

**The North American Competitiveness Council  
A backgrounder by the Council of Canadians  
February 2007**

The North American Competitiveness Council (NACC) is an official tri-national working group of the Security and Prosperity Partnership of North America (SPP). It was created at the second summit of the SPP in Cancun, Mexico, in March 2006. The SPP is an agreement between the leaders of the United States, Canada and Mexico to work toward a more integrated North American economy and security region. Comprised of 30 CEOs from some of the North America's largest companies, the NACC has been mandated to set priorities for the SPP and to drive the integration process through changes in government in all three countries.

**History**

While the North American Competitiveness Council was officially born on March 31, 2006, its seeds were planted three months earlier. On January 10 and 11, 2006, United Parcel Service, the Council of the Americas and the North American Business Committee convened a "public/private sector dialogue on the SPP" in Louisville, Kentucky. The meeting was attended by 50 government officials and business leaders from Canada, the U.S. and Mexico, including members of the Canadian Privy Council Office, the Mexican Presidency, the U.S. Department of Homeland Security and corporate reps from ExxonMobil, DaimlerChrysler, Ford, Tyco, and FedEx.

According to an account of the meeting from the Council of the Americas, attendees discussed "marrying policy issues with business priorities," and that "one critical factor in the success of the SPP will be the active engagement of the North American business community." Private sector supporters of the SPP "need to *build a genuine constituency for North American integration* if it is to move forward successfully," says the report. "Leadership from governments that recognizes the importance of business issues to the overall social welfare empowers the private sector to engage substantively and pragmatically on trade and security issues *without undue deference to political sensibilities.*"

**Closed door meetings**

On March 15, 2006, North American business leaders met in Washington, D.C. with U.S. Secretary of Commerce Carlos Gutierrez, Canadian Deputy Minister of Industry Suzanne Hurtubise and Dr. Alberto Ortego from the Mexican Presidency. According to a backgrounder from the Council of the Americas, the government officials were interested in "the views of the North American business community on priorities for the SPP, as well as recommendations from business leaders on how the SPP can help their companies be more competitive in the global market, how SPP can reduce the cost of doing business, and any specific recommendations to cut red tape or eliminate unnecessary barriers to trade in North America." Business leaders were also asked about the possible creation and institutionalization of a North American Competitiveness Council. There was unanimous support.

Just over two weeks later, U.S. President George W. Bush, Canadian Prime Minister Stephen Harper, and former Mexican President Vicente Fox met in Cancun for the second annual summit of the Security and Prosperity Partnership. The leaders were each accompanied by five private sector representatives who pledged their commitment to the SPP process and helped set the agenda for the North American Competitiveness Council (NACC). They decided that the Council would be comprised of 30 CEOs, 10 from each country, who would meet annually with senior government officials to advise them on corporate priorities for the SPP.

### **Integration by stealth**

The NACC was officially launched on June 15, 2006 at a joint press conference held by Carlos Gutierrez, Mexican Economy Minister Sergio Garcia de Alba and Canadian Industry Minister Maxime Bernier. According to a Council of the Americas report, the purpose of institutionalizing the North American business community's involvement in the SPP process was "so that the work will continue through changes in administrations." Furthermore, the NACC will make sure that "governments look to the private sector to tell them what needs to be done." According to a Canadian government 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."

The NACC met again in Washington, D.C., on August 15, 2006. The meeting was chaired by Ron Covais, President of the Americas for Lockheed Martin, and co-hosted by the U.S. Chamber of Commerce and the Council of the Americas – both U.S. NACC co-secretariats. The U.S. business leaders outlined their key priorities as "standards and regulatory cooperation, border security and infrastructure, supply chain management, energy integration, innovation, and external dimensions," but the NACC as a whole eventually agreed on three overall priorities: border crossing facilitation (to be handled by the Canadian NACC members), regulatory convergence (to be handled by the U.S. NACC) and energy integration, which the Mexican NACC members would handle.

### **Little media coverage**

There has been very little media coverage of the North American Competitiveness Council, its mandate or its meetings. In fact, the only mainstream North American source to write about the NACC in any detail has been *Maclean's* magazine, which ran a story on September 13 by Luiza Savage called "Meet NAFTA 2.0."

Savage describes 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." She quotes Annette Verschuren, president of Home Depot Canada, who called the Cancun meeting "an intimate discussion" and "a lot of fun [because] there were no reporters, just a freewheeling discussion on the things that drive you crazy."

Ron Covais of Lockheed Martin tells 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 Security and Prosperity Partnership must be implemented in 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."

### **Opposition growing**

Despite a lack of in-depth information about the NACC, opposition to it in both the U.S. and Canada has focused on the fact that it grants the corporate sector a formal role in the Security and Prosperity Partnership which has thus far been denied to the public, citizens organizations and many legislators, who are still in the dark about the continental pact.

In Canada, the Council of Canadians has run several articles about the NACC in its publication, *Canadian Perspectives*, and it has published many op-eds in major dailies across the country. The citizens' organization is calling for the corporate body to be disbanded, and for the Security and Prosperity Partnership to be brought to the Canadian Parliament for a full legislative debate.

The North American Competitiveness Council will meet with SPP ministers in Ottawa on Friday February 23, 2007 at a private luncheon. They are also expected to release a list of over 50 recommendations related to the Canadian economy. They will join the leaders of Canada, Mexico and the U.S. at the next summit of the Security and Prosperity Partnership, expected to take place in August 2007.

## 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, Wal-Mart
- 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 Kimberly-Clark 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

## What they're saying about the North American Competitiveness Council

"The purpose of this meeting was to institutionalize the North American Security and Prosperity Partnership (SPP) and the NACC, so that the work will continue through changes in administrations."

