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The Relationship
From the Auto Pact, to the Auto Crisis to ??

Are we moving forward?



The Auto Pact

- Its 1904 and Henry Ford opens his plant in Windsor, Ontario.
- Up until 1960's, most auto production took place in the US
- By early 1960's, Canada had a massive trade deficit with the US
- On January 16, 1965, we signed the Canada-US Automotive Agreement, or the "Auto Pact"
- Transformed the NA car industry

Jumping to 1994 The NAFTA

- Average bilateral tariff 3%
- Auto and now auto parts sectors highly integrated, but also
- Electronics industry and agri-food sectors
- Border costs = remaining duties, broker fees

The 1990's "It's the Economy, Stupid"

- Budget deficits – governments looking to recoup cost of managing imports
- Border inspection fees became the new "border cost"
- Increases in existing fees (COBRA, MPF)
- Introduction of new fees (APHIS, etc)

2001

- Security trumped (trumps) trade
- "Risk Management" = more data to assess risk to manage risk
- Technology at the border
- More inspectors, more inspections, more inspection fees, -----
- More inspectors, more inspections, more inspection fees - tbc...

2005 and the SPP

- First substantive effort to reach “behind the border”
- Regulatory harmonization – size of a can of soup!
- Began thinking about NA protection of our environment, emergency response, etc
- But also first effort to build “the North American economic space”

July 2008
\$141/barrel

“The company’s storage and transportation costs are currently higher than the operating cost of its factories”

- Chief Global Product Supply Officer,
Proctor & Gamble, June 2008

Meanwhile A Thicker Border

- More data, more data sooner, more data electronically
- The Lacey Act – up to 12 more data elements @ \$1/data field = \$12/shipment of wood, paper, wood products
- Major NA paper company ships over 20,000 shipments over the border per year

February 2009 Buy America -The New Barrier

- Section 1605 prohibits the use of funds appropriated under the stimulus package for use in projects for the "construction, alteration, maintenance or repair of a public work or public building" unless "all of the iron, steel and manufactured goods used in the project are produced in the United States."

February 2009 and ARRA

March 25, 2009
DHS Secretary Napalitano

And that is what we have to continue doing moving forward. We have to make our decisions not based on assumptions, presumptions, stereotypes, or any of the like. We have to make our decisions based on actual data, data points, that allow us to proceed and really conceive now of this border.

And so let's not ignore that we can just waive a magic wand and we have a shared border management structure. It is not an easy thing to accomplish.

Brookings Conference - Toward a Better Border: The United States and Canada

2009 and beyond

- Smart Grid
- Renewable Energy Technology
- Clean Water Projects
- Green Jobs/Better Paying Jobs
- Closer assembly hubs
- shorter supply lines = less fuel costs, less carbon footprint