

Canada – United States
Inter-Parliamentary Group
Canadian Section



Groupe interparlementaire
Canada – États-Unis
Section canadienne

**Report of the Canadian Parliamentary Delegation
respecting its participation at the
Canadian/American Border Trade Alliance
(Can/Am BTA) Conference**

Canada–United States Inter-Parliamentary Group

**Washington, D.C., United States of America
1–3 October 2017**

Report

DELEGATION MEMBERS AND STAFF

On 2 October 2017, the Honourable Wayne Easter, P.C., M.P., Co-Chair of the Canada–United States Inter-Parliamentary Group (IPG), represented the IPG's Canadian Section at the fall meeting of the Canadian/American Border Trade Alliance (Can/Am BTA) in Washington, D.C.

THE EVENT

The Can/Am BTA holds two meetings each year: in the spring in Ottawa and in the fall in Washington, D.C. As a coalition of businesses, public-sector organizations and individuals with an interest in bilateral trade and tourism, its mission is to maximize commercial activity and ensure continued growth in cross-border trade, as well as efficient and productive border-crossing capabilities.

Attendees at the event included private-sector representatives involved in a number of tourism, transportation and trade-related activities, as well as representatives of a variety of federal departments.

DELEGATION OBJECTIVES FOR THE EVENT

The IPG's Canadian Section has a long association with the Can/Am BTA, and sometimes attends both its fall and its spring meetings. Given the Can/Am BTA's focus, attendance at the meetings provides members of the Canadian Section with an important opportunity to gain insights about problems being experienced by businesses and individuals in respect of trade and tourism, as well as about efforts and actions by governments in both countries to address these problems.

As well, attendance at the Can/Am BTA's meetings enables members of the Canadian Section to interact with, and learn from, private- and public-sector organizations and individuals who deal with border issues on a daily basis. It also provides the Canadian Section with an opportunity to inform others about the range of actions taken by it in respect of shared bilateral goals, especially through the invitation that is typically given to the Canadian Senate and House of Commons IPG Co-Chairs and/or Vice-Chairs to make remarks at the meeting. In speaking to attendees at the Can/Am BTA's 2017 fall meeting, Mr. Easter briefly mentioned the Canadian Section's recent and future activities before discussing the current efforts to negotiate changes to the *North American Free Trade Agreement* (NAFTA).

ACTIVITIES DURING THE EVENT

At the Can/AM BTA's fall 2017 meeting, sessions with the following titles were held:

- Customs and Border Protection: Trade Relations, Expediting Low-Risk, Beyond the Border CBP Priorities and Initiatives

- Insight and Perspectives: Overview
- Digital Identification Security and Verification
- Canada/U.S. Inter-Parliamentary Group: Canada/U.S. Relations and Cooperation Activities
- The Canadian Perspective
- Customs and Border Protection – Overview of new CBP Approaches, Biometric Technology and Land Port Initiatives
- What CBP Needs to Implement Cargo Preclearance
- View from the Hill and White House on Canada/U.S.
- Homeland Security: View of U.S./Canada
- Proof of Concept Update: RFID for Product Identification and Traceability
- Insights and Opportunities: Fireside Chat with Can/Am BTA Senior Advisory Board
- View from Congress
- Overview and Insights.

This report summarizes the main points made by Mr. Easter when he addressed Can/Am BTA participants. The Can/Am BTA's [website](#)¹ contains a summary of some of the points made by other presenters.

CANADA/U.S. INTER-PARLIAMENTARY GROUP: CANADA/U.S. RELATIONS AND COOPERATION ACTIVITIES

Honourable Wayne Easter, P.C., M.P., *House of Commons and Canada–United States Inter-Parliamentary Group*

- As the IPG's Canadian Section typically does, during summer 2017, Canadian parliamentarians attended the regional meetings of the Council of State Governments (CSG), the legislative summit of the National Conference of State Legislators, regional meetings of the United States' western and northeastern governors, the summer meeting of the National Governors Association (NGA), and meetings of both the Pacific NorthWest Economic Region and the Southeastern United States–Canadian Provinces Alliance.
- In addition, at the University of Prince Edward Island's annual Palmer Conference in June 2017, a representative of the Canadian Section was a

¹ The summary is available in English only.

presenter on a panel focused on the trade relationship between Canada and the United States.

