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SUMMARY POINTS

- An overabundance of summity threatens to overwhelm an Obama team already burdened with a large agenda.
- The Guadalajara meeting was only an agenda setting exercise with the new President.
- President Obama signaled that he favors meetings that emphasize substance over process.
- North American agenda full of well known issues identified under Security and Prosperity Partnership, but little progress has been made.
- North American Leaders' Summits have failed the "progress" test; Guadalajara was more of the same.
- Canada needs to recognize how important Mexico is to U.S. policy making. Re-bilateralization is not an option in Washington.
- Demise of North American Summity would be disastrous for Canada.
- Canada hosts North American Leaders' Summit in 2010. Ottawa needs to decide what it wants North America to be.

The Summit Pandemic¹

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The international community has become inundated with summits. Our leaders go to all kinds of meetings. Just this year, our leaders will have attended two G20 Meetings, London in April and Pittsburgh in September, a NATO Summit, also in April, and the G8 Summit in L'Aquila, Italy in June. In addition to these, a host of other high profile meetings covering climate change, international trade, and global finance, have occupied the attentions of other high-ranking officials. We now even have hybrid meetings. June's G8 Summit in L'Aquila, Italy had an expansive agenda, involved more than eight countries, and could arguably have been renamed the "G8+BRICs+Friends." And, of course, there are countless regional confabs such as ASEAN, APEC, the EU Summit, and the AGOA Summit.

Given this confusing alphabet soup of international summity, you could be forgiven for not noticing there was a North American Leaders' Summit last summer in Guadalajara, Mexico. Unclear on what was agreed to in Guadalajara? Sadly, so are most experts on North America.

Between his inauguration and the meeting in Guadalajara, President Obama will have met with Prime Minister Stephen Harper *eight times* and with Mexican President Felipe Calderón *six times*, including presidential visits to each country and at international summits both attended. If we include Guadalajara and Mr. Harper's planned September 16 visit to the White House, it will be *ten!* There are doubtless members of Obama's own cabinet who have had less face time with him than Stephen Harper.

In spite of the plentiful face time, the North American agenda has been badly stalled at a time when trilateral action could be most effective in dealing with a range of pressing issues. Canada is supposed

¹ This piece is an expansion on an op-ed by Greg Anderson and Christopher Sands that appeared in the *Edmonton Journal*, August 8, 2009.

to host the next North American Leaders' Summit in 2010. Between now and then, Ottawa needs to do some soul-searching about what it wants its relationship with its North American "Amigos" to be.

Too Much Jaw-Jaw?

Winston Churchill famously said "it is always better to jaw-jaw than to war-war." Challenging times clearly call for significant discussion and debate. However, U.S. President Barack Obama is said by White House insiders to be suffering from a bad case of "summit fatigue". Since his inauguration, Obama has been on the road for nearly a week every month. Domestic policy advisers, pointing to the president's daunting domestic agenda – stimulating the economy, sorting out banks and auto companies, enacting climate change legislation, remaking the U.S. health care sector, and tackling immigration reform – complain that Obama's foreign travel makes him unavailable for lobbying Congress and the American public, as only he can do.

International summitry has become cliché. Talking points, press briefings, photo-ops, and communiqués that were negotiated weeks prior have all become standard fare. Also standard are the challenges of trying to parse the wording of communiqués to find the substance of the meetings. Occasionally, there will be important breakthroughs. But more frequently, progress is measured in increments, difficult even for experts to appreciate. However, even by this quirky standard of progress, the North American Leaders' Summits have been especially disappointing in generating substance.

While North America has not suffered from inattention in recent years, it has not been a high priority in the early months of the Obama Administration. However, this is something of a victory for proponents of North America in the aftermath of the anti-trade rhetoric of the 2008 Democratic primary campaign. Campaign promises aimed at "fixing" what was wrong with the NAFTA have given way to a benign indifference toward resolving a number of outstanding issues. President Obama's attendance at Guadalajara, as well as his announced commitment to attend in 2010, when Canada hosts, is reassuring news for North America watchers. Not only has the new president stepped back from the heated rhetoric of the '08 campaign, his

presence suggests a commitment to working on a host of trilateral issues for at least the next couple of years.

North America's Slow Path to Paralysis?

