

October 3, 2013

The Right Honorable Stephen Harper, P.C., M.P.
Prime Minister of Canada
Langevin Block
80 Wellington Street
Ottawa, ON K1A 0A3

The Honorable Barack Obama
President of the United States of America
The White House
1600 Pennsylvania Avenue NW
Washington, DC 20500

The Honorable Enrique Peña Nieto
President of Mexico
Residencia Oficial de Los Pinos
Distrito Federal, Mexico
MEXICO

Dear Prime Minister Harper, President Obama and President Peña Nieto:

The Business Roundtable, the Canadian Council of Chief Executives, and the Consejo Mexicano de Hombres de Negocios have a long history of working together to strengthen North American economic ties. We write to urge you to accelerate your efforts to further strengthen our countries' economic relations and ensure that Canadian, Mexican, and U.S. companies and their workers are well-positioned to succeed in an increasingly competitive global marketplace.

CEO members of our organizations have met to discuss the status of the North American economic relationship and agreed that improvements can be made to enhance the international competitiveness of Canada, Mexico, and the United States. Three broad areas were identified where more can be done by our respective governments to create a more integrated and competitive North American economic space. These areas are: (1) intelligent border systems; (2) greater regulatory cooperation; and (3) North American energy security and sustainability. We have worked together to develop a series of specific recommendations for government action in each of these areas that is attached.

The Last Two Decades of Growth and New Challenges and Opportunities

Our groups have undertaken this trilateral initiative because while the North American marketplace has grown significantly over the last two decades and trade and investment among our countries is healthy and growing, our companies continue to face obstacles to doing business across and within our borders. We are concerned that these obstacles inhibit the competitiveness of our companies and workers who sell goods and services to one another and who make products together that we sell in the global marketplace.

Almost two decades ago, in 1994, Canada, Mexico, and the United States led the way in the development of regional international trade and investment agreements with the creation of the North American Free Trade Agreement (NAFTA). NAFTA opened our markets, increased our economic cooperation, and expanded cross-border trade and investment. As a result, over the past two decades North American supply chains have become more tightly integrated and the quality, variety, price, and availability of goods and services on a regional basis have converged. The result has been increased jobs, economic growth, and prosperity in all three countries.

Today, Canada, Mexico, and the United States form a marketplace that includes more than 460 million consumers and represents one quarter of the world's economy. At \$19 trillion, this marketplace is larger than that of the EU and more than double the size of China. An estimated 14 million U.S. jobs are tied directly to trade with Canada and Mexico. Half of U.S. exports and imports to and from Canada and Mexico take place between related companies. Moreover, Canadian, Mexican, and U.S. manufacturers and service companies have been increasingly investing in each other's countries over the last two decades.

At the same time, the international trade and investment landscape has changed dramatically, becoming much more competitive and opening up many new opportunities. For these reasons, the time is ripe for Canada, Mexico, and the United States to respond to these new challenges and pursue new opportunities to enhance our global competitiveness. More can and should be done to promote regulatory cooperation between our three countries, to facilitate the legitimate movement of people, goods and services throughout the North American market, and to realize the potential for North American energy self-reliance. We can achieve greater economic, policy and regulatory cooperation between our countries while maintaining sovereignty, privacy, consumer protection, health, safety, security and the environment.

We strongly believe that the types of actions we are recommending to our governments will help deepen our economic ties, strengthen the international competitiveness of Canadian, Mexican, and U.S. companies and their workers, and realize North American energy self-reliance. As free trade agreements proliferate, we must achieve a seamless North American market to be competitive. The challenge before us is to move beyond pilot projects, feasibility

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studies, and regulatory reviews to fuller implementation and longer-term, strategic action. We urge you to continue to work closely together to achieve these important goals, and we stand ready to partner with you to that end.

Sincerely,



Douglas R. Oberhelman
Chair, International Engagement Committee
Business Roundtable



David M. Cote
Chair, Energy and Environment Committee
Business Roundtable



John P. Manley
President and CEO
Canadian Council of Chief Executives



Claudio X. Gonzalez
Chairman
Consejo Mexicano de Hombres de Negocios

Attachment (1)



Recommendations to Improve the Competitiveness of the North American Market

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Intelligent Border Systems

All three countries have initiatives underway to expedite the legitimate movement of goods and travelers, especially business personnel, and to reduce the cost to both government and business. There has been progress in all these initiatives, but more must be done on an accelerated basis to strengthen our cooperation and global competitiveness and capitalize on the cost advantages created by our geographic proximity. North American economic security is vital and can be achieved by prioritizing risk management principles to facilitate the legitimate flow of people, goods, and services. To succeed, our governments need to take the following actions:

- “Beyond the Border” pilot projects on pre-clearance and expedited flow of people and goods that have proven successful should be made permanent. Based on lessons learned, they should be integrated trilaterally whenever possible and as quickly as possible. Given the increasing importance of continental supply chain dynamics, the principle ‘cleared once, accepted twice’ should become ‘cleared once, accepted thrice’ as this will help improve North American competitiveness. We are convinced that technology allows secure pre-clearance beyond the border and that our governments must do more, eventually recognizing the equivalence of our three countries’ security systems. This is especially important as we all aim to rebuild North American manufacturing capacity and enhance the competitiveness of our service sectors.
- Accelerate the deployment and coordination of next-generation technologies to create a more automated and paperless experience at the borders. By the end of 2014 we expect the Canadian and U.S. governments to complete the single electronic window to satisfy all customs requirements. We also expect that by the end of 2013 all major crossings between Canada and the United States will be using Radio Frequency Identification (RFID) technology.
- In 2013, complete an inventory of fees and charges levied at both the Canada-U.S. and U.S.-Mexico borders with the objective of ensuring no new fees are introduced and fees that negatively affect supply chains are eliminated.
- In an age of fiscal constraints, our governments should increase resource sharing at the border by establishing integrated customs plazas and reducing duplication where appropriate. Customs and immigration officials should be designated to work within other relevant agencies on both sides of the border. For health and safety certification of goods we believe mutual accreditation of officials should begin on a pilot basis.
- We anticipate practical local solutions to local problems coming out of the work of the individual port and land border operations committees that bring together local business, community and border officials. We believe that the suggestions coming from these committees may have wider application.

Regulatory Standards and Practices

We applaud the fact that our governments have recognized that a lack of regulatory cooperation is handicapping the international competitiveness of Canadian, Mexican, and U.S. companies and have launched initiatives to address this problem. The issuance in May 2012 of an Executive Order (E.O. 13609) by President Obama aimed at eliminating and rolling back unnecessary regulatory differences that increase costs for companies doing business across the border is a welcome step toward minimizing regulatory complexity. The Canadian and Mexican governments should issue similar directives. To promote growth, jobs, and competitiveness through increased regulatory transparency and cooperation, our governments should take the following actions:

- To keep companies aware of changing regulatory requirements, each of our governments should separately issue an annual report identifying new divergent regulations that will have a significant impact on North American commerce, with an eye toward reducing, eliminating, or preventing unnecessary differences in regulatory requirements.
- To the greatest extent possible, our countries should promote sound regulatory principles that can be applied across regulatory entities to ensure that regulations are cost-effective, grounded in the most advanced scientific knowledge available, and are the most efficient and effective means to achieve objectives. Regulatory processes in all three countries, including government review and management of agency rulemaking, should be open to public scrutiny, regulations should be reviewed regularly for the purposes of determining whether they should be reformed or discontinued, and paperwork burdens should be considered and reduced where possible.
- Promote trilateral cooperation between the bilateral Regulatory Councils by reporting on progress in tandem. The Councils should meet annually to promote an ongoing dialogue, share best practices and identify areas where bilateral regulatory cooperation can be expanded to trilateral cooperation.
- The Regulatory Councils should complete their current work plans within the next 12-18 months and build on their success and expand into new sectors starting with energy.
- Provide adequate resources for each of the Regulatory Council Work Groups and expand outreach to stakeholders to promote a more dynamic discussion in each of the Work Groups and to help identify priority areas for new Work Groups.

North American Energy Security and Sustainability

Access to abundant, affordable, reliable, and sustainable supplies of energy and power is a key driver of GDP growth and job creation in each of our countries, as well as providing businesses located in our countries a key competitive advantage in international markets. Based on recent and projected trends, North America is expected to be able to meet most if not all of its energy needs within the next two decades, thus increasing its energy security while driving economic

growth in our countries and enhancing our global competitiveness. To capitalize on North America's diverse and abundant energy resources, we urge the following action:

- The U.S. Congress should approve the Transboundary Hydrocarbon Reserves in the Gulf of Mexico Agreement with Mexico to encourage the development of shared resources in the Gulf of Mexico without further delay.
- The U.S. Administration should similarly approve the Keystone XL oil pipeline international boundary crossing permit without further delay, allowing Canadian oil to be exported to U.S. Gulf Coast refineries as well as providing needed transportation options for increasing U.S. oil production in North Dakota and Montana.
- All three countries should improve their energy project permitting processes to streamline reviews and expedite decisions. We applaud Canada's Responsible Resource Development Initiative and believe it could serve as a possible model. We also recognize the positive steps President Obama has taken regarding permitting reform through his issuance of Executive Orders aimed at reducing permitting time and coordinating agency reviews for certain high priority projects. While these U.S. actions are important steps, more fundamental permitting reform is needed.
- Encourage the development of North American renewable energy resources and encourage energy-related science and technology investments. This would include the development of commercially viable North American tidal, wind, solar, and bio-mass alternatives as well as inclusion of hydropower within the definition of renewable energy.
- The three countries should create a trilateral committee at the deputy secretary/deputy minister level, including a private sector component, with an overall mandate to strengthen our continental energy advantage. Specific objectives could include:
 - Creation of a North American "energy outlook" to identify key opportunities to enhance energy security and environmental sustainability;
 - Greater collaboration on development and demonstration of advanced and lower-carbon energy technologies;
 - Improving the security and reliability of cross-border energy infrastructure;
 - Greater cooperation on unconventional resource development;
 - Greater cooperation on energy efficiency;
 - Greater collaboration on offshore safety standards and practices; and
 - Holding trilateral review conferences with public-private sector assessment of progress toward trilateral goals.