Chrysler, Ford, Campbell's Soup and Delta Airlines -- have called for a new crossing. They can see the opportunities and they know that the choice is not

between government and free enterprise, but between monopoly and the competition that is a mainstay of our free enterprise system.

American political leaders also understand that we need to act. Four former Michigan governors support the construction of a second bridge. In Washington, the federal government, too, is offering support by agreeing to count the \$550 million as a match for U.S. federal funds for infrastructure investments in Michigan.

Right now, legislation is pending in Michigan that would give the green light to this badly needed piece of border infrastructure. I said before that I was here to talk to you about choices – let's make the right one. For Canada the choice is about living up to our promises. Regardless of the results tonight, first thing tomorrow morning the government must make it clear that our offer is still on the table.

Otherwise, we can be sure that the project's opponents will sow doubt among Michigan legislators in the hope of stalling the project once again. Building the New International Trade Crossing will bring

significant gains to Windsor, to Detroit and to both of our countries.

It is too important to be let slide.

Border

And our work does not stop there. Improving the efficiency of the Canada-U.S. border will require more than just infrastructure investments.

Winston Churchill once characterized the Canada-U.S. border in this way: “that long frontier from the Atlantic to the Pacific oceans, guarded only by neighbourly respect and honourable obligations, is an example to every country and a pattern for the future of the world.”

It’s deeply ironic that the future he foresaw has emerged, but on another continent.

The Europeans, who have fought at least 20 significant wars among themselves in the last 200 years, still extend to each other the freedom

to trade without restriction. Every day, trucks carry goods freely across borders once stained with the blood of combatants.

Yet at the border between Canada and the United States, where hostilities have been largely *unknown* for 200 years, trucks and cars wait in endless traffic jams.

Over the past decade, we've been doing a very good job of making the Canada-U.S. border a wall. But, instead of serving as a physical division between us, the border must be seen as another stage in the supply chain. The border of the future is a process, not a place.

An inefficient border has serious economic costs, especially given the integrated nature of our supply chains. For example, North American cars can cross the border several times during the various phases of production. Each time, that car has to go through customs and security clearance – not to mention delays. This is compared to a ship full of foreign manufactured cars which only has to bear these

burdens once. We are effectively discriminating against our own industrial base as a result of bad public policy.

Earlier this year, President Obama and Prime Minister Harper decided to attack the inefficiencies at the Canada-U.S. border. The leaders acknowledged the need to enhance our security while pledging to increase efficiency in the flow of legitimate trade and travel.

Not surprisingly, this announcement sparked a flurry of debate regarding security and trade.

As former Defence Minister, I can tell you that Canadians take our security very seriously. But, to be successful, we have to work together on enforcement efforts, sharing intelligence and the protection our critical infrastructure.

Building a twenty-first century Maginot Line along the forty-ninth parallel won't keep us safe. We need innovative, well-considered

security solutions that employ the sophisticated technologies available to us.

Increased efficiency at the border has many benefits. Most importantly, we will stop wasting resources on low-risk travelers and cargo, and focus on the high-risk traffic.

It will also improve the predictability of the border in terms of wait times, inspections, fees, hours of service and standards.

Finally, better management of the border supports economic growth.

The border between Canada and the US will never disappear – few of us would want it to – but we must improve how it functions. We must continue to press our governments to live up to the commitments they made.

A more efficient border will help North America achieve its trade and growth targets. But there is one issue that I believe is the “low, hanging fruit” in our alliance. And that’s energy.

Energy

We all know that energy security is directly linked to economic competitiveness and job growth.

Canada is a huge source of reliable energy. We are in an excellent position to serve America’s energy needs. We are number one for uranium for fuel, number two for hydro-electricity, number three for natural gas and number six for crude oil.

We are also the most secure source. Anyone who has picked up a paper recently knows that depending on foreign sources of oil is a major and growing vulnerability for the U.S. economy. We see the impact on whenever we pull up to the pumps, an impact that will increasingly spill into other sectors of the economy as higher fuel

prices get passed along. The effects of these shocks are hitting close and at a time when we can least afford them.

It's time to stop talking about ending that dependence and start reducing it.

Let me give you an example. The Keystone pipeline project alone has the potential to reduce America's reliance on Middle Eastern oil by up to forty percent.

And the benefits of this energy partnership will be felt across North America. Development of Canadian oil sands is expected to create more than 342,000 new jobs in the United States between now and 2015. The benefits for Canada are even more profound, with an estimated injection of \$1.7 trillion worth of economic activity in the next two decades. \$1.7 trillion – that is no small chunk of change.

As you know, the environmental movement is targeting Canadian oil quite aggressively. We feel there are far too many misleading statements being made.

This doesn't mean that we are not concerned about our environment. Quite the contrary, Canadians are very proud of our vast natural resources and we continue work very hard at minimizing our environmental footprint.

Take Alberta, which became the first North American jurisdiction to legislate GHG reductions for large industrial facilities. In the Alberta oil sands today, more than 80% of water used by industry is recycled.

Our dependence on fossil fuels will not disappear overnight. We need to have adult discussions about the challenges we face and come up with innovative solutions to reduce our impact on the environment.

Fortunately, Canada and the U.S. have a long history of doing just that. Earlier this year we celebrated the 20th anniversary of the Canada-United States Air Quality Agreement. After two decades of cooperation, we have halved the production of acid rain-causing emissions. This is proof of what we can accomplish when we work together.

Oil sands opponents would have you believe that if America does not buy Canadian oil, it will stay in the ground. That's a false assumption. There are at least two major projects underway designed bring Canadian oil to markets in Asia.

The issue is not whether we will continue to pour billions of dollars into environmental improvements – we will – or whether the oil sands reserves will be brought to market – they will – but whether those reserves will be used to reduce U.S. energy dependence on unstable suppliers and help stimulate job growth across North America.

Conclusion

I started by stating that we have very important choices to make.

One, we need that new crossing. No one ever got offered a better deal than the one before Michigan today.

Two, we must stop talking and fix the border. We can't beat the rest of the world with that huge inefficiency hanging around our necks.

And three, the United States need to say yes to Canadian energy. Americans need to support the projects that will help them reduce their dependence on hostile and uncertain energy sources.

For centuries, Canada and the United States have enjoyed a relationship that is the envy of the world. But like any good friendship, it is easy to take for granted. There is great opportunity knocking on our door. Now more than ever, we need to take advantage of it.