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September 25, 2006

Freedom of Information Act Request Record Production from:

**International Trade Administration of the US Department of Commerce concerning
the “Security and Prosperity Partnership of North America” (SPP)**

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COUNCIL OF THE Americas

NORTH AMERICAN COMPETITIVENESS COUNCIL (NACC)

BACKGROUND

On March 23, 2005, heads of government Vicente Fox, George Bush, and Paul Martin met in Waco, Texas for a summit of North American leaders. The principal outcome of this meeting was the launch of the Security and Prosperity Partnership of North America (SPP), a framework under which to advance various initiatives for regional cooperation toward a safer, more prosperous North America. The SPP, as developed in a cooperative effort by the three governments and as detailed in a June 23, 2005 Report to Leaders, addresses numerous subjects of mutual interest and concern among the North American nations in areas as diverse as the movement of goods, traveler security, energy, environment, and health.

On March 15, 2006 the U.S. Chamber of Commerce and the Council of the Americas co-hosted a meeting in Washington between senior business leaders and government officials from North America. The purpose of the meeting, which included the participation of U.S. Secretary of Commerce Carlos Gutierrez, Canadian Deputy Minister of Industry Suzanne Hurlbise, and Dr. Alberto Ortega from the Mexican Presidency, was to solicit the views of the North American business community on priorities for the SPP, as well as recommendations from business leaders on how the SPP can help their companies be more competitive in the global market, how SPP can reduce the cost of doing business, and any specific recommendations to cut red tape or eliminate unnecessary barriers to trade in North America. They were also interested in the views of the North American business community on the possible creation of a North American Competitiveness Council (NACC). There was unanimous support among the private sector representatives for the creation and institutionalization of a NACC, and the U.S. Chamber of Commerce and the Council of the Americas agreed to jointly lead the U.S. Secretariat.

On March 30-31, 2006, President Bush, Prime Minister Harper and President Fox met in Cancun to discuss various North American policy priorities, among them SPP and "North American Competitiveness." As part of the agenda, the leaders also met with a group of private sector representatives on March 31, five from each country. The proposed structure of the NACC was addressed during this meeting and the private sector representatives pledged their commitment to the process.

TRILATERAL AGREEMENTS ON NACC

Prior to the March 31 meeting, a framework for the NACC was reached trilaterally. It was agreed that the NACC would provide recommendations on issues concerning North American competitiveness that could be addressed through the SPP. In particular:

- The Council should be free to consider issues that could be addressed trilaterally or bilaterally, since improvements to our respective bilateral relationships also improve North American competitiveness.
- The Council both should address issues of immediate importance and provide high-level, strategic, medium- to long-term advice.
- It also should provide input on the continued compatibility of our shared security and prosperity agendas, given the inherent linkages between security and prosperity in a global marketplace.
- While the Council could be expected to develop recommendations focused primarily on issues to be addressed by governments, the Council should be challenged to provide suggestions on how the private sector might itself be able to assist in promoting North American competitiveness and be part of the solution.

The Council could be comprised of 30 members with equal representation from each country. Each country could determine its own members. Membership selection processes would be at each country's own discretion.

The Council would meet annually with Ministers responsible for both Security and Prosperity, and two to three times per year with senior government officials, and engage on an on-going basis to deliver concrete results. The Council would make recommendations to Leaders annually.

The Council would build on existing mechanisms, such as P4P and CMP and would not displace private sector consultations already on-going at the SPP working group level, or in any other fora, or other specific initiatives on the SPP workplans (such as the APCNA, or the government-industry steel working group).

COMPOSITION OF U.S. PORTION OF NACC

Given the parameters in which we are instructed to operate, the composition of the U.S. portion of the NACC will be as follows:

- The U.S. Section of the NACC will be formally comprised of an Executive Committee, a permanent Secretariat, an Advisory Committee and a general membership.

