



North American Competitiveness Council
Consejo de Competitividad de América del Norte
Conseil nord-américain de la compétitivité

***BUILDING A SECURE
AND COMPETITIVE NORTH AMERICA***

**PRIVATE SECTOR PRIORITIES FOR THE SECURITY AND
PROSPERITY PARTNERSHIP OF NORTH AMERICA**

**2007 REPORT TO LEADERS FROM THE
NORTH AMERICAN COMPETITIVENESS COUNCIL (NACC)**



AUGUST 2007

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EXECUTIVE SUMMARY

At their 2006 Summit, the Leaders encouraged the creation of the North American Competitiveness Council (NACC) to provide private-sector advice on priorities within the Security and Prosperity Partnership of North America (SPP). In February 2007, the NACC submitted its first report to security and prosperity Ministers. It made 51 recommendations for action, both within and building upon the SPP, in three areas: border-crossing facilitation, standards and regulatory cooperation; and energy integration.

We are seeing significant progress in many areas including emergency management, the Detroit-Windsor crossing, the United States-Mexico Megaports Agreement, energy research, and trilateral agreement on both a Regulatory Cooperation Framework and an Intellectual Property Rights (IPR) strategy. On a few issues, however, including land preclearance, the U.S. Animal and Plant Health Inspection Service (APHIS), the Western Hemisphere Travel Initiative (WHTI), and the United States-Mexico air cargo negotiations, discussions have hit roadblocks that require intervention by the Leaders. Also, the Government of Canada needs to show greater progress toward strengthening its Intellectual Property Rights laws and enforcement tools.

The SPP is an effective vehicle that serves the interests of all three countries by working together in practical ways to make our people more secure and our enterprises more competitive globally. We stand ready to offer continuing advice both on practical short-term measures within the SPP agenda and on other strategic issues affecting the competitiveness and security of the North American economies. We therefore urge the Leaders above all to make it clear that sustained progress on the SPP agenda is a strategic priority and to put in place an effective system to sustain momentum by tracking current initiatives and acting on new and emerging priorities.

OVERVIEW

In March 2005, the Leaders of Canada, Mexico, and the United States launched the *Security and Prosperity Partnership of North America (SPP)*. This initiative recognized two fundamental realities. First, September 11, 2001 marked the beginning of a new era in which economics and security have become undeniably intertwined. Second, the transformation of global trade and investment by new economic powers such as China and India has made it vital for the North American partners to work together more effectively and efficiently.

Enterprises in all three countries need markets within North America to work seamlessly and securely if they are to survive and compete against increasingly aggressive global competitors and mounting security threats. Because economic activities within North America have become so closely integrated, Canada, Mexico, and the United States must consider the potential complementary nature of greater trilateral and bilateral economic and security cooperation in making policy and regulatory decisions, or else we risk the erosion of the competitive advantage created by the North American Free Trade Agreement (NAFTA).

At their 2006 Summit, the Leaders recognized that to accelerate progress under the SPP, they would benefit from direct advice from the front lines of the private sector. They subsequently encouraged business leaders from all three countries to form the *North American Competitiveness Council (NACC)*. Today, the NACC is offering its first report to Leaders. This document outlines the work that we have done in our first year and a half and offers reflections on the progress that has been made to date and on our mandate moving forward.

We see the SPP as both strategic and realistic. Its scope is ambitious, but its approach is to achieve great progress through many small steps and, where feasible, to build on existing systems and processes. The fundamental principle of the SPP is to promote common-sense solutions to deal with practical issues in practical ways, which can help the economies of all three countries work better while improving security and quality of life throughout North America.

The greatest challenge in managing an agenda as broad as that of the SPP is to maintain both momentum and coherence. One of the first actions undertaken by the NACC was to focus on initiatives of immediate importance within the broad scope of the SPP and to propose concrete recommendations for action. The NACC decided to concentrate its initial work in three areas: border-crossing facilitation, standards and regulatory cooperation, and energy integration. We submitted an initial report to the security and prosperity Ministers in February 2007, making a total of 51 recommendations for actions both within and building upon the SPP that would have a meaningful impact on improving the competitiveness of our three economies.

