



EBTC INFORMATION BULLETIN

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SUBJECT: Trilateral Meeting

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President George W. Bush arrived in Quebec today for talks with Canadian and Mexican leaders dominated by two increasingly conflicting goals: tightening border security and speeding commercial traffic between the trading partners.

In two days of meetings in Montebello with Canadian Prime Minister Stephen Harper and Mexican President Felipe Calderon that began earlier today, Bush is discussing ways to reduce waiting times for trucks at the borders, cooperation on protecting intellectual property and expanding airline services, as well as issues such as Afghanistan.

“They're going to go over a number of issues on both the security and the prosperity front, from trade to border security to a host of issues,” Gordon Johndroe, an administration spokesman, said as Bush traveled to Canada. He said no major announcements or agreements were expected.

All three North American leaders head parties lacking legislative majorities, constraining their agendas to administrative matters such as easing regulatory hurdles and coordinating responses to emergencies.

“They are going to set their sights pretty low,” said James Jones, a former U.S. ambassador to Mexico who's now the co-chairman and chief executive of Manatt Jones Global Strategies, a Washington firm that advises companies seeking to expand into Latin America.

Protectionist Tide

The talks come amid a swelling protectionist tide in the Democratic-controlled Congress that has delayed consideration of four new free-trade agreements. Lawmakers also allowed Bush's authority to negotiate trade pacts that Congress can't amend to expire at the end of June without prospect of renewal.

The leading Democratic presidential contenders, meanwhile, have taken aim at the North American Free Trade Agreement, which last year helped generate about \$880 billion of trade among the three countries.

Bush, who met Harper and Calderon individually before three-way discussions begin tonight over dinner, needs to tend to major irritants with each country. Canada has been at odds with the U.S. in recent years over caps on exports of softwood lumber and new Department of Homeland Security passport requirements for cross-border travelers.

Canada's Issues

The passport requirements, border security and territorial disputes in the Arctic were among issues raised by Harper at today's meeting with Bush, a Canadian government official, speaking on condition of anonymity, told reporters at a briefing in Montebello. The U.S. Congress last year moved to delay the start of the requirement by 17 months to June 1, 2009.

A 2005 study by the Canadian Tourism Commission estimated that the passport rules could reduce the number of American visits to Canada by 7.7 million, or 5.2 percent, and cost the Canadian tourism industry C\$1.7 billion (\$942 million) by 2008, when the new requirements originally were to start.

Dan Fisk, senior director for Western Hemisphere affairs on Bush's National Security Council, said Bush told Harper the U.S. will work with Canada to put in place a system that ``works to the benefit of both countries."

Bush and Harper also talked about Afghanistan, where Canada has about 2,500 troops and is working with the U.S. on reconstruction. Harper affirmed that Canada will continue its role there through February 2009, Fisk said after the meeting.

``Both leaders agreed upon the importance of continuing and sustaining the current conditions in Afghanistan and continuing to support the Afghan people," he said.

Truck Access

Moving to defuse another dispute before the summit, the Bush administration on Aug. 17 announced it will continue with plans to give Mexican trucks access to U.S. roads as required by Nafta. The U.S. House of Representatives, reflecting opposition from highway-safety and labor groups, voted in July to postpone the change. The Senate hasn't acted on the measure. Canadian trucks have full access to U.S. roads.

Drug-trafficking and immigration also dominate U.S.-Mexican relations. This month the Bush administration announced a crackdown on U.S. employers who hire illegal immigrants, a move the government says should cut down on migrants crossing the Mexican border into the U.S.