



CHALLENGING THE SECURITY AND PROSPERITY PARTNERSHIP OF NORTH AMERICA

The North American Competitiveness Council

The corporate power at the heart of the Security and Prosperity Partnership

The North American Competitiveness Council (NACC) is an official tri-national working group of the Security and Prosperity Partnership of North America (SPP). But it is also much more than this. Created at the second annual SPP summit in Cancun, Mexico, in March 2006, the NACC is made up of 30 CEOs from some of North America's largest companies. Its task? To set priorities for the SPP and to ensure that progress on deep integration continues through changes in government. No other group—not civil society, labour, social justice organizations or our elected politicians—has such exclusive access to North America's leaders or such a key role in developing continental policy. Its existence proves just how slanted the SPP is in favour of corporate interests.

Conceived in private

The NACC was officially born at a joint press conference on June 15, 2006 but its seeds were planted during a low-key but high profile "public/private sector dialogue on the SPP" in Louisville, Kentucky from January 10-11, 2006. Attendees at this meeting, including members of the Canadian Privy Council Office, the Mexican Presidency and the U.S. Department of Homeland Security, discussed "marrying policy issues with business priorities." Corporate leaders, like reps from ExxonMobil, DaimlerChrysler, Ford, Tyco and FedEx, also warned that governments in Canada, Mexico and the U.S. need to "empower" the private sector, "to engage substantively and pragmatically on trade and security issues without undue deference to political sensibilities." Just over two months later, our leaders did exactly what they were told by creating an entirely CEO-based North American Competitiveness Council to whip the Security and Prosperity Partnership into shape.

The usual suspects

On June 13, 2006, Prime Minister Harper finally announced the Canadian membership of the NACC. All 10 CEOs are members of the Canadian Council of Chief Executives, whose 2003 "Security and Prosperity Initiative" formed the basis of the SPP. According to Harper's press release the NACC, "has a mandate to provide governments with recommendations on broad issues such as border facilitation and regulation, as well as the competitiveness of key sectors including automotive, transportation, manufacturing and services." U.S. members included reps from pharmaceutical giant Merck, weapons maker Lockheed Martin, General Motors, Chevron and Wal-Mart. These companies gather under the auspices of the U.S. Chamber of Commerce and the Council of the Americas, both powerful corporate lobbies.

Let the private meetings begin

While NACC members met nationally throughout the summer of 2006, they didn't come together as a whole again until August 15 in Washington, D.C. The U.S. business leaders were better prepared than their Mexican and Canadian counterparts, having previously outlined their key priorities for the SPP: standards and regulatory cooperation, border security and infrastructure, supply chain management, energy integration, innovation, and a common international trade policy. But U.S., Mexican and Canadian CEOs eventually agreed

on three overall priorities: border crossing facilitation (to be handled by the Canadians), regulatory convergence (to be handled by the U.S.) and energy integration, which the Mexicans would take care of. These would later be elaborated on in a report to SPP ministers in February 2007.

“Tell us what needs to be done”

There was very little media coverage of the NACC, its mandate or its meetings until Maclean's magazine ran a story on September 13 titled, “Meet NAFTA 2.0.” In it, Luiza Savage described the NACC as a “cherry-picked group of executives who were whisked to Cancun in March by the leaders of Canada, the U.S. and Mexico, and asked to come up with a plan for taking North American integration beyond NAFTA.” Ron Covais, the NACC rep from Lockheed Martin, told Savage that, “The guidance from the ministers was, ‘tell us what we need to do and we'll make it happen,’” and that rather than going through the legislative process in any country, the SPP must be implemented through incremental changes by executive agencies, bureaucrats and regulators. “We've decided not to recommend any things that would require legislative changes,” Covais tells Savage, “because we won't get anywhere.” What were they recommending that the public would find so offensive?

Regulatory harmonization and Mexican oil

The NACC spent that fall and winter coming up with over 50 recommendations for the Security and Prosperity Partnership, which they presented at a so-called SPP Ministers Meeting in Ottawa, Ontario on February 23, 2007. Suggestions included a North American Regulatory Cooperation Framework, designed to harmonize how policies affecting the economy are made across the continent, and the privatization of Mexico's oil and gas industry. “NACC representatives evidently were anxious to ensure ministers understood that the NACC saw this report as only the first in a series of short- and long-term recommendations,” said minutes from the meeting that were acquired through an access to information request. “It seems clear that the NACC will be looking for an early commitment to moving forward quickly.” It also seems clear from these minutes that the NACC is calling most of the shots.