We were pleased with the positive reception of our report by the Ministers at the February meeting, in Ottawa, and are encouraged that all three of our governments have committed themselves to taking action on many of our recommendations. It is vital that the momentum of our work not lose speed as there is still much to do. Progress will depend on continuing close cooperation and information-sharing in comparable formats between the NACC and our respective governments.

We already are seeing significant progress in many areas. In border crossing facilitation, we would note, in particular, considerable advancement in emergency management planning, important steps toward a new crossing at Detroit-Windsor, and the signing of the United States-Mexico Megaports Agreement. In standards and regulatory cooperation, governments are close to completing two short-term recommendations — a trilateral Regulatory Cooperation Framework and a trilateral Intellectual Property Rights (IPR) strategy — and are making progress on specific recommendations affecting food and agriculture, financial services, insurance, trucking, and electronic trading.

On the energy front, Ministers are working together trilaterally to promote the development of specialized skilled labor, to develop a North American energy outlook, to expand the mandate of the North American Energy Working Group (NAEWG), and to identify opportunities for development of biofuels.

In a handful of areas, however, the effort to make borders within North America more secure and more efficient has run into serious roadblocks that

require intervention by the Leaders. We are particularly disappointed by the suspension of negotiations on the land preclearance pilot project planned for the Peace Bridge crossing between Buffalo and Fort Erie and by the failure to withdraw the United States Animal and Plant Health Inspection Service (APHIS) interim rule which removed the exemption from user fees for all conveyances and airline passengers originating in Canada.

While we have seen some welcome flexibility within the Western Hemisphere Travel Initiative (WHTI), we remain concerned about its potential to lead to higher costs and greater delays at borders. We urge governments to take whatever time is needed to develop an effective, integrated, and efficient system that incorporates the acceptance of accessible and economical alternatives to a passport, such as secured driver licenses. Finally, we are disappointed by the indication from Mexico that it is not ready to move ahead with our recommended negotiation of an air cargo liberalization accord with the United States that would include "fifth freedom" rights.

The SPP is an effective vehicle that serves the interests of all three countries by working together in practical ways to make our people more secure and our enterprises more competitive globally. To do this, we need safe and transparent borders within North America, simple regulations that make sense and ensure safety, and reliable access to cost-effective energy.

The NACC is pleased to have added value and rigor to the SPP through our first set of recommendations and we look forward to making additional contributions in the future. In this regard, we stand ready to offer continuing advice both on practical short-term measures within the SPP agenda and other strategic issues affecting the competitiveness and security of the North American economies.

Our most critical request to the Leaders is for them to ensure that the SPP remains a dynamic and effective path forward for trilateral and bilateral cooperation. Above all, we urge the Leaders to make it clear to all levels of their governments that sustained progress on the SPP agenda is a strategic priority. This must involve an effective system of tracking and monitoring current initiatives, in addition to identifying and acting upon new and emerging priorities. The North American private sector is committed to doing its part both in shaping a more competitive and secure North America and in

helping build a better understanding of how this serves the interests of the people in all three countries. We thank the Leaders for their confidence and support and look forward to building on the strong base that has been established.



SUMMARY OF OUR RECOMMENDATIONS TO MINISTERS

In carrying out its mandate, the NACC engaged in broad consultation across the business communities of all three countries, with hundreds of companies, sectoral associations, and chambers of commerce participating in the process. This process began with a review of the 300 priorities defined by the SPP and led to a total of 51 recommendations, both within and building upon the SPP, in the NACC's initial report to security and prosperity Ministers at their meeting in Ottawa in February 2007. These recommendations were organized into three time frames: those that can be accomplished immediately, those that can be accomplished before the end of 2008, and those that will require a somewhat longer time to address, with a goal of completion by 2010.

The section on border-crossing facilitation makes recommendations for action in the following areas: emergency management and post-incident resumption of commerce, expansion and improvements to border infrastructure, the movement of goods, and the movement of people. These recommendations are focused on actions that could be taken to make concrete improvements to the efficiency of commercial exchanges within North America.