"The purpose of governments is to create the environment necessary for business to prosper... The NACC will help in that endeavor and the governments look to the private sector to tell them what needs to be done."

"From the more than 300 SPP priorities, the governments look to the private sector to 'trim them down' to a manageable number so that tangible results can be achieved."

— *U.S. Commerce Secretary Carlos Gutierrez (summarized) speaking at the launch of the North American Competitiveness Council in Washington, D.C., June 15, 2006*

"Although the countries we all do business in are 'sovereign nations' our shareholders demand profits in all three countries."

— *Anonymous Canadian NACC member speaking at the launch of the North American Competitiveness Council in Washington, D.C., June 15, 2006*

"This group should drive change."

— *Anonymous Canadian business leader referring to the role of the North American Competitiveness Council at the group's launch in Washington, D.C., June 15, 2006*

"The more rules we create the harder it will be for us to do business."

— *Anonymous Canadian NACC member speaking at the launch of the North American Competitiveness Council in Washington, D.C., June 15, 2006*

"The clock will stop if the Harper minority government falls or a new government is elected."

"The guidance from the ministers was, 'tell us what we need to do and we'll make it happen.'"

"We've decided not to recommend any things that would require legislative changes. Because we won't get anywhere."

— *Ron Covais, president of the Americas, Lockheed Martin, speaking with Maclean's magazine in September 2006*

"It was an intimate discussion. It was a lot of fun, there were no reporters, just a freewheeling discussion on the things that drive you crazy."

— *Annette Verschuren, president of Home Depot Canada, in a September 2006 Maclean's article, referring to the discussion she and various other Canadian business leaders had with SPP leaders in Cancun, Mexico in March 2006*

"Let's get some low-hanging fruit to give the thing some momentum. But let's not lose sight of bigger-ticket items."

— *Annette Verschuren, president of Home Depot Canada, in a September 2006 Maclean's article, discussing business priorities for the SPP*

“The initial mandate for the SPP comes from the executive branch of each country, and to date initiatives under the process – and indeed the process itself – are moving forward at a sub-treaty level [and] absent the underpinnings of a broad political commitment from all branches of government.”

— *From “Findings of the Public/Private Sector Dialogue on the Security and Prosperity Partnership of North America,” a meeting of government officials and business leaders in Louisville, Kentucky from January 10 to 11, 2006*

“Governments can help identify solutions, but they need the private sector to highlight the critical problems, marrying policy issues with business priorities through a healthy combination of details and vision.”

— *From “Findings of the Public/Private Sector Dialogue on the Security and Prosperity Partnership of North America,” a meeting of government officials and business leaders in Louisville, Kentucky from January 10 to 11, 2006*

“The long-term success of the SPP ultimately depends on the creation of a genuine constituency for North America.”

— *From “Findings of the Public/Private Sector Dialogue on the Security and Prosperity Partnership of North America,” a meeting of government officials and business leaders in Louisville, Kentucky from January 10 to 11, 2006*

The NACC has the overall responsibility to “hold government’s feet to the fire” in a number of “lagging priority areas.”

— *Memorandum from the August 15, 2006 meeting of NACC members in Washington, D.C.*

“Leadership from governments that recognizes the importance of business issues to the overall social welfare empowers the private sector to engage substantively and pragmatically on trade and security issues without undue deference to political sensitivities.”

— *From “Findings of the Public/Private Sector Dialogue on the Security and Prosperity Partnership of North America,” a meeting of government officials and business leaders in Louisville, Kentucky from January 10 to 11, 2006*

“CEO-level engagement in this process is called for, participants said, and it is necessary for the private sector to communicate not only with governments but also with the public to help build greater understanding and support for a North American agenda.”

— *From “Findings of the Public/Private Sector Dialogue on the Security and Prosperity Partnership of North America,” a meeting of government officials and business leaders in Louisville, Kentucky from January 10 to 11, 2006*

“In the absence of statutory or regulatory limitations on its scope, SPP has the ability to expand into many different areas beyond those identified in the initial stages of the process.”

— *From “Findings of the Public/Private Sector Dialogue on the Security and Prosperity Partnership of North America,” a meeting of government officials and business leaders in Louisville, Kentucky from January 10 to 11, 2006*

## **The Council of Canadians' Demands**

There is no good reason why Canadians should be kept in the dark about issues as important as the economic and social future of our country. Corporations certainly shouldn't be drafting government policy behind closed doors. Most of our elected officials do not understand the extent of deep integration and have not had a chance to vote on the Security and Prosperity Partnership of North America.

Big corporations are currently setting the parameters and timeline for Canada- U.S. integration without our approval. This must not continue, which is why we demand the following of the Canadian government:

1. Cease all talks leading toward deeper integration between Canada and the United States, including the next Security and Prosperity Partnership summit planned to take place in Canada in 2007.
2. Disband the North American Competitiveness Council. Corporations such as Manulife Financial, Home Depot, Wal-Mart and Lockheed Martin should not be shaping economic policy for Canada and the United States and Mexico.
3. Bring the Security and Prosperity Partnership to the House of Commons for a full debate and vote. The Harper government has promised that "significant international treaties will be submitted for votes in Parliament."
4. Disclose the complete listing of Security and Prosperity Partnership working groups, their contact persons and participating membership, make public their meeting dates and minutes, and require them to provide opportunities for public input.
5. Consult with Canadians in a meaningful and participatory way on Canada-U.S. relations. The majority of Canadians would prefer a "Sovereignty and Justice Partnership" with the United States, which protects Canada's energy, water and public health care system, over a corporate-driven security and prosperity agenda.

*– From INTEGRATE THIS! A Citizen's Guide to Fighting Deep Integration. Visit [www.canadians.org](http://www.canadians.org) to download the full document.*