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## The Economy, Security, and Sovereignty in a North American Context

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## THE ECONOMY, SECURITY, AND SOVEREIGNTY IN A NORTH AMERICAN CONTEXT

*The Hon. William C. Graham<sup>†</sup>*

Thank you, Henry, for that warm welcome from someone who is a good friend, someone I do not get to see enough given my present life. It was easier when I was a professor and could come here and profess with you other professors. As Gary Hufbauer reminded me of those good old days, I was reminded of what they say about professors: they never die, they just lose their faculties. I did not lose my faculties. I abandoned them by becoming a Foreign Minister, about which Harold McMillian said that Foreign Ministers are forever poised between a cliché and an indiscretion.

That is about where I find myself these days, and that is why I will be delivering to you, rather than personal comments, which I would love to stand here and talk about with you. The Department of Foreign Affairs prefers to see me make a speech, because they know that way the indiscretion part will be less. There might be more clichés, but fewer indiscretions or risks of them; and I will not run into that problem encountered by the previous President Bush when he was criticized for something he said in a speech. One of his aides said it, the President did not actually say that. That was something he read in a speech. So, if there is something you hear that you do not like or you do not find academic enough, it is really the Department. If you like it, it is me.

I am just delighted to be here. It is a great privilege to be in this room and be here with friends of shared geography, but also those who share institutional legal frameworks and cooperation that have arisen out of the proximity between Canada and the United States. Henry and I worked together years ago on an inventory of Canada/U.S. disputes, but also we did an inventory of Canada/ U.S. agreements, as I recall.

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<sup>†</sup> The Hon. William C. Graham is the Canadian Minister of Foreign Affairs. Prior to his appointment, he served as Chairman of the House of Commons Standing Committee on Foreign Affairs and International Trade. He has held the positions of Vice-President and Treasurer of the Parliamentary Association of the Organization for Security and Cooperation in Europe, and as Treasurer of Liberal International. Before being elected as an MP for Toronto Centre-Rosedale in 1993, Mr. Graham practiced law at Fasken & Calvin in Toronto, and served on the boards of directors of various public and private Canadian corporations. Subsequently, he taught International Trade Law, Public International Law, and the Law of the European Community at the University of Toronto Faculty of Law.

MR. KING: Right, right.

MR. GRAHAM: Henry, I think we started in that book, which we put together with the reference to the Transboundary Water Treaty. I mean 90 years ago, wiser heads recognized that the interest of economic cooperation, transportation, resource management, and environmental protection would be served by cooperation around the vast waterways of our boundary. So we signed the Boundary Waters Treaty.<sup>1</sup> At the time, our two countries also founded perhaps, the world's original model of transboundary environmental stewardship, the International Joint Commission.<sup>2</sup> Extending this line of thought to more recent developments, the success of the North American Free Trade Agreement has demonstrated how much common ground can be gained by extending our partnership throughout North America, and that in fields beyond trade.<sup>3</sup>

As the participants of this conference will be discussing, both policy developments and legal frameworks are often hard put to catch up to the dynamics of our cross-border links. The finest policy experts from all three NAFTA countries, I believe, will be needed to bring new structures into existence to meet the need to reflect the degree of our interdependence. Notwithstanding the difficulties of forging these new paths, however, I know that I am speaking to a like-minded audience here when I say that such efforts are not just mutually beneficial, but, indeed, indispensable for all of us in the years ahead, both on this continent and in the wider global arena.

One of the priorities I always urge in my present capacity is the strengthening and development of multilateral institutions that are capable of managing the global realities of the 21st century. It is true that modern communications and international commerce have unlocked a huge global potential and given us great benefits from trade and investment, but these changes demand that our international institutions adapt themselves to new challenges. As the 19th Century social theorist Henry George once said, progressive societies outgrow institutions as children outgrow clothes.<sup>4</sup> This is all the more important to remember at present, when the institutions of our global society must tackle not only progressive opportunities but unprecedented crises such as environmental degradation on a vast scale;

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<sup>1</sup> Boundary Waters: Pilotage Services on Great Lakes and St. Lawrence, August 23, 1978 and March 29, 1979 T.I.A.S. No. 9445, available at 1979 WL 180182.