In the area of standards and regulatory cooperation, the report supports the intention of governments to work toward a framework for trilateral regulatory cooperation in 2007, an essential tool for ensuring the compatibility of new regulations while reducing unnecessary differences in existing rules and standards. The report also emphasizes the need for regulators and businesses alike to engage actively in the development of global technical standards. It makes recommendations for specific actions in the short term in three sectors—food and agriculture, financial services, and transportation—as well as for enhanced cooperation in the protection of Intellectual Property Rights.

To heighten the security of energy supplies, the report recommends measures to improve cross-border distribution systems, as well as further efforts to increase the supply of skilled labor in the energy field and the joint development of clean and efficient energy technologies. The report also includes recommendations that could help Mexico accelerate the development of its energy resources, recognizing Mexico's exclusive and sovereign role to lead initiatives that would increase Mexican competitiveness in this strategic sector.



PROGRESS ON RECOMMENDATIONS

In the report to SPP Ministers, the NACC deliberately set aggressive timelines. But we believe that our suggested time frames are realistic; our calls for action within the year on our 15 short-term recommendations reflect either recognition of work already well underway or an urgent need to move forward on issues that should be relatively simple to resolve. We are pleased to see a significant degree of progress on many issues in the months since we delivered our report to the Ministers. But we recognize that with the full support of the Leaders, even more can be accomplished to fully implement our recommendations.

For example, on *border-crossing facilitation* recommendations, we have seen considerable advancements in border infrastructure improvement initiatives. All three governments also have conducted emergency management exercises and disaster planning simulations on a regular basis. Specific exercises have included private sector participation when these exercises are related to business resumption protocols in border points between Canada and the United States.

In terms of specific border crossings where infrastructure enhancement is considered critical, Canada and the United States agreed to develop a timeline toward the implementation of a new crossing at Detroit-Windsor. The NACC members look forward to participating in the planning for this new crossing.

Additionally, the United States and Mexico signed the Megaports Agreement on April 16, 2007. As they work together to fully implement this initiative, the U.S. Department of Energy and Mexican Customs will work to install radiation detection equipment to prevent the smuggling of nuclear and other radioactive material at four Mexican seaports, which account for nearly 90 percent of container traffic in the country.

Regarding the movement of goods and people, the NACC members have seen concrete steps to integrate and expand the benefits of voluntary security programs, notably through the ongoing integration of the three NEXUS trusted traveler programs. This is an important step toward our longer-term recommendation of a single interoperable credential.

For those recommendations included in the *standards and regulatory cooperation* section, we are pleased that the three governments appear to be close to completion on two of our short-term recommendations: 1) the conclusion of a voluntary trilateral Regulatory Cooperation Framework and 2) the development of a trilateral Intellectual Property Rights strategy.

We put forward the Regulatory Cooperation Framework as an immediate recommendation because it is a prerequisite to more effective action across a host of sector-specific regulatory concerns. While we expect that the governments will soon conclude their discussions and will release this framework at the August meeting, we urge the Leaders to ensure that it is both comprehensive in scope and meaningful in substance.

Linked to regulatory cooperation and forming another essential element in building a competitive North America is the proposed Intellectual Property Rights strategy. Intellectual property issues affect every aspect of the lives of our people and are prerequisites for investments in research and innovation that are critical to the future quality of life of communities across North America.

Each of the three governments has taken significant steps toward enforcing IPR. However greater coordination is needed to address the trans-border aspects of IPR enforcement, specifically through a coordinated intellectual property rights strategy. We understand that such a strategy will be released at the Leaders' meeting, focusing especially on ways to deter and detect trade

in pirated and counterfeit goods, public awareness and outreach to the business community, and measurements to assess progress in specific sectors.

Once this strategy is in place, we hope that officials will agree on an accelerated timetable to address the NACC recommendations in this area, including especially steps to combat DVD piracy and consumer goods counterfeiting, such as the development of a list of protected titles; establishment of “fake-free zones” around theaters and malls; licensing the importation of industrial-capacity DVD burners; development of a digital piracy pilot project; improved strategic enforcement; and establishment of model local anti-piracy programs.

