



THE NORTH AMERICAN SECURITY AND PROSPERITY INITIATIVE

BACKGROUND, QUESTIONS AND ANSWERS

CANADIAN COUNCIL OF CHIEF EXECUTIVES

MARCH 2003



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The ***North American Security and Prosperity Initiative*** was launched in January 2003 by the *Canadian Council of Chief Executives*. A profile of the initiative is contained in a publication entitled “*Security and Prosperity: Toward a New Canada - United States Partnership in North America*” available on the Council’s website www.ceocouncil.ca. A more detailed outline of the initiative is contained in a January 14, 2003 presentation by the Council’s President and Chief Executive, Thomas d’Aquino, entitled *Security and Prosperity: The Dynamics of a New Canada-United States Partnership in North America*. It is also available on the Council’s website.

This document addresses the principal questions that have been raised in the weeks following the launch of the initiative and responds to them in some detail. It begins by addressing questions about the overall vision and purpose of the initiative, and then turns to issues within the initiative’s five main action areas: *reinventing borders; maximizing economic efficiencies; negotiating a comprehensive resource security pact; sharing in continental and global security; and developing 21st century institutions to manage the new partnership.*

VISION AND PURPOSE

1. *Why are you proposing a comprehensive initiative instead of dealing incrementally with all the issues that inevitably come up between countries as integrated as Canada and the United States?*

We can and should continue to improve what can be improved from day to day, but to be truly effective in serving



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the interests of Canadians, our country needs an overarching vision and strategy for advancing our interests in North America.

The reality today is that Canada cannot hope to protect and expand its access to the United States market without also addressing security issues. Nor can our countries assure their own security against global threats in isolation. The many measures being implemented under the *Smart Border Action Plan* launched in 2001 are good examples of how greater openness and greater security can go together. But while such incremental progress is valuable, it also remains vulnerable to changing circumstances. Such measures on their own, for instance, will not be sufficient to prevent a costly clampdown at the border in the event of another major terrorist attack on the United States. Nor do they prevent interference with trade for other reasons.

What we are proposing is a comprehensive approach, one that seeks to assure the security of our countries against outside attack, provides mechanisms to assure the openness of our internal border to each other and strives to achieve a high enough level of compatibility in our economic and regulatory systems to lighten demands for enforcement on that internal border for any reason. **These elements together constitute a new framework for a relationship that is too important to be left to incrementalism.**



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2. *What would a comprehensive initiative like this mean for Canadian sovereignty? Would this be the end of Canada as we know it?*

We are proposing a partnership, not a merger. There is no contradiction in being ambitious for North America and being proudly Canadian.

We do not intend to copy the European Union (EU) or anyone else in how we proceed in North America. We call for innovation in the way we manage our growing integration. We are not calling for any form of political union and see no need for a common legislature or a common high court, or for the unification of armed forces or foreign policy. We do not want a European-style common market with supranational institutions, nor are we recommending a common currency.

3. *A far-reaching proposal like this is certain to raise issues that many Canadians will find difficult to accept. Given the uncertainties involved, why should Canada take the lead in driving such an initiative?*

Canada must take the lead because it has the most to gain and the most to lose.

Canada took the lead in developing and promoting the initial Free Trade Agreement because access to the United States market was more important for Canadian companies than access to the Canadian market was for Americans. Today that access is put at risk by new forces, notably threats to American homeland security.



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The current degree of economic integration is so high that any repetition of the border clampdown seen in the wake of the attacks of September 11, 2001, would hurt both countries badly. But any perception that the border is or could be a significant barrier to economic flows would hurt investment and growth in Canada disproportionately. The onus is therefore on our country to take the initiative in developing a proposal that would enhance the economic and physical security of Canadians and Americans alike.

The global security threats to the United States are also aimed at Canada. The United States has addressed them and is counting on Canada to do the same. These challenges can only be met on a shared basis. The terms for that sharing of effort should come from Canada if we want to be sure that it is done on a basis that meets our interests as well as those of the United States.

