

November 13, 2009

The Honourable Stockwell Day, P.C., M.P.
Minister of International Trade
Foreign Affairs and International Trade Canada
Lester B. Pearson Building
125 Sussex Drive
Ottawa, ON K1A 0G2

Dear Minister:

In October, the Canadian Chamber of Commerce concluded its 80th Annual General Meeting (AGM) in Victoria. One of the highlights of Chamber's AGM is the Policy Session. It is during the Policy Session that resolutions submitted by local chambers of commerce and boards of trade from across the country are debated and voted on by accredited delegates. Once approved, these resolutions become the policy position of the Canadian Chamber of Commerce for three years. This year, our delegates issued a clear and decisive national policy mandate that we intend to pursue vigorously with the federal government over the coming months.

Beyond those issues we have already brought to your attention, our renewed national policy mandate includes a number of additional issues that fall within your portfolio.

Enhancing the Canada-U.S. Trade Relationship:

The United States is Canada's number one international trading partner. Continued 'thickening' of the border will have negative impacts on both of our nations. Problems at the border relate to regulatory differences, increasing wait times, and uncertainty, which if eased would help to facilitate trade and to promote economic growth. Protectionism is also a growing concern, and the 'Buy American' provisions have already blocked Canadian access to state and municipal-level procurement opportunities. It is imperative that the Canadian government ensure the free flow of goods and services across the border; after all- we build things together. To this end the Canadian government should increase market integration; seek regulatory equivalency where appropriate; adopt a risk-based approach to border management and reduce border wait times.

Canada's International Trade and Investment Priorities:

The current economic downturn and changing dynamics in global trade require Canada to focus its trade priorities and allocate negotiating resources more effectively to maximize value to Canadian companies. The Canadian Chamber recommends that the federal government, in consultation with the business community: strengthen Canada-U.S. relations as our primary bilateral trade policy priority; work to resurrect and ensure maximum results from the WTO Doha Round negotiations while showing flexibility in our sensitive sectors; conclude an ambitious and balanced economic partnership agreement with the European Union within two years; undertake free trade negotiations with India; and strive to achieve a substantive outcome in FIPA negotiations with China so as to enhance the Canada-China economic partnership. Furthermore, we recommend the use of remaining resources on those signed and pending negotiations that provide the greatest value to Canada, as well as the use of diplomacy, international trade forums (WTO, OECD), and effective domestic trade remedy enforcement to ensure the Canadian market is free of trade distortions caused by the protectionist policies in other countries.

US Customs Pre-Clearance – Belleville International Terminal Security:

In 2006, the U.S. CBP advised that in the event that the Belleville International Terminal's infrastructure is not upgraded and brought into compliance with international safety standards and Department of Homeland Security requirements, "a withdrawal of preclearance services at Victoria must be considered". The potential loss of preclearance services at Belleville Terminal would have a significant impact on the economy of Vancouver Island and the tourism industry of British Columbia. As the terminal is an international border crossing, its infrastructure and security requirements are clearly within the mandate of federal responsibilities. However, due to the devolution of the terminal to the province of BC, the federal government has not supported the infrastructure needs of this location. We recommend that the federal government partner with the government of BC to develop the Victoria marine pre-clearance site at Belleville International Terminal as a model for future marine facilities in Canada, and that it examine other marine based pre-clearance sites to ensure they also meet U.S. infrastructure and security requirements.

Canada Border Services Agency Cost Recovery Fee for Services:

Canada's economic prosperity and quality of life are directly linked to the transparency of our border. Increasingly we are seeing the 'thickening' of the border. While the Canadian Chamber has been consistent in its concern regarding the role of the Department of Homeland Security as it relates to a seamless border, unfortunately we are now seeing the Canada Border Services Agency (CBSA) cost recovery fee for service having a devastating effect on businesses which are looking to diversify into new growth areas to offset decline in more traditional industries. At a time when we are seeing increased competition from ports in the United States, this

new cost will further erode the competitiveness of Canadian ports as gateways for international trade. We recommend that the federal government through the CBSA continue the escalation of its Core Service review process for all transportation modes to ensure that service and efficiency levels are maintained so that they are adequately serving the needs of national security, tourism and international trade.

Cabotage - A Need to Increase the Number of Empty Containers Available to Canadians:

Canadian customs tariff on international container equipment has a negative impact on the environment, intermodal surface transportation service providers and Canadian shippers and retailers. This substantially reduces the number of empty containers that are available to domestic producers. In order to increase the number of available containers to domestic shippers, the federal government should direct Transport Canada to harmonize container regulations with the United States and should amend Customs Tariff Item 9801.10.00 to match the U.S. cabotage rules.

Should you wish to discuss these issues further, I would be pleased to do so.

Sincerely,

Perrin Beatty
President and Chief Executive Officer

Attachments

CC: Louis Lévesque, Deputy Minister of International Trade
Gerald Keddy, Parliamentary Secretary to the Minister of International Trade