Governments also are moving forward on several of our sectoral recommendations:

- **Food and agriculture.** Agencies of the three governments have together explored a common scientific underpinning to discuss labeling and health claims in their countries. In terms of fortified food regulations, Canada’s revised policy is expected to be published in 2007.
- **Financial services.** Discussions between Canada and the United States are nearing completion concerning our recommendation to eliminate the withholding tax on cross-border interest payments. In addition, financial regulators from the three countries will continue to work closely within the SPP/NAFTA Financial Services Group to enhance cooperation in financial regulation.
- **Insurance.** Early indications are that the Mexican government is favorably disposed to our recommendations for increasing by 2010 the percentage of assets that Mexico-based North American insurers are allowed to invest overseas.
- **Trucking.** The United States has issued a proposed rule that would allow Canadian trucks to enter the United States using Canadian insurance and has called for public comment on the proposal.
- **Electronic trading.** While there is still no assessment of potential outcomes, the G-7 finance Ministers group has undertaken the

recommendation of enhancing cross-border transactions through direct access to existing electronic trading platforms.

Finally, on the *energy* front, the initial feedback we have received suggests that there are continuing trilateral efforts to work together on issues impacting cross-border energy projects. There have also been concise initiatives aimed at promoting the development of skilled labor in specific areas such as power plant air emissions monitoring as well as a joint program of cooperation in the nuclear sector.

At their most recent meeting in Victoria in July 2007, energy Ministers from the three countries signed a Trilateral Agreement for Cooperation in Energy Science and Technology. They also are making progress toward production of a North American energy outlook and are considering expansion of the mandate of the North American Energy Working Group (NAEWG). Significant efforts have been made under the NAEWG to identify opportunities for development of biofuels and greater cooperation and increased alignment of national standards for energy efficiency. The NAEWG has also accepted the NACC recommendation to improve its dialogue and cooperation with the private sector, states, and provinces.

While we are encouraged by the degree of progress on many of the NACC's short-term recommendations, we feel that a stronger sense of urgency from the Leaders on our medium- to long-term recommendations would be beneficial. For example, work on NAFTA rules of origin is continuing, but still at a very slow pace.

In some areas, governments appear to be supportive in principle but uncertain as to how quickly they will be able to move forward. This includes our recommendations on the improvements to the NAFTA certification process, raising the threshold for low-value courier shipments, simplifying customs processes, and eliminating duplicate screening through the development of a comprehensive customs clearance system. These specific initiatives have been recommended as a group that are interrelated and are intended to provide less emphasis on routine movement of goods and resource deployment to more high-risk cross-border traffic. Further, these issues are process-related and the right changes would create more efficiency and transparency, the result of which would be greater global competitiveness

for North American businesses. The more immediate the process change, the more immediate would be the competitive gains. On other issues, notably the agreement between Mexico and the United States on recognition of railroad safety inspection standards, additional discussion about how and when to move forward appears warranted.

We recognize that while the governments may agree with a NACC recommendation in principle, specific elements of what was suggested occasionally may prove problematic in practice. For example, initial feedback indicates that governments generally are supportive of the idea of regulators referencing international technical standards where they exist as long as they achieve the intended regulatory objective. However, encouraging instead of requiring regulators to do so would be more consistent with existing member commitments under the multilateral Technical Barriers to Trade (TBT) Agreement and its subsequent decisions. In such cases, the NACC looks forward to exploring with the governments alternative solutions that can achieve the desired objective.

What matters most, in our view, is that the Leaders recognize the importance of the fundamental goal of all our recommendations—that of making secure borders within North America less of a barrier to legitimate and orderly flows of people and goods and, hence, more of an advantage to enterprises and to communities in all three countries as we compete globally. In practice, some measures may take longer than we would prefer. We simply urge our Leaders to press their Ministers and officials to move as quickly as possible.



ISSUES OF CONCERN

While overall progress to date has been encouraging, the NACC is concerned that on a handful of important issues progress has stalled and the spirit of the SPP is being undermined.

