

**TRILATERAL BORDER ISSUES SYMPOSIUM
MARCH 18-19, 2013 - ARIZONA STATE UNIVERSITY**

Session Notes

PREFACE

We believe that North American economic integration will improve the competitiveness of Canada, the United States and Mexico and the prosperity of our citizens. But it needs help. It needs new ideas to stimulate progress.

The Canada-US Free Trade Agreement (1988) and then the North American Free Trade Agreement (1993-4) launched a decade of economic prosperity for all three partners. Then it stalled. With 9-11, security trumped trade. The Canada-US 'Smart Border' Accord mitigated some of the immediate effects but the border continued to thicken. Work continued on the wall to stem the flow of illegal migrants on the Mexico-US border. The trilateral Security and Prosperity Partnership sputtered out.

Recently, Canada and the US launched two new initiatives: Beyond the Border and a Regulatory Cooperation Council. There is also a Mexico-USA Regulatory Cooperation Council. We are optimistic on progress but we know that the garden of public policy requires constant care and nurturing. Public policy begins with good ideas. Ideas grounded in study and sound research. The next step is to put these ideas to paper in short, sharp essays with the emphasis on prescription. We contacted scholars and former practitioners in all three countries asking them to do exactly this and they responded with alacrity.

We then convened our idea merchants to test their ideas in discussion and debate. For policy verification, we brought in serving government practitioners responsible for designing the rules and regulations of the road. To give us a reality check, we invited business to see if our ideas have practical application.

For a discussion of North American integration there is no better place than Phoenix in March, with National League baseball in spring training, to provide us with a stimulating diversion. We brought our participants to dinner over steak, likely fattened in Alberta's feedlot alley, and Californian wine. With students bustling about us, our day and a half sessions took place in the airy atrium of the Walter Cronkite School of Journalism at Arizona State University.

We launched our dialogue with a frank discussion between the Canadian and American ambassadors, Gary Doer and David Jacobson. No long boring academic presentations. Instead our modus vivendi was panels that put together the wonk, the bureaucrat and the businessperson to test our ideas against the realities of government and business.

The essays that follow are the result of this effort. The intent is to offer practical, policy prescriptive advice on how to further advance economic integration within North America. There are lots of good ideas. It's now up to Government and Business to act on them.

Our appreciation to all who participated in this exercise. We are especially grateful to our sponsors and those who worked tirelessly behind the scenes at the University of Calgary’s School of Public Policy, the North American Center for Transborder Studies at Arizona State University, the Canadian Defence and Foreign Affairs Institute and the Centre for Military and Strategic Studies at the University of Calgary.

Without our sponsors, including Canada’s Department of Foreign Affairs and International Trade, The Fresh Produce Association of the Americas and the Canada Arizona Business Council, this exercise would not have been possible.

Colin Robertson, David Bercuson, Rick Van Schoik

OPENING KEYNOTE ADDRESS

Moderator:	Colin Robertson , Canadian Defence and Foreign Affairs Institute
Panelists:	<ul style="list-style-type: none">▪ Ambassador Gary Doer, The Ambassador of Canada to the United States▪ Ambassador David Jacobson, The Ambassador of the United States to Canada

Summary

In presentations that focused on the Canada-US relationship, the Ambassadors highlighted numerous Canada-US success stories including longstanding agreements such as NORAD and NAFTA as well as more recent initiatives such as preclearance at airports and the Shiprider program. Specific to the land border, irritants such as regulatory “nitpicking,” legal issues surrounding law enforcement jurisdictions and the potential impact of US sequestration were highlighted. It was agreed that the three NAFTA partners bring a great deal of experience and clout to the Trans-Pacific Partnership negotiations (TPP) by working together. However, it was also noted that the US has a long way to go in terms of expanding its international trade (less than 1% of businesses in the US export anything). The Ambassadors speculated upon the opportunities and challenges in the North American relationship. They identified key opportunities in successfully developing “energy independence” and potential challenges related to climate change and water resources.

Discussion

Questions and follow-on discussion included the suggestion that the US was “getting its swagger back,” with indications of increased optimism throughout the country. Both Ambassadors agreed that although the northern border is more secure since 9/11, what is needed now is a more “efficient” border. It was also pointed out that there are many risks beyond the traditional land border, such as those in the cyber realm, that require more attention. The proposed creation of a customs union among the three North American countries is not something either Ambassador sees in the short to medium term.