Institutionalizing the SPP

At the January 2006 “public/private sector dialogue on the SPP,” the idea of creating rigid North American institutions to hold the SPP together came up. While the current top-down, executive approach provided “maximum flexibility to policymakers,” there was “wide agreement on the importance of having mechanisms in place to ensure follow-through on specific agenda items at the bureaucratic level, and to ensure the continuity of the overall SPP process on a political level.” The NACC was chosen as the mechanism for ensuring this continuity and, according to minutes from the February 2007 SPP meeting, that decision has paid off. “Two years into its existence, officials have acquired sufficient experience now to undertake a confident review of the SPP's structure, functions and focus, and to consider the initiative's place in the broader context of North American institutions.”

The Montebello Summit

The NACC was again the only non-governmental group allowed full access to our leaders at the third SPP summit in Montebello, Quebec from August 20 to 21, 2007. This was despite numerous calls that the SPP be opened up to public and parliamentary debate. The Hudson Institute, a U.S. think tank that endorses deep integration, claimed just before the summit that, without congressional involvement in the U.S., the trilateral talks were destined to collapse. Even the CEOs of the NACC are starting to worry about a lack of will behind the SPP. “While overall progress to date has been encouraging, the NACC is concerned that on a handful of important issues progress has stalled and the spirit of the SPP is being undermined,” they wrote in their August report to leaders. “Above all, we urge the leaders to

make it clear to all levels of their governments that sustained progress on the SPP agenda is a strategic priority.”

The NACC also requested even more power and influence for big business at Montebello. “We are prepared ... to move beyond our initial report to ministers, whether by considering additional action items within our three priority areas of border facilitation, regulatory cooperation, and energy integration or by proposing additional priorities,” writes the group in its report. “With the support of the Leaders, we would be pleased to engage on other strategic issues affecting the competitiveness and security of the North American economies.” Not so long ago, Canada’s CEOs said that signing on to the U.S. missile defence scheme was a “strategic issue” affecting competitiveness. The Canadian public shot that down but a stronger role for the NACC could make public opinion redundant in all future decisions affecting Canada-U.S. relations.

Disband the NACC

Government executives and corporate leaders may feel sufficiently comfortable to start considering greater powers for the NACC within the SPP process, but the Canadian public certainly does not. The Council of Canadians is calling for the NACC to be disbanded, and for the Security and Prosperity Partnership to be brought to the Canadian Parliament for a full legislative debate. Without this minimal degree of public involvement, the SPP should be considered an illegitimate, undemocratic process.

NACC Members

Canadian Representatives:

- Dominic D'Alessandro, Manulife Financial
- Paul Desmarais, Jr., Power Corporation of Canada
- David Ganong, Ganong Bros. Limited
- Richard George, Suncor Energy Inc.
- Hunter Harrison, CN
- Linda Hasenfratz, Linamar Corporation (NACC chairperson)
- Michael Sabia, Bell Canada Enterprises
- Jim Shepherd, Canfor Corporation
- Annette Verschuren, The Home Depot
- Rick Waugh, Scotiabank

U.S. Representatives:

- Lou Schorsch, Mittal
- Joseph Gilmour, New York Life
- William Clay Ford, Ford
- Rick Wagoner, General Motors
- Raymond Gilmartin, Merck
- David J. O'Reilly, Chevron
- Jeffrey R. Immelt, General Electric
- H. Lee Scott, WalMart
- Robert Stevens, Lockheed Martin
- Michael Haverty, Kansas City Southern
- Douglas R. Conant, Campbell's Soup
- James M. Kilts, Gillette
- Herman Cain, Whirlpool
-

Mexican Representatives:

- José Luís Barraza, President of Consejo Coordinador Empresarial (CCE) and CEO of Grupo Impulso, Realiza & Asociados, Inmobiliaria Realiza and Optima
- Gastón Azcárraga, President of Consejo Mexicano de Hombres de Negocios (CMHN) and CEO of Mexicana de Aviación and Grupo Posadas
- León Halkin, President of Confederación de Cámaras Industriales (CONCAMIN) and Chairman of the Board and CEO of four companies in the industrial and real estate markets
- Valentín Díez, President of Consejo Mexicano de Comercio Exterior (COMCE) and former Vicepresident of Grupo Modelo
- Jaime Yesaki, President of Consejo Nacional Agropecuario (CNA) and CEO of several poultry companies
- Claudio X. González, President of Centro de Estudios Económicos del Sector Privado (CEESP) and Chairman of the Board and CEO KimberlyClark de Mexico
- Guillermo Vogel, Vice President of TAMSAs (Tubos de Acero de México)
- César de Anda Molina, President and CEO of Avicar de Occidente
- Tomás González Sada, President and CEO of Grupo CYDSA
- Alfredo Moisés Ceja, President of Finca Montegrande