

January 19, 2017

Hon. Chrystia Freeland
Minister of Foreign Affairs
Government of Canada
125 Sussex Drive
Ottawa, Ontario K1A 0G2
Canada

Minister Freeland,

Over the past few decades, Canada and the United States have benefitted from strong cooperation on a wide range of issues, including border management, trade, security, and regulatory harmonization. While full agreement has not always been achieved, we have managed to create an environment of mutually beneficial growth and prosperity for both Canadian and American citizens.

Moving into 2017 and beyond, we must continue to build on these shared achievements. The Ontario Chamber of Commerce and Ontario's Chamber Network, represents 135 local chambers of commerce and boards of trade, capturing more than 60,000 employers that operate in all sectors of the economy and in all regions of Ontario. I am writing this letter to you today to emphasize that a strong Canada-U.S. relationship is essential to our shared economic prosperity.

Both Canada and the U.S. have experienced the same challenges with their manufacturing sectors over the past 25 years. We have an understanding of how economies and workers can suffer if supply chain and trade links are not allowed to support the economy. Furthermore, our manufacturing sectors rely on one another; it is this shared reliance that can help renew our economies.

In 2015, our relationship generated considerable economic activity, as the province of Ontario alone exported CAD \$194 billion worth of goods to the U.S., while importing CAD \$182 billion in American goods. That year, Canada was the largest goods export market for the U.S. as well as the top export destination for 35 of America's 50 states. Within Canada, Ontario was the top customer for 30 of these states.

International trade was a major focus of the 2016 presidential campaign, and in particular a focus on increasing benefits for the American worker. We believe that trade between Canada and many American states yields positive outcomes for workers on both sides of

the border. Many of the employers that we represent rely on cross-border business relationships for their own success. When Canadian businesses purchase American products or participate in the supply chains of American companies, they are contributing to the growth and prosperity of American businesses - and vice-versa. This is an essential message to convey to our American counterparts.

A good example of this shared prosperity is the automotive sector, which continues to be an important source of economic activity and employment on both sides of the border. The industry directly employs over 100,000 workers in Ontario, has added over 46,000 jobs in Michigan since 2009, and cross-border trade is relatively balanced between jurisdictions. In August 2016, the governments of Michigan and Ontario signed an unprecedented Memorandum of Understanding to support sustainable growth and innovation in this cross-border automotive cluster. This commitment to cross-border growth and cooperation illustrates the highly integrated nature of our economies.

While our trading relationship is strong, there exist opportunities for improvement. Federal, provincial, and state governments have worked together to create a more seamless and harmonized trading environment for businesses, but regulatory misalignments remain that deter business opportunities, increase costs, and inhibit trade. For example, ships moving through the Great Lakes-St. Lawrence Seaway corridor are exposed to inconsistent ballast water standards that vary by province and state, imposing significant compliance costs for businesses shipping through this important trade route. In another example, food products crossing the border are subject to an inspection on each side of the border, rendering one of them redundant. Harmonizing inspection protocols could eliminate the need of a second inspection and facilitate the over \$10 billion in Ontario-US agri-food trade in 2015. In these cases, a renewed commitment to shared border management via the Regulatory Cooperation Council is essential.

At the same time, there are changes that the governments of Ontario and Canada can make to facilitate greater cross-border trade and strengthen our economic ties to the U.S. These changes include updating transportation corridors to provide efficient links to the Ontario-U.S. border, as well as establishing financial protection for produce sellers in Canada in the event of bankruptcies to align with the U.S. Perishable Agricultural Commodities Act.

In advocating for these and other changes, the business community in Ontario is affirming its commitment to continued and strengthened cross-border relations. Canada-U.S. trade has contributed significantly to the prosperity of workers on both sides of the border. With a sustained commitment to cooperation and collaboration, these mutual benefits will continue to increase into the future.

We hope that the governments of Canada and Ontario can maintain important working relationships with the U.S. that will lead to continued shared prosperity. I would appreciate the opportunity to have a conversation about this relationship with you in the near future, to discuss specific and tangible policy and regulatory actions.

Sincerely,



Allan O'Dette
President & CEO
Ontario Chamber of Commerce

cc: The Right Honourable Justin Trudeau, Prime Minister of Canada
Andrew Leslie, Parliamentary Secretary to the Minister of Foreign Affairs
David MacNaughton, Canada's Ambassador to the United States
Hon. Kathleen Wynne, Premier of Ontario
Hon. Brad Duguid, Ontario Minister of Economic Development and Growth
Hon. Michael Chan, Ontario Minister of International Trade
Monique Smith, Ontario's Representative in Washington
Hon. Perrin Beatty, President & CEO, Canadian Chamber of Commerce