Many believe that these trilateral summits have been taking place for decades. While there have been periodic high level meetings for years, annual summits only began with the launch of the North American Security and Prosperity Partnership (NASPP) in 2005 at Waco, Texas. Regrettably, while the issues confronting all three countries pile up, the Waco meeting has turned out to be the high point of substantive summitry in North America.

The SPP had some potential, but increasingly looks like a failure. On the surface, it was a melding of an old trade and economic agenda in need of reinvigoration and the imperatives of security arising from the September 11, 2001 terrorist attacks on the United States. But digging little deeper, it was flawed from the start.

The NAFTA was pioneering in that large parts of the text involved commitments to cooperate or coordinate on a range of non-tariff issues such as investment, services, environmental and labor regulation. However, in part because free trade arrangements are shallow forms of integration relative to customs or monetary unions, much work remained. The recognition that many issues remained outstanding from the NAFTA negotiations can be found in the agreement's "built-in" agenda; the 29 trilateral Working Groups and committees composed of representatives of the federal governments, private sectors, and non-government organizations from Canada, Mexico, and the United States. The Working Groups were intended to continue the complex task of identifying differences in regulatory requirements and standards that continued to be impediments to the formation of a single North American market. Yet, as the NAFTA was implemented, the performance of the Working Groups varied. Some became standing forums for dialogue and discussion, others completed their initial agenda and ceased to meet, and others were unable to advance toward resolution of differences at all.

Work on the "built-in" agenda began at almost the same time as support for trade liberalization in the United States began to fall off precipitously. The bruising NAFTA fight, along with the push to complete

the Uruguay Round of the GATT, tapped much of the Clinton Administration's political capital on trade. As a result, the kind of political support required by career officials to make substantive progress on the "built-in" agenda never materialized.

Seeds of Security Agenda

In 1996, the United States Congress embarked on major immigration reform legislation. The Illegal Immigration Reform and Immigrant Responsibility Act included important provisions mandating the Immigration and Naturalization Service keep a record of all those entering and exiting the country. The Canadian government strongly opposed these provisions, fearing they would generate delays at major border crossings. The NAFTA seemed to presage an era of open access for Canadians to the United States, and so the 1996 immigration legislation came as a surprise to Canadians, 90 percent of whom live within 150 miles of the U.S. border and cross frequently each year for business and pleasure. The government of Prime Minister Jean Chrétien reacted to this unexpected challenge by encouraging a series of domestic and bilateral discussions on border management and security between 1996 and 2000, including: the Shared Border Accord, the Border Vision Initiative, the Cross-Border Crime Forum, the Canada-U.S. Anti-Smuggling Working Group, and the Canada-U.S. Partnership.²

Unfortunately, none of these processes or proposals generated anything of consequence. Apart from elements of the NAFTA's "built-in" agenda such as the accelerated reduction of certain tariffs or changes to rules of origin, there was little traction in Washington on issues of importance to Canada.

In the aftermath of 9/11 and the closure of America's borders and airspace, many of these proposals were hastily pulled of the shelf and incorporated into the 30 point U.S.-Canada Smart Border Action Plan of December 2001 and the 22 point U.S.-Mexico Border Partnership Action Plan. However, the limitations of the Action Plans were quickly evident as they lacked a

² Christopher Sands, "Fading Power or Rising Power: September 11 and the Section 110 Experience," in Norman Hillmer and Maureen Appel Molot, eds., *Canada Among Nations: A Fading Power*, (Toronto: Oxford University Press, 2002), 49-73.

SPP WORKING GROUPS

Prosperity Agenda

- E-Commerce
- Energy
- Environment
- Financial Services
- Food and Agriculture
- Health
- Manufactured Goods and Sectoral and Regional Competitiveness
- Movement of Goods
- Transportation
- Business Facilitation

Security Agenda

- Aviation Security
- Bio-protection
- Border Facilitation
- Cargo Security
- Intelligence Cooperation
- Law Enforcement Cooperation
- Maritime Security and Transport
- Critical Infrastructure Protection
- Science and Technology Cooperation
- Traveler Security

mechanism for renewal, addition, or refinement.

The Action Plan items had been chosen in part due to the general consensus among border stakeholders of the necessity of changes at the border, most of which were seen as worthwhile *before* September 11, 2001. Next steps moving beyond the consensus items in the original Action Plans was certain to be more difficult because the issues that remained were intrinsically more difficult and there was less general agreement among the three countries about how to proceed. The need for new talks on security measures and for reviving

stalled discussions on standards and rules that were preventing the emergence of a single North American market for many products and services presented an opportunity for linking discussions in a broad trilateral negotiation process. Yet few observers anticipated that the emergence of new negotiations on North America would be one of the first major international initiatives of President Bush's second term.