- The Executive Committee will consist of 15 company representatives that will serve for renewable one-year terms. The Executive Committee will be responsible for choosing ten representatives from among their membership to participate in each of the leaders meetings and in each of the Ministerial level meetings, on a rotating basis. Executive Committee member companies will commit to the participation of their CEO's in leaders meetings and executives with North America responsibilities for Ministerial level meetings.
- The U.S. Chamber of Commerce and the Council of the Americas will serve as the permanent Secretariat of the NACC. Both organizations will be ex-officio members of the Executive Committee. The Secretariat will be responsible for the organization of NACC meetings and activities and will select the membership of the Executive Committee with input from the Advisory Committee and other interested parties.
- The Advisory Committee will be comprised of industry associations that have an interest and a stake in the process. The goal will be to attract a broad and representative group of associations to support the NACC's activities, help recruit Members and provide advice to the Secretariat concerning the selection of Executive Committee members.
- Members will include any U.S. company that expresses interest in participating in the NACC process and their interests and priorities will be represented by the Executive Committee. The Secretariat will actively engage Members in the process of establishing priorities for the NACC and work to ensure that the priorities and concerns of the members are properly represented by the Executive Committee.
- Regarding frequency of meeting, the leaders of the U.S, Canada and Mexico have committed to an annual tri-lateral Ministerial-level meeting with the NACC. These meetings will prepare the agenda for a leaders meeting, which would ideally take place on an annual basis as well. In addition, the U.S. portion of the NACC will meet twice each year with the Secretary of Commerce and the Secretary of the Department of Homeland Security. Additional meetings at the working group level will be scheduled as needed.

NEXT STEPS

- The Secretariat will invite key industry associations to join the Advisory Committee within the next two weeks and organize a conference call on May 18, 2006 to discuss next steps for the process.
- The Secretariat will convene a meeting of associations interested in becoming part of the Advisory Committee and businesses interested in becoming Members by May 26, 2006.
- During this first meeting, stakeholders will have an open and participatory discussion. The first half of the meeting will be devoted to structural issues, particularly the eventual composition of the Executive Committee, the Advisory Committee and the Members of the NACC. During the second half of the

discussion we will outline the priorities of the SFP as currently defined and then select priorities that we propose that the NACC focus on in 2006 (understanding that these priorities will be ultimately determined by all three countries, Canada, Mexico and the U.S.). Nominations for the NACC Executive Committee will also be solicited during the meeting.

- Once the U.S. priorities for the NACC have been defined, the Advisory Committee will meet to discuss the nominations in light of the priority issues established by the membership. The Secretariat will then meet, decide which nominations to accept and inform the 15 selected companies of their acceptance.



COUNCIL OF THE Americas

Official Launch of the North American Competitiveness Council (NACC)

Thursday, June 15, 2006
United States Department of Commerce
Washington, D.C.

Post-Ministerial Report

U.S. Commerce Secretary Carlos Gutierrez, Mexican Economy Minister Sergio Garcia de Alba and Canadian Minister of Industry Maxime Bernier met on June 15 with North American business leaders to officially launch the North American Competitiveness Council (NACC). Following is an unofficial report of the meeting, action items, and dates to focus on as we move forward.

Key Points by Principal Speakers

Secretary Gutierrez:

- The purpose of this meeting was to institutionalize the North American Security and Prosperity Partnership (SPP) and the NACC, so that the work will continue through changes in administrations.
- The purpose of governments is to create the environment necessary for business to prosper. Thus far NAFTA has worked well, but it can work better – the NACC will help in that endeavor and the governments look to the private sector to tell them what needs to be done.
- In order to work together, the three countries must respect each others sovereignty, but also harmonize regulations and laws when necessary. If regulations and laws cannot be harmonized, they should at a minimum be compatible.

- Further harmonizing NAFTA will help us compete with other regions around the world, namely Asia and the European Union.
- By becoming more competitive we will create more jobs and opportunities for our country's citizens, making North America the best place to do business.
- From the more than 300 SPP priorities, the governments look to the private sector to "trim them down" to a manageable number so that tangible results can be achieved.
- Representatives from the three governments will get together again for an NACC Ministerial meeting in late September or early October to discuss the private sector's suggestions.

Secretary Garcia de Alba:

- NAFTA has been a great success from the Mexican point of view and has created new jobs, primarily by small and medium size enterprises (SME).
- NAFTA is also directly connected to regional development. Before 1994, a majority of Mexico's exports were primary products – now Mexico is home to 220 business incubators for new technologies.
- Twelve years ago, the key issue was market access. Now the question is: how do we increase competitiveness across all NAFTA partners?
- Mexico's private sector representation at the meeting shows their commitment to the NACC process and to making NAFTA competitive.
- The governments look forward to a robust relationship with the private sector and look forward to their recommendations and suggestions. It will be a great challenge, but we will succeed if we work together.

