

## INFORMATION BULLETIN

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**DATE: August 19, 2008**

**SUBJECT: Border “thickening”**

**SOURCE: Ottawa Citizen**

Federal Industry Minister Jim Prentice played the Canadian oil card to an American audience yesterday in a bid to increase trade, which he warned is being slowed down by post-9/11 security measures.

And he sweetened his message at the Americas Competitive Forum in Atlanta with a promise of tougher environmental regulations on Canadian oilsands development, addressing concerns that have been expressed in the U.S. about the environmental damage of such development.

"Since 1990, industry has reduced the CO<sub>2</sub> (carbon dioxide) intensity of oilsands production by 45 per cent," Mr. Prentice said in the speech, copies of which were released in Ottawa. "We will also be introducing tough new environmental regulations that will require even more dramatic cuts."

Mr. Prentice noted that concerns have been raised by business groups in Canada and the U.S. border that the "thickening" of the border since the terrorist attacks on the U.S. are standing in the way of realizing the full economic potential of the trade deal.

"We have developed, under the auspices of NAFTA, the most successful trading relationship in the world," he noted in an interview from Atlanta.

"The free flow of energy is an important part of that," he said. "We've actually developed the largest free-flowing energy arrangement in the world that's working quite successful."

"And on the manufactured goods side we have a similarly extraordinary good arrangement good but we are facing difficulties at the border."

In his speech, he cited a warning by Canadian and U.S. business groups that "new fees and regulations are creating costly delays at the Canada-U.S. border."

"Now, more than ever, we must take advantage of our proximity to each other so that we can reap all of the benefits offered by trade liberalization in our hemisphere," he said.

Mr. Prentice's comments reflect a concern expressed earlier this year by Canadian Chamber of Commerce president Perrin Beatty that the array of U.S. security measures at the Canada-U.S. border are adding to the costs of doing business, putting at risk millions of Canadian and American jobs, and actually undermining the security of the U.S.

But not all North American trade is taking place at border crossings, Mr. Prentice said, playing on another major concern of Americans -- their dependence on foreign energy.

"It's not just asphalt and concrete that link our economies together," he said, pointing to oil and gas pipelines as well as electrical power lines through which \$1 billion a year worth of energy flows from Canada to the U.S.

"Canada is the largest source of energy imports to the U.S.," he said.

"On oil alone, Canada has been the largest supplier to the U.S. since 1999 -- not Saudi Arabia, not Kuwait, nor any other producer from the Organization of the Petroleum Exporting Countries," he said.

"We have 14 per cent of global oil reserves -- putting us second only to Saudi Arabia."

Also, Canada is a stable supplier of energy to the U.S., he said, adding Canada's close proximity also means lower delivery costs than most other power suppliers.