

**Notes for remarks to the Standing Committee on International Trade  
House of Commons**

**By Mary Anderson  
President  
I.E.Canada, Canadian Association of Importers and Exporters**

**Ottawa, May 1, 2007**

As President of I.E.Canada, the Canadian Association of Importers and Exporters, I would first like to thank you on behalf of our members for the opportunity to appear before the committee to discuss Canada – U.S. trade and investment issues. Joining me today is Carol Osmond, the Senior Policy Advisor for the association.

I.E.Canada has been a leading voice for the trade community since 1932, and serves small, medium, and large enterprises across Canada. Membership comprises importers and exporters, as well as a range of service providers to Canada's trade community. We have a growing membership that today exceeds 800.

In a recent survey conducted by Export Development Canada (EDC) 85% of 1500 Canadian business executives surveyed agreed that international trade is important and a significant contributor to Canada's economy.<sup>1</sup> However, no longer can simply expanding exports improve our competitiveness. Imports are also an important engine of the Canadian economy. The import content used to make Canadian exports has been growing steadily. 61% of Canadian

---

<sup>1</sup> Export Development Canada: Stakeholder Membership Survey, January 2007, page 1

exporters indicated their companies' exports of products or services include imported components or materials.<sup>2</sup> If Canadian companies are to be globally competitive there is a need to both import and export. Therefore in developing Canadian trade policy, it is important to take into consideration that Canadian competitiveness depends on global supply chains as many of the inputs incorporated into products for both domestic consumption and export to the United States and elsewhere are sourced globally.

Given the nature of our association and its membership, our trading relationship with the United States and especially our shared border is clearly a key area of concern. Our association is a supporter of the Security and Prosperity Partnership of North America and in particular initiatives intended to facilitate the movement of low risk goods and persons across the Canada-US border.

Even before the tragic events of 9/11, Canadian business was becoming increasingly concerned about the delays and associated costs of crossing the Canada-US border and the impact on Canadian competitiveness. At the time, our challenge was to convince the U.S. government that the border was a problem that deserved its attention. We could never have foreseen how suddenly and dramatically our shared border would become a priority for the United States. There are still those in the US that believe the 9/11 terrorists entered the United States through Canada.

---

<sup>2</sup> Ibid, page 14

The prosperity of Canadians and our ability to maintain and create jobs depends on our ability to trade and in particular our ability to trade with the United States. Whether we like it or not, the US will set the terms for access to its market. Today access to the US market increasingly means satisfying US concerns about security. Through mechanisms such as the SPP, the Canadian government has a means of influencing the measures adopted by the United States to ensure that the interests of Canadians and Canadian business are taken into consideration.

The cross border relationships between businesses and associations, such as those being developed through the North American Competitiveness Council, as well as independently between sister associations in the two countries, such as I.E.Canada's relationship with the American Association of Exporters and Importers, are also crucial to influencing US decision makers.

We have to be constantly vigilant. Laws passed in the United States impact Canadians and have unanticipated ramifications. The Western Hemisphere Travel Initiative and the new APHIS or Animal and Plant Health Inspection Service fee are just two examples of initiatives that threaten to undermine efforts to "thin" the border.

However, it is not just about maintaining access to the United States market. As pointed out in the remarks by the representative of the Canadian Chamber before this Committee last week, Canadians and Americans not only trade with one another, they also manufacture together. Since NAFTA came into effect 13 years ago, large sectors

of our economies have become highly integrated and our industries have become truly North American: 34% of bilateral shipments of goods is comprised of intra-company trade, and over 70% is comprised of intra-industry trade. To compete against emerging economic titans such as China and India, Canada, the United States and Mexico have no choice but to work together.

We recognize that members of the committee are concerned about the transparency of the SPP process. There are over 300 action items under the SPP. I.E.Canada works most closely with the Canada Border Services Agency which is involved in 100 of these. The CBSA has had to establish priorities, which fortunately largely coincide with the priorities of our members. These include:

- Implementation of Advance Commercial Information or eManifest to which the government recently committed \$396 million over five years;
- Establishment of bilateral border contingency and business resumption plans in the event of a pandemic, natural disaster, terrorist act or other occurrence that results in partial or complete shut down of the border; and
- Making the Canadian Partners in Protection or PIP program compatible with the U.S. Customs-Trade Partnership Against Terrorism, which will hopefully result in mutual recognition of the two programs.

Members of our association have been involved and will continue to be actively involved in consultations relating to all of these initiatives. A member of our association has recently been nominated to serve on the Steering Committee of the External Stakeholder Partnership Network that has been established by CBSA to serve as the forum for consultation with the trading community regarding the design, development and implementation of eManifest. Another member of our association serves on a public-private sector committee addressing border contingency planning and has participated in two table top exercises. Our association has also been involved in consultations with CBSA officials regarding proposed changes to the PIP program to make it compatible with C-TPAT and look forward to further consultations in the near future. We are participating in consultations with Transport Canada on air cargo security. We believe that to ensure the success of these initiatives, it is essential to consult with members of the trade community so that their concerns and business realities are taken into consideration. We are very pleased with the excellent working relationship that we have with the CBSA.

We were also pleased with the level of consultation by the Canadian Council of Chief Executives, which as you know serves as the Canadian Secretariat for the NACC, as it was preparing its report on enhancing competitiveness in Canada, Mexico and the United States that was released in February. We were able to ensure that our members concerns and priorities with respect to the border were incorporated into the NACC report. We also contributed to the

section on Standards and Regulatory Cooperation, particularly in the areas of Food and Agriculture and Intellectual Property Rights.

Other key areas of concern to our members in addition to those mentioned above include the following:

- Border infrastructure: our members are less concerned about border release times than the time it takes to reach customs inspection booths due to inadequate infrastructure at and leading up to major ports of entry;
- Other Government Departments (OGDs): It is critical that other government departments on both sides of the border participate in programs to make customs clearance fully electronic. It is also important that government agencies and departments involved in security programs (such as CBSA and Transport Canada) coordinate their efforts to avoid unnecessary duplication and costs to business; and
- Transportation policy: A hefty surge in imports and exports during the last few years has been good news for Canada as it created jobs and economic growth. However it also revealed shortcomings in the country's transportation infrastructure and policies that need to be dealt with if Canada is to continue to be a player in world trade.

It is appropriate that this committee take an interest in the SPP. We urge you to support the work that is being conducted by the governments of the NAFTA countries under the SPP and in particular initiatives that will facilitate the movement of low risk goods and people across our shared border with the United States. Thank you once again for this opportunity to appear before you today. We would be happy to answer any questions that you may have.