Within the recommendations set for immediate completion, the NACC proposed concluding negotiations on the land preclearance pilot project. Preclearance has been a feature of cross-border air travel between Canada and

the United States for years. This concept is a vital element of a long-term strategy to reduce congestion at major land-border crossings. Negotiations on the land preclearance pilot project went on for years and a number of ideas were discussed to address legitimate security and privacy concerns in ways that were consistent with the constitutional requirements of both countries. Nonetheless the negotiations were suspended in April 2007.

This decision is a disappointment to the business community across North America. The pilot project offered significant and immediate benefits to the people of New York and Ontario and to all businesses using the Peace Bridge between Buffalo and Fort Erie. The pilot project also is a prerequisite for expanding these benefits to other major border crossings between Canada and the United States, with the potential for extension of the concept to Mexico at a future date.

Failure to move ahead with the pilot project also affects the NACC's recommendations on border infrastructure, since decisions on major investments require planning for the physical layout of border facilities and approaches. We strongly urge governments to resume discussions and find a way to resolve the outstanding issues and move forward with the implementation of the pilot project as planned. If this proves impossible, we encourage the governments either to consider proceeding with the pilot project at another location or to develop alternative solutions to reduce congestion and facilitate the movement of goods at major land-border crossings. The business community is ready to help.

The NACC also recommended withdrawal or suspension of the United States Animal and Plant Health Inspection Service (APHIS) interim rule, which removed the exemption from user fees for all conveyances and airline passengers originating in Canada. The recommendation suggested that APHIS consider less intrusive and costly means of protecting the U.S. public and agricultural products, in particular by focusing inspections and fees on shipments that pose a high risk of importing plant pests or animal diseases. This recommendation has been rejected. The APHIS rule enforcing inspection and user fee requirements for all commercial trucks, loaded railroad cars, and aircraft entering the United States from Canada came into effect on June 1, 2007.

The NACC urges the Leaders to give clear directions that would bring about a reversal of this decision. While withdrawal or suspension of the APHIS fees may not be feasible at present, the Leaders should direct officials to begin negotiations to identify and implement exemptions for low-risk commodities and conveyances. More broadly, we encourage the Leaders to make a firm commitment to avoid the introduction of any new measure that would add costs or delays at borders within North America without considering how it would affect both competitiveness and security. This requires proper public consultation, analysis of costs and benefits, and the examination of less burdensome alternatives that would maintain high security and facilitate the efficient movement of people, goods, and services.

We have seen some flexibility in addressing other issues that may lead to higher costs and greater delays at borders, notably within the Western Hemisphere Travel Initiative (WHTI). For instance, the U.S. government accepted a NACC recommendation to exempt minors from the WHTI requirements. There is also work being done with several states and provinces on driver's license pilot projects. However, we continue to be concerned that the requirements of the WHTI as currently scheduled will seriously undermine much of the important work being done to speed processing at land crossings. We continue urging that governments take whatever time is needed to develop an effective, integrated, and efficient system that incorporates the acceptance of accessible and economical alternatives to the passport, such as secured driver licenses.

As stated earlier, we understand that a coordinated Intellectual Property Rights strategy will be released at the Leaders' meeting. The Canadian government also has enacted legislation imposing criminal penalties for illicit recording in movie theaters. However, we strongly encourage the Government of Canada to show greater progress in enacting stronger IPR laws and in providing more effective tools for law enforcement officials to interdict shipments of pirated and counterfeit goods in and out of the country.

With regard to expanding air service rights, we initially were heartened to learn that Mexico and the United States had agreed to convene negotiations to discuss liberalization of their air cargo regulatory regime, especially putting in place "fifth freedom" rights to serve intermediate and beyond points, as recommended by the NACC as a priority for implementation by the end of

2007. When the two countries met in late June 2007, the United States proposed to allow Mexican carriers unlimited rights to fly beyond the United States to points throughout the world (including Asia, Europe and Canada), and similarly to allow U.S. carriers to fly beyond Mexico to points of their choosing (including Central and South America).

