

**SPEAKING NOTES FOR
DEPUTY MINISTER OF TRANSPORT
LOUIS RANGER
AT THE
NAFTA LAND TRANSPORTATION CONFERENCE
SAN ANTONIO, TEXAS, MAY 29, 2002**

Good morning.

Greetings to our American hosts and buenas dias a todos nuestros amigos de Mexico.

I am very pleased to be able to join you today for this important information conference, where you will learn everything you need to know about motor carrier operations in Mexico, the U.S., and Canada.

When our three countries negotiated NAFTA, we had a vision of free access for carriers from all three countries across our borders. The sessions over the next three days, in such diverse, yet clearly interlinked areas as truck and bus safety and operational requirements, immigration, food inspection, and customs, are significant - indeed essential - if we are to collectively meet the vision and objectives set out in the NAFTA land transport provisions.

Canadian industry has followed with great interest developments in NAFTA land transportation. We have here today a comparatively small, but representative Canadian presence. We have people here from both the federal and provincial levels of government, and I note that representatives of two of our major industry associations will be speaking.

Within NAFTA, we have a very powerful regional economy in North America, with a combined GDP of over 11 *trillion* U.S. dollars in the year 2000. The United States is Canada's most important trading partner, and is also Mexico's.

One other NAFTA development that has perhaps not been entirely appreciated is the growth of trade between Canada and Mexico that was up almost 500% between 1990 and year 2000. The value of total Canada-Mexico trade in year 2000 was over \$14 billion (Canadian).

The growth in trade among NAFTA countries has been impressive, and it is in the interest of all three countries to develop a transportation environment that can accommodate and sustain it. We also, of course, want a transportation environment which fosters safety and efficiency, and in which carriers from all three countries can participate.

Another important factor in NAFTA trading patterns is, clearly, the role of trucking. In year 2000, \$500 billion in trade among the NAFTA countries was handled by surface transportation. Between 60 and 70 percent of all Canadian trade with both the United States and Mexico moves by truck.

North Americans rely largely on trucks to move their goods to market, thereby underlining the necessity of continued investment in physical infrastructure, both at border crossings and along highway corridors

Given these facts, creating an environment in which vehicles from all three countries can move safely

and efficiently to serve this large market is a real challenge.

It has been, and will continue to be, a challenge. I do not want to dwell on the many twists and turns in the road leading up to this conference and the border opening to follow. I will say, however, that perhaps we underestimated the full dimension of the challenge of open borders when NAFTA was negotiated. In Canada, we sometimes find it difficult to harmonize operating rules among 14 jurisdictions. How much more difficult to do it among the almost 100 jurisdictions within the 3 NAFTA countries!

Trans-border commercial transportation between Canada and the United States has a long history, and people on both sides of the border sometimes take its smooth operation for granted, forgetting that we have had decades to develop the commercial infrastructure that allows it to work. Our regulatory environments have evolved in similar ways. The control systems we have for vehicles and drivers are similar. We have the systems in place to deal with such matters as fuel taxation, vehicle registration and vehicle insurance.

Even in areas where there are differences -- like vehicle weights and dimensions -- the basic vehicle configurations are much the same.

We are now on the threshold of a major expansion of the NAFTA transportation market, and our challenge now is to ensure that the regulatory and commercial infrastructure can meet the needs of the market. Ideally, at some point in the not-too-distant future, we should be able to take the operation of the NAFTA surface transportation market for granted. There will always be issues, of course, but hopefully the difficulties will be at the margin.

We also recognise that there is a security element in what we do. Since September 11, the increased focus on border security and scrutiny of cross-border activities provides even more of an impetus to facilitate the easier and quicker movement of low-risk goods and people. We need to strive for secure, yet efficient, borders.

Balancing the need to keep goods flowing efficiently across our borders with security requirements will also be challenging.

Achievements

We have had the institutions in place to deal with these challenges since NAFTA was signed, and I think it would be useful at this point to mention some of the progress we have made.

Canada has worked with its North American partners to develop rules and standards that will allow seamless transportation on a continent-wide basis. Much progress has been achieved through the Land Transport Standards Sub-Committee, which is formally mandated in NAFTA. However, there has also been progress through bilateral agreements, including several between Canada and Mexico. Indeed, NAFTA has opened the door to collaborations in areas such as technological transfer and exchange of data which probably otherwise would not have happened.

Canada and Mexico negotiated Memoranda of Understanding that allowed Canadian carrier access in

the Mexican border zone, and mutually recognized commercial driver licences.

Trilaterally, the three countries meet regularly to discuss transportation data, with the result that we have a far better comparative understanding of the transportation industry in the three countries than was the case a few years back.

While we have successfully enhanced the compatibility of certain motor carrier standards under the LTSS, we recognise that there is room for additional work to make motor carrier standards more compatible.

We also recognize that creating an integrated North American transportation system is going to be a long-term effort. A new phase is now just beginning, and carriers from our three countries will face the challenges of dealing with unfamiliar regulatory environments.

Canada is committed to working with its NAFTA partners to address the issues that will arise from increased access. We all have the same goal -- a safe, efficient, North American surface transportation network. I am certain we have the means and the will to achieve it.

Border & Security

The long shadow of September 11 hangs over all international discussions these days, and I want to say a few words now about the progress that has been made on the Canada-U.S. border.

I should say at the outset that most Canada-U.S. trade flows across the border in a secure and timely manner. This was largely the case before September 11th, and this is the case now. Nonetheless, in Canada, it has become clear that we must not and cannot take our transportation systems for granted. I am sure that it is the same in the U.S. and Mexico.

Both Canada and Mexico have dealt with the border issue bilaterally with the United States, but I understand there are basic similarities in the approach we have taken. A recent Canada-U.S. *Smart Border Declaration* contains a 30-point action plan, consisting of four broad pillars, designed to identify and address security risks while facilitating cross-border freight and passenger flows. I will not go into detail this morning, but the four key areas addressed are:

- The secure movement of goods;
- The secure movement of people;
- Secure infrastructure; and
- Co-ordination and information sharing.

My department, Transport Canada, has or shares responsibility for five action plan items, three of which are relevant to surface transportation

- Infrastructure Improvements;
- Intelligent Transportation Systems; and

- Critical Infrastructure Protection.

We are working with other levels of government and the private sector partners towards their realisation.

We recognize in particular the urgent need to invest in strategic border infrastructure improvements. This investment will certainly facilitate the efficient operation of cross border trade that, on the Canada-United States border moves for the most part through half a dozen heavily-used crossings. I understand that Mexico-United States traffic is similarly focused on a number of key crossings.

Conclusion

When our three countries first negotiated NAFTA, we had a vision of an open North American land transportation market.

Canada has never wavered in its commitment to this ideal. How could we, dependent as we are on external trade? We now are at the point where that ideal is about to move a long step nearer to reality.

The challenge now is to make the open land transportation market work well. This is a big challenge. But the payoff, a truly efficient and safe North American land transportation network, will be worth it: a benefit to the economies of our three countries.

Canada looks forward to working with our partners, and with our industry, to realize this ideal.

Thank you.