Minister Bernier:

- The governments need the help of the private sector to solve the "bottlenecks" that have been created by laws and regulations; and thus make NAFTA more competitive.
- Together the private sectors and governments of all three countries can work to create more jobs and provide for their citizens.

The government representatives then turned the meeting over to the private sector representatives to get their views on the NACC.

List of private sector representatives (organized by country):

Canada

Linda Hasenfratz, CEO, Linamar Corporation

Michael Sabia, President and CEO, Bell Canada Enterprises (BCE)

Annette Verschuren, President, Home Depot Canada

Mexico

José Luis Barraza, Presidente del Consejo Coordinador Empresarial (CCE- Mexico's main business association), and CEO of Grupo Impulso, Realiza & Asociados, Inmobiliaria Realiza and Optima

Roberto Newell, Director General del Instituto Mexicano para la Competitividad (IMCO)

Guillermo Vogel, Vicepresident of TAMSA (Tubos de Acero de México)

César de Anda Molina, President and CEO de Avicar de Occidente

Alfredo Moisés Ceja, President, Finca Montegrande

United States

Warren Erdman, Senior Vice President, Kansas City Southern Industries

Louis L. Schorsch, President and CEO, Mittal Steel USA

Ron Covais, President, The Americas, Lockheed Martin Corporation

Craig Herkert, CEO of the Americas, Wal-Mart International

Archie van Beuren, President, Away from Home and Canada, Mexico and Latin America, Campbell Soup Company

Amgad Shehata, Vice President for Strategic Development and Public Affairs, United Parcel Service

Key Points by Private Sector Speakers

Although the meeting was off-the-record the following is a summary of what was said at the meeting without attribution to individual speakers.

Canadian Representatives:

- Although the countries we all do business in are "sovereign nations" our shareholders demand profits in all three countries.
- Congratulated the governments of Canada and the United States in resolving the soft-wood lumber dispute.
- As far as the Canadian section of the NACC is concerned, one of the most important things that the group can tackle is inefficiencies at the borders.
- One of the answers to making the border more efficient is to decrease the paperwork necessary to get products through. The more digital (paperless) the customs becomes the better it is for business.
- The group needs to develop simple strategies that will lead to action and change.
- This group should drive change.
- It is important that we keep in mind that the suggestions that we will have should make the region easier to trade in and should also make NAFTA more competitive with the rest of the world.
- The more rules we create the harder it will be for us to do business.

U.S. Representatives:

- The three private sectors need to work together to make this partnership a success.
- The U.S. section of the NACC has organized itself through a Secretariat – comprised of the U.S. Chamber of Commerce and the Council of the Americas – to maximize its efficiency and better communicate with its members.
- We recommend that each government designate contacts at the working level, to facilitate progress between Ministerials.
- Energy costs and further integration need to be addressed.
- The U.S. section has also come up with five priorities to guide the group in our initial conversations. The five priorities are as follows:

- o Energy Integration
- o Supply Chain Management/Trade Facilitation/Customs Reform
- o Regulatory/Standards issues - Harmonization and Sharing of Best Practices
- o Counterfeiting and Piracy – “Fake Free North America”
- o Private Sector Involvement in Border Security and Infrastructure Projects
- Although priorities are likely to differ slightly between the countries, we might agree to focus on customs reform which seems to be a priority for all three countries and could offer some initial successes.

Mexican Representatives:

- One of the major purposes of the NACC should be to create more jobs.
- The way to make the NACC endeavor a success is to prioritize its objectives and move forward in a way that makes sense.
- We need to pick some “low hanging fruit” so that we can show progress.
- As the Canadian delegation has already mentioned, bottlenecks at our borders need to be ameliorated to allow for a faster exchange goods.
- Like the U.S. section of the NACC, the Mexican section has also organized itself around a Secretariat to facilitate interchange between its members. This Secretariat is headed by the Instituto Mexicano para la Competitividad (IMCO).
- We must make our steel industries more competitive in the global marketplace.
- The current Mexican administration is trying to further integrate the Mexico’s and Central America’s energy sectors.