4. *Given its intense focus on security, what makes you think that the United States might respond favourably to such an initiative by Canada?*

We think this proposal will be of interest to the United States precisely because it presents an integrated strategy for enhancing the physical and economic security of both countries.

Our high degree of economic integration means that neither country can afford a disruption of the free flow of goods and people between us. At the same time, geography and shared global challenges make our physical security indivisible. These



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proposals are far-reaching and we have no illusion that they will receive instant support, but we are confident that the case for action is compelling.

5. *At the moment, however, the United States is at war with Iraq and in the words of its ambassador to Canada, Paul Cellucci, “there is a lot of disappointment in Washington and a lot of people are upset” with Canada’s refusal to participate. Is this not the wrong time for Canada to be advancing such far-reaching ideas?*

Policy evolves. Geography does not. As Ambassador Cellucci put it, the ties between Canada and the United States are too deep and too long-standing for us not to continue our work together. And the current short-term strains make it even more important to articulate a powerful vision of our longer-term interests and opportunities.

The economic security of the United States relies in significant measure on its dynamic and balanced trade with Canada. The physical security of the United States homeland depends on our shared efforts to defend the continent against global threats.

These realities are immutable and are well understood in Washington. This is why the Council is pressing ahead with its initiative, and why we have received so much encouragement to do so from American decision-makers and opinion leaders.

6. *Your plan proposes a much closer Canada-United States partnership. What about Mexico? Will it cease to be a real member of the North American community?*



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Mexico is and will remain a critical partner in North America.

We want to ensure that Mexico has a dynamic role in developing the new North American relationship. It must be included in the process and be able to address its real needs in doing so. We also want to be sure that we are sensitive to the special challenges that Mexico faces in absorbing radical change.

Our proposal is that all three countries engage in advancing an agenda. When two of the three are able to advance their cooperation, the third country will be guaranteed the possibility of associating themselves when they are ready to do so. Building on the “natural” agendas that already exist would appear to be a more fruitful way to proceed than to trying force the process to fit into a trilateral format in every instance.

This might lead over time toward a more comprehensive agreement such as a *Treaty of North America*.

REINVENTING BORDERS

7. *Given all the worries in the United States about everything from terrorism to illegal immigration and drug smuggling, how can you hope to dismantle the border between our two countries?*

We want to reinvent rather than dismantle Canada’s borders not only because the traditional approach can block the trade on which we rely, but also because it cannot provide adequate security against global threats.



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In an age of global terrorism, global communications and global crime, we cannot rely on local geography (border posts that sit astride road and rail corridors) to protect us. Rather, the best means to defend our security is to rely on networks among states to share information about threats, track and screen people and goods before they are admitted to North America, and help enforce national and international legislation.

Under the approach we propose, Canada and the United States would focus the bulk of their joint border protection resources on outside threats. Each would pursue its own domestic approach to meeting these threats, respectful of its own Constitution. But we also would work together to protect North America and could become the nucleus of a new multilateral system to protect global flows of people and goods.

Our common internal border would not disappear, but rather serve more realistic objectives than it does now. It would serve as a joint checkpoint to prevent illegal flows of people and goods between us, but its infrastructure and processes would be geared to managing risks appropriately and facilitating legitimate traffic.

8. *What is wrong with simply continuing to eliminate barriers through the Smart Border Action Plan that has already been agreed between the two countries?*

The action plan put in motion by the Smart Border Plan of 2001 is important and necessary, but it is not enough to secure Canada's future.



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The *Smart Border Action Plan* is an excellent platform upon which to build, but in the long term, we face four challenges:

First, while the Plan was a personal accomplishment for Deputy Prime Minister John Manley and United States Secretary of Homeland Security Tom Ridge, the border is permanent. We cannot rely on personal chemistry to manage the border. Individuals move on; the border does not.