SESSION 1: SETTING THE STAGE – THE ISSUES

Chair:	David Fransen , Consul General of Canada in Los Angeles
Panelists:	<ul style="list-style-type: none">▪ Thomas d’Aquino, Canada Co-Chair, North American Forum and CEO, Intercounsel Ltd.▪ Roberta Jacobson, Assistant Secretary for Western Hemisphere Affairs, Department of State▪ Victor Manuel Treviño Escudero, Consul General in Phoenix, Secretariat of Foreign Affairs, Mexico▪ Simon Rosenberg, President, New Policy Institute

Summary

The panel debated the extent of ongoing cooperation among the three North American partners as well as the best approaches to advance NAFTA. It was noted that North America once led the way in international trade relations with both the Canada-US Free Trade Agreement (1988-89) and NAFTA (1993-94). However, it was argued that progress has stalled and NAFTA is “tired, unpopular and unappreciated.” A call for a reversal in the relative decline of a North American agenda was made along with a proposed declaration at the next North American Leaders’ Summit committing to a seven-point action plan by 2020 (see Mr. Thomas d’Aquino’s paper on this site for the action plan). “Incrementalism” (rather than a “big idea”) was defended by other presenters who argued that “pragmatic” progress on closer North American cooperation is indeed happening and may be the most realistic approach given the complexities of the North American relationship. The panel also pointed out the incredible progress and change in Mexico over the past several years. Mexico is now the 14th largest economy in the world with free trade agreements with 44 countries. It was argued that “partnering with Mexico is wise,” and areas for cooperation include: efficient borders, innovation, property rights, cross-border small- and medium-sized businesses promotion, regional supply chain integration and military cooperation. The panel agreed that North America has a great story to tell in terms of trade – but we have to do a better job telling it.

Discussion

Discussion picked up on the theme of the neglect of NAFTA. Concern was expressed that the North American relationships are becoming more bilateral. Although bilateralism, when practical and pragmatic, was not criticized, an argument was made for the focus to be on getting “more bang for the buck” through trilateralism. It was noted that all three countries will “leave potential on the table” if the strength of NAFTA as a platform for globally expanding North American trade engagement is not better utilized.

SESSION 2: SETTING THE STAGE – STRATEGIES FOR THE NORTHERN AND SOUTHERN BORDERS

Chair:	Laura Dawson , Dawson Strategic
Panelists:	<ul style="list-style-type: none">▪ Colin Robertson, Vice President and Senior Research Fellow, Canadian Defence and Foreign Affairs Institute and Distinguished Senior Fellow, Norman Paterson School of International Affairs, Carleton University▪ Duncan Wood, Director, Mexico Institute, Woodrow Wilson International

Center for Scholars

- **John Maisto**, Former Ambassador and Member of the Board, North Americans Center for Transborder Studies, Arizona State University
- **Steve Globerman**, Kaiser Professor of International Business and the Director of the Center for International Business at Western Washington University

Summary

The panel discussed a number of themes for improving strategies on the northern and southern borders. It was noted that national governments spend the bulk of their time looking at big issues while it is the provinces and states who face the reality of day-to-day border concerns. Lower levels of government have concrete interests and, in many cases, the constitutional authority to deal with some of the border issues. It was recommended that more border management issues could be tackled, or at least initiated, at local or regional levels. Regional level success stories such as the Washington-BC drivers' license initiative and the establishment of PNWER (Pacific Northwest Economic Region) were presented as examples. Other solutions for improving strategies for North America's borders included the suggestion of working more closely with Universities (good laboratories for brainstorming solutions) and more private-public partnerships. It was also noted that Canada tends to be somewhat inconsistent about Mexico – swaying back and forth in its definition of North America – which sometimes includes Mexico, and sometimes does not. It was suggested that nothing is wrong with bilateralism, but a strategy of “pragmatic trilateralism” is worth considering.

Discussion

Discussion included comments on substantive changes in Mexico and its importance to the trilateral partnership. For example, Mexico has spent a great deal on infrastructure over the last few years and is also beginning to implement domestic reforms including the breaking up of monopolies in television and telecommunications. Furthermore, the energy industry may open up to “some” private involvement. There is a sense that there is a “momentum” building with Mexico that will make it a much stronger partner in the North American project.