Government representatives then left the room to allow the private sector to discuss how to proceed. The private sector representatives discussed how to organize themselves to get recommendations to the government representatives by the next Ministerial.

U.S. Representatives:

- As we discussed with the Ministers, the U.S. section has organized itself around a Secretariat (Council of the Americas and the U.S. Chamber of Commerce).
- The three sections of the NACC should get together in Washington prior to the Ministerial so that we can finalize all of

our recommendations. The meeting should take place in Washington in the first half of August.

Mexican Representative:

- The Mexican section of the NACC has also organized itself around a Secretariat (IMCO).
- The NACC must develop some metrics to gauge if progress is being made.
- We should coordinate our priorities so that we are all on the same page.

Canadian Representative:

- Their section has not had the time to organize itself – but once the representatives get back to Canada they will choose a Secretariat. The Canadian group will meet in July to choose a Secretariat, priorities, and Chair/spokesperson.
- Each group should have their priorities ready by the next meeting so that we can all negotiate and have one set of recommendations by the Ministerial meeting.
- Each country should have a Chair/spokesperson to represent the group at the Ministerials.

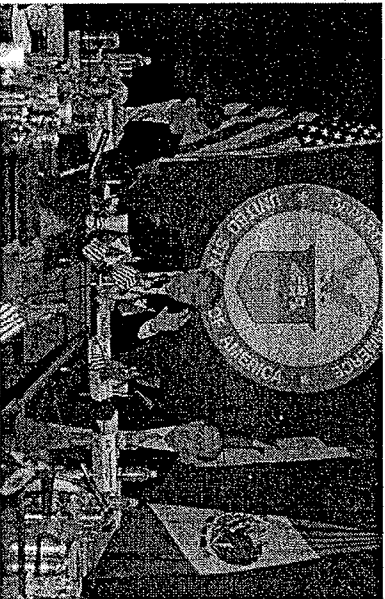
Action Items for U.S. side of NACC

- The U.S. side of the NACC must consolidate and prioritize its recommendations before August meeting.
- The U.S. side of the NACC must agree upon one NACC member to serve as the Chair/spokesperson for the group at trilateral NACC meetings before August meeting.

Action Items for NACC

- The NACC must have recommendations and priorities ready to present to the government representatives by the next Ministerial scheduled for late September or early October.
- To be ready for the next Ministerial representatives from the three sides of the NACC will get together in Washington in the first half of August (we recommend Thursday, August 3). We will work with the other Secretariats to set a date that is convenient for a majority of the NACC members.
- During the August meeting, the Canadian, Mexican and U.S. sections will present their recommended priorities, why they are important, and some initial actions that can be taken.

- Once each section has presented its recommendations, we will compare and reach an agreement on priorities to present at the next Ministerial.



U.S. Secretary of Commerce Carlos Gutierrez with his North American Counterparts



Mexican Economy Minister Sergio Garcia de Alba and Canadian Minister of Industry Maxime Bernier



Ron Covais, President, The Americas of Lockheed Martin



Private Sector representatives discuss key issues with Secretaries Gutierrez and de Alba and with Minister Bernier



Archie van Buren, President, Mexico & Latin America of Campbell Soup speaks with Secretary Gutierrez and Minister Bernier



August 21, 2006

MEMORANDUM FOR MEMBERS OF THE
NORTH AMERICAN COMPETITIVENESS COUNCIL (NACC)

MINUTES OF THE TRI-LATERAL MEETING OF THE
NORTH AMERICAN COMPETITIVENESS COUNCIL
WASHINGTON, D.C., AUGUST 15, 2006
10:00 A.M. TO 2:00 P.M.

Members of the *North American Competitiveness Council (NACC)* representing business leaders from Canada, the United States and Mexico gathered in Washington at the offices of the United States Chamber of Commerce to discuss governance issues and priorities, and to agree on a work plan, schedule and deliverables in advance of the next meeting of the NACC Ministers.

The meeting was chaired by Ron Covais, President of the Americas, Lockheed Martin and co-hosted by the United States Chamber of Commerce and Council of the Americas (the United States NACC Co-Secretariats).