As a result, U.S. objectives for the SPP included a reinvigoration of talks aimed at removing non-tariff barriers to economic activity and renewing the Smart Border Action Plans to further security cooperation, all while trying to immunize the SPP from the bruising debates over trade liberalization or civil liberties controversies arising from the USA-PATRIOT Act.

The SPP was structured in recognition of the reality that technical negotiations required that line regulators, rule makers, and specialists take the lead in working with counterparts. And yet, it was also reflective of the fact that the soft political mandate for such negotiations (on the economic side) contained in NAFTA (the built-in agenda) had been insufficient.

The structure of the SPP reveals it to be something less than a treaty or formal agreement, and far less an institution for North American governance. Instead, the SPP combines an agenda with a political commitment to address the issues within it. The agenda is not novel or original; in many ways, the SPP represents old wine in new bottles since most of the issues within it are leftovers or orphans from other processes, among them the NAFTA's built-in agenda. Indeed, one of the main benefits of the SPP may turn out to be its utility as an agenda-setting exercise.

The conspiracy-minded see the absence of substance and the "process" begun by the SPP as evidence of closed-door decision-making that will weaken safety standards by harmonizing regulations, create superhighways through the middle of the continent, and broadly undermine sovereignty. In reality, the "Three Amigos" have been tinkering at the margins on technical issues that seldom animate the public imagination about what North America could be. The entire SPP process has been hamstrung by a lack of political momentum and important restrictions: progress must not require new legislation, involve new expenditures, or generate

new disputes. At its worst, this mantra reflects the complicated trade politics in each country, but also entails a lack of legislative oversight of progress adding further fuel to conspiracy theorists. It also reflects the lack of political will to engage in the kinds of tough negotiations needed to deal with the most challenging elements of the SPP agenda.

Hence, Guadalajara produced no new agreements and focused mainly on swine flu and drug violence rather than the range of festering issues already on the North American agenda. Swine flu and drug violence are undoubtedly important issues, with trilateral dimensions. However, the important issues that brought about a continental accord in 1994 fester, trapped within a process no one supports. Annual summits were institutionalized with the launch of the SPP at Waco, Texas in 2005, but the process launched by the SPP to deal with the substance of the agenda lacked the enthusiasm of leadership to make significant progress. Leaders meetings are important when there is substance to discuss. Yet, the sustainability of annual meetings with ad hoc agendas while an established agenda languishes is questionable.

Proud Multilateral Past

Ottawa loves international summitry! In fact, most of postwar Canadian foreign policy has been premised on winning disproportionately large seats at a range of international bargaining tables. Moreover, preserving the myth of Canadian middle-powerdom has been used to argue for Canadian participation without the attendant contributions expected of more powerful countries. Institutionalization of international affairs via summitry has brought Canada a measure of certainty in its political and economic relationships. Moreover, Canada's involvement in international summitry and institutional arrangements has tended to both augment its influence and reduce the asymmetries of power it confronts.

Given the importance of these issues to Canadians, Ottawa's recent indifference to a trilateral North America is perplexing. When Ronald Reagan announced he was running for President in 1979, he made a vague reference to forging a "continental accord." That accord turned out to be the NAFTA, but there was little enthusiasm

for such an “accord” in 1979. However, after a lengthy internal soul-searching about Canada’s prospects in the global economy in the 1970s and 1980s, a brave, if controversial, push toward strengthening economic ties with (and dependence on) the United States was initiated by Brian Mulroney in 1985. With the Prime Minister’s proposal, Canada was aggressively attempting to secure its interests through institutionalizing its economic relations with the United States. Indeed, many of Canada’s negotiating positions with the United States were designed to secure certainty, predictability, and a degree of influence over what some saw as the punitive consequences of U.S. trade law. The reduction of tariff barriers, provisions covering foreign direct investment, and the dispute settlement mechanisms in the Canada-U.S. FTA were all a direct byproduct of a broader postwar Canadian preoccupation with institutions to mitigate the impact of U.S. power.

