



Opportunities for a Brighter Future: Three Choices on North American Prosperity

Speaking Notes for Perrin Beatty

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Thank you Sandy for the kind introduction. It's a real pleasure to be here in Miami, speaking with you today.

It's always good to have an excuse to visit Florida – and not just to visit family and because of the golf courses and beaches. There is so much growth happening in this state, and Miami in particular. You only have to look at the expansion of Miami Port to see how fast this city is progressing. Both the deep dredge and the opening of the Port of Miami Tunnel are signs of solid economic growth.

But Miami was not always the economic hub that it is today. Over a hundred and twenty years ago Julia Tuttle envisioned a bustling community where others saw backwater wilderness. Her dream however, was not realized overnight. She knew that for the region to flourish certain choices had to be made. She fought hard to attract Henry Flagler's railroad – a necessary step for the region to develop. Behind every story about U.S. economic progress – the expansion of cities, the flourishing of industry – is a 'back-story' of innovative thinkers who seized the opportunities in front of them.

It is this history of positive opportunism and hard work that will continue to guide us through the coming years.

The U.S. faces some hard choices in the years ahead. I'm here to talk with you today about opportunities and some of the choices we have to make- together.

While there are signs of recovery, the wounds suffered during the financial crisis are still raw. Our economies will take time to heal.

And as with any recovery, we can't afford to take more damage. Our leaders are making decisions today that will affect our countries for generations to come. It's our role as business leaders to make sure that they make the right ones.

Canada and the U.S. share the challenges of growing competition from low-wage competitors, and the need to diversify our trade. Never before have we needed each other so much to succeed.

A generation ago, a choice was made to turn our peaceful relationship into an economic powerhouse.

It was President Truman once characterized our relationship in these words: "Canada and the United States have reached the point where we no longer think of each other as 'foreign' countries. We think of each other as friends, as peaceful and cooperative neighbours on a spacious and fruitful continent."

Today our supply chains are so intertwined that we literally *build things together*. Few nations can claim to have a partnership as prosperous and secure as ours. Since the Canada-U.S. Free Trade Agreement, and NAFTA, which followed close behind, bilateral trade has almost tripled.

U.S. exports to its NAFTA partners have risen 135 percent in the years since the agreement was enacted. In fact, in the decade after NAFTA was signed, U.S. employment increased by 20 percent. The benefits of this trade are not confined to northern Border States.

When you think of Canada here in Florida you probably think of tourist's flocking south to evade winter. You certainly wouldn't be wrong! Each year over 3 million Canadians come to Florida, injecting about \$4 billion into the local economy. That's a significant amount of money -with that you could buy the Miami Dolphins - 4 times!

Moreover, Canadians represent 28 percent of all foreign visitors and spending by Canadians represents almost 40 percent of all foreign spending.

But our relationship extends far beyond tourism. Did you know that a quarter of Florida's agricultural exports end up on Canadian shelves? How about that over **half a million Florida jobs** depend on trade with Canada? Think about that for a moment- that's more than the population of the city of Miami!

Without a doubt, the Canadian relationship is America's most lucrative. *For every dollar that Canada sells in the U.S., America gains ninety-four cents worth of sales in Canada.* Canadians take their earnings from sales in the U.S. and use them to buy American products. Compare that to the twenty-three cents per dollar of imports from China. It should be clear which choice will bring you the best results.

But our successful trade relationship is under pressure. We've become complacent and allowed harmful policies to get in the way of good business. North America is facing the toughest competition we have ever faced. Economies in the East are growing rapidly and are hungry for new opportunities. I've seen firsthand the rapid growth happening all over the world - particularly places like Vietnam, India and China. We have to look at the individual factors that make our competitors more efficient, or make us inefficient.

When Julia Tuttle looked out at Biscayne Bay, she saw what no one else did - opportunity. When I look at our relationship I see the exact same thing. We are stronger together than we will ever be apart and there are ways for us to make this relationship even stronger.

We start by removing unnecessary barriers to trade. It simply defies logic that we allow minor regulatory differences and inefficient border policies to hurt our industries. I can assure you that our competitors are not making the same mistakes.

Thankfully, our leaders are choosing to tackle some of these issues. Just over a year ago President Obama and Prime Minister Harper reached an agreement that will improve trade flows between our two countries. The regulatory cooperation and Beyond the Border initiatives are designed to tear down some of the barriers that hinder North America's economic growth.