Procedures and governance

The Chairmanship of each NACC meeting will fall to the host country's Co-Chair (or designated NACC member). The duties and responsibilities of the Chair include: using the time from each meeting as efficiently as possible, following up on the commitments made at previous meetings, and instructing Secretariat staff to take note of deliverables and timelines.

It was agreed that a template be developed to bring initiatives to the table, to prioritize them, assign responsibility, a time-frame and schedule for completion, and where possible, develop an economic assessment. The three Secretariats were tasked with discussing the possibility of developing an electronic interface for future exchanges of documents, views and developments.

Presentation of priorities

Co-Chair Linda Hasenfratz summarized how the Canadian members of the NACC developed the group's immediate and broader priorities and the domestic process of consultation with government officials and business groups. In particular, she thanked Ron Covais for acknowledging the asymmetry in terms of each country's NACC CEO participation.

The working group leaders comprising the United States NACC addressed the group's key priorities (standards and regulatory cooperation, border security and infrastructure, supply chain management, energy integration, innovation, and external dimension) and briefly described the more than 100 recommendations in their paper.

Co-Chair José Luis Barraza and Secretariat Chair Roberto Newell, jointly presented a summary of Mexico's priorities based on a template that identified and offered background on each initiative; presented a dollar value in terms of net benefit, and offered an assessment of legal and political feasibility.

Agreement on priorities

All those present from the three sections of the NACC were seized of the need to develop specific, timely and actionable recommendations to contribute to deepening economic co-operation and to strengthening the competitiveness of North America. There was a high degree of convergence among the views of the senior business leaders from all three countries with respect to priorities for action.

The Mexican NACC offered a useful summary roadmap of priorities based on the initial input from all three sections. The range of priorities included: energy integration, transport and logistics, border security, regulatory harmonization, workforce mobility, dispute resolution, intellectual property, infrastructure and technology (see attached roadmap).

At several points during the meeting, discussants suggested that the NACC had the overall responsibility to 'hold government's feet to the fire' in a number of lagging priority areas.

After considerable debate and discussion, it was agreed that three overall priorities merited immediate work: *border crossing facilitation* (including security, infrastructure, supply chain management, transport and logistics, customs reform), *regulatory convergence*, and *energy integration*.

Two broader strategic issues will also receive attention from the NACC, namely: innovation and how to forge a more cohesive North American approach to the continent's relationship with the rest of the world as it relates to trade, competitiveness and security issues.

Importantly, the Canada and Mexico sections of the NACC will devote time to dispute resolution, a critical issue relating to the future of the North American Free Trade Agreement.

Assignment of responsibilities and future work

The Canadian Secretariat will take the lead in drafting the work plan on the issue of *border facilitation*, the United States Secretariat will deal with the issue of *regulatory convergence* and the Mexican Secretariat will have primary responsibility for the *energy integration* issue.

It was agreed that the focus of the work should be on actionable, easy to achieve, initial recommendations and in keeping with that objective five to ten recommendations in each of the three areas should be targeted. As well consideration will be given to future work on longer-term initiatives. While not bound by these parameters, the Secretariats will work toward action items that can be implemented in six months, one year and longer.

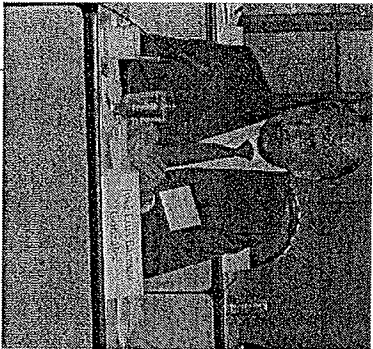
In the area of border issues, particular concern was expressed on the implications of the Western Hemisphere Travel Initiative by all three sections of the *NACC*.

In the case of regulatory convergence, the American team will also have to consider the appropriate process and principles, i.e., the proposed triateral regulatory framework or reinvigorated NAFTA working groups.

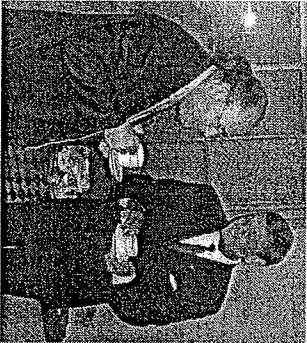
The work plans for the border, regulation and energy issues should reflect the views of all three countries and the three *NACC* Secretariats should continue their open, transparent and collaborative approach.