SESSION 3: CRITICAL INFRASTRUCTURE PROTECTION

Chair:	David Bercuson , Director, Centre for Military and Strategic Studies, Director of Programs, Canadian Defence and Foreign Affairs Institute and Director of International Policy, the School of Public Policy, University of Calgary
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| Panelists: | <ul style="list-style-type: none">▪ Geoffrey Hale, Professor, Department of Political Science, University of Lethbridge▪ Don Alper, Director, Border Policy Research Institute, Western Washington University▪ Chris Sands, Senior Fellow, Hudson Institute |
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Summary

Critical infrastructure protection is an incredibly complex issue given the multifaceted ownership and management of the infrastructure. Furthermore, there are differences, including constitutional, that lead to a lack of symmetry in approaches to critical infrastructure protection. All panelists agreed that “one size fits all” or centralization will not work as a form of governance for North American border

critical infrastructure protection. The role of “multi-agency” partnerships was stressed: between and among different levels of government, private industry and societal groups. Another theme that was raised several times during the panel discussion was the usefulness of pilot projects as models. For example, the Pacific Northwest has initiated many projects involving border security and critical infrastructure planning in recent years, (i.e. Enhanced Drivers’ License and the First Trusted Traveler program). Such successful pilots could be models for other regions. It was also noted that the security of infrastructure at the actual points of crossing is key given the economic significance of cross-border trade and people flows to all three countries. There are 13 points of entry (of 106) that account for 85% of the value of goods that cross the two borders – and in terms of prioritization, these crossings should be the ports of entry that are the primary focus of efforts to ensure port infrastructure resiliency and security.

Discussion

The challenges surrounding liability and ownership in critical infrastructure were discussed during the Q&A. Small- and medium-sized enterprises were identified as particularly vulnerable in terms of their infrastructure. It was agreed that all businesses have to behave responsibly in terms of security and it is the role of government to provide backup.

SESSION 4: BORDER SECURITY OPERATIONS

Chair:	Edgar Ruiz , Executive Director, Council of State Governments West
Panelists:	<ul style="list-style-type: none"> ▪ David Moloney, Senior Advisor the Privy Council Office, responsible for Border Action Plan ▪ Mitchel M. Merriam, Deputy Commander, Joint Field Command-Arizona, Customs and Border Protection, US Department of Homeland Security ▪ Isidro Morales Moreno, Director, Escuela de Graduados en Administración Pública (EGAP), Gobierno y Política Pública, Campus Estado de México ▪ Damien Simonneau, Visiting Fulbright Scholar, North American Center for Transborder Studies, Arizona State University ▪ Earl Fry, Professor, Department of Political Science, Brigham Young University

Summary

The panel, which focused primarily on the US-Mexico border, noted that all three countries have work to do in terms of better facilitation of trade. North America was described as a platform for businesses to compete in a very competitive global marketplace. The key question that was addressed was how do we ensure a more efficient border? Greater efficiency will also mean better security. A key aspect of efficiency is getting information before goods and people reach the border so that there will be less need to inspect trusted trade and travelers. The panel also considered border security operations from a theoretical perspective by noting that the US and Mexico do not necessarily have the same definition of security and this affects how they both approach their respective borders (it was noted that this was not a problem with the US and Canada). It was also argued that discussions in the US on comprehensive immigration reform are frozen by the US mindset to “securitize” immigration. Discussions on whether the US border is “secure” or not tend not be helpful. Rather, the focus should be on “thinking outside the box” (while not denying that threats exist) and moving toward political agreements that actually

tackle the issue at hand and are more achievable, such as visa reform. An on-the-ground perspective of border security was presented with a discussion on the Arizona Joint Field Command concept, a localized organizational realignment that integrated border security, commercial enforcement, and trade facilitation missions to more effectively meet Arizona's border challenges. Described as a "radical change" in the way the border has been managed in Arizona, where all assets related to the border were placed under a single chain of command, this initiative can serve as a model for other regions.

