

THE STANDING SENATE COMMITTEE ON FOREIGN AFFAIRS AND INTERNATIONAL TRADE

EVIDENCE

OTTAWA, Thursday, September 25, 2014

The Standing Senate Committee on Foreign Affairs and International Trade met this day at 10:30 a.m. to examine the potential for increased Canada-United States-Mexico trade and investment, including in growth areas in key resource, manufacturing and service sectors; the federal actions needed to realize any identified opportunities in these key sectors; and opportunities for deepening cooperation at the trilateral level .

Senator A. Raynell Andreychuk (*Chair*) in the chair.

The Chair: Honourable senators, we're convened as the Standing Senate Committee on Foreign Affairs and International Trade. We are continuing our study of the potential for increased Canada-United States-Mexico trade and investment, including in growth areas in key resource, manufacturing and service sectors; the federal actions needed to realize any identified opportunities in these key sectors; and opportunities for deepening cooperation at the trilateral level.

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Colin Robertson, Vice President, and Fellow, School of Public Policy, University of Calgary, Canadian Defence and Foreign Affairs Institute: Thank you, Madam Chair. By way of introduction, I served in the Canadian Foreign Service for almost 33 years with a concentration on Canada-U.S. relations, including postings to the UN in New York while we were on the Security Council in 1977, returning to the consulate general in 1978 during the later Carter and early Reagan administration as one of the crop of junior officers sent to get to know the local congressional delegations as part of our diplomacy in the United States under Allan Gotlieb, which embraced Congress as well as the administration. Gotlieb's *I'll Be With You In a Minute, Mr. Ambassador* remains the best how-to diplomatic guide for Canadian diplomacy in the United States.

I was a member of the Canadian teams for both the Canada-U.S. free trade and North American free trade negotiations during the Reagan, George H.W. Bush and early Clinton administrations. I served as our consul general in Los Angeles during the later Clinton and early George W. Bush administrations. Prime Minister Martin appointed me as the first head of the Advocacy Secretariat in Washington to advance our interests on Capitol Hill, working closely with our provinces and using public diplomacy.

During my last two years in the Foreign Service, I worked on a major study on Canada-U.S. relations with Derek Burney and Fen Hampson at Carleton University to help prepare Canadian policy for what turned out to be the Obama Administration.

On retirement from the Foreign Service, I joined CDFAI and McKenna, Long and Aldridge, a Washington-based law firm.

By conviction and experience, I favour closer North American integration because it will strengthen Canada and sustain those things that define what it is to be Canadian.

I'll start with a story. On the seventh day, God created Canada, a country of mountains, lakes, forests and fish, abundant resources, a peaceable kingdom with people from every land, fleet of foot, especially on skates -- Senator Demers. St. Peter asked God: Don't you think you're being a bit generous to these people? God smiled at St. Peter and replied: Just wait until you see the neighbour.

A Foreign Service career gives you the privilege of speaking with our prime ministers, and each one has told me that prime ministers have three main files on their desks: national security, national unity and the U.S. relationship.

Read Richard Gwyn's splendid biography of Sir John A. Macdonald and you will appreciate that a preoccupation with our southern neighbour is older than Confederation. The Mexicans have a similar perspective. Mexican President Porfirio Diaz, a contemporary of Macdonald, would lament of his nation's propinquity to the United States: So far from God, so close to the United States.

But as much as we might complain about Uncle Sam, I have never forgotten the perspective I received as a junior officer at the UN. A group of us were dumping on the United States after the Carter Administration's failure to embrace and ratify the East Coast Fisheries Agreement. A Polish diplomat, his country still under the boot of the Soviet Union, listened to us complain about the Americans. He then asked us, "Would you rather be us?" It stopped us short.

Anti-Americanism is a virus that is deep in our DNA. My view is that God did us a great favour, not just in our place and people, but also in our neighbour. We are friends, allies and partners, whether we like it or not and whether they know it or not.

Franklin Roosevelt, probably the president who best understood Canada's strategic importance to the United States, established with Mackenzie King the framework through which we have conducted relations since 1938.

In return for preferred access to what is still the biggest market in the world, we undertook to be a reliable ally, benefiting from the U.S. security shield. Having carried more than its fair share of the security load, the U.S. is now asking its allies to step up and do more. For our own security and to demonstrate our commitment to collective security, we need to invest, especially in building the ships to sustain the maritime order on which our commerce depends.

Successive presidents and prime ministers, the smart ones anyway, have followed this formula of sustaining institutions, security through NATO and NORAD, trade through our multiple trade agreements -- notably the FTA and NAFTA and leading now to CETA and the Trans-Pacific

Partnership -- and on the environment, beginning with the IJC and including the acid rain agreement and the Montreal ozone protocol.

Institutions level the playing field and they work to the immense benefit of Canada.

Brian Mulroney, the prime minister who probably best understood the United States, recently observed that "the relationship with the United States is something the prime minister alone has to nurture, the same way he would tend to the most delicate flowers in a garden. It's that important. If you can't do that, you don't have much clout internationally."

Mulroney understood that our leverage internationally comes from the fact that because we understand the United States better than anyone else, we can interpret the rest of the world to the United States and the United States to the rest of the world. This means reinvesting in our diplomatic service.