<sup>2</sup> International Boundary Treaty Act, R.S. 1985, c. I-17; Also see, *International Joint Commission*, fact sheet, *Government of Canada*, Office of Minister of the Environment, available at [www.ec.gc.ca/press/usa6\\_b\\_e.htm](http://www.ec.gc.ca/press/usa6_b_e.htm)

<sup>3</sup> North American Free Trade Agreement, Dec. 17, 1992, Can.-Mex.- U.S., 32 I.L.M. 289 (entered into force Jan. 1, 1993).

<sup>4</sup> Henry George, SOCIAL PROBLEMS, Ch. 1 The Increasing Importance of Social Questions (1883), available at [www.schalkenbach.org/library/george.henry/sp01.html](http://www.schalkenbach.org/library/george.henry/sp01.html).

endemic poverty such as exists in Africa<sup>5</sup> and elsewhere, contrasting with great wealth such as that we enjoy in North America and in Europe;<sup>6</sup> health pandemics, such as HIV/AIDS<sup>7</sup> and today, the new outbreak of SARS<sup>8</sup>, which is troubling so many people in my own home constituency, the city of Toronto;<sup>9</sup> threats from the existence of weapons of mass destruction; and organized crime and terrorism on a global scale. All of these problems are too big for any one country to take on by itself. Whether in the pursuit of peace and justice, the struggle to end poverty, famine and disease, to promote sustainable development, or to strengthen access to knowledge, modern states and communities must advance their goals through some form of collaboration. That is why Canada has always worked with other countries to construct an international system that brings common benefits by imposing rules and obligations on all, and allows us to accomplish by working together what none of us could achieve on our own.

Of course, the process of creating this multilateral framework of institutions and laws will always be a challenging one. You in this room are all familiar with the features distinguishing international law from domestic law: the absence of a universally accepted legislator, together with problems associated with interpretation, application, and enforcement. When I taught public international law, I used to say to my students that international law was to law what Swiss cheese is to cheese. It is still cheese; there are just a lot of holes in it. And that is sort of where we are. Our job is to fill those holes. One of the holes we are trying to fill is what Henry referred to earlier, the International Criminal Court.<sup>10</sup> We keep working on filling those holes together.

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<sup>5</sup> *The Causes of Conflict and the Promotion of Durable Peace and Sustainable Development in Africa*, REPORT OF THE UNITED NATIONS SECRETARY-GENERAL, A/52/871-S/1998/318, available at [www.un.org/ecosocdev/geninfo/afrec/sgreport/index.html](http://www.un.org/ecosocdev/geninfo/afrec/sgreport/index.html).

<sup>6</sup> See generally, Charles Hampden-Turner and Alfons Trompenaars, *THE SEVEN CULTURES OF CAPITALISM; VALUE SYSTEMS FOR CREATING WEALTH IN THE UNITED STATES, JAPAN, GERMANY, FRANCE, BRITAIN, SWEDEN, AND THE NETHERLANDS* (1993).

<sup>7</sup> Alex de Waal, *Why the HIV/AIDS Pandemic is a Structural Threat to Africa's Governance and Economic Development*, 27-FALL FLETCHER F. WORLD AFF. 6.

<sup>8</sup> Neena Chowdhury, *Ontario health officials say a fourth Canadian has died of Severe Acute Respiratory Syndrome, or SARS*, THE CANADIAN PRESS, March 31, 2003, available at 2003 WL 17792151.

<sup>9</sup> Andre Picard, *Mommy, are you going to die?*, THE GLOBE AND MAIL (Toronto) April 5, 2003, at F5; Caroline Alphonso and Gayle MacDonald, *SARS Outbreak*, THE GLOBE AND MAIL (Toronto), April 4, 2003, at A8.

<sup>10</sup> UN Doc. A/CONF. 183/9, 37 I.L.M. 9999, (July 17, 1998) entered into force July 1, 2002, available at [www.icc-cpi.int/library/basicdocuments/rome\\_statute\(e\).html](http://www.icc-cpi.int/library/basicdocuments/rome_statute(e).html); See also, Philippe Kirsch, Q.C., Valerie Oosterveld, *Negotiating an Institution for the Twenty-First Century: Multilateral Diplomacy and the International Criminal Court*, 46 MCGILL L.J. 1141 (Aug. 2001).

But the flip side of the deficiency of public international law is the potential of international law to transform the sphere of human relations it deals with by changing the terrain of international power politics dominated by superpower interest into a rules-based system that adjudicates the interest of all on fair and principal basis. The multilateral order is not just about the restraint of power by rules; more importantly, it is about what the community of nations can achieve together that no nation can achieve alone. It brings the potential for and is the only solution to addressing the problems I just mentioned that have no borders. These problems can be solved only by making constructive use of our world's increasing interdependence.