Second, the Accord is subject to administrative interpretation, the vagaries of politics and unpredictable crises. Flows across the border are too important to be left so vulnerable.

Third, the new Department of Homeland Security is absorbing all of the United States border agencies. Its predecessor agencies had a mandate both to provide security and to ease traffic. The new Department is focused on security. It will be critical to ensure that the demands of security respect the imperative of free North/South flows.

Finally, we must guard against just making an obsolete border between us work more efficiently. The internal border cannot be the United States' prime security perimeter. Our countries must adopt a new conception of what borders need to be today if we are truly to be able to defend our security against global threats.

9. *Are you proposing to compel Canadians and Americans to obtain a North American identity card, a move that would create great anxiety about privacy on both sides of the border?*



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We suggest that a new North American identity card should be available on a voluntary basis to citizens of both countries.

Canada and the United States are already experimenting with different forms of smart cards to enable quicker processing at the border through the Nexus program. Similarly, Mexico already makes available consular cards to its citizens in the United States. We believe that many people, especially those who cross the border frequently, would want to take advantage of a highly secure identity card with biometric features, but we do not propose making such a card mandatory for any purpose.

10. *What about the treatment of immigrants and refugees? How can Canada hope to gain the confidence of the United States without an unacceptable surrender of sovereignty?*

Canada is and must remain an open and generous society, but in exercising our sovereignty, we have to make sure that our laws are enforced and are respected by those we welcome.

Canada's immigration policies provide our country with high quality, law abiding and constructive people who sustain and renew our society. Our refugee policies answer to Canadian values of generosity and openness. Our approach to immigrants and refugees is, furthermore, at least as secure as that of the United States. We propose no change of direction, only better implementation of our policies.



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What Canada must do is to ensure that visitors are properly documented, that they do not abuse our hospitality, and that those who do abuse it are dealt with effectively. In protecting our sovereignty, we must make sure that Canada neither opens the door to terrorist attacks on our own people nor becomes a conduit into the United States for terrorists or for traffickers in people and illegal goods.

MAXIMIZING ECONOMIC EFFICIENCIES

11. *If Canada is to maintain a competitive advantage within North America, why would you want to wipe out its ability to maintain distinctive regulatory policies?*

Nothing in our proposal would remove Canada's right to regulate in the best interests of its citizens. Nor do we advocate uniform regulation across North America. What we do want is mutual respect for standards that are compatible and the elimination of differences that serve no public policy purpose.

We want to ensure that regulation does what it is supposed to do, to protect citizens rather than separate our countries where there is no public policy purpose served by major differences.

At a minimum, we should draw on the experience of the European Union in recognizing those areas in which our systems are compatible, and in ensuring that neither country uses regulation to place artificial barriers in the way of flows that benefit us both.



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The reduction of unnecessary regulatory differences would also serve to lighten the excessive enforcement burden that is now placed on the internal border. Doing so would allow a more effective and better-resourced approach to securing the approaches to North America.

12. *You raise the issue of removing ownership limits and restrictions on access. Is this not a recipe for a surge in foreign takeovers that would eliminate Canadian head offices in key sectors of our economy like banking, telecommunications and transportation?*

Greater openness does not mean loss of control. Indeed, competitive access to capital is vital if Canadian companies are to grow globally.

By reducing the potential pool of investors, restrictions on access and ownership tend to add costs, reduce efficiency and impede growth. The public interest may require maintaining some barriers at least for now, and any removal of restrictions should be reciprocal. But the fact is that governments in both countries are already reviewing a number of restrictions that increasingly seem counterproductive within a highly integrated global economy. **Ownership restrictions are not the only way to ensure that companies comply with national norms. They may in fact be the least effective way of doing so in a global economy.**



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A COMPREHENSIVE RESOURCE SECURITY PACT

13. *The United States already has guaranteed access to Canadian resources through the Free Trade Agreement. What more do you hope to achieve through a “resource security pact”?*

The United States assumes reliable access to our resources, but our resource exporters do not always have secure access to the American market. We want to make sure that openness works both ways, and that we can invest in the development of our resources on the basis of this assurance.