It was therefore profoundly disappointing that Mexico indicated that it is not ready to agree to any such proposal, that no counter-proposal was offered, and that the negotiations were adjourned with no date set for their resumption. The NACC remains convinced that liberalizing “fifth freedom” opportunities for air cargo carriers is in the mutual economic interest of both countries and would enable both Mexican and U.S. carriers to better respond to the needs of their customers across North America with innovative and more efficient air services.



THE PATH FORWARD FOR THE NACC

The SPP is an effective and flexible vehicle for strengthening both future economic growth and enhanced security in Canada, Mexico, and the United States. We are committed to the SPP agenda and to following through on the meaningful and value-added contributions that we already have made to the process. We stand ready to continue our work and to make additional recommendations.

The pragmatic focus of our first set of recommendations required us to set aside a number of broader issues such as immigration and labor mobility that are highly relevant to the challenge of North America’s competitiveness, as well as long-standing issues that ought to be resolved promptly, such as the full implementation of NAFTA’s cross-border trucking provisions.

We are prepared, however, to move beyond our initial report to the Ministers, whether by considering additional action items within our three priority areas of border facilitation, regulatory cooperation, and energy integration or by proposing additional priorities. With the support of the Leaders, we would be

pleased to engage on other strategic issues affecting the competitiveness and security of the North American economies.

We also would like to bring to the Leaders attention the significant efforts that the NACC members have made to help our governments communicate the advantages of the SPP and the importance of its objectives to people in all three countries. Business leaders will continue to work with the governments to communicate the benefits that will flow from the initiatives recommended by the NACC as they are implemented.

The commitment of the three governments to the security and prosperity goals of the SPP must be backed up by effective and timely execution. The Leaders therefore should reinforce their commitment to the SPP agenda by establishing follow-up processes that will tightly track milestones and ensure prompt implementation of agreed measures. We believe that the spirit of the NACC should be reinforced by mechanisms at the national and trilateral levels that would add credibility and strengthen the foundation for sustained collaboration. In particular, the Leaders should consider ways to ensure that legislatures of the three countries remain fully informed about progress and actively engaged in the process of improving the region's competitiveness.

Action on our recommendations in all three priority areas is urgent. We need to make borders within North America as safe and transparent as possible. We need to aim for regulations that, while protecting safety, are simple and make sense. We need to reaffirm efforts to balance cross-border security considerations with the legitimate international trade that is of vital importance to the economies of all three countries. We need to enhance access to reliable sources of cost-effective energy. Our goal must be to reduce waste and excessive costs that are making North American companies less competitive. If we work together effectively, we can make a real difference in improving the lives of people in all three countries. If we fail to act, we all will lose ground on the global stage.

We therefore are asking the Leaders to ensure that the SPP remains a dynamic and effective path forward for trilateral cooperation. We are committed to doing our part both in shaping a more competitive and secure North American economy and in helping to build a better understanding of the resulting benefits to Canadian, Mexican, and U.S. families and communities.

We urge the Leaders above all to make it clear to their Ministers, officials and citizens that they continue to support strongly the goals of the SPP and that sustained progress on the SPP agenda is a strategic priority that serves the interests of all three countries.

APPENDICES

*SUMMARY OF RECOMMENDATIONS
MEMBERS OF THE NACC
ABOUT THE SECRETARIATS*

*APPENDIX I: SUMMARY OF RECOMMENDATIONS
FOR 2007, 2008, AND 2010*

BORDER-CROSSING FACILITATION

Emergency Management and Post-incident Resumption of Commerce

2007

- Speed up development of national critical infrastructure protection strategies.
- Enhance emergency management and pandemic preparedness through expanded use of specific disaster planning and simulations.

2008

- Accelerate coordinated post-incident resumption of commerce protocols and planning at border crossings.
- Agree and announce that FAST and NEXUS lanes and railway lines will reopen as soon as possible during times of emergency.

Improving Border Infrastructure

2007

- Agree to implement planned land preclearance pilot projects before the end of 2007.

2008

- Accelerate work on the border-crossing infrastructure in the Detroit-Windsor region.
- Include major Mexican ports in the United States Megaports Initiative.

Movement of Goods

2007

- Improve the benefits of voluntary business participation in security programs.
- Further simplify the NAFTA rules-of-origin requirements.
- Simplify the NAFTA certification process and requirements.