In 1990, Mexican president Carlos Salinas proposed a similar pact with the United States, which Canada soon pressed to join so as to preserve hard-won trading preferences in the U.S. market. However, the defensiveness of Canada’s reaction is revealing of its longer-term approach to Latin America broadly, and to trilateralism in North America specifically. It is also a reaction at odds with Canada’s longer multilateral history.

Contemporary North American Ambivalence

The terrorist attacks of September 11, 2001 and the closure of U.S. airspace, ports, and land borders stunned Canada and Mexico, motivating both countries to action in proposing new measures to keep their economic life-lines into the United States open. Among those initiatives were the respective “Smart Border” agendas, and ultimately, the SPP. No country has more at stake in North America than Canada. In 2007, a quarter of Canada’s GDP was dependent on exports to the United States alone. Canada’s standard of living is directly tied to the success of North America. Yet, even as new proposals for re-invigorating the North American agenda moved forward in the 1990s, they did so on largely two separate tracks: Canada-U.S. and U.S.-Mexico.

North America has, to some extent, always been the tale of two bilateral relationships. Canada periodically feigns interest in Latin America and actually has four free trade agreements with countries of the region (Chile 1997, Costa Rica 2002, Colombia 2008, Peru 2009). However, such attention is uneven and nearly always commercial in orientation such as when the prime minister invites business leaders to join him on trade missions. Ottawa’s latest effort with Mexico, the 2004 Canada-Mexico Partnership fits with this unevenness and has, perhaps predictably, failed to generate tangible results.

However, Canada’s broad tendency to treat Mexico, in particular, as an impediment to progress on the North American agenda is counterproductive to Canadian goals. Moreover, the inability for all three governments to make substantive progress on the SPP agenda has led some prominent Canadians to call for a “re-bilateralization” of the North American relationship. The basic challenges of collective action, they argue, suggest that it is far easier to make progress with two parties at the bargaining table than with three. Yet, the suggestion that North America be “re-bilateralized” flies in the face of Canada’s postwar institution-building efforts aimed at reducing the asymmetry Canada faces virtually everywhere in international affairs.

Ottawa’s lip-service to Mexico City on North America fails to appreciate the significance of Latin America, and Mexico in particular, in U.S. policy making. Canada has historically responded to Washington’s policy initiatives by appealing to the “special relationship” between the two countries to win delay or exemption. Yet, Canada’s recent calls for exemptions from Washington policy initiatives covering border security or passport requirements, for example, need to be considered in terms of how they will be perceived in Mexico City. The United States and Mexico have invested heavily in managing their cross border relations, augmented notably with the 2008 Merida Initiative. There are distinct challenges confronting both of North America’s borders that argue for different approaches. Yet, few in Ottawa appreciate the degree to which Washington policy-making has evolved in an explicitly trilateral direction, especially since the NAFTA was completed in 1994. The American trade bureaucracy has been oriented around trilateralism for some time. For

better or worse, since 9/11 the U.S. border security bureaucracy has also been focused on the management of North America as a whole. In fact, the hopes of some Canadians that a Democrat in the White House would reverse the trend toward symmetrical treatment of North America's borders have been dashed with every new initiative announced by the new Secretary of Homeland Security, Janet Napolitano.

Whither North America?

All of this brings us back to Canada as host of the 2010 North American Leaders' Summit. Heading into the Guadalajara meeting, numerous questions have been raised. Now that Bush is gone, will the controversial SPP continue at all? Given summit fatigue and domestic priorities, do these leaders really need another annual meeting on their calendar? And in Washington, there is the question: do we need to devote a whole summit to just Canada and Mexico? Obama has made the answer to the last of these questions clear for now by attending the Guadalajara summit, and announcing he will attend the next North American leaders' meeting as well. But will Mr. Obama host, as he is scheduled to do, in 2011 if the North American Leaders' summits continue to be photo ops?

As the scope of the SPP agenda makes clear, there is still plenty to talk about. All three North American countries have parallel efforts underway to stimulate the economy. They share an auto industry that is in grave trouble. They share a continental ecosystem where winds and water bring the climate policies of one country across the border to the others – and share a largely-integrated energy market for oil, gas, and electricity. Border and immigration policies have an impact on the competitiveness of firms in these three economies as they confront European and Asian rivals. The Obama administration has demonstrated its intent on all of these issues, as have Canada and Mexico. Yet, all of these efforts might reasonably be labeled “unilateral” given the lack of trilateral coordination.