### MILITARY COOPERATION

These themes of interdependence and problems of a global scope, bring me to a couple topics foremost in all our minds as we meet at this time: the war in Iraq and the larger global fight against terrorism. As I am sure everybody in this room is aware, Canada decided not to join the United States led coalition now waging war in Iraq.<sup>11</sup> I would like to say a few words about my country's reasons for this decision. And I would like to place it in the context of our stance in the broader campaign for global security and stability, as well as how we see ourselves as friends, neighbors, and equally importantly, constructive partners with the United States and their endeavors.

Canada, of course, always fully agreed with the United States on the objective of disarming Saddam Hussein's repressive and brutal regime of its weapons of mass destruction. We appreciated the U.S. leadership over this past year on this issue, and supported strongly, the U.N. Resolution 1441.<sup>12</sup> The question of choosing when or whether it was necessary to disarm Iraq by force, however, was highly controversial in our country, as I believe it was in yours. Canada worked hard to promote a consensus in the United Nations Security Council, one which recognized the need for a credible inspections process and a reasonable time limit within which the process could be concluded.

We believed at the time that there was an opportunity for that compromise to bring the Security Council together. This was extraordinarily important because we have seen the tensions that arise when the Security Council does

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<sup>11</sup> Adam Segal and Erik Missio, *Canada's Position*, CBC NEWS ONLINE, April 11, 2003, at [www.cbc.ca/news/iraq/canada/canada\\_role.html](http://www.cbc.ca/news/iraq/canada/canada_role.html).

<sup>12</sup> Gave Iraq a final opportunity to comply with its disarmament obligations, namely cooperating with U.N. weapons inspectors. U.N. SCOR 1441, S/Res/1441 (Nov. 8, 2002), available at <http://ods-dds-ny.un.org/doc/UNDOC/GEN/N02/682/26/PDF/N0268226.pdf?OpenElement>.

not function on issues. I believe we played an extraordinary constructive role on working on that consensus process. I met in Brussels just last week with many members of the European Alliance, NATO<sup>13</sup> and others who all shared with me the thought that we came close to achieving that goal. Unfortunately, the diplomatic process broke down, and our government took a decision to not join the U.S. led coalition.

This decision was supported by a majority of Canadians, and was consistent with our repeated declaration of the preceding months that any resort to war required a clear international mandate in this case, the sanction of the Security Council. This decision was not an easy choice, since we preferred to agree with such close friends and allies as we have in the United States and Britain. However, as our Prime Minister reiterated in Parliament, the decision whether or not to send troops into battle must always be consistent with Canada's long-standing values and principles in this case, our commitment to working through multilateral institutions to resolve questions of peace and security.<sup>14</sup>

While we stand by our reasons for abstaining from the present campaign, I should add that it is not without conflicted feelings amongst many Canadians, some of whom who I am sure are in this room and could testify to. We recognize the legitimate right of President Bush and others in making the grave decisions they did. And we admire them for the efforts they made to engage the international community in that process.

We have not have been indifferent to the outcome of conflict. We certainly want the U.S.-led coalition to have a quick victory, with a minimal loss of life on all sides. And if toppling statues are any indication, things are going swiftly on that front and moving into the stabilization phase.

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<sup>13</sup> North Atlantic Treaty is a multilateral treaty between Belgium, Canada, Czech Rep., Denmark, France, Germany, Greece, Hungary, Iceland, Italy, Luxembourg, Netherlands, Norway, Poland, Portugal, Spain, Turkey, United Kingdom, and the United States. However, the alliance in 1949 included only 12 nations. North Atlantic Treaty, August 24, 1949, 63 Stat. 2241, TIAS 1964, 4 Bevans 828, 34 UNTS 243, *available at* [www.nato.int/docu/basicxt/treaty.htm](http://www.nato.int/docu/basicxt/treaty.htm)

<sup>14</sup> Prime Minister Jean Chrétien, Address to House of Commons in support of a motion (April 8, 2003) *available at* [http://pm.gc.ca/default.asp?Language=E&Page=newsroom&Sub=Speeches&Doc=statementoniraq.20030408\\_e.htm](http://pm.gc.ca/default.asp?Language=E&Page=newsroom&Sub=Speeches&Doc=statementoniraq.20030408_e.htm) (arguing a multilateral approach through the United Nations was key to enhancing the international legitimacy of military action and would make it easier after the war was over. We applied these principles in deciding not to join the coalition when the war began without a new resolution of the Security Council. The decision on whether or not to send troops into battle must always be a decision of principle. Not a decision of economics. Not even a decision of friendship alone. Our friendship with the United States is far stronger than some of our critics would have us believe. Our friendship is far stronger than those who scare-monger would have us believe. It is far stronger than some who purport to speak for the business community would have us believe. Close friends can disagree at times and can still remain close friends.)