- Withdraw or suspend the U.S. Animal and Plant Health Inspection Service (APHIS) interim rule of August 26, 2006.

2008

- Eliminate duplicate screening and overlapping requirements for cargo.
- Convert border requirements from paper to electronic data processing.
- Coordinate regulatory requirements and improve collaboration among agencies.
- Standardize and raise thresholds for authorized low-value shipments via courier companies.

2010

- Develop a comprehensive North American customs clearance system or fully compatible national systems.
- Develop a common North American system for transmitting both import and export information.
- Make further investments in research toward an economically viable container security device incorporating “smart box” or “smart seal” technology.
- Simplify and improve customs processes.

Movement of People

2008

- Take the time to develop an effective, integrated, and joint trusted traveler system.
- Integrate all NEXUS programs into a single program covering all transportation modes and employing multiple biometric identifiers.
- Integrate existing credentialing programs so that they can interact with US-VISIT.

2010

- Develop an integrated credentialing program to identify low-risk people before they get to the border.

STANDARDS AND REGULATORY COOPERATION

A New Framework for Regulatory Cooperation

2007

- Sign a new North American Regulatory Cooperation Framework and ensure consistent application of standards and regulatory requirements within each country.

International Standards

2007

- Encourage regulators to reference international technical standards.

Food and Agriculture

2008

- Standardize North American regulations on fortified foods.

2010

- Eliminate duplicate food safety audits by making standards compatible.
- Explore common approaches to labeling and health claims.

Financial Services

2007

- Eliminate withholding taxes on cross-border interest payments between Canada and the United States.
- Build capacity and enhance cooperation in financial regulation.

2008

- Launch discussions on a trilateral tax treaty.

2010

- Increase the percentage of assets that Mexico-based North American insurers are allowed to invest overseas.

- Explore new mechanisms for the cross-border provision of insurance coverage for long-haul trucking and automobile travel.
- Enhance cross-border transactions through direct access to the existing electronic trading platforms of stock and derivative exchanges across the region.

Transportation

2007

- Modify the air cargo transport services agreement between the United States and Mexico.

2008

- Expand the United States Federal Railroad Administration's (FRA's) existing waiver process to allow FRA-certified inspectors to conduct inspections in Mexico.
- Re-engage the Land Transport Standards Subcommittee/Transportation Consultative Group (LTSS/TCG) to continue the dialogue involving the public and private sectors.

Intellectual Property Rights

2007

- Complete the coordinated Intellectual Property Rights (IPR) strategy.
- Develop a public-private North American initiative to tackle counterfeiting and piracy.

2008

- Build intelligence capabilities.
- Take steps to combat DVD piracy and consumer goods counterfeiting.

ENERGY INTEGRATION

Cross-Border Energy Distribution

2008

- Strengthen trilateral collaboration on cross-border energy distribution issues.

2010

- Enable Mexican corporations (including CFE) to engage in long-term contracts for the purchase of electricity from U.S. producers.

Human Resources Development

2007

- Organize an annual North American energy skills conference to explore collaboration in human resource development.

2008

- Expand temporary exchanges of students, academics, and technically skilled labor in the energy sector.

Sustainability and Energy Technologies

2008

- Develop new mechanisms to collaborate on research and deployment of clean energy technologies.
- Encourage trilateral convergence on energy efficiency and sustainability.

Mexican Domestic Policy Reform

2008

- Issue a benchmark analysis that illustrates PEMEX's operating and financial performance gaps.
- Liberalize trade, storage and distribution of refined products.

2010

- Spin off PEMEX's non-associated gas activities to constitute a separate state-owned entity, Gasmex.

Enhanced Dialogue and Cooperation

2008

- Expand the NAEWG to include an expert group focused on enhanced dialogue and cooperation.