- Most recently, in September 2017, the Canadian Section met with members of the U.S. House of Representatives in Windsor, Ontario to discuss a variety of trade, energy and Great Lakes issues.
- Between October 2017 and May 2018, the IPG's Canadian Section is likely to attend the CSG's national meeting, the NGA's winter meeting and at least one series of meetings with perhaps 70 members of the U.S. Congress on Capitol Hill.
- Depending on the timing of the Canadian Section's Congressional meetings, it is probable that NAFTA is likely to be at the top of the list of items for discussion.
- NAFTA was implemented in 1994, and it is now time to implement what has been learned from trade agreements that the three countries have concluded with other nations since 1994, and to incorporate provisions to address issues that did not exist nearly 25 years ago, such as digital trade.
- An "aggressive" timeline has been "set" for the conclusion of the negotiations for changes to NAFTA, perhaps because of certain political realities; presidential elections will be held in Mexico in July 2018, and U.S. mid-term elections will occur in November 2018.
- As of 2 October 2017, within six weeks, there have been three rounds of negotiations for changes to NAFTA; the first round ended in Washington on 20 August, the second in Mexico City on 5 September and the third in Ottawa on 27 September, with the next round scheduled to begin in the Washington, D.C. area on 11 October.
- In addition to the political realities that may be affecting the timeline for negotiating changes to NAFTA, the negotiations are occurring in the context of what NAFTA has meant for the three countries since its implementation.
- In 2016, the United States continued to be Canada's largest merchandise trade and services trade partner, while Mexico was Canada's third-largest merchandise trade partner; trilateral trade was valued at almost US\$1 trillion, which is a more than threefold increase since 1993, and investment has also increased substantially.
- The NAFTA countries build things together and sell things to each other in the world's largest economic zone; together, the countries account for more than 25% of the world's gross domestic product, and their collective market is valued at US\$21 trillion and about 480 million consumers.
- At the end of the first round of negotiations for changes to NAFTA, Canada's Minister of Foreign Affairs, Mexico's Secretary of Economy and the U.S. Trade

Representative highlighted their commitment to an ambitious outcome, as evidenced by the scope and volume of proposals during that round; they reaffirmed “the importance of updating the rules governing the world’s largest free trade area” and expressed their commitment to “an accelerated and comprehensive negotiation process that will upgrade our agreement and establish 21st century standards to the benefit of our citizens.”

- With some progress being made by working groups during the second round of negotiations for changes to NAFTA, Canada’s Minister of Foreign Affairs, Mexico’s Secretary of Economy and the U.S. Trade Representative again reaffirmed “their commitment to an accelerated and comprehensive negotiation, with the shared goal of concluding the process towards the end of [2017],” and suggested that “[t]he successful conclusion of these negotiations will update NAFTA through new rules that will generate important economic opportunities for all three countries, fostering further growth in the region for the benefit of the three NAFTA partners.”
- At the conclusion of the third round of negotiations for changes to NAFTA, the joint statement by Canada’s Minister of Foreign Affairs, Mexico’s Secretary of Economy and the U.S. Trade Representative said that “meaningful advancements” had been made in a number of areas, that discussions about small and medium-sized enterprises had been “substantively completed,” and that they “continue to be guided by a shared desire to create jobs, economic growth and opportunity for the people of our countries” and “remain committed to an accelerated timeline for negotiations.”
- According to a number of sources, discussions at the fourth round of negotiations for changes to NAFTA are likely to begin or continue on a number of topics that have been described as “controversial” or “contentious”; these topics may include government procurement, investor–state dispute settlement, automotive rules of origin and a sunset clause tied to the United States’ trade deficit.
- In a number of areas under negotiation, the views of Canada and Mexico are different from those of the United States and may be aligned to some extent.
- The United States’ negotiating objectives that were released on 17 July 2017 mention Buy American and other domestic preference programs; for some time, the IPG’s Canadian Section has been telling U.S. legislators that these types of U.S. domestic preference programs negatively affect cross-border supply chains, distort investment, lead to higher prices, affect millions of jobs in both Canada and the United States, and give rise to pressure on Canada’s federal government to establish similar measures.
- If competing as a North American bloc against other countries and regions throughout the world is an objective, the focus – to the greatest extent possible – should perhaps be on “Buy North American”; the IPG’s Canadian Section will