In anticipation of a *NACC* meeting with Ministers responsible for *SPP* in early to mid-October, it was agreed that a consensus document should be ready by September 20, 2006. All participants agreed to try to ascertain as soon as possible the date of the *NACC* meeting with Ministers and to urge the three governments not to delay such a meeting.

Attachment



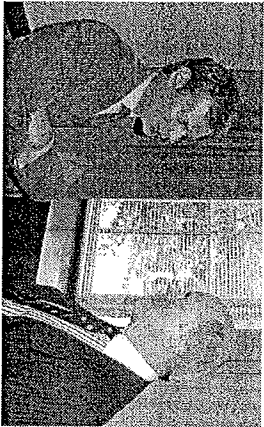
Jose Luis Barragan Gonzalez of CCE
Chairman of Mexico NACC Secretariat



Ron Coats of Lockheed Martin and Chairman of U.S. NACC
with Louis Schorch of Mittal Steel



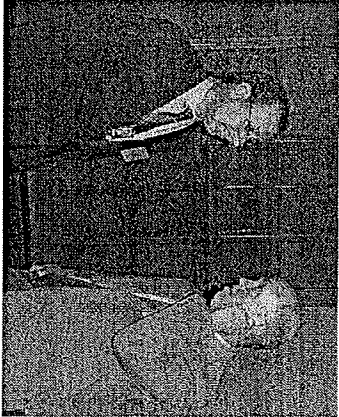
Kathleen McIntyre of Ford Motor and Key Williams Ruiz of CONACE



Eric Farnsworth of the Council of the Americas and Thomas D'Aquila of the
Canadian Council of Chief Executives



Linda Hasenfranz of Umanor Corp. and Chairman of Canada NACC
with Adrian Rothkopf of the U.S. Chamber of Commerce



John Murphy of the U.S. Chamber of Commerce and Greg Warner of Martek



David Ganong of Ganong Bros. and Ron Covais of Lockheed Martin



NACC U.S. Secretariat Round Table



NACC Participants Discuss Meeting Presentation



David Shon of FedEx, Alexander Low of Canadian Council of Chief Executives and David Eaton of Kansas City Southern



Shirley Zdrovski and Jean Broad of General Motors with Angela Marshall Hoffman of Wal-Mart



Clemens Calcedo of Merck greets Richard George of Sunco Energy

TRILATERAL PRIVATE SECTOR MEETING OF THE NORTH AMERICAN COMPETITIVENESS COUNCIL

AUGUST 15, 2006
WASHINGTON, DC

PARTICIPANTS

Grant Aldonas
Mittal Steel
United States

Ronald T. Covais
Lockheed Martin Corporation
United States

José Luis Barraza González
CCE
Mexico

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NACC Canada Secretariat

César de Anda Molina
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Kansas City Southern
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Eric Farnsworth
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NACC United States Secretariat

Clemens Calcedo
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Matthew Fortier
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NACC Canada Secretariat

Armando Chacón Villar
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David Ganong
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Hunter Harrison Canadian National Railway Company Canada	Herber Perez Bank of America Mexico	Ney Villamil Ruiz COMCE Mexico	Richard Vaughn The Bank of Nova Scotia Canada
Linda Hasenfratz Linamar Corporation Canada	Luis Pinto Council of the Americas NACC United States Secretariat	Guillermo Vogel Hinojosa TENARIS TAMSA Mexico	Shirley Zebroski General Motors United States
William Irwin Chevron United States	Adrean Rothkopf U.S. Chamber of Commerce NACC United States Secretariat		
Kelly Johnston Campbell Soup Company United States	Michael Sabia Bell Canada Enterprises Inc. Canada		
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Alexandra Low Canadian Council of Chief Executives NACC Canada Secretariat	Scott Seeley NBC Universal-A GE Company United States		
Angela Marshall Hofmann Wal-Mart International United States	Amgad Shehata UPS United States		
Kathleen McIntyre Ford Motor Company United States	Jim Shepherd Cantor Corporation Canada		
John Murphy U.S. Chamber of Commerce NACC United States Secretariat	David Short FedEx United States		
Roberto Newell Garcia IMCO NACC Mexico Secretariat	Frederick J. Sievert New York Life Insurance Company United States		