SESSION 5: MANAGING TRADE AND THE ECONOMIC IMPACT

Chair:	Lance Jungmeyer , President, Fresh Produce Association of the Americas
Panelists:	<ul style="list-style-type: none"> ▪ Jack Mintz, Director and Palmer Chair, School of Public Policy, University of Calgary ▪ Gary Hufbauer, Reginald Jones Senior Fellow, Peterson Institute of International Economics ▪ Leslie Glick, Porter Wright ▪ Patrick Kilbride, Senior Director, Americas, US Chamber of Commerce

Summary

The fifth panel considered trade and the economic impacts at the borders. Attendees were presented with a 2003 vs. 2013 North American comparison: in 2003 the continent was just coming out of recession and there was robust economic growth, while in 2013 there has been pronounced economic insecurity, debt overhang and "plodding" economies; in 2003 there was deepening North American integration and an acceptance of "big ideas," while in 2013 the focus of each North American country has been on emerging economies, diversification outside of North America, and on Canada's part, a partial turning away from the US. In fact, it was argued that there has been a "decoupling" of the US and Canadian economies. Increased protectionism in the US and energy future issues (for example, the Keystone pipeline debate in the US) present challenges to the bilateral relationship and are causing a certain amount of aggravation in Ottawa. The panel also suggested that a resurging US economy could perhaps spearhead bringing North America back into global prominence as a trade leader. Panelists presented a set of initiatives to improve the movement of persons, goods, services and investment within North America. These included a North American passport; the recognition of professional credentials; the creation of border infrastructure agencies; a better trusted trucker program; a single energy market; an international services agreement; opening of government procurement; extension of investment rights; and single North American agricultural inspection. The Customs-Trade Partnership Against Terrorism (C-TPAT), a voluntary program between US Customs and Border Protection and the private sector in the US, Canada and Mexico, was also discussed as an example of a successful on-the-ground program that could be better utilized.

Discussion

The discussion was moderately more optimistic about a future customs union among the three countries than the opening keynote on Day 1. It was mentioned that although there are always specific interest groups in each country that will not want a customs union, the issues are not insurmountable. However, the issues facing closer North American integration go beyond tariffs and each would have to be tackled separately. It was suggested that "NAFTA Plus" might be a better term than "customs union". Although there were several concerns expressed about a stalling of North American integration, the comment was made that forward movement can and should be made bilaterally, trilaterally,

incrementally or in a “big idea” way – whatever path is most pragmatic and smart. It was agreed that there needs to be more enthusiasm, effort and promotion surrounding the economic benefits of trade within North America. The role of Mexico as the “lynchpin” for North American success was also mentioned during the discussions. Mexico, poised for significant growth, presents a huge opportunity for qualitative and quantitative change.

SESSION 6: MEASURING SUCCESS

Chair:	Erik Lee , Associate Director, North American Center for Transborder Studies, Arizona State University
Panelists:	<ul style="list-style-type: none">▪ Michael Kergin, Senior Advisor, Bennett Jones LLP and Senior Fellow, Graduate School of Public and International Affairs, University of Ottawa▪ Mariko Silver, Arizona State University and former Assistant Secretary, Department of Homeland Security for International Affairs▪ Glenn Williamson, Founder, Canada Arizona Business Council

Summary

The final panel of the symposium looked at how success at the borders can be measured. The first question addressed was *why* measure progress in border management to begin with? The primary reason is to reassure the population that their respective governments are managing borders properly. Measurement of success will also increase confidence among trade partners and this can lead to greater trust and prosperity. The second question considered was *how* to measure success. Panelists noted that both security and trade need to be measured, although metrics are more straightforward on the trade side. It was also pointed out that *what* we choose to measure must be based on what our goals are. Measuring can be broken down into retail and system metrics based on these goals, while keeping in mind that the border is not just a line, it is a complex system. Toward the end of the panel, discussion shifted away from the physical border to the virtual border. The example of the Arizona-Canada business relationship provided the context to consider cities and airports as borders (e.g. Toronto and Phoenix banking and financial relationships do not involve the land border). Panelists suggested the movement of money and services were the new frontier of cross border relations.

Discussion

The challenge of finding and retrieving data on US-Mexico border transactions was discussed. It was also noted that Canadians frequently have banking troubles in their commercial and business dealings in the US. For example, many large Canadian transactions end up being executed in cash due to inter-bank bureaucracy on both sides of the border.