As we wait for this outcome, Canadians understand the fears and concerns that Americans are going through. After all, our two peoples work together, marry one another, attend one another's universities, spend regular time in conferences such as this, and constantly interact with one another in countless ways. This depth of connection was shown in the aftermath of September 11th, when the people of Canada spontaneously opened their homes to some 33,000 Americans who were stranded in Canada and grounded by air traffic.<sup>15</sup> So I want to affirm that while we have had a different approach, we have not abandoned our traditional alliance with the United States either in feeling or in deed. We remain America's staunchest ally in the war on Terrorism.

After September 11th we quickly ratified and implemented all international conventions on terrorism, and worked closely with the United States on terrorist financing and border issues.<sup>16</sup> We joined together in committing our troops on this war on Terrorism. We fought along side troops in Kandahar. We now have three Canadian warships, aircrafts and 1280 Navy military personnel in the Persian Gulf region, escorting allied ships and performing interdiction duties against terrorism. We honored our commitment to have our exchange personnel remain in place with our allies in the face of considerable criticism at home. Furthermore, this summer 2,000 of our troops will be returning to Afghanistan as part of the International Security Assistance Force bringing stability to the country and ensuring it does not revert back to a haven for Al Qaeda.<sup>17</sup> Our security and intelligence services, and every level of federal and provincial government, cooperate in the global fight against terrorism.

Moreover, as our Prime Minister has stated, Canada will be there significantly and tangibly to participate in the reconstruction of Iraq.<sup>18</sup> We have already committed 100 million dollars to humanitarian assistance for the Iraqi people, 20 million of which have already been disbursed, with the rest to follow from more focused assessments of needs on the ground. We

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<sup>15</sup> *Transportation in Canada 2001: Annual Report*, TRANSPORT CANADA, at 28, available at <http://dsp-psd.communication.gc.ca/Collection/T1-10-2001E.pdf>

<sup>16</sup> Anti-Terrorism Act, S.C. 2001, c. 41, s. 83.01-83.33; Canadian Dept. of Justice, Highlights of Anti-Terrorism Act (Oct. 15, 2001), available at [http://canada.justice.gc.ca/en/news/nr/2001/doc\\_27787.html](http://canada.justice.gc.ca/en/news/nr/2001/doc_27787.html)

<sup>17</sup> Operation ATHENA is Canada's contribution to the U.N. authorized International Security Assistance Force. Athena is a yearlong operation based out of Kabul, Afghanistan that began in Aug. 2003. *Operation ATHENA: The Canadian Forces Participation in ISAF*, CANADIAN NATIONAL DEFENSE, Sept. 19, 2003, available at [www.forces.gc.ca/site/operations/Athena/index\\_e.asp](http://www.forces.gc.ca/site/operations/Athena/index_e.asp)

<sup>18</sup> Prime Minister's Office, Press Release: Canada Makes Further Contribution To Humanitarian And Reconstruction Efforts In Iraq (April 29, 2003), available at [www.pm.gc.ca/default.asp?Language=E&Page=newsroom&Sub=newsreleases&Doc=iraqrecnstruction\\_20030429\\_e.htm](http://www.pm.gc.ca/default.asp?Language=E&Page=newsroom&Sub=newsreleases&Doc=iraqrecnstruction_20030429_e.htm)

also look forward to contributing to initiatives in socioeconomic and other spheres of reconstruction. In this context, we welcome statements by President Bush and Prime Minister Blair indicating that the U.S. and U.K. will be working closely with the United Nations in delivering humanitarian assistance and in the eventual reconstruction efforts.

