PNWER Working Group Session Report

Working Group: Border & Trade
Meeting Date/Time: Monday, July 23, 2018 / 9:15am
**This session was live streamed on Facebook**

Co-chairs:
- Representative Mike Cuffe, Montana
- Laurie Trautman, Director, WWU Border Policy Research Institute

Speakers
- Chris Sands, John Hopkins University Center for Canadian Studies
- Colin Robertson, Canadian Global Affairs Institute
- Dan Ujzco, Dickinson Wright
- Bob Carberry, Carberry Insights and Associates Inc
- Bill Lane, Trade for America

Agenda Items:
1. NAFTA modernization
2. Regulatory cooperation
3. Private sector perspective on NAFTA, trade, and regulatory alignment

Summary of Meeting:
   The meeting began with a statement from Representative Cuffe on the importance of the US-Canadian relationship and the need for calm responses rather than continuous escalation in trade matters. He mentioned that PNWER material like the Tariff Letter to the Trump Administration has been circulated at high levels of government.

   The panel began its discussion of NAFTA renegotiation with Colin Robertson. Mr. Robertson was the most optimistic member of the panel about NAFTA’s future, saying that the treaty is resilient and could survive 8 years of Trump. He believed that regional organizations like PNWER were the key to its success and pointed out that there have always been difficulties at the executive level between the US-Canada. JFK and John Diefenbaker had a worse relationship than Trump and Trudeau and the US-Canadian relationship survived.

   Chris Sands made the distinction between the Institutional and Political relationships of the US and Canada. The Institutional (NORAD, Regulatory Cooperation, International Drug COMMision, Permanent Joint Board on Defense, and others) continue to function. Political
rhetoric on both sides has become more aggressive, but the relationship still works where it counts. However, NAFTA is where the relationship is being seriously, structurally damaged. Dr. Sands reminded us that while NAFTA is overall beneficial to each party, we have to realize that the agreement hasn’t had a positive effect on everyone: Southern Mexico, Midwestern US, and Northern Canada are examples. Dr. Sands believes we need an inclusive NAFTA before the 2020 US presidential election. He emphasized NAFTA’s importance by saying that North America is a great production platform, but it is also a consumption, rule of law, mutual investment, and personal community.

Bob Carberry believes that what NAFTA lacks is aspirations, and Dan Uzjco agreed. NAFTA was originally conceived to make North America the most competitive economy on Earth, but today the conversation on NAFTA is short-sighted and dominated by putting out fires.

Mr. Uzjco advocated for more public-private collaboration, like PNWER, and less reliance on government-to-government decision making. He believes China is the real economic threat and the NAFTA nations need to work together to combat it. He made the point that Canada and Mexico have continued to sign trade agreements, but the US has fallen behind. The US needs to engage the world on trade to prevent being isolated and becoming less competitive.

As the discussion turned to the the prospects of renegotiation, Mr. Robertson and Mr. Uzjco got into a lively debate on who holds the blame for the current state of US-Canada trade relations. Mr. Robertson said that Mexico and Canada were happy with the status quo, and the US wasn’t (i.e. backing out of TPP, threatening to back out of NAFTA). Mr. Uzjco believed that the Canadians and Mexicans have not been as flexible as they could be, and using rhetoric like ‘red line’ and ‘poison pill’ were derailing negotiations. Mr. Robertson responded by saying TPP would have solved NAFTA’s major modernization problems, but the US closed the door on that opportunity. Furthermore, Mr. Robertson believes that the sunset clause completely removes certainty from the agreement, and therefore truly is a poison pill. He went on to say that the government procurement issue can and should be solved at the regional level. Mr. Uzjco ended the discussion by saying that we should all try harder to look past President Trump’s distracting rhetoric to the nuts and bolts issues, which can be solved.

In Bob Carberry’s presentation, he said that the top 3 sectors for regulatory cooperation are 1. Livestock 2. Product approvals (from shampoo to pharmaceuticals) 3. Meat inspection.

In Bill Lane’s presentation on regulatory cooperation, he advocated an outside-in strategy of moving from the regional level up to the nation level. US agriculture and manufacturing is tainted by uncertainty because of Trump’s rhetoric on NAFTA, we need TPP and EU trade agreements to fix that.

Audience Questions/Comments:
Jim Phillips: Canada aggravated the US unnecessarily with their letter on Dairy, why would they do that?
John Brennan: We need more action on the grain issue.
Gord Jones: In my community, people are already losing their livelihoods, NAFTA negotiation needs more urgency. Small suppliers get wiped out first and it’s already happening.
Audience member: Is a landing point for NAFTA possible before 2020?
Audience member: Canada is a much smaller country than USA in terms of population. 60 jobs is a lot of jobs to us, and the US is not recognizing that.

Jeff Phillips: Does the North American dream still exist?

We should create a PNWER member agreement on government procurement.
We should show people in their paychecks what percent of their income is dependent on trade.

Action Item:
- Collaborate with Border & Trade working group to compile regional examples of impacts of tariffs (jobs, decline in sales, etc.)
- Share Joint Statements supporting modernizing NAFTA, opposing tariffs and supporting science based regulatory systems in agriculture

Joint Statement:

1. The Pacific NorthWest Economic Region (PNWER), in both the United States (U.S.) and Canada, recognize the importance of trade and the immense benefits realized under the North American Free Trade Agreement (NAFTA). The agriculture sector in particular has been a major benefactor, creating deeply integrated cross border supply chains that have enhanced our competitiveness internationally. Members of the PNWER Agriculture Working Group urge both the U.S. and Canadian federal governments to continue negotiating a modernized and enhanced NAFTA.

2. Members of the Pacific NorthWest Economic Region urge leaders in both Canada and the U.S. to reconsider their recent tariff actions for many products in both markets. We believe that these measures go against the principles of free and fair trade and only hurt industries in both countries. When markets are open and goods are transported freely across borders, the result is economic growth, new businesses and more and better job opportunities for individuals.

3. We believe the U.S. and Canada should enhance competitiveness by becoming more effective and efficient through the adoption of new and cutting edge technologies. A science-based regulatory system is needed to support our industry’s efforts in this area and this requires strong leadership internationally from both Canada and the U.S. to address issues with countries whose regulations are less than science-based. As such, members of PNWER encourage the U.S. and Canada to continue pushing for science-based regulation in the agriculture sector in forums like Codex Alimentarius Commission and the OIE World Organization for Animal Health.