



THE CANADIAN  
CHAMBER  
OF COMMERCE

LA CHAMBRE  
DE COMMERCE  
DU CANADA

---

## Canadian Chamber of Commerce: SPP Priorities

---

This submission is in response to the Government of Canada's request for input on industry priorities for Canada – US in the context of the Security and Prosperity Partnership (SPP) initiative.

The current geopolitical reality is such that security and prosperity in North America have become increasingly mutually dependent and complementary. In order for commerce to flow more smoothly, it is critical to ensure that we increase the number of known-low-risk people and goods that are entering the North American economic space, and moving within its borders. The SPP provides the necessary framework to achieve the proper balance between establishing our common security goals while increasing the competitiveness of North American industries. Given the growing economic strength of non-G8 countries, this focus on North American competitiveness is crucial to our economic prosperity.

The Canadian Chamber of Commerce worked with the Canadian NACC secretariat and is encouraged by the work being done under the SPP umbrella and the recommendations in the NACC report. To move the process forward we believe it is imperative for the leaders in all three countries to work towards advancing key priorities. Developing a border contingency plan, investing in infrastructure development, efficiently implementing the Western Hemisphere Travel Initiative (WHTI), further regulatory cooperation, and an enhanced intellectual property protection regime, are all inter-dependent strategies to achieve a mutually beneficial balance between North American security and competitiveness.

### **Border Contingency / Business Resumption Plan**

With exports representing a significant part of the Canadian economy coupled with approximately 80 percent of Canadian exports going to the U.S. market, a smart and secure border is critical to the future well-being of the Canadian economy. A pandemic, a natural disaster or terrorist activity – any of these could lead to a partial or full border closure. The border's importance means a strong contingency plan to deal with such a situation must be put in place.

The Canada Border Services Agency and the U.S. Customs and Border Protection agency, through the impressive work of its officials, have started to develop a border contingency plan through consultations with industry in both countries. We applaud the additional \$24 million that has been provided to further develop this plan, as well as the joint CBSA-CBP border emergency table-top simulations that have brought together stakeholders and government officials from both sides of the border.

The Canadian Chamber participated in the Vancouver simulation and deemed it a success, partially because it highlighted the areas where more work needs to be done.

Most evident was the need for both governments to work in tandem with business groups, such as the Canadian Chamber, to develop a communication plan to ensure that businesses on both sides of the border are informed on who and what can cross the border both during an emergency and as the border is ramping back up to normal operations. There is also a significant gap on establishing a framework that could be used to prioritize 'what should be expedited' to ensure that people or products that must get across the border in an emergency or serious situation can do so.

#### *Key Deliverables*

1. *Further develop a government – key stakeholder business resumption communication strategy.*
2. *Work with industry to establish a prioritization framework.*

### **Border Infrastructure**

Improving border infrastructure capacity at the Canada-U.S. border is of the utmost importance in dealing with growing security concerns and increasing trade. The Ontario Chamber of Commerce has estimated that since 2001, processing times of shipments have increased 300 percent, representing approximately \$14 billion USD in annual costs to both economies.

There is a real need for increased redundancy at the Windsor-Detroit border crossing. The Canadian Chamber strongly supports the expansion at the Windsor-Detroit crossing to ensure the efficiency of this vital North American supply chain link. With Budget 2007 providing a federal component to this investment, we encourage the government to move forward quickly on this initiative.

Investments to ease capacity and efficiency problems at other crossings including the Lacolle-Champlain gateway and the Fort Erie-Buffalo crossing are also needed. Furthermore, Canada has only one marine-based pre-clearance site located in Victoria, British Columbia. Because the terminal lacks the infrastructure necessary to maintain passenger sterility and vessel security, this site is at risk of losing its pre-clearance status from the United States. Further investments at this terminal are required.

Expanding the presence of low-risk travel programs like NEXUS and FAST will also facilitate border congestion and mitigate the negative implications of new security initiatives such as the Western Hemisphere Travel Initiative.

#### *Key Deliverables*

1. *Announce the location of the new Windsor-Detroit crossing.*
2. *Rapidly expand NEXUS and FAST participation.*

### **Western Hemisphere Travel Initiative**

Perhaps the most contentious current border issue has been the Western Hemisphere Travel Initiative (WHTI). While the Canadian Chamber applauds the progress made to date, we recognize that the WHTI at land and sea crossings is ultimately coming and we must ensure we are properly prepared. The Canadian Chamber believes that a robust communication plan, a phased-in implementation and developing alternate forms of WHTI compliant identification are necessary for mitigating the negative effects of this initiative.