Guadalajara was not much more than an agenda-setting exercise with the new U.S. president, but the road ahead is now clearer. First, given the interconnections among the three North American economies, the leaders expressed a desire to coordinate national stimulus

efforts so that they don't work at cross-purposes. This means addressing Canadian and Mexican concerns over “Buy American” provisions in the American Recovery and Reinvestment Act that the Obama administration thought were fixed. Energy is another mutual concern: the U.S. has committed to “clean energy dialogues” with both Canada and Mexico, and it makes sense to bring these two dialogues together to share research and ideas and leverage public investment in this area.

Washington officials were hopeful that the Guadalajara meeting might produce a common front on global climate change that the North American countries could press for together at the upcoming UN-sponsored climate change negotiations in Copenhagen. European countries have been working under an emissions cap and trading regime and this experience has fostered greater unity of perspective; in Asia, China and India have been the most vocal developing countries arguing against radical action that might hurt their economies. North America, in the middle, would make a real contribution if it could articulate a position acceptable to a developing economy (Mexico), a major energy producer (Canada), and a high-consumption country (The United States). A major question mark is Canada, where continued wrangling with fossil fuel producing provinces such as Alberta and Saskatchewan complicates Ottawa's position on climate change.

Coordinating policies, working out differences in regulation and inspection standards to improve North American competitiveness, and forming common, continental positions to take to global forums: these were the tasks that the SPP was designed to facilitate. There were notable successes. The cooperative effort by Mexico, Canada, and the United States in response to the outbreak of the H1N1 swine flu virus is one example, since it followed a pandemic response plan that was developed by SPP working groups. Similarly, food safety officials in all three countries showed that they had learned from the BSE crisis when, using an SPP-developed protocol, they responded to evidence of salmonella contamination in Mexican tomatoes and peppers last summer with far less disruption to agriculture and trade.

Yet for many of the officials in the Obama administration, the fatal flaw in the SPP is that it often

emphasizes process over results. The twenty working groups of officials from the three governments met privately, often in telephone conference calls that frustrated demands for transparency and allowed various conspiracy mongers to claim that the SPP was a sinister plot by cynical elites. Noise about what the SPP is and is not ultimately distracted from the goals of the effort, forcing leaders to repeatedly counter public misperceptions.

Ball in Ottawa's Court

So Guadalajara may represent the abandonment of the SPP nominally, but work toward its objectives will continue through the annual leaders' meetings where Obama, Harper and Calderón will task cabinet officials to meet to work on specific shared priorities; and cabinet ministers will in turn assign personnel to work out differences so that a report can be made to the leaders on progress in time for their next meeting or phone call.

Typical of the Obama approach, this pragmatism will place results ahead of market ideology and process concerns. It will also begin by making clear to the public in all three countries what it is that their governments are attempting to do, issue by issue.

Underlying this shift from the SPP to a new model of North American consultation and coordination is the conviction that there is value in having the leaders meet annually and having the three governments address regional issues together. There is danger in this shift because progress on the North American agenda will become even more heavily dependent on leadership from presidents and prime ministers with little underlying legislative or political support to assist them.

Stephen Harper should take note! President Obama has put North America on a path away from the divisive politics of the Bush Administration, but reshaped North American summitry with his own brand of pragmatism. At Guadalajara, the President signaled that he wants to keep things trilateral and push to make meetings results-oriented. Will Ottawa step up? What does Ottawa really want from North America? What does Canada want its relationship with The United States and Mexico to be? We may find out in 2010 when Canada hosts sixth North American leaders' meeting, and the next G8 (and

friends) summit. By then, as U.S. midterm elections in November 2010 loom large for Obama, his "summit fatigue" will be at a peak.

The cure for the pandemic spread of summits and global confabs will involve serious triage, and meetings that fail to produce change will be the first to be eliminated. Given the proliferation of summitry, and the lack of substance flowing out of recent North American meetings, the Obama administration may rightly be questioning the utility of the Leaders' Summit.

The demise of the Leaders' Summit would be disastrous for Canada and Mexico. As the next host, Ottawa has some important choices to make. Does Canada want North America to become a beacon of cooperation on issues of critical importance to all three countries? Will Ottawa get serious about embracing Mexico substantively on their numerous shared challenges? Will Ottawa use 2010 to roll out its strategy for dealing with the "Summit Pandemic," or continue being satisfied with playing defense bilaterally on every new initiative that emerges from Washington?

Over to you Ottawa...

