



November 21st, 2012

Dear Members of the President's Export Council:

I am pleased to submit these comments on behalf of the members of the Canadian Manufacturers & Exporters Association in anticipation of your December 6th meeting.

Canadian Manufacturers & Exporters (CME) is Canada's largest trade and industry association. We represent Canada's largest business network, with membership drawn from all sectors of Canada's manufacturing and trade community in every province across the country. More importantly, CME membership reaches across our shared border with hundreds of member companies, large and small alike, based in the United States.

As you are well aware, President Obama launched the National Export Initiative with the laudable goal of doubling U.S. exports by 2015. He committed to removing hurdles facing U.S. exporters and to assist smaller companies achieve stronger sales growth in foreign markets.

My request of you is simple: Do not forget Canada.

Canada, your neighbor to the north, is the largest export market for the United States. With a shared language, common values, and a shared business culture, Canada is the easiest country in which American companies can do business.

The numbers speak for themselves. U.S. exports to Canada totaled \$249 billion last year. That is 50 per cent more than what the United States exports to Mexico, 2.5 times the value of U.S. exports to China, and 4.5 times more than the U.S. exports to South Korea, Panama, and Colombia combined. The United States sells more to Canada than to the U.K., Germany, Japan and China combined, more than to the entire European Union. Canada is the primary export market for 34 states, the biggest source of foreign direct investment in the United States, and the country that sends the most visitors to the U.S. every year.

Yet, all too often, Canada is overlooked in terms of its importance as a trading partner with the United States. Canada merited only passing attention in the National Export Initiative. In reality, however, the ambitious goals of the National Export Initiative will

be unobtainable if we do not focus on growing business opportunities for trade and investment between our two countries.

Companies in Canada and the United States do more than trade with each other. They make things together. They innovate and design things together. And, they provide services and move people across our borders as a part of daily business.

About one-third of all trade between the United States and Canada is intra-corporate – Ford selling to Ford, IBM to IBM, 3M to 3M – while another 30 per cent is undertaken by first or second-tier suppliers in a complex and mutually beneficial web of manufacturing and distribution networks. This trade supports the development and production of world class products that are sold in our combined domestic market and exported around world. A recent survey of almost 5,700 Canadian manufacturers and distributors shows that while 85 per cent export to the United States, 88 per cent purchase products from U.S. businesses – indeed, one-third of the Canadian companies say that the U.S. accounts for 90 per cent or more of all the goods they import. The survey, conducted by Canada’s official statistics agency, also indicates that 66 per cent of imports and 70 per cent of Canada’s exports are materials or components consumed in the production of higher value products that are subsequently sold in the United States, Canada, or around the world.

What is even more surprising is how little attention is paid to the potential export opportunities valued at over \$650 billion over the next decade as a result of Canada’s booming energy, resource, and infrastructure projects.

On February 4, 2011, the Prime Minister of Canada and the President of the United States issued *Beyond the Border: A Shared Vision for Perimeter Security and Economic Competitiveness*¹. The Declaration established a new long-term partnership built upon a perimeter approach to security and economic competitiveness. This means working together, not just at the border, but beyond the border to enhance our security and accelerate the legitimate flow of people, goods and services.

In January 2013, work under the *Shared Vision* will enter the second year of a two-year action plan. Our members in both the United States and Canada are eagerly awaiting progress reports at the end of this, the first year. Ambitions are high and we expect significant progress to be made in expediting the movement of trusted shippers and trusted travelers across our land border and in eliminating unnecessary differences in regulation that likewise add to the costs and erode the competitiveness of the integrated supply chains that link manufacturing in both our countries.

¹ <http://www.whitehouse.gov/the-press-office/2011/12/07/fact-sheet-us-canada-beyond-border-and-regulatory-cooperation-council-in>

CME is joined by our manufacturing colleagues in the United States, including the National Association of Manufacturers, in urging our leaders to ensure that each of the many commitments in the *Shared Vision* is fully implemented. Absent real progress, regulatory misalignment and unnecessary border compliance requirements will continue to erode North American manufacturing competitiveness and increase costs for our exporting communities at a time they least likely can afford them.

Please lend your voice in making sure that the *Shared Vision* delivers real bottom-line results that reduce unnecessary barriers to business, time delays, and trade compliance costs for our integrated manufacturing and exporting sectors.

And don't forget Canada – your largest customer right next door.

Sincerely,

A handwritten signature in black ink, appearing to read "Jay Byrnes". The signature is fluid and cursive, with a prominent initial "J" and a long, sweeping underline.

President and CEO
Canadian Manufacturers & Exporters