Both the Canadian and U.S. federal governments must work together to develop a communication plan to ensure that all travelers are properly informed on what documents are required today and when the new documentation requirements will be implemented. The Canadian Chamber encourages the governments to work with their respective business associations to ensure that all the details concerning WHTI are communicated to stakeholders.

We strongly support the proposed plan to delay the WHTI implementation until a pilot project involving the alternative identification of enhanced drivers' licence has been conducted. This pilot is vital to ensure the security needs of North America are met without impeding the movement of people goods, and services across the border. Washington State and the Province of British Columbia have both begun work on developing an enhanced drivers' licence and both Ontario and Quebec have also expressed interest in participating in similar projects. It is imperative that the cost of the enhanced drivers' licence be reasonable in order to avoid the burdensome fees associated with passports. We applaud Washington State's intention to deliver the enhanced drivers' licence for an additional \$15 USD. Completing the pilot project prior to WHTI implementation will ensure we have the systems in place plus the critical mass of a secure documentation needed to deliver a smooth transition.

#### *Key Deliverables*

- 1. Canada should continue to put a high priority on a coordinated WHTI strategy with our U.S. partners.*
- 2. Both the U.S. and Canada should implement a significant communications program aimed at ensuring citizens of both countries know what is needed today, and as soon as it comes available, what additional documentation will be needed at land and sea border crossings and on what date.*
- 3. Continue to work on delaying the implementation of WHTI until an enhanced drivers' licence pilot project is complete.*

#### **Regulatory Cooperation**

Regulatory cooperation will also facilitate the movement of goods, services, and people at the border. "The tyranny of small differences" between our regulatory regimes imposes significant costs on Canadian manufacturers, exporters, transport carriers, and Canadian and foreign customers – negating the benefits of tariff reductions. Differences exist in, amongst others, health and safety, technical, environmental, and product packaging and labelling standards.

Areas begging for further cooperation are auto, food industries, financial services, and the trans-border flow of data. In the Canada-U.S. context, many of our regulatory approaches and regimes are similar, and in cases of products that are shipped from one country to the other, many tests and certificates actually duplicate one another. Streamlining regulations is one area where the Canadian Chamber believes that Canada and the U.S. can make concrete progress in the context of the SPP.

The defence industry also requires greater cooperation in the area of the U.S. International Traffic in Arms Regulations (ITARs). The U.S. administered ITAR regulates the export of defence articles and services from the United States. Canada and the United States recently reached an agreement addressing the issue of Department of

National Defence (DND) employees of dual nationality from proscribed countries being granted access to ITAR-covered material. Moving forward, the Canadian Chamber encourages the rapid expansion of the dual national provision to the private sector. Beyond agreement from the U.S. government, Canada will also need to properly resource its security clearance investigative bodies to handle the increased volume.

Furthermore, removing export controls on Canadian-made products using minimal ITAR materials to third countries, de-listing ITAR covered materials once they pose minimal security concerns, and granting ITAR required licences in an efficient manner, will all help in developing a more competitive North American aerospace and defence industry.

*Key Deliverables*

1. *Announce an implementation date, within 6 months, when industry will be able to access the ITAR program afforded to DND.*

**Intellectual Property Protection Regime**

The Canadian Chamber of Commerce is very concerned about weak intellectual property protection and enforcement in Canada. The theft of intellectual property rights is a drain on the economy and is responsible for loss of employment, a reduction in tax revenues for governments, and, most importantly, poses serious consumer health and safety risks due to the poor quality of products and sometimes hazardous nature of the fakes. Virtually no industry escapes this illegal activity.

Canadian law enforcement agencies and prosecutors need better tools to provide them with the ability to effectively combat the importation, manufacture, distribution and sale of counterfeit goods in this country. Among other matters, customs officials need to have new powers, and the associated additional resources, to search and seize suspected shipments of counterfeit goods. Canada's current intellectual property laws are not up to the task of providing efficient and effective relief against counterfeit goods.

A thorough review of all of our intellectual property related statutes such as the Copyright Act and Trade-marks Act, as well as the intellectual property related provisions of other statutes such as the Criminal Code is urgently needed so that rights holders and the authorities have the tools that they need to efficiently and effectively stop the flow of counterfeit goods. Counterfeiters must be stopped. Canada's intellectual property environment must be brought to up the standard of our international trading partners.

*Key Deliverables*

1. *Announce that the Government of Canada will introduce the needed legislative changes to update our IP regime in the areas of reproducing and manufacturing counterfeit or pirated products for commercial purposes, proceeds of crime and search and seizure.*