Canada supports the American and British calls for engaging the Security Council in providing the framework for the post-conflict administration of Iraq. We recognize there are voices calling for an exclusively coalition-led administration of Iraq. This might have the virtue of efficiency, and we understand the arguments for it. But as my colleague Javier Solana, Chief of the European Union's Foreign Affairs Committee, often says, acting alone has the advantage of clarity of purposes, but at the cost of legitimacy and thus of effectiveness in the longer term. The United Nations, as everyone in this room knows, is certainly not perfect, but its failures are the failures of its members, among which both of our countries must be included. Canadians believe that the international legitimacy conferred by U.N. participation will contribute in the long run to a post-war Iraq that is peaceful, just, prosperous, and ready to rejoin the community of nations.

#### INTERNATIONAL STABILITY

As we all know, the goal of peaceful, just, and prosperous states around the world is what Canada and the United States are pursuing as we tackle the security threats we face in common. It is for this reason, of course, that we must all bear in mind that security and prosperity in North America is deeply intertwined with the security and prosperity of countries outside our continental borders. This facet of global interdependence mandates, for example, that we do not neglect the desperate conditions in Africa, where poverty, political instability, and the scourge of AIDS are creating conditions that may well produce global security crises down the road. This, I believe, is a very real possibility today, given how much attention is now being focused on Iraq and problems in the Middle East.

Canada is very pleased with President Bush's recognition of these priorities, as shown most recently when he pledged in the State of the Union address to increase development assistance and to combat the ravages of AIDS in Africa.<sup>19</sup> His pledge followed through on the government's National Security Strategy, affirming the importance of such measures to a just and stable world. These issues matter deeply to Canadians. We all join our Prime

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<sup>19</sup> President George W. Bush, State of the Union Address (Jan. 28, 2003), available at [www.whitehouse.gov/news/releases/2003/01/20030128-19.html](http://www.whitehouse.gov/news/releases/2003/01/20030128-19.html); Also see, Access to HIV/AIDS Pharmaceuticals and Medical Technologies, PRES. EXEC. ORDER NO. 13155, 65 FR 30521 (May 10, 2000), available at 2000 WL 569476 (Pres.)

Minister in congratulating President Bush on his leadership in committing U.S. efforts to address these matters of urgent global importance.

Moreover, we recognize that long-term stability in the Middle East depends on a resolution of the Israeli/Palestinian conflict. Hence, we welcome President Bush's commitment to forge ahead with the Road Map for peace and security.<sup>20</sup> So, as our two countries pursue our shared objective of peace, security, and prosperity within and beyond our borders, I hope that Americans can appreciate the fact that Canada is a more useful partner when we take complimentary rather than identical courses in world affairs. The U.S. national security strategy astutely observes, and I quote, "That there is little of lasting consequence that the U.S. can accomplish in the world without sustained cooperation of its allies and friends in Canada and in Europe."<sup>21</sup>

I put it to you today that we in Canada can be true allies and friends in these difficult days by being there in the fight against terrorism, by helping to repair frayed transatlantic relationships, by building bridges of dialogue and trust with the Islamic world, and by undertaking a significant role in the reconstruction of Iraq. We believe that Canada's distinctive perspective and experience can compliment that of the United States and others as it exercises its enormous responsibilities in today's world.

Closer to home as well, we are working closely on security issues affecting both our countries. The horror of September 11th showed the necessity of meeting new types of security threats by expanding cooperation between our two countries. For a long time, we have already shared a unique framework of security cooperation, through NORAD and through 80 other treaties, 250 memoranda of understanding, and some 140 defence-related fora. This is in addition to our work together globally through NATO.<sup>22</sup> Yet there is a need in this remarkable partnership to adopt to a new security environment. Today security arises from far more than the quantity, the quality, or even the integration of our armed services. It grows from coordination of virtually all public sector activity, intelligence sharing, financial surveillance, customs cooperation, immigration practice, transportation, safety measures, and infrastructure protection. It touches on every aspect of the movement of goods, services and people. Our partnership

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<sup>20</sup> Statement of the Atlantic Summit: Commitment to Transatlantic Solidarity, THE WHITE HOUSE (March 16, 2003), *available at* 2003 WL 1191465.