continue its advocacy on this issue when meeting with Congressional counterparts, as well as with U.S. governors and state legislators.

- According to its negotiating objectives, the United States is seeking to eliminate Chapter 19 of NAFTA, which addresses dispute settlement and trade remedies; during the negotiations for changes to NAFTA, it is likely to become clear to the United States that Canada views Chapter 19 as a critically important part of NAFTA, and particularly so in light of the duties recently imposed on certain of Canada's softwood lumber producers and on Bombardier.
- On 23 August 2017, Representative Kevin Brady – Chairman of the U.S. House of Representatives Ways & Means Committee – speculated about NAFTA having “something like a five-year sort of sunset, or trigger, where you look to see if the countries are doing what they said they would do, before it's sort of made permanent”; since then, U.S. Secretary of Commerce Wilbur Ross has made comments about “a systematic re-examination” of NAFTA.
- Canada and Mexico are thought to oppose the notion of a five-year sunset clause in NAFTA, and some individuals and groups in the United States do not support such a clause; for example, U.S. Republican Senators Pat Roberts and Rob Portman – both of whom are members of the U.S. Senate Finance Committee – are opposed to the idea, believing that such a clause would undermine certainty and predictability, and the U.S. Chamber of Commerce has described a sunset clause in NAFTA as “a terrible idea.”
- Regarding the timeline for negotiating changes to NAFTA, about a week before the third round of negotiations, the U.S. Trade Representative said that “[t]he breakneck pace of North American Free Trade Agreement negotiations does not guarantee a conclusion by year's end”; a few days later, he notified the U.S. Congress about NAFTA proposals that would require changes to U.S. trade remedy law, with the result that the earliest possible date on which President Trump could sign an updated NAFTA would be 21 March 2018.
- During what has been characterized as a campaign-style rally on 22 August 2017, President Trump speculated that the United States will probably terminate NAFTA “at some point”; just after the third round of bargaining ended, the U.S. Trade Representative said that a failure to reach agreement on changes to NAFTA could lead the United States to withdraw from the agreement.
- It is time for the three NAFTA countries to work together in a win-win-win manner, and to conclude the negotiations for changes to NAFTA so that Canada, the United States and Mexico can continue to work together in competing globally.
- A failure to conclude NAFTA negotiations in a manner that would benefit all three countries would have a range of negative consequences for those countries' citizens, their businesses, and their individual and joint prosperity.

Respectfully submitted,

Hon. Michael L. MacDonald,
Senator, Co-Chair
Canada–United States
Inter-Parliamentary Group

Hon. Wayne Easter, P.C., M.P.
Co-Chair
Canada–United States
Inter-Parliamentary Group

Travel Costs

ASSOCIATION	Canada–United States Inter-Parliamentary Group
ACTIVITY	Canadian/American Border Trade Alliance (Can/Am BTA) Conference
DESTINATION	Washington, D.C., United States of America
DATES	1–3 October 2017
DELEGATION	
SENATE	
HOUSE OF COMMONS	The Hon. Wayne Easter, P.C., M.P.
STAFF	
TRANSPORTATION	\$ 2,215.90
ACCOMMODATION	\$ 1190.40
PER DIEMS	\$ 109.83
MISCELLANEOUS / MISCELLANEOUS FEES	\$ 0.00
TOTAL	\$ 3,516.13