

## **Keynote Address from Michael Kergin**

“Do good fences make good neighbours?” This is not a simple yes or no answer, and the key to finding an answer is in what constitutes a good fence and to what purpose is that fence put? In the post 9/11 World there can be no alternative to tighter security.

Canada and the United States are in an international fight against Terrorism and we have a sensitive infrastructure that is vulnerable to attack. The United States has suffered a severe terrorist attack and so it is only natural that it would defend itself, especially at its borders. Canada and the United States have collaborated outside of the continent to help to secure the homeland and the border.

This is not a zero sum game where security trumps trade. Security is elastic and you can never have enough of it while trade is finite and constrained by the cost of moving goods across geographic states. We have to be intelligent about security and we need a balance between security and trade. We need to reach a paradigm where security and infrastructure can enhance trade. This is essential as Canada and the US share very close ties, for example, all Canadian exports of energy amount to 1/3 of US energy imports.

With the emergence of new economic forces, such as China and the European Union, a more competitive world has emerged, and with the world in a financial crisis there is a search for viable markets and good credit. A strong border that facilitates trade and economic integration can enhance our competitive position within the global market.

There are three things we can do. The first is border security. In 2001 the smart border accord was an immediate response to 9/11. This accord demonstrated risk management, the need for new information technologies, increased resources for security and improved intelligence sharing. All of these principles will continue to underpin border management. These principles also greatly improved security and mitigated the slow down of movement across the border. Unfortunately there were unrealistic deadlines for the implementation of security policies and the United States were reluctant to recognize anyone as secure which lead to a thickening of the border.

The second thing we must do is infrastructure improvement at the border. This will entail upgraded infrastructure as well as short sea shipping for bulk goods to reduce trucking. We must also increase investment in intermobile linkages. The Canadian Gateway project needs to be continued to create joint Canada and US strategic points of entry. Over time the goal should be to create a North American green economic system. Something the Canadian and American governments could do would be to establish a joint planning group to promote synergy for infrastructure planning.

The third thing we must do is enhance Canada and the US competitiveness. This can be done by simplifying cross border trade and reducing regulatory measures to provide more freedom of trade. The Security and Prosperity Partnership (SPP) has achieved some good results but it is in some danger of succumbing to bureaucracy and may not survive an administration change in the White House. A council could be created to develop mutual recognition to work towards one set of North American standards. For this to work we will need complete transparency with consumer groups.

These three points could all make up part of a strategy to improve the border. The question is how can Canada engage the United States while it is beset with security and economic issues? Previous to the United States entering World War Two the Permanent Joint Board on Defence inspired a series of integrated security agreements, for example NORAD, as well as protocols regarding missile testing. This demonstrates a high level of trust between the two nations, and shouldn't this high level of trust in the defence field be applied to the menace both countries face at the common border?

After the administration change in the White House it is expected that the Prime Minister will meet with the new president in 2009 and the two will be briefed regarding the economy. It is expected that the Prime Minister will say that we need to improve the efficiency of a common border, and in this first official meeting the leaders should establish a joint border commission modeled along the lines of the Permanent Joint Board on Defence. Representatives at the board should be supported by officials from each countries departments and would assume the responsibility for coordinating the implementation of new border methods and this may expand to multilateral policy forums.