APPENDIX II: MEMBERS OF THE NACC

Canada

- **Dominic D'Alessandro**, President and CEO, Manulife Financial
- **Paul Desmarais, Jr.**, Chairman and Co-CEO, Power Corporation of Canada
- **David A. Ganong**, President, Ganong Bros. Limited
- **Richard L. George**, President and CEO, Suncor Energy Inc.
- **E. Hunter Harrison**, President and CEO, Canadian National Railway Company
- **Linda Hasenfratz**, CEO, Linamar Corporation
- **Michael Sabia**, President and CEO, Bell Canada Enterprises (BCE)
- **Annette Verschuren**, President, The Home Depot Canada
- **Richard E. Waugh**, President and CEO, The Bank of Nova Scotia

Mexico

- **Armando Paredes Arroyo**, President, Consejo Coordinador Empresarial
- **Gastón Azcárraga Andrade**, President, Consejo Mexicano de Hombres de Negocios (CMHN) and CEO of Mexicana de Aviación and Grupo Posadas
- **Ismael Plascencia**, President, Confederación de Cámaras Industriales (CONCAMIN)
- **Valentín Díez**, President, Consejo Mexicano de Comercio Exterior (COMCE) and former Vice President of Grupo Modelo
- **Jaime Yesaki Cavazos**, President, Consejo Nacional Agropecuario (CNA) and CEO of several poultry companies
- **Claudio X. González**, President, Centro de Estudios Económicos del Sector Privado (CEESP) and Chairman of the Board and CEO, Kimberly-Clark de México
- **Guillermo Vogel**, Vice President, Tubos de Acero de México (TAMSA)
- **César de Anda Molina**, President and CEO, Avicar de Occidente
- **Tomás González Sada**, President and CEO, Grupo CYDSA
- **Roberto Newell Garcia**, CEO, Instituto Mexicano para la Competitividad

United States

- **Campbell Soup Company**
- **Chevron Corporation**
- **Ford Motor Company**
- **FedEx Corporation**
- **General Electric Company**
- **General Motors Corp.**
- **Kansas City Southern**
- **Lockheed Martin Corporation**
- **Merck & Co., Inc.**
- **Mittal Steel USA**
- **New York Life Insurance Company**
- **The Procter & Gamble Company (joined in 2007)**
- **UPS**
- **Wal-Mart Stores, Inc.**
- **Whirlpool Corporation**

APPENDIX III: ABOUT THE SECRETARIATS

Canadian Secretariat



The **Canadian Council of Chief Executives (CCCE)** is Canada's premier business association, with an outstanding record of achievement in matching entrepreneurial initiative with sound public policy choices nationally and globally. A non-profit, non-partisan organization, member CEOs and entrepreneurs represent all sectors of the Canadian economy. The companies they lead collectively administer CAD\$3.2 trillion in assets, have annual revenues in excess of CAD\$750 billion, and are responsible for the vast majority of Canada's exports, investment, research and development, and training.

Building on its private sector leadership role in advancing the Canada-United States and North American Free Trade Agreements, the CCCE launched its North American Security and Prosperity Initiative in 2003. The Council's mission is "to make Canada the best place in the world in which to live, to work, to invest and to grow."



The **Mexican Institute for Competitiveness** (Instituto Mexicano para la Competitividad-IMCO) is a private applied research center devoted to studying issues that affect Mexico's competitiveness in a context of an open market economy. IMCO is a not-for-profit, independent, non-partisan institution which operates thanks to private sponsors grants. Founded in 2003, the Institute seeks to compete successfully in the "market of ideas" by preparing and issuing sound proposals for public policies based on objective approaches to systematically improve Mexico's ability to attract and retain investments.

United States Secretariat



The **Council of the Americas** is a business organization whose members share a commitment to democracy, open markets, and the rule of law throughout the Americas. The Council of the Americas' programming and advocacy aim to inform, encourage, and promote free and integrated markets for the benefit of the companies that comprise our membership, as well as of the United States and all the people of the Americas. The Council supports these policies in the belief that they provide an effective means of achieving the economic growth and prosperity on which the business interests of its members depend.



The **U.S. Chamber of Commerce** is the world's largest business federation representing more than 3 million businesses of all sizes, sectors, and regions. It includes hundreds of associations, thousands of local chambers, and more than 100 American Chambers of Commerce in 91 countries.