We are a North American nation. We can't change geography, nor would we want to. Let us get on with deepening the integration that is already taking place through investment and supply chain dynamics, as well as through the people-to-people ties that we enjoy with the United States and that now include Mexico.

I'll conclude with three recommendations.

First on the U.S., we like to think we know everything about them and they like to think they know everything they need to know about us. We're both wrong, but because of the asymmetries of trade and investment, they matter much more to us than we do to them.

As a start, we should have a representative in each U.S. state to act as our ears, eyes and, when necessary, our mouths to make the Canadian case. When Congress and the states act, it is usually not malice but lack of appreciation of the Canadian perspective. We need to be there to set the record straight on urban myths like the one still there about the 9/11 terrorists coming from Canada. It's not nice diplomatic notes but rather straight talk between friends. As I have learned, be brief, be blunt and be quick because once a myth takes root, it's hard to undo it.

Let's do diplomacy differently and cost-effectively by hiring from the star-spangled Canadians already living in the States. Get them to establish business groups like what we have done in Arizona with the Canada-Arizona Business Council. This clever initiative set as its goal to increase the number of direct flights to Arizona. In a decade, under the leadership of Glenn Williamson, now our honorary consul, they've increased from 8 to 100 flights a week. That translates into an awful lot of trade and investment. Let's get to it.

President Obama may be a lame duck, but lame ducks can get a lot done. We didn't begin negotiations of the Canada-U.S. free trade agreement until the final two years of the Reagan Administration. The acid rain agreement and the North American FTA were negotiated in the last two years of the Bush Administration. The Canada-U.S. partnership came together in the last years of the Clinton Administration, and it morphed into the "smart border accord."

Let's take the initiative and keep pushing on shared issues like Beyond the Border, regulatory cooperation, as well as the Arctic, energy and environmental collaboration. Sustainable development is not a choice between the environment and the economy; it's both together.

Ambassador Bruce Heyman wants to get things done, but he needs our help to resolve problems constructively. Hectoring and hazing may make for headlines, but it's not smart diplomacy, and history suggests it's also poor politics. Canadians expect mature behaviour when dealing with the U.S.

Second, On Mexico, a window is now open to significantly increase our commercial ties, thanks to the reforms of the Peña Nieto Administration, especially in terms of selling them our energy know-how, our engineering and infrastructure expertise and in educating the future Mexican leadership at our schools and universities.

The Mexicans want to do business with us. Our private sector wants convergence on border facilitation and deregulation. There are real opportunities for Canada in Mexico's ambitious infrastructure program, including railroads, expanded metros, Mexico City's new airport and over 10,000 kilometres of new pipelines. The North American energy revolution means cheap gas will reindustrialize our countries, especially in energy-intensive industries. It's more than oil and gas; it's investment in electricity plants based on gas. These are all areas of Canadian expertise.

President Peña Nieto personally selected Ambassador Francisco Suarez to open the doors. Suarez is a doer but he needs a partner.

To do business, Mexicans need to get here. Our current visa process is long, arduous and humiliating. We figured it out with the Czechs, on whom we imposed a visa at the same time as the Mexicans.

The immediate fix would be to recognize Mexicans who qualify for preferred entry to the U.S.A. in the same fashion that the U.S. gives Canada preferred access through the NEXUS program. Ultimately, we need to bring these trusted traveller programs into alignment.

We should match the Mexican efforts to establish close relations between our universities, not just increasing student exchanges -- why not aim to quadruple them in next four years -- but also in joint research projects.

For strategic reasons Mexico should be at the top of our development assistance list, with help in policing and judicial training.

There are still some who think we would be better off just dealing directly with the United States. They argue trilateralism complicates things. It does, but surely we can walk and chew gum at the same time. If the rapidly increasing Canadian investment in mining, banking and now manufacturing in Mexico doesn't persuade you then consider these two facts:

- Mexico, with 122 million people, is already America's second largest trading partner and their trade is growing faster than our own. Forty per cent of what Mexico sends to the U.S. was sourced out of Mexico. The figure is 25 per cent for Canada, underlining our integrated trade.
- There are 51 million Americans with Latino roots, most of them Mexican. This is a vital voting block. There are legislators with Latino roots in state houses, Congress, the governors' mansions and cabinet, and it will not be long before there is one in the White House.

Third, the hidden wiring of Canada-U.S. relations is the web of relationships beyond the prime minister and president and our cabinets, especially premiers, governors and legislators, federal and state. We need to expand this wiring with Mexico.

I applaud the work of the revitalized Canada-U.S.A. Interparliamentary Group, under the leadership of Senator Janis Johnson and MP Gord Brown. We should integrate the Canada-U.S. and the U.S.-Mexico groups to create a North American interparliamentary group. This would give us a much better chance of sustaining attention from U.S. senators and members of Congress and with our Mexican colleagues we can put pressure on the U.S. to deal with shared interests, like challenges around trucking, border infrastructure and improving the logistical challenges of the supply chains that now cross all our borders.

Like the Canadian geese now flying south that I heard this morning, North American integration has become a force of nature. Embrace it *con mucho gusto* to our mutual benefit. Let North America demonstrate to the world what it means to be a good neighbour.