We want to ensure that our exports of energy, construction materials, minerals and agricultural products are subject to the rule of law. We want an end to the perennial disputes like that over softwood lumber. What we want are genuinely free markets, free of artificial distortions, that are managed under compatible systems of law and regulation. We also believe that economic security of the United States would be well served by assured flows of resource inputs at a time when uncertainty and instability may affect global supply lines.

14. *Would an agreement to assure free flows of natural resources also require unrestricted trade in water?*

We propose unrestricted flows only of oil, gas, electricity, minerals, agricultural products and construction materials.



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Our economies rely on trade in these commodities now. The potential for future disruption in global supply chains makes it essential to build a zone of resource confidence in North America.

There is no trade in bulk water now, and nothing in our proposal would require it. We manage shared water resources at the border on a prudent basis, through a bi-national independent commission, the International Joint Commission (IJC), which has been operating successfully since 1907.

SHARING THE BURDEN OF SECURITY

15. *How can Canada combine forces with the much larger United States military without essentially surrendering control and sovereignty?*

Canada's military might will always be a small fraction of that of the United States, but if we want to remain a truly sovereign country, we have to do our share in protecting our country and our continent and in contributing to global security.

We make four proposals. First, that Canada must invest enough to ensure its own security, both to protect our citizens and to avoid dependence on the United States to fulfill this core task of a sovereign country for us. Second, that Canada must update the way it shares in continental defence, building on the record of NORAD in protecting both our airspace and the maritime approaches to North America. Third, that we need to work together more effectively to defend critical infrastructure within



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North America against terrorist attacks. And, fourth, that Canada commit to ensuring that it has an independent capacity to act in addressing international crises in cases where its intervention would have particular value.

16. *Would close co-operation with the United States in defending the continent mean that Canada would turn its back on the world and abandon its tradition of peacekeeping?*

Canada can be a true friend to the United States and still be an effective multilateralist.

Canada must continue to pursue its interests, and its interests are both in North America and the global system. Our trade rules have set an example for the WTO. Our cooperation in NORAD and NATO have not interfered with our role as United Nation's peacekeepers.

But as in the defence of North America, Canada must decide how much of a role it wants to play in maintaining global stability. If we are to maintain and enhance our level of global influence, we will have to invest in a level of military capability sufficient to carry out meaningful roles.



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CREATING A NEW INSTITUTIONAL FRAMEWORK

17. *Why do you suggest creating a binational institution to run the border and what would it do?*

The intensity of the relationship between Canada and the United States has outstripped the capacity of the existing framework and institutions.

We believe that our countries should consider establishing a binational commission to study the way the border works and to make recommendations to the President and the Prime Minister on how the tasks now assigned to our border agencies should be shifted from the internal border as part of a shared approach to securing the approaches to North America. The commission should also make proposals for how the internal borders could be jointly managed as a shared checkpoint for trade and travel between Canada and the United States.

Depending on the nature of its recommendations, our countries then could consider a longer-term role for the joint commission, as a body that could provide ongoing supervision to the management of our borders.

18. *You suggest joint commissions in other areas too, and mention the International Joint Commission's mandate with respect to transboundary waters as an example. What makes you think such an approach would work?*

European-style supranational institutions simply would not work between two countries as different in size as Canada



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and the United States. We need new institutions, but they must be based on cooperation and mutual respect for sovereignty.

The International Joint Commission may not be the perfect model for addressing issues as diverse as border management, regulatory compatibility, resource security and military cooperation. But its almost 100-year record shows that it is possible for our two countries to work effectively together through a flexible and non-bureaucratic bilateral agency.