<sup>21</sup> U.S. National Security Strategy, Section VIII: Develop Agendas for Cooperative Action with the Other Main Centers of Global Power, (2002), *available at* [www.whitehouse.gov/nsc/nss8.html](http://www.whitehouse.gov/nsc/nss8.html)

<sup>22</sup> North Atlantic Treaty, April 4, 1949, *available at* [www.nato.int/docu/basicxt/treaty.htm](http://www.nato.int/docu/basicxt/treaty.htm).

in these dimension has resulted in the Smart Border Agreement,<sup>23</sup> which will be the subject of later conference sessions here; and in the signing of the Safe Third Agreement dealing with the treatment of persons seeking asylum.<sup>24</sup> It also continues in the form of ongoing close relationships between our intelligence and law enforcement services, and in our recently established bi-national planning group which brings together civil and military authorities to establish quick and effective collaboration in the case of terrorist attacks or national disaster which affects our two countries. As we take these measures to counter new security threats, our countries also share the goal of ensuring that in responding to terrorism we uphold the values and norms of our liberal democracies: freedom, openness and respect for rule of law and human rights, both at home and countries outside our continent.

### ECONOMIC COOPERATION

Beyond security, the other main focus of this conference is economic cooperation. And here, too, the central fact is that Canada and the United States have developed a mutually beneficial relationship which reflects the extent of our interdependence. Our prosperity is linked through the 1.5 billion dollars of two-way trade crossing our border every day.<sup>25</sup> By a wide margin, we are each other's most important markets. In 2002, Canada bought more U.S. goods than all 15 countries of the European Union combined, and three times as much as Japan. Canada's population of 30 million people bought 22 percent of all U.S. exports. Thirty-eight states, including Ohio, count Canada as their largest export market.<sup>26</sup>

The energy sector is particularly notable. Canada supplies the United States with 94 percent of its natural gas imports,<sup>27</sup> close to 100 percent of its electricity imports,<sup>28</sup> 35 percent of uranium for nuclear power generation,<sup>29</sup>

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<sup>23</sup> Summary of Smart Border Action Plan Status, THE WHITE HOUSE, Sept. 09, 2002, available at 2002 WL 31008208.

<sup>24</sup> *Id.* at number 5.

<sup>25</sup> Partners in security, partners in prosperity, Address by Michael Kergin, Ambassador of Canada to the United States, to the Greater Tampa Chamber of Commerce and Pinellas County Economic Development Council (Feb. 5, 2002), available at [www.canadianembassy.org/ambassador/020205-en.asp](http://www.canadianembassy.org/ambassador/020205-en.asp).

<sup>26</sup> *United States-Canada-Mexico Fact Sheet On Trade, Migration, and Border Crossings*, MIGRATION POLICY INSTITUTE, available at [www.migrationpolicy.org/files/us\\_mexico.long.pdf](http://www.migrationpolicy.org/files/us_mexico.long.pdf).

<sup>27</sup> *Canada's Natural Gas Challenges: A Discussion of the Implications for Our Energy Future*, CANADIAN ENERGY COALITION (Sept. 2003), at 7, available at <http://www.cfi.ca/uploaddocuments/d342+final%20energy%20gas%20issues%20paper.pdf>

<sup>28</sup> The Dynamics of a New Canada-United States Partnership in North America, Presentation of Thomas D'aquino to the Canadian Council of Chief Executives, Security and Prosperity (Jan. 14, 2003), available at [www.ceocouncil.ca/English/Publications/](http://www.ceocouncil.ca/English/Publications/)

and in 2002, we provided 17 percent of imported crude and refined oil products,<sup>30</sup> more than any other foreign supplier, including Saudi Arabia. In short, Canada is the biggest energy supplier of the United States, and a secure one that can be counted on to support American prosperity.

Looking at North America as a whole, trade amongst Canada, the U.S. and Mexico reached \$944 billion by 2001, nearly 350 percent higher than in 1990. Even more significant than these numbers are the profound ways in which NAFTA has reshaped the economic North America space, accelerating the pace of economic integration and contributing significantly to a reorientation of all three national industrial structures. Integration of the North American market has also brought resilience to our economies, helping us to absorb and even deflect external shocks. Alongside these benefits, of course, distinctive pressures are created by such deeply integrated cross-border sectors as manufacturing, transportation and energy, and the flow of information and people.

With the integration and high speed of today's commerce, pressures grow to reduce regulatory differences together with the transaction costs they can impose on firms and the disputes they can foster. This may be addressed by working out a convergence on some policies or harmonization of some rules and regulations; or, perhaps more modestly, our two countries can work out a mutual recognition of standards where safety, health, and the environment of our two economies are not compromised. These imperatives of our countries economic relationship have effects deeply felt on both sides of the border. In many cases, in jurisdictions that hitherto have been considered domestic, institutional, and policy mechanisms are in short supply to mediate the resulting political or legal interactions between the continental and the local, and between the purely economic and the social.