Yet, if we are not careful these vital initiatives will weaken and die before they are even fully off the ground. Last month, David Aguilar, Deputy Commissioner of U.S. Customs and Border Protection warned the trade community that budget cuts resulting from the sequester will force the agency to "reduce its expenditures significantly for the remainder of ...2013". CBP went on to warn of increased wait times at the border. For travelers this could mean delays of several hours. For containers coming in from offshore, it could mean delays of up to a week! This is a direct hit to North America's competitiveness.

At the same time that we strengthen the North American market we need to promote our mutual interests globally.

That's one of the reasons why we're looking at the Trans Pacific Partnership negotiations with such interest. These negotiations have the potential to revolutionise North America's relationship with the Asia-Pacific community. For the United States, Canada and Mexico to sit shoulder-to-shoulder in these negotiations sends a powerful message to the rest of the world – the North American trade block is a force to be reckoned with. Canada is an ambitious partner in these negotiations and sees the same opportunity as you.

In fact, Canada has decided to undertake the most aggressive trade expansion we've ever seen. We are currently negotiating 27 different trade agreements. Some of these are with major economies like the European Union, India and Japan. Last month we also officially joined negotiations towards an international trade in services agreement that if successful, will liberalize 70% of global services trade.

We've realized that trade is a vital component of our economic growth. North America has to choose to remain trade friendly, or risk falling behind our main competitors.

The third opportunity before us is to ensure our mutual energy security. The American people face some very difficult choices over the next few years. Everyone understands the need to reduce our environmental footprint. But we also need energy to power our homes and businesses. How we balance these two priorities will be a defining question of this generation.

Some members of the environmental movement would have you believe that this is a zero sum game. In reality, they are two sides to the same coin. Sound environmental policy and energy security go hand-in-hand.

Despite what you may have heard in the media, Canada's environmental record is strong. 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 green house gas reductions for large industrial facilities; British Columbia has a working carbon tax; Saskatchewan has partnered with Montana and North Dakota on a pilot carbon capture and storage program; Quebec has an economy wide cap on carbon; Ontario is set to close its coal-burning plants by the end of next year- the list goes on. I am not saying that we are perfect, but we are anxious to work with you in developing solutions to our shared environment challenges.

Canada is a rich source of secure and reliable energy. We are the world's second largest producer of uranium, number three for natural gas and hydro electricity and number six for crude oil. At 170 billion barrels, Alberta's oil sands are the world's third largest reserves. And these reserves are right next door in America's closest and most trusted neighbour.

The oil sands cover a territory the same size as Florida. But the part being developed is only 256 miles, or slightly larger than Tampa. The entire oil sands in 2011 had 48 MT of carbon emissions. Florida had 114MT (almost 2.5 times), mostly from coal plants. One plant alone near Tampa had more than 11MTs, or 23 percent of the whole oil sands.

Canada's role as an energy leader is not based on geological accident alone. Of the world's five largest oil reserves— Saudi Arabia, Venezuela, Canada, Iran and Iraq — Canada is the only one that is freely "open for business." In fact some of the biggest players in the oil sands are American companies like Exxon, ConocoPhillips and Chevron.

A U.S. Department of Energy study concluded that increased oil inputs from Canada could relieve America's reliance on foreign suppliers like Venezuela and the Middle East by 2030. This will have direct benefits here in America. If we increase our joint capacity, this number can grow to 160,000.

The construction of the Keystone XL pipeline is the first step in this process. This initiative has the potential to supply 830, 000 barrels of oil to the U.S. every day, through the environmentally safest transportation mode. Once completed the XL pipeline is expected to reduce America's reliance on oil from Venezuela and the Middle East by up to forty percent, while simultaneously injecting \$20 billion into the U.S. economy.

Over the years the U.S. government has undertaken four environmental reviews and has concluded that there will be no significant environmental impacts from this project. The most recent of these reports was released last month. It simply defies logic that moving oil from Alberta to the United States is a greater threat to the environment or to America than giving billions of dollars to unstable and hostile regimes.

America has choices. It can funnel money into the pockets of some of the world's most corrupt governments or it can take the North American energy partnership to the next level.

William Ward once said that *"opportunities are like sunrises. If you wait too long, you miss them."* There are many opportunities before us today, and ones that we can't afford to miss. I spoke to you about three of them. First we need to fix our border and remove unnecessary barriers. Second, we need to work together to open doors to new markets. Finally, we have to cooperate on North American energy security.

If we seize the opportunities presented by our unique relationship then our economic prosperity will be secured for generations to come. If instead we choose to remain complacent, these opportunities will certainly pass us by.