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reports/jan14-03.pdf.

<sup>29</sup> Address by Prime Minister Jean Chrétien to the Chicago Council on Foreign Relations (Feb. 13, 2003), Chicago, Illinois *available at* [www.globalchicago.org/reports/ccfr/Canadian%20Prime%20Minister.pdf](http://www.globalchicago.org/reports/ccfr/Canadian%20Prime%20Minister.pdf); Energy Independence for North America - Transition to the Hydrogen Economy, Presentation of Dr. James J. Eberhardt at the 2003 Diesel Engine Emissions Reduction (DEER) Conference, Newport, RI, Aug. 2003, at 9, *available at* [www.orau.gov/DEER/presentations/plenary/7.%20Eberhardt%20%20Energy%20Independence.pdf](http://www.orau.gov/DEER/presentations/plenary/7.%20Eberhardt%20%20Energy%20Independence.pdf).

<sup>30</sup> *Id.*

## PARTNERS IN NORTH AMERICA

Creativity and institutional solutions are called for as we address these problems, and as we work to promote a broader agenda of trilateral cooperation throughout North America. That is why conferences such as this are so valuable to us in giving us an opportunity to reflect on these trends. For our part, we are anxious to see NAFTA's mechanisms used to their full potential in fora such as the Commission for Environmental Cooperation<sup>31</sup> and the Commission on Label Cooperation; in pursuing trilateral exchanges with our NAFTA partners, such as annual meetings of finance ministers and central bank CEOs; and also through means such as the Energy Working Group,<sup>32</sup> the Tri-national Agricultural Accord<sup>33</sup> and the program for North American Mobility and Higher Education.<sup>34</sup>

The priority Canada places on working with continental partners on such initiatives is highlighted in the 338-page report that was tabled last December by the House Standing Committee on Foreign Affairs and International Trade. This report, called *Partners in North America*, examines Canada-U.S., Canada-Mexico and trilateral relations with respect to issues including foreign and trade policy, security, and intelligence.<sup>35</sup> The Committee sought a broad range of views from government officials and academics from all three North American countries; and benefiting its scope, this is the first Canadian parliamentary document to be published in the three North American languages of English, French, and Spanish. I was very proud of the fact when I saw they had taken the effort to publish the House of Commons report in the Spanish language. I promptly phoned my counterpart in Mexico and said, "Hey, we are on the team here, we are working with you." It is these little symbols that reach out to people and make them realize we want to make contact. We can send that report down to our

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<sup>31</sup> North American Agreement on Environmental Cooperation Between the Governments of Canada, the Government of the United Mexican States and the Government of the United States of America (1993) Signed at Mexico, Washington, and Ottawa September 8, 9, 12, and 14, 1993; entered into force January 1, 1994 available at [www.cec.org/pubs\\_info\\_resources/law\\_treat\\_agree/naaec/index.cfm?varlan=english](http://www.cec.org/pubs_info_resources/law_treat_agree/naaec/index.cfm?varlan=english).

<sup>32</sup> *Fact Sheet: Policy and International Affairs*, NORTH AMERICAN ENERGY WORKING GROUP, DEPT. OF ENERGY, available at [www.pi.energy.gov/library/NAEWGbackground3031.pdf](http://www.pi.energy.gov/library/NAEWGbackground3031.pdf).

<sup>33</sup> History of the Tri-National Agricultural Accord, TRI-NATIONAL AGRICULTURAL ACCORD, at [www.nasda-hq.org/accord/HistoryOf.htm](http://www.nasda-hq.org/accord/HistoryOf.htm).

<sup>34</sup> U.S. Dept. of Education, Program for North American Mobility in Higher Education, available at [www.ed.gov/programs/fipsenortham/index.html](http://www.ed.gov/programs/fipsenortham/index.html)

<sup>35</sup> Bernard Patry, M.P. Chair, *Partners In North America Advancing Canada's Relations with the United States and Mexico, Report of the Standing Committee on Foreign Affairs and International Trade* (Dec. 2002), available at [www.parl.gc.ca/InfoComDoc/37/2/FAIT/Studies/Reports/faitrp03/faitrp03-e.pdf](http://www.parl.gc.ca/InfoComDoc/37/2/FAIT/Studies/Reports/faitrp03/faitrp03-e.pdf).

colleagues in the Mexican Parliament and Mexican Congress, and they can look at it, read it, and get engaged. These are gestures, but they are significant gestures of how we are coming together.

In its recommendations, the report challenges the Canadian government to think big. I know from many of my colleagues here from Canada that you will find it difficult to believe we can achieve this; Michael and others, we assure you we are thinking big. The Committee calls for the creation for a center to examine the dynamics of integration, and advocates the establishment of a high-level expert panel in the trilateral partnership. On the trade front, they challenge the government to look at the cost and benefits of a customs union to harmonize trade remedy practices, to establish a North American development fund, and, most ambitiously, to consider possibilities for new and more effective institutional mechanisms for addressing the dispute process within the NAFTA. I see Gary Hufbauer looking a little skeptical, but this is called big thinking.

I think we do have to look at some of these ideas. I taught European Community Law for many years. I often looked at the way the European Court served as kind of an integration factor in the European Economy. Clearly, our dispute resolution panels are a long way away from that. We have to look and see what sort of institutional framework we need to respond to the level of integration we have.

On the political front, the report urges a greater mobilization of political leadership on North American issues through means such as the formation of a trilateral inter-parliamentary forum, and a trilateral cooperation framework, including an annual leaders' summit. Some of these proposals in the areas of education and inter-parliamentary exchange strike us as worthy of support, and the Canadian government will be incorporating them into our approach. Other proposals will require much more long-term efforts to build consensus in all three countries as their merits and viability are assessed. In these tense times, when alliances around the world have felt the stresses of the Iraq crisis, there is something quite reassuring in being able to look forward to the ongoing commercial flow of goods across our borders, and even to the tough negotiations that always accompany our efforts to achieve a truly integrated market.

As countries with distinct domestic interest, Canada and the United States have often had our differences in areas such as energy, environment, trade and fisheries. Some differences will always continue in light of our respective resources, populations, and priorities. But in fact, our differences are minute in comparison with the vast scope of our ongoing cooperative relations. We will continue to find means of accommodation that benefit us jointly in the long run. I recall being at Whistler last year with Colin Powell

when I was on the platform and being in British Columbia of course, only one word was pre-Iraq, the rest of it was softwood lumber,<sup>36</sup> now driven off the front page, but still there a problem. But we were getting pretty heavy weather on the softwood file. Colin turned to me and said, “Well, Bill, we will resolve this as neighbors do. We have got a judicial means whereby in legitimate dispute between each other we turn it over to the way in which we either negotiate or resolve it peacefully.” And that is, in essence, what it is all about. We have a framework that is there both to manage the integration process and work on disputes; but what we continually have to do is try to ameliorate change and adopt that framework as we go on into the next century.

And so, in my view, our differences pale in view of our joint interests, both on the economic front and also in the sphere of global security. We cannot allow the fact that we have had alternative approaches in many areas to come between us. I know I speak for Canadians when I say we are determined that our different but supportive approach to the Iraq crisis, which I referred to earlier, make us more than ever determined to work together on our common security in the continent we share. We all know we are going to have to face ongoing struggles against global terrorism, and even grave threats like that posed by North Korea.

These struggles can only be won if we work together and build that trust and confidence on which our alliance has always depended. Canada and the United States each have their own identities and their own international personalities. They bring distinct, yet valuable, assets to challenges of peace, and security development, human rights, and justice. I believe we will continue to honor our common values, to bring prosperity through cooperation, while retaining both the prerogative and the ability to pursue our own economic, social, and cultural goals at home. Within a framework of strong and broadly shared interests and the rule of law, such as we have between Canada and the U.S. and now extending to Mexico, the path to these goals is clearly laid out.

All of you in this room today, as lawyers and policy makers, are best qualified to take a leading role in these developments. I am sure this conference will generate ideas that will sooner or later, and I hope sooner, pass into my own office in Ottawa and those of our counterparts in Washington and Mexico City. In the shorter term, though, I look forward to hearing your comments and perspectives. I understand there will be a question and answer period, and I am more than happier to answer questions.

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<sup>36</sup> Joint Press Conference with Canadian Foreign Minister Bill Graham, Secretary of State Colin L. Powell, Whistler, Canada, June 13, 2002, *available at* [www.state.gov/secretary/rm/2002/11103.htm](http://www.state.gov/secretary/rm/2002/11103.htm)

I want to thank you very much for giving me